

118TH CONGRESS
2D SESSION

S. 5254

To amend the Internal Revenue Code of 1986 to enhance the employer-provided child care credit.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 25, 2024

Mr. BENNET (for himself and Mrs. BLACKBURN) 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 enhance
the employer-provided child care 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 “Child Care for Amer-
5 ican Families Act”.

6 **SEC. 2. INCREASE IN EMPLOYER-PROVIDED CHILD CARE**
7 **CREDIT AMOUNT.**

8 (a) IN GENERAL.—Section 45F(a)(1) of the Internal
9 Revenue Code of 1986 is amended by striking “25 per-
10 cent” and inserting “the applicable percentage”.

1 (b) APPLICABLE PERCENTAGE.—Section 45F(a) of
 2 such Code, as amended by subsection (a), is amended—

3 (1) by redesignating paragraphs (1) and (2) as
 4 subparagraphs (A) and (B), respectively, and by
 5 moving the margins of such subparagraphs 2 ems to
 6 the right,

7 (2) by striking “For purposes” and inserting
 8 the following:

9 “(1) CREDIT ALLOWED.—For purposes”, and

10 (3) by adding at the end the following new
 11 paragraph:

12 “(2) APPLICABLE PERCENTAGE.—

13 “(A) IN GENERAL.—For purposes of para-
 14 graph (1)(A), the applicable percentage is—

15 “(i) except as otherwise provided in
 16 this paragraph, 40 percent,

17 “(ii) in the case of any qualified child
 18 care expenditures of an eligible small busi-
 19 ness, 50 percent, and

20 “(iii) in the case of any qualified child
 21 care expenditures paid or incurred in con-
 22 nection with a qualified child care facility
 23 located in a eligible census tract, 60 per-
 24 cent.

“(B) ELIGIBLE SMALL BUSINESS.—For purposes of subparagraph (A), the term ‘eligible small business’ means, with respect to any taxable year, any taxpayer if the annual average number of employees employed by such person during either of the 2 preceding taxable years was 500 or fewer. For purposes of the preceding sentence, a preceding taxable year may be taken into account only if the taxpayer was in existence throughout the year.

“(C) ELIGIBLE CENSUS TRACT.—

“(i) IN GENERAL.—For purposes of subparagraph (A), the term ‘eligible census tract’ means any population census tract which—

“(I) is described in section 45D(e), or

“(II) is not an urban area.

“(ii) URBAN AREA.—For purposes of this subparagraph, the term ‘urban area’ means a census tract (as defined by the Bureau of the Census) which, according to the most recent decennial census, has been designated as an urban area by the Secretary of Commerce.”.

1 (c) DOLLAR LIMITATION.—Section 45F(b) of such
 2 Code is amended to read as follows:

3 “(b) DOLLAR LIMITATION.—

4 “(1) AGGREGATE LIMITATION.—The credit al-
 5 lowable under subsection (a) for any taxable year
 6 shall not exceed \$1,200,000.

7 “(2) LIMITATION WITH RESPECT TO QUALIFIED
 8 CHILD CARE EXPENDITURES.—The aggregate
 9 amount of qualified child care expenditures which
 10 may be taken into account under this section for any
 11 taxable year shall not exceed \$2,000,000.”.

12 (d) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 the date of the enactment of this Act.

15 **SEC. 3. GUIDANCE REGARDING MULTI-EMPLOYER FACILI-**
 16 **TIES.**

17 Section 45F of the Internal Revenue Code of 1986
 18 is amended by adding at the end the following new sub-
 19 section:

20 “(g) GUIDANCE.—The Secretary shall issue such
 21 guidance as may be necessary to carry out the purposes
 22 of this section, including guidance on the application of
 23 this section to multi-employer facilities.”.

1 **SEC. 4. DISSEMINATION OF INFORMATION.**

2 (a) IN GENERAL.—Not later than 1 year after the
3 date of the enactment of this Act, the Secretary of the
4 Treasury (or the Secretary’s delegate) shall establish a
5 public awareness program to inform taxpayers about—

6 (1) the availability of the credit for employer-
7 provided child care under section 45F of the Inter-
8 nal Revenue Code of 1986, and

9 (2) filing procedures for such credit.

10 (b) METHOD.—In carrying out this section, the Sec-
11 retary of the Treasury (or the Secretary’s delegate) shall
12 use appropriate means of communication to ensure aware-
13 ness by all taxpayers who are eligible for the credit allowed
14 under section 45F of the Internal Revenue Code of 1986.

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