How to Strengthen Utah's Child Tax Credit

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Written by: Jenna Williams



In 2023, Utah introduced its own child tax credit (CTC) marking a positive step forward. However, the credit's limited scope falls short of providing real assistance to families raising young children. As we approach the 2024 legislative session, there is a crucial opportunity for lawmakers to make meaningful changes and expand the CTC to better serve Utah families.

The current $1,000 child tax credit is for families with children ages 1-3 with an income of $54,000 for a couple or $43,000 for a family with a single parent. Under the current child tax credit, 1.4% of families and 4.3% of children benefit. For those eligible, the average tax credit is $400.

Here's how expansion could impact families:

	Percent of Families Benefiting	**Percent of Children Benefiting**	**Avg Tax Cut** *(per eligible household)*
Current Child Tax Credit	1.4%	4.3%	$400
Original 2024	2.9%	8.9%	$599

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Legislative Proposal HB 153 *expands credit to 4- and 5-year-olds*			
Current 2024	1.8%	5.4%	$456
Legislative Proposal HB 153 2nd Substitute *expands credit to 4-year-olds (and adds dangerous child care licensing changes)*			
Meaningful Expansion *Make credit available to low-income families (refundable) and children between birth and age five*	7.2%	21.7%	$1,298

Key Recommendations

1. **The credit should be available to families with children from birth to 5 years (adding newborns, 4-year-olds, and 5-year-olds).**
   The first five years of a child's life are the most financially demanding for parents. Diapers, clothing, formula, and child care costs create a significant burden. Expanding the credit to all children aged 0-5 acknowledges the unique financial challenges faced by families during these crucial early years.
2. [redacted] non-refundable [redacted] sales

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and other taxes



What are elected officials considering this year for child tax credit expansion?

For the 2024 legislative session, Representative Susan Pulsipher has introduced legislation making 4- and 5-year-old children eligible for the CTC, therefore expanding the age range to children ages 1-5 (but still excluding newborns). Governor Spencer Cox's proposed budget also advocates for this change.

While we support this first step, we strongly recommend a more comprehensive, impactful approach. We recommend making the tax credit available for families with any child between birth and age five. Additionally, the CTC should be made refundable, ensuring that all families receive the full benefit of $1,000/per child. This expansion would create more substantial financial relief for families.

With the CTC's current limitations, this tax credit is not functioning as a genuine support for families bearing the cost of raising young children. By making the credit refundable and extending eligibility to cover children ages 0-5, the state has the opportunity to create a more meaningful child tax credit that aligns with the financial realities faced by families.

NOTE: As of January 25th, there has been a damaging change to HB 153. An adopted substitute includes dangerous changes to child care quality expectations, allowing unlicensed people to watch even more kids without safety training or home inspections. This step backward is bad for kids, does nothing to solve our child care issues in Utah, and absolutely should not be wedged into a Child Tax Credit bill. Read about why we oppose this bill here.

Learn more about Utah's Child Tax Credit here

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