

116TH CONGRESS  
1ST SESSION

# S. 2497

To amend the Internal Revenue Code of 1986 to exclude certain dependent income when calculating modified adjusted gross income for the purposes of eligibility for premium tax credits.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 2019

Ms. CORTEZ MASTO (for herself, Mr. BROWN, and Ms. ROSEN) 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 exclude certain dependent income when calculating modified adjusted gross income for the purposes of eligibility for premium tax credits.

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 “Dependent Income Ex-  
5 clusion Act of 2019”.

1 **SEC. 2. EXCLUSION OF CERTAIN DEPENDENT INCOME FOR**  
 2 **PURPOSES OF PREMIUM TAX CREDIT.**

3 (a) IN GENERAL.—Paragraph (2) of section 36B(d)  
 4 of the Internal Revenue Code of 1986 is amended by add-  
 5 ing at the end the following new subparagraph:

6 “(C) EXCEPTION FOR CERTAIN DEPEND-  
 7 ENT INCOME.—

8 “(i) IN GENERAL.—There shall not be  
 9 taken into account under subparagraph  
 10 (A)(ii) any wages (determined under sec-  
 11 tion 3401(a)) or net earnings from self-em-  
 12 ployment (as defined in section 1402(a)) of  
 13 any dependent of the taxpayer who—

14 “(I) has not attained age 18 as  
 15 of the last day of the calendar year in  
 16 which the taxable year of the taxpayer  
 17 begins, or

18 “(II) has not attained age 24 as  
 19 of the last day of such calendar year  
 20 and, during each of 5 calendar  
 21 months during such calendar year, is  
 22 described in subparagraph (A) or (B)  
 23 of section 152(f)(2) (applied by sub-  
 24 stituting ‘part-time or full-time’ for  
 25 ‘full-time’ each place it appears, and  
 26 by deeming any for-profit educational

1 institution not to be an educational  
 2 organization described in section  
 3 170(b)(1)(A)(ii)), is participating in a  
 4 qualified job-training program, or is  
 5 participating in an apprenticeship pro-  
 6 gram registered under the Act of Au-  
 7 gust 16, 1937 (commonly known as  
 8 the ‘National Apprenticeship Act’; 50  
 9 Stat. 664, chapter 663; 29 U.S.C. 50  
 10 et seq.).

11 “(ii) QUALIFIED JOB-TRAINING PRO-  
 12 GRAM.—For purposes of this subpara-  
 13 graph, the term ‘qualified job-training pro-  
 14 gram’ means any program of training serv-  
 15 ices described in section 134(c)(3) of the  
 16 Workforce Innovation and Opportunity Act  
 17 (29 U.S.C. 3174(c)(3)).

18 “(iii) LIMITATION.—Clause (i) shall  
 19 not apply to so much of the aggregate in-  
 20 come of all dependents of the taxpayer as  
 21 exceeds an amount equal to 15 percent of  
 22 the modified adjusted gross income of the  
 23 taxpayer.

24 “(iv) TAXPAYERS RESIDING IN MED-  
 25 ICAID NON-EXPANSION STATES.—In the

case of a taxpayer residing in a State which (as of the first day of the taxable year) does not provide for eligibility under clause (i)(VIII) or (ii)(XX) of section 1902(a)(10)(A) of the Social Security Act for medical assistance under title XIX of such Act (or a waiver of the State plan approved under section 1115 of the Social Security Act), clause (i) shall apply to any dependent of such taxpayer only to the extent that the application of such clause would not reduce the household income below 100 percent of the amount equal to the poverty line for a family of the size involved.”.

(b) CONFORMING AMENDMENTS.—

(1) Clause (ii) of section 36B(d)(2)(A) of the Internal Revenue Code of 1986 is amended by inserting “, except as provided in subparagraph (C),” after “individuals”.

(2) Paragraph (3) of section 1411(b) of the Patient Protection and Affordable Care Act (42 U.S.C. 18081) is amended by adding at the end the following new subparagraph:

1                   “(D) INFORMATION REGARDING CERTAIN  
2                   DEPENDENTS.—Information regarding whether  
3                   section 36B(d)(2)(C) will apply to any individ-  
4                   uals taken into account as members of the  
5                   household of the enrollee, and the amount of in-  
6                   come from employment of each such individual  
7                   for the taxable year described in subparagraph  
8                   (A).”.

9           (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to credits allowed under section  
11 36B of the Internal Revenue Code of 1986 for, and ad-  
12 vance payments of credits under section 1412 of the Pa-  
13 tient Protection and Affordable Care Act with respect to,  
14 taxable years beginning after the date of the enactment  
15 of this Act.

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