T09-0036

Options for Reforming the Child Tax Credit (CTC)

Static Impact on Number of Eligible Children (millions), 2009[1]

	Year
	2009
Kids Newly Eligible for the Refundable Credit[2]:	
Option 1: Reduce to unindexed $0 threshhold[3]	6.3
Option 2: Reduce to unindexed $3,000 threshhold[4]	5.5
Option 3: Reduce to unindexed $8,500 threshhold[5]	2.6
Kids with Increased Refundable Child Credit[6]:	
Option 1: Reduce to unindexed $0 threshhold[3]	10.4
Option 2: Reduce to unindexed $3,000 threshhold[4]	10.4
Option 3: Reduce to unindexed $8,500 threshhold[5]	10.2

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) 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.

(3) Baseline is current law. Proposal reduces the unindexed earnings threshold to $0, effective 01/01/09.

(4) Baseline is current law. Proposal reduces the unindexed earnings threshold to $3,000, effective 01/01/09.

(5) Baseline is current law. Proposal extends the unindexed earnings threshold of $8,500 permanently, effective 01/01/09.

(6) 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.