Utah's State Child Tax Credit

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As many Utahns experienced firsthand during the pandemic, a generous child tax credit (CTC) can make a world of difference for families raising young children. During this challenging time, the CTC was temporarily expanded and made refundable, granting families $300 per month per child under six and $250 per child aged six to seventeen – providing significant tax relief for working families. This expansion had a far-reaching impact, reducing child poverty to its lowest recorded level in 2021, dropping by 46% from 9.7% in 2020 to 5.2% in 2021. Unfortunately, a year after the expansion ended, child poverty returned to 12.4%. In Utah, the federal CTC expansion helped lift 32,000 children from poverty.

In 2023, Utah became the 13th state to introduce its very own child tax credit, thanks to the leadership of Representative Susan Pulsipher. Like the federal child tax credit, a state-level child tax credit is intended to help families with the costs of raising children.

As Utah’s legislators prepare for the 2024 legislative session, they should consider meaningful ways to expand Utah’s child tax credit to ensure it provides real support for families.

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How it Works

Utah’s narrowly tailored Child Tax Credit allows some families to claim up to an additional $1,000 per child each year. Whether a parent stays home or both parents work, this tax credit can provide much-needed financial support.

Who is Eligible

- This $1,000 tax credit is for children who are ages 1-3 on the last day of the claimant’s taxable year.
- There are household income requirements. Families with an income of $54,000 for a couple or $43,000 for a family with a single parent (also called Head of Household) can claim the credit.
- If a family makes more than a certain amount of money, they can still claim this tax credit, but it is phased out based on household income.

It's important to note that Utah's CTC is non-refundable. It can only be used to help reduce the amount of income taxes you owe but Utah’s CTC doesn’t help any families whose income tax burden is zero. [For more information on refundability, go here.]

Who it Helps

Utah's CTC won't take effect until families file their 2024 taxes in 2025. According to an analysis from the Institute on Taxation and Economic Policy (ITEP):

- **1.4%** of households in Utah will benefit from the state CTC.
- Among those eligible, the average annual tax savings will be around **$400**.
- **4.3%** of children will benefit from the CTC.
- **No family** will receive the full $1,000 per child.

Looking Ahead

Utah’s narrowly-tailored CTC doesn’t serve enough families. With its restrictions,

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the current state CTC doesn’t really help low- and middle-income households, especially those with more children. It also leaves out families with newborns and kids aged four to eighteen. Many more families could be helped by expanding our state child tax credit.

A bold state child tax credit gives Utah parents opportunities and choices to set their children up for future success. Children need parents to give them a solid start in life - and parents need the support of their community to be there for their kids. Expanding our state CTC gives critical community support to young parents raising children in Utah.

Edit: ITEP Analysis numbers were updated on November 21, 2023, to use estimations based on 2024 incomes.

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