To amend the Internal Revenue Code of 1986 to adjust certain credits and deductions for inflation.

IN THE SENATE OF THE UNITED STATES

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to adjust certain credits and deductions for inflation.

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 “Family and Commu-
5 nity Inflation Relief Act of 2022”.

6 SEC. 2. CHILD TAX CREDIT.

7 (a) IN GENERAL.—Subsection (f) of section 24 of the
8 Internal Revenue Code of 1986 is amended—
(1) by striking "TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except" and inserting "SPECIAL RULES.—"

"(1) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except", and

(2) by adding at the end the following new paragraph:

"(2) ADJUSTMENT FOR INFLATION.—"

"(A) IN GENERAL.—In the case of a tax-

able year beginning after 2021, the $1,000

amount in subsection (a) and each of the dollar

amounts in subsection (b)(2) shall be increased

by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment de-

termined under section 1(f)(3) for the cal-

endar year in which the taxable year be-
gins, determined by substituting '2020' for

'2016' in subparagraph (A)(ii) thereof.

"(B) Rounding.—If any increase under

subparagraph (A)—

"(i) is not a multiple of $100, in the

case of the amount in subsection (a), such

increase shall be rounded to the next low-
est multiple of $100, or
“(ii) is not a multiple of $1,000, in the case of the amounts in subsection (b)(2), such increase shall be rounded to the next lowest multiple of $1,000.”.

(b) Special Rules for Taxable Years Through 2025.—

(1) In general.—Subsection (h) of section 24 of such Code is amended by adding at the end the following new paragraph:

“(8) Adjustment for inflation.—

“(A) In general.—In the case of a taxable year beginning after 2021, the $2,000 amount in paragraph (2) and each of the dollar amounts in paragraph (3) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(B) Rounding.—If any increase under subparagraph (A)—

“(i) is not a multiple of $100, in the case of the amount in paragraph (2), such
increase shall be rounded to the next lowest multiple of $100, or

“(ii) is not a multiple of $1,000, in the case of the amounts in paragraph (3), such increase shall be rounded to the next lowest multiple of $1,000.”.

(2) PARTIAL CREDIT FOR CERTAIN OTHER DEPENDENTS.—Paragraph (4) of section 24(h) of such Code is amended by adding at the end the following new subparagraph:

“(D) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2021, the $500 amount in subparagraph (A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof.

If any increase under this paragraph is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.”.
(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 3. CREDIT FOR HOUSEHOLD AND DEPENDENT CARE SERVICES.

(a) In General.—Subsection (e) of section 21 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(11) Adjustments for inflation.—

“(A) In general.—In the case of a taxable year beginning after 2021, the $15,000 amount in subsection (a)(2) and the $3,000 and $6,000 amounts in subsection (c) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(B) Rounding.—If any increase under subparagraph (A)—

“(i) is not a multiple of $100, in the case of the amounts in subsection (c), such
increase shall be rounded to the next lowest multiple of $100, or

“(ii) is not a multiple of $1,000, in the case of the amount in subsection (a)(2), such increase shall be rounded to the next lowest multiple of $1,000.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 4. AMERICAN OPPORTUNITY AND LIFETIME LEARNING CREDITS.

(a) AMERICAN OPPORTUNITY TAX CREDIT.—Subsection (b) of section 25A of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(5) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2021, the $2,000 and $4,000 amounts in paragraph (1) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof.
If any increase under this paragraph is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.”.

(b) **Lifetime Learning Credit.**—Subsection (e) of section 25A of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) **Adjustment for inflation.**—In the case of a taxable year beginning after 2021, the $10,000 amount in paragraph (1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof.

If any increase under this paragraph is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.”.

(c) **Limitations Based on Modified Adjusted Gross Income.**—Subsection (d) of section 25A of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:
“(3) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2021, each of the dollar amounts in paragraph (1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in sub-paragraph (A)(ii) thereof.

If any increase under this paragraph is not a multiple of $1,000, such increase shall be rounded to the next lowest multiple of $1,000.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 5. DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) IN GENERAL.—Subsection (f) of section 221 of the Internal Revenue Code of 1986 is amended to read as follows:

“(f) ADJUSTMENTS FOR INFLATION.—

“(1) IN GENERAL.—In the case of a taxable year beginning after 2002, each of the dollar amounts in subsection (b) shall be increased by an amount equal to—
“(A) in the case of the $2,500 amount in subsection (b)(1) and the $15,000 and $30,000 amounts in subsection (b)(2)(B)(ii)—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof, and

“(B) in the case of the $50,000 and $100,000 amounts in subsection (b)(2)(B)(i)(II)—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2001’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(2) ROUNDING.—If any increase under paragraph (1)—

“(A) is not a multiple of $100, in the case of the amount in subsection (b)(1), such increase shall be rounded to the next lowest multiple of $100, or
“(B) is not a multiple of $1,000, in the case of the amounts in subsection (b)(2)(B)(ii) and (b)(2)(B)(i)(II), such increase shall be rounded to the next lowest multiple of $1,000.”.

(b) **Effective Date.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2021.

**SEC. 6. DETERMINATION OF STANDARD MILEAGE RATE FOR CHARITABLE CONTRIBUTIONS DEDUCTION.**

(a) **In General.**—Subsection (i) of section 170 of the Internal Revenue Code of 1986 is amended to read as follows:

““(i) **Standard Mileage Rate for Use of Passenger Automobile.**—For purposes of computing the deduction under this section for use of a passenger automobile, the standard mileage rate shall be the rate determined by the Secretary, which rate shall not be less than the standard mileage rate used for purposes of section 213.”.

(b) **Effective Date.**—The amendment made by this section shall apply to miles traveled after the date of the enactment of this Act.
SEC. 7. EXTENSION OF LIMITATION ON DEDUCTION OF
STATE AND LOCAL TAXES.

Paragraph (6) of section 164(b) of the Internal Revenue Code of 1986 is amended—

(1) by striking “2025” in the heading and inserting “2026”, and

(2) by striking “January 1, 2026” and inserting “January 1, 2027”.
