Family and Community Inflation Relief Act

This *Family and Community Inflation Relief Act* would target relief to low and moderate income Americans. The bill would ensure tax benefits afforded to families, students and others are not eroded at a time when they are seeing their paychecks shrink and costs rise due to inflation.

The bill provides this relief by indexing for inflation income phase-out thresholds, credit or deductible amounts and other parameters used to determine the amount of a tax benefit for the following provisions:

- **Child Tax Credit and Non-Child Dependent Credit**: Indexes for inflation the $2,000 credit for families with children under 17 and $500 credit for other dependents as well as their income phase-out thresholds.
- **Child and Dependent Care Credit:** Indexes for inflation the maximum child-care expenses used to calculate the credit amount, effectively indexing the maximum credit amount of $1,050 for one child or $2,100 for two or more children to inflation. It also indexes its income phase-out thresholds for inflation.
- **American Opportunity Tax Credit**: Indexes for inflation the eligible tuition expenses used for determining the credit amount, effectively indexing the maximum $2,500 credit to inflation. It also indexes its income phase-out thresholds to inflation.
- **Lifetime Learning Credit:** Indexes for inflation the eligible tuition expenses used for determining the credit amount, effectively indexing the maximum $2,000 credit to inflation. It also indexes its income phase-out thresholds to inflation.
- **Student Loan Interest Deduction:** Indexes for inflation the maximum amount of student loan interest that may be deducted in a year, which is currently $2,500, and continues to index its income phase-out thresholds to inflation.
- **Charitable Mileage Deduction**: Provides authority to the IRS to adjust the mileage deduction rate for volunteers and charitable organizations based on economic conditions. It presently has the authority to do so for medical, moving and business expenses to reflect current economic conditions.

Finally, the proposal extends the current law cap on the state and local tax (SALT) deduction to pay for the inflation relief provided in these provisions. Under current law, a taxpayer may deduct up to $10,000 of any state and local taxes paid. The current SALT cap is scheduled to expire after 2025, which would allow for an unlimited SALT deduction the benefit of which would primarily accrue to wealthy taxpayers. This provision extends the current SALT cap for one year, which is expected offset the cost of the above provisions.