Utah's Proposed Child Tax Credit

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Written by: Jenna Williams



To date, the state legislature's minimal efforts to address Utah's complex child care crisis are completely out of proportion to the scope of the problem.

None of those efforts have offered much relief for Utah families with young children who are struggling with the rising cost of child care. They certainly don't contemplate the urgency of the impending "federal funding cliff" that is about to push child care costs even further through the roof.

Policy proposals that require a meaningful investment of state dollars - and pretty much all the effective ones will - have been ignored by elected officials.

Before the session ends on March 3rd, however, the legislature has a chance to pass legislation that would actually provide financial relief for some families with young children.

Yes, it will require state investment - but the one kind of investment that legislators seem most enthusiastic about: a tax cut!

Well, a tax CREDIT, which is sort of like a tax cut for the Utahns who qualify.

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Representative Susan Pulsipher (R-South Jordan) has introduced a narrowly-tailored Child Tax Credit, which would allow families to claim up to an extra $1,000 per child each year, to help cover a small portion of the staggering costs of caring for a child. Families that make more money can claim a smaller amount, on a sliding scale.

The bill is ***House Bill 170: Child Tax Credit Amendments*** (originally named "Child *Care* Tax Credit Amendments). It has only recently moved forward in the legislative process, after its initial introduction in mid-January. With just a couple of weeks left in the session, there is still a chance that this tax credit - with a price tag of less than $41 million - could be included in whatever tax package the legislature inevitably passes.

Rep. Pulsipher's goal is to help families who still struggle to afford the costs of raising young children.

The money they save with this tax credit can be used by families in any way that works for them. If a parent stays home, it can help cushion the financial burden of having a one-income household. If both parents work, it can be used to cover the costs of child care while they are working.

There are a few catches, though:

- This $1,000 tax credit can only be claimed for children who are under the age of six at the time you file your taxes. Child care costs go way down for a family once a child is enrolled in school.
- In order to be eligible, your household must meet certain household income requirements (for example, a household with a joint filing status must be less than $54,000 to quality for the full amount of the credit).
- If your family makes more than a certain amount of money, you can still claim this tax credit, but it is phased out based on your household income.
- If you don't end up owing any income taxes when all the math is said and done, you won't get a check in the mail from the state for each child. This tax credit would be "non-refundable." That means the tax credit can only be used to put a dent in the income taxes you owe; it can't put extra money in your pocket if your income taxes calculate down to zero.
- You won't be able to claim the tax credit THIS YEAR. Or even next year. It would go into effect when you file your 2024 taxes in 2025.

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Even with these strict parameters, we think having a Child Tax Credit available for some Utah families is a great step toward grappling with our state's child care problems in a meaningful way.

HB170 offers legislators an opportunity to show they are willing to invest in families with young children in the face of a crisis that is about to get a lot worse. We hope they take it!

Write to your legislators about HB170 "Child Tax Credit Amendments!"

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