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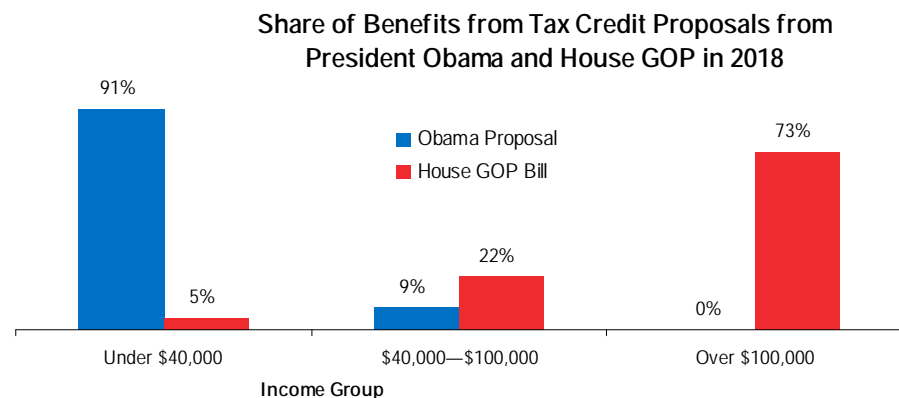
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State-by-State Figures on Two Child Tax Credit Proposals: President Obama vs. House GOP

House Republicans have proposed to let an expansion of the child tax credit for low-income working families expire after 2017. Under their plan, the money that had previously gone to children in low-income families would in effect be used to fund bigger child tax credits for better-off families.

President Obama has proposed to make permanent the expansion for low-income working families. The President's proposal and the House Republican proposal (H.R. 4935) are each estimated to cost about \$11 billion a year. The national and state-by-state figures below illustrate how the benefits of the President's proposal would mostly help families with incomes under \$40,000 while the House Republican proposal would mostly help those with incomes above \$100,000.

The child tax credit (CTC) provides families with a maximum tax break of \$1,000 per child. It is partially refundable, meaning it can (within certain limits) benefit families who are too poor to have any federal income tax liability even before tax credits are taken into account. Under a provision enacted in 2009 and extended since then, the refundable part of the credit equals 15 percent of the portion of a family's earnings that exceed \$3,000, up to the \$1,000 per-child limit. If this provision expires as scheduled at the end of 2017, the earnings threshold for the refundable part of the credit will revert from \$3,000 to a much higher level (\$14,750 in 2018).



Source: Institute on Taxation and Economic Policy (ITEP) microsimulation tax model, July 2014.

The President has proposed, in each of his budget plans since 2009, to make permanent the \$3,000 earnings threshold in order to maintain this expansion of the CTC for low-income working families. One argument for his proposal is that the refundable part of the CTC encourages work. Because it is calculated as a percentage of earnings, a family must have a working parent in order to qualify for it.

The House Republican bill, H.R. 4935, would expand the CTC in three ways that do not help the working poor. First, it would index the \$1,000 per-child credit amount for inflation, which would not help those who earn too little to receive the full credit. Second, it would increase the income level at which the CTC starts to phase out from \$110,000 to \$150,000 for married couples. Third, that

\$150,000 level for married couples and the existing \$75,000 income level for single parents would both be indexed for inflation thereafter.

Impacts of President Obama's and House GOP Tax Credit Proposals in 2018, by Income Group

	% of total in-state tax breaks						Average benefit for families with children 16 & under					
	Obama			GOP			Obama			GOP		
	<\$40K	\$40-100K	\$100K+	<\$40K	\$40-100K	\$100K+	<\$40K	\$40-100K	\$100K+	<\$40K	\$40-100K	\$100K+
US Totals	91%	9%	—	5%	22%	73%	\$ 469	\$ 37	\$ —	\$ 43	\$ 177	\$ 641
Alabama	99%	1%	—	9%	26%	65%	506	8	—	43	172	625
Alaska	85%	15%	—	3%	19%	78%	232	33	—	48	220	743
Arizona	90%	10%	—	5%	27%	68%	473	40	—	42	183	676
Arkansas	85%	15%	—	11%	26%	63%	394	81	—	55	151	666
California	87%	13%	—	5%	22%	73%	473	54	—	47	182	615
Colorado	92%	8%	—	4%	18%	78%	382	15	—	43	168	642
Connecticut	75%	25%	—	4%	15%	81%	213	45	—	66	146	549
Delaware	99%	1%	—	4%	20%	75%	559	3	—	38	171	634
Dist. of Col.	99%	1%	—	13%	45%	42%	203	4	—	33	204	217
Florida	94%	6%	—	9%	24%	67%	510	35	—	49	164	573
Georgia	89%	11%	—	6%	25%	69%	561	70	—	38	171	618
Hawaii	97%	3%	—	3%	24%	72%	517	10	—	32	172	666
Idaho	83%	17%	—	3%	37%	59%	478	47	—	37	194	625
Illinois	92%	8%	—	3%	21%	77%	480	34	—	33	181	652
Indiana	91%	9%	—	5%	26%	69%	461	26	—	55	173	651
Iowa	65%	35%	—	1%	24%	74%	311	64	—	26	189	696
Kansas	82%	18%	—	4%	23%	73%	385	47	—	52	168	630
Kentucky	83%	17%	—	6%	25%	69%	380	40	—	44	158	645
Louisiana	97%	3%	—	8%	21%	71%	544	21	—	46	185	681
Maine	92%	8%	—	4%	27%	69%	237	13	—	38	173	691
Maryland	87%	13%	—	2%	19%	79%	566	44	—	40	179	623
Massachusetts	93%	7%	—	3%	13%	85%	336	20	—	40	156	637
Michigan	92%	8%	—	4%	23%	73%	462	32	—	34	181	699
Minnesota	80%	20%	—	2%	16%	82%	328	44	—	48	184	712
Mississippi	96%	4%	—	11%	25%	64%	490	36	—	44	167	616
Missouri	79%	21%	—	5%	23%	72%	364	77	—	42	167	730
Montana	75%	25%	—	4%	23%	73%	353	55	—	58	153	662
Nebraska	75%	25%	—	4%	21%	76%	367	53	—	58	156	694
Nevada	93%	7%	—	6%	32%	62%	617	33	—	49	182	631
New Hampshire	84%	16%	—	3%	14%	84%	310	27	—	66	175	687
New Jersey	93%	7%	—	3%	16%	81%	493	26	—	51	177	607
New Mexico	91%	9%	—	9%	28%	63%	433	48	—	47	171	582
New York	96%	4%	—	5%	20%	75%	419	18	—	39	181	612
North Carolina	96%	4%	—	7%	24%	69%	489	22	—	44	164	651
North Dakota	72%	28%	—	1%	10%	90%	404	41	—	19	159	725
Ohio	94%	6%	—	4%	29%	68%	451	25	—	35	210	649
Oklahoma	95%	5%	—	5%	25%	70%	502	23	—	41	172	646
Oregon	85%	15%	—	4%	27%	69%	356	41	—	39	191	688
Pennsylvania	84%	16%	—	2%	21%	77%	489	51	—	33	175	685
Rhode Island	99%	1%	—	2%	17%	81%	335	2	—	16	163	645
South Carolina	98%	2%	—	10%	26%	64%	522	12	—	47	170	653
South Dakota	63%	37%	—	3%	23%	74%	443	93	—	50	172	603
Tennessee	92%	8%	—	7%	30%	63%	462	38	—	43	159	584
Texas	93%	7%	—	6%	23%	71%	522	33	—	47	179	637
Utah	85%	15%	—	3%	27%	70%	582	51	—	43	211	789
Vermont	86%	14%	—	4%	18%	79%	270	30	—	45	144	648
Virginia	93%	7%	—	3%	19%	79%	424	18	—	41	178	632
Washington	91%	9%	—	3%	19%	78%	493	14	—	36	182	668
West Virginia	92%	8%	—	6%	26%	67%	382	32	—	39	162	629
Wisconsin	90%	10%	—	2%	21%	77%	485	29	—	28	178	727
Wyoming	83%	17%	—	2%	17%	81%	372	52	—	41	215	758

Source: Institute on Taxation and Economic Policy (ITEP) microsimulation tax model, July 2014.