

111TH CONGRESS
1ST SESSION

S. 24

To amend the Internal Revenue Code of 1986 to strengthen the earned income tax credit.

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2009

Mr. KERRY (for himself and Mr. ROCKEFELLER) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to strengthen
the earned income tax credit.

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 “Strengthen the Earned
5 Income Tax Credit Act of 2009”.

6 **SEC. 2. STRENGTHEN THE EARNED INCOME TAX CREDIT.**

7 (a) REDUCTION IN MARRIAGE PENALTY.—

8 (1) IN GENERAL.—Subparagraph (B) of section
9 32(b)(2) of the Internal Revenue Code of 1986 is

1 amended by striking “increased by” and all that fol-
 2 lows and inserting “increased by \$5,000.”.

3 (2) INFLATION ADJUSTMENT.—Clause (ii) of
 4 section 32(j)(1)(B) of such Code is amended—

5 (A) by striking “\$3,000 amount in sub-
 6 section (b)(2)(B)(iii)” and inserting “\$5,000
 7 amount in subsection (b)(2)(B)”, and

8 (B) by striking “calendar year 2007” and
 9 inserting “calendar year 2008”.

10 (b) INCREASE IN CREDIT PERCENTAGE FOR FAMI-
 11 LIES WITH 3 OR MORE CHILDREN.—The table contained
 12 in section 32(b)(1)(A) of the Internal Revenue Code of
 13 1986 (relating to percentages) is amended—

14 (1) by striking “2 or more qualifying children”
 15 in the second row and inserting “2 qualifying chil-
 16 dren”, and

17 (2) by inserting after the second row the fol-
 18 lowing new item:

| | | |
|--------------------------------------|----------|---------|
| “3 or more qualifying children | 45 | 21.06”. |
|--------------------------------------|----------|---------|

19 (c) INCREASED CREDIT FOR INDIVIDUALS WITH NO
 20 QUALIFYING CHILDREN.—

21 (1) IN GENERAL.—The table in subparagraph
 22 (A) of section 32(b)(2) of the Internal Revenue Code
 23 of 1986 is amended—

1 (A) by striking “\$4,220” in the second col-
2 umn and inserting “\$7,250”, and

3 (B) by striking “\$5,280” in the last col-
4 umn and inserting “\$14,500”.

5 (2) TRANSITIONAL PHASEOUT AMOUNT FOR
6 2009.—

7 (A) IN GENERAL.—Section 32(b)(2) of
8 such Code, as amended by subsection (a), is
9 amended by redesignating subparagraph (B) as
10 subparagraph (C) and by inserting after sub-
11 paragraph (A) the following new subparagraph:

12 “(B) TRANSITIONAL PHASEOUT AMOUNT
13 FOR ELIGIBLE INDIVIDUALS WITH NO QUALI-
14 FYING CHILDREN IN 2009.—In the case of tax-
15 able years beginning in 2009, the phaseout
16 amount for an eligible individual with no quali-
17 fying children shall be \$13,800.”.

18 (B) CONFORMING AMENDMENT.—Subpara-
19 graph (C) of section 32(b)(2) of such Code, as
20 redesignated by paragraph (2), is amended by
21 inserting “or (B)” after “subparagraph (A)”.

22 (3) INFLATION ADJUSTMENTS.—Subparagraph
23 (B) of section 32(j)(1) of the Internal Revenue Code
24 of 1986, as amended by subsection (a), is amend-
25 ed—

1 (A) in clause (i)—

2 (i) by inserting “(other than the
3 amounts relating to individuals with no
4 qualifying children)” after “(b)(2)(A)”,
5 and

6 (ii) by striking “and” at the end,

7 (B) in clause (ii)—

8 (i) by striking “(b)(2)(B)” and insert-
9 ing “(b)(2)(C) and the \$7,250 amount in
10 the table in subsection (b)(2)(A)”, and

11 (ii) by striking the period and insert-
12 ing “, and”, and

13 (C) by adding at the end the following new
14 clause:

15 “(iii) in the case of the \$14,500
16 amount in the table in subsection
17 (b)(2)(A), by substituting ‘calendar year
18 2009’ for ‘calendar year 1992’ in subpara-
19 graph (B) of such section 1.”.

20 (d) CREDIT INCREASE AND REDUCTION IN PHASE-
21 OUT FOR INDIVIDUALS WITH NO CHILDREN.—The table
22 contained in section 32(b)(1)(A) of the Internal Revenue
23 Code of 1986 is amended—

24 (1) by striking “7.65” in the second column of
25 the third row and inserting “15.3”, and

1 (2) by striking “7.65” in the third column of
2 the third row and inserting “15.3”.

3 (e) CREDIT ALLOWED FOR CERTAIN CHILDLESS IN-
4 DIVIDUALS OVER AGE 21.—Subclause (II) of section
5 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 (re-
6 lating to eligible individual) is amended by striking “age
7 25” and inserting “age 21”.

8 (f) MODIFICATION OF ABANDONED SPOUSE RULE.—

9 (1) IN GENERAL.—Section 32(c)(1) of the In-
10 ternal Revenue Code of 1986 (relating to eligible in-
11 dividual) is amended by adding at the end the fol-
12 lowing new paragraph:

13 “(G) CERTAIN MARRIED INDIVIDUALS LIV-
14 ING APART.—For purposes of this section, an
15 individual who—

16 “(i) is married (within the meaning of
17 section 7703(a)) and files a separate re-
18 turn for the taxable year,

19 “(ii) lives with a qualifying child of
20 the individual for more than one-half of
21 such taxable year, and

22 “(iii) during the last 6 months of such
23 taxable year, does not have the same prin-
24 cipal place of abode as the individual’s

1 spouse, shall not be considered as mar-
 2 ried.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) The last sentence of section
 5 32(c)(1)(A) of the Internal Revenue Code of
 6 1986 is amended by striking “section 7703”
 7 and inserting “section 7703(a)”.

8 (B) Section 32(d) of such Code is amended
 9 by striking “In the case of an individual who is
 10 married (within the meaning of section 7703)”
 11 and inserting “In the case of an individual who
 12 is married (within the meaning of section
 13 7703(a)) and is not described in subsection
 14 (c)(1)(G)”.

15 (g) ELIMINATION OF DISQUALIFIED INVESTMENT
 16 INCOME TEST.—

17 (1) IN GENERAL.—Section 32 of the Internal
 18 Revenue Code of 1986 is amended by striking sub-
 19 section (i).

20 (2) CONFORMING AMENDMENTS.—

21 (A) Section 32(j)(1)(B)(i) of such Code, as
 22 amended by this Act, is amended—

23 (i) by striking “subsections” and in-
 24 serting “subsection”, and

25 (ii) by striking “and (i)(1)”.

1 (B) Section 32(j)(2) of such Code is
2 amended to read as follows:

3 “(2) ROUNDING.—If any dollar amount in sub-
4 section (b)(2)(A) (after being increased under sub-
5 paragraph (B) thereof), after being increased under
6 paragraph (1), is not a multiple of \$10, such
7 amount shall be rounded to the next nearest mul-
8 tiple of \$10.”.

9 (h) SIMPLIFICATION OF RULES REGARDING PRES-
10 ENCE OF QUALIFYING CHILD.—

11 (1) TAXPAYER ELIGIBLE FOR CREDIT FOR
12 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
13 FYING CHILD CLAIMED BY ANOTHER MEMBER OF
14 FAMILY.—Section 32(c)(1) of the Internal Revenue
15 Code of 1986 (relating to eligible individual), as
16 amended by this Act, is amended by adding at the
17 end the following new paragraph:

18 “(H) TAXPAYER ELIGIBLE FOR CREDIT
19 FOR WORKER WITHOUT QUALIFYING CHILD IF
20 QUALIFYING CHILD CLAIMED BY ANOTHER
21 MEMBER OF FAMILY.—

22 “(i) GENERAL RULE.—Except as pro-
23 vided in clause (ii), in the case of 2 or
24 more eligible individuals who may claim for
25 such taxable year the same individual as a

1 qualifying child, if such individual is
2 claimed as a qualifying child by such an el-
3 igible individual, then any other such eligi-
4 ble individual who does not make such a
5 claim of such child or of any other quali-
6 fying child may be considered an eligible
7 individual without a qualifying child for
8 purposes of the credit allowed under this
9 section for such taxable year.

10 “(ii) EXCEPTION IF QUALIFYING
11 CHILD CLAIMED BY PARENT.—If an indi-
12 vidual is claimed as a qualifying child for
13 any taxable year by an eligible individual
14 who is a parent of such child, then no
15 other parent of such child who does not
16 make such a claim of such child or of any
17 other qualifying child may be considered
18 an eligible individual without a qualifying
19 child for purposes of the credit allowed
20 under this section for such taxable year.”.

21 (2) TAXPAYER ELIGIBLE FOR CREDIT FOR
22 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
23 FYING CHILDREN DO NOT HAVE VALID SOCIAL SECU-
24 RITY NUMBER.—Subparagraph (F) of section

1 32(c)(1) of the Internal Revenue Code of 1986 is
2 amended to read as follows:

3 “(F) INDIVIDUALS WHO DO NOT INCLUDE
4 TIN, ETC., OF ANY QUALIFYING CHILD.—In the
5 case of any eligible individual who has one or
6 more qualifying children, if no qualifying child
7 of such individual is taken into account under
8 subsection (b) by reason of paragraph (3)(D),
9 for purposes of the credit allowed under this
10 section, such individual may be considered an
11 eligible individual without a qualifying child.”.

12 (i) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2008.

15 (j) REPEAL OF EGTRRA SUNSET.—Title IX of the
16 Economic Growth and Tax Relief Reconciliation Act of
17 2001 (relating to sunset provisions of such Act) shall not
18 apply to section 303 of such Act.

○