

115TH CONGRESS
1ST SESSION

H. R. 2140

To amend the Internal Revenue Code of 1986 to increase the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 2017

Mr. RUPPERSBERGER 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 credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Right Start Child Care
3 and Education Act of 2017”.

4 **SEC. 2. INCREASE IN EMPLOYER-PROVIDED CHILD CARE**
5 **CREDIT.**

6 (a) INCREASE IN CREDITABLE PERCENTAGE OF
7 CHILD CARE EXPENDITURES.—Paragraph (1) of section
8 45F(a) of the Internal Revenue Code of 1986 is amended
9 by striking “25 percent” and inserting “35 percent”.

10 (b) INCREASE IN CREDITABLE PERCENTAGE OF RE-
11 SOURCE AND REFERRAL EXPENDITURES.—Paragraph (2)
12 of section 45F(a) of such Code is amended by striking
13 “10 percent” and inserting “20 percent”.

14 (c) INCREASE IN MAXIMUM CREDIT.—Subsection (b)
15 of section 45F of such Code is amended by striking
16 “\$150,000” and inserting “\$225,000”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2017.

20 **SEC. 3. INCREASE IN DEPENDENT CARE CREDIT.**

21 (a) INCREASE IN INCOMES ELIGIBLE FOR FULL
22 CREDIT.—Paragraph (2) of section 21(a) of the Internal
23 Revenue Code of 1986 is amended by striking “\$15,000”
24 and inserting “\$20,000”.

1 (b) INCREASE IN PERCENTAGE OF EXPENSES AL-
2 LOWABLE.—Paragraph (2) of section 21(a) of such Code
3 is amended—

4 (1) by striking “35 percent” and inserting “50
5 percent”; and

6 (2) by striking “20 percent” and inserting “35
7 percent”.

8 (c) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-
9 ITABLE.—Subsection (c) of section 21 of such Code is
10 amended—

11 (1) by striking “\$3,000” in paragraph (1) and
12 inserting “\$6,000”; and

13 (2) by striking “\$6,000” in paragraph (2) and
14 inserting “\$12,000”.

15 (d) CREDIT TO BE REFUNDABLE.—

16 (1) IN GENERAL.—Section 21 of such Code is
17 hereby moved to subpart C of part IV of subchapter
18 A of chapter 1 of such Code (relating to refundable
19 credits) and inserted after section 36B.

20 (2) TECHNICAL AMENDMENTS.—

21 (A) Section 21 of such Code, as so moved,
22 is redesignated as section 36C.

23 (B) Paragraph (1) of section 36C(a) of
24 such Code (as redesignated by paragraph (2))

1 is amended by striking “this chapter” and in-
2 serting “this subtitle”.

3 (C) Paragraph (1) of section 23(f) of such
4 Code is amended by striking “21(e)” and in-
5 serting “36C(e)”.

6 (D) Paragraph (6) of section 35(g) of such
7 Code is amended by striking “21(e)” and in-
8 serting “36C(e)”.

9 (E) Subparagraph (C) of section 129(a)(2)
10 of such Code is amended by striking “section
11 21(e)” and inserting “section 36C(e)”.

12 (F) Paragraph (2) of section 129(b) of
13 such Code is amended by striking “section
14 21(d)(2)” and inserting “section 36C(d)(2)”.

15 (G) Paragraph (1) of section 129(e) of
16 such Code is amended by striking “section
17 21(b)(2)” and inserting “section 36C(b)(2)”.

18 (H) Subsection (e) of section 213 of such
19 Code is amended by striking “section 21” and
20 inserting “section 36C”.

21 (I) Subparagraph (H) of section
22 6213(g)(2) of such Code is amended by striking
23 “section 21” and inserting “section 36C”.

1 (J) Subparagraph (L) of section
2 6213(g)(2) of such Code is amended by striking
3 “section 21,” and inserting “section 36C,”.

4 (K) Paragraph (2) of section 1324(b) of
5 title 31, United States Code, is amended by in-
6 serting “36C,” after “36B,”.

7 (L) The table of sections for subpart C of
8 part IV of subchapter A of chapter 1 of the In-
9 ternal Revenue Code of 1986 is amended by in-
10 serting after the item relating to section 36B
11 the following:

 “Sec. 36C. Expenses for household and dependent care services necessary for
 gainful employment.”.

12 (M) The table of sections for subpart A of
13 such part IV is amended by striking the item
14 relating to section 21.

15 (e) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2017.

18 **SEC. 4. THREE-YEAR CREDIT FOR INDIVIDUALS HOLDING**
19 **CHILD CARE-RELATED DEGREES WHO WORK**
20 **IN LICENSED CHILD CARE FACILITIES.**

21 (a) IN GENERAL.—Subpart A of part IV of sub-
22 chapter A of chapter 1 of the Internal Revenue Code of
23 1986 is amended by inserting after section 25D the fol-
24 lowing new section:

1 **“SEC. 25E. RIGHT START CHILD CARE AND EDUCATION**
2 **CREDIT.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
4 dividual who is an eligible child care provider for the tax-
5 able year, there shall be allowed as a credit against the
6 tax imposed by this chapter for the taxable year the
7 amount of \$2,000.

8 “(b) 3-YEAR CREDIT.—

9 “(1) IN GENERAL.—The credit allowable by
10 subsection (a) for any taxable year to an individual
11 shall be allowed for such year only if the individual
12 elects the application of this section for such year.

13 “(2) ELECTION.—An election to have this sec-
14 tion apply may not be made by an individual for any
15 taxable year if such an election by such individual is
16 in effect for any 3 prior taxable years.

17 “(c) ELIGIBLE CHILD CARE PROVIDER.—For pur-
18 poses of this section—

19 “(1) IN GENERAL.—The term ‘eligible child
20 care provider’ means, for any taxable year, any indi-
21 vidual if—

22 “(A) as of the close of such taxable year,
23 such individual holds a bachelor’s degree in
24 early childhood education, child care, or a re-
25 lated degree and such degree was awarded by

1 an eligible educational institution (as defined in
2 section 25A(f)(2)), and

3 “(B) during such taxable year, such indi-
4 vidual performs at least 1,200 hours of child
5 care services at a facility if—

6 “(i) the principal use of the facility is
7 to provide child care services,

8 “(ii) no more than 25 percent of the
9 children receiving child care services at the
10 facility are children (as defined in section
11 152(f)) of the individual or such individ-
12 ual’s spouse, and

13 “(iii) the facility meets the require-
14 ments of all applicable laws and regula-
15 tions of the State or local government in
16 which it is located, including the licensing
17 of the facility as a child care facility.

18 Subparagraph (B)(i) shall not apply to a facil-
19 ity which is the principal residence (within the
20 meaning of section 121) of the operator of the
21 facility.

22 “(2) CHILD CARE SERVICES.—The term ‘child
23 care services’ means child care and early childhood
24 education.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for such subpart A is amended by inserting after the item
3 relating to section 25D the following new item:

“Sec. 25E. Right start child care and education credit.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2017.

7 **SEC. 5. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
8 **VIDED DEPENDENT CARE ASSISTANCE.**

9 (a) IN GENERAL.—Subparagraph (A) of section
10 129(a)(2) of the Internal Revenue Code of 1986 (relating
11 to dependent care assistance programs) is amended by
12 striking “\$5,000 (\$2,500” and inserting “\$7,500
13 (\$3,750”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to taxable years beginning after
16 December 31, 2017.

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