119TH CONGRESS
1ST SESSION

S. 3534

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

IN THE SENATE OF THE UNITED STATES

DECEMBER 17, 2025

Mr. WARNER (for himself and Mr. JUSTICE) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CHILD CARE SUPPLY CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 45BB. CHILD CARE SUPPLY CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the amount of the child care supply credit determined under this section with respect to any employer for any taxable year is an amount equal to the applicable percentage of the qualified child care wages paid or incurred by the employer.

"(b) APPLICABLE PERCENTAGE.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the applicable percentage is 5 percent.

"(2) RURAL AREAS.—

"(A) IN GENERAL.—In the case of qualified child care wages paid or incurred with respect to employment at an eligible childcare facility which is located in a rural area, the applicable percentage is 7 percent.

"(B) RURAL AREA DEFINED.—For purposes of this paragraph, the term 'rural area' means any area other than an urban area (as defined in section 101(a)(35) of title 23, United States Code).

"(c) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED CHILD CARE WAGES.—

"(A) IN GENERAL.—The term 'qualified child care wages' means wages paid to qualified child care workers.

"(B) WAGES.—The term 'wages' has the meaning given such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section). Such term shall not include any amount taken into account for purposes of determining any other credit allowed under this subpart.

"(2) QUALIFIED CHILD CARE WORKER.—

"(A) IN GENERAL.—The term 'qualified child care worker' means any employee who—

"(i) is employed at an eligible child care facility, and

"(ii) provides child care services.

"(3) ELIGIBLE CHILD CARE FACILITY.—The term 'eligible child care facility' means any facility which—

"(A) provides child care services for at least 6 individuals,

"(B) receives a fee, payment, or grant for providing such services, and

"(C) complies with all applicable laws and regulations of a State or unit of local government.

"(4) CHILD CARE SERVICES.—The term 'child care services' means the providing of care, education, protection, supervision, or guidance to children.

"(d) ELECTION TO HAVE CREDIT NOT APPLY.—

"(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

"(2) OTHER RULES.—Rules similar to the rules of paragraphs (2) and (3) of section 51(j) shall apply for purposes of this subsection.".

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking "plus" at the end of paragraph (40), by striking the period at the end of paragraph (41) and inserting ", plus", and by adding at the end the following new paragraph:

"(42) the child care supply credit determined under section 45BB(a).".

(c) ELECTIVE PAYMENT.—Section 6417(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(13) The child care supply credit determined under section 45BB(a).".

(d) DENIAL OF DOUBLE BENEFIT.—Section 280C(a) of the Internal Revenue Code of 1986 is amended by inserting "45BB(a)," after "45S(a),".

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Sec. 45BB. Child care supply credit.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.