

112TH CONGRESS
1ST SESSION

S. 160

To amend the Internal Revenue Code of 1986 to increase the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

IN THE SENATE OF THE UNITED STATES

JANUARY 25 (legislative day, JANUARY 5), 2011

Mrs. BOXER (for herself and Mrs. GILLIBRAND) 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 increase the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Right Start Child Care
3 and Education Act of 2011”.

4 **SEC. 2. INCREASE IN EMPLOYER-PROVIDED CHILD CARE**
5 **CREDIT.**

6 (a) INCREASE IN CREDITABLE PERCENTAGE OF
7 CHILD CARE EXPENDITURES.—Paragraph (1) of section
8 45F(a) of the Internal Revenue Code of 1986 is amended
9 by striking “25 percent” and inserting “35 percent”.

10 (b) INCREASE IN CREDITABLE PERCENTAGE OF RE-
11 SOURCE AND REFERRAL EXPENDITURES.—Paragraph (2)
12 of section 45F(a) of the Internal Revenue Code of 1986
13 is amended by striking “10 percent” and inserting “20
14 percent”.

15 (c) INCREASE IN MAXIMUM CREDIT.—Subsection (b)
16 of section 45F of the Internal Revenue Code of 1986 is
17 amended by striking “\$150,000” and inserting
18 “\$225,000”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2010.

22 **SEC. 3. INCREASE IN DEPENDENT CARE CREDIT.**

23 (a) INCREASE IN INCOMES ELIGIBLE FOR FULL
24 CREDIT.—Paragraph (2) of section 21(a) of the Internal
25 Revenue Code of 1986 is amended by striking “\$15,000”
26 and inserting “\$30,000”.

1 (b) INCREASE IN PERCENTAGE OF EXPENSES AL-
2 LOWABLE.—Paragraph (2) of section 21(a) of the Internal
3 Revenue Code of 1986 is amended—

4 (1) by striking “35 percent” and inserting “50
5 percent”, and

6 (2) by striking “20 percent” and inserting “35
7 percent”.

8 (c) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-
9 ITABLE.—Subsection (c) of section 21 of the Internal Rev-
10 enue Code of 1986 is amended—

11 (1) by striking “\$3,000” in paragraph (1) and
12 inserting “\$6,000”, and

13 (2) by striking “\$6,000” in paragraph (2) and
14 inserting “\$12,000”.

15 (d) CREDIT TO BE REFUNDABLE.—

16 (1) IN GENERAL.—Section 21 of the Internal
17 Revenue Code of 1986 is hereby moved to subpart
18 C of part IV of subchapter A of chapter 1 of such
19 Code and inserted after section 36C.

20 (2) TECHNICAL AMENDMENTS.—

21 (A) Section 21 of such Code, as so moved,
22 is redesignated as section 36D.

23 (B) Paragraph (1) of section 36D(a) of
24 such Code (as redesignated by paragraph (2))

1 is amended by striking “this chapter” and in-
2 serting “this subtitle”.

3 (C) Paragraph (6) of section 35(g) of such
4 Code is amended by striking “21(e)” and in-
5 serting “36D(e)”.

6 (D) Paragraph (1) of section 36C(f) of
7 such Code is amended by striking “21(e)” and
8 inserting “36D(e)”.

9 (E) Subparagraph (C) of section 129(a)(2)
10 of such Code is amended by striking “section
11 21(e)” and inserting “section 36D(e)”.

12 (F) Paragraph (2) of section 129(b) of
13 such Code is amended by striking “section
14 21(d)(2)” and inserting “section 36D(d)(2)”.

15 (G) Paragraph (1) of section 129(e) of
16 such Code is amended by striking “section
17 21(b)(2)” and inserting “section 36D(b)(2)”.

18 (H) Subsection (e) of section 213 of such
19 Code is amended by striking “section 21” and
20 inserting “section 36D”.

21 (I) Subparagraph (H) of section
22 6213(g)(2) of such Code is amended by striking
23 “section 21” and inserting “section 36D”.

24 (J) Subparagraph (L) of section
25 6213(g)(2) of such Code is amended by striking

1 “section 21, 24, 32,” and inserting “section 24,
2 32, 36D,”.

3 (K) Paragraph (2) of section 1324(b) of
4 title 31, United States Code, is amended by in-
5 serting “36D,” after “36C,”.

6 (L) The table of sections for subpart C of
7 part IV of subchapter A of chapter 1 of the In-
8 ternal Revenue Code of 1986 is amended by in-
9 serting after the item relating to section 36C
10 and inserting the following:

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

11 (M) The table of sections for subpart A of
12 such part IV is amended by striking the item
13 relating to section 21.

14 (e) CERTAIN PRIOR AMENDMENTS TO CREDIT MADE
15 PERMANENT.—Section 901 of the Economic Growth and
16 Tax Relief Reconciliation Act of 2001 shall not apply to
17 the amendments made by section 204 of such Act.

18 (f) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2010.

1 **SEC. 4. 3-YEAR CREDIT FOR INDIVIDUALS HOLDING CHILD**
 2 **CARE-RELATED DEGREES WHO WORK IN LI-**
 3 **CENSED CHILD CARE FACILITIES.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
 5 chapter A of chapter 1 of the Internal Revenue Code of
 6 1986 is amended by inserting after section 25D the fol-
 7 lowing new section:

8 **“SEC. 25E. RIGHT START CHILD CARE AND EDUCATION**
 9 **CREDIT.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 11 dividual who is an eligible child care provider for the tax-
 12 able year, there shall be allowed as a credit against the
 13 tax imposed by this chapter for the taxable year the
 14 amount of \$2,000.

15 “(b) 3-YEAR CREDIT.—

16 “(1) IN GENERAL.—The credit allowable by
 17 subsection (a) for any taxable year to an individual
 18 shall be allowed for such year only if the individual
 19 elects the application of this section for such year.

20 “(2) ELECTION.—An election to have this sec-
 21 tion apply may not be made by an individual for any
 22 taxable year if such an election by such individual is
 23 in effect for any 3 prior taxable years.

24 “(c) ELIGIBLE CHILD CARE PROVIDER.—For pur-
 25 poses of this section—

1 “(1) IN GENERAL.—The term ‘eligible child
2 care provider’ means, for any taxable year, any indi-
3 vidual if—

4 “(A) as of the close of such taxable year,
5 such individual holds a bachelor’s degree in
6 early childhood education, child care, or a re-
7 lated degree and such degree was awarded by
8 an eligible educational institution (as defined in
9 section 25A(f)(2)), and

10 “(B) during such taxable year, such indi-
11 vidual performs at least 1,200 hours of child
12 care services at a facility if—

13 “(i) the principal use of the facility is
14 to provide child care services,

15 “(ii) no more than 25 percent of the
16 children receiving child care services at the
17 facility are children (as defined in section
18 152(f)) of the individual or such individ-
19 ual’s spouse, and

20 “(iii) the facility meets the require-
21 ments of all applicable laws and regula-
22 tions of the State or local government in
23 which it is located, including the licensing
24 of the facility as a child care facility.

1 Subparagraph (B)(i) shall not apply to a facil-
2 ity which is the principal residence (within the
3 meaning of section 121) of the operator of the
4 facility.

5 “(2) CHILD CARE SERVICES.—The term ‘child
6 care services’ means child care and early childhood
7 education.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
9 for such subpart A is amended by inserting after the item
10 relating to section 25D the following new item:

“Sec. 25E. Right Start Child Care and Education Credit.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2010.

14 **SEC. 5. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
15 **VIDED DEPENDENT CARE ASSISTANCE.**

16 (a) IN GENERAL.—Subparagraph (A) of section
17 129(a)(2) of the Internal Revenue Code of 1986 is amend-
18 ed by striking “\$5,000 (\$2,500” and inserting “\$7,500
19 (\$3,750”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2010.

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