

115TH CONGRESS
1ST SESSION

H. R. 821

To amend the Internal Revenue Code of 1986 to increase the child credit for children under the age of 6, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2017

Ms. DELAURO (for herself, Ms. PELOSI, Mr. NEAL, Mr. DOGGETT, Mr. LEVIN, Mr. CROWLEY, Mr. LEWIS of Georgia, Mr. MCGOVERN, Mr. BEN RAY LUJÁN of New Mexico, Mr. LARSON of Connecticut, Ms. SÁNCHEZ, Mr. GUTIÉRREZ, Mr. PASCRELL, Mrs. DINGELL, Mr. MEEKS, Ms. NORTON, Mr. SOTO, Mr. DANNY K. DAVIS of Illinois, Mr. KHANNA, Ms. ESTY, Mr. BUTTERFIELD, Ms. SCHAKOWSKY, Mrs. LAWRENCE, Mr. KENNEDY, Ms. SLAUGHTER, Ms. SHEA-PORTER, Mr. BRENDAN F. BOYLE of Pennsylvania, Mr. HOYER, Ms. ESHOO, and Ms. WASSERMAN SCHULTZ) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the child credit for children under the age of 6, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child Tax Credit Im-
5 provement Act”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) According to the Supplemental Poverty
4 Measure of the Bureau of the Census, the Child tax
5 credit and earned income tax credit lift more chil-
6 dren out of poverty than any other Federal policy.
7 According to research published by the Century
8 Foundation, the child tax credit alone now lifts near-
9 ly 1 in 8 children who would otherwise be poor out
10 of poverty.

11 (2) Despite the success of the child tax credit,
12 economists have found that families with young chil-
13 dren often receive the smallest child tax credits be-
14 cause they do not yet have enough income to receive
15 the full benefit of the credit.

16 (3) Pediatricians and other child development
17 experts have long talked about the critical impor-
18 tance of the earliest years of life.

19 (4) Economists have found similar effects of the
20 importance of income in the earliest years with re-
21 turns to school achievement.

22 (5) Young children, including babies and tod-
23 dlers, are among the poorest people in the country
24 by age.

25 (6) Economists have found that large fluctua-
26 tions in a family's income can be detrimental to the

1 development of young children. Research on scarcity
2 has found it is hard for parents to focus on children
3 if they are worrying about having sufficient income
4 to meet their family’s needs.

5 (7) Indexing the value of the child tax credit
6 would end the slow erosion of the child tax credit
7 due to inflation.

8 **SEC. 3. YOUNG CHILD TAX CREDIT.**

9 (a) SPECIAL RULE FOR YOUNG CHILDREN.—Section
10 24 of the Internal Revenue Code of 1986 is amended by
11 adding at the end the following:

12 “(h) YOUNG CHILD TAX CREDIT.—

13 “(1) IN GENERAL.—In the case of a young
14 qualifying child, subsection (a) shall be applied for
15 the taxable year (after the application of subsection
16 (i)) by substituting ‘\$3,600’ for ‘\$1,000’.

17 “(2) YOUNG QUALIFYING CHILD.—For pur-
18 poses of paragraph (1), the term ‘young qualifying
19 child’ means a qualifying child who has not attained
20 age 6 as of the close of such taxable year.

21 “(3) LIMITATION BASED ON ADJUSTED GROSS
22 INCOME.—For purposes of applying subsection (b)
23 with respect to a young qualifying child, paragraph
24 (1) of subsection (b) shall be applied by substituting
25 ‘\$180’ for ‘\$50’.

1 “(4) CREDIT REFUNDABLE.—The aggregate
2 credits allowed to a taxpayer under subpart C shall
3 be increased by the credit which would be allowed
4 under this section without regard to this subsection,
5 subsection (d), and the limitation under section
6 26(a). The amount of the credit allowed under this
7 subsection shall not be treated as a credit allowed
8 under this subpart and shall reduce the amount of
9 credit otherwise allowable under subsection (a) with-
10 out regard to section 26(a).

11 “(5) RECONCILIATION OF CREDIT AND AD-
12 VANCE CREDIT.—

13 “(A) IN GENERAL.—The amount of the
14 credit allowed under subsection (a) by reason of
15 paragraph (1) for any taxable year shall be re-
16 duced (but not below zero) by the aggregate
17 amount of any advance payments of such credit
18 under section 7527A for such taxable year.

19 “(B) EXCESS ADVANCE PAYMENTS.—If the
20 aggregate amount of advance payments under
21 section 7527A for the taxable year exceeds the
22 amount of the credit allowed under subsection
23 (a) by reason of paragraph (1) for such taxable
24 year (determined without regard to subpara-
25 graph (A)), the tax imposed by this chapter for

1 such taxable year shall be increased by the
2 amount of such excess.”.

3 (b) **ADVANCE PAYMENT OF CREDIT.**—Chapter 77 of
4 such Code is amended by inserting after section 7527 the
5 following new section:

6 **“SEC. 7527A. ADVANCE PAYMENT OF YOUNG CHILD TAX**
7 **CREDIT.**

8 “(a) **IN GENERAL.**—As soon as practicable and not
9 later than 1 year after the date of the enactment of this
10 section, the Secretary shall establish a program for mak-
11 ing advance payments of the credit allowed under section
12 24 by reason of subsection (h) thereof on a monthly basis,
13 or as frequently as the Secretary determines to be admin-
14 istratively feasible, to taxpayers allowed such credit (deter-
15 mined without regard to section 24(h)(5)(A)).

16 “(b) **LIMITATION.**—The Secretary may make pay-
17 ments under subsection (a) only to the extent that the
18 total amount of such payments made to any taxpayer dur-
19 ing the taxable year does not exceed the amount deter-
20 mined under section 24(h) with respect to such taxpayer
21 (determined without regard to subsections (b) and (f) of
22 such section). Such program shall make reasonable efforts
23 to apply the limitation of section 24(b) with respect to
24 payments made under such program.”.

25 (c) **CONFORMING AMENDMENTS.**—

1 (1) Section 6211(b)(4)(A) of such Code is
2 amended by inserting “24(h),” after “24(d),”.

3 (2) Section 6402(m) of such Code is amended
4 by inserting “or (h)” after “subsection (d)”.

5 (3) The table of sections for chapter 77 of such
6 Code is amended by inserting after the item relating
7 to section 7527 the following new item:

“Sec. 7527A. Advance payment of young child tax credit.”.

8 (4) Section 1324(b)(2) of title 31, United
9 States Code, is amended by inserting “24(h),” be-
10 fore “25A,”.

11 (d) EFFECTIVE DATE.—

12 (1) IN GENERAL.—The amendments made by
13 this section shall apply to taxable years beginning
14 after December 31, 2016.

15 (2) ADVANCE PAYMENT PROGRAM.—The Sec-
16 retary of the Treasury, or his designee, shall estab-
17 lish the program described in section 7527A of the
18 Internal Revenue Code of 1986 (as added by this
19 section) not later than such date.

20 **SEC. 4. MODIFICATIONS OF THE CHILD TAX CREDIT.**

21 (a) REFUNDABLE PORTION.—Clause (i) of section
22 24(d)(1)(B) of the Internal Revenue Code of 1986 is
23 amended to read as follows:

24 “(i) 45 percent of the taxpayer’s
25 earned income (within the meaning of sec-

1 tion 32) which is taken into account in
2 computing taxable income for the taxable
3 year, or”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 subsection (a) shall apply to taxable years beginning after
6 December 31, 2016.

7 **SEC. 5. ADJUSTMENTS FOR INFLATION.**

8 (a) IN GENERAL.—Section 24 of the Internal Rev-
9 enue Code of 1986, as amended by sections 3 and 4, is
10 amended by adding at the end the following new sub-
11 section:

12 “(i) INFLATION ADJUSTMENTS.—

13 “(1) CREDIT AMOUNT GENERALLY.—In the
14 case of any taxable year beginning in a calendar
15 year after 2016, the \$1,000 amount contained in
16 subsection (a) shall be increased by an amount equal
17 to—

18 “(A) such dollar amount, multiplied by

19 “(B) the cost-of-living adjustment deter-
20 mined under section 1(f)(3) for the calendar
21 year in which the taxable year begins, deter-
22 mined by substituting ‘calendar year 2010’ for
23 ‘calendar year 1992’ in subparagraph (B)
24 thereof.

1 “(2) YOUNG CHILD CREDIT AMOUNT.—In the
2 case of any taxable year beginning in a calendar
3 year after 2017, the \$3,600 amount contained in
4 subsection (h)(1) shall be increased by an amount
5 equal to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
8 mined under section 1(f)(3) for the calendar
9 year in which the taxable year begins, deter-
10 mined by substituting ‘calendar year 2016’ for
11 ‘calendar year 1992’ in subparagraph (B)
12 thereof.

13 “(3) ROUNDING.—Any increase determined
14 under paragraph (1) or (2) shall be rounded to the
15 nearest multiple of \$50.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 subsection (a) shall apply to taxable years beginning after
18 December 31, 2016.

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