

Smith-Wyden Bipartisan Tax Bill with Child Tax Credit Expansion: Frequently Asked Questions by your members of Congress who may be skeptical (and how to respond) ([Word version](#))

On January 18, the Tax Relief for American Families and Workers Act (H.R. 7024) passed the House Ways and Means Committee on a 40-3 vote. The bill combines an expansion of the Child Tax Credit (CTC) and the Low-Income Housing Tax Credit alongside new business tax breaks. Estimates are that 16 million children in families with low incomes will benefit. While RESULTS believes that all children from families with low incomes should receive the full CTC (and this legislation will not do that), we are supporting passage of this bill. It gives families the tools they need to lift themselves and their children from poverty and gets us closer to a CTC that covers all kids experiencing poverty.

There are members of Congress on both sides of the aisle who have expressed concerns about the bill. To help you make the strongest case to lawmakers to pass this expansion, please use these frequently asked questions (FAQs) as a guide to addressing their concerns.

Will this bill disincentivize work? (Answer: No)

No. There is a “lookback” provision in this bill which allows families to use their prior year’s income to help maximize their CTC (a lower income can sometimes mean a lower CTC). Some argue this will disincentivize work because parents would be able to claim a larger CTC without having to maintain employment. This claim is best countered by your own experience. Would you stop working at your \$30,000 per year job for a \$2,000 tax credit? Many jobs — even those with lower wages — offer other benefits like health care that a parent would never forgo in favor of a higher CTC. The conservative [Tax Foundation](#) agrees.

Allowing working parents to use a previous year's earnings to calculate their CTC provides families better economic stability when their income unexpectedly changes due to common unfortunate circumstances (e.g., layoffs, reduced hours, injury/disability).

Does this bill give more to businesses than to kids and families, meaning it does not deserve support from anti-poverty advocates? (Answer: No)

No. The Joint Committee on Taxation analysis shows that the cost of business tax breaks versus the CTC expansion are about the same (about \$35 billion each over three years).

Some other analyses say businesses are getting an investment three or five times greater than the CTC, but these analyses are incorrect, forgetting that this legislation expires in 2025. Congress will need to consider extending the business tax breaks again in 2025. Congress will need to consider extending the business tax breaks again in 2025 and RESULTS will be there to demand an equal or greater extension of the CTC at that time.

Does this bill do enough for the families with the lowest incomes? (Answer: No)

No. RESULTS has been clear since the release of this bill that it does not do enough for families with the lowest incomes. However, this bill will likely help 400,000 children's families lift themselves from poverty in 2024. In 2025, that number increases to 500,000 children. About 16 million total kids will benefit in some way, with 40 percent of those families receiving an additional \$1,000 per year. There is no other bill that has a chance to pass this Congress that decreases child poverty as much.

Importantly, passing this bill now puts us in a far better position to expand the CTC again during tax negotiations in 2025. Let's lock in this expansion now and keep pushing next year.

Will this bill add to the deficit? (Answer: No)

No. The cost of this bill is entirely offset by ending a tax credit called the Employee Retention Tax Credit (ERTC). The ERTC was a pandemic-era tax credit for employers who kept staff during lockdowns and closures, but it ended up being rife with fraud, costing taxpayers billions. And with businesses open and unemployment so low right now, the ERTC is not as necessary.

Why the rush to get this done now? (Answer: If passed now, families can claim the expanded CTC for 2023 taxes.)

Families need help now. It has been more than two years since the 2021 CTC expansion expired and millions of children have fallen into poverty as a result. If this bill passes in the next few weeks, affected families will be able to claim the expanded CTC on their 2023 taxes. Plus, the longer the debate drags out, the less likely the bill will pass and families will get no help.

Does this bill change the CTC so that people in the United States without legal immigration documents get CTC payments? (Answer: No)

No. The eligibility requirements in this bill are the same as in 2017 tax legislation signed by former President Trump. Children must still have a Social Security Number to be claimed as a dependent on taxes and receive the CTC.

Please reach out to your members of Congress today and urge them to support this important legislation. We are here to help; contact David Plasterer dplasterer@results.org with any questions.