

119TH CONGRESS  
1ST SESSION

# H. R. 3155

To amend the Internal Revenue Code of 1986 to enhance the employer-provided child care credit.

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IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2025

Mr. KUSTOFF (for himself and Ms. TENNEY) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to enhance  
the employer-provided child care credit.

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 “Child Care for Amer-  
5 ican Families Act”.

6 **SEC. 2. INCREASE IN EMPLOYER-PROVIDED CHILD CARE**

7 **CREDIT AMOUNT.**

8 (a) IN GENERAL.—Section 45F(a)(1) of the Internal  
9 Revenue Code of 1986 is amended by striking “25 per-  
10 cent” and inserting “the applicable percentage”.

1 (b) APPLICABLE PERCENTAGE.—Section 45F(a) of  
2 such Code, as amended by subsection (a), is amended—

3 (1) by redesignating paragraphs (1) and (2) as  
4 subparagraphs (A) and (B), respectively, and by  
5 moving the margins of such subparagraphs 2 ems to  
6 the right,

7 (2) by striking “For purposes” and inserting  
8 the following:

9 “(1) CREDIT ALLOWED.—For purposes”, and

10 (3) by adding at the end the following new  
11 paragraph:

12 “(2) APPLICABLE PERCENTAGE.—

13 “(A) IN GENERAL.—For purposes of para-  
14 graph (1)(A), the applicable percentage is—

15 “(i) except as otherwise provided in  
16 this paragraph, 40 percent,

17 “(ii) in the case of any qualified child  
18 care expenditures of an eligible small busi-  
19 ness, 50 percent, and

20 “(iii) in the case of any qualified child  
21 care expenditures paid or incurred in con-  
22 nection with a qualified child care facility  
23 located in an eligible area, 60 percent.

24 “(B) ELIGIBLE SMALL BUSINESS.—For  
25 purposes of subparagraph (A), the term ‘eligible

1 small business' means, with respect to any tax-  
2 able year, any taxpayer if the annual average  
3 number of employees employed by such person  
4 during either of the 2 preceding taxable years  
5 was 500 or fewer. For purposes of the pre-  
6 ceding sentence, a preceding taxable year may  
7 be taken into account only if the taxpayer was  
8 in existence throughout the year.

9 “(C) ELIGIBLE AREA.—

10 “(i) IN GENERAL.—For purposes of  
11 subparagraph (A), the term ‘eligible area’  
12 means—

13 “(I) a census tract described in  
14 section 45D(e), or

15 “(II) a rural county.

16 “(ii) RURAL COUNTY.—

17 “(I) IN GENERAL.—For purposes  
18 of this subparagraph, the term ‘rural  
19 county’ means a county in which  
20 greater than 50 percent of the popu-  
21 lation of such county resides in census  
22 blocks that are designated as rural  
23 blocks (as determined by the Bureau  
24 of the Census according to the most  
25 recent decennial census).

1                   “(II) DESIGNATION WHERE NO  
2                   COUNTY.—For purposes of subclause  
3                   (I), a rule similar to the rule of sec-  
4                   tion 143(k)(2)(D) shall apply.”.

5           (c) DOLLAR LIMITATION.—Section 45F(b) of such  
6 Code is amended to read as follows:

7           “(b) DOLLAR LIMITATION.—

8                   “(1) AGGREGATE LIMITATION.—The credit al-  
9                   lowable under subsection (a) for any taxable year  
10                   shall not exceed \$1,200,000.

11                   “(2) LIMITATION WITH RESPECT TO QUALIFIED  
12                   CHILD CARE EXPENDITURES.—The aggregate  
13                   amount of qualified child care expenditures which  
14                   may be taken into account under this section for any  
15                   taxable year shall not exceed \$2,000,000.”.

16           (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 the date of the enactment of this Act.

19 **SEC. 3. GUIDANCE REGARDING MULTI-EMPLOYER FACILI-**  
20 **TIES.**

21           Section 45F of the Internal Revenue Code of 1986  
22 is amended by adding at the end the following new sub-  
23 section:

24           “(g) GUIDANCE.—The Secretary shall issue such  
25 guidance as may be necessary to carry out the purposes

1 of this section, including guidance on the application of  
2 this section to multi-employer facilities.”.

3 **SEC. 4. DISSEMINATION OF INFORMATION.**

4 (a) IN GENERAL.—Not later than 1 year after the  
5 date of the enactment of this Act, the Secretary of the  
6 Treasury (or the Secretary’s delegate) shall establish a  
7 public awareness program to inform taxpayers about—

8 (1) the availability of the credit for employer-  
9 provided child care under section 45F of the Inter-  
10 nal Revenue Code of 1986, and

11 (2) filing procedures for such credit.

12 (b) METHOD.—In carrying out this section, the Sec-  
13 retary of the Treasury (or the Secretary’s delegate) shall  
14 use appropriate means of communication to ensure aware-  
15 ness by all taxpayers who are eligible for the credit allowed  
16 under section 45F of the Internal Revenue Code of 1986.

17 **SEC. 5. GAO STUDY ON REGULATORY BARRIERS AFFECT-**  
18 **ING EMPLOYER-PROVIDED CHILD CARE.**

19 (a) IN GENERAL.—Not later than 12 months after  
20 the date of enactment of this Act, the Comptroller General  
21 of the United States shall submit to the applicable Con-  
22 gressional committees a report examining—

23 (1) State and local licensure and regulatory re-  
24 quirements affecting child care facilities;

1           (2) compliance costs and operational barriers  
2 for child care providers, particularly with respect to  
3 providers operating in multiple States; and

4           (3) opportunities to reduce regulatory burdens  
5 while maintaining safety and quality standards, in-  
6 cluding how such improvements could enhance em-  
7 ployer participation under section 45F of the Inter-  
8 nal Revenue Code of 1986.

9           (b) RECOMMENDATIONS.—The report described in  
10 subsection (a) shall include recommendations for—

11           (1) updating, expanding, or otherwise strength-  
12 ening regulations affecting child care facilities;

13           (2) enhancing uniformity across State regu-  
14 latory frameworks to facilitate greater employer par-  
15 ticipation in providing high-quality child care;

16           (3) reducing barriers for multi-employer facili-  
17 ties seeking to make use of the credit provided under  
18 section 45F of the Internal Revenue Code of 1986;

19 and

20           (4) reducing barriers for multi-state operators  
21 seeking to qualify for the credit provided under sec-  
22 tion 45F of the Internal Revenue Code of 1986.

23           (c) APPLICABLE CONGRESSIONAL COMMITTEES.—

24 For purposes of this section, the term “applicable Con-  
25 gressional committees” means—

- 1           (1) the Committees on Finance and Health,  
2           Education, Labor, and Pensions of the Senate; and  
3           (2) the Committees on Ways and Means and  
4           Education and the Workforce of the House of Rep-  
5           resentatives.

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