

Prepared by the Joint Fiscal Office
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Possible Senate Child Tax Credit Proposals

House Passed:

- \$1,200 refundable credit for each child 6 and under
- Full credit up to \$200,000 AGI for single/married taxpayers
- Phases out quickly after \$200,000
- Roughly 40,000 children receive \$1,200
- **Total cost: \$48 million**

Goal: \$45 million overall cost, more progressive structure than House

Idea 1: Big credit at lower incomes, longer phaseout

- \$1,350 refundable credit for taxpayers below \$25,000 AGI
- Phases out \$50 for every \$10,000 in income after that.
- Credit is \$0 by \$295,000
- Estimated 39,000 children receive some tax credit
- **Total Cost: \$45.2 million**

Idea 2: Big credit at lower incomes, shorter phaseout

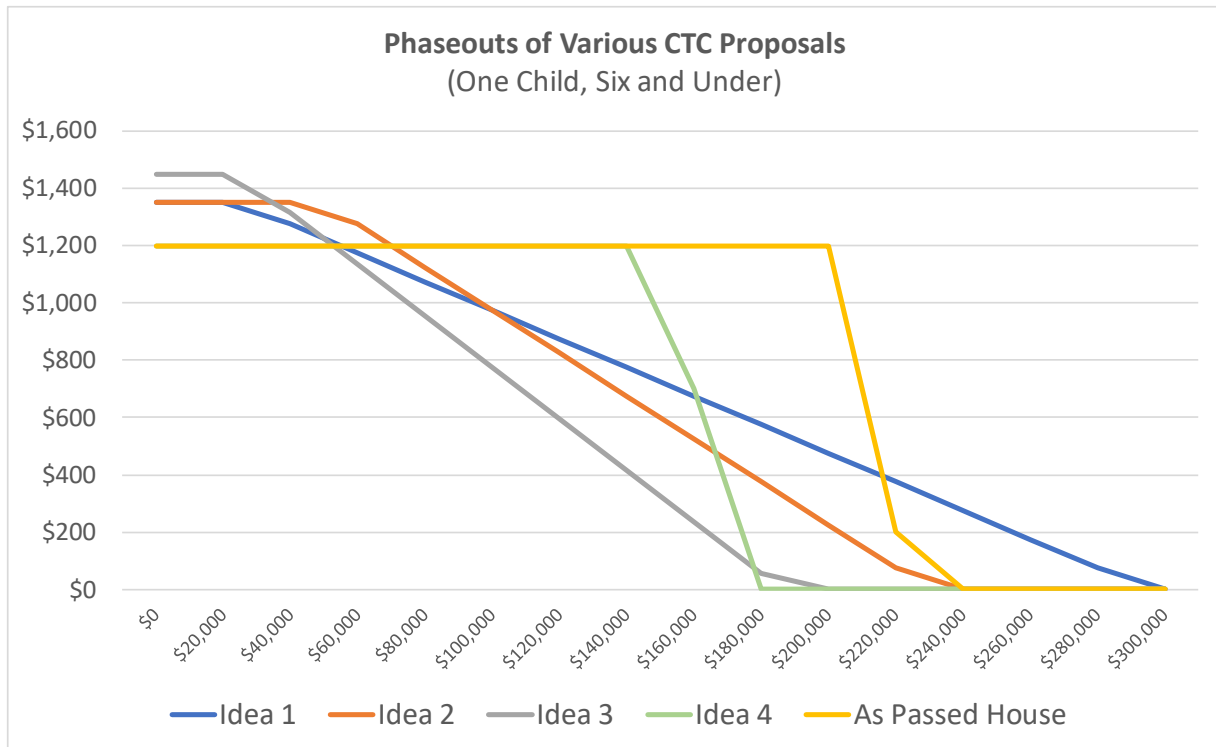
- \$1,350 refundable credit for taxpayers below \$50,000 AGI
- Phases out \$75 for every \$10,000 in income after that.
- Credit is \$0 by \$230,000
- Estimated 33,000 receive some tax credit
- **Total Cost: \$45 million**

Idea 3: Even bigger credit at lower incomes, quick phaseout

- \$1,450 refundable credit for taxpayers below \$25,000 AGI
- Phases out \$90 for every \$10,000 in income after that.
- Credit is \$0 by \$186,000
- Estimated 33,000 children receive some tax credit
- **Total Cost: \$45.3 million**

Idea 4: Same as House, just lower income thresholds

- \$1,200 refundable credit for children 6 and under
- Full credit up to \$150,000 AGI for single/married taxpayers
- Credit is \$0 by \$174,000
- Estimated 37,500 children receive \$1,200
- **Total Cost: \$44.6 million**



Bonus just for reference: same as House, only a smaller credit

- \$1,125 refundable credit for each child 6 and under
- Full credit up to \$200,000 AGI for single/married taxpayers
- Phases out quickly after \$200,000
- Roughly 40,000 children receive \$1,125
- **Total cost: \$45 million**

Where do young kids live in the income distribution?

Estimates of Households With Children 6 and Under by Income Group (2019 Vermont ACS Estimates)			
Income Bracket	Share of Households with at least one child 6 and Under	Share of Households with 2 or more children six and under	Total Number of Children Six and Under
Negative	0.0%	0.00%	0
0 to \$25,000	8.3%	2.20%	5,914
\$25,000 to \$50,000	10.9%	2.26%	8,973
\$50,000 to \$75,000	9.1%	4.08%	5,805
\$75,000 to \$100,000	13.9%	3.78%	5,567
\$100,000 to \$200,000	16.9%	6.81%	12,241
\$200,000 to \$300,000	4.1%	2.51%	658
\$300,000+	6.1%	0.00%	390

Source: 2019 ACS Estimates for Vermont