

118TH CONGRESS  
2D SESSION

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

To amend the Internal Revenue Code of 1986 to increase the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

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IN THE SENATE OF THE UNITED STATES

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Mrs. SHAHEEN (for herself, Mr. KING, Ms. KLOBUCHAR, and Mrs. GILLI-BRAND) 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 the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Right Start Child Care  
3 and Education Act of 2024”.

4 **SEC. 2. INCREASE IN EMPLOYER-PROVIDED CHILD CARE**  
5 **CREDIT.**

6 (a) INCREASE IN CREDITABLE PERCENTAGE OF  
7 CHILD CARE EXPENDITURES.—Paragraph (1) of section  
8 45F(a) of the Internal Revenue Code of 1986 is amended  
9 by striking “25 percent” and inserting “50 percent”.

10 (b) INCREASE IN CREDITABLE PERCENTAGE OF RE-  
11 SOURCE AND REFERRAL EXPENDITURES.—Paragraph (2)  
12 of section 45F(a) of the Internal Revenue Code of 1986  
13 is amended by striking “10 percent” and inserting “20  
14 percent”.

15 (c) INCREASE IN MAXIMUM CREDIT.—Subsection (b)  
16 of section 45F of the Internal Revenue Code of 1986 is  
17 amended by striking “\$150,000” and inserting  
18 “\$500,000”.

19 (d) SPECIAL RULE FOR SMALL BUSINESSES.—Sec-  
20 tion 45F(e) of the Internal Revenue Code of 1986 is  
21 amended by adding at the end the following new para-  
22 graph:

23 “(4) SMALL BUSINESSES.—

24 “(A) IN GENERAL.—In the case of a tax-  
25 payer described in subparagraph (B)—

1 “(i) subsection (a)(1) shall be applied  
2 by substituting ‘60 percent’ for ‘50 per-  
3 cent’, and

4 “(ii) subsection (b) shall be applied by  
5 substituting ‘\$600,000’ for ‘\$500,000’.

6 “(B) TAXPAYER DESCRIBED.—A taxpayer  
7 described in this subparagraph is a taxpayer  
8 that meets the gross receipts test of section  
9 448(c), determined—

10 “(i) by substituting ‘5-taxable-year’  
11 for ‘3-taxable-year’ in paragraph (1) there-  
12 of, and

13 “(ii) by substituting ‘5-year’ for ‘3-  
14 year’ each place such term appears in  
15 paragraph (3)(A) thereof.”.

16 (e) TREATMENT OF JOINTLY OWNED OR OPERATED  
17 CHILDCARE FACILITY.—Section 45F(c)(1) of the Internal  
18 Revenue Code of 1986 is amended by adding at the end  
19 the following new subparagraph:

20 “(C) JOINTLY OWNED OR OPERATED  
21 CHILDCARE FACILITY.—For purposes of sub-  
22 paragraph (A)(i)(I), a facility shall not fail to  
23 be treated as a qualified childcare facility of the  
24 taxpayer merely because such facility is jointly

1 owned or operated by the taxpayer and other  
2 persons.”.

3 (f) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2024.

6 **SEC. 3. 3-YEAR CREDIT FOR INDIVIDUALS HOLDING CHILD**  
7 **CARE-RELATED DEGREES WHO WORK IN LI-**  
8 **CENSED CHILD CARE FACILITIES.**

9 (a) IN GENERAL.—Subpart C of part IV of sub-  
10 chapter A of chapter 1 of the Internal Revenue Code of  
11 1986 is amended by inserting after section 36B the fol-  
12 lowing new section:

13 **“SEC. 36C. RIGHT START CHILD CARE AND EDUCATION**  
14 **CREDIT.**

15 “(a) IN GENERAL.—In the case of an individual who  
16 is an eligible child care provider for the taxable year, there  
17 shall be allowed as a credit against the tax imposed by  
18 this chapter for the taxable year the amount of—

19 “(1) \$4,000, in the case of an eligible child care  
20 provider with a degree described in subsection  
21 (c)(1)(A)(i), and

22 “(2) \$2,500, in any other case.

23 “(b) 3-YEAR CREDIT.—

24 “(1) IN GENERAL.—The credit allowable by  
25 subsection (a) for any taxable year to an individual

1 shall be allowed for such year only if the individual  
2 elects the application of this section for such year.

3 “(2) ELECTION.—An election to have this sec-  
4 tion apply may not be made by an individual for any  
5 taxable year if such an election by such individual is  
6 in effect for any 3 prior taxable years.

7 “(c) ELIGIBLE CHILD CARE PROVIDER.—For pur-  
8 poses of this section—

9 “(1) IN GENERAL.—The term ‘eligible child  
10 care provider’ means, for any taxable year, any indi-  
11 vidual if—

12 “(A) as of the close of such taxable year,  
13 such individual holds—

14 “(i) a bachelor’s degree, or

15 “(ii) an associate’s degree,

16 in early childhood education, child care, or a re-  
17 lated degree, and such degree was awarded by  
18 an eligible educational institution (as defined in  
19 section 25A(f)(2)), and

20 “(B) during such taxable year, such indi-  
21 vidual performs at least 1,200 hours of child  
22 care services at a facility if—

23 “(i) the principal use of the facility is  
24 to provide child care services,

1                   “(ii) no more than 25 percent of the  
2                   children receiving child care services at the  
3                   facility are children (as defined in section  
4                   152(f)) of the individual or such individ-  
5                   ual’s spouse, and

6                   “(iii) the facility meets the require-  
7                   ments of all applicable laws and regula-  
8                   tions of the State or local government in  
9                   which it is located, including the licensing  
10                  of the facility as a child care facility.

11                  Subparagraph (B)(i) shall not apply to a facil-  
12                  ity which is the principal residence (within the  
13                  meaning of section 121) of the operator of the  
14                  facility.

15                  “(2) CHILD CARE SERVICES.—The term ‘child  
16                  care services’ means child care and early childhood  
17                  education.”.

18                  (b) CONFORMING AMENDMENTS.—

19                   (1) Section 6211(b)(4)(A) of the Internal Rev-  
20                   enue Code of 1986 is amended by inserting “, 36C”  
21                   after “36B”.

22                   (2) Paragraph (2) of section 1324(b) of title  
23                   31, United States Code, is amended by inserting “,  
24                   36C” after “36B”.

1 (c) CLERICAL AMENDMENT.—The table of sections  
2 for subpart C of part IV of subchapter A of chapter 1  
3 of the Internal Revenue Code of 1986 is amended by in-  
4 serting after the item relating to section 36B the following  
5 new item:

“Sec. 36C. Right start child care and education credit.”.

6 (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2024.

9 **SEC. 4. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**  
10 **VIDED DEPENDENT CARE ASSISTANCE.**

11 (a) IN GENERAL.—Section 129(a)(2)(A) of the Inter-  
12 nal Revenue Code of 1986 is amended by striking “\$5,000  
13 (\$2,500” and inserting “the applicable limitation amount  
14 (half such amount”.

15 (b) CONFORMING AMENDMENT.—Section 129(a)(2)  
16 of the Internal Revenue Code of 1986 is amended by strik-  
17 ing subparagraph (D) and by inserting after subparagraph  
18 (C) the following new subparagraph:

19 (D) APPLICABLE LIMITATION AMOUNT.—

20 For purposes of this paragraph, the term ‘ap-  
21 plicable limitation amount’ means the amount  
22 that is the sum of—

23 (i) \$10,000, and

24 (ii) \$2,000 for each individual de-  
25 scribed in subparagraph (A) or (B) of sec-

1                   tion 21(b)(1) with respect to the tax-  
2                   payer.”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2024.