II

116TH CONGRESS
1ST SESSION

# S. 2790

To amend the Internal Revenue Act of 1986 to strengthen the earned income tax credit and expand eligibility for childless individuals, homeless youth, and youth formerly in foster care.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 6, 2019

Mr. CASEY (for himself and Mrs. MURRAY) 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 Act of 1986 to strengthen the earned income tax credit and expand eligibility for childless individuals, homeless youth, and youth formerly in foster care.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Foster Opportunity EITC Act of 2019''.

**SEC. 2. STRENGTHENING THE EARNED INCOME TAX CREDIT.**

(a) INCREASED CREDIT FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN.—

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

(A) by striking "$4,220" in the second column of the third row and inserting "$10,180", and

(B) by striking "$5,280" in the third column of the third row and inserting "$11,380".

(2) INFLATION ADJUSTMENTS.—Subparagraph (B) of section 32(j)(1) of such Code is amended—

(A) in clause (i)—

(i) by inserting "(except as provided in clause (iii))" after "(b)(2)(A)", and

(ii) by striking "and" at the end,

(B) by redesignating clause (ii) as clause (iii), and

(C) by inserting after clause (i) the following new clause:

"(ii) in the case of the $10,180 and $11,380 amounts in the table in subsection (b)(2)(A), 'calendar year 2017' for 'calendar year 1992', and".

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

(1) by striking "7.65" in the second column of the fourth row and inserting "20", and

(2) by striking "7.65" in the third column of the fourth row and inserting "15.98".

(c) ELIGIBILITY AGE LIMITS.—

(1) UPPER AGE LIMIT.—Subclause (II) of section 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking "age 65" and inserting "age 68".

(2) LOWERING ELIGIBILITY AGE FOR CERTAIN CHILDLESS INDIVIDUALS, HOMELESS YOUTH, AND QUALIFIED FOSTER YOUTH.—

(A) IN GENERAL.—Subclause (II) of section 32(c)(1)(A)(ii) of such Code, as amended by paragraph (1), is further amended by striking "age 25" and inserting "age 19 (or, in the case of homeless youth and qualified foster youth, age 18)".

(B) HOMELESS YOUTH AND QUALIFIED FOSTER YOUTH.—Paragraph (1) of section

32(c) of such Code is amended by adding at the end the following new subparagraphs:

"(G) HOMELESS YOUTH.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(ii)(II), the term 'homeless youth' means—

"(I) an unaccompanied youth who has not attained age 24 and who is a homeless child or youth (as defined in section 725 of the McKinney-Vento Homeless Assistance Act), or

"(II) an individual who is determined by a specified official to be unaccompanied, at risk of homelessness, and self-supporting.

"(ii) VERIFICATION.—No credit shall be allowed under this section by reason of clause (i) to any individual unless such individual attests on the return of tax for the taxable year that the individual is a homeless youth and that no other taxpayer is entitled to claim such individual as a qualifying child for purposes of this section or section 24 for the taxable year. The Secretary, in consultation with the National

Taxpayer Advocate and national homeless youth advocates, shall issue regulations—

"(I) determining the information on relevant tax forms or documentation necessary to demonstrate homeless youth status in the case of an audit of the return, and

"(II) providing that a documented telephone call with or a written statement from a specified official shall be treated as sufficient to verify the status of an individual as a homeless youth.

"(iii) SPECIFIED OFFICIAL.—For purposes of this subparagraph, the term 'specified official' means—

"(I) a local educational agency homeless liaison designated pursuant to section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (or a designee of such liaison),

"(II) the director of an emergency or transitional shelter street outreach program, homeless youth drop-in center, or other program servicing homeless youth (or a designee of such director),

"(III) the director of a Federal TRIO program under chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a–11 et seq.) or a Gaining Early Awareness and Readiness for Undergraduate Program under chapter 2 of subpart 2 of part A of title IV of such Act (20 U.S.C. 1070a–21 et seq.) (or a designee of such director), or

"(IV) a financial aid administrator (within the meaning of the Higher Education Act of 1965) (or a designee of such administrator).

"(H) QUALIFIED FOSTER YOUTH.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(ii)(II), the term 'qualified foster youth' means an individual who was in foster care on or after the date that such individual attained age 14, if such care was under the supervision or administration of a State or tribal agency administering (or eligible to administer) a plan under part B or part E of the Social Security Act (without regard to whether Federal assistance was provided with respect to such child under such part E).

"(ii) VERIFICATION.—The Secretary, in consultation with the National Taxpayer Advocate and the Children's Bureau, Administration for Children and Families, shall issue regulations determining the information on relevant tax forms providing criteria for verifying an individual as a qualified foster youth during any transition period between the date of the enactment of this subparagraph and the establishment of an operational data reporting system described in section 6050Z(a) if such individual is not listed in the verification database described in such section, or in the case of an audit of the return. The Secretary shall consider the use for such purposes of court or official State documentation, verification from entities such as a child welfare agency, case worker, Court Appointed Special Advocate, attorney, guardian ad litem, Federal TRIO program under chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a–11 et seq.), Gaining Early Awareness and Readiness for Undergraduate Program under chapter 2 of subpart 2 of part A of title IV of such Act (20 U.S.C. 1070a–21 et seq.), or other recognized State, county, or tribal authority, and verification through the John H. Chafee Foster Care Program for Successful Transition to Adulthood under section 477 of the Social Security Act (42 U.S.C. 677). During any transition period between the date of the enactment of this subparagraph and the establishment of an operational data reporting system described in section 6050Z(a), no credit shall be allowed under this section by reason of clause (i) to any individual unless such individual attests on the return of tax for the taxable year that the individual is a qualified foster youth and that no other taxpayer is entitled to claim such individual as a qualified child for purposes of this section or section 24 for the taxable year. In the situation that an adult can claim a qualified foster youth for purposes of this section or section 24, the Secretary shall develop a form to indicate that the adult will not claim the qualified foster youth for the taxable year.''.

(C) RETURNS RELATING TO YOUTH IN FOSTER CARE.—

(i) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 of such Code is amended by inserting after section 6050Y the following new section:

**"SEC. 6050Z. RETURNS RELATING TO YOUTH IN FOSTER CARE.**

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—Any State, local, or tribal agency providing foster care under a plan approved under part B or E of title IV of the Social Security Act shall make a return, at such times as the Secretary may prescribe, described in subsection (b) with respect to any individual under the placement and responsibility of such State, locality, or tribe on or after the date that such individual attained age 14.

"(2) DEVELOPMENT OF DATA REPORTING SYSTEM.—The Secretary, in coordination with the Children's Bureau, Administration for Children and Families, shall develop a data reporting system which satisfies the return requirements of paragraph (1).

"(3) SINGLE RETURN.—Except as provided by the Secretary, a State, local, or tribal agency described in paragraph (1) which has made a return for an individual described in such paragraph shall not be required to make a return for such individual for any subsequent calendar year.

"(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe, and

"(2) contains, with respect to each individual described in subsection (a)(1)—

"(A) the name, date of birth, and TIN of such individual, and

"(B) such other information as the Secretary may prescribe in consultation with the Children's Bureau, Administration for Children and Families.

"(c) STATEMENT TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

"(1) IN GENERAL.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return a written statement showing—

"(A) the name and address of the person required to make such return and the telephone number of the information contact for such person, and

"(B) the information required to be shown on the return with respect to such individual.

"(2) DATE.—The written statement required under paragraph (1) shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) is required to be made.".

(ii) ASSESSABLE PENALTIES.—Subparagraph (B) of section 6724(d)(1) of such Code is amended—

(I) by striking "or" at the end of clause (xxv),

(II) by striking ''and'' at the end of clause (xxvi) and inserting ''or'', and

(III) by inserting after clause (xxvi) the following new clause:

''(xxvii) section 6050Z (relating to returns relating to youth in foster care),''.

(iii) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by adding at the end the following new item:

''Sec. 6050Z. Returns relating to youth in foster care.''.

(d) ELIGIBILITY FOR WORKING HOMELESS AND QUALIFIED FOSTER YOUTH WHO ARE FULL-TIME STUDENTS.—Subparagraph (B) of section 32(c)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following: ''The preceding sentence shall not apply to—

''(1) a homeless youth (as defined in subparagraph (G)), or

''(2) a qualified foster youth (as defined in subparagraph (H)),

who is a student (as defined in section 152(f)(2)) for the taxable year.''.

(e) INFORMATION RETURN MATCHING.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall develop and implement procedures for checking an individual's claim for the credit under section 32 of the Internal Revenue Code of 1986 against claims by other taxpayers for tax credits relating to higher education with respect to dependent college students.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2018.

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