

116TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to increase and make fully refundable the Child and Dependent Care Tax Credit, to increase the maximum amount excludable from gross income for employer-provided dependent care assistance, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

Mr. KING (for himself, Mr. BURR, Ms. COLLINS, Ms. SINEMA, and Ms. ROSEN) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to increase and make fully refundable the Child and Dependent Care Tax Credit, to increase the maximum amount excludable from gross income for employer-provided dependent care assistance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Promoting Affordable  
5 Childcare for Everyone Act” or the “PACE Act”.

1 **SEC. 2. REFUNDABILITY OF CHILD AND DEPENDENT CARE**  
2 **TAX CREDIT.**

3 (a) **IN GENERAL.**—The Internal Revenue Code of  
4 1986 is amended—

5 (1) by redesignating section 21 as section 36C,  
6 and

7 (2) by moving section 36C, as so redesignated,  
8 from subpart A of part IV of subchapter A of chap-  
9 ter 1 to the location immediately before section 37  
10 in subpart C of part IV of subchapter A of chapter  
11 1.

12 (b) **TECHNICAL AMENDMENTS.**—

13 (1) Paragraph (1) of section 23(f) of the Inter-  
14 nal Revenue Code of 1986 is amended by striking  
15 “21(e)” and inserting “36C(e)”.

16 (2) Paragraph (6) of section 35(g) of such Code  
17 is amended by striking “21(e)” and inserting  
18 “36C(e)”.

19 (3) Paragraph (1) of section 36C(a) of such  
20 Code (as redesignated by subsection (a)) is amended  
21 by striking “this chapter” and inserting “this sub-  
22 title”.

23 (4) Subparagraph (C) of section 129(a)(2) of  
24 such Code is amended by striking “section 21(e)”  
25 and inserting “section 36C(e)”.

1           (5) Paragraph (2) of section 129(b) of such  
2 Code is amended by striking “section 21(d)(2)” and  
3 inserting “section 36C(d)(2)”.

4           (6) Paragraph (1) of section 129(e) of such  
5 Code is amended by striking “section 21(b)(2)” and  
6 inserting “section 36C(b)(2)”.

7           (7) Subsection (e) of section 213 of such Code  
8 is amended by striking “section 21” and inserting  
9 “section 36C”.

10           (8) Subparagraph (H) of section 6213(g)(2) of  
11 such Code is amended by striking “section 21” and  
12 inserting “section 36C”.

13           (9) Subparagraph (L) of section 6213(g)(2) of  
14 such Code is amended by striking “section 21, 24,  
15 or 32,” and inserting “section 24, 32, or 36C,”.

16           (10) Paragraph (2) of section 1324(b) of title  
17 31, United States Code, is amended by inserting  
18 “36C,” after “36B,”.

19           (11) The table of sections for subpart C of part  
20 IV of subchapter A of chapter 1 of the Internal Rev-  
21 enue Code of 1986 is amended by inserting after the  
22 item relating to section 36B the following:

“Sec. 36C. Expenses for household and dependent care services necessary for  
gainful employment.”.



1           “(B) the cost-of-living adjustment deter-  
2           mined under section 1(f)(3) for the calendar  
3           year in which the taxable year begins, deter-  
4           mined by substituting ‘calendar year 2018’ for  
5           ‘calendar year 2016’ in subparagraph (A)(ii)  
6           thereof.

7           “(2) ROUNDING.—If any increase determined  
8           under paragraph (1) is not a multiple of \$50, such  
9           increase shall be rounded to the nearest multiple of  
10          \$50.”.

11          (b) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 2019.

14 **SEC. 4. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**  
15 **VIDED DEPENDENT CARE ASSISTANCE.**

16          (a) IN GENERAL.—Subparagraph (A) of section  
17 129(a)(2) of the Internal Revenue Code of 1986 (relating  
18 to dependent care assistance programs) is amended by  
19 striking “\$5,000 (\$2,500” and inserting “\$7,500 (half  
20 such dollar amount”.

21          (b) INFLATION ADJUSTMENT.—Paragraph (2) of sec-  
22 tion 129(a) of such Code is amended by redesignating sub-  
23 paragraph (C) as subparagraph (D) and by inserting after  
24 subparagraph (B) the following new subparagraph:

1           “(C) INFLATION ADJUSTMENT.—In the  
2 case of any taxable year beginning in a calendar  
3 year after 2020, the \$7,500 amount in subpara-  
4 graph (A) shall be increased by an amount  
5 equal to—

6                   “(i) such dollar amount, multiplied by

7                   “(ii) the cost-of-living adjustment de-  
8 termined under section 1(f)(3) for the cal-  
9 endar year in which the taxable year be-  
10 gins, determined by substituting ‘calendar  
11 year 2019’ for ‘calendar year 2016’ in sub-  
12 paragraph (A)(ii) thereof.

13           Any increase determined under the preceding  
14 sentence shall be rounded to the nearest mul-  
15 tiple of \$100.”.

16           (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2019.