

T09-0091
Options for Reforming the Child Tax Credit (CTC)
Baseline: \$8,100 Refundability Threshold
Static Impact on Number of Eligible Children (millions), 2009¹

	Year
	2009
<u>Kids Newly Eligible for the Refundable Credit²:</u>	
Option 1: Reduce to unindexed \$3,000 threshold ³	2.6
<u>Kids with Increased Refundable Child Credit⁴:</u>	
Option 1: Reduce to unindexed \$3,000 threshold ³	10.3

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

(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

(3) Baseline is current law with threshold reduced to \$8,100. Proposal reduces the unindexed earnings threshold to \$3,000, effective 01/01/09.

(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