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CONTACT: Bob McIntyre

## House GOP Child Credit Bill Gives Far More to the Well Off Than to Moderate-Income Families

Over the next four years, the child credit bill passed on June 12 by House Republicans gives 2.4 times as much in total tax cuts to families with children under 17 with family incomes above \$104,000 than it offers to families making less than \$28,000. Fewer than one in seven families with children under 17 makes more than \$104,000 this year, while almost one in three makes less than \$28,000.

An analysis of the House GOP bill by the Institute on Taxation and Economic Policy finds that over the next four years:

- Families with children under 17 and incomes of \$28,000 or less would get an average of \$421 in tax savings — only \$105 a year.
- In contrast, families with children under 17 and incomes of \$104,000 or more this year would get an average of \$2,245 in tax savings — \$561 per year.
- Families making less than \$28,000, who are 30.3 percent of all families with children under 17, would get 11.9 percent of the tax cuts under the bill over four years.
- Families making more than \$104,000, who are 13.7 percent of all families with children under 17, would get 28.7 percent of the bill's tax cuts over four years.

### Effects of the House GOP 2003 Child Credit Plan in 2003-06 on families with children under 17

Income Group	Millions of families w/ kids < 17 in 2003	% of these families	Effects in 2003 & 2004, per year			Effects in 2005 & 2006, per year			Four year totals	
			% with tax cut	Ave tax cut (all)	% of total tax cut	% with tax cut	Ave tax cut (all)	% of total tax cut	Ave tax cut (all)	% of total tax cut
Less than \$16,000	5.7	14.3%	26%	\$-30	3.8%	6%	\$-9	0.3%	\$-79	1.0%
\$16,000 - 28,000	6.4	16.1%	52%	-148	20.7%	62%	-215	8.2%	-725	10.9%
\$28,000 - 45,000	7.1	17.7%	19%	-122	18.9%	90%	-448	19.0%	-1,139	19.0%
\$45,000 - 73,000	9.7	24.0%	3%	-33	6.9%	99%	-556	31.9%	-1,177	26.6%
\$73,000 - 104,000	5.5	13.8%	1%	-5	0.5%	98%	-522	17.2%	-1,052	13.7%
\$104,000 - 145,000	2.7	6.6%	61%	-377	21.8%	96%	-1,111	17.5%	-2,976	18.4%
\$145,000 - 337,000	2.3	5.6%	51%	-555	27.3%	38%	-425	5.7%	-1,961	10.3%
\$337,000 or more	0.6	1.5%	—	—	—	—	—	—	—	—
<b>ALL</b>	<b>40.2</b>	<b>100.0%</b>	<b>23%</b>	<b>\$-115</b>	<b>100.0%</b>	<b>73%</b>	<b>\$-418</b>	<b>100.0%</b>	<b>\$-1,066</b>	<b>100.0%</b>
<b>ADDENDUM</b>										
Less than \$28,000	12.2	30.3%	40%	\$-93	24.5%	36%	\$-118	8.5%	\$-421	11.9%
\$104,000 or more	5.5	13.7%	51%	-411	49.1%	62%	-712	23.3%	-2,245	28.7%

The proposal would make the following changes to current law: (1) In 2003 and 2004, the refundability percentage for the child credit would rise to 15% (from 10%); it is already scheduled to be 15% in 2005 through 2010. (2) Starting in 2003, the phase-out of the credit would begin at \$150,000 of income (rather than at \$110,000). (3) Starting in 2005, the child credit would rise to \$1,000 per child (from \$700 in 2005-08 and \$800 in 2009). Note: Percentages with tax cuts and average tax cuts are for families with children under 17 only. (The other 93 million taxpayers are not affected by the bill.)

Source: Institute on Taxation and Economic Policy Tax Model, June 12, 2003.