

115TH CONGRESS
1ST SESSION

S. 1371

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

IN THE SENATE OF THE UNITED STATES

JUNE 15, 2017

Mr. BROWN (for himself, Mr. DURBIN, Mr. BENNET, Mr. SCHUMER, Mr. WYDEN, Mr. CARDIN, Mr. CASEY, Mrs. GILLIBRAND, Mr. REED, Mr. MENENDEZ, Ms. HARRIS, Mr. BLUMENTHAL, Ms. WARREN, Ms. STABENOW, Mrs. FEINSTEIN, Ms. CANTWELL, Mr. VAN HOLLEN, Mr. WHITEHOUSE, Mrs. SHAHEEN, Mr. NELSON, Mr. CARPER, Mrs. MCCASKILL, Mr. BOOKER, Ms. BALDWIN, Ms. KLOBUCHAR, Mr. HEINRICH, Mr. FRANKEN, Mr. WARNER, Mr. MERKLEY, Mr. MARKEY, Ms. HIRONO, Ms. CORTEZ MASTO, Mr. COONS, Mr. SANDERS, Ms. HASSAN, Ms. DUCKWORTH, Mr. KING, Mr. UDALL, Mr. KAINE, Mrs. MURRAY, Mr. LEAHY, Mr. TESTER, Mr. PETERS, Mr. MURPHY, and Mr. SCHATZ) 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 strengthen the earned income tax credit and the child 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 “Working Families Tax
5 Relief Act of 2017”.

1 **SEC. 2. STRENGTHENING THE EARNED INCOME TAX CRED-**
 2 **IT.**

3 (a) 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—

8 (A) by striking “\$4,220” in the second col-
 9 umn and inserting “\$9,230”; and

10 (B) by striking “\$5,280” in the last col-
 11 umn and inserting “\$10,900”.

12 (2) INFLATION ADJUSTMENTS.—Subparagraph
 13 (B) of section 32(j)(1) of the Internal Revenue Code
 14 of 1986 is amended—

15 (A) in clause (i)—

16 (i) by inserting “(except as provided
 17 in clause (iii))” after “(b)(2)(A)”; and

18 (ii) by striking “and” at the end;

19 (B) in clause (ii), by striking the period at
 20 the end and inserting “, and”; and

21 (C) by adding at the end the following new
 22 clause:

23 “(iii) in the case of the \$9,230 and
 24 \$10,900 amounts in the table in subsection
 25 (b)(2)(A), by substituting ‘calendar year

1 2016’ for ‘calendar year 1992’ in subpara-
 2 graph (B) of such section 1.”.

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

7 (1) by striking “7.65” in the second column of
 8 the fourth row and inserting “15.3”; and

9 (2) by striking “7.65” in the third column of
 10 the fourth row and inserting “15.3”.

11 (c) CREDIT ALLOWED FOR CERTAIN CHILDLESS IN-
 12 DIVIDUALS OVER AGE 21.—Subclause (II) of section
 13 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 is
 14 amended by striking “age 25” and inserting “age 21”.

15 (d) EFFECTIVE DATES.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 December 31, 2016.

18 **SEC. 3. STRENGTHENING THE CHILD TAX CREDIT.**

19 (a) INCREASE IN AMOUNT OF CREDIT FOR TAX-
 20 PAYERS WITH YOUNG CHILDREN.—Subsection (a) of sec-
 21 tion 24 of the Internal Revenue Code of 1986 is amended
 22 to read as follows:

23 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 24 lowed as a credit against the tax imposed by this chapter
 25 for the taxable year an amount equal to the sum of—

1 “(1) with respect to each qualifying child of the
 2 taxpayer who has not attained 6 years of age before
 3 the close of such taxable year and for which the tax-
 4 payer is allowed a deduction under section 151, an
 5 amount equal to \$3,000, and

6 “(2) with respect to each qualifying child of the
 7 taxpayer who has attained 6 years of age before the
 8 close of such taxable year and for which the tax-
 9 payer is allowed a deduction under section 151, an
 10 amount equal to \$1,000.”.

11 (b) INCREASE IN PORTION OF CREDIT REFUNDABLE
 12 FOR TAXPAYERS WITH YOUNG CHILDREN.—Clause (i) of
 13 section 24(d)(1)(B) of the Internal Revenue Code of 1986
 14 is amended to read as follows:

15 “(i)(I) in the case of a taxpayer with
 16 a qualifying child who has not attained 6
 17 years of age before the close of the taxable
 18 year, 45 percent of so much of the tax-
 19 payer’s earned income (within the meaning
 20 of section 32) which is taken into account
 21 in computing taxable income for the tax-
 22 able year, or

23 “(II) in the case of a taxpayer not de-
 24 scribed in subclause (I), 15 percent of so
 25 much of the taxpayer’s earned income

1 (within the meaning of section 32) which is
 2 taken into account in computing taxable
 3 income for the taxable year as exceeds
 4 \$3,000, or”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2016.

8 **SEC. 4. INDEXING THE CHILD TAX CREDIT FOR INFLATION.**

9 (a) INFLATION ADJUSTMENTS.—Section 24 of the
 10 Internal Revenue Code of 1986, as amended by section
 11 3, is amended by adding at the end the following new sub-
 12 section:

13 “(h) INFLATION ADJUSTMENTS.—

14 “(1) IN GENERAL.—In the case of any taxable
 15 year beginning in a calendar year after 2017, each
 16 of the dollar amounts in subsections (a) and (b)(2)
 17 shall each be increased by an amount equal to—

18 “(A) such dollar amount, multiplied by

19 “(B) the cost-of-living adjustment deter-
 20 mined under section 1(f)(3) for the calendar
 21 year in which the taxable year begins, deter-
 22 mined by substituting ‘calendar year 2016’ for
 23 ‘calendar year 1992’ in subparagraph (B)
 24 thereof.

1 “(2) ROUNDING.—Any increase determined
2 under the preceding sentence shall be rounded to the
3 nearest multiple of \$50.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years beginning after
6 December 31, 2017.

7 **SEC. 5. SIMPLIFYING THE EARNED INCOME TAX CREDIT.**

8 (a) MODIFICATION OF ABANDONED SPOUSE RULE.—

9 (1) IN GENERAL.—Section 32(c)(1) of the In-
10 ternal Revenue Code of 1986 is amended by adding
11 at the end the following new paragraph:

12 “(G) CERTAIN MARRIED INDIVIDUALS LIV-
13 ING APART.—For purposes of this section, an
14 individual who—

15 “(i) is married (within the meaning of
16 section 7703(a)) and files a separate re-
17 turn for the taxable year,

18 “(ii) lives with a qualifying child of
19 the individual for more than one-half of
20 such taxable year, and

21 “(iii)(I) during the last 6 months of
22 such taxable year, does not have the same
23 principal place of abode as the individual’s
24 spouse, or

1 “(II) has a legally binding separation
 2 agreement with the individual’s spouse and
 3 is not a member of the same household
 4 with the individual’s spouse by the end of
 5 the taxable year,
 6 shall not be considered as married.”.

7 (2) CONFORMING AMENDMENTS.—

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

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

19 (b) ELIMINATION OF DISQUALIFIED INVESTMENT
 20 INCOME TEST.—

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

24 (2) CONFORMING AMENDMENTS.—

1 (A) Section 32(j)(1)(B)(i) of such Code, as
 2 amended by this Act, is amended by striking
 3 “subsections (b)(2)(A) and (i)(1)” and inserting
 4 “subsection (b)(2)(A)”.

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

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

13 (c) SIMPLIFICATION OF RULES REGARDING PRES-
 14 ENCE OF QUALIFYING CHILD.—

15 (1) TAXPAYER ELIGIBLE FOR CREDIT FOR
 16 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
 17 FYING CHILD CLAIMED BY ANOTHER MEMBER OF
 18 FAMILY.—Section 32(c)(1) of the Internal Revenue
 19 Code of 1986, as amended by this Act, is amended
 20 by adding at the 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 custodial parent of such child who
20 does not make such a claim of such child
21 may be considered an eligible individual
22 without a qualifying child for purposes of
23 the credit allowed under this section for
24 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 SECU-
 4 RITY 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 (d) EFFECTIVE DATES.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 2016.

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