

AMENDMENT TO
RULES COMMITTEE PRINT 119-3
OFFERED BY MS. JOHNSON OF TEXAS

Insert after section 110107 the following new sections (and make conforming amendments as appropriate):

1 SEC. 110108. FOSTER CARE TAX CREDIT.

2 (a) ALLOWANCE OF CREDIT.—

3 (1) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 is amended by inserting after
5 section 36B the following new section:

6 “SEC. 36C. FOSTER CARE TAX CREDIT.

7 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
8 gible taxpayer, there shall be allowed as a credit against
9 the tax imposed by this chapter for the taxable year an
10 amount equal to \$850.

11 “(b) LIMITATION.—

12 “(1) IN GENERAL.—The amount of the credit
13 allowable under subsection (a) (determined without
14 regard to this subsection) shall be reduced (but not
15 below zero) by the amount which bears the same
16 ratio to such credit (as so determined) as—

17 “(A) the excess of—

1 “(i) the taxpayer’s modified adjusted
2 gross income for such taxable year, over

3 “(ii) the threshold amount, bears to
4 “(B) \$17,000.

5 “(2) THRESHOLD AMOUNT.—For purposes of
6 paragraph (1), the term ‘threshold amount’ means—

7 “(A) \$250,000, in the case of a joint re-
8 turn,

9 “(B) \$150,000, in the case of an individual
10 who is not married, and

11 “(C) \$125,000, in the case of a married
12 individual filing a separate return.

13 For purposes of this paragraph, marital status shall
14 be determined under section 7703.

15 “(3) MODIFIED ADJUSTED GROSS INCOME.—
16 For purposes of this subsection, the term ‘modified
17 adjusted gross income’ means the adjusted gross in-
18 come of the taxpayer for the taxable year increased
19 by any amount excluded from gross income under
20 section 911, 931, or 933.

21 “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-
22 tion—

23 “(1) IN GENERAL.—The term ‘eligible taxpayer’
24 means, with respect to any taxable year, any tax-
25 payer—

1 “(A) with whom a qualifying foster child
2 was placed for a period of not less than 1
3 month during such taxable year, and

4 “(B) for whom a credit under section 24
5 with respect to such eligible foster child is not
6 allowed for such taxable year.

7 “(2) QUALIFYING FOSTER CHILD.—The term
8 ‘qualifying foster child’ means an eligible foster child
9 (within the meaning of section 152(f)(1)(C))—

10 “(A) who has not attained age 17, and

11 “(B) who is a citizen, national, or resident
12 of the United States.

13 “(3) CALENDAR MONTH.—For purposes of this
14 paragraph (1)(A), if a foster child resides in the
15 home of the taxpayer for more than 15 consecutive
16 days of a calendar month but fewer than the total
17 number of days in such calendar month, such foster
18 child shall be treated as residing in the home of the
19 taxpayer for the full calendar month.

20 “(d) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
21 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

22 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
23 OR RECKLESS CLAIMS.—

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

4 “(B) DISALLOWANCE PERIOD.—For pur-
5 poses of subparagraph (A), the disallowance pe-
6 riod is—

7 “(i) the period of 10 taxable years
8 after the most recent taxable year for
9 which there was a final determination that
10 the taxpayer’s claim of credit under this
11 section was due to fraud, and

12 “(ii) the period of 2 taxable years
13 after the most recent taxable year for
14 which there was a final determination that
15 the taxpayer’s claim of credit under this
16 section was due to reckless or intentional
17 disregard of rules and regulations (but not
18 due to fraud).

19 “(2) TAXPAYERS MAKING IMPROPER PRIOR
20 CLAIMS.—In the case of a taxpayer who is denied
21 credit under this section for any taxable year as a
22 result of the deficiency procedures under subchapter
23 B of chapter 63, no credit shall be allowed under
24 this section for any subsequent taxable year unless
25 the taxpayer provides such information as the Sec-

1 retary may require to demonstrate eligibility for
2 such credit.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 6211(b)(4) is amended by in-
5 serting “36C,” after “36B,”.

6 (B) Section 1324(b)(2) of title 31, United
7 States Code, is amended by inserting “25E,”
8 after “25A,”.

9 (C) The table of sections for subpart C of
10 part IV of subchapter A of chapter 1 is amend-
11 ed by inserting after the item relating to section
12 36B the following new item:

“Sec. 36C. Foster care tax credit.”.

13 (b) INFORMATION RETURNS RELATING TO FOSTER
14 CHILD PLACEMENT.—

15 (1) IN GENERAL.—Subpart A of part III of
16 subchapter A of chapter 61 is amended by inserting
17 after section 6039J the following new section:

18 **“SEC. 6039K. INFORMATION REPORTING WITH RESPECT TO**
19 **FOSTER CHILD PLACEMENT.**

20 “(a) IN GENERAL.—Every authorized placement
21 agency and court which places a qualifying foster child
22 with a person during a calendar year shall, at such time
23 as the Secretary shall prescribe, make a return described
24 in subsection (b).

1 “(b) FORM AND MANNER OF RETURN.—A return is
2 described in this subsection if such return—

3 “(1) is in such form as the Secretary may pre-
4 scribe, and

5 “(2) contains, with respect to each qualifying
6 foster child placed during the calendar year—

7 “(A) the name, address, and TIN of each
8 individual with whom such qualifying foster
9 child was placed,

10 “(B) the name of the qualifying foster
11 child, and

12 “(C) the dates during which such place-
13 ment occurred.

14 “(c) STATEMENTS TO BE FURNISHED TO FOSTER
15 PARENTS.—

16 “(1) IN GENERAL.—Every person required to
17 make a return under subsection (a) shall furnish to
18 each individual whose name is required to be set
19 forth under subsection (b)(2)(A) a written statement
20 showing—

21 “(A) the name and address of the person
22 required to make such return and the phone
23 number of the information contact for such per-
24 son, and

1 “(B) the information required to be shown
2 on the return with respect to such individual.

3 “(2) TIME FOR FURNISHING STATEMENTS.—

4 The written statement required under paragraph (1)
5 shall be furnished on or before January 31 of the
6 year following the calendar year for which the return
7 under subsection (a) was required to be made.

8 “(d) QUALIFYING FOSTER CHILD.—For purposes of
9 this section, the term ‘qualifying foster child’ has the
10 meaning given such term under section 36C(c)(2).”.

11 (2) ASSESSABLE PENALTIES.—

12 (A) Section 6724(d)(1)(B) is amended by
13 striking “or” at the end of clause (xxv), by
14 striking “and” at the end of clause (xxvi) and
15 inserting “or”, and by inserting after clause
16 (xxvi) the following new clause:

17 “(xxvii) section 6039K (relating to in-
18 formation returns with respect to foster
19 child placement),”.

20 (B) Section 6724(d)(2) is amended by re-
21 designating the second subparagraph (JJ) as
22 subparagraph (KK), by striking “or” at the end
23 of subparagraph (II), by striking the period at
24 the end of the first subparagraph (JJ), by
25 striking the period at the end of subparagraph

1 (KK) (as so redesignated) and inserting a
2 comma, and by inserting after such subpara-
3 graph (KK) the following new subparagraph:

4 “(LL) section 6039K(c) (relating to state-
5 ments with respect to foster child placement).”.

6 (3) CLERICAL AMENDMENT.—The table of sec-
7 tions of subpart A of part III of subchapter A of
8 chapter 61 is amended by inserting after the item
9 relating to section 6039J the following new item:

“Sec. 6039K. Information reporting with respect to foster child placement.”.

10 (c) ELECTION NOT TO TAKE CHILD TAX CREDIT.—
11 Section 24(h)(4) is amended by adding at the end the fol-
12 lowing new subparagraph:

13 “(D) ELECTION NOT TO TAKE CREDIT.—
14 A taxpayer may elect not to have this para-
15 graph apply with respect to any dependent of
16 the taxpayer to whom a credit would otherwise
17 be allowed by reason of subparagraph (A). In
18 any case in which a taxpayer makes an election
19 under this subparagraph, the credit allowed
20 under this section shall be treated as not al-
21 lowed with respect to such dependent.”.

22 (d) APPLICATION OF TAX RETURN PREPARER DUE
23 DILIGENCE PENALTY.—Section 6695(g) is amended by
24 striking “or 32” and inserting “32, or 36C”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar months beginning after
3 December 31, 2024, in taxable years beginning after such
4 date.

5 (f) EDUCATION.—

6 (1) IN GENERAL.—The Secretary of Health and
7 Human Services (or the Secretary’s delegate), in co-
8 ordination with the Secretary of the Treasury or
9 such Secretary’s delegate, shall identify provisions in
10 the Internal Revenue Code of 1986 that can be used
11 by or can benefit foster families, and shall increase
12 outreach efforts to provide information and edu-
13 cational materials regarding such provisions to State
14 and Indian tribal foster care agencies and to foster
15 families.

16 (2) AUTHORIZATION OF APPROPRIATIONS.—
17 There are authorized to be appropriated such sums
18 as necessary for the purposes of carrying out para-
19 graph (1).

20 **SEC. 110109. STUDY AND REPORT ON EMERGENCY AND**
21 **SHORT-TERM FOSTER PLACEMENTS.**

22 (a) STUDY.—The Secretary of Health and Human
23 services, in coordination with the Secretary of the Treas-
24 ury (or the Secretary’s delegate), shall conduct a study
25 on—

1 (1) the costs and financial burdens on foster
2 families who experience multiple emergency and
3 short-term foster placements annually; and

4 (2) challenges to verifying and documenting the
5 placement of children in emergency and short-term
6 placement.

7 For purposes of this subsection, a short-term placement
8 is a placement that lasts less than 1 week.

9 (b) REPORT.—Not later than 1 year after the date
10 of the enactment of this Act, the Secretary of Health and
11 Human Services shall submit to Congress a report on the
12 study conducted under subsection (a).

