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The Child Tax Credit: Legislative History

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Summary

The child tax credit was initially structured in the Taxpayer Relief Act of 1997 (P.L. 105-34) as a $500-per-child nonrefundable credit to provide tax relief to middle- and upper-middle-income families. Since 1997, various laws have modified key parameters of the credit, expanding the availability of the benefit to more low-income families while also increasing the value of the tax credit. The first significant change to the child tax credit occurred with the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; P.L. 107-16). EGTRRA increased the amount of the credit over time to $1,000 per child and made it partially refundable under the earned income formula. The refundable portion of the credit—the amount that exceeds income tax liability—is often referred to as the additional child tax credit or ACTC.

Subsequent legislation enacted in 2003 and 2004 accelerated the implementation of the changes made under EGTRRA. In 2008 and 2009, Congress passed legislation—the Emergency Economic Stabilization Act of 2008 (EESA; P.L. 110-343) and the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5)—that further expanded the availability and amount of the credit to taxpayers whose income was too low to either qualify for the credit or be eligible for the full credit. ARRA lowered the refundability threshold to its current level of $3,000 for 2009 through 2010. The ARRA provisions were subsequently extended several times and made permanent by the Protecting Americans from Tax Hikes (PATH) Act of 2015 (Division Q of P.L. 114-113).

At the end of 2017, Congress enacted P.L. 115-97 which, in addition to making numerous changes to the tax code, temporarily changed the child tax credit. Specifically, the law increased the credit for many (though not all) taxpayers by doubling the maximum amount of the credit (and increasing the maximum amount of the ACTC to $1,400), increasing the income at which the credit begins to phase out, and reducing the refundability threshold. In addition, this law temporarily modified the identification (ID) number requirement of the credit, requiring taxpayers to provide the Social Security number (SSN) for every child for whom they claimed the credit.

P.L. 115-97 also created a new temporary "family credit" for non-child credit eligible dependents (children ineligible for the child tax credit or older non-child dependents). Non-child credit eligible dependents excludes otherwise eligible dependents who are citizens of Mexico or Canada. The credit is equal to $500 per non-child credit eligible dependent. The amount is not annually adjusted for inflation. The phaseout parameters of the child credit (i.e., phaseout thresholds of $400,000 married filing jointly, $200,000 other taxpayers, 5% phaseout rate) apply to the family credit. The family credit is not annually adjusted for inflation.

All the modifications to the child tax credit and the new family credit are currently scheduled to expire at the end of 2025.

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Introduction

The child tax credit was created in 1997 by the Taxpayer Relief Act of 1997 (P.L. 105-34) to help ease the financial burden that families incur when they have children. Over the past 20 years, legislative changes have significantly changed the credit, transforming it from a generally nonrefundable credit available only to the middle and upper-middle class, to a partially refundable credit that more low-income families are eligible to claim.

This report examines the legislative history of the credit, describing how the credit has changed over the past two decades as a result of different laws. The report includes a description of the recent legislative changes made to the credit by P.L. 115-97.

Overview

The child tax credit was initially structured in the Taxpayer Relief Act of 1997 (P.L. 105-34) as a $500-per-child nonrefundable credit to provide tax relief to middle- and upper-middle-income families. Since 1997, various laws have modified key parameters of the credit, expanding the availability of the benefit to more low-income families while also increasing the value of the tax credit. The first significant change to the child tax credit occurred with the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; P.L. 107-16). EGTRRA increased the amount of the credit over time to $1,000 per child and made it partially refundable under the earned income formula. The refundable portion of the credit—the amount that exceeds income tax liability—is often referred to as the additional child tax credit or ACTC.

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Table 1. Overview of Key Aspects of the Child Tax Credit Under Current Law

Parameter	2018-2025	Post 2025[a]
Maximum credit per child	$2,000	$1,000
Maximum refundable portion of the credit per child (ACTC)[b]	$1,400	$1,000
Refundability Threshold	$2,500	$3,000
Refundability Rate	15%	15%
Phaseout Threshold	$200,000 unmarried taxpayer including married separate return $400,000 married joint return	$55,000 married separate return $75,000 unmarried taxpayer $110,000 married joint return
Phaseout Rate	5%	5%
Offset AMT Tax Liability	YES	YES

Source: Internal Revenue Code, 26 U.S.C. §24.

a. Under current law, the temporary changes made to the child tax credit by P.L. 115-97 are scheduled to expire at the end of 2025.

b. The refundable portion of the child tax credit is often referred to as the additional child tax credit or ACTC.

Major Legislative Changes Made to the Child Tax Credit Between 1997 and 2017

Below is a summary of major legislative changes made to the child tax credit between 1997 and 2017. These descriptions are preceded by an overview of policy debates that occurred immediately before enactment of the credit.

Before Enactment

The first child tax credit was enacted in 1997 as part of the Taxpayer Relief Act of 1997 (P.L. 105-34), but it was conceived years earlier and included in several different bills before it ultimately became law. In 1991, the bipartisan National Commission on Children,[1] which was established to provide solutions to a variety of problems facing children, recommended in its final report to the President the creation of a $1,000 refundable child tax credit for all children through age 18. The commission's proposed credit amount was indexed for inflation. The report cited slow wage growth, the increasing costs of living, and a rising tax burden for the average family as key factors leading to increased financial burdens on families with children.

The report's authors acknowledged that there were provisions in the tax code meant to address the increased financial burden to families that arose from having children, specifically the exemption for dependents. The dependent exemption was intended to provide economic relief to families

[1] For more information on the National Commission on Children, see its final report: National Commission on Children, *Beyond Rhetoric: A New American Agenda for Children and Families*, Washington, DC, 1991.

with children by reducing taxable income by a fixed amount per dependent, and hence reducing tax liability. However, the amount of the exemption was fixed in nominal terms (i.e., not adjusted for inflation) and the commission's report highlighted the fact that its real value had declined considerably since it was established in 1948.[2] The commission argued against simply increasing the amount of the dependent exemption, noting that such a policy would not provide adequate benefit to lower- and middle-income families. Specifically, the commission noted that the dependent exemption, similar to a tax deduction, provided greater monetary benefit to taxpayers with greater taxable income since it was proportional to a taxpayer's highest marginal tax bracket. And since the dependent exemption could not lower the tax liability of taxpayers who, due to low income, owed no federal income tax, it was unavailable to many families with children who the commission believed most needed economic assistance.

Three years later, in 1994, a child tax credit was included in legislation meant to enact key principles of the Contract with America, a list of policy proposals released by the Republican Party before the 1994 midterm elections. In the 104th Congress, both the American Dream Restoration Act (H.R. 6) and later the Tax Fairness and Deficit Reduction Act of 1995 (H.R. 1215), if they had been enacted, would have provided a $500-per-child nonrefundable[3] tax credit for children under 18 years. The credit would have begun to phase out for families with AGI above $200,000 (regardless of filing status). In response to the legislation that had been drafted in Congress, President Clinton proposed his own child tax credit during the 104th Congress in his Middle Class Bill of Rights Tax Relief Act of 1995. Under this proposal, the child tax credit was a $300-per-child nonrefundable tax credit for tax years 1996 through 1998, increasing to $500 per child after 1998, with income phaseouts beginning at $60,000. The credit amounts were indexed for inflation. An eligible child was defined as being under 13 years of age.[4] President Clinton's proposal was estimated by the Department of the Treasury to cost $35.6 billion over five years, while the American Dream Restoration Act was estimated to cost $107 billion over the same time period.[5]

The Taxpayer Relief Act of 1997

After they did not reach an agreement in 1995, Congress and President Clinton revisited the topic of a child tax credit in 1997. The House, Senate, and Clinton Administration all proposed a $500 nonrefundable tax credit. A key distinction among the proposals centered on the interaction of the child tax credit with the EITC, which would have an impact on the availability of the child tax

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[2] In the Joint Committee on Taxation's (JCT's) explanation of the Taxpayer Relief Act of 1997, the committee cited the decline in the real value of the personal exemption by more than one-third over the prior 50 years as evidence of the tax system's failure to reflect a family's ability to pay. According to JCT, "The Congress believed that the individual income tax structure does not reduce tax liability by enough to reflect a family's reduced ability to pay taxes as family size increases. In part, this is because over the last 50 years the value of the dependent personal exemption has declined in real terms by over one third." For more information see U.S. Congress, Joint Committee on Taxation, JCS-23-97, *General Explanation of Tax Legislation Enacted in 1997*, December 17, 1997, pp. 6-7.

[3] The legislative language of the child tax credit included in H.R. 6 was drafted to create a new refundable credit. While the credit created by H.R. 6 could exceed a taxpayer's income tax liability, it could not exceed the sum of their income and Social Security taxes.

[4] U.S. Congress, Joint Committee on Taxation, *Background and Information Relating to Three Tax Cut Proposals for Middle Income Americans: A $500 per Child Tax Credit, A Reduction in the Marriage Penalty, and A Deduction for Education and Job Training Expenses*, 104th Cong., 1st sess., March 15, 1995, p. 5.

[5] "Treasury Release Contrasting Revenue Costs of Clinton, GOP Tax Cuts," *Tax Notes Today*, LB1290, December 16, 1994.

credit to lower-income taxpayers.[6] Both the Senate and House legislation proposed applying the nonrefundable child tax credit after the EITC had already reduced tax liability. President Clinton proposed the application of the child tax credit before the application of the EITC. For many low- and moderate-income taxpayers, claiming the EITC before the nonrefundable child tax credit reduced or eliminated their child tax credit. By contrast, claiming the nonrefundable child credit before the EITC allowed the taxpayer to claim the full amount of the child tax credit they were eligible for and did not change the value of their EITC. For example, assume that in 1997 a two-parent, two-child family has $23,000 of income. This family would have an $825 tax liability before the application of credits. They would also be eligible for $1,325 in the EITC and, assuming the child credit was $500 per child, $1,000 of child tax credit. If the EITC was claimed before the child tax credit, this family's tax liability would be reduced to zero and they would receive the remainder of the EITC as a $500 refund. Since they had no tax liability, they could not claim the $1,000 of nonrefundable child tax credit. If, on the other hand, they claimed the child tax credit first, they could claim $825 of the nonrefundable child tax credit, reducing their tax liability to zero and then claim the full $1,325 of EITC as a refund.[7]

The child tax credit proposals differed in other ways, notably the interaction of the child tax credit with the child and dependent care credit, the age of a qualifying child, and the income phase-out levels and phase-out rates. Given that the child tax credit was part of a broader tax bill that had to meet budget rules, many of the specific details of the provision were likely agreed upon after evaluating their budgetary impact.

What emerged from the conference negotiations that year was the Taxpayer Relief Act of 1997 (P.L. 105-34), which established a child tax credit. The credit was structured as a $500 nonrefundable tax credit ($400 in 1998) for most families with qualifying children under 17. The credit phased out at a rate of $50 for every $1,000 by which a taxpayer's modified AGI exceeded thresholds based on filing status, namely $110,000 for taxpayers filing as married joint, $75,000 for taxpayers filing as head of household, and $55,000 for taxpayers filing as married separate. The credit was refundable for taxpayers with three or more qualifying children and was calculated as the excess of a taxpayer's payroll taxes over their EITC (the alternative formula). Neither the credit amount nor the phaseout thresholds were indexed for inflation. The refundable portion of the credit was reduced by the amount of the taxpayer's alternative minimum tax (AMT).[8] In addition, the total amount by which personal nonrefundable credits (including the child tax credit) could reduce an individual's regular tax liability was limited.[9]

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[6] For more information on the differences in the House, Senate, and Clinton Administration proposals, see Table 1 in the archived CRS Report 97-687E, *Child Tax Credits: Comparison of Proposals for Low-Income Taxpayers*, by Gregg Esenwein and Jack Taylor, available by request.

[7] All these figures are from Table 2 of the archived CRS Report 97-687E, *Child Tax Credits: Comparison of Proposals for Low-Income Taxpayers*, by Gregg Esenwein and Jack Taylor, available by request.

[8] For more information on the AMT, see CRS Report RL30149, *The Alternative Minimum Tax for Individuals*, by Steven Maguire.

[9] The total amount of personal nonrefundable credits was limited to the extent that a taxpayer's regular tax liability exceeded their tentative minimum tax. The tentative minimum tax is an alternative tax calculated using a different definition of taxable income and different tax rates. For more information on the interaction of personal tax credits and the AMT, see CRS Report RL30149, *The Alternative Minimum Tax for Individuals*, by Steven Maguire.

The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (P.L. 105-277)

The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (P.L. 105-277), which was enacted shortly after the enactment of the Taxpayer Relief Act of 1997, repealed the provision that reduced the refundable portion of the child tax credit by the AMT for tax year 1998. In addition, this act allowed personal nonrefundable credits (including the child tax credit) to fully offset a taxpayer's regular income tax liability in 1998.[10]

The Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170)

The Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170) extended the provision in P.L. 105-277 which allowed the nonrefundable personal credit to fully offset regular tax liability for one additional year, through the end of 1999. In addition, for tax years 2000 and 2001, the act included a provision which allowed taxpayers to use their personal nonrefundable credits (including the child tax credit) to not only offset their regular tax liability in full, but also their AMT. Finally, the act also extended for tax years 1999 through 2001 the prior-law repeal of the provision that reduced the refundable portion of the child tax credit by the AMT.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; P.L. 107-16)

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; P.L. 107-16) made four significant changes to the child tax credit. First, EGTRRA increased the maximum amount of the credit per child in scheduled increments until it reached $1,000 per child in 2010. Second, EGTRRA made the credit refundable for families irrespective of size using the earned income formula. For tax years 2001 through 2004, the earned income formula set the amount of the refundable portion of the credit equal to 10% of a taxpayer's earned income in excess of $10,000, up to the maximum amount of the credit for that tax year. The refundability rate was scheduled to increase to 15% for tax years 2005 through 2010. The $10,000 threshold was indexed for inflation beginning in 2002. Third, EGTRRA allowed the child tax credit to offset AMT tax liability for tax years 2002 through 2010. Fourth, the law temporarily repealed the prior law provision that reduced the refundable portion of the child tax credit by the amount of the AMT. All the EGTRRA provisions were scheduled to expire at the end of 2010.

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA; P.L. 108-27)

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA; P.L. 108-27) temporarily accelerated the scheduled increase in the maximum credit amount. Specifically, while EGTRRA increased the maximum credit amount to $600 per child for 2003 and 2004, JGTRRA increased

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[10] While personal nonrefundable credits could now offset both the regular tax and tentative minimum tax, they could only offset the tentative minimum tax by an amount less than or equal to their regular tax liability. Hence these credits could not offset the AMT (which is defined as the difference between the tentative minimum and regular tax liability). For more information on the interaction of personal tax credits and the AMT, see CRS Report RL30149, *The Alternative Minimum Tax for Individuals*, by Steven Maguire.

this amount to $1,000 per child for those two years. In the summer of 2003, the $400 increase in the credit for 2003 was paid in advance from the Department of the Treasury to many families who qualified for the child tax credit. These direct payments were distributed based on information contained on taxpayers' 2002 income tax returns. The JGTRRA provisions were scheduled to expire after 2004, and the child tax credit would have reverted to its scheduled level under EGTRRA—$700 per child in 2005.

The Working Families Tax Relief Act of 2004 (WFTRA; P.L. 108-311)

In September 2004, Congress passed the Working Families Tax Relief Act of 2004 (WFTRA; P.L. 108-311), which further accelerated the implementation of key provisions of EGTRRA. This act extended the maximum amount of the credit established under JGTRRA, $1,000 per child, through 2009. For 2010, the EGTRRA provisions would apply and the maximum amount of the credit would remain $1,000 per child. In addition, WFTRA increased the refundability rate to 15% for 2004. Under EGTRRA, the refundability rate would remain at 15% from 2005 through 2010.

WFTRA also contained a provision that allowed combat pay to be included as part of earned income for purposes of computing refundability of the child tax credit. As more soldiers began to see combat due to the wars in Iraq and Afghanistan, they started receiving combat pay. Income earned by members of the armed services in a combat zone is generally excluded from taxation. This exclusion benefits taxpayers who have positive tax liability and reduces the taxes they owe. However, for some lower-income members of the Armed Forces, the exclusion resulted in earnings being too low to qualify for the refundable portion of the child tax credit. The inclusion of combat pay as earned income for purposes of calculating the refundable child tax credit under WFTRA meant that the earnings of some military families would increase above the refundability threshold, ultimately resulting in larger child tax credit refunds. This change was for 2004 through 2010, and was scheduled to expire, along with other provisions of EGTRRA, at the end of 2010.

The Emergency Economic Stabilization Act of 2009 (EESA; Division A of P.L. 110-343)

In October 2008, Congress passed the Emergency Economic Stabilization Act of 2009 (EESA; P.L. 110-343) in response to the financial and housing crisis. The law included a provision to lower the refundability threshold for the child tax credit for 2008 from $12,050[11] to $8,500. In the absence of any additional congressional action, the refundability threshold was scheduled to increase to $12,550 in 2009.

The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5)

In early 2009, Congress began to debate different legislative proposals for economic stimulus. Part of that debate concerned changing the refundability threshold of the child tax credit. The House proposed[12] reducing the refundability threshold to zero for 2009 and 2010, while the

[11] The $10,000 threshold established by EGTRRA, adjusted for inflation.

[12] H.R. 1 that passed the House on January 28, 2009.

Senate proposed[13] lowering the refundability threshold to $8,100 over the same time period. The House's proposed changes to the child tax credit were estimated to cost $18.3 billion over 10 years, in comparison to $7.2 billion for the Senate proposal. The provision took its final shape during the meetings between the Senate and the House conferees.[14] In February 2009 Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5), which ultimately reduced the refundability threshold to $3,000 for 2009 and 2010. This proposal was estimated to cost $14.8 billion over 10 years.[15]

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312)

At the end of 2010, both the EGTRRA and ARRA provisions of the child tax credit (see **Table 2**) were scheduled to expire. Since ARRA's changes to the refundability threshold built upon changes made by EGTRRA, the expiration of EGTRRA would effectively terminate the expansion of refundability made by the 2009 stimulus law (ARRA). Absent an extension of EGTRRA, the maximum amount of the child tax credit would have reverted to $500 per child, the credit would only have been refundable to families with three or more children using the alternative formula, and the amount of the child tax credit would not have been allowed in full against the AMT. In December 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312), which extended both the EGTRRA provisions of the child tax credit[16] and the expansion of refundability from ARRA for two years through the end of 2012.

The American Taxpayer Relief Act of 2012 (P.L. 112-240; ATRA)

At the end of 2012, Congress passed the American Taxpayer Relief Act of 2012 (P.L. 112-240; ATRA). This law made the EGTRRA changes to the child tax credit permanent and extended the $3,000 refundability threshold enacted as part of ARRA for five years, through the end of 2017.

The Protecting Americans from Tax Hikes (PATH) Act of 2015 (Division Q of P.L. 114-113)

The Protecting Americans from Tax Hikes (PATH) Act of 2015 (Division Q of P.L. 114-113) made the ARRA modification to the child tax credit—the $3,000 refundability threshold—permanent.

In addition, the PATH Act modified the taxpayer identification requirement for the credit to specify an ID requirement for each child for whom the credit is claimed. Specifically, a taxpayer claiming the credit must provide a valid Taxpayer Identification Number (TIN) for each

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[13] S.Amdt. 570 in the nature of a substitute to H.R. 1, which passed the Senate on February 10, 2009.

[14] See the Conference Report H.Rept. 111-16.

[15] U.S. Congress, Joint Committee on Taxation, JCX-19-09, *Estimated Budget Effects Of The Revenue Provisions Contained In The Conference Agreement For H.R. 1, The "American Recovery And Reinvestment Tax Act Of 2009,"* February 12, 2009, p. 1.

[16] This includes the inclusion of combat pay as part of earned income for purposes of calculating refundability under the earned income formula created by EGTRRA. In addition this law extended for two years (through the end of 2012) the EGTRRA repeal of a prior-law provision that reduced the refundable portion of the child credit by the amount of the AMT and it extended the EGTRRA provision which allowed the child tax credit to offset a taxpayer's AMT.

qualifying child on their federal income tax return. Valid TINs include individual taxpayer identification numbers (ITINs),[17] Social Security numbers (SSNs), and adoption taxpayer identification numbers (ATINs).[18] ITINs are issued by the Internal Revenue Service (IRS) to noncitizens who do not have and are not eligible to receive SSNs. ITINs are supplied solely so that noncitizens are able to comply with federal tax law, and do not affect immigration status. The law also required that the TIN—for both the qualifying child and the taxpayer—be issued on or before the due date of the return.

The 2017 Tax Revision (P.L. 115-97)

At the end of 2017, Congress passed the 2017 tax revision[19] (P.L. 115-97) which made numerous changes to the federal income tax for individuals and businesses, [20] including temporarily expanding the child tax credit. These temporary changes to the child tax credit are summarized in **Table 1**.

The law doubled the maximum amount of the credit from $1,000 to $2,000 per qualifying child and increased the maximum amount of the refundable portion of the credit (the additional child tax credit or ACTC) from $1,000 per qualifying child to $1,400 per qualifying child. While in effect, the expanded ACTC amount can be annually adjusted for inflation using the chained consumer price index. (The law uses an indexing convention that rounds the $1,400 amount to the next lowest multiple of $100.) The law also lowered the income level at which taxpayers could begin receiving the ACTC from $3,000 to $2,500. Finally, the law increased the income level at which the credit begins to phase out from $75,000 to $200,000 for unmarried taxpayers, and from $110,000 to $400,000 for married taxpayers filing joint returns. Aside from the inflation adjustment of the ACTC, all other parameters of the child tax credit are not adjusted for inflation.

In addition, the law temporarily required taxpayers to provide an SSN associated with work authorizations for any child for whom they claim the credit. The SSN must be issued before the due date of the tax return. Failure to provide the child's current SSN could result in the taxpayer being denied the credit (both the nonrefundable and refundable portions of the credit). The law did not change the ID requirement for the taxpayer.

Finally, the law created a new temporary "family credit" for non-child credit eligible dependents (children ineligible for the child tax credit or older non-child dependents). Non-child credit eligible dependents excludes otherwise eligible dependents who are citizens of Mexico or Canada. The credit is equal to $500 per non-child credit eligible dependent. The amount is not annually adjusted for inflation. The phaseout parameters of the child credit (e.g., phaseout

[17] For more information on the child tax credit and ITIN filers, see CRS Report R44420, *Individual Taxpayer Identification Number (ITIN) Filers and the Child Tax Credit: Overview and Legislation*, by Margot L. Crandall-Hollick and Erika K. Lunder.

[18] For more information on ATINs, see the IRS Question and Answer on ATINs, at https://www.irs.gov/individuals/adoption-taxpayer-identification-number.

[19] The bill was originally short titled "The Tax Cuts and Jobs Act." The short title of the bill was stricken before final passage because it violated what is known as the Byrd rule, a procedural rule that can be raised in the Senate when bills, like the tax bill, are considered under the process of reconciliation. The final official title of the law is "To provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018." For more information on the Byrd rule, see CRS Report RL30862, *The Budget Reconciliation Process: The Senate's "Byrd Rule,"* by Bill Heniff Jr.

[20] For more information on the changes made to the tax code by P.L. 115-97 see CRS Report R45092, *The 2017 Tax Revision (P.L. 115-97): Comparison to 2017 Tax Law*, coordinated by Molly F. Sherlock and Donald J. Marples.

thresholds of $400,000 married filing jointly, $200,000 other taxpayers, 5% phaseout rate) apply to the family credit. The family credit is not annually adjusted for inflation.

All the modifications to the child tax credit and the new family credit are currently scheduled to expire at the end of 2025.

Table 2. Changes to the Child Tax Credit Made by Legislation 1997-2017

Parameter	1997 P.L. 105-34	1999 P.L. 106-170	2001 P.L. 107-16 (EGTRRA)	2003 P.L. 108-27 (JGTRRA)	2004 P.L. 108-311 (WFTRA)	2008 P.L. 110-343 (EESA)	2009 P.L. 111-5 (ARRA)	2010 P.L. 111-312	2013 P.L. 112-240 (ATRA)	2015 P.L. 114-113	2017 P.L. 115-97
Maximum Credit per Child	$400 (1998) $500 (after)	*	$600 (2001-04) $700 (2005-08) $800 (2009) $1,000 (2010)	$1,000 (2003-04)	$1,000 (2005-10)	*	*	$1,000 (2011-12)	$1,000 (permanent)	*	$2,000
Inflation adj.	NO	*	*	*	*	*	*	*	*	*	NO
Refundable[a]	NO	*	YES (2001-2010)	*	*	*	*	YES (2011-2012)	YES (permanent)	*	*
Max Refundable Credit per Child	na	na	same as max credit per child	*	*	*	*	*	*	*	$1,400[e] (2018-2025)
Refundability Threshold	na	*	$10,000 (2001-10)	*	*	$8,500 (2008)	$3,000 (2009-10)	$3,000 (2011-12)	$3,000 (2013-2017) $10,000	$3,000 permanent	$2,500 (2018-2025)
Inflation Adj.	na	*	YES (2002-10)	*	*	NO	NO (2009-2010)	NO (2011-12)	NO (2013-2017) YES thereafter	NO	NO
Refundability Rate	na	*	10% (2001-04) 15% (2005-10)	*	15% (2004-2010)	*	*	15% (2011-12)	15% (permanent)	*	*
Phaseout Threshold[b]	$55,000 MFS $75,000 HOH $110,00 MFJ	*	*	*	*	*	*	*	*	*	$200,000 MFS $200,000 HOH $400,000 MFJ

Parameter	1997 P.L. 105-34	1999 P.L. 106-170	2001 P.L. 107-16 (EGTRRA)	2003 P.L. 108-27 (JGTRRA)	2004 P.L. 108-311 (WFTRA)	2008 P.L. 110-343 (EESA)	2009 P.L. 111-5 (ARRA)	2010 P.L. 111-312	2013 P.L. 112-240 (ATRA)	2015 P.L. 114-113	2017 P.L. 115-97
Phaseout Rate	5%	*	*	*	*	*	*	*	*	*	*
Offset AMT	NO	YES (2000-01)	YES (2002-10)	*	*	*	*	YES (2011-2012)	YES (permanent)	*	*
Revenue Effect	-$183.38 billion (1997-07)	-$2.89 billion[c] (2000-09)	-$171.78 billion (2001-11)	-$32.49 billion (2003-13)	-$63.77 billion (2005-14)	-$3.13 billion (2009-18)	-$14.83 billion (2009-19)	-$91.44 billion (2011-20)	-$405.01 billion (2013-2022)	-$87.84 billion (2016-2025)	-573.40 billion (2018-2027)[d]

Source: Joint Committee on Taxation.

Notes: *-Indicates unchanged from prior law. Except as otherwise noted, revenue effects reflect the cost of the child tax credit provisions exclusively.

a. Prior to EGTRRA, the child credit was only refundable for families with three or more children under the alternative formula.

b. MFS, HOH, and MFJ refer to tax filing status, specifically: MFS: married filing separately; HOH: head of household; MFJ: married filing joint.

c. This law allowed nonrefundable personal credits (including the child tax credit) to offset the regular tax in full (without regard to the tentative minimum tax) for tax year 1999 (which was an extension of a provision in P.L. 105-277). For tax years 2000 and 2001, this law included a special provision that allowed personal nonrefundable credits in full against regular tax and the AMT. The revenue effect reflects the effect of these provisions on personal nonrefundable credit, and is not limited to their effect on the child tax credit.

d. This estimate includes the budgetary impact of the non-refundable $500 credit for non-child credit dependents. It does not include the estimated $29.8 billion in savings over the 2018 to 2027 budgetary window from the Social Security number (SSN) ID requirement for qualifying children.

e. Beginning in 2019, $1,400 is adjusted for inflation using the chained consumer price index. Adjustments are rounded down to the next lowest multiple of $100. The other parameters of the credit are not adjusted for inflation by P.L. 115-97.

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