



## Creating a Child Tax Credit A Targeted Tax Change with Significant Impact

Senate Bill 513 would create a child tax credit (CTC) of \$400 per child for individuals with adjusted gross incomes of \$46,100 or less, or married couples filing jointly with adjusted gross incomes of \$92,200 or less. The benefit of this tax credit goes predominantly to middle class taxpayers – those in the third and fourth quintiles of wage earners – which would have a much greater economic impact than tax cuts focused on the very wealthy such as those included in HB 253 from last year.

Missouri Budget Project estimates that the Missouri Child Tax Credit contained in SB 513 would reduce state revenue by \$267 million per year. However, this cost could be limited by adjusting the amount of the credit based on income, reducing income eligibility, or by reducing the amount of the credit for everyone. Moreover, the credit could be paid for with revenue increases elsewhere or by limiting or eliminating other deductions or credits.

### Impact of Changes to Missouri Tax Structure Missouri Residents, 2013 income levels Senate Bill 513

2013 Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less Than \$18,000	\$18,000 – \$33,000	\$33,000 – \$52,000	\$52,000 – \$83,000	\$83,000 – \$157,000	\$157,000 – \$391,000	\$391,000 – Or More
Average Income in Group	\$11,000	\$25,000	\$42,000	\$67,000	\$109,000	\$227,000	\$1,094,000
Tax Change as % of Income	-0.0%	-0.2%	-0.3%	-0.3%	-0.1%	-0.0%	—
Average Tax Change	-\$2	-\$59	-\$129	-\$229	-\$92	-\$2	\$0
Share of Tax Change	0%	12%	26%	47%	14%	0%	0%

*Source: Institute on Taxation & Economic Policy*