

Table T09-0023
Expansion of Child and Dependent Care Tax Credit (CDCTC)
Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2009-18¹

	Year											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-18	
Fiscal Year Revenue²												
Expand CDCTC to be indexed, fully refundable, with \$5,000 expense limit^{3,4}												
Baseline 1: Current Law⁵	-0.6	-3.2	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.3
Baseline 2: Current Law Plus AMT patch⁶	-0.8	-4.1	-3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-8.2
Calendar Year Liability												
Expand CDCTC to be indexed, fully refundable, with \$5,000 expense limit												
Baseline 1: Current Law	-3.2	-3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.3
Baseline 2: Current Law Plus AMT patch	-4.0	-4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-8.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

(1) 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) Proposal expands CDCTC to be fully refundable, indexed and to have an expense limit of \$5,000 per child for a maximum of two qualified children for the years 2009 and 2010, effective 01/01/09. This is in addition to President Obama's proposal that would increase the maximum rate from 35 to 50 percent, increase the phase down threshold to \$30,000, and reduce the rate by 2 percentage points for each \$2,000 above \$30,000. The minimum credit rate would remain 20 percent.

(4) The refundability of the CDCTC assumes a 50% participation rate for newly eligible tax units.

(5) Baseline is current law. Proposal is same as that stated in footnote (3).

(6) Baseline is current law plus the extension and indexation for inflation of the AMT patch thru 2010. Proposal is same as that stated in footnote (3) with the addition of the extended and indexed AMT patch thru 2010.