

115TH CONGRESS
1ST SESSION

H. R. 3757

To amend the Internal Revenue Code of 1986 to modify the earned income tax credit to account for the amount by which economic growth has outpaced income growth, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2017

Mr. KHANNA (for himself, Mr. EVANS, Mr. BUTTERFIELD, Mr. CONYERS, Mr. GRIJALVA, Ms. NORTON, Ms. WILSON of Florida, Ms. LEE, Mr. RASKIN, Mr. RUSH, Mr. RYAN of Ohio, Ms. KELLY of Illinois, Ms. CLARKE of New York, Mr. NADLER, Mr. CARTWRIGHT, Ms. SCHAKOWSKY, Mr. GONZALEZ of Texas, Mr. BEYER, Mr. BRADY of Pennsylvania, Mr. COHEN, Ms. JACKSON LEE, Mr. PALLONE, Mrs. WATSON COLEMAN, Mr. CUMMINGS, Mr. DEFazio, Mr. WELCH, Ms. BROWNLEY of California, Ms. MOORE, Ms. JAYAPAL, Ms. MAXINE WATERS of California, Ms. HANABUSA, Mr. NORCROSS, Mrs. NAPOLITANO, Mr. DELANEY, Mrs. BEATTY, Mr. SCOTT of Virginia, Mr. SERRANO, Ms. VELÁZQUEZ, Mr. ELLISON, Mr. GUTIÉRREZ, Ms. FUDGE, Mr. SOTO, Mr. CICILLINE, Mr. GARAMENDI, Mr. JEFFRIES, Mr. POCAN, Mr. SIRES, Ms. SPEIER, Ms. ROYBAL-ALLARD, Mr. HASTINGS, and Mr. BRENDAN F. BOYLE of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify the earned income tax credit to account for the amount by which economic growth has outpaced income growth, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Grow American In-
3 comes Now Act of 2017” or the “GAIN Act”.

4 **SEC. 2. MODIFICATION OF EARNED INCOME TAX CREDIT.**

5 (a) IN GENERAL.—

6 (1) INCREASE IN CREDIT PERCENTAGE.—The
7 table in section 32(b)(1) of the Internal Revenue
8 Code of 1986 is amended—

9 (A) by striking “7.65” in the second col-
10 umn (relating to credit percentage) and insert-
11 ing “30”;

12 (B) by striking “7.65” in the third column
13 (relating to phaseout percentage) and inserting
14 “15.98”;

15 (C) by striking “34” and inserting
16 “65.28”;

17 (D) by striking “40” and inserting
18 “76.80”; and

19 (E) by striking “45” and inserting
20 “86.40”.

21 (2) EARNED INCOME AMOUNT AND PHASEOUT
22 AMOUNT.—

23 (A) IN GENERAL.—Subparagraph (A) of
24 section 32(b)(2) of such Code is amended by
25 striking “Subject to subparagraph (B), the
26 earned income amount and the phaseout

1 amount” and inserting “Subject to subpara-
2 graph (B)—

3 “(i) PHASEOUT AMOUNT.—The phase-
4 out amount is \$18,340.

5 “(ii) EARNED INCOME AMOUNT.—The
6 earned income amount”.

7 (B) CREDIT PHASE-IN ENDS.—Section
8 32(b)(2)(A)(ii) of such Code, as amended by
9 subparagraph (A), is further amended by strik-
10 ing the table and inserting the following:

“In the case of an eligible individual with:	The earned income amount is:
1 qualifying child	\$10,000
2 or more qualifying children	\$14,040
No qualifying children	\$10,000.”.

11 (b) ELIGIBILITY AGE.—Subclause (II) of section
12 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 is
13 amended by striking “25” and inserting “21”.

14 (c) CONFORMING AND TECHNICAL AMENDMENT.—
15 Paragraph (1) of section 32(j) of the Internal Revenue
16 Code of 1986 is amended to read as follows:

17 “(1) IN GENERAL.—In the case of any taxable
18 year beginning after 2016, each of the dollar
19 amounts in subsections (b)(2) and (i)(1) shall be in-
20 creased by an amount equal to—

21 “(A) such dollar amount, multiplied by

22 “(B) the cost-of-living adjustment deter-
23 mined under section 1(f)(3) for the calendar

1 year in which the taxable year begins, deter-
 2 mined—

3 “(i) in the case of amounts in sub-
 4 section (b)(2)(A), by substituting ‘calendar
 5 year 2016’ for ‘calendar year 1992’ in sub-
 6 paragraph (B) thereof, and

7 “(ii) in the case of amounts in sub-
 8 section (i)(1), by substituting ‘calendar
 9 year 1995’ for ‘calendar year 1992’ in sub-
 10 paragraph (B) thereof.”.

11 (d) **EFFECTIVE DATE.**—The amendments made by
 12 this section shall apply to taxable years beginning after
 13 December 31, 2016.

14 **SEC. 3. ADVANCE PAYMENT OF EARNED INCOME CREDIT.**

15 (a) **IN GENERAL.**—Chapter 25 of subtitle C of the
 16 Internal Revenue Code of 1986 is amended by inserting
 17 after section 3506 the following new section:

18 **“SEC. 3507. ADVANCE PAYMENT OF EARNED INCOME CRED-**
 19 **IT.**

20 “(a) **ADVANCE PAYMENT.**—

21 “(1) **IN GENERAL.**—An employer making pay-
 22 ment of wages to an employee with respect to whom
 23 an eligibility certificate is in effect shall, at the time
 24 of paying such wages for the payroll period elected
 25 by the employee under paragraph (2), make an addi-

1 tional lump sum payment to such employee equal to
2 the earned income advance amount (except as pro-
3 vided in subsection (b)(1)(C)(ii)) of such employee.

4 “(2) PAYMENTS AVAILABLE AFTER 6 MONTHS
5 OF EMPLOYMENT DURING CALENDAR YEAR.—For
6 purposes of paragraph (1), an employee with respect
7 to whom an eligibility certificate is in effect for the
8 calendar year may elect to receive the earned income
9 advance amount at the same time as wages for any
10 payroll period which begins after the employee has
11 been paid wages by the employer for a period of not
12 less than 6 months during such calendar year.

13 “(b) ELIGIBILITY CERTIFICATE.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, an eligibility certificate is a statement sub-
16 mitted by an employee to the employer which—

17 “(A) certifies that the employee is eligible
18 to receive the credit provided by section 32 for
19 the taxable year,

20 “(B) certifies that the employee does not
21 have an eligibility certificate in effect for the
22 calendar year with respect to the payment of
23 wages by another employer, and

24 “(C) certifies that—

1 “(i) an eligibility certificate has not
 2 been in effect for the spouse of the em-
 3 ployee on any date during the calendar
 4 year, or

5 “(ii) such a certificate is in effect for
 6 the spouse of the employee, and the em-
 7 ployee is eligible to receive only $\frac{1}{2}$ the
 8 earned income advance amount otherwise
 9 determined with respect to the employee.

10 “(2) EMPLOYER NOT RESPONSIBLE FOR
 11 VERIFICATION.—For purposes of this section, an
 12 employer shall not—

13 “(A) be required to verify any certification
 14 made by an employee in the statement de-
 15 scribed in paragraph (1), or

16 “(B) be held liable for any false claims or
 17 statements made by an employee in regards to
 18 such statement.

19 “(c) EARNED INCOME ADVANCE AMOUNT.—

20 “(1) DETERMINATION OF AMOUNT.—

21 “(A) IN GENERAL.—Subject to subpara-
 22 graph (B), the term ‘earned income advance
 23 amount’ means, with respect to any payroll pe-
 24 riod, the amount determined—

1 “(i) on the basis of the wages of the
2 employee from the employer during such
3 calendar year through such payroll period,
4 and

5 “(ii) in accordance with tables issued
6 by the Secretary.

7 “(B) LIMITATION.—For each calendar
8 year, except as provided in subparagraph (C),
9 the earned income advance amount shall not ex-
10 ceed \$500.

11 “(C) ADJUSTMENT FOR INFLATION.—

12 “(i) IN GENERAL.—In the case of any
13 taxable year beginning after 2019, the
14 \$500 amount in subparagraph (B) shall be
15 increased by an amount equal to—

16 “(I) such dollar amount, multi-
17 plied by

18 “(II) the cost-of-living adjust-
19 ment determined under section 1(f)(3)
20 for the calendar year in which the tax-
21 able year begins determined by sub-
22 stituting ‘calendar year 2018’ for ‘cal-
23 endar year 1992’ in subparagraph (B)
24 thereof.

1 “(ii) ROUNDING.—If any increase de-
 2 termined under paragraph (1) is not a
 3 multiple of \$10, such increase shall be
 4 rounded to the nearest multiple of \$10.

5 “(2) ARMED FORCES.—In the case of an em-
 6 ployee who is a member of the Armed Forces of the
 7 United States, the earned income advance amount
 8 shall be determined by taking into account the total
 9 wages of such employee, as determined for purposes
 10 of section 32.

11 “(3) ADVANCE AMOUNT TABLES.—For pur-
 12 poses of paragraph (1)(A)(ii), the tables issued by
 13 the Secretary shall be similar in form to the tables
 14 issued under section 3402 and, to the extent fea-
 15 sible, coordinated with such tables.

16 “(d) PAYMENTS TO BE TREATED AS PAYMENTS OF
 17 WITHHOLDING AND FICA TAXES.—

18 “(1) IN GENERAL.—Payments made by an em-
 19 ployer under subsection (a) to an employee—

20 “(A) shall not be treated as payment of
 21 compensation, and

22 “(B) shall be treated as made out of—

23 “(i) amounts required to be deducted
 24 and withheld for the payroll period under
 25 section 3401,

1 “(ii) amounts required to be deducted
2 for the payroll period under section 3102,
3 and

4 “(iii) amounts of the taxes imposed
5 for the payroll period under section 3111,
6 as if the employer had paid to the Secretary, on
7 the day on which the wages are paid to the em-
8 ployee, an amount equal to such payments.

9 “(2) ADVANCE PAYMENTS EXCEED TAXES
10 DUE.—In the case of any employer, if for any pay-
11 roll period the aggregate amount of earned income
12 advance payments exceeds the sum of the amounts
13 referred to in paragraph (1)(B), the employer shall
14 pay only so much of such earned income advance
15 payment as does not exceed such sum, and shall not
16 make any further advance payments to the employee
17 for the calendar year.

18 “(3) FAILURE TO MAKE ADVANCE PAY-
19 MENTS.—Failure to make any payment of an earned
20 income advance amount as required under this sec-
21 tion shall be treated as the failure at such time to
22 deduct and withhold under chapter 24 an amount
23 equal to the earned income advance amount.

24 “(e) SUBMISSION OF CERTIFICATE.—

1 “(1) EFFECTIVE PERIOD.—An eligibility certifi-
2 cate submitted to an employer at any time during
3 the calendar year shall continue in effect with re-
4 spect to the employee during such calendar year
5 until revoked by the employee or until another such
6 certificate takes effect under this section.

7 “(2) REQUIREMENT TO REVOKE CERTIFI-
8 CATE.—In the case of an employee who has sub-
9 mitted an eligibility certificate under this section and
10 subsequently becomes ineligible for the credit pro-
11 vided under section 32 for the taxable year, the em-
12 ployee shall, not later than 10 days after becoming
13 ineligible for such credit, submit to the employer a
14 revocation of such certificate.

15 “(3) FORM AND CONTENTS OF CERTIFICATE.—
16 Eligibility certificates shall be in such form and con-
17 tain such other information as the Secretary may by
18 regulations prescribe.

19 “(f) TAXPAYERS MAKING PRIOR FRAUDULENT OR
20 RECKLESS CLAIMS.—

21 “(1) IN GENERAL.—No earned income advance
22 amount shall be paid under this section for any tax-
23 able year in the disallowance period.

24 “(2) DISALLOWANCE PERIOD.—For purposes of
25 paragraph (1), the disallowance period is—

1 “(A) the period of 10 taxable years after
2 the most recent taxable year for which there
3 was a final determination that the taxpayer’s
4 claim of an earned income advance amount
5 under this section was due to fraud, and

6 “(B) the period of 2 taxable years after
7 the most recent taxable year for which there
8 was a final determination that the taxpayer’s
9 claim of an earned income advance amount
10 under this section was due to reckless or inten-
11 tional disregard of rules and regulations (but
12 not due to fraud).

13 “(g) TAXABLE YEAR.—The term ‘taxable year’
14 means the last taxable year of the employee under subtitle
15 A beginning in the calendar year in which the wages are
16 paid.

17 “(h) IRS NOTIFICATION.—The Internal Revenue
18 Service shall take such steps as may be appropriate to en-
19 sure that taxpayers who receive a refund of the credit
20 under section 32 are aware of the availability of earned
21 income advance amounts under this section.”.

22 (b) COORDINATION WITH ADVANCE PAYMENTS.—
23 Section 32 of the Internal Revenue Code of 1986 is
24 amended by inserting after subsection (f) the following
25 new subsection:

1 “(g) COORDINATION WITH ADVANCE PAYMENTS OF
2 EARNED INCOME CREDIT.—

3 “(1) RECAPTURE OF ADVANCE PAYMENTS.—If
4 any payment is made to the individual by an em-
5 ployer under section 3507 during any calendar year,
6 then the tax imposed by this chapter for the individ-
7 ual’s last taxable year beginning in such calendar
8 year shall be increased by the aggregate amount of
9 such payments.

10 “(2) RECONCILIATION OF PAYMENTS AD-
11 VANCED AND CREDIT ALLOWED.—Any increase in
12 tax under paragraph (1) shall not be treated as tax
13 imposed by this chapter for purposes of determining
14 the amount of any credit (other than the credit al-
15 lowed by subsection (a)) allowable under this part.”.

16 (c) FILING REQUIREMENT.—Section 6012(a) of the
17 Internal Revenue Code of 1986 is amended by inserting
18 after paragraph (8) the following new paragraph:

19 “(9) Every individual who receives payments
20 during the calendar year in which the taxable year
21 begins under section 3507.”.

22 (d) RECEIPTS FOR EMPLOYEES.—Section 6051(a) of
23 the Internal Revenue Code of 1986 is amended by insert-
24 ing after paragraph (6) the following new paragraph:

1 “(7) the total amount paid to the employee
2 under section 3507 (relating to advance payment of
3 earned income credit),”.

4 (e) CLERICAL AMENDMENT.—The table of sections
5 for chapter 25 of subtitle C of the Internal Revenue Code
6 of 1986 is amended by inserting after the item relating
7 to section 3506 the following new item:

 “Sec. 3507. Advance payment of earned income credit.”.

8 (f) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 the date which is 1 year after the date of the enactment
11 of this Act.

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