H.R. 4571, Child Care Investment Act Summary
Co-led by Rep. Carbajal (D-CA) and Rep. Chavez-DeRemer (R-OR)

The legislation will improve and modernize three tax incentives:
1. Employer-Provided Child Care Credit (45F)
2. Dependent Care Flexible Spending Account (DCAP)
3. Child and Dependent Care Tax Credit (CDCTC)

Employer-Provided Child Care Credit (45F)

Current
- As it stands now, this credit can be used for employers to contract with licensed child care providers AND to acquire, construct, and operate an on-site child care facility
- The credit is 25% and capped at $150,000

Child Care Investment Act
- Allows multiple businesses to jointly own and operate a child care facility and expands it to include in-home services
- Increases the credit to 50% and caps it at $500,000
- Small businesses receive a credit of 60%
    - Small business is a business with less than average of $25 million in gross receipts over the last 5 years

Dependent Care Flexible Spending Account (DCAP)

Current
- Through a Dependent Care FSA, workers can exclude from their wages a maximum of $5,000 of employer-sponsored child and dependent care benefits, lowering their tax liability

Child Care Investment Act
- Increase the Dependent Care FSA exclusion maximum to $10,000 plus an additional $2,000 per eligible dependent

Child and Dependent Care Tax Credit (CDCTC)

Current
- This is a non-refundable tax credit that reduces a taxpayer's federal income tax liability based on child and dependent care expenses incurred by taxpayers who work or are looking for work.
- The CDCTC is calculated by multiplying the amount of qualifying expenses by the appropriate credit rate

Child Care Investment Act
- Make the credit fully refundable, indexes it to inflation, and increases the highest credit rate to 50% and the lowest to 35%