AMENDMENT TO
RULES COMMITTEE PRINT 115-39
OFFERED BY MS. DE LAURO OF CONNECTICUT

At the end, add the following:

TITLE VI—CHILD TAX CREDIT
IMPROVEMENT ACT

SEC. 6001. SHORT TITLE.
This title may be cited as the “Child Tax Credit Improvement Act”.

SEC. 6002. FINDINGS.
Congress finds the following:

(1) According to the Supplemental Poverty Measure of the Bureau of the Census, the Child tax credit and earned income tax credit lift more children out of poverty than any other Federal policy. According to research published by the Century Foundation, the child tax credit alone now lifts nearly 1 in 8 children who would otherwise be poor out of poverty.

(2) Despite the success of the child tax credit, economists have found that families with young children often receive the smallest child tax credits be-
cause they do not yet have enough income to receive
the full benefit of the credit.

(3) Pediatricians and other child development
experts have long talked about the critical impor-
tance of the earliest years of life.

(4) Economists have found similar effects of the
importance of income in the earliest years with re-
turns to school achievement.

(5) Young children, including babies and tod-
dlers, are among the poorest people in the country
by age.

(6) Economists have found that large fluctua-
tions in a family’s income can be detrimental to the
development of young children. Research on scarcity
has found it is hard for parents to focus on children
if they are worrying about having sufficient income
to meet their family’s needs.

(7) Indexing the value of the child tax credit
would end the slow erosion of the child tax credit
due to inflation.

SEC. 6003. YOUNG CHILD TAX CREDIT.

(a) Special Rule for Young Children.—Section
24 is amended by adding at the end the following:

“(h) Young Child Tax Credit.—
“(1) In general.—In the case of a young qualifying child, subsection (a)(1) shall be applied for the taxable year (after the application of subsection (i)) by substituting ‘$3,600’ for ‘$1,600’.

“(2) Young qualifying child.—For purposes of paragraph (1), the term ‘young qualifying child’ means a qualifying child who has not attained age 6 as of the close of such taxable year.

“(3) Limitation based on adjusted gross income.—For purposes of applying subsection (b) with respect to a young qualifying child, paragraph (1) of subsection (b) shall be applied by substituting ‘$180’ for ‘$50’.

“(4) Credit refundable.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the credit which would be allowed under this section without regard to this paragraph, subsection (d), and the limitation under section 26(a). The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to section 26(a).

“(5) Reconciliation of credit and advance credit.—
“(A) IN GENERAL.—The amount of the credit allowed under subsection (a) by reason of paragraph (1) for any taxable year shall be reduced (but not below zero) by the aggregate amount of any advance payments of such credit under section 7527A for such taxable year.

“(B) EXCESS ADVANCE PAYMENTS.—If the aggregate amount of advance payments under section 7527A for the taxable year exceeds the amount of the credit allowed under subsection (a) by reason of paragraph (1) for such taxable year (determined without regard to subparagraph (A)), the tax imposed by this chapter for such taxable year shall be increased by the amount of such excess.”.

(b) ADVANCE PAYMENT OF CREDIT.—Chapter 77 is amended by inserting after section 7527 the following new section:

“SEC. 7527A. ADVANCE PAYMENT OF YOUNG CHILD TAX CREDIT.

“(a) IN GENERAL.—As soon as practicable and not later than 1 year after the date of the enactment of this section, the Secretary shall establish a program for making advance payments of the credit allowed under section 24 by reason of subsection (h) thereof on a monthly basis,
or as frequently as the Secretary determines to be administratively feasible, to taxpayers allowed such credit (determined without regard to section 24(h)(5)(A)).

“(b) LIMITATION.—The Secretary may make payments under subsection (a) only to the extent that the total amount of such payments made to any taxpayer during the taxable year does not exceed the amount determined under section 24(h) with respect to such taxpayer (determined without regard to subsections (b) and (f) of such section). Such program shall make reasonable efforts to apply the limitation of section 24(b) with respect to payments made under such program.”.

(e) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by inserting “24(h),” after “24(d),”.

(2) Section 6402(m) is amended by inserting “or (h)” after “subsection (d)”.

(3) The table of sections for chapter 77 is amended by inserting after the item relating to section 7527 the following new item:

“Sec. 7527A. Advance payment of young child tax credit.”.

(4) Section 1324(b)(2) of title 31, United States Code, is amended by inserting “24(h),” before “25A,”.

(d) EFFECTIVE DATE.—
(1) **IN GENERAL.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(2) **ADVANCE PAYMENT PROGRAM.**—The Secretary of the Treasury, or his designee, shall establish the program described in section 7527A of the Internal Revenue Code of 1986 (as added by this section) not later than such date.

**SEC. 6004. MODIFICATIONS OF THE CHILD TAX CREDIT.**

(a) **REFUNDABLE PORTION.**—Clause (i) of section 24(d)(1)(B) is amended to read as follows:

“(i) 45 percent of the taxpayer’s earned income (within the meaning of section 32) which is taken into account in computing taxable income for the taxable year, or”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2017.

**SEC. 6005. ADJUSTMENTS FOR INFLATION.**

(a) **IN GENERAL.**—Section 24, as amended by the preceding provisions of this Act, is amended by adding at the end the following new subsection:

“(i) **INFLATION ADJUSTMENTS.**—
“(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2017, the $1,600 amount contained in subsection (a)(1) and the $3,600 amount contained in subsection (h)(1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(c)(2)(A) for the calendar year in which the taxable year begins.

“(2) ROUNDED.—Any increase determined under paragraph (1) shall be rounded to the nearest multiple of $50.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2017.

SEC. 6006. CORPORATE RATE INCREASE TO ACHIEVE REVENUE NEUTRALITY.

(a) IN GENERAL.—The rate of tax specified in section 11(b)(1) of the Internal Revenue Code of 1986 (after the amendment made by section 3001(a)) shall be increased by such number of percentage points as is necessary to fully offset the aggregate reduction in Federal revenues which result from the amendments made by this title.
(b) EFFECTIVE DATE.—Subsection (a) shall apply as if such provision were an amendment made by section 3001(a).