

Senate H.510 Proposal
Fiscal Impacts

Total Package Cost: \$36.27 million

Appropriations: \$4.25 million

- \$750,000 in additional State funding to the Aid to the Aged, Blind, and Disabled program
- \$3.5 million in additional in childcare worker retention funding as passed in Budget Adjustment.

Tax Proposals: \$32.02 million

1) Child Tax Credit: -\$22.5 million

- Ages 5 and under
- \$1,000 base credit up to \$55,000 in AGI
- Phases out \$125 for every \$10,000 after that
- Credit is \$0 by \$135,000
- Sunset in 3 years

2) Child and Dependent Care Credit: -\$5.35 million

- 100% of the Federal Credit
- Fully refundable
- Sunset in 3 years

3) Student Loan Interest Deduction: -\$2.2 million

- Limited by income: \$120,000 for single filers, \$200,000 for married filers
- Sunset in 3 years

4) Manufactured Homes Tax Credit: -\$250,000

- Expansion of the existing credit by \$250,000

5) House Social Security exemption expansion: -\$1.67 million

- Expands the income thresholds by \$5,000
 - Full exemption for \$50,000 for single filers \$65,000 for married filers
 - Phases out over next \$10,000

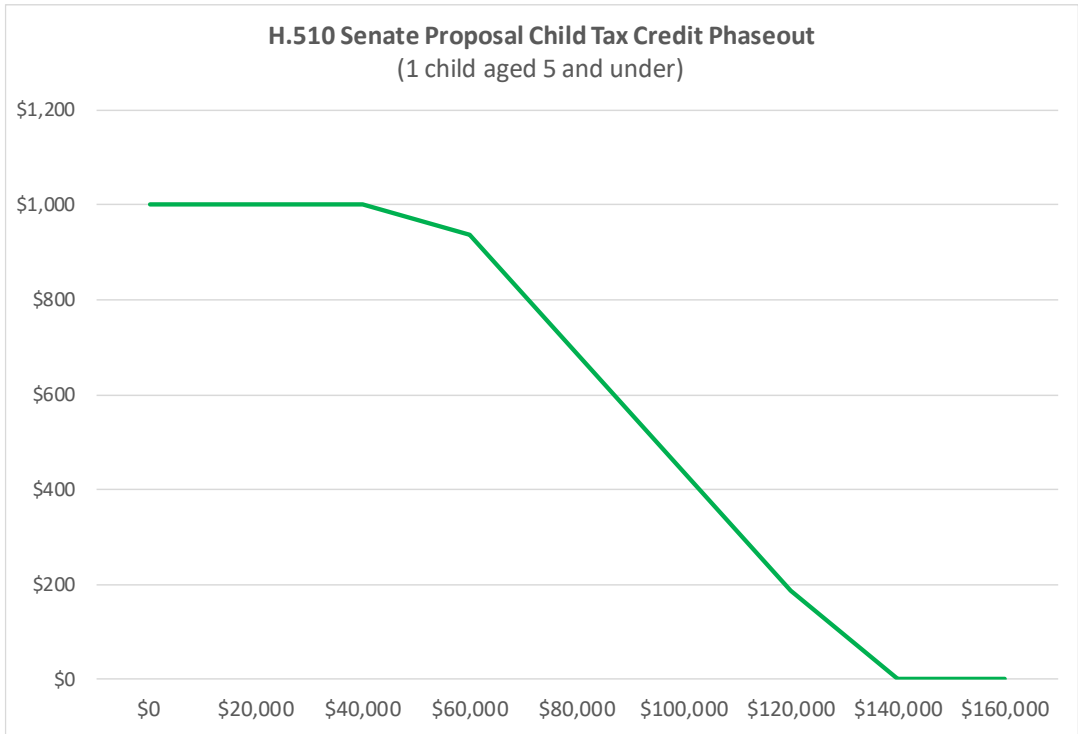
6) Expand income thresholds for retirement exemptions in S.53 by \$5,000: -\$50,000

- \$10,000 CSRS, non-Social Security, and military retirement exemption would phase out after the income limits for the Social Security exemption in 5)

Details and Analysis

Child Tax Credit

- Impacts just under 30,800 children



Child and Dependent Care Credit

| Estimated Impacts of Proposed CDCC Expansion (Resident Tax Returns) | | | | | |
|--|-----------------------|----------------------------|--------------------------------|----------------------|---------------------------|
| Income Group | | Number of Returns Impacted | Total Tax Change (in millions) | Average Tax Decrease | Effective Tax Rate Change |
| Negative | \$25,000 | 242 | -\$0.07 | -\$289.3 | -1.35% |
| | \$25,000 - \$50,000 | 2,003 | -\$0.80 | -\$399.4 | -1.06% |
| | \$50,000 - \$75,000 | 1,775 | -\$0.72 | -\$405.6 | -0.64% |
| | \$75,000 - \$100,000 | 2,101 | -\$0.92 | -\$437.9 | -0.50% |
| | \$100,000 - \$150,000 | 3,763 | -\$1.57 | -\$417.2 | -0.34% |
| | \$150,000 - \$200,000 | 1,653 | -\$0.69 | -\$417.4 | -0.24% |
| | \$200,000 - \$300,000 | 909 | -\$0.36 | -\$396.0 | -0.17% |
| | \$300,000 - Infinity | 492 | -\$0.21 | -\$426.8 | -0.09% |
| Total | | 12,938 | -\$5.34 | -\$412.7 | -0.34% |

Social Security Exemption Expansion

| Tax Impacts of Social Security Threshold Change | | | | |
|--|----------|---------------------------------|---|----------------------------|
| | | Tax Returns Impacted | Total Tax Impact (in millions) | Average Tax Cut |
| Negative | \$40,000 | 0 | \$0.00 | \$0 |
| \$40,000 | \$50,000 | 1,170 | -\$0.14 | -\$123 |
| \$50,000 | \$60,000 | 2,312 | -\$0.56 | -\$241 |
| \$60,000 | \$70,000 | 2,848 | -\$0.70 | -\$247 |
| \$70,000 | \$80,000 | 1,472 | -\$0.27 | -\$184 |
| \$80,000 | Infinity | 0 | \$0.00 | \$0 |
| Total | | 7,802 | -\$1.67 | -\$215 |