

118TH CONGRESS  
2D SESSION

# H. R. 8540

To amend the Internal Revenue Code of 1986 to enhance the employer-provided child care credit.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2024

Mr. KUSTOFF (for himself, Mr. SCHNEIDER, Ms. TENNEY, and Ms. SEWELL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to enhance the employer-provided child care credit.

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 Care for Amer-  
5 ican Families Act”.

6 **SEC. 2. INCREASED IN EMPLOYER-PROVIDED CHILD CARE**

7 **CREDIT AMOUNT.**

8 (a) IN GENERAL.—Section 45F(a)(1) of the Internal  
9 Revenue Code of 1986 is amended by striking “25 per-  
10 cent” and inserting “the applicable percentage”.

1 (b) APPLICABLE PERCENTAGE.—Section 45F(a) of  
2 such Code, as amended by subsection (a), is amended—

3 (1) by redesignating paragraphs (1) and (2) as  
4 subparagraphs (A) and (B), respectively, and by  
5 moving the margins of such subparagraphs 2 ems to  
6 the right,

7 (2) by striking “For purposes” and inserting  
8 the following:

9 “(1) CREDIT ALLOWED.—For purposes”, and

10 (3) by adding at the end the following new  
11 paragraph:

12 “(2) APPLICABLE PERCENTAGE.—

13 “(A) IN GENERAL.—For purposes of para-  
14 graph (1)(A), the applicable percentage is—

15 “(i) except as otherwise provided in  
16 this paragraph, 40 percent,

17 “(ii) in the case of qualified child care  
18 expenditures of an eligible small business,  
19 50 percent, and

20 “(iii) in the case of any qualified child  
21 care expenditures paid in connection with a  
22 qualified child care facility located in a  
23 qualified census tract, 60 percent.

24 “(B) ELIGIBLE SMALL BUSINESS.—For  
25 purposes of subsection subparagraph (A), the

1 term ‘eligible small business’ means, with re-  
2 spect to any taxable year, any taxpayer if the  
3 annual average number of employees employed  
4 by such person during either of the 2 preceding  
5 calendar years was 500 or fewer. For purposes  
6 of the preceding sentence, a preceding taxable  
7 year may be taken into account only if the tax-  
8 payer was in existence throughout the year.

9 “(C) ELIGIBLE CENSUS TRACT.—

10 “(i) IN GENERAL.—For purposes of  
11 subparagraph (A), the term ‘eligible census  
12 tract’ means any population census tract  
13 which—

14 “(I) is described in section  
15 45D(e), or

16 “(II) is not an urban area.

17 “(ii) URBAN AREA.—For purposes of  
18 this subparagraph, the term ‘urban area’  
19 means a census tract (as defined by the  
20 Bureau of the Census) which, according to  
21 the most recent decennial census, has been  
22 designated as an urban area by the Sec-  
23 retary of Commerce.”.

24 (c) DOLLAR LIMITATION.—Section 45F(b) of such  
25 Code is amended to read as follows:

1 “(b) DOLLAR LIMITATION.—

2 “(1) AGGREGATE LIMITATION.—The credit al-  
3 lowable under subsection (a) for any taxable year  
4 shall not exceed \$1,200,000.

5 “(2) LIMITATION WITH RESPECT TO QUALIFIED  
6 CHILD CARE EXPENDITURES.—The aggregate  
7 amount of qualified child care expenditures which  
8 may be taken into account under this section for any  
9 taxable year shall not exceed \$2,000,000.”.

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

13 **SEC. 3. RULES OF APPLICATION FOR MULTI-EMPLOYER FA-**  
14 **CILITIES.**

15 Section 45F of the Internal Revenue Code of 1986  
16 is amended by adding at the end the following new sub-  
17 section:

18 “(g) REGULATIONS.—The Secretary shall issue such  
19 regulations or other guidance as may be necessary to carry  
20 out the purposes of this section, including guidance on the  
21 application of this section to multiple employers jointly ac-  
22 quiring, constructing, or operating a qualified child care  
23 facility.”.

1 **SEC. 4. DISSEMINATION OF INFORMATION.**

2 (a) IN GENERAL.—Not later than one year after the  
3 date of the enactment of this Act, the Secretary of the  
4 Treasury (or the Secretary’s delegate) shall establish a  
5 public awareness program to inform the taxpayers  
6 about—

7 (1) the availability of the credit for employer-  
8 provided child care under section 45F of the Inter-  
9 nal Revenue Code of 1986, and

10 (2) filing procedures for such credit.

11 (b) METHOD.—In carrying out this section, the Sec-  
12 retary of the Treasury (or the Secretary’s delegate) shall  
13 use appropriate means of communication to ensure aware-  
14 ness by all taxpayers who are eligible for the credit allowed  
15 under section 45F of the Internal Revenue Code of 1986.

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