

114TH CONGRESS  
2D SESSION

# S. 3451

To amend the Internal Revenue Code of 1986 to provide a refundable and advanceable tax credit for individuals with young children.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2016

Mr. BROWN 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 provide a refundable and advanceable tax credit for individuals with young children.

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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Young Child Tax Credit Act”.

6 (b) FINDINGS.—Congress finds the following:

7 (1) Economists have found similar effects of the  
8 importance of income in the earliest years with re-  
9 turns to school achievement.

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

4           (3) Young children, including babies and tod-  
5 dlers, are the poorest people in the country by age.

6           (4) With the recent improvements signed into  
7 law in December, together, the Child Tax Credit and  
8 Earned Income Tax Credit now lift more children  
9 out of poverty than any other Federal policies.

10           (5) Families with young children receive the  
11 smallest child tax credits, despite the fact that the  
12 economic literature suggests that these credits have  
13 particularly beneficial effects for families with young  
14 children.

15           (6) Economists have found that large fluctua-  
16 tions in a family's income can be detrimental to the  
17 development of young children. Research on scarcity  
18 have found it is hard for parents to focus on chil-  
19 dren if they are worrying about having sufficient in-  
20 come to meet their family's needs.

21 **SEC. 2. YOUNG CHILD TAX CREDIT.**

22           (a) IN GENERAL.—Subpart C of part IV of sub-  
23 chapter A of chapter 1 of the Internal Revenue Code of  
24 1986 is amended by inserting after section 36B the fol-  
25 lowing new section:

1 **“SEC. 36C. YOUNG CHILD TAX CREDIT.**

2 “(a) IN GENERAL.—In the case of an individual,  
3 there shall be allowed as a credit against the tax imposed  
4 by this subtitle for the taxable year an amount equal to  
5 the product of—

6 “(1) the applicable dollar amount, multiplied by

7 “(2) the number of qualifying children of the  
8 taxpayer for which the taxpayer is allowed a deduc-  
9 tion under section 151 and who (as of the close of  
10 such taxable year) have not attained age 3.

11 “(b) APPLICABLE DOLLAR AMOUNT.—For purposes  
12 of this section, the term ‘applicable dollar amount’ means  
13 with respect to any taxable year, the product of—

14 “(1) 1.5, multiplied by

15 “(2) the dollar amount in effect under section  
16 24(a) for the taxable year.

17 “(c) LIMITATION BASED ON ADJUSTED GROSS IN-  
18 COME.—

19 “(1) IN GENERAL.—The amount of the credit  
20 allowable under subsection (a) shall be reduced (but  
21 not below zero) by the phaseout amount for each  
22 \$1,000 (or fraction thereof) by which the taxpayer’s  
23 modified adjusted gross income (as defined in sec-  
24 tion 24(b)(1)) exceeds the threshold amount (as de-  
25 fined in section 24(b)(2)).

1           “(2) PHASEOUT AMOUNT.—For purposes of  
2           this subsection, the term ‘phaseout amount’ means  
3           1.5 multiplied by the first dollar amount in section  
4           24(b)(1).

5           “(d) QUALIFYING CHILD.—For purposes of this sec-  
6           tion, the term ‘qualifying child’ has the meaning given  
7           such term by section 24(e).

8           “(e) IDENTIFICATION REQUIREMENT.—No credit  
9           shall be allowed under this section to a taxpayer with re-  
10          spect to any qualifying child unless the taxpayer includes  
11          the name and taxpayer identification number of such  
12          qualifying child on the return of tax for the taxable year.

13          “(f) RECONCILIATION OF CREDIT AND ADVANCE  
14          CREDIT.—

15                 “(1) IN GENERAL.—The amount of the credit  
16                 allowed under this section for any taxable year shall  
17                 be reduced (but not below zero) by the aggregate  
18                 amount of any advance payments of such credit  
19                 under section 7527A for such taxable year.

20                 “(2) EXCESS ADVANCE PAYMENTS.—If the ag-  
21                 gregate amount of advance payments under section  
22                 7527A for the taxable year exceed the amount of the  
23                 credit allowed under this section for such taxable  
24                 year (determined without regard to paragraph (1)),  
25                 the tax imposed by this chapter for such taxable

1 year shall be increased by the amount of such ex-  
2 cess.”.

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 Act, the Secretary shall establish a program for making  
11 advance payments of the credit allowed under section 36C  
12 on a monthly basis, or as frequently as the Secretary de-  
13 termines to be administratively feasible, to taxpayers al-  
14 lowed such credit (determined without regard to section  
15 36C(f)(1)).

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 subsection (a) of section 36C with respect  
21 to such taxpayer (determined without regard to sub-  
22 sections (c) and (f) of such section). Such program shall  
23 make reasonable efforts to apply the limitation of section  
24 36C(c) with respect to payments made under such pro-  
25 gram.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 152(f)(6)(B) of such Code is  
3 amended by striking “and” at the end of clause (iii),  
4 by striking the period at the end of clause (iv) and  
5 inserting “, and”, and by adding at the end the fol-  
6 lowing new clause:

7 “(v) the credit under section 36C (re-  
8 lating to young child tax credit).”.

9 (2) Section 6211(b)(4)(A) of such Code is  
10 amended by inserting “36C,” after “36B,”.

11 (3) Section 6213(g)(2) of such Code is amend-  
12 ed by striking “and” at the end of subparagraph  
13 (P), by striking the period at the end of subpara-  
14 graph (Q) and inserting “, and”, and by inserting  
15 after subparagraph (Q) the following new subpara-  
16 graph:

17 “(R) an omission of a correct TIN re-  
18 quired under section 36C(e) (relating to young  
19 child tax credit) to be included on a return.”.

20 (4) Section 6402(m) of such Code is amended  
21 by striking “or 32” and inserting “, 32 or 36C”.

22 (5) Section 6695(g) of such Code is amended  
23 by striking “or 32” and inserting “32, or 36C”.

1           (6) Section 1324(b)(2) of title 31, United  
2 States Code, is amended by inserting “36C,” after  
3 “36B,”.

4           (7) The table of sections for subpart C of part  
5 IV of subchapter A of chapter 1 of the Internal Rev-  
6 enue Code of 1986 is amended by inserting after the  
7 item relating to section 36B the following new item:  
“Sec. 36C. Young child tax credit.”.

8           (8) The table of sections for chapter 77 of such  
9 Code is amended by inserting after the item relating  
10 to section 7527 the following new item:  
“Sec. 7527A. Advance payment of young child tax credit.”.

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.

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