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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to allow a special depreciation allowance for qualified early childhood education centers.

IN THE HOUSE OF REPRESENTATIVES

Mr. CRANK introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to allow a special depreciation allowance for qualified early childhood education centers.

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 “Supporting Early
5 Childhood Education Opportunities through Upfront Tax
6 Deductions Act of 2026” or the “SPROUT Act of 2026”.

1 **SEC. 2. SPECIAL DEPRECIATION ALLOWANCE FOR QUALI-**
2 **FIED EARLY CHILDHOOD EDUCATION CEN-**
3 **TERS.**

4 (a) IN GENERAL.—Section 168 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(o) SPECIAL ALLOWANCE FOR QUALIFIED EARLY
8 CHILDHOOD EDUCATION CENTERS.—

9 “(1) IN GENERAL.—In the case of any qualified
10 early childhood education center of a taxpayer mak-
11 ing an election under this section—

12 “(A) the depreciation deduction provided
13 by section 167(a) for the taxable year in which
14 such property is placed in service shall include
15 an allowance equal to 100 percent of the ad-
16 justed basis of the qualified early childhood
17 education center, and

18 “(B) the adjusted basis of the qualified
19 early childhood education center shall be re-
20 duced by the amount of such deduction before
21 computing the amount otherwise allowable as a
22 depreciation deduction under this chapter for
23 such taxable year and any subsequent taxable
24 year.

25 “(2) QUALIFIED EARLY CHILDHOOD EDU-
26 CATION CENTER.—For purposes of this subsection,

1 the term ‘qualified early childhood education center’
2 means that portion of any nonresidential real prop-
3 erty—

4 “(A) to which this section applies,

5 “(B) which is used by the taxpayer as part
6 of an early childhood education center which is
7 licensed by any State to provide care for chil-
8 dren under the age of 5,

9 “(C) in the case of a taxpayer that is not
10 licensed to provide such care, with respect to
11 which such taxpayer is party to a written bind-
12 ing contract with a person licensed by any State
13 to provide care at such early childhood edu-
14 cation center before construction of such prop-
15 erty begins,

16 “(D) which is placed in service in the
17 United States or any possession thereof,

18 “(E) which is designated by the taxpayer
19 in the election made under this section,

20 “(F) the original use of which commences
21 with the taxpayer, and

22 “(G) which is placed in service before De-
23 cember 31, 2031.

24 “(3) EXCLUSION OF OFFICE SPACE, ETC.—The
25 term ‘qualified early education center’ shall not in-

1 clude any nonresidential real property which is not
2 a part of a building in which child care is provided.

3 “(4) EXTENSION OF PLACED IN SERVICE DATE
4 UNDER CERTAIN CIRCUMSTANCES.—The Secretary
5 may extend the date under paragraph (2)(G) with
6 respect to any property that meets the requirements
7 of subparagraphs (A) through (F) of paragraph (1)
8 if the Secretary determines that an act of God (as
9 defined in section 101(1) of the Comprehensive En-
10 vironmental Response, Compensation, and Liability
11 Act of 1980) prevents the taxpayer from placing
12 such property in service before such date.

13 “(5) SPECIAL RULES.—Rules similar to the
14 rules of paragraphs (3), (4), (5), and (6) of sub-
15 section (n) shall apply to this subsection.

16 “(6) REGULATIONS.—The Secretary shall issue
17 such regulations or other guidance as may be nec-
18 essary or appropriate to carry out the purposes of
19 this subsection, including regulations or other guid-
20 ance.”.

21 (b) TREATMENT OF QUALIFIED EARLY CHILDHOOD
22 EDUCATION CENTER AS SECTION 1245 PROPERTY.—Sec-
23 tion 1245(a)(3) is amended—

24 (1) in subparagraph (F), by striking “or”,

1 (2) in subparagraph (G), by striking the period
2 and inserting “, or”, and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(H) any qualified early childhood edu-
6 cation center (as defined in section 168(o)(2))”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service after
9 the date of the enactment of this Act.