

**Revenue Discussion: H.510**

**The Big Picture**

- Senate Appropriations has requested total Senate tax reductions totaling \$13.5 million less than the House.
- House passed tax position: -\$46.54 million
- As of April 13, Senate passed position: \$3.23 million
- **Senate “target”: -\$33 million in total tax reductions**

Without raising revenues, **this means the Child Tax Credit (or any other total revenue changes) cannot exceed roughly \$36 million in total costs**

- Note: House passed Child Tax Credit cost \$48 million

Overall Tax Changes in House and Senate (in Millions of Dollars)						
			House	Senate as passed	Senate Hypothetical	
General Fund						
Line	Bill#	Description	FY2023	FY2023	FY2023	
1	S.53	Military Retirement and Survivors Exemption (\$10,000 in S.53 House Passed, \$10,000 in House and Survivors)	-\$0.93	-\$0.45	-\$0.45	
2	H.510	Social Security Exemption (House up thresholds \$5k)	-\$1.67			
3	H.510	Child Tax Credit	-\$48.00			-\$36.00
4	S.53	Corporate Tax Changes (Single Sales Factor)	-\$4.01			
5	S.53	Corporate Tax Changes (Throwback Rule Repeal)	-\$0.30	-\$0.30	-\$0.30	
6	S.53	Corporate Tax Changes (Repeal of 80/20 language)	\$0.83	\$0.83	\$0.83	
7	S.53	Corporate Tax Changes (Joyce to Finnegan)	\$2.65	\$2.65	\$2.65	
8	S.53	Corporate Tax Changes (Corporate Minimum Tax)	\$1.42			
9	H.510?	Mutual Fund Fees				
10	H.437	Property Transfer Tax Surcharge	\$2.80			
11	S.53	CSRS Exemption		-\$0.49	-\$0.49	
12	H.730	Changing RTD and FF Wine to Per Gallon Tax	-\$0.08			
13	H.730	Change to Direct App for Liquor	\$1.00	\$1.00	\$1.00	
14		<b>Subtotal General Fund</b>	<b>-\$46.54</b>	<b>\$3.23</b>		<b>-\$32.77</b>

Difference from House Tax Position	<b>\$13.77</b>
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**How to get the Child Tax Credit to cost \$36 million (Preliminary Estimates)**

**Option 1: Same construct as House, smaller credit, lower income thresholds**

- \$965 fully refundable credit
- Available up to \$150,000, phases out quickly after.
- Total cost \$36.1 million

**Option 2: Same income thresholds as House, smaller credit, different age limit**

- \$1,050 fully refundable tax credit
- Available up to \$200,000, phases out quickly after
- Available for children ages 5 and under (instead of 6 and under)
- Total cost \$36 million

**Option 3: Big credit at lower incomes, longer phaseout**

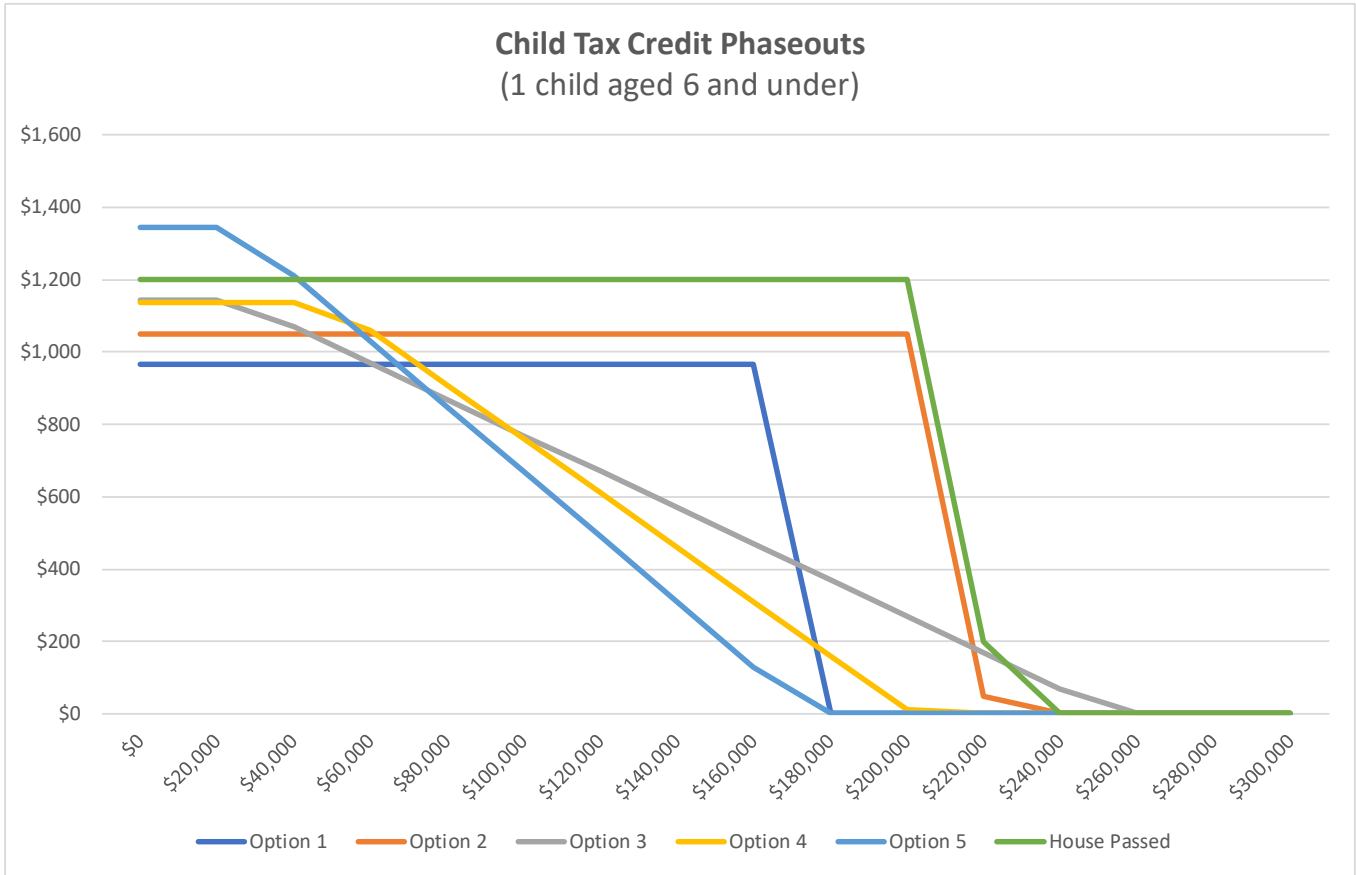
- \$1,145 refundable credit for taxpayers below \$25,000 AGI
- Phases out \$50 for every \$10,000 in income after that.
- Total Cost: \$36.1 million

**Option 4: Big credit at lower incomes, shorter phaseout**

- \$1,135 refundable credit for taxpayers below \$50,000 AGI
- Phases out \$75 for every \$10,000 in income after that.
- Total Cost: \$36.1 million

**Option 5: Even bigger credit at lower incomes, quick phaseout**

- \$1,345 refundable credit for taxpayers below \$25,000 AGI
- Phases out \$90 for every \$10,000 in income after that.
- Total Cost: \$36.1 million



**Number of Children 6 and Under by Income Group (JFO Estimates)**

Number of Children 6 and Under by Income Group		
Income Group		Estimated Number of Children aged 6 and Under
\$0	\$25,000	5,562
\$25,000	\$50,000	9,823
\$50,000	\$75,000	6,205
\$75,000	\$100,000	4,996
\$100,000	\$125,000	7,990
\$125,000	\$150,000	3,010
\$150,000	\$175,000	1,753
\$175,000	\$200,000	1,171
\$200,000	\$250,000	572
\$250,000	\$300,000	164
\$300,000	Infinity	369
Total		41,615

Source: Census Estimates, with JFO adjustments