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

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

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

“(c) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appro-
priated $15,000,000,000 for fiscal year 2022 to carry out this section, which shall remain available through fiscal year 2026.

“(d) RESERVATIONS OF FUNDS.—

“(1) TERRITORIES.—The Secretary shall reserve $100,000,000 of the amount made available to carry out this section, for grants to territories.

“(2) ADMINISTRATION.—The Secretary may reserve not more than $200,000,000 of the amount made available to carry out this section, for administrative costs.

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

SEC. 205. TECHNICAL ASSISTANCE.

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

“SEC. 418C. TECHNICAL ASSISTANCE.

“(a) IN GENERAL.—

“(1) CHILD CARE INFORMATION NETWORK.—

The Secretary shall provide technical assistance to
State lead agencies to support the development and implementation of, and ongoing full participation in, State Child Care Information Networks provided for in section 418A(a).

“(2) Child care infrastructure.—The Secretary shall provide technical assistance—

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

“(B) to State and local governments to incentivize public-private partnerships to identify excess buildings and land and conduct feasibility studies, for new or expanded child care options that could be available to child care entrepreneurs and infrastructure grantees, or used for publicly-run child care facilities.

“(3) Supplementing national technical assistance efforts.—The Secretary may provide technical assistance to States (and submit to the Congress reports on technical assistance activities)
to increase child care availability and affordability,
including by—

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

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

“(C) improving the effectiveness and aff-
ordability of child care assistance programs in
meeting the needs of low-income parents; or

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

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

“(c) APPROPRIATION.—Out of any funds in the
Treasury not otherwise appropriated, there is appro-
appropriated $17,500,000 for each of fiscal years 2022 through
2026 to carry out this section.”.

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

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

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

“(a) HHS CONSULTATIONS WITH INDIAN TRIBES.—

Of the amount appropriated under subsection (c) for each
fiscal year, the Secretary shall use not more than
$10,000,000 to—

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

“(2) provide technical assistance to the lead
agencies of Indian tribes and tribal organizations
with respect to carrying out the activities.
“(b) ACTIVITIES DESCRIBED.—The activities described in this subsection are the following:

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

“(2) Coordinating with the Secretary regarding the HHIS Participating Child Care Provider Certification provided for in section 418A(c).

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

“(4) Conducting infrastructure projects to improve the safety of child care facilities.

“(e) GRANTS.—

“(1) IN GENERAL.—Of the amount appropriated under subsection (e) for each fiscal year, the Secretary shall use not less than $563,000,000 to make grants to the lead agencies of Indian tribes and tribal organizations for activities described in subsection (b), which are to be carried out in accordance with such rules as the Secretary may prescribe,
taking into account the results of the consultations
donducted under subsection (a)(1).

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

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

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

SEC. 207. COMMON PROVISIONS.

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

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

“(7) LEAD AGENCY.—The term ‘lead agency’
means, with respect to a jurisdiction, the lead agen-
cy responsible for administering the child care as-
sistance program of the jurisdiction.

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

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

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

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

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

“(3) to the extent that any funds made avail-
able to carry out such section have not been ex-
pended, the reasons therefor.”.
SEC. 208. TECHNICAL CORRECTIONS.

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

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

SEC. 209. PAYROLL TAX CREDIT FOR CHILD CARE WORKERS.

(a) In General.—Subchapter D of chapter 21 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

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

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

“(b) Limitations and Refundability.—

“(1) Limitation on wages taken into account.—The amount of qualified child care wages with respect to any eligible employee which may be taken into account under subsection (a) by the eligi-
ble child care employer for any calendar quarter
shall not exceed $2,500.

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

“(3) REFUNDABILITY OF EXCESS CREDIT.—

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

“(B) ADVANCING CREDIT.—In anticipation
of the credit, including the refundable portion
under subparagraph (A), the credit shall be ad-
vanced, according to forms and instructions
provided by the Secretary, up to an amount cal-
culated under subsection (a), subject to the lim-
its under paragraph (1), all calculated through
the end of the most recent payroll period in the quarter.

“(c) Eligible Child Care Employer.—For purposes of this section, the term ‘eligible child care employer’ means any employer which operates one or more qualified child care facilities.

“(d) Qualified Child Care Facility.—For purposes of this section, the term ‘qualified child care facility’ means any facility which is certified as an HHS Participating Child Care Provider by the Secretary of Health and Human Services under section 418A(e) of the Social Security Act.

“(e) Eligible Employee.—For purposes of this section, the term ‘eligible employee’ means, with respect to any eligible child care employer for any calendar quarter, any employee of such employer if—

“(1) the aggregate wages paid to such employee for such quarter do not exceed 25 percent of the dollar amount in effect for such quarter under section 414(q)(1)(B)(i) (relating to highly compensated employees), and

“(2) the aggregate wages paid to such employee for the 1-year period ending with the close of such quarter do not exceed 100 percent of such dollar amount.
“(f) QUALIFIED CHILD CARE WAGES.—For purposes
of this section—

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

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

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

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

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

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

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

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

“(2) WAGES.—

“(A) IN GENERAL.—The term ‘wages’
means wages (as defined in section 3121(a)),
determined without regard to paragraphs (1)
through (22) of section 3121(b)) and compensa-
tion (as defined in section 3231(e), determined
without regard to the sentence in paragraph (1)
thereof which begins ‘Such term does not in-
clude remuneration’).
“(B) ALLOWANCE FOR CERTAIN HEALTH PLAN EXPENSES.—

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

“(ii) ALLOCATION RULES.—For purposes of this section, amounts treated as wages under clause (i) shall be treated as paid with respect to any eligible employee (and with respect to any period) to the extent that such amounts are properly allocable to such employee (and to such period) in such manner as the Secretary may prescribe. Except as otherwise provided by the Secretary, such allocation shall be treated as properly made if made on the basis of being pro rata among periods of coverage.

“(3) OTHER TERMS.—Any term used in this section which is also used in this chapter or chapter
shall have the same meaning as when used in such chapter.

“(4) Denial of double benefit.—For purposes of chapter 1, the gross income of the employer, for the taxable year which includes the last day of any calendar quarter with respect to which a credit is allowed under this section, shall be increased by the amount of such credit.

“(5) Election to not take certain wages into account.—This section shall not apply to so much of the qualified child care wages paid by an eligible child care employer as such employer elects (at such time and in such manner as the Secretary may prescribe) to not take into account for purposes of this section.

“(6) Certain governmental employers.—No credit shall be allowed under this section to the Government of the United States or to any agency or instrumentality thereof. The preceding sentence shall not apply to any organization described in section 501(c)(1) and exempt from tax under section 501(a).

“(7) Coordination with certain programs.—
“(A) IN GENERAL.—This section shall not apply to so much of the qualified child care wages paid by an eligible child care employer as are taken into account as payroll costs in connection with—

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

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

“(iii) a restaurant revitalization grant under section 5003 of the American Rescue Plan Act of 2021.

“(B) APPLICATION WHERE PPP LOANS NOT FORGIVEN.—The Secretary shall issue guidance providing that payroll costs paid during the covered period shall not fail to be treated as qualified child care wages under this section by reason of subparagraph (A)(i) to the extent that—

“(i) a covered loan of the taxpayer under section 7(a)(37) of the Small Business Act is not forgiven by reason of a decision under section 7(a)(37)(J) of such Act, or
“(ii) a covered loan of the taxpayer under section 7A of the Small Business Act is not forgiven by reason of a decision under section 7A(g) of such Act.

Terms used in the preceding sentence which are also used in section 7A(g) or 7(a)(37)(J) of the Small Business Act shall, when applied in connection with either such section, have the same meaning as when used in such section, respectively.

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

“(9) THIRD PARTY PAYORS.—Any credit allowed under this section shall be treated as a credit described in section 3511(d)(2).

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

“(1) regulations or other guidance to prevent the avoidance of the purposes of the limitations under this section,
“(2) regulations or other guidance to minimize compliance and record-keeping burdens under this section,

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

“(4) regulations or other guidance for recapturing the benefit of credits determined under this section in cases where there is a subsequent adjustment to the credit determined under subsection (a),

“(5) regulations or other guidance to permit the advancement of the credit determined under subsection (a), and

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

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

(c) CLERICAL AMPENDMENT.—The table of sections for subchapter D of chapter 21 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“Sec. 3135. Payroll credit for certain wages paid to child care workers.”.
(d) Effective Date.—The amendments made by this section shall apply to calendar quarters beginning after December 31, 2021.

DIVISION C—CHILD AND DEPENDENT CARE TAX BENEFITS

SEC. 301. CERTAIN IMPROVEMENTS TO THE CHILD AND DEPENDENT CARE CREDIT MADE PERMANENT.

(a) Credit Refundable for Taxpayers With Principal Place of Abode in the United States.—Section 21(g) of the Internal Revenue Code of 1986 is amended to read as follows;

“(g) Credit Refundable for Taxpayers With Principal Place of Abode in the United States.—If the taxpayer (in the case of a joint return, either spouse) has a principal place of abode in the United States (determined as provided in section 32) for more than one-half of the taxable year, the credit allowed under subsection (a) shall be treated as a credit allowed under subpart C (and not allowed under this subpart).”.

(b) Increase in Dollar Limit on Amount Creditable.—Section 21(e) of such Code is amended—

(1) by striking “$3,000” in paragraph (1) and inserting “$8,000”, and
(2) by striking “$6,000” in paragraph (2) and inserting “$16,000”.

(e) INCREASE IN APPLICABLE PERCENTAGE.—Section 21(a)(2) of such Code is amended—

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

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

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

“(11) INFLATION ADJUSTMENT.—

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

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar
year 2020’ for ‘calendar year 2016’ in sub-
paragraph (A)(ii) thereof.

“(B) ROUNDING.—

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

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

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

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

(2) PHASEOUT PERCENTAGE.—Section 21(a) of
such Code is amended by adding at the end the fol-
lowing new paragraph:
“(3) PHASEOUT PERCENTAGE.—For purposes of paragraph (2), the term ‘phaseout percentage’ means 20 percent reduced (but not below zero) by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year exceeds $400,000.”.

(f) APPLICATION OF CREDIT IN POSSESSIONS.—Section 21(h) of such Code is amended—

(1) in paragraph (1)—

(A) by striking “The Secretary” and inserting “With respect to taxable years beginning in or with calendar years after 2020, the Secretary”, and

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

(2) in paragraph (2)—

(A) by striking “The Secretary” and inserting “With respect to taxable years beginning in or with calendar years after 2002, the Secretary”, and

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

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

(g) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 302. INCREASE IN EXCLUSION FOR EMPLOYER-PROVIDED DEPENDENT CARE ASSISTANCE MADE PERMANENT.

(a) In General.—Section 129(a)(2)(A) of the Internal Revenue Code of 1986 is amended by striking “$5,000 ($2,500)” and inserting “$10,500 (half such dollar amount”).

(b) Inflation Adjustment.—Section 129(e) of such Code is amended by adding at the end the following new paragraph:

“(10) Inflation Adjustment.—

“(A) In General.—In the case of any taxable year beginning after December 31, 2021, the $10,500 amount in subsection (a)(2)(A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar
year 2020’ for ‘calendar year 2016’ in sub-
paragraph (A)(ii) thereof.

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

(c) Effective Date.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2021.

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

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

(2) the plan is operated consistent with the
terms of such amendment during the period begin-
ning on the effective date of the amendment and
ending on the date the amendment is adopted.
DIVISION D—NATIONAL GRANT
PROGRAM FOR THE WORKER
INFORMATION NETWORK

SEC. 401. ESTABLISHMENT.

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

“Subtitle D—National Grant Program for the Worker Information Network

SEC. 2071. GRANTS TO STATES.

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

“(1) Paid family and medical leave benefits, including those provided under Title XXII or as provided by a State, an employer, or an insurer;

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

“(3) Child care, including programs authorized under Section 418.
"SEC. 2072. GRANT APPLICATION AND PLAN REQUIREMENTS.

(a) IN GENERAL.—To be eligible for a grant under this subtitle, a State shall submit an application to the Secretary, at such time and in such manner as the Secretary may provide, that includes a plan to establish a program, to be known as a ‘Worker Information Network’, to provide free access to information, counseling, and assistance with respect to the resources specified in paragraphs (1) through (3) of section 2071. As a condition of such grant, a State must demonstrate, to the satisfaction of the Secretary—

(1) an ability to adequately provide such information, counseling, and assistance; and

(2) commitment to operating a Worker Information Network that satisfies the requirements of subsection (d).

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

(c) AMOUNT.—The amount of a grant under this subtitle shall be determined pursuant to a funding formula, prescribed under regulations issued by the Secretary, in consultation with the Secretary of the Treasury and the Secretary of Labor, designed—
“(1) to equitably distribute funding to States based on population of individuals over age 16; and
“(2) to provide a minimum level of funding for each State.
“(d) PROGRAM REQUIREMENTS.—A Worker Information Network satisfies the requirements of this subsection if such program—
“(1) establishes a system of staff members, including navigators, to provide information on—
“(A) navigating paid family and medical leave and unemployment compensation systems, including information on—
“(i) obtaining benefits and filing claims, including on claims processes, qualifying circumstances, and eligibility requirements;
“(ii) comparing benefit amounts available under Title XXII and under private individual or employer plans;
“(iii) benefit determination and payment rights and obligations, including obtaining and submitting documentation required to support a claim;
“(iv) appeal rights and process; and
“(v) benefit underpayment or overpayment rights;

“(B) navigating child care systems, including information on—

“(i) applying for subsidized child care;

“(ii) consumer education and information about types of child care settings; and

“(iii) navigating a Child Care Information Network established pursuant to section 418A;

“(C) accessing such systems in languages other than English and protections against non-discrimination on the basis of limited English proficiency under Title VI of the Civil Rights Act, accommodations and protections against non-discrimination under the Americans with Disabilities Act and Section 504 of the Rehabilitation Act, and protections against non-discrimination under other Federal civil rights laws in paid family and medical leave, unemployment compensation, and child care settings; and

“(D) any other information specified by the Secretary, in consultation with the Sec-
retary of the Treasury and the Secretary of Labor;

“(2) in conjunction with the system established under paragraph (1), establishes a system of referral to appropriate departments or agencies within the State and, when appropriate, the Federal Government, for other issues related to obtaining assistance (including legal aid), as determined by the Secretary in consultation with the Secretary of the Treasury and the Secretary of Labor; and

“(3) establishes a community-based system of education and outreach to raise public awareness of and increase access to the resources described in section 2071 and the availability of information, counseling, and assistance provided by the system of staff members described in paragraph (1) and the system of referrals described in paragraph (2), including by—

“(A) engaging in a robust program of culturally and linguistically competent education and outreach;

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

“(C) tailoring materials to members of underserved areas or populations;
“(D) working with employers and child care providers to promote the awareness and distribution of information to employees and parents in the community; and

“(E) partnering with eligible local partners;

“(4) provides for a sufficient number of staff positions (which may include but may not consist entirely of volunteer positions) necessary to provide the services of the Worker Information Network;

“(5) provides for training programs for staff members (including volunteer staff members) and allows for continuous improvement processes for community-based strategies to ensure maximum outreach and engagement with underserved areas or populations;

“(6) provides for the collection and dissemination of timely, impartial, and accurate programmatic information to staff members (including volunteer staff members);

“(7) provides for the coordination of the exchange of programmatic information between government staff and the staff of the Worker Information Network;

“(8) collaborates with eligible local partners;
“(9) makes recommendations concerning recurrent issues and complaints related to the resources described in section 2071 to agencies and departments within the State and the Federal Government responsible for providing or regulating such resources;

[(“(10) maintains confidentiality of all personal information provided to navigators or Worker Information Network staff (including volunteer staff), including by following procedures set by the Secretary for destroying personally identifiable information and preventing it from being shared with any other government entity;]

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

“(12) provides data to the Secretary, upon request, regarding how individuals are being served, including the following:

“(A) data and details on the number of individuals served by the Worker Information Network, as well as the type and number of services such individuals are receiving;

“(B) data and details on the problems that individuals may encounter, including a lack of
timely payment of benefits or child care availability; and

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

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

“SEC. 2073. CRITERIA FOR ISSUING GRANTS.

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

“(1) carrying out the Worker Information Network described under section 2072; and

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

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

“(B) geographic area; and
“(C) other factors as determined by the Secretary, in consultation with the Secretary of the Treasury and the Secretary of Labor.

“SEC. 2074. NONAPPLICATION, LACK OF SUFFICIENT COMMITMENT, AND NONCOMPLIANCE.

“(a) FAILURE TO SUBMIT AN APPLICATION.—In any case in which a State does not apply for a grant by the application deadline provided by the Secretary, the Secretary shall seek to award the grant that would have been allocated to such State under the funding formula prescribed pursuant to section 2072(e) to an eligible local partner.

“(b) FAILURE TO DEMONSTRATE SUFFICIENT COMMITMENT.—In any case in which the Secretary determines that the commitment of a State as described in section 2073 is insufficient, the Secretary shall notify such State of the steps the State may take to remedy such failure and shall provide any necessary technical assistance. If such State does not take such steps with the time permitted by the Secretary, the Secretary shall seek to award the grant to an eligible local partner in accordance with subsection (a).

“(c) NONCOMPLIANCE AND ALTERNATIVE GRANTEES.—In any case in which the Secretary terminates a grant to a State on the basis of a determination by the
Secretary that the State has failed to satisfy the requirements under subsection 2072(d), the Secretary shall seek to award such grant to an eligible local partner in accordance with subsection (a).

"SEC. 2075. APPROPRIATIONS.

"(a) GRANT FUNDING.—

"(1) IN GENERAL.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, the amount determined under paragraph (2) for each fiscal year after 2021 for grants under this subtitle.

"(2) AMOUNT DETERMINED.—The amount determined under this paragraph for a fiscal year shall be—

"(A) for fiscal year 2022, $1,500,000,000; and

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

"(i) the national average wage index (as defined in section 209(k)(1) of the Social Security Act) for the second calendar year ending prior to the beginning of such fiscal year, to
“(ii) the national average wage index
(as so defined) for 2020.

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

“SEC. 2076. DEFINITIONS.

“In this subtitle:

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

“(2) ELIGIBLE LOCAL PARTNER.—The term
‘eligible local partner’ means a non-profit organiza-
tion or organizations, including a labor organization,
with a presence within a State, a history of knowl-
dge of the resources described in paragraphs (1),
(2), and (3) of section 2071, and a demonstrated
commitment to helping workers and families.”.}
DIVISION E—CHILD TAX CREDIT

SEC. 501. CERTAIN IMPROVEMENTS TO THE CHILD TAX CREDIT MADE PERMANENT.

(a) IN GENERAL.—Section 24 of the Internal Revenue Code of 1986 is amended to read as follows:

"SEC. 24. CHILD TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—

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

"(A) the qualifying child credit of the taxpayer for such taxable year, plus

"(B) the other dependent credit of the taxpayer for such taxable year.

"(2) QUALIFYING CHILD CREDIT.—For purposes of this section, the qualifying child credit with respect to any taxpayer for any taxable year is the sum of—

"(A) $3,600 with respect to each qualifying child who has not attained age 6 as of the close of the calendar year in which the taxable year begins, plus

"(B) $3,000 with respect to each qualifying child who has attained age 6 but has not
attained age 18 as of the close of the calendar year in which the taxable year begins.

“(3) Other dependent credit.—For purposes of this section, the other dependent credit with respect to any taxpayer for any taxable year is $500 with respect to each dependent who is not described in subparagraph (A) or (B) of paragraph (2).

“(b) Limitations based on modified adjusted gross income.—

“(1) Initial reduction.—

“(A) In general.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by $50 for each $1,000 (or fraction thereof) by which the taxpayer’s modified adjusted gross income exceeds the initial threshold amount.

“(B) Initial threshold amount.—For purposes of this subsection, the term ‘initial threshold amount’ means [to be provided].

“(C) Limitation on initial reduction.—

“(i) In general.—The amount of the reduction under paragraph (1) shall not exceed the lesser of—
“(I) the credit amount subject to
initial reduction, or
“(II) 5 percent of the excess of
the secondary threshold amount over
the initial threshold amount.
“(ii) CREDIT AMOUNT SUBJECT TO
INITIAL REDUCTION.—For purposes of this
subparagraph, the term ‘credit amount
subject to initial reduction’ means the ex-
cess (if any) of—
“(I) the amount of the credit al-
lowable under this section for the tax-
able year determined without regard
to this subsection, over
“(II) the amount of such credit
determined without regard to this
subsection and by treating the dollar
amounts in effect under subpara-
graphs (A) and (B) of subsection
(a)(2) as each being equal to $2,000.
“(2) SECONDARY REDUCTION.—
“(A) IN GENERAL.—The amount of the
credit allowable under subsection (a) (deter-
mined after the application of paragraph (1))
shall be reduced (but not below zero) by $50 for
each $1,000 (or fraction thereof) by which the taxpayer’s modified adjusted gross income exceeds the secondary threshold amount.

“(B) SECONDARY THRESHOLD AMOUNT.—

For purposes of this subsection, the term ‘secondary threshold amount’ means—

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

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

“(iii) $200,000, in any other case.

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

“(4) MODIFIED ADJUSTED GROSS INCOME.—

For purposes of this subsection, the term ‘modified adjusted gross income’ means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.
“(e) Portion of Credit Refundable.—If the taxpayer (in the case of a joint return, either spouse) has a principal place of abode in the United States (determined as provided in section 32) for more than one-half of the taxable year or is a bona fide resident of Puerto Rico (within the meaning of section 937(a)) for such taxable year, so much of the credit otherwise allowed under subsection (a) as is attributable to the qualifying child credit shall be allowed under subpart C (and not allowed under this subpart).

“(d) Identification Requirements.—[To be provided]

“(e) Restrictions on Taxpayers Who Improperly Claimed Credit in Prior Year.—

“(1) Taxpayers Making Prior Fraudulent or Reckless Claims.—

“(A) In General.—No credit shall be allowed under this section for any taxable year in the disallowance period.

“(B) Disallowance Period.—For purposes of subparagraph (A), the disallowance period is—

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

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

“(2) Taxpayers Making Improper Prior Claims.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.

“(f) Definitions and Special Rules.—For purposes of this section—

“(1) Qualifying Child.—The term ‘qualifying child’ means a qualifying child of the taxpayer (as defined in section 152(e)).

“(2) Exception for Certain Noncitizens.— The terms ‘dependent’ and ‘qualifying child’ shall
not include any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows ‘resident of the United States’.

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

“(4) INFLATION ADJUSTMENT.—

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

“(i) such dollar amount, multiplied by

“(ii) the percentage (if any) by which—

“(I) the CPI (as defined in section 1(f)(4)) for the calendar year preceding the calendar year in which the taxable year begins, exceeds

“(II) the CPI (as so defined) for calendar year 2020.
“(B) Rounding.—

“(i) Qualifying Child Credit.—If any increase determined under subparagraph (A) of any dollar amount in subsection (a)(2) is not a multiple of $120, such amount shall be rounded to the nearest multiple of $120.

“(ii) Other Dependent Credit.—If any increase determined under subparagraph (A) of the dollar amount in subsection (a)(3) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

“(iii) Initial Threshold Amount.—If any increase determined under subparagraph (A) of any dollar amount in subsection (b)(1)(B) is not a multiple of $5,000, such amount shall be rounded to the nearest multiple of $5,000.

“(5) Coordination with allowance for exemptions.—

“(A) Election to have other dependent credit not apply.—In the case of any taxable year beginning after December 31, 2025, if a specified taxpayer elects (at such
time and in such manner as the Secretary may provide) the application of this paragraph for any taxable year, the dependents of the taxpayer otherwise described in subsection (a)(3) shall not be taken into account for purposes of this section.

“(B) SPECIFIED TAXPAYER.—For purposes of this paragraph, the term ‘specified taxpayer’ means any taxpayer for any taxable year if the taxpayer’s modified adjusted gross income (as defined in subsection (b)(4)) does not exceed the secondary threshold amount (as defined in subsection (b)(2)) of such taxpayer for such taxable year.

“(C) ALLOWANCE OF PERSONAL EXEMPTION FOR DEPENDENTS TO WHICH ELECTION APPLIES.—For the allowance of an exemption for dependents to which the election under subparagraph (A) applies, see section 151(d)(6).

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

“(1) IN GENERAL.—The amount of the qualifying child credit otherwise allowed under subsection (a)(1) with respect to any taxpayer for any taxable year shall be reduced (but not below zero) by the ag-
aggregate amount of payments made under section 7527A to such taxpayer during such taxable year. Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

“(2) EXCESS ADVANCE PAYMENTS.—

“(A) IN GENERAL.—If the aggregate amount of payments under section 7527A to the taxpayer during the taxable year exceeds the amount of the qualifying child credit otherwise allowed under subsection (a)(1) to such taxpayer for such taxable year (determined without regard to paragraph (1)), the tax imposed by this chapter for such taxable year shall be increased by the amount of such excess. Any failure to so increase the tax shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

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

“(i) IN GENERAL.—In the case of a taxpayer whose modified adjusted gross income (as defined in subsection (b)) for the taxable year does not exceed 200 percent
of the applicable income threshold, the
amount of the increase determined under
subparagraph (A) with respect to such tax-
payer for such taxable year shall be re-
duced (but not below zero) by the safe har-
bor amount.

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

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

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

“(II) $50,000 in the case of a
head of household, and
“(III) $40,000 in any other case.

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

“(I) [$______], multiplied by

“(II) the excess (if any) of the number of qualified children taken into account in determining the annual advance amount with respect to the taxpayer under section 7527A with respect to months beginning in such taxable year, over the number of qualified children taken into account in determining the qualifying child credit allowed under this section for such taxable year.

“(h) APPLICATION OF CREDIT IN POSSESSIONS.—

“(1) MIRROR CODE POSSESSIONS.—

“(A) IN GENERAL.—The Secretary shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the application of this section (determined without regard to this subsection) with respect to
taxable years beginning after 2020. Such amounts shall be determined by the Secretary based on information provided by the government of the respective possession.

“(B) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed under this section for any taxable year to any individual to whom a credit is allowable against taxes imposed by a possession of the United States with a mirror code tax system by reason of the application of this section in such possession for such taxable year.

“(C) MIRROR CODE TAX SYSTEM.—For purposes of this paragraph, the term ‘mirror code tax system’ means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

“(2) CROSS REFERENCES RELATED TO APPLICATION OF CREDIT TO RESIDENTS OF PUERTO RICO.—
“(A) For application of refundable credit to residents of Puerto Rico, see subsection (e).

“(B) For nonapplication of advance payment to residents of Puerto Rico, see section 7527A(c)(4)(A).

“(3) AMERICAN SAMOA.—

“(A) IN GENERAL.—The Secretary shall pay to American Samoa amounts estimated by the Secretary as being equal to the aggregate benefits that would have been provided to residents of American Samoa by reason of the application of this section for taxable years beginning after 2020 if the provisions of this section had been in effect in American Samoa (applied as if American Samoa were the United States and without regard to the application of this section to bona fide residents of Puerto Rico under subsection (e)).

“(B) DISTRIBUTION REQUIREMENT.—Subparagraph (A) shall not apply unless American Samoa has a plan, which has been approved by the Secretary, under which American Samoa will promptly distribute such payments to its residents.
“(C) Coordination with credit allowed against United States income taxes.—

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

“(ii) Application of section in event of absence of approved plan.—In the case of a taxable year with respect to which a plan is not approved under subparagraph (B), subsection (c) shall be applied by substituting ‘bona fide resident of Puerto Rico or American Samoa’ for ‘bona fide resident of Puerto Rico’.

“(4) Treatment of payments.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.
“(i) Elections to Determine Qualifying Child Status on a Monthly Basis.—

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

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

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

“(C) the dollar amount otherwise in effect under subsection (a)(2) with respect to such qualifying child for the taxable year of the pri-
mary taxpayer shall be reduced by the amount
determined under subparagraph (B).

“(2) Monthly determination of principal
place of abode.—For purposes of this subsection,
status as a qualifying child shall be determined for
any month by applying section 152(c)—

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

“(B) by substituting ‘such month’ for
‘such taxable year’ in subparagraph (B) there-

“(3) Applicable ratio.—For purposes of this
subsection, the term ‘applicable ratio’ means the
ratio of—

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

“(B) 12.”.

(b) Advance Payment of Credit.—
(1) **ADVANCE PAYMENT OF CREDIT MADE PERMANENT.**—Section 7527A of such Code is amended—

(A) by striking “50 percent of” in subsection (a), and

(B) by striking subsection (f) and redesignating subsection (g) as subsection (f).

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

(3) **COORDINATION WITH ELECTIONS TO DETERMINE QUALIFYING CHILD STATUS ON MONTHLY BASIS.**—

(A) **ELECTIONS THROUGH ON-LINE PORTAL.**—Section 7527A(c)(2) of such Code is amended by striking “and” at the end of subparagraph (C), by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (C) the following new subparagraph:

“(D) any election by the taxpayer under section 24(i) to determine eligibility on a monthly basis.”.
B) Regulatory Authority.—Section 7527A(f) of such Code, as redesignated by paragraph (1), is amended by inserting “or the taxpayer has made an election under section 24(i)” before the period at the end.

(4) Advance Payments Not Subject to Reduction, Offset, or Garnishment.—

(A) In General.—Section 7527A(c) of such Code is amended by striking paragraph (3), by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (2) the following new paragraphs:

“(3) Exception from Reduction or Offset.—Any applicable payment (as defined in paragraph (4)(E)(iii)) shall not be—

“(A) subject to reduction or offset pursuant to section 3716 or 3720A of title 31, United States Code,

“(B) subject to reduction or offset pursuant to subsection (c), (d), (e), or (f) of section 6402, or

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

“(4) Assignment of Benefits.—
“(A) IN GENERAL.—The right of any person to any applicable payment shall not be transferable or assignable, at law or in equity, and no applicable payment shall be subject to, execution, levy, attachment, garnishment, or other legal process, or the operation of any bankruptcy or insolvency law.

“(B) ENCODING OF PAYMENTS.—In the case of an applicable payment described in subparagraph (E)(iii)(I) that is paid electronically by direct deposit through the Automated Clearing House (ACH) network, the Secretary of the Treasury (or the Secretary’s delegate) shall—

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

“(ii) further encode the payment pursuant to the same specifications as required for a benefit payment defined in section 212.3 of title 31, Code of Federal Regulations.

“(C) GARNISHMENT.—

“(i) ENCODED PAYMENTS.—In the case of a garnishment order that applies to
an account that has received an applicable payment that is encoded as provided in subparagraph (B), a financial institution shall follow the requirements and procedures set forth in part 212 of title 31, Code of Federal Regulations, except—

“(I) notwithstanding section 212.4 of title 31, Code of Federal Regulations (and except as provided in subclause (II)), a financial institution shall not fail to follow the procedures of sections 212.5 and 212.6 of such title with respect to a garnishment order merely because such order has attached, or includes, a notice of right to garnish federal benefits issued by a State child support enforcement agency, and

“(II) a financial institution shall not, with regard to any applicable payment, be required to provide the notice referenced in sections 212.6 and 212.7 of title 31, Code of Federal Regulations.
“(ii) OTHER PAYMENTS.—In the case of a garnishment order (other than an order that has been served by the United States) that has been received by a financial institution and that applies to an account into which an applicable payment that has not been encoded as provided in subparagraph (B) has been deposited electronically on any date during the lookback period or into which an applicable payment that has been deposited by check on any date in the lookback period, the financial institution, upon the request of the account holder, shall treat the amount of the funds in the account at the time of the request, up to the amount of the applicable payment (in addition to any amounts otherwise protected under part 212 of title 31, Code of Federal Regulations), as exempt from a garnishment order without requiring the consent of the party serving the garnishment order or the judgment creditor.

“(iii) LIABILITY.—A financial institution that acts in good faith in reliance on
clauses (i) or (ii) shall not be subject to li-
ability or regulatory action under any Fed-
eral or State law, regulation, court or other
order, or regulatory interpretation for ac-
tions concerning any applicable payments.

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

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

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

“(ii) ACCOUNT REVIEW.—The term
‘account review’ means the process of ex-
amining deposits in an account to deter-
mine if an applicable payment has been de-
posited into the account during the
lookback period. The financial institution
shall perform the account review following
the procedures outlined in section 212.5 of
title 31, Code of Federal Regulations and
in accordance with the requirements of sec-
tion 212.6 of title 31, Code of Federal
Regulations.

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

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

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

“(III) any advance payment
made by American Samoa pursuant to
a program for making such payments
which is described in paragraph
(5)(C)(ii).
“(iv) GARNISHMENT.—The term ‘garnishment’ means execution, levy, attachment, garnishment, or other legal process.

“(v) GARNISHMENT ORDER.—The term ‘garnishment order’ means a writ, order, notice, summons, judgment, levy, or similar written instruction issued by a court, a State or State agency, a municipality or municipal corporation, or a State child support enforcement agency, including a lien arising by operation of law for overdue child support or an order to freeze the assets in an account, to effect a garnishment against a debtor.

“(vi) LOOKBACK PERIOD.—The term ‘lookback period’ means the two month period that begins on the date preceding the date of account review and ends on the corresponding date of the month two months earlier, or on the last date of the month two months earlier if the corresponding date does not exist.”.

(B) CONFORMING AMENDMENT.—Section 24(h)(2)(B) of such Code (as amended by the preceding provisions of this division) is amend-
ed by striking “section 7527A(e)(4)(A)” and insert-
ning “section 7527(e)(5)(A)”.

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

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

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

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

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

(d) CONFORMING AMENDMENTS.—
(1) Section 26(b)(2)(Z) of such Code is amended by striking "section 24(j)(2)" and inserting "section 24(g)(2)".

(2) Section 3402(f)(1)(C) of such Code is amended by striking "subsection (j) thereof" and inserting "subsection (g) thereof".

(3) Section 6211(b)(4)(A) of such Code is amended by striking "subsections (d) and (i)(1)" and inserting "subsection (e)".

(4) Section 6213(g)(2)(I) of such Code is amended by striking "section 24(e)" and inserting "section 24(d)".

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

(A) by striking "section 24(g)(2)" and inserting "section 24(e)(2)", and

(B) by striking "subsection (g)(1)" and inserting "subsection (e)(1)".

(6) Subsections (b) and (e)(4)(A)(i) of section 7527A of such Code (prior to redesignation by subsection (b)) are each amended by striking "section 24(i)(1)" each place it appears and inserting "section 24(e)".

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

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

(9) Section 7527A(e)(4)(C)(i) of such Code (prior to redesignation by subsection (b)) is amended—

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

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

(10) Section 7527A(e)(4)(C)(ii) of such Code (prior to redesignation by subsection (b)) is amended—

(A) by striking “section 24(k)(3)” and inserting “section 24(h)(3)”, and

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

(11) Section 7527A(f) of such Code, as redesignated by subsection (e), is amended by striking “subsections (i)(1) and (j)” and inserting “subsections (e) and (g)”.

[(e) Report Related to Advance Payments to Residents of Puerto Rico.—Not later than 2 years after the date of the enactment of this Act, the Secretary of the Treasury shall submit a written report to Congress regarding a program for making advance payments under section 7527A of the Internal Revenue Code of 1986 of the refundable qualifying child credit to residents of Puerto Rico. Such report shall include detailed legislative recommendations for enacting such a program.]

(f) Appropriations to Carry Out Advance Payments.—Immediately upon the enactment of this Act, in addition to amounts otherwise available, there are appropriated for fiscal year 2021, out of any money in the Treasury not otherwise appropriated:

(1) [[$______]] to remain available until September 30, 2022, for necessary expenses for the Internal Revenue Service to carry out this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose, and

(2) [[$______]] to remain available until September 30, 2022, for necessary expenses for the Bureau of the Fiscal Service to carry out this section (and the amendments made by this section), which
shall supplement and not supplant any other appropriations that may be available for this purpose.

(g) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2021.

(2) Advance payment of credit.—The amendments made by subsection (b) shall apply to payments made with respect to periods after December 31, 2021.

DIVISION F—EARNED INCOME TAX CREDIT

SEC. 601. CERTAIN IMPROVEMENTS TO THE EARNED INCOME TAX CREDIT MADE PERMANENT.

(a) Decrease in Minimum Age Requirement.—

(1) In general.—Section 32(c)(1)(A)(ii)(II) of the Internal Revenue Code of 1986 is amended by striking “age 25” and inserting “the applicable minimum age”.

(2) Applicable minimum age.—Section 32(c) of such Code is amended by adding at the end the following new paragraph:

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

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

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

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

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

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

“(i) on or after the date that such individual attained age 14, was in foster care provided under the supervision or administration of an entity administering (or eligible to administer) a plan under part B or
part E of title IV of the Social Security
Act (without regard to whether Federal as-
stance was provided with respect to such
child under such part E), and

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

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

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

(c) INCREASE IN CREDIT AND PHASEOUT PERCENT-
AGES.—The table contained in section 32(b)(1) of such
Code is amended by striking “7.65” each place it appears therein and inserting “15.3”.

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

(1) IN GENERAL.—The table contained in section 32(b)(2)(A) of such Code is amended—

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

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

(2) APPLICATION OF INFLATION ADJUSTMENT.—Section 32(j)(1) of such Code is amended—

(A) by striking “(2021 in the case of the dollar amount in subsection (i)(1))” and inserting “(2021 in the case of each of dollar amount in subsection (b)(2)(A)) or (i)(1)” after “2015”, and

(B) in subparagraph (B)—

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

“(i) in the case of each of dollar amounts in subsection (b)(2)(A) or (i)(1), ‘calendar year 2020’ for ‘calendar year 2016’, and”,
(ii) by striking "", and" at the end of
clause (ii) and inserting a period, and
(iii) by striking clause (iii).
(e) Section 32 of such Code, as amended by sub-
section (f), is amended by adding at the end the following
new subsection:

"(n) ELECTION TO DETERMINE EARNED INCOME
BASED ON PRIOR TAXABLE YEAR.—

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

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

"(3) TREATMENT AS MATHEMATICAL OR CLER-
ICAL ERROR.—In the case of a taxpayer described in
paragraph (1) who makes the election described in such paragraph, the use on the return for purposes of this section of an amount of earned income for the preceding taxable year which differs from the amount of such earned income as shown in the electronic files of the Internal Revenue Service shall be treated as a mathematical or clerical error for purposes of section 6213.

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

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

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