

H.R. 4571, the Child Care Investment Act

Co-led by Rep Salud Carbajal (D-CA) and Rep Lori Chavez-DeRemer (R-OR)

Section-by-Section

Section 1: Short Title

Section 2: Expansion of Employer-Provided Child Care Credit

- Summary: This section expands the employer-provided child care credit
 - Increases the credit rate from 25% to 50%
 - Increases the maximum credit amount from \$150,000 to \$500,000
 - Allows businesses to jointly own and operate a child care facility with this tax credit
 - Makes accredited in-home child care service expenses eligible
 - Gives small businesses a larger credit of a 60% rate and maximum credit amount of \$600,000

Section 3: Increase in Amount Excludable for Dependent Care Assistance Programs

- Summary: This section increases maximums for Dependent Care Flexible Spending Accounts
 - Increases the new maximum for pre-tax deductions for dependent care flexible spending accounts from \$5,000 to \$10,000 plus an additional \$2,000 per eligible dependent

Section 4: Household and Dependent Care Credit Increased and Made Refundable

- Summary: Increases the rate of the Child and Dependent Care Tax Credit (CDCTC) and makes it refundable
 - Increases the credit rates from the range of “20% - 35%” to “35% - 50%”
 - See chart on next page
 - Makes the credit refundable and indexes it to inflation

Adjusted Gross Income (AGI)	Current CDCTC			Child Care Investment Act		
	Current Credit Rate	One Child (\$3,000 max expenses)	Two plus children (\$6,000 max expenses)	New Credit Rate	One Child (\$3,000 max expenses)	Two plus children (\$6,000 max expenses)
\$0-\$15k	35%	\$1,050	\$2,100	50%	\$1,500	\$3,000
\$15k - \$17k	34%	\$1,020	\$2,040	49%	\$1,470	\$2,940
\$17k - \$19k	33%	\$990	\$1,980	48%	\$1,440	\$2,880
\$19k - \$21k	32%	\$960	\$1,920	47%	\$1,410,	\$2,820
\$21k - \$23k	31%	\$930	\$1,860	46%	\$1,380	\$2,760
\$23k - \$25k	30%	\$900	\$1,800	45%	\$1,350	\$2,700
\$25k - \$27k	29%	\$870	\$1,740	44%	\$1,320	\$2,640
\$27k - \$29k	28%	\$840	\$1,680	43%	\$1,290	\$2,580
\$29k - \$31k	27%	\$810	\$1,620	42%	\$1,260	\$2,520
\$31k - \$33k	26%	\$780	\$1,560	41%	\$1,230	\$2,460
\$33k - \$35k	25%	\$750	\$1,500	40%	\$1,200	\$2,400
\$35k - \$37k	24%	\$720	\$1,440	39%	\$1,170	\$2,340
\$37k - \$39k	23%	\$690	\$1,380	38%	\$1,140	\$2,280
\$39k - \$41k	22%	\$660	\$1,320	37%	\$1,110	\$2,220
\$41k - \$43k	21%	\$630	\$1,260	36%	\$1,080	\$2,160
\$43,000+	20%	\$600	\$1,200	35%	\$1,050	\$2,100

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