

T07-0299
Options to Expand the Child Tax Credit
Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2007-11¹

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2007-11 |
|---|------|------|------|------|------|---------|
| Fiscal Year Revenue² | | | | | | |
| De-index refundability threshold at 2008 level (\$12,000) | 0.0 | 0.0 | 0.0 | -0.2 | -0.3 | -0.6 |
| Set refundability threshold to \$11,000 and de-index | 0.0 | -0.2 | -0.8 | -1.0 | -0.9 | -2.8 |
| Set refundability threshold to \$10,000 and de-index | 0.0 | -0.3 | -1.6 | -1.7 | -1.5 | -5.2 |
| Calendar Year Liability | | | | | | |
| De-index refundability threshold at 2008 level (\$12,000) | 0.0 | 0.0 | -0.2 | -0.4 | 0.0 | -0.6 |
| Set refundability threshold to \$11,000 and de-index | 0.0 | -0.8 | -0.9 | -1.1 | 0.0 | -2.8 |
| Set refundability threshold to \$10,000 and de-index | 0.0 | -1.6 | -1.7 | -1.9 | 0.0 | -5.2 |
| Addenda: | | | | | | |
| Kids Newly Eligible for the Refundable Child Credit (millions)³ | | | | | | |
| De-index refundability threshold at 2008 level (\$12,000) | 0.0 | 0.0 | 0.2 | 0.6 | | |
| Set refundability threshold to \$11,000 and de-index | 0.0 | 1.0 | 1.1 | 1.4 | | |
| Set refundability threshold to \$10,000 and de-index | 0.0 | 1.8 | 2.0 | 2.2 | | |
| Kids with Increased Refundable Child Credit (millions)⁴ | | | | | | |
| De-index refundability threshold at 2008 level (\$12,000) | 0.0 | 0.0 | 9.6 | 9.3 | | |
| Set refundability threshold to \$11,000 and de-index | 0.0 | 10.1 | 9.6 | 9.4 | | |
| Set refundability threshold to \$10,000 and de-index | 0.0 | 10.1 | 9.6 | 9.4 | | |

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

(1) Proposals are effective 01/01/08 and sunset 12/31/10. Baseline is current law. 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.