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119TH CONGRESS
2D SESSION

H. R. 6979

To amend the Internal Revenue Code of 1986 to provide for youth sports, to establish a grant program for recreational youth sports, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 8, 2026

Mr. GOTTHEIMER (for himself and Mr. LAWLER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and Workforce, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To amend the Internal Revenue Code of 1986 to provide for youth sports, to establish a grant program for recreational youth sports, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Promoting Lifelong Activity for Youth Act of 2026" or the "PLAY Act of 2026".

SEC. 2. MODIFICATION OF CHILD AND DEPENDENT CARE TAX CREDIT.

(a) ALLOWANCE OF EXPENSES FOR YOUTH PHYSICAL ACTIVITIES.—Section 21(b)(2)(A) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", and", and by inserting after clause (ii) the following:

"(iii) expenses for youth physical activities (within the meaning of section 213(d)(12)).".

(b) EXCEPTION TO CAMP RULE.—Section 21(b)(2)(A) of such Code (as amended by subsection (a)) is amended by striking "Such term" and inserting "Except in the case of expenses described in clause (iii), such term".

(c) DOLLAR LIMITATIONS.—Section 21(c) of such Code is amended to read as follows:

"(c) DOLLAR LIMIT ON AMOUNT CREDITABLE.—

"(1) IN GENERAL.—The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

"(A) if there is 1 qualifying individual with respect to the taxpayer for such taxable year, $4,000, or

"(B) if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year, $7,000.

"(2) REDUCTION.—The amount determined under paragraph (1) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 3. INCREASE IN DOLLAR AMOUNT OF ELECTION FOR DEPENDENT CARE FLEXIBLE SPENDING ARRANGEMENTS.

(a) IN GENERAL.—Section 125 of the Internal Revenue Code of 1986 is amended by redesignating subsections (k) and (l) as subsections (l) and (m) and inserting after subsection (j) the following:

"(k) LIMITATION ON DEPENDENT CARE FLEXIBLE SPENDING ARRANGEMENTS.—

"(1) IN GENERAL.—For purposes of this section, if a benefit is provided under a cafeteria plan through employer contributions to a dependent care flexible spending arrangement, such benefit shall not be treated as a qualified benefit unless the cafeteria plan provides that an employee may not elect for any taxable year to have salary reduction contributions in excess of $10,000 made to such arrangement for each dependent under such arrangement.

"(2) SINGLE PARENT.—In the case that the employee is an individual who is not married as of the beginning of the taxable year for which the employee elects to participate in the arrangement, paragraph (1) shall be applied by substituting '$12,000' for '$10,000'.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 4. YOUTH PHYSICAL ACTIVITIES.

(a) IN GENERAL.—Paragraph (1) of section 213(d) of the Internal Revenue Code of 1986 is amended by striking "or" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", or", and by inserting after subparagraph (D) the following new subparagraph:

"(E) for youth physical activities.".

(b) YOUTH PHYSICAL ACTIVITIES.—Subsection (d) of section 213 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(12) YOUTH PHYSICAL ACTIVITIES.—

"(A) IN GENERAL.—The term 'youth physical activities' means registration costs, fees, and expenses associated with the participation by dependents of the taxpayer (as defined in section 152) who have attained age 4 but not age 18 in the following:

"(i) Membership at a fitness facility.

"(ii) Participation or instruction in physical exercise or physical activity.

"(iii) Equipment used in a program (including a self-directed program) of physical exercise or physical activity.

"(B) OVERALL DOLLAR LIMITATION.—The aggregate amount treated as youth physical activities with respect to any taxpayer for any taxable year shall not exceed $1,000 ($2,000 in the case of a joint return or a head of household (as defined in section 2(b))).

"(C) FITNESS FACILITY.—For purposes of subparagraph (A)(i), the term 'fitness facility' means a facility—

"(i) which provides instruction in a program of physical exercise, offers facilities for the preservation, maintenance, encouragement, or development of physical fitness, or serves as the site of such a program of a State or local government,

"(ii) which is not a private club owned and operated by its members,

"(iii) which does not offer golf, hunting, sailing, or riding facilities,

"(iv) the health or fitness component of which is not incidental to its overall function and purpose, and

"(v) which is fully compliant with the State of jurisdiction and Federal anti-discrimination laws.

"(D) TREATMENT OF EXERCISE VIDEOS, ETC.—Videos, books, and similar materials shall be treated as described in subparagraph (A)(ii) if the content of such materials constitutes instruction in a program of physical exercise or physical activity.

"(E) LIMITATIONS.—

"(i) USE OF FUNDS.—Amounts paid for costs, fees, or expenses described in subparagraph (A)(ii) shall be treated as paid for youth physical activities only if such amounts are not paid for—

"(I) tournament entries, or

"(II) private lessons, training, or camps.

"(ii) SPORTS AND FITNESS EQUIPMENT.—Amounts paid for equipment described in subparagraph (A)(iii) shall be treated as paid for youth physical activities only—

"(I) if such equipment is used exclusively for participation in fitness, exercise, sport, or other physical activity,

"(II) in the case of amounts paid for apparel or footwear, if such apparel or footwear is of a type that is necessary for, and is not used for any purpose other than, a specific physical activity, and

"(III) in the case of amounts paid for any single item of sports equipment (other than exercise equipment), to the extent such amounts do not exceed $250.

"(F) PROGRAMS WHICH INCLUDE COMPONENTS OTHER THAN PHYSICAL EXERCISE AND PHYSICAL ACTIVITY.—Rules similar to the rules of paragraph (6) shall apply in the case of any program that includes physical exercise or physical activity and also other components. For purposes of the preceding sentence, travel and accommodations shall be treated as a separate component.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 5. RECREATIONAL YOUTH SPORTS HHS GRANT PROGRAM.

(a) ESTABLISHMENT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a program to award grants, on a competitive basis, to eligible entities for the purposes of expanding access to, and increasing the participation capacity of, recreational youth sports—

(1) to decrease the costs of such participation for families; and

(2) to promote healthy habits, physical activity, and socialization.

(b) APPLICATIONS.—To be eligible for a grant under this section, an entity shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary determines is appropriate, which shall include an attestation that the entity will use the grant only for the purposes described in subsection (a).

(c) USE OF FUNDS.—

(1) IN GENERAL.—A grant awarded under this section may not be used—

(A) to construct or upgrade a facility; or

(B) to fund a component of a sports program that is competitive, elite, or selective (including such a component that involves travel).

(2) RULE OF CONSTRUCTION.—For the purposes of paragraph (1), a component of a sports program shall not be construed as competitive, elite, or selective solely because such component includes games or matches in which a score is kept.

(3) SUPPLEMENT, NOT SUPPLANT.—

(A) IN GENERAL.—Subject to subparagraph (B), a grant awarded under this section shall be used to supplement, not supplant, funds from other sources.

(B) EXCEPTION.—A grant awarded under this section may be used to supplant funds from other sources to remove fees for families for the purpose of expanding access to recreational youth sports.

(d) GRANT PERIOD.—A grant awarded under this section shall be for a period of 2 years.

(e) AMOUNT.—A grant awarded under this section shall be for an amount—

(1) not less than $5,000; and

(2) not more than $50,000.

(f) REPORT.—Not later than 3 years after the date of enactment of this Act, the Secretary shall submit to Congress a report containing an assessment of how grants awarded under this section fulfilled the purposes described in subsection (a).

(g) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term ''eligible entity''—

(A) means—

(i) a local government;

(ii) a nonprofit organization;

(iii) a Tribal organization; and

(iv) a veterans organization; and

(B) does not include any entity or organization of—

(i) an elementary school, a secondary school, or a local educational agency (as such terms are defined in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)); or

(ii) an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)).

(2) NONPROFIT ORGANIZATION.—The term ''nonprofit organization'' means an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code.

(3) TRIBAL ORGANIZATION.—The term ''Tribal organization'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(4) VETERANS ORGANIZATION.—The term ''veterans organization'' means an organization that is described in section 501(c)(19) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $200,000,000 for the period of fiscal years 2026 through 2030.

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