

112TH CONGRESS  
1ST SESSION

# S. 467

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

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IN THE SENATE OF THE UNITED STATES

MARCH 3, 2011

Mr. KERRY (for himself and Mr. ROCKEFELLER) 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 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 2011”.

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

7 (a) PERMANENT EXTENSION OF MARRIAGE PEN-  
8 ALTY RELIEF AND INCREASE IN CREDIT FOR CERTAIN  
9 FAMILIES.—

10 (1) REDUCTION IN MARRIAGE PENALTY.—

1 (A) IN GENERAL.—Subparagraph (B) of  
 2 section 32(b)(2) of the Internal Revenue Code  
 3 of 1986 is amended by striking “increased by”  
 4 and all that follows and inserting “increased by  
 5 \$5,000.”.

6 (B) INFLATION ADJUSTMENT.—Clause (ii)  
 7 of section 32(j)(1)(B) of such Code is amend-  
 8 ed—

9 (i) by striking “\$3,000 amount in  
 10 subsection (b)(2)(B)(iii)” and inserting  
 11 “\$5,000 amount in subsection (b)(2)(B)”,  
 12 and

13 (ii) by striking “calendar year 2007”  
 14 and inserting “calendar year 2008”.

15 (2) INCREASE IN CREDIT PERCENTAGE FOR  
 16 FAMILIES WITH 3 OR MORE CHILDREN.—The table  
 17 contained in section 32(b)(1)(A) of the Internal Rev-  
 18 enue Code of 1986 (relating to percentages) is  
 19 amended—

20 (A) by striking “2 or more qualifying chil-  
 21 dren” in the second row and inserting “2 quali-  
 22 fying children”, and

23 (B) by inserting after the second row the  
 24 following new item:

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

1           (3) CONFORMING AMENDMENT.—Section 32(b)  
2 of such Code is amended by striking paragraph (3).

3           (b) INCREASED CREDIT FOR INDIVIDUALS WITH NO  
4 QUALIFYING CHILDREN.—

5           (1) IN GENERAL.—The table in subparagraph  
6 (A) of section 32(b)(2) of the Internal Revenue Code  
7 of 1986 is amended by striking “\$5,280” in the last  
8 column and inserting “\$12,690”.

9           (2) INFLATION ADJUSTMENTS.—Subparagraph  
10 (B) of section 32(j)(1) of the Internal Revenue Code  
11 of 1986, as amended by subsection (a), is amend-  
12 ed—

13           (A) in clause (i)—

14           (i) by inserting “(except as provided  
15 in clause (iii))” after “(b)(2)(A)”, and

16           (ii) by striking “and” at the end, and

17           (B) by adding at the end the following new  
18 clause:

19           “(iii) in the case of the \$12,690  
20 amount in the table in subsection  
21 (b)(2)(A), by substituting ‘calendar year  
22 2010’ for ‘calendar year 1992’ in subpara-  
23 graph (B) of such section 1.”.

24           (c) CREDIT INCREASE AND REDUCTION IN PHASE-  
25 OUT FOR INDIVIDUALS WITH NO CHILDREN.—The table

1 contained in section 32(b)(1)(A) of the Internal Revenue  
2 Code of 1986 is amended—

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

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

7 (d) CREDIT ALLOWED FOR CERTAIN CHILDLESS IN-  
8 DIVIDUALS OVER AGE 21.—Subclause (II) of section  
9 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 (re-  
10 lating to eligible individual) is amended by striking “age  
11 25” and inserting “age 21”.

12 (e) MODIFICATION OF ABANDONED SPOUSE RULE.—

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

17 “(G) CERTAIN MARRIED INDIVIDUALS LIV-  
18 ING APART.—For purposes of this section, an  
19 individual who—

20 “(i) is married (within the meaning of  
21 section 7703(a)) and files a separate re-  
22 turn for the taxable year,

23 “(ii) lives with a qualifying child of  
24 the individual for more than one-half of  
25 such taxable year, and

1           “(iii) during the last 6 months of such  
2           taxable year, does not have the same prin-  
3           cipal place of abode as the individual’s  
4           spouse, shall not be considered as mar-  
5           ried.”.

6           (2) CONFORMING AMENDMENTS.—

7           (A) The last sentence of section  
8           32(c)(1)(A) of the Internal Revenue Code of  
9           1986 is amended by striking “section 7703”  
10          and inserting “section 7703(a)”.

11          (B) Section 32(d) of such Code is amended  
12          by striking “In the case of an individual who is  
13          married (within the meaning of section 7703)”  
14          and inserting “In the case of an individual who  
15          is married (within the meaning of section  
16          7703(a)) and is not described in subsection  
17          (c)(1)(G)”.

18          (f) ELIMINATION OF DISQUALIFIED INVESTMENT IN-  
19          COME TEST.—

20          (1) IN GENERAL.—Section 32 of the Internal  
21          Revenue Code of 1986 is amended by striking sub-  
22          section (i).

23          (2) CONFORMING AMENDMENTS.—

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

1 (i) by striking “subsections” and in-  
 2 serting “subsection”, and

3 (ii) by striking “and (i)(1)”.

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

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

12 (g) SIMPLIFICATION OF RULES REGARDING PRES-  
 13 ENCE OF QUALIFYING CHILD.—

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

21 “(H) TAXPAYER ELIGIBLE FOR CREDIT  
 22 FOR WORKER WITHOUT QUALIFYING CHILD IF  
 23 QUALIFYING CHILD CLAIMED BY ANOTHER  
 24 MEMBER OF FAMILY.—

1           “(i) GENERAL RULE.—Except as pro-  
2           vided in clause (ii), in the case of 2 or  
3           more eligible individuals who may claim for  
4           such taxable year the same individual as a  
5           qualifying child, if such individual is  
6           claimed as a qualifying child by such an el-  
7           igible individual, then any other such eligi-  
8           ble individual who does not make such a  
9           claim of such child or of any other quali-  
10          fying child may be considered an eligible  
11          individual without a qualifying child for  
12          purposes of the credit allowed under this  
13          section for such taxable year.

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

1           (2) TAXPAYER ELIGIBLE FOR CREDIT FOR  
2           WORKER WITHOUT QUALIFYING CHILD IF QUALI-  
3           FYING CHILDREN DO NOT HAVE VALID SOCIAL SECUR-  
4           ITY NUMBER.—Subparagraph (F) of section  
5           32(c)(1) of the Internal Revenue Code of 1986 is  
6           amended to read as follows:

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

16           (h) INCREASED PENALTY FOR FAILURE TO BE DILI-  
17           GENT IN DETERMINING ELIGIBILITY FOR EARNED IN-  
18           COME CREDIT.—Section 6695(g) of the Internal Revenue  
19           Code of 1986 is amended by striking “\$100” and inserting  
20           “\$500”.

21           (i) EFFECTIVE DATES.—

22                   (1) IN GENERAL.—Except as provided in para-  
23                   graph (2), the amendments made by this section  
24                   shall apply to taxable years beginning after Decem-  
25                   ber 31, 2010.



1           (2) INCREASED PENALTY.—The amendment  
2           made by subsection (h) shall apply to returns re-  
3           quired to be filed after December 31, 2011.

4           (j) REPEAL OF EGTRRA SUNSET.—Title IX of the  
5           Economic Growth and Tax Relief Reconciliation Act of  
6           2001 (relating to sunset provisions of such Act) shall not  
7           apply to section 303 of such Act.

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