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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R.

To amend the Internal Revenue Code of 1986 to make the Child and Dependent Care Tax Credit fully refundable, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. MURPHY (for herself and Mr. SMITH of Missouri) introduced the following bill; which was referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to make the Child and Dependent Care Tax Credit fully refundable, 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 striking “section 21, 24,
15 or 32,” and inserting “section 24, 32, or 36C,”.

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 “(C) INFLATION ADJUSTMENT.—In the
2 case of any taxable year beginning in a calendar
3 year after 2020, the \$7,500 amount in subpara-
4 graph (A) shall be increased by an amount
5 equal to—

6 “(i) such dollar amount, multiplied by

7 “(ii) the cost-of-living adjustment de-
8 termined under section 1(f)(3) for the cal-
9 endar year in which the taxable year be-
10 gins, determined by substituting ‘calendar
11 year 2019’ for ‘calendar year 2016’ in sub-
12 paragraph (A)(ii) thereof.

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

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2019.