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One in Six Families with Children Would Gain from Increasing Child Credit Refund Percentage

Increasing the percentage used to compute the refundability of the child credit from 10% to 15% would help 6.5 million families with 11.9 million children nationwide this year and next. That represents one out of six families with children under 17 whose family incomes do not exceed the income phase-out for the credit.

A provision to increase the refundability percentage for the credit was included in the Senate-passed version of the tax bill. But that provision was not in the House-passed bill or the original Bush proposal, and was dropped in the final plan.

A state-by-state analysis of the effects of boosting the child credit refund percentage from 10% to 15% by the Institute on Taxation and Economic Policy finds:

- Nationwide, 6.5 million families with children under 17 would get an increased benefit from the child credit under the Senate plan. These families include 11.9 million children under age 17.
- The 6.5 million families who would be helped by the Senate plan represent one out of six families with children under 17 (excluding those ineligible because of the income phase-out at upper-income levels).
- In 13 states, 20% or more of families would be helped by expanding the child credit as the Senate proposed. The share of families that would be helped ranges as high as 27%, in Mississippi.

Under current law, families are eligible for a full or partial child credit beyond their income tax liability, equal to 10% of the amount by which family income exceeds \$10,500. The percentage is scheduled to increase to 15% in 2005. Under the Senate-passed tax bill, the percentage would have been increased to 15% starting this year.

A table detailing the state-by-state figures on the effects of adopting the Senate plan to increase the child tax credit refundability percentage to 15% is on the next page.

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States with the highest % of families helped by boosting the child credit refund percentage

	% of families helped*
Mississippi	27%
Louisiana	25%
Alabama	24%
New Mexico	23%
Texas	23%
Georgia	23%
Florida	21%
California	21%
Tennessee	21%
Nevada	20%
Idaho	20%
Oklahoma	20%
Oregon	20%

*Percent of families with children under 17, excluding families above income phase-out.

Families with children under 17 helped by increasing the refundability percentage for the child credit from 10% to 15%, by state, numbers in thousands

State	# of families helped	# of kids in these families	% of families with children under 17 helped*
All States	6,499	11,912	17%
Alabama	155	250	24%
Alaska	10	20	11%
Arizona	123	223	19%
Arkansas	76	132	19%
California	880	1,746	21%
Colorado	82	151	14%
Connecticut	44	78	11%
Delaware	15	23	14%
Dist. of Col.	9	14	15%
Florida	438	737	21%
Georgia	273	492	23%
Hawaii	22	45	13%
Idaho	39	73	20%
Illinois	231	426	14%
Indiana	115	209	14%
Iowa	39	72	11%
Kansas	60	112	16%
Kentucky	90	150	16%
Louisiana	161	272	25%
Maine	25	41	14%
Maryland	103	196	14%
Massachusetts	80	159	10%
Michigan	157	282	12%
Minnesota	84	163	13%
Mississippi	120	213	27%
Missouri	104	183	14%
Montana	20	35	17%
Nebraska	31	63	13%
Nevada	56	105	20%
New Hampshire	24	48	15%
New Jersey	134	251	13%
New Mexico	51	90	23%
New York	423	803	18%
North Carolina	184	305	16%
North Dakota	13	25	15%
Ohio	197	334	13%
Oklahoma	91	162	20%
Oregon	86	160	20%
Pennsylvania	225	427	15%
Rhode Island	16	33	12%
South Carolina	115	199	19%
South Dakota	15	29	15%
Tennessee	168	266	21%
Texas	689	1,312	23%
Utah	62	132	19%
Vermont	9	16	10%
Virginia	139	240	16%
Washington	102	197	13%
West Virginia	31	53	15%
Wisconsin	74	143	11%
Wyoming	10	22	17%

*Excludes families above income phase-out.