

29-Jan-09

PRELIMINARY RESULTS

T09-0074

Reduce Earnings Threshold for Refundable Child Tax Credit (CTC) to \$3,000

Baseline: \$6,000 Threshold

Static Impact on Number of Eligible Children (millions), 2009¹

	Year
	2009
<u>Kids Newly Eligible for the Refundable Credit²:</u>	
Option 1: Reduce to unindexed \$3,000 threshold ³	1.4
<u>Kids with Increased Refundable Child Credit⁴:</u>	
Option 1: Reduce to unindexed \$3,000 threshold ³	10.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

(1) Estimates are static and do not account for any potential microeconomic behavioral response. Official estimates from the Joint Committee on Taxation would likely show a somewhat different effect on revenue.

(2) Kids newly eligible for the refundable child credit includes all children potentially eligible for the child credit on returns claiming a non-zero value for the refundable child credit under the proposal but not in the baseline.

(3) Baseline is current law with threshold reduced to \$6,000. Proposal reduces the unindexed earnings threshold to \$3,000, effective 01/01/09.

(4) Kids with increased refundable child credit includes all children potentially eligible for the child credit on returns claiming a non-zero value for the refundable child credit in the baseline and a larger value under the proposal.