

118TH CONGRESS
2D SESSION

H. R. 7360

To amend the Internal Revenue Code of 1986 to increase and make fully refundable the Child and Dependent Care Tax Credit, to increase the maximum amount excludable from gross income for employer-provided dependent care assistance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2024

Ms. TENNEY (for herself and Mr. SCHNEIDER) 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 and make fully refundable the Child and Dependent Care Tax Credit, to increase the maximum amount excludable from gross income for employer-provided dependent care assistance, 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 “Promoting Affordable
5 Childcare for Everyone Act” or the “PACE Act”.

1 **SEC. 2. REFUNDABILITY OF CHILD AND DEPENDENT CARE**
2 **TAX CREDIT.**

3 (a) **IN GENERAL.**—The Internal Revenue Code of
4 1986 is amended—

5 (1) by redesignating section 21 as section 36C;
6 and

7 (2) by moving section 36C, as so redesignated,
8 from subpart A of part IV of subchapter A of chap-
9 ter 1 to the location immediately before section 37
10 in subpart C of part IV of subchapter A of chapter
11 1.

12 (b) **TECHNICAL AMENDMENTS.**—

13 (1) Paragraph (1) of section 23(f) of the Inter-
14 nal Revenue Code of 1986 is amended by striking
15 “21(e)” and inserting “36C(e)”.

16 (2) Paragraph (6) of section 35(g) of such Code
17 is amended by striking “21(e)” and inserting
18 “36C(e)”.

19 (3) Paragraph (1) of section 36C(a) of such
20 Code (as redesignated by subsection (a)) is amended
21 by striking “this chapter” and inserting “this sub-
22 title”.

23 (4) Subparagraph (C) of section 129(a)(2) of
24 such Code is amended by striking “section 21(e)”
25 and inserting “section 36C(e)”.

1 (5) Paragraph (2) of section 129(b) of such
2 Code is amended by striking “section 21(d)(2)” and
3 inserting “section 36C(d)(2)”.

4 (6) Paragraph (1) of section 129(e) of such
5 Code is amended by striking “section 21(b)(2)” and
6 inserting “section 36C(b)(2)”.

7 (7) Subsection (e) of section 213 of such Code
8 is amended by striking “section 21” and inserting
9 “section 36C”.

10 (8) Subparagraph (H) of section 6213(g)(2) of
11 such Code is amended by striking “section 21” and
12 inserting “section 36C”.

13 (9) Subparagraph (L) of section 6213(g)(2) of
14 such Code is amended by inserting “36C,” after
15 “32,”.

16 (10) Paragraph (2) of section 1324(b) of title
17 31, United States Code, is amended by inserting
18 “36C,” after “36B,”.

19 (11) The table of sections for subpart C of part
20 IV of subchapter A of chapter 1 of the Internal Rev-
21 enue Code of 1986 is amended by inserting after the
22 item relating to section 36B the following:

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

1 (12) The table of sections for subpart A of part
2 IV of subchapter A of chapter 1 of such Code is
3 amended by striking the item relating to section 21.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2023.

7 **SEC. 3. ENHANCEMENT OF THE CHILD AND DEPENDENT**
8 **CARE TAX CREDIT.**

9 (a) IN GENERAL.—Section 36C of the Internal Rev-
10 enue Code of 1986, as redesignated by section 2 of this
11 Act, is amended—

12 (1) in paragraph (2) of subsection (a), by strik-
13 ing “35 percent reduced (but not below 20 percent)”
14 and inserting “50 percent reduced (but not below 35
15 percent)”;

16 (2) by striking subsection (g) and redesignating
17 subsection (f) as subsection (g); and

18 (3) by inserting after subsection (e) the fol-
19 lowing new subsection:

20 “(f) INFLATION ADJUSTMENT.—

21 “(1) IN GENERAL.—In the case of any taxable
22 year beginning after 2023, each of the dollar
23 amounts in subsections (a)(2) and (c) shall be in-
24 creased by an amount equal to—

25 “(A) such dollar amount, multiplied by

1 year after 2024, the \$7,500 amount in subpara-
2 graph (A) shall be increased by an amount
3 equal to—

4 “(i) such dollar amount, multiplied by

5 “(ii) the cost-of-living adjustment de-
6 termined under section 1(f)(3) for the cal-
7 endar year in which the taxable year be-
8 gins, determined by substituting ‘calendar
9 year 2023’ for ‘calendar year 2016’ in sub-
10 paragraph (A)(ii) thereof.

11 Any increase determined under the preceding
12 sentence shall be rounded to the nearest mul-
13 tiple of \$100.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2023.

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