

105TH CONGRESS
2^D SESSION

H. R. 3135

To amend the Internal Revenue Code of 1986 to make the dependent care tax credit refundable and to increase the amount of allowable dependent care expenses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1998

Mr. WEYGAND (for himself and Mr. FROST) 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 make the dependent care tax credit refundable and to increase the amount of allowable dependent care expenses, 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. DEPENDENT CARE TAX CREDIT.**

4 (a) MAKING CREDIT REFUNDABLE.—Part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended—

7 (1) in subpart C (relating to refundable credits)

8 by redesignating section 35 as section 36, and

1 (2) by redesignating section 21 as section 35.

2 (b) INCREASE IN ALLOWABLE EXPENSES.—Sub-
3 section (c) of section 35 of such Code (as redesignated
4 by subsection (a) of this section) is amended—

5 (1) in paragraph (1) by striking “\$2,400” and
6 inserting “\$4,000”, and

7 (2) in paragraph (2) by striking “\$4,800” and
8 inserting “\$8,000”.

9 (c) CHANGE IN PHASEDOWN.—Paragraph (2) of sec-
10 tion 35(a) of such Code (as redesignated by subsection
11 (a) of this section) is amended to read as follows:

12 “(2) APPLICABLE PERCENTAGE DEFINED.—For
13 purposes of paragraph (1), the term ‘applicable per-
14 centage’ means 30 percent reduced (but not below
15 12 percent) by 1 percentage point for each \$3,000
16 (or fraction thereof) by which the taxpayer’s ad-
17 justed gross income for the taxable year exceeds
18 \$18,000.”

19 (d) CONFORMING AMENDMENTS.—

20 (1) Section 23(f)(1) of such Code is amended
21 by striking “section 21(e)” and inserting “section
22 35(e)”.

23 (2) Section 129 of such Code is amended—

24 (A) in subsection (a)(2)(C) by striking
25 “section 21(e)” and inserting “section 35(e)”,

1 (B) in subsection (b)(2) by striking “sec-
2 tion 21(d)(2)” and inserting “section 35(d)(2)”,
3 and

4 (C) in subsection (e)(1) by striking “sec-
5 tion 21(b)(2)” and inserting “section 35(b)(2)”.

6 (3) Section 213(e) of such Code is amended by
7 striking “section 21” and inserting “section 35”.

8 (4) Section 6213(d)(2)(H) of such Code is
9 amended by striking “section 21” and inserting
10 “section 35”.

11 (e) CLERICAL AMENDMENTS.—

12 (1) The table of sections for subpart A of part
13 IV of subchapter A of chapter 1 of such Code (relat-
14 ing to refundable credits) is amended by striking the
15 item relating to section 21.

16 (2) The table of sections for subpart C of part
17 IV of subchapter A of chapter 1 of such Code (relat-
18 ing to refundable credits) is amended by striking the
19 item relating to section 35 and inserting the follow-
20 ing new items:

“Sec. 35. Expenses for household and dependent services nec-
essary for gainful employment.

“Sec. 36. Overpayments of tax.”

21 (f) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to expenses incurred after Decem-
23 ber 31, 1998.