

H.510 Proposals
April 13, 2022

Context:

- EITC to 45% of Federal (Gov Proposal): -\$6.7 million
- Child and Dependent Care (CDCC) proposal from Governor: -\$2.87 million
- Student Loan Interest Deduction: -\$3.3 million

Goal: -\$36 million in total tax reductions

Option 1: -\$35.6 million

- Expand EITC to 45% of the Federal: -\$6.7 million
- Student Loan Interest Deduction from Governor: -\$3.3 million
- Child Tax Credit: -\$25.6 million

CTC Parameters:

- Ages 6 and under
- \$885 base credit up to \$50,000 in AGI
- Phases out \$80 for every \$10,000 in income after that
- Credit is gone by \$160,625
- Impacts 38,600 children

Note: Dropping age boosts base credit (assuming credit gone by same income as above)

- Ages 5 and Under: \$1,050 (\$95 phaseout)
 - 32,700 kids helped
- Ages 4 and Under: \$1,250 (\$110 phaseout)
 - 28,265 kids helped

Impact of Increasing EITC to 45%				
Income Group		Number of Returns Benefitting	Total Tax Change	Average Tax Change
\$0	\$25,000	23,688	-\$3.75	-\$158.4
\$25,000	\$35,000	6,452	-\$1.81	-\$277.3
\$35,000	\$45,000	5,710	-\$0.86	-\$151.3
\$45,000	\$55,000	2,111	-\$0.20	-\$96.9
\$55,000	Infinity	367	-\$0.02	-\$56.2
Total		38,418	-\$6.65	-\$173.2

Prepared by the Joint Fiscal Office

Alternative Proposal: -\$35.45 million

- Expand CDCC to 100% of Federal and fully refundable: -\$5.35 million
- Student Loan Interest Deduction cut off at \$200k: -\$2.4 million
- Child Care Worker Credit: -\$5.5 million
- Child Tax Credit: -\$22.5 million

CTC Parameters:

- Ages 5 and under
- \$1,000 base credit up to \$55,000 in AGI
- Phases out \$125 for every \$10,000 after that
- Credit is gone by \$135,000
- Impacts just under 30,800 children