T07-0108
Options to Expand the Child Tax Credit
Static Impact on Individual Income Tax Liability and Revenue ($ billions), 2007-17[1]

	Year											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2007-17
Fiscal Year Revenue[2]												
Set refundability threshold to $10,000 and de-index	-0.3	-1.4	-1.6	-1.7	-1.9	-2.0	-2.2	-2.3	-2.4	-2.6	-2.8	-21.2
Set refundability threshold to $5,000 and de-index	-1.1	-5.6	-5.6	-5.6	-5.7	-5.6	-5.7	-5.7	-5.8	-5.9	-5.9	-58.2
Set refundability threshold to $0	-1.8	-9.2	-9.0	-8.9	-8.8	-8.6	-8.6	-8.5	-8.4	-8.4	-8.3	-88.6
Set refundability threshold to $0 and reduce phase-in rate to 10 percent	-1.3	-6.6	-6.6	-6.6	-6.6	-6.5	-6.5	-6.5	-6.5	-6.5	-6.6	-66.8
Make child credit fully refundable	-2.5	-12.6	-12.2	-11.9	-11.7	-11.3	-11.2	-11.0	-10.8	-10.6	-10.5	-116.3
Calendar Year Liability												
Set refundability threshold to $10,000 and de-index	-1.4	-1.6	-1.7	-1.9	-1.9	-2.1	-2.3	-2.4	-2.6	-2.7	-2.9	-23.5
Set refundability threshold to $5,000 and de-index	-5.6	-5.6	-5.6	-5.7	-5.6	-5.7	-5.7	-5.8	-5.9	-5.9	-6.0	-63.0
Set refundability threshold to $0	-9.2	-9.0	-8.9	-8.9	-8.6	-8.6	-8.5	-8.4	-8.4	-8.3	-8.2	-95.2
Set refundability threshold to $0 and reduce phase-in rate to 10 percent	-6.6	-6.6	-6.6	-6.6	-6.5	-6.5	-6.5	-6.5	-6.5	-6.6	-6.6	-72.1
Make child credit fully refundable	-12.7	-12.3	-12.0	-11.8	-11.4	-11.2	-11.0	-10.8	-10.7	-10.5	-10.3	-124.6
Addenda:												
Kids Newly Eligible for the Refundable Child Credit (millions)[3]												
Set refundability threshold to $10,000 and de-index	1.7	1.8	2.0	2.2	2.2	2.3	2.3	2.5	2.5	2.6	2.5	
Set refundability threshold to $5,000 and de-index	4.9	4.9	5.0	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	
Set refundability threshold to $0	6.7	6.5	6.5	6.5	6.3	6.2	6.1	6.0	6.0	5.9	5.8	
Set refundability threshold to $0 and reduce phase-in rate to 10 percent	6.7	6.5	6.5	6.5	6.3	6.2	6.1	6.0	6.0	5.9	5.8	
Make child credit fully refundable	7.1	6.9	6.9	6.8	6.6	6.5	6.4	6.3	6.3	6.2	6.1	
Kids with Increased Refundable Child Credit (millions)[4]												
Set refundability threshold to $10,000 and de-index	10.5	10.1	9.6	9.4	8.6	8.5	8.4	8.1	7.9	7.8	7.7	
Set refundability threshold to $5,000 and de-index	10.6	10.2	9.7	9.4	8.6	8.6	8.5	8.1	8.0	7.9	7.8	
Set refundability threshold to $0	10.7	10.3	9.7	9.5	8.7	8.6	8.5	8.2	8.0	7.9	7.8	
Set refundability threshold to $0 and reduce phase-in rate to 10 percent	10.5	10.1	9.6	9.4	8.6	8.5	8.4	8.1	8.0	7.9	7.8	
Make child credit fully refundable	10.7	10.3	9.7	9.5	8.7	8.6	8.5	8.2	8.0	7.9	7.8	
Kids with Decreased Refundable Child Credit (millions)[5]												
Set refundability threshold to $0 and reduce phase-in rate to 10 percent	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

(1) Proposals are effective 01/01/07. Baseline is current law plus permanent extension of the child credit expansions, including the $1,000 per child maximum, the 15 percent phase-in rate, and elimination of the AMT limitation. Revenue and liability figures are in nominal dollars. 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) Fiscal-year revenue numbers assume a 20-80 split. The actual effect on receipts could differ.

(3) 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.

(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.

(5) Kids with decreased refundable child credit includes all children potentially eligible for the child credit on returns claiming a smaller value for the refundable child credit under the proposal than in the baseline. The proposals not shown have no children in tax units with a decrease in the value of the refundable child credit.