

Child Tax Credit

2024 updates

– Children's Research and Education Institute –

Introduction and overview

- Introduction
 - David Harris, Children's Research and Education Institute
- Overview
 - War on Poverty over 60 years
 - Child poverty cut in half in 2021
 - Social Security expansions in late 60s/early 70s impact on senior poverty
 - Government sponsored commissions
 - Federal – National Academy of Sciences (NAS)
 - California
 - NYS

CTC: State level updates since 2023

- 14 states now have State-level child tax credits
 - Most refundable
 - Most ITIN-inclusive
 - Credits range from lows of ~\$300 per child to highs of \$1750 per child
- Several states implemented reforms/expansions in 2023:
 - Colorado, Maine, Maryland, Massachusetts, Minnesota, Oregon, Utah, NYS
 - NYS expansion: included children under 4 years old

CTC: Federal level updates since 2023

- Update on Federal law:
 - Current credit maximum \$2,000 per child
 - Eligibility varies by family status, number of children, earnings
 - Single filer with one kid needs nearly \$25k to get full credit
 - Joint filers with four kids need closer to \$50k to get full credit
 - $\frac{1}{4}$ of children in families who earn too little to get full credit, the “left behind”
 - Left behind disproportionately made up of children of color, households headed by women, young children, rural children, rural families
 - Possible expansion in 2024: some expansion of refundability
 - What may be coming at end of 2025: tax code changes, CTC halved, and?

CTC: State by State comparison

State	Refundable	Permanent	ITIN inclusive	Age Eligibility	Maximum Credit	Recent change (year enacted)
California	Yes*	Yes	Yes	Under 6	\$1,163 per household	Improved in 2022
Colorado	Yes	Yes	Yes	Under 6	\$1,200 per child	Expanded in 2023
Idaho	No	No, temporary through January 1, 2026	No	Under 17 or permanently disabled	\$205 per child (not to exceed income tax liability)	Unchanged since 2018
Maine	Yes	Yes	Yes	Under 17	\$300 per child	Expanded in 2023
Maryland	Yes	Yes	Yes	Under 6 or disability under 17	\$500 per child	Expanded in 2023
Massachusetts	Yes	Yes	Yes	Under 12, adult dependents 65+, disabled dependents	\$330 in 2023 per qualified dependent, \$440 in 2024	Expanded in 2023
Minnesota	Yes	Yes	Yes	Under 18	\$1,750	New in 2023
New Jersey	Yes	Yes	Yes	Under 6	\$1,000 per child	New in 2022; Expanded in 2023
New Mexico	Yes	No, temporary through January 1, 2032	Yes	Under 17	\$683 per child	New in 2022; Expanded in 2023
New York	Partially*	Yes	Partially*	Under 17	\$330 per child	Expanded in 2023
Oklahoma	No	Yes	No	Under 17	\$100 per child (not to exceed income tax liability)	Unchanged since 2008
Oregon	Yes	No, temporary through January 1, 2029	Yes	Under 6	\$1,138 per child	New in 2023
Utah	No	Yes	No	Under 4 and at least 12 months	\$1,000 per child (not to exceed income tax liability)	New in 2023
Vermont	Yes	Yes	Yes	Under 6	\$1,000 per child	New in 2022; Expanded in 2023

*Analysis prepared by the **Institute on Taxation and Economic Policy (ITEP), 2024**
 2023 version accessible here: <https://itep.org/states-are-boosting-economic-security-with-child-tax-credits-in-2023/>

State level example: Minnesota

- Profile of Minnesota CTC, including recent changes:
 - Value: \$1750 (largest state CTC)
 - Fully refundable: Yes
 - ITIN inclusive: Yes
 - Ages: 0-17
- Notes on implementation and expansion:
 - New in 2023
 - Outreach
 - Other administrative considerations

State level example: Vermont

- Profile of Vermont CTC, including recent changes:
 - Value: \$1000
 - Fully refundable: Yes
 - ITIN inclusive: Yes
 - Ages: 0-5
- Notes on implementation and expansion:
 - New in 2022, expanded in 2023

State level example: New Jersey

- Profile of New Jersey CTC, including recent changes:
 - Value: \$1000
 - Fully refundable: Yes
 - ITIN inclusive: Yes
 - Ages: 0-5
- Notes on implementation and expansion:
 - New in 2022, expanded in 2023

International example: Canada

- Profile of Canada Child Benefit:
 - Value: \$PPP 741.80 - 879.29 per month for a family w/ 2 children, indexed
 - Fully refundable: Yes
 - Ages: 0-17, with larger credit for children 0-5
- Notes on implementation and expansion:
 - Monthly payments (18th of every month guaranteed)
 - Website/portal for updates
 - Says CCB on direct deposit/checks
 - Local benefits piggyback
 - Outreach

International example: Republic of Korea

- Profile of Republic of Korea child allowance:
 - Value: \$PPP \$200 per month for a family w/ 2 children
 - Available to the poorest families and children (equivalent of fully refundable)
 - Ages: 0-7
- Notes on implementation and expansion:
 - Coverage began with infants
 - Expanded each year to allow initial cohort to retain eligibility

Alternative examples: pregnancy/birth grants

- Common in other countries
- Supported by science on brain development
- Supported by data on importance of cash transfers at youngest ages
- U.S. House of Reps' child credit plan includes birth grant
- Several pilots, but no state has implemented statewide
- Would offset high cost of giving birth in high-cost state like NYS
- Advance payment approach could address credits arriving after first year
- Could potentially be simulated as supplement to existing CPRAC proposals
- Opportunity for NY to be national leader

Notes for New York

- Based on these examples, NYS should consider:
 - Strengthen credit from partially refundable to fully refundable
 - Larger credit, bringing in line with or exceeding states like MN, NJ, VT
 - Admin reforms making credit easier to access (websites, apps)
 - Provide enhanced support during pregnancy and baby's first year
 - If resources are limited, target expansion of credits to earliest ages:
 - Pregnancy
 - Birth
 - Ages 0-6
 - Korea's model (adding new cohorts over time)
- In the reform process, NYS should keep in mind:
 - Simplifying and streamlining enrollment processes, forms, requirements, etc.
 - Outreach, including more hands-on assistance

Conclusion

- Questions?
- Thank you