

1 contractors in the performance of construction, al-
2 teration, or repair, as part of the project, shall be
3 paid wages at rates not less than those prevailing on
4 similar work in the locality as determined by the
5 Secretary of Labor in accordance with subchapter
6 IV of chapter of part A of subtitle II of title 40,
7 United States Code (commonly referred to as the
8 ‘Davis-Bacon Act’), and with respect to the labor
9 standards specified in such subchapter, the Sec-
10 retary of Labor shall have the authority and func-
11 tions set forth in Reorganization Plan Numbered 14
12 of 1950 (15 Fed. Reg. 3176; 5 U.S.C. App.).

13 “(4) USE OF FUNDS.—A recipient of funds
14 under this subsection may use the funds only to ac-
15 quire, construct, renovate, or otherwise physically
16 improve the infrastructure of a building in which a
17 child care provider is providing child care services.

18 “(b) REPORT.—Not later than the end of fiscal year
19 2028, the Secretary shall submit to the Committee on
20 Ways and Means of the House of Representatives and the
21 Committee on Finance of the Senate a report on the ef-
22 fects of the grants provided under this section, and make
23 the report accessible to the public.

24 “(c) APPROPRIATION.—Out of any funds in the
25 Treasury not otherwise appropriated, there is appro-

1 priated \$15,000,000,000 for fiscal year 2022 to carry out
2 this section, which shall remain available through fiscal
3 year 2026.

4 “(d) RESERVATIONS OF FUNDS.—

5 “(1) TERRITORIES.—The Secretary shall re-
6 serve \$100,000,000 of the amount made available to
7 carry out this section, for grants to territories.

8 “(2) ADMINISTRATION.—The Secretary may re-
9 serve not more than \$200,000,000 of the amount
10 made available to carry out this section, for adminis-
11 trative costs.

12 “(e) LIMITATION ON AVAILABILITY OF FUNDS FOR
13 GRANTS FOR INTERMEDIARY ORGANIZATIONS.—Not more
14 than \$2,250,000,000 of the total amount made available
15 to carry out this section may be used to carry out sub-
16 section (a)(2).”.

17 **SEC. 205. TECHNICAL ASSISTANCE.**

18 Part A of title IV of the Social Security Act (42
19 U.S.C. 601-619), as amended by sections 201, 202, and
20 204 of this division, is amended by inserting after section
21 418B the following:

22 **“SEC. 418C. TECHNICAL ASSISTANCE.**

23 “(a) IN GENERAL.—

24 “(1) CHILD CARE INFORMATION NETWORK.—

25 The Secretary shall provide technical assistance to

1 State lead agencies to support the development and
2 implementation of, and ongoing full participation in,
3 State Child Care Information Networks provided for
4 in section 418A(a).

5 “(2) CHILD CARE INFRASTRUCTURE.—The Sec-
6 retary shall provide technical assistance—

7 “(A) to child care small business owners,
8 entrepreneurs, nonprofit organizations, and
9 child care infrastructure grant recipients, for
10 the purpose of starting new licensed child care
11 businesses, or re-opening a closed child care fa-
12 cility, in areas in which there is a child care
13 shortage or that are at risk of having such a
14 shortage; and

15 “(B) to State and local governments to
16 incentivize public-private partnerships to iden-
17 tify excess buildings and land and conduct fea-
18 sibility studies, for new or expanded child care
19 options that could be available to child care en-
20 trepreneurs and infrastructure grantees, or
21 used for publicly-run child care facilities.

22 “(3) SUPPLEMENTING NATIONAL TECHNICAL
23 ASSISTANCE EFFORTS.—The Secretary may provide
24 technical assistance to States (and submit to the
25 Congress reports on technical assistance activities)

1 to increase child care availability and affordability,
2 including by—

3 “(A) providing technical assistance on best
4 practices for conducting market rate surveys
5 and establishing State reimbursement rates and
6 price-per-child rates for child care for children
7 who have not attained 13 years of age;

8 “(B) increasing child care quality, afford-
9 ability, and availability in tribal communities
10 for families with children who have not attained
11 13 years of age;

12 “(C) improving the effectiveness and af-
13 fordability of child care assistance programs in
14 meeting the needs of low-income parents; or

15 “(D) collecting, managing, analyzing, and
16 reporting child care administrative data, and
17 use the data to support documentation of
18 changes in child care availability and afford-
19 ability.

20 “(b) ADMINISTRATIVE PROVISION.—The Secretary
21 may carry out this section through means including the
22 use of grants or cooperative agreements.

23 “(c) APPROPRIATION.—Out of any funds in the
24 Treasury not otherwise appropriated, there is appro-

1 priated \$17,500,000 for each of fiscal years 2022 through
2 2026 to carry out this section.”.

3 **SEC. 206. TRIBAL CHILD CARE ACCESS, GROWTH, AND IN-**
4 **NOVATION FUND.**

5 Part A of title IV of the Social Security Act (42
6 U.S.C. 601-619), as amended by sections 201, 202, 204,
7 and 205 of this division, is amended by inserting after sec-
8 tion 418D the following:

9 **“SEC. 418E. TRIBAL CHILD CARE ACCESS, GROWTH, AND IN-**
10 **NOVATION FUND.**

11 “(a) HHS CONSULTATIONS WITH INDIAN TRIBES.—
12 Of the amount appropriated under subsection (e) for each
13 fiscal year, the Secretary shall use not more than
14 \$10,000,000 to—

15 “(1) conduct such consultations with Indian
16 tribes and tribal organizations as are necessary to
17 determine how to better conduct consumer outreach
18 and education and provide timely availability for
19 child care slots, address child care shortages, im-
20 prove child care infrastructure, and otherwise inform
21 best practices and guidelines for carrying out the ac-
22 tivities described in subsection (b); and

23 “(2) provide technical assistance to the lead
24 agencies of Indian tribes and tribal organizations
25 with respect to carrying out the activities.

1 “(b) ACTIVITIES DESCRIBED.—The activities de-
2 scribed in this subsection are the following:

3 “(1) Planning, start-up, implementation, and
4 maintenance costs associated with establishing and
5 funding a Child Care Information Network designed
6 to help parents determine which child care providers
7 can meet their child care needs and to give parents
8 ease of access in enrolling their children in child
9 care.

10 “(2) Coordinating with the Secretary regarding
11 the HHS Participating Child Care Provider Certifi-
12 cation provided for in section 418A(c).

13 “(3) Increasing the supply of available child
14 care in areas in which there is a child care shortage.

15 “(4) Conducting infrastructure projects to im-
16 prove the safety of child care facilities.

17 “(c) GRANTS.—

18 “(1) IN GENERAL.—Of the amount appro-
19 priated under subsection (e) for each fiscal year, the
20 Secretary shall use not less than \$563,000,000 to
21 make grants to the lead agencies of Indian tribes
22 and tribal organizations for activities described in
23 subsection (b), which are to be carried out in accord-
24 ance with such rules as the Secretary may prescribe,

1 taking into account the results of the consultations
2 conducted under subsection (a)(1).

3 “(2) ALLOCATION.—The Secretary may make
4 grants under this subsection according to relative
5 need.

6 “(d) NONSUPPLANTATION.—An entity to which an
7 amount is provided under this section shall use the
8 amount to supplement, but not supplant, other funds pro-
9 vided for any purpose or activity for which the amount
10 is used.

11 “(e) APPROPRIATION.—Out of any funds in the
12 Treasury not otherwise appropriated, there is appro-
13 priated to the Secretary \$573,000,000 for each of fiscal
14 years 2022 through 2026 to carry out this section.”.

15 **SEC. 207. COMMON PROVISIONS.**

16 (a) DEFINITIONS.—Section 419 of the Social Secu-
17 rity Act (42 U.S.C. 619) is amended by adding at the end
18 the following:

19 “(6) CHILD CARE SHORTAGE.—The term ‘child
20 care shortage’ means, with respect to an area, that
21 the ratio of children in the area who have not at-
22 tained 13 years of age to child care slots in the area
23 is at least 3:1.

24 “(7) LEAD AGENCY.—The term ‘lead agency’
25 means, with respect to a jurisdiction, the lead agen-

1 cy responsible for administering the child care as-
2 sistance program of the jurisdiction.

3 “(8) TERRITORY.—The term ‘territory’ means
4 the Commonwealth of Puerto Rico, the United
5 States Virgin Islands, Guam, American Samoa, and
6 the Commonwealth of the Northern Mariana Is-
7 lands.”.

8 (b) REPORTS TO THE CONGRESS.—Section 411 of
9 such Act (42 U.S.C. 611) is amended by adding at the
10 end the following:

11 “(e) REPORTS ON CERTAIN STATE CHILD CARE EX-
12 PENDITURES.—The Secretary shall submit to the Com-
13 mittee on Ways and Means of the House of Representa-
14 tives and the Committee on Finance of the Senate biennial
15 reports on—

16 “(1) eligible expenditures (as defined in section
17 418A(b)(2)(B)) by the States, and on expenditures
18 by the Secretary under section 418A during the pe-
19 riod covered by the report;

20 “(2) the extent to which payments under sec-
21 tion 418A have been made with respect to the ex-
22 penditures; and

23 “(3) to the extent that any funds made avail-
24 able to carry out such section have not been ex-
25 pended, the reasons therefor.”.

1 **SEC. 208. TECHNICAL CORRECTIONS.**

2 (a) Section 418(a)(5) of the Social Security Act (42
3 U.S.C. 618(a)(5)) is amended by inserting “, as in effect
4 before June 30, 2003” before the period.

5 (b) Section 418(a)(2)(C) of such Act (42 U.S.C.
6 618(a)(2)(C)) is amended by striking “, as such section
7 was in effect on September 30, 1995”.

8 **SEC. 209. PAYROLL TAX CREDIT FOR CHILD CARE WORK-**
9 **ERS.**

10 (a) IN GENERAL.—Subchapter D of chapter 21 of the
11 Internal Revenue Code of 1986 is amended by adding at
12 the end the following:

13 **“SEC. 3135. PAYROLL CREDIT FOR CERTAIN WAGES PAID**
14 **TO CHILD CARE WORKERS.**

15 “(a) IN GENERAL.—In the case of an eligible child
16 care employer, there shall be allowed as a credit against
17 applicable employment taxes for each calendar quarter an
18 amount equal to 50 percent of the qualified child care
19 wages paid with respect to each eligible employee of such
20 employer for such calendar quarter.

21 “(b) LIMITATIONS AND REFUNDABILITY.—

22 “(1) LIMITATION ON WAGES TAKEN INTO AC-
23 COUNT.—The amount of qualified child care wages
24 with respect to any eligible employee which may be
25 taken into account under subsection (a) by the eligi-

1 ble child care employer for any calendar quarter
2 shall not exceed \$2,500.

3 “(2) CREDIT LIMITED TO CERTAIN EMPLOY-
4 MENT TAXES.—The credit allowed by subsection (a)
5 with respect to any calendar quarter shall not exceed
6 the applicable employment taxes (reduced by any
7 credits allowed under sections 3131, 3132, 3134,
8 and 6432) on the wages paid with respect to the em-
9 ployment of all the employees of the eligible child
10 care employer for such calendar quarter.

11 “(3) REFUNDABILITY OF EXCESS CREDIT.—

12 “(A) CREDIT IS REFUNDABLE.—If the
13 amount of the credit under subsection (a) ex-
14 ceeds the limitation of paragraph (2) for any
15 calendar quarter, such excess shall be treated
16 as an overpayment that shall be refunded under
17 sections 6402(a) and 6413(b).

18 “(B) ADVANCING CREDIT.—In anticipation
19 of the credit, including the refundable portion
20 under subparagraph (A), the credit shall be ad-
21 vanced, according to forms and instructions
22 provided by the Secretary, up to an amount cal-
23 culated under subsection (a), subject to the lim-
24 its under paragraph (1), all calculated through

1 the end of the most recent payroll period in the
2 quarter.

3 “(c) ELIGIBLE CHILD CARE EMPLOYER.—For pur-
4 poses of this section, the term ‘eligible child care employer’
5 means any employer which operates one or more qualified
6 child care facilities.

7 “(d) QUALIFIED CHILD CARE FACILITY.—For pur-
8 poses of this section, the term ‘qualified child care facility’
9 means any facility which is certified as an HHS Partici-
10 pating Child Care Provider by the Secretary of Health and
11 Human Services under section 418A(c) of the Social Secu-
12 rity Act.

13 “(e) ELIGIBLE EMPLOYEE.—For purposes of this
14 section, the term ‘eligible employee’ means, with respect
15 to any eligible child care employer for any calendar quar-
16 ter, any employee of such employer if—

17 “(1) the aggregate wages paid to such employee
18 for such quarter do not exceed 25 percent of the dol-
19 lar amount in effect for such quarter under section
20 414(q)(1)(B)(i) (relating to highly compensated em-
21 ployees), and

22 “(2) the aggregate wages paid to such employee
23 for the 1-year period ending with the close of such
24 quarter do not exceed 100 percent of such dollar
25 amount.

1 “(f) QUALIFIED CHILD CARE WAGES.—For purposes
2 of this section—

3 “(1) IN GENERAL.—The term ‘qualified child
4 care wages’ means, with respect to any eligible em-
5 ployee for any calendar quarter, so much of the child
6 care wages paid by the eligible child care employer
7 to such employee during such quarter as are paid at
8 a rate in excess of the applicable minimum rate.
9 Such term shall not include any wages paid by an
10 eligible child care employer during any period during
11 which the certification described in subsection (d) is
12 not in effect.

13 “(2) APPLICABLE MINIMUM RATE.—The term
14 ‘applicable minimum rate’ means, with respect to
15 wages paid to any eligible employee, the rate of basic
16 pay which is payable for GS-3, step 1 of the General
17 Schedule under subchapter III of chapter 53 of title
18 5, United States Code (including any applicable lo-
19 cality-based comparability payment under section
20 5304 of such title, or similar authority) at the time
21 such wages are paid and determined with respect to
22 the locality in which the services are provided.

23 “(3) CHILD CARE WAGES.—The term ‘child
24 care wages’ means wages paid for the services of the
25 employee to provide child care at a qualified child

1 care facility or to provide support services for such
2 a facility.

3 “(4) EXCEPTION.—The term ‘child care wages’
4 shall not include any wages taken into account
5 under section 41, 45A, 45P, 45R, 51, 1396, 3131,
6 3132, 3134, or 6432.

7 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—
8 For purposes of this section—

9 “(1) APPLICABLE EMPLOYMENT TAXES.—The
10 term ‘applicable employment taxes’ means the fol-
11 lowing:

12 “(A) The taxes imposed under section
13 3111(b).

14 “(B) So much of the taxes imposed under
15 section 3221(a) as are attributable to the rate
16 in effect under section 3111(b).

17 “(2) WAGES.—

18 “(A) IN GENERAL.—The term ‘wages’
19 means wages (as defined in section 3121(a)),
20 determined without regard to paragraphs (1)
21 through (22) of section 3121(b)) and compensa-
22 tion (as defined in section 3231(e), determined
23 without regard to the sentence in paragraph (1)
24 thereof which begins ‘Such term does not in-
25 clude remuneration’).

1 “(B) ALLOWANCE FOR CERTAIN HEALTH
2 PLAN EXPENSES.—

3 “(i) IN GENERAL.—Such term shall
4 include amounts paid by the eligible child
5 care employer to provide and maintain a
6 group health plan (as defined in section
7 5000(b)(1)), but only to the extent that
8 such amounts are excluded from the gross
9 income of employees by reason of section
10 106(a).

11 “(ii) ALLOCATION RULES.—For pur-
12 poses of this section, amounts treated as
13 wages under clause (i) shall be treated as
14 paid with respect to any eligible employee
15 (and with respect to any period) to the ex-
16 tent that such amounts are properly allo-
17 cable to such employee (and to such pe-
18 riod) in such manner as the Secretary may
19 prescribe. Except as otherwise provided by
20 the Secretary, such allocation shall be
21 treated as properly made if made on the
22 basis of being pro rata among periods of
23 coverage.

24 “(3) OTHER TERMS.—Any term used in this
25 section which is also used in this chapter or chapter

1 22 shall have the same meaning as when used in
2 such chapter.

3 “(4) DENIAL OF DOUBLE BENEFIT.—For pur-
4 poses of chapter 1, the gross income of the em-
5 ployer, for the taxable year which includes the last
6 day of any calendar quarter with respect to which a
7 credit is allowed under this section, shall be in-
8 creased by the amount of such credit.

9 “(5) ELECTION TO NOT TAKE CERTAIN WAGES
10 INTO ACCOUNT.—This section shall not apply to so
11 much of the qualified child care wages paid by an
12 eligible child care employer as such employer elects
13 (at such time and in such manner as the Secretary
14 may prescribe) to not take into account for purposes
15 of this section.

16 “(6) CERTAIN GOVERNMENTAL EMPLOYERS.—
17 No credit shall be allowed under this section to the
18 Government of the United States or to any agency
19 or instrumentality thereof. The preceding sentence
20 shall not apply to any organization described in sec-
21 tion 501(c)(1) and exempt from tax under section
22 501(a).

23 “(7) COORDINATION WITH CERTAIN PRO-
24 GRAMS.—

1 “(A) IN GENERAL.—This section shall not
2 apply to so much of the qualified child care
3 wages paid by an eligible child care employer as
4 are taken into account as payroll costs in con-
5 nection with—

6 “(i) a covered loan under section
7 7(a)(37) or 7A of the Small Business Act,

8 “(ii) a grant under section 324 of the
9 Economic Aid to Hard-Hit Small Busi-
10 nesses, Non-Profits, and Venues Act, or

11 “(iii) a restaurant revitalization grant
12 under section 5003 of the American Res-
13 cue Plan Act of 2021.

14 “(B) APPLICATION WHERE PPP LOANS
15 NOT FORGIVEN.—The Secretary shall issue
16 guidance providing that payroll costs paid dur-
17 ing the covered period shall not fail to be treat-
18 ed as qualified child care wages under this sec-
19 tion by reason of subparagraph (A)(i) to the ex-
20 tent that—

21 “(i) a covered loan of the taxpayer
22 under section 7(a)(37) of the Small Busi-
23 ness Act is not forgiven by reason of a de-
24 cision under section 7(a)(37)(J) of such
25 Act, or

1 “(ii) a covered loan of the taxpayer
2 under section 7A of the Small Business
3 Act is not forgiven by reason of a decision
4 under section 7A(g) of such Act.

5 Terms used in the preceding sentence which are
6 also used in section 7A(g) or 7(a)(37)(J) of the
7 Small Business Act shall, when applied in con-
8 nection with either such section, have the same
9 meaning as when used in such section, respec-
10 tively.

11 “(8) AGGREGATION RULE.—All persons treated
12 as a single employer under subsection (a) or (b) of
13 section 52, or subsection (m) or (o) of section 414,
14 shall be treated as one employer for purposes of this
15 section.

16 “(9) THIRD PARTY PAYORS.—Any credit al-
17 lowed under this section shall be treated as a credit
18 described in section 3511(d)(2).

19 “(h) REGULATIONS.—The Secretary shall prescribe
20 such regulations or other guidance as may be necessary
21 to carry out the purposes of this section, including—

22 “(1) regulations or other guidance to prevent
23 the avoidance of the purposes of the limitations
24 under this section,

1 “(2) regulations or other guidance to minimize
2 compliance and record-keeping burdens under this
3 section,

4 “(3) regulations or other guidance providing for
5 waiver of penalties for failure to deposit amounts in
6 anticipation of the allowance of the credit allowed
7 under this section,

8 “(4) regulations or other guidance for recap-
9 turing the benefit of credits determined under this
10 section in cases where there is a subsequent adjust-
11 ment to the credit determined under subsection (a),

12 “(5) regulations or other guidance to permit the
13 advancement of the credit determined under sub-
14 section (a), and

15 “(6) regulations or other guidance for applying
16 subsection (f) with respect to eligible employees not
17 paid at a single rate of pay.”.

18 (b) REFUNDS.—Paragraph (2) of section 1324(b) of
19 title 31, United States Code, is amended by inserting
20 “3135,” after “3134,”.

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for subchapter D of chapter 21 of the Internal Revenue
23 Code of 1986 is amended by adding at the end the fol-
24 lowing:

“Sec. 3135. Payroll credit for certain wages paid to child care workers.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar quarters beginning
3 after December 31, 2021.

4 **DIVISION C—CHILD AND DE-**
5 **PENDENT CARE TAX BENE-**
6 **FITS**

7 **SEC. 301. CERTAIN IMPROVEMENTS TO THE CHILD AND DE-**
8 **PENDENT CARE CREDIT MADE PERMANENT.**

9 (a) CREDIT REFUNDABLE FOR TAXPAYERS WITH
10 PRINCIPAL PLACE OF ABODE IN THE UNITED STATES.—
11 Section 21(g) of the Internal Revenue Code of 1986 is
12 amended to read as follows;

13 “(g) CREDIT REFUNDABLE FOR TAXPAYERS WITH
14 PRINCIPAL PLACE OF ABODE IN THE UNITED STATES.—
15 If the taxpayer (in the case of a joint return, either
16 spouse) has a principal place of abode in the United States
17 (determined as provided in section 32) for more than one-
18 half of the taxable year, the credit allowed under sub-
19 section (a) shall be treated as a credit allowed under sub-
20 part C (and not allowed under this subpart).”.

21 (b) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-
22 ITABLE.—Section 21(c) of such Code is amended—

23 (1) by striking “\$3,000” in paragraph (1) and
24 inserting “\$8,000”, and

1 (2) by striking “\$6,000” in paragraph (2) and
2 inserting “\$16,000”.

3 (c) INCREASE IN APPLICABLE PERCENTAGE.—Sec-
4 tion 21(a)(2) of such Code is amended—

5 (1) by striking “35 percent” and inserting “50
6 percent”, and

7 (2) by striking “\$15,000” and inserting
8 “\$125,000”.

9 (d) INFLATION ADJUSTMENT.—Section 21(e) of such
10 Code is amended by adding at the end the following new
11 paragraph:

12 “(11) INFLATION ADJUSTMENT.—

13 “(A) IN GENERAL.—In the case of any
14 taxable year beginning after December 31,
15 2021, the \$125,000 amount in subsection
16 (a)(2), the \$8,000 amount in subsection (c)(1),
17 and the \$16,000 amount in subsection (e)(2)
18 shall each be increased by an amount equal
19 to—

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-
22 termined under section 1(f)(3) for the cal-
23 endar year in which the taxable year be-
24 gins, determined by substituting ‘calendar

1 year 2020’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—

4 “(i) LIMITATION BASED ON ADJUSTED
5 GROSS INCOME.—If any increase deter-
6 mined under subparagraph (A) of the
7 \$125,000 dollar amount in subsection
8 (a)(2) is not a multiple of \$5,000, such
9 amount shall be rounded to the nearest
10 multiple of \$5,000.

11 “(i) DOLLAR LIMITATIONS.—If any
12 increase determined under subparagraph
13 (A) of any dollar amount in subsection (c)
14 is not a multiple of \$100, such amount
15 shall be rounded to the nearest multiple of
16 \$100.”.

17 (e) APPLICATION OF PHASEOUT TO HIGH INCOME
18 INDIVIDUALS.—

19 (1) IN GENERAL.—Section 21(a)(2) of such
20 Code is amended by striking “20 percent” and in-
21 serting “the phaseout percentage”.

22 (2) PHASEOUT PERCENTAGE.—Section 21(a) of
23 such Code is amended by adding at the end the fol-
24 lowing new paragraph:

1 “(3) PHASEOUT PERCENTAGE.—For purposes
2 of paragraph (2), the term ‘phaseout percentage’
3 means 20 percent reduced (but not below zero) by
4 1 percentage point for each \$2,000 (or fraction
5 thereof) by which the taxpayer’s adjusted gross in-
6 come for the taxable year exceeds \$400,000.”.

7 (f) APPLICATION OF CREDIT IN POSSESSIONS.—Sec-
8 tion 21(h) of such Code is amended—

9 (1) in paragraph (1)—

10 (A) by striking “The Secretary” and in-
11 serting “With respect to taxable years begin-
12 ning in or with calendar years after 2020, the
13 Secretary”, and

14 (B) by striking “with respect to taxable
15 years beginning in or with 2021”,

16 (2) in paragraph (2)—

17 (A) by striking “The Secretary” and in-
18 serting “With respect to taxable years begin-
19 ning in or with calendar years after 2002, the
20 Secretary”, and

21 (B) by striking “with respect to taxable
22 years beginning in or with 2021”, and

23 (3) in paragraph (3), by striking “in or with
24 2021” and inserting “after December 31, 2020”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2021.

4 **SEC. 302. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
5 **VIDED DEPENDENT CARE ASSISTANCE MADE**
6 **PERMANENT.**

7 (a) IN GENERAL.—Section 129(a)(2)(A) of the Inter-
8 nal Revenue Code of 1986 is amended by striking “\$5,000
9 (\$2,500” and inserting “\$10,500 (half such dollar
10 amount”.

11 (b) INFLATION ADJUSTMENT.—Section 129(e) of
12 such Code is amended by adding at the end the following
13 new paragraph:

14 “(10) INFLATION ADJUSTMENT.—

15 “(A) IN GENERAL.—In the case of any
16 taxable year beginning after December 31,
17 2021, the \$10,500 amount in subsection
18 (a)(2)(A) shall be increased by an amount equal
19 to—

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-
22 termined under section 1(f)(3) for the cal-
23 endar year in which the taxable year be-
24 gins, determined by substituting ‘calendar

1 year 2020’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—If any increase deter-
4 mined under subparagraph (A) is not a multiple
5 of \$100, such amount shall be rounded to the
6 nearest multiple of \$100.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2021.

10 (d) RETROACTIVE PLAN AMENDMENTS.—A plan that
11 otherwise satisfies all applicable requirements of sections
12 125 and 129 of the Internal Revenue Code of 1986 (in-
13 cluding any rules or regulations thereunder) shall not fail
14 to be treated as a cafeteria plan or dependent care assist-
15 ance program merely because such plan is amended pursu-
16 ant to a provision under this subsection and such amend-
17 ment is retroactive, if—

18 (1) such amendment is adopted no later than
19 the last day of the plan year in which the amend-
20 ment is effective, and

21 (2) the plan is operated consistent with the
22 terms of such amendment during the period begin-
23 ning on the effective date of the amendment and
24 ending on the date the amendment is adopted.

1 **DIVISION D—NATIONAL GRANT**
2 **PROGRAM FOR THE WORKER**
3 **INFORMATION NETWORK**

4 **SEC. 401. ESTABLISHMENT.**

5 Title XX of the Social Security Act (42 U.S.C. 1397)
6 is amended by adding at the end the following:

7 **“Subtitle D—National Grant Pro-**
8 **gram for the Worker Informa-**
9 **tion Network**

10 **“SEC. 2071. GRANTS TO STATES.**

11 “The Secretary, in consultation with the Secretary of
12 the Treasury and the Secretary of Labor, shall make
13 grants to States for the purpose of providing free access
14 to information, counseling, and assistance with respect to
15 all of the following:

16 “(1) Paid family and medical leave benefits, in-
17 cluding those provided under Title XXII or as pro-
18 vided by a State, an employer, or an insurer;

19 “(2) Unemployment compensation (as defined
20 in section 85(b) of the Internal Revenue Code of
21 1986); and

22 “(3) Child care, including programs authorized
23 under Section 418.

1 **“SEC. 2072. GRANT APPLICATION AND PLAN REQUIRE-**
2 **MENTS.**

3 “(a) IN GENERAL.—To be eligible for a grant under
4 this subtitle, a State shall submit an application to the
5 Secretary, at such time and in such manner as the Sec-
6 retary may provide, that includes a plan to establish a pro-
7 gram, to be known as a ‘Worker Information Network’,
8 to provide free access to information, counseling, and as-
9 sistance with respect to the resources specified in para-
10 graphs (1) through (3) of section 2071. As a condition
11 of such grant, a State must demonstrate, to the satisfac-
12 tion of the Secretary—

13 “(1) an ability to adequately provide such infor-
14 mation, counseling, and assistance; and

15 “(2) commitment to operating a Worker Infor-
16 mation Network that satisfies the requirements of
17 subsection (d).

18 “(b) DURATION.—Each grant under this subtitle
19 shall be awarded for a period of 5 years, except that a
20 State may reapply for another 5-year period at the end
21 of each grant period.

22 “(c) AMOUNT.—The amount of a grant under this
23 subtitle shall be determined pursuant to a funding for-
24 mula, prescribed under regulations issued by the Sec-
25 retary, in consultation with the Secretary of the Treasury
26 and the Secretary of Labor, designed—

1 “(1) to equitably distribute funding to States
2 based on population of individuals over age 16; and

3 “(2) to provide a minimum level of funding for
4 each State.

5 “(d) PROGRAM REQUIREMENTS.—A Worker Infor-
6 mation Network satisfies the requirements of this sub-
7 section if such program—

8 “(1) establishes a system of staff members, in-
9 cluding navigators, to provide information on—

10 “(A) navigating paid family and medical
11 leave and unemployment compensation systems,
12 including information on—

13 “(i) obtaining benefits and filing
14 claims, including on claims processes,
15 qualifying circumstances, and eligibility re-
16 quirements;

17 “(ii) comparing benefit amounts avail-
18 able under Title XXII and under private
19 individual or employer plans;

20 “(iii) benefit determination and pay-
21 ment rights and obligations, including ob-
22 taining and submitting documentation re-
23 quired to support a claim;

24 “(iv) appeal rights and process; and

1 “(v) benefit underpayment or overpay-
2 ment rights;

3 “(B) navigating child care systems, includ-
4 ing information on—

5 “(i) applying for subsidized child care;

6 “(ii) consumer education and informa-
7 tion about types of child care settings; and

8 “(iii) navigating a Child Care Infor-
9 mation Network established pursuant to
10 section 418A;

11 “(C) accessing such systems in languages
12 other than English and protections against non-
13 discrimination on the basis of limited English
14 proficiency under Title VI of the Civil Rights
15 Act, accommodations and protections against
16 non-discrimination under the Americans with
17 Disabilities Act and Section 504 of the Reha-
18 bilitation Act, and protections against non-dis-
19 crimination under other Federal civil rights
20 laws in paid family and medical leave, unem-
21 ployment compensation, and child care settings;
22 and

23 “(D) any other information specified by
24 the Secretary, in consultation with the Sec-

1 retary of the Treasury and the Secretary of
2 Labor;

3 “(2) in conjunction with the system established
4 under paragraph (1), establishes a system of referral
5 to appropriate departments or agencies within the
6 State and, when appropriate, the Federal Govern-
7 ment, for other issues related to obtaining assistance
8 (including legal aid), as determined by the Secretary
9 in consultation with the Secretary of the Treasury
10 and the Secretary of Labor; and

11 “(3) establishes a community-based system of
12 education and outreach to raise public awareness of
13 and increase access to the resources described in sec-
14 tion 2071 and the availability of information, coun-
15 seling, and assistance provided by the system of
16 staff members described in paragraph (1) and the
17 system of referrals described in paragraph (2), in-
18 cluding by—

19 “(A) engaging in a robust program of cul-
20 turally and linguistically competent education
21 and outreach;

22 “(B) creating visual and written content
23 using clear and plain language;

24 “(C) tailoring materials to members of un-
25 derserved areas or populations;

1 “(D) working with employers and child
2 care providers to promote the awareness and
3 distribution of information to employees and
4 parents in the community; and

5 “(E) partnering with eligible local part-
6 ners;

7 “(4) provides for a sufficient number of staff
8 positions (which may include but may not consist en-
9 tirely of volunteer positions) necessary to provide the
10 services of the Worker Information Network;

11 “(5) provides for training programs for staff
12 members (including volunteer staff members) and al-
13 lows for continuous improvement processes for com-
14 munity-based strategies to ensure maximum out-
15 reach and engagement with underserved areas or
16 populations;

17 “(6) provides for the collection and dissemina-
18 tion of timely, impartial, and accurate programmatic
19 information to staff members (including volunteer
20 staff members);

21 “(7) provides for the coordination of the ex-
22 change of programmatic information between gov-
23 ernment staff and the staff of the Worker Informa-
24 tion Network;

25 “(8) collaborates with eligible local partners;

1 “(9) makes recommendations concerning recur-
2 rent issues and complaints related to the resources
3 described in section 2071 to agencies and depart-
4 ments within the State and the Federal Government
5 responsible for providing or regulating such re-
6 sources;

7 **【“(10) maintains confidentiality of all personal**
8 information provided to navigators or Worker Infor-
9 mation Network staff (including volunteer staff), in-
10 cluding by following procedures set by the Secretary
11 for destroying personally identifiable information
12 and preventing it from being shared with any other
13 government entity;】

14 “(11) collects non-personally identifiable data to
15 measure equitable access to the Worker Information
16 Network, as described in section 2073(2); and

17 “(12) provides data to the Secretary, upon re-
18 quest, regarding how individuals are being served,
19 including the following:

20 “(A) data and details on the number of in-
21 dividuals served by the Worker Information
22 Network, as well as the type and number of
23 services such individuals are receiving;

24 “(B) data and details on the problems that
25 individuals may encounter, including a lack of

1 timely payment of benefits or child care avail-
2 ability; and

3 “(C) data and details on improvements
4 that could be made at the State or Federal level
5 to promote equitable access, including address-
6 ing special barriers that may exist relating to
7 the characteristics described in section 2073(2).

8 “(e) MAINTENANCE OF EFFORT.—Funds awarded to
9 a State shall be used to supplement, not supplant, existing
10 State and Federal funds and may not be used to replace
11 any personnel selected on a merit basis.

12 **“SEC. 2073. CRITERIA FOR ISSUING GRANTS.**

13 “In determining whether to issue a grant to a State,
14 the Secretary shall consider the commitment of the State
15 to—

16 “(1) carrying out the Worker Information Net-
17 work described under section 2072; and

18 “(2) promoting equitable access to the Worker
19 Information Network in such State, including as it
20 pertains to—

21 “(A) race, ethnicity, sex, gender, sexual
22 orientation, disability, economic status, religion,
23 citizenship, or age;

24 “(B) geographic area; and

1 “(C) other factors as determined by the
2 Secretary, in consultation with the Secretary of
3 the Treasury and the Secretary of Labor.

4 **“SEC. 2074. NONAPPLICATION, LACK OF SUFFICIENT COM-**
5 **MITMENT, AND NONCOMPLIANCE.**

6 “(a) FAILURE TO SUBMIT AN APPLICATION.—In any
7 case in which a State does not apply for a grant by the
8 application deadline provided by the Secretary, the Sec-
9 retary shall seek to award the grant that would have been
10 allocated to such State under the funding formula pre-
11 scribed pursuant to section 2072(c) to an eligible local
12 partner.

13 “(b) FAILURE TO DEMONSTRATE SUFFICIENT COM-
14 MITMENT.—In any case in which the Secretary determines
15 that the commitment of a State as described in section
16 2073 is insufficient, the Secretary shall notify such State
17 of the steps the State may take to remedy such failure
18 and shall provide any necessary technical assistance. If
19 such State does not take such steps with the time per-
20 mitted by the Secretary, the Secretary shall seek to award
21 the grant to an eligible local partner in accordance with
22 subsection (a).

23 “(c) NONCOMPLIANCE AND ALTERNATIVE GRANT-
24 EES.—In any case in which the Secretary terminates a
25 grant to a State on the basis of a determination by the

1 Secretary that the State has failed to satisfy the require-
2 ments under subsection 2072(d), the Secretary shall seek
3 to award such grant to an eligible local partner in accord-
4 ance with subsection (a).

5 **“SEC. 2075. APPROPRIATIONS.**

6 “(a) GRANT FUNDING.—

7 “(1) IN GENERAL.—There is appropriated, out
8 of any funds in the Treasury not otherwise appro-
9 priated, the amount determined under paragraph (2)
10 for each fiscal year after 2021 for grants under this
11 subtitle.

12 “(2) AMOUNT DETERMINED.—The amount de-
13 termined under this paragraph for a fiscal year shall
14 be—

15 “(A) for fiscal year 2022, \$1,500,000,000;
16 and

17 “(B) for each fiscal year after 2022, the
18 product of \$1,500,000,000 multiplied by the
19 ratio (not less than 1) of—

20 “(i) the national average wage index
21 (as defined in section 209(k)(1) of the So-
22 cial Security Act) for the second calendar
23 year ending prior to the beginning of such
24 fiscal year, to

1 “(ii) the national average wage index
2 (as so defined) for 2020.

3 “(b) FEDERAL ADMINISTRATIVE FUNDS.—In addi-
4 tion to amounts appropriated under subsection (a), there
5 is appropriated for each of fiscal years 2022 through
6 2026, out of any funds in the Treasury not otherwise ap-
7 propriated, \$5,000,000 to the Secretary of Health and
8 Human Services and \$2,500,000 each to the Secretary of
9 the Treasury and the Secretary of Labor, to provide ad-
10 ministrative support and technical assistance for grants
11 awarded under this subtitle.

12 **“SEC. 2076. DEFINITIONS.**

13 “In this subtitle:

14 “(1) STATE.—The term ‘State’ means the 50
15 States, the District of Columbia, Puerto Rico,
16 Guam, the Virgin Islands, American Samoa, and the
17 Northern Mariana Islands.

18 **【“(2) ELIGIBLE LOCAL PARTNER.—The term**
19 **‘eligible local partner’ means a non-profit organiza-**
20 **tion or organizations, including a labor organization,**
21 **with a presence within a State, a history of knowl-**
22 **edge of the resources described in paragraphs (1),**
23 **(2), and (3) of section 2071, and a demonstrated**
24 **commitment to helping workers and families.”.】**

1 **DIVISION E—CHILD TAX CREDIT**

2 **SEC. 501. CERTAIN IMPROVEMENTS TO THE CHILD TAX**

3 **CREDIT MADE PERMANENT.**

4 (a) IN GENERAL.—Section 24 of the Internal Rev-
5 enue Code of 1986 is amended to read as follows:

6 **“SEC. 24. CHILD TAX CREDIT.**

7 **“(a) ALLOWANCE OF CREDIT.—**

8 **“(1) IN GENERAL.—**There shall be allowed as a
9 credit against the tax imposed by this chapter for
10 the taxable year the sum of—

11 **“(A)** the qualifying child credit of the tax-
12 payer for such taxable year, plus

13 **“(B)** the other dependent credit of the tax-
14 payer for such taxable year.

15 **“(2) QUALIFYING CHILD CREDIT.—**For pur-
16 poses of this section, the qualifying child credit with
17 respect to any taxpayer for any taxable year is the
18 sum of—

19 **“(A)** \$3,600 with respect to each quali-
20 fying child who has not attained age 6 as of the
21 close of the calendar year in which the taxable
22 year begins, plus

23 **“(B)** \$3,000 with respect to each quali-
24 fying child who has attained age 6 but has not

1 attained age 18 as of the close of the calendar
2 year in which the taxable year begins.

3 “(3) OTHER DEPENDENT CREDIT.—For pur-
4 poses of this section, the other dependent credit with
5 respect to any taxpayer for any taxable year is \$500
6 with respect to each dependent who is not described
7 in subparagraph (A) or (B) of paragraph (2).

8 “(b) LIMITATIONS BASED ON MODIFIED ADJUSTED
9 GROSS INCOME.—

10 “(1) INITIAL REDUCTION.—

11 “(A) IN GENERAL.—The amount of the
12 credit allowable under subsection (a) shall be
13 reduced (but not below zero) by \$50 for each
14 \$1,000 (or fraction thereof) by which the tax-
15 payer’s modified adjusted gross income exceeds
16 the initial threshold amount.

17 “(B) INITIAL THRESHOLD AMOUNT.—For
18 purposes of this subsection, the term ‘initial
19 threshold amount’ means [to be provided].

20 “(C) LIMITATION ON INITIAL REDUC-
21 TION.—

22 “(i) IN GENERAL.—The amount of
23 the reduction under paragraph (1) shall
24 not exceed the lesser of—

1 “(I) the credit amount subject to
2 initial reduction, or

3 “(II) 5 percent of the excess of
4 the secondary threshold amount over
5 the initial threshold amount.

6 “(ii) CREDIT AMOUNT SUBJECT TO
7 INITIAL REDUCTION.—For purposes of this
8 subparagraph, the term ‘credit amount
9 subject to initial reduction’ means the ex-
10 cess (if any) of—

11 “(I) the amount of the credit al-
12 lowable under this section for the tax-
13 able year determined without regard
14 to this subsection, over

15 “(II) the amount of such credit
16 determined without regard to this
17 subsection and by treating the dollar
18 amounts in effect under subpara-
19 graphs (A) and (B) of subsection
20 (a)(2) as each being equal to \$2,000.

21 “(2) SECONDARY REDUCTION.—

22 “(A) IN GENERAL.—The amount of the
23 credit allowable under subsection (a) (deter-
24 mined after the application of paragraph (1))
25 shall be reduced (but not below zero) by \$50 for

1 each \$1,000 (or fraction thereof) by which the
2 taxpayer's modified adjusted gross income ex-
3 ceeds the secondary threshold amount.

4 “(B) SECONDARY THRESHOLD AMOUNT.—
5 For purposes of this subsection, the term ‘sec-
6 ondary threshold amount’ means—

7 “(i) \$400,000, in the case of a joint
8 return or surviving spouse (as defined in
9 section 2(a)),

10 “(ii) \$300,000, in the case of a head
11 of household (as defined in section 2(b)),
12 and

13 “(iii) \$200,000, in any other case.

14 “(3) NONREFUNDABLE CREDIT REDUCED
15 FIRST.—Any reduction under this subsection of the
16 credit allowable under subsection (a) shall be applied
17 first to reduce the other dependent credit (but not
18 below zero) and then to reduce the qualifying child
19 credit.

20 “(4) MODIFIED ADJUSTED GROSS INCOME.—
21 For purposes of this subsection, the term ‘modified
22 adjusted gross income’ means adjusted gross income
23 increased by any amount excluded from gross in-
24 come under section 911, 931, or 933.

1 “(c) PORTION OF CREDIT REFUNDABLE.—If the tax-
2 payer (in the case of a joint return, either spouse) has
3 a principal place of abode in the United States (deter-
4 mined as provided in section 32) for more than one-half
5 of the taxable year or is a bona fide resident of Puerto
6 Rico (within the meaning of section 937(a)) for such tax-
7 able year, so much of the credit otherwise allowed under
8 subsection (a) as is attributable to the qualifying child
9 credit shall be allowed under subpart C (and not allowed
10 under this subpart).

11 “(d) IDENTIFICATION REQUIREMENTS.—[to be pro-
12 vided]

13 “(e) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
14 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

15 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
16 OR RECKLESS CLAIMS.—

17 “(A) IN GENERAL.—No credit shall be al-
18 lowed under this section for any taxable year in
19 the disallowance period.

20 “(B) DISALLOWANCE PERIOD.—For pur-
21 poses of subparagraph (A), the disallowance pe-
22 riod is—

23 “(i) the period of 10 taxable years
24 after the most recent taxable year for
25 which there was a final determination that

1 the taxpayer's claim of credit under this
2 section was due to fraud, and

3 “(ii) the period of 2 taxable years
4 after the most recent taxable year for
5 which there was a final determination that
6 the taxpayer's claim of credit under this
7 section was due to reckless or intentional
8 disregard of rules and regulations (but not
9 due to fraud)

10 “(2) TAXPAYERS MAKING IMPROPER PRIOR
11 CLAIMS.—In the case of a taxpayer who is denied
12 credit under this section for any taxable year as a
13 result of the deficiency procedures under subchapter
14 B of chapter 63, no credit shall be allowed under
15 this section for any subsequent taxable year unless
16 the taxpayer provides such information as the Sec-
17 retary may require to demonstrate eligibility for
18 such credit.

19 “(f) DEFINITIONS AND SPECIAL RULES.—For pur-
20 poses of this section—

21 “(1) QUALIFYING CHILD.—The term ‘qualifying
22 child’ means a qualifying child of the taxpayer (as
23 defined in section 152(c)).

24 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—
25 The terms ‘dependent’ and ‘qualifying child’ shall

1 not include any individual who would not be a de-
2 pendent if subparagraph (A) of section 152(b)(3)
3 were applied without regard to all that follows ‘resi-
4 dent of the United States’.

5 “(3) TAXABLE YEAR MUST BE FULL TAXABLE
6 YEAR.—Except in the case of a taxable year closed
7 by reason of the death of the taxpayer, no credit
8 shall be allowable under this section in the case of
9 a taxable year covering a period of less than 12
10 months.

11 “(4) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of any
13 taxable year beginning after December 31,
14 2021, each of the dollar amounts in subsections
15 (a) and (b)(1)(B) shall be increased by an
16 amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the percentage (if any) by

19 which—

20 “(I) the CPI (as defined in sec-
21 tion 1(f)(4)) for the calendar year
22 preceding the calendar year in which
23 the taxable year begins, exceeds

24 “(II) the CPI (as so defined) for
25 calendar year 2020.

1 “(B) ROUNDING.—

2 “(i) QUALIFYING CHILD CREDIT.—If
3 any increase determined under subpara-
4 graph (A) of any dollar amount in sub-
5 section (a)(2) is not a multiple of \$120,
6 such amount shall be rounded to the near-
7 est multiple of \$120.

8 “(ii) OTHER DEPENDENT CREDIT.—If
9 any increase determined under subpara-
10 graph (A) of the dollar amount in sub-
11 section (a)(3) is not a multiple of \$50,
12 such amount shall be rounded to the near-
13 est multiple of \$50.

14 “(iii) INITIAL THRESHOLD AMOUNT.—
15 If any increase determined under subpara-
16 graph (A) of any dollar amount in sub-
17 section (b)(1)(B) is not a multiple of
18 \$5,000, such amount shall be rounded to
19 the nearest multiple of \$5,000.

20 “(5) COORDINATION WITH ALLOWANCE FOR
21 EXEMPTIONS.—

22 “(A) ELECTION TO HAVE OTHER DEPEND-
23 ENT CREDIT NOT APPLY.—In the case of any
24 taxable year beginning after December 31,
25 2025, if a specified taxpayer elects (at such

1 time and in such manner as the Secretary may
2 provide) the application of this paragraph for
3 any taxable year, the dependents of the tax-
4 payer otherwise described in subsection (a)(3)
5 shall not be taken into account for purposes of
6 this section.

7 “(B) SPECIFIED TAXPAYER.—For pur-
8 poses of this paragraph, the term ‘specified tax-
9 payer’ means any taxpayer for any taxable year
10 if the taxpayer’s modified adjusted gross income
11 (as defined in subsection (b)(4)) does not ex-
12 ceed the secondary threshold amount (as de-
13 fined in subsection (b)(2)) of such taxpayer for
14 such taxable year.

15 “(C) ALLOWANCE OF PERSONAL EXEMP-
16 TION FOR DEPENDENTS TO WHICH ELECTION
17 APPLIES.—For the allowance of an exemption
18 for dependents to which the election under sub-
19 paragraph (A) applies, see section 151(d)(6).

20 “(g) RECONCILIATION OF CREDIT AND ADVANCE
21 CREDIT.—

22 “(1) IN GENERAL.—The amount of the quali-
23 fying child credit otherwise allowed under subsection
24 (a)(1) with respect to any taxpayer for any taxable
25 year shall be reduced (but not below zero) by the ag-

1 gregate amount of payments made under section
2 7527A to such taxpayer during such taxable year.
3 Any failure to so reduce the credit shall be treated
4 as arising out of a mathematical or clerical error
5 and assessed according to section 6213(b)(1).

6 “(2) EXCESS ADVANCE PAYMENTS.—

7 “(A) IN GENERAL.—If the aggregate
8 amount of payments under section 7527A to
9 the taxpayer during the taxable year exceeds
10 the amount of the qualifying child credit other-
11 wise allowed under subsection (a)(1) to such
12 taxpayer for such taxable year (determined
13 without regard to paragraph (1)), the tax im-
14 posed by this chapter for such taxable year
15 shall be increased by the amount of such excess.
16 Any failure to so increase the tax shall be treat-
17 ed as arising out of a mathematical or clerical
18 error and assessed according to section
19 6213(b)(1).

20 “(B) SAFE HARBOR BASED ON MODIFIED
21 ADJUSTED GROSS INCOME.—

22 “(i) IN GENERAL.—In the case of a
23 taxpayer whose modified adjusted gross in-
24 come (as defined in subsection (b)) for the
25 taxable year does not exceed 200 percent

1 of the applicable income threshold, the
2 amount of the increase determined under
3 subparagraph (A) with respect to such tax-
4 payer for such taxable year shall be re-
5 duced (but not below zero) by the safe har-
6 bor amount.

7 “(ii) PHASE OUT OF SAFE HARBOR
8 AMOUNT.—In the case of a taxpayer whose
9 modified adjusted gross income (as defined
10 in subsection (b)) for the taxable year ex-
11 ceeds the applicable income threshold, the
12 safe harbor amount otherwise in effect
13 under clause (i) shall be reduced by the
14 amount which bears the same ratio to such
15 amount as such excess bears to the appli-
16 cable income threshold.

17 “(iii) APPLICABLE INCOME THRESH-
18 OLD.—For purposes of this subparagraph,
19 the term ‘applicable income threshold’
20 means—

21 “(I) \$60,000 in the case of a
22 joint return or surviving spouse (as
23 defined in section 2(a)),

24 “(II) \$50,000 in the case of a
25 head of household, and

1 “(III) \$40,000 in any other case.

2 “(iv) SAFE HARBOR AMOUNT.—For
3 purposes of this subparagraph, the term
4 ‘safe harbor amount’ means, with respect
5 to any taxable year, the product of—

6 “(I) [\$ _____], multiplied by

7 “(II) the excess (if any) of the
8 number of qualified children taken
9 into account in determining the an-
10 nual advance amount with respect to
11 the taxpayer under section 7527A
12 with respect to months beginning in
13 such taxable year, over the number of
14 qualified children taken into account
15 in determining the qualifying child
16 credit allowed under this section for
17 such taxable year.

18 “(h) APPLICATION OF CREDIT IN POSSESSIONS.—

19 “(1) MIRROR CODE POSSESSIONS.—

20 “(A) IN GENERAL.—The Secretary shall
21 pay to each possession of the United States
22 with a mirror code tax system amounts equal to
23 the loss (if any) to that possession by reason of
24 the application of this section (determined with-
25 out regard to this subsection) with respect to

1 taxable years beginning after 2020. Such
2 amounts shall be determined by the Secretary
3 based on information provided by the govern-
4 ment of the respective possession.

5 “(B) COORDINATION WITH CREDIT AL-
6 LOWED AGAINST UNITED STATES INCOME
7 TAXES.—No credit shall be allowed under this
8 section for any taxable year to any individual to
9 whom a credit is allowable against taxes im-
10 posed by a possession of the United States with
11 a mirror code tax system by reason of the appli-
12 cation of this section in such possession for
13 such taxable year.

14 “(C) MIRROR CODE TAX SYSTEM.—For
15 purposes of this paragraph, the term ‘mirror
16 code tax system’ means, with respect to any
17 possession of the United States, the income tax
18 system of such possession if the income tax li-
19 ability of the residents of such possession under
20 such system is determined by reference to the
21 income tax laws of the United States as if such
22 possession were the United States.

23 “(2) CROSS REFERENCES RELATED TO APPLI-
24 CATION OF CREDIT TO RESIDENTS OF PUERTO
25 RICO.—

1 “(A) For application of refundable credit
2 to residents of Puerto Rico, see subsection (c).

3 “(B) For nonapplication of advance pay-
4 ment to residents of Puerto Rico, see section
5 7527A(e)(4)(A).

6 “(3) AMERICAN SAMOA.—

7 “(A) IN GENERAL.—The Secretary shall
8 pay to American Samoa amounts estimated by
9 the Secretary as being equal to the aggregate
10 benefits that would have been provided to resi-
11 dents of American Samoa by reason of the ap-
12 plication of this section for taxable years begin-
13 ning after 2020 if the provisions of this section
14 had been in effect in American Samoa (applied
15 as if American Samoa were the United States
16 and without regard to the application of this
17 section to bona fide residents of Puerto Rico
18 under subsection (c)).

19 “(B) DISTRIBUTION REQUIREMENT.—Sub-
20 paragraph (A) shall not apply unless American
21 Samoa has a plan, which has been approved by
22 the Secretary, under which American Samoa
23 will promptly distribute such payments to its
24 residents.

1 “(C) COORDINATION WITH CREDIT AL-
2 LOWED AGAINST UNITED STATES INCOME
3 TAXES.—

4 “(i) IN GENERAL.—In the case of a
5 taxable year with respect to which a plan
6 is approved under subparagraph (B), this
7 section (other than this subsection) shall
8 not apply to any individual eligible for a
9 distribution under such plan.

10 “(ii) APPLICATION OF SECTION IN
11 EVENT OF ABSENCE OF APPROVED
12 PLAN.—In the case of a taxable year with
13 respect to which a plan is not approved
14 under subparagraph (B), subsection (c)
15 shall be applied by substituting ‘bona fide
16 resident of Puerto Rico or American
17 Samoa’ for ‘bona fide resident of Puerto
18 Rico’.

19 “(4) TREATMENT OF PAYMENTS.—For pur-
20 poses of section 1324 of title 31, United States
21 Code, the payments under this subsection shall be
22 treated in the same manner as a refund due from
23 a credit provision referred to in subsection (b)(2) of
24 such section.

1 “(i) ELECTIONS TO DETERMINE QUALIFYING CHILD
2 STATUS ON A MONTHLY BASIS.—

3 “(1) IN GENERAL.—If any qualifying child of
4 any taxpayer for any taxable year (hereafter referred
5 to as the primary taxpayer) would be the qualifying
6 child of another taxpayer for one or more months
7 during such taxable year if status as a qualifying
8 child for such months was determined as provided in
9 paragraph (2) and both such taxpayers elect (at
10 such time and in such manner as the Secretary may
11 provide) the application of this subsection—

12 “(A) such child shall also be treated (solely
13 for purposes of this section and section 7527A)
14 as a qualifying child of such other taxpayer for
15 the taxable year of such other taxpayer which
16 includes such months,

17 “(B) the dollar amount otherwise in effect
18 under subsection (a)(2) with respect to such
19 qualifying child for such taxable year of such
20 other taxpayer shall be the applicable ratio of
21 such amount, and

22 “(C) the dollar amount otherwise in effect
23 under subsection (a)(2) with respect to such
24 qualifying child for the taxable year of the pri-

1 mary taxpayer shall be reduced by the amount
2 determined under subparagraph (B).

3 “(2) MONTHLY DETERMINATION OF PRINCIPAL
4 PLACE OF ABODE.—For purposes of this subsection,
5 status as a qualifying child shall be determined for
6 any month by applying section 152(c)—

7 “(A) by substituting ‘for any month during
8 any taxable year’ for ‘any taxable year’ in the
9 matter preceding paragraph (1) thereof, and

10 “(B) by substituting ‘such month’ for
11 ‘such taxable year’ in subparagraph (B) there-
12 of.

13 “(3) APPLICABLE RATIO.—For purposes of this
14 subsection, the term ‘applicable ratio’ means the
15 ratio of—

16 “(A) the number of months of the taxable
17 year of the primary taxpayer for which the
18 qualifying child would be the qualifying child of
19 the other taxpayer referred to in subsection (a)
20 if status as a qualifying child for such months
21 was determined under paragraph (2), divided
22 by

23 “(B) 12.”.

24 (b) ADVANCE PAYMENT OF CREDIT.—

1 (1) ADVANCE PAYMENT OF CREDIT MADE PER-
2 MANENT.—Section 7527A of such Code is amend-
3 ed—

4 (A) by striking “50 percent of” in sub-
5 section (a), and

6 (B) by striking subsection (f) and redesignig-
7 nating subsection (g) as subsection (f).

8 (2) MONTHLY PAYMENTS.—Section 7527A of
9 such Code is amended by striking “periodic” each
10 place it appears in subsections (a) and (b)(3)(B) and
11 inserting “monthly”.

12 (3) COORDINATION WITH ELECTIONS TO DE-
13 TERMINE QUALIFYING CHILD STATUS ON MONTHLY
14 BASIS.—

15 (A) ELECTIONS THROUGH ON-LINE POR-
16 TAL.—Section 7527A(c)(2) of such Code is
17 amended by striking “and” at the end of sub-
18 paragraph (C), by redesignating subparagraph
19 (D) as subparagraph (E), and by inserting
20 after subparagraph (C) the following new sub-
21 paragraph:

22 “(D) any election by the taxpayer under
23 section 24(i) to determine eligibility on a
24 monthly basis.”.

1 (B) REGULATORY AUTHORITY.—Section
2 7527A(f) of such Code, as redesignated by
3 paragraph (1), is amended by inserting “or the
4 taxpayer has made an election under section
5 24(i)” before the period at the end.

6 (4) ADVANCE PAYMENTS NOT SUBJECT TO RE-
7 Duction, OFFSET, OR GARNISHMENT.—

8 (A) IN GENERAL.—Section 7527A(e) of
9 such Code is amended by striking paragraph
10 (3), by redesignating paragraph (4) as para-
11 graph (5), and by inserting after paragraph (2)
12 the following new paragraphs:

13 “(3) EXCEPTION FROM REDUCTION OR OFF-
14 SET.—Any applicable payment (as defined in para-
15 graph (4)(E)(iii)) shall not be—

16 “(A) subject to reduction or offset pursu-
17 ant to section 3716 or 3720A of title 31,
18 United States Code,

19 “(B) subject to reduction or offset pursu-
20 ant to subsection (c), (d), (e), or (f) of section
21 6402, or

22 “(C) reduced or offset by other assessed
23 Federal taxes that would otherwise be subject
24 to levy or collection.

25 “(4) ASSIGNMENT OF BENEFITS.—

1 “(A) IN GENERAL.—The right of any per-
2 son to any applicable payment shall not be
3 transferable or assignable, at law or in equity,
4 and no applicable payment shall be subject to,
5 execution, levy, attachment, garnishment, or
6 other legal process, or the operation of any
7 bankruptcy or insolvency law.

8 “(B) ENCODING OF PAYMENTS.—In the
9 case of an applicable payment described in sub-
10 paragraph (E)(iii)(I) that is paid electronically
11 by direct deposit through the Automated Clear-
12 ing House (ACH) network, the Secretary of the
13 Treasury (or the Secretary’s delegate) shall—

14 “(i) issue the payment using a unique
15 identifier that is reasonably sufficient to
16 allow a financial institution to identify the
17 payment as an applicable payment, and

18 “(ii) further encode the payment pur-
19 suant to the same specifications as re-
20 quired for a benefit payment defined in
21 section 212.3 of title 31, Code of Federal
22 Regulations.

23 “(C) GARNISHMENT.—

24 “(i) ENCODED PAYMENTS.—In the
25 case of a garnishment order that applies to

1 an account that has received an applicable
2 payment that is encoded as provided in
3 subparagraph (B), a financial institution
4 shall follow the requirements and proce-
5 dures set forth in part 212 of title 31,
6 Code of Federal Regulations, except—

7 “(I) notwithstanding section
8 212.4 of title 31, Code of Federal
9 Regulations (and except as provided
10 in subclause (II)), a financial institu-
11 tion shall not fail to follow the proce-
12 dures of sections 212.5 and 212.6 of
13 such title with respect to a garnish-
14 ment order merely because such order
15 has attached, or includes, a notice of
16 right to garnish federal benefits issued
17 by a State child support enforcement
18 agency, and

19 “(II) a financial institution shall
20 not, with regard to any applicable
21 payment, be required to provide the
22 notice referenced in sections 212.6
23 and 212.7 of title 31, Code of Federal
24 Regulations.

1 “(ii) OTHER PAYMENTS.—In the case
2 of a garnishment order (other than an
3 order that has been served by the United
4 States) that has been received by a finan-
5 cial institution and that applies to an ac-
6 count into which an applicable payment
7 that has not been encoded as provided in
8 subparagraph (B) has been deposited elec-
9 tronically on any date during the lookback
10 period or into which an applicable payment
11 that has been deposited by check on any
12 date in the lookback period, the financial
13 institution, upon the request of the account
14 holder, shall treat the amount of the funds
15 in the account at the time of the request,
16 up to the amount of the applicable pay-
17 ment (in addition to any amounts other-
18 wise protected under part 212 of title 31,
19 Code of Federal Regulations), as exempt
20 from a garnishment order without requir-
21 ing the consent of the party serving the
22 garnishment order or the judgment cred-
23 itor.

24 “(iii) LIABILITY.—A financial institu-
25 tion that acts in good faith in reliance on

1 clauses (i) or (ii) shall not be subject to li-
2 ability or regulatory action under any Fed-
3 eral or State law, regulation, court or other
4 order, or regulatory interpretation for ac-
5 tions concerning any applicable payments.

6 “(D) NO RECLAMATION RIGHTS.—This
7 paragraph shall not alter the status of applica-
8 ble payments as tax refunds or other nonbenefit
9 payments for purpose of any reclamation rights
10 of the Department of the Treasury or the Inter-
11 nal Revenue Service as per part 210 of title 31,
12 Code of Federal Regulations.

13 “(E) DEFINITIONS.—For purposes of this
14 paragraph—

15 “(i) ACCOUNT HOLDER.—The term
16 ‘account holder’ means a natural person
17 whose name appears in a financial institu-
18 tion’s records as the direct or beneficial
19 owner of an account.

20 “(ii) ACCOUNT REVIEW.—The term
21 ‘account review’ means the process of ex-
22 amining deposits in an account to deter-
23 mine if an applicable payment has been de-
24 posited into the account during the
25 lookback period. The financial institution

1 shall perform the account review following
2 the procedures outlined in section 212.5 of
3 title 31, Code of Federal Regulations and
4 in accordance with the requirements of sec-
5 tion 212.6 of title 31, Code of Federal
6 Regulations.

7 “(iii) APPLICABLE PAYMENT.—The
8 term ‘applicable payment’ means—

9 “(I) any payment made to an in-
10 dividual under this section (other than
11 any payment made pursuant to para-
12 graph (5)),

13 “(II) any advance payment made
14 by a possession of the United States
15 with a mirror code tax system (as de-
16 fined in section 24(h)) pursuant to an
17 election under paragraph (5)(B)
18 which corresponds to a payment de-
19 scribed in subclause (I), and

20 “(III) any advance payment
21 made by American Samoa pursuant to
22 a program for making such payments
23 which is described in paragraph
24 (5)(C)(ii).

1 “(iv) GARNISHMENT.—The term ‘gar-
2 nishment’ means execution, levy, attach-
3 ment, garnishment, or other legal process.

4 “(v) GARNISHMENT ORDER.—The
5 term ‘garnishment order’ means a writ,
6 order, notice, summons, judgment, levy, or
7 similar written instruction issued by a
8 court, a State or State agency, a munici-
9 pality or municipal corporation, or a State
10 child support enforcement agency, includ-
11 ing a lien arising by operation of law for
12 overdue child support or an order to freeze
13 the assets in an account, to effect a gar-
14 nishment against a debtor.

15 “(vi) LOOKBACK PERIOD.—The term
16 ‘lookback period’ means the two month pe-
17 riod that begins on the date preceding the
18 date of account review and ends on the
19 corresponding date of the month two
20 months earlier, or on the last date of the
21 month two months earlier if the cor-
22 responding date does not exist.”.

23 (B) CONFORMING AMENDMENT.—Section
24 24(h)(2)(B) of such Code (as amended by the
25 preceding provisions of this division) is amend-

1 ed by striking “section 7527A(e)(4)(A)” and in-
2 serting “section 7527(e)(5)(A)”.

3 (c) COORDINATION WITH EXEMPTION FOR DEPEND-
4 ENTS AFTER 2025.—Section 151(d) of such Code is
5 amended by adding at the end the following new para-
6 graph:

7 “(6) COORDINATION WITH CHILD TAX CREDIT
8 AFTER 2025.—

9 “(A) IN GENERAL.—In the case of any
10 taxable year beginning after December 31,
11 2025, the exemption amount with respect to
12 any dependent taken into account under section
13 24(a) is zero.

14 “(B) REFERENCES.—For purposes of any
15 other provision of this title, the reduction of the
16 exemption amount to zero under subparagraph
17 (A) shall not be taken into account in deter-
18 mining whether a reduction is allowed or allow-
19 able, or whether a taxpayer is entitled to a de-
20 duction, under this section.

21 “(C) CROSS REFERENCE.—For election to
22 not take dependents into account , see section
23 24(f)(5).”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) Section 26(b)(2)(Z) of such Code is amend-
2 ed by striking “section 24(j)(2)” and inserting “sec-
3 tion 24(g)(2)”.

4 (2) Section 3402(f)(1)(C) of such Code is
5 amended by striking “subsection (j) thereof” and in-
6 serting “subsection (g) thereof”.

7 (3) Section 6211(b)(4)(A) of such Code is
8 amended by striking “subsections (d) and (i)(1)”
9 and inserting “subsection (c)”.

10 (4) Section 6213(g)(2)(I) of such Code is
11 amended by striking “section 24(e)” and inserting
12 “section 24(d)”.

13 (5) Section 6213(g)(2)(P) of such Code is
14 amended—

15 (A) by striking “section 24(g)(2)” and in-
16 serting “section 24(e)(2)”, and

17 (B) by striking “subsection (g)(1)” and in-
18 serting “subsection (e)(1)”.

19 (6) Subsections (b) and (e)(4)(A)(i) of section
20 7527A of such Code (prior to redesignation by sub-
21 section (b)) are each amended by striking “section
22 24(i)(1)” each place it appears and inserting “sec-
23 tion 24(e)”.

24 (7) Section 7527A(e)(4)(A)(ii) of such Code
25 (prior to redesignation by subsection (b)) is amended

1 by striking “section 24(k)(3)(C)(ii)(I)” and inserting
2 “section 24(h)(3)(C)(ii)”.

3 (8) Section 7527A(e)(4)(B) of such Code (prior
4 to redesignation by subsection (b)) is amended by
5 striking “section 24(k)” and inserting “section
6 24(h)”.

7 (9) Section 7527A(e)(4)(C)(i) of such Code
8 (prior to redesignation by subsection (b)) is amend-
9 ed—

10 (A) by striking “section 24(k)(1)(A)” and
11 inserting “section 24(h)(1)(A)”, and

12 (B) by inserting “or any calendar year
13 thereafter” after “2021”.

14 (10) Section 7527A(e)(4)(C)(ii) of such Code
15 (prior to redesignation by subsection (b)) is amend-
16 ed—

17 (A) by striking “section 24(k)(3)” and in-
18 serting “section 24(h)(3)”, and

19 (B) by inserting “or any calendar year
20 thereafter” after “2021”.

21 (11) Section 7527A(f) of such Code, as redesign-
22 nated by subsection (e), is amended by striking
23 “subsections (i)(1) and (j)” and inserting “sub-
24 sections (c) and (g)”.

1 **[(e) REPORT RELATED TO ADVANCE PAYMENTS TO**
2 **RESIDENTS OF PUERTO RICO.—**Not later than 2 years
3 after the date of the enactment of this Act, the Secretary
4 of the Treasury shall submit a written report to Congress
5 regarding a program for making advance payments under
6 section 7527A of the Internal Revenue Code of 1986 of
7 the refundable qualifying child credit to residents of Puer-
8 to Rico. Such report shall include detailed legislative rec-
9 ommendations for enacting such a program.]

10 **(f) APPROPRIATIONS TO CARRY OUT ADVANCE PAY-**
11 **MENTS.—**Immediately upon the enactment of this Act, in
12 addition to amounts otherwise available, there are appro-
13 priated for fiscal year 2021, out of any money in the
14 Treasury not otherwise appropriated:

15 (1) **[\$_____]** to remain available until Sep-
16 tember 30, 2022, for necessary expenses for the In-
17 ternal Revenue Service to carry out this section (and
18 the amendments made by this section), which shall
19 supplement and not supplant any other appropria-
20 tions that may be available for this purpose, and

21 (2) **[\$_____]** to remain available until Sep-
22 tember 30, 2022, for necessary expenses for the Bu-
23 reau of the Fiscal Service to carry out this section
24 (and the amendments made by this section), which

1 shall supplement and not supplant any other appro-
2 priations that may be available for this purpose.

3 (g) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, the amendments made by
6 this section shall apply to taxable years beginning
7 after December 31, 2021.

8 (2) ADVANCE PAYMENT OF CREDIT.—The
9 amendments made by subsection (b) shall apply to
10 payments made with respect to periods after Decem-
11 ber 31, 2021.

12 **DIVISION F—EARNED INCOME**
13 **TAX CREDIT**

14 **SEC. 601. CERTAIN IMPROVEMENTS TO THE EARNED IN-**
15 **COME TAX CREDIT MADE PERMANENT.**

16 (a) DECREASE IN MINIMUM AGE REQUIREMENT.—

17 (1) IN GENERAL.—Section 32(c)(1)(A)(ii)(II) of
18 the Internal Revenue Code of 1986 is amended by
19 striking “age 25” and inserting “the applicable min-
20 imum age”.

21 (2) APPLICABLE MINIMUM AGE.—Section 32(c)
22 of such Code is amended by adding at the end the
23 following new paragraph:

24 “(5) APPLICABLE MINIMUM AGE.—

1 “(A) IN GENERAL.—The term ‘applicable
2 minimum age’ means—

3 “(i) except as otherwise provided in
4 this subparagraph, age 19,

5 “(ii) in the case of a specified student
6 (other than a qualified former foster youth
7 or a qualified homeless youth), age 24, and

8 “(iii) in the case of a qualified former
9 foster youth or a qualified homeless youth,
10 age 18.

11 “(B) SPECIFIED STUDENT.—For purposes
12 of this paragraph, the term ‘specified student’
13 means, with respect to any taxable year, an in-
14 dividual who is an eligible student (as defined
15 in section 25A(b)(3)) during at least 5 calendar
16 months during the taxable year.

17 “(C) QUALIFIED FORMER FOSTER
18 YOUTH.—For purposes of this paragraph, the
19 term ‘qualified former foster youth’ means an
20 individual who—

21 “(i) on or after the date that such in-
22 dividual attained age 14, was in foster care
23 provided under the supervision or adminis-
24 tration of an entity administering (or eligi-
25 ble to administer) a plan under part B or

1 part E of title IV of the Social Security
2 Act (without regard to whether Federal as-
3 sistance was provided with respect to such
4 child under such part E), and

5 “(ii) provides (in such manner as the
6 Secretary may provide) consent for entities
7 which administer a plan under part B or
8 part E of title IV of the Social Security
9 Act to disclose to the Secretary informa-
10 tion related to the status of such individual
11 as a qualified former foster youth.

12 “(D) QUALIFIED HOMELESS YOUTH.—For
13 purposes of this paragraph, the term ‘qualified
14 homeless youth’ means, with respect to any tax-
15 able year, an individual who certifies, in a man-
16 ner as provided by the Secretary, that such in-
17 dividual is either an unaccompanied youth who
18 is a homeless child or youth, or is unaccom-
19 panied, at risk of homelessness, and self-sup-
20 porting.”.

21 (b) ELIMINATION OF MAXIMUM AGE FOR CREDIT.—
22 Section 32(c)(1)(A)(ii)(II) of such Code is amended by
23 striking “but not attained age 65”.

24 (c) INCREASE IN CREDIT AND PHASEOUT PERCENT-
25 AGES.—The table contained in section 32(b)(1) of such

1 Code is amended by striking “7.65” each place it appears
2 therein and inserting “15.3”.

3 (d) INCREASE IN EARNED INCOME AND PHASEOUT
4 AMOUNTS.—

5 (1) IN GENERAL.—The table contained in sec-
6 tion 32(b)(2)(A) of such Code is amended—

7 (A) by striking “\$4,220” and inserting
8 “\$9,820”, and

9 (B) by striking “\$5,280” and inserting
10 “\$11,610”.

11 (2) APPLICATION OF INFLATION ADJUST-
12 MENT.—Section 32(j)(1) of such Code is amended—

13 (A) by striking “(2021 in the case of the
14 dollar amount in subsection (i)(1))” and insert-
15 ing “(2021 in the case of each of dollar amount
16 in subsection (b)(2)(A)) or (i)(1)” after
17 “2015”, and

18 (B) in subparagraph (B)—

19 (i) by amending clause (i) to read as
20 follows:

21 “(i) in the case of each of dollar
22 amounts in subsection (b)(2)(A) or (i)(1),
23 ‘calendar year 2020’ for ‘calendar year
24 2016’, and”,

1 (ii) by striking “, and” at the end of
2 clause (ii) and inserting a period, and
3 (iii) by striking clause (iii).

4 (e) Section 32 of such Code, as amended by sub-
5 section (f), is amended by adding at the end the following
6 new subsection:

7 “(n) ELECTION TO DETERMINE EARNED INCOME
8 BASED ON PRIOR TAXABLE YEAR.—

9 “(1) IN GENERAL.—In the case of a taxpayer
10 whose earned income for any taxable year is less
11 than the earned income of such taxpayer for the pre-
12 ceding taxable year, if such taxpayer elects (at such
13 time and in such manner as the Secretary may pro-
14 vide) the application of this subsection for such tax-
15 able year, the earned income of such taxpayer for
16 such taxable year shall be treated for purposes of
17 this section as being equal to the earned income of
18 such taxpayer for such preceding taxable year.

19 “(2) JOINT RETURNS.—For purposes of this
20 subsection, in the case of a joint return, the earned
21 income of the taxpayer for the preceding taxable
22 year shall be the sum of the earned income of each
23 spouse for the preceding taxable year.

24 “(3) TREATMENT AS MATHEMATICAL OR CLER-
25 ICAL ERROR.—In the case of a taxpayer described in

1 paragraph (1) who makes the election described in
2 such paragraph, the use on the return for purposes
3 of this section of an amount of earned income for
4 the preceding taxable year which differs from the
5 amount of such earned income as shown in the elec-
6 tronic files of the Internal Revenue Service shall be
7 treated as a mathematical or clerical error for pur-
8 poses of section 6213.

9 “(4) TREATMENT OF REFERENCES.—Any pro-
10 vision of this title which defines or determines
11 earned income by reference to this section shall be
12 applied without regard to this subsection unless such
13 provision specifically provides otherwise.”.

14 (f) REPEAL OF TEMPORARY PROVISIONS.—Section
15 32 of such Code is amended by striking subsection (n).

16 (g) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2021.