HOUSE COMMITTEE ON WAYS & MEANS
CHAIRMAN RICHARD E. NEAL

ECONOMIC MOBILITY ACT OF 2019
SECTION-BY-SECTION

TITLE I—EARNED INCOME TAX CREDIT

Section 101. Strengthening the earned income tax credit for individuals with no qualifying children. For 2019 and 2020, this section expands the eligibility for and the amount of earned income tax credit for taxpayers with no qualifying children (the "childless EITC"). In particular, the minimum age to claim the childless EITC is reduced from 25 to 19 (this reduction does not apply to full-time students) and the upper age limit for the childless EITC is increased from age 65 to age 66. This section also increases childless EITC amount by increasing the credit percentage and phaseout percentage from 7.65 to 15.3 percent, increasing the earned income amount to $9,570, increasing the phaseout amount to $11,310, and indexing these latter two amounts for inflation. Under these parameters, the maximum credit amount in 2019 increases from $529 to $1,464. To ensure that full-time students do not inappropriately claim the credit, Treasury is instructed to develop and implement procedures for checking an individual's claim for the childless EITC against information returns made with respect to the individual relating to higher education and tuition expenses.

Section 102. Taxpayer eligible for childless earned income credit in case of certain qualified children. This section permanently repeals the provision that prohibits an EITC-eligible taxpayer with at least one qualifying child from taking the childless EITC if he or she cannot claim the EITC with respect to qualifying children due to failure to meet child identification requirements (including a valid SSN number for a qualifying child or children). Accordingly, individuals who do not claim the EITC with respect to such qualifying child or children due to failure to meet identification requirements may claim the childless EITC.

Section 103. Credit allowed in case of certain separated spouses. This section permanently allows a married but separated individual to be treated as not married for purposes of the EITC if a joint return is not filed. Thus, the EITC may be claimed by the individual on a separate return. The section applies only if the taxpayer lives with a qualifying child for more than one-half of the taxable year and either does not have the same principal place of abode as his or her spouse for the last six months of the year, or has a separation decree, instrument, or agreement and doesn't live with his or her spouse by the end of the taxable year. This change aligns the EITC eligibility requirements with present-day family law practice.

Section 104. Elimination of disqualified investment income test. This section permanently eliminates the denial of the EITC to individuals with disqualified investment income. Thus, the eligibility of individuals to claim the EITC is determined without regard to the amount of that income.

Section 105. Application of earned income tax credit in possessions of the United States. Under this section, Treasury is instructed to make payments to the possessions that relate to the cost of each possession's EITC. The possessions must provide Treasury with annual reports on the estimate of costs and a statement of costs with respect to the preceding year.

TITLE II—CHILD TAX CREDIT

Section 201. Child tax credit fully refundable for 2019 and 2020. For 2019 and 2020, the child tax credit is made fully refundable for individuals other than nonresident aliens. Thus, the child tax credit is generally refundable up to $2,000 per child, without regard to the amount of a taxpayer's earned income or Social Security taxes paid.

Section 202. Payments to possessions. Under this section, Treasury is instructed to make payments to each "mirror code" possession that relate to the cost of those possessions' child tax credit. This amount is determined by Treasury based on the information provided by the governments of the possessions. For Puerto Rico and American Samoa, which do not have mirror codes, Treasury is instructed to make payments in an amount estimated by Treasury as being equal to the aggregate benefits that would have been provided if Puerto Rico and American Samoa had a mirror code in place. These payments won't be made unless Puerto Rico and American Samoa have a plan approved by Treasury to promptly distribute payments in a manner that replicates the benefits of the child tax credit.

TITLE III—DEPENDENT CARE ASSISTANCE

Section 301. Refundability and enhancement of child and dependent care tax credit. For 2019 and 2020, this section makes the child and dependent care tax credit (CDCTC) fully refundable for taxpayers other than nonresident aliens. It also increases the maximum credit rate to 50 percent and amends the phaseout threshold to begin at $120,000 instead of $15,000. It doubles the amount of child and dependent care expenses that are eligible for the credit to $6,000 for one qualifying individual and $12,000 for two or more qualifying individuals. Finally, it temporarily indexes the phaseout threshold and amount of eligible expenses for inflation.

Section 302. Increases in exclusion for employer-provided dependent care assistance. For 2020 and 2021, the section increases the amount of the exclusion for employer-provided dependent care assistance from $5,000 to $10,500 (and from $2,500 to $5,250 in the case of a separate return filed by a married individual). This amount is temporarily adjusted for inflation.

TITLE IV—OTHER PROVISIONS

Section 401. Repeal of inclusion of certain fringe benefit expenses in UBTI. P.L. 115-97 required the unrelated business taxation income (UBTI) of tax-exempt organizations to be increased by expenses related to qualified transportation fringe benefits (the so-called "church parking tax"). This section repeals that requirement.