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## Congress of the United States

JOINT COMMITTEE ON TAXATION  
502 FORD HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6453  
(202) 225-3621  
<http://www.jct.gov>

January 23, 2024

Honorable Chris Smith  
U.S. House of Representatives  
2373 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Smith:

This letter responds to your January 22, 2024, request for revenue estimates of changes to the child tax credit (“CTC”) in the Chairman’s amendment in the nature of a substitute to H.R. 7024 (voted favorably by the committee on January 19, 2024). These changes are all temporary and sunset December 31, 2025.

Section 101 of H.R. 7024 applies, starting in calendar year 2023, the 15-percent earnings phase-in rate of the refundable CTC on a credit-per-child basis. Section 104 allows taxpayers, starting in calendar year 2024, to use earned income from either the current or prior year in applying the CTC refundable earnings phase in. Section 102 sets refundable maximum amounts at \$1,800 in 2023, \$1,900 in 2024, and \$2,000 in 2025 before indexing. Section 103 indexes the main CTC credit starting in calendar year 2024 (one year of potential inflation adjustment) and the refundable maximum starting in calendar year 2025 (two years of potential inflation adjustment) and a convention of rounding down to the nearest \$100 increment.<sup>1</sup> For the estimate of this section (and under this stacking order), our assumptions suggest that in 2025 the main CTC credit and the refundable maximum will both increase from \$2,000 to \$2,100 under the new indexing.

We estimate that each CTC section in H.R. 7024 will have the following effects on Federal fiscal year budget receipts. These revenue estimates stack sequentially and any effects from section 105 are already included in the scores below. The four section scores sum to the total, which is also included below.

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<sup>1</sup> Amounts are indexed using a section 1(f)(3) base year of 2022.

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<u>Item</u>	<u>Fiscal Years</u>											<u>2024-28</u>	<u>2024-33</u>
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>			
101. CTC - Per-child credit phase in (sunset 12/31/25).....	-5,497	-6,002	-5,675	---	---	---	---	---	---	---	---	-17,174	-17,174
104. CTC - Allow use of prior-year earnings in 2024 and 2025 (sunset 12/31/25).....	---	-782	-739	---	---	---	---	---	---	---	---	-1,522	-1,522
102. CTC - Increase refundable max to \$1,800 in 2023, \$1,900 in 2024, and \$2,000 in 2025 before indexing (sunset 12/31/25) .....	-2,718	-2,512	-3,447	---	---	---	---	---	---	---	---	-8,678	-8,678
103. CTC - Index credit starting in 2024 and refundable max starting in 2025, rounding down to the nearest \$100 increment and 1(f)(3) base year 2022 (sunset 12/31/25).....	--	-1,426	-4,694	---	---	---	---	---	---	---	---	-6,120	-6,120
<b>Total (sunset 12/31/25) [1].....</b>	<b>-8,215</b>	<b>-10,723</b>	<b>-14,555</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-33,493</b>	<b>-33,493</b>

**NOTE:** Details may not add to totals due to rounding.

[1] Estimate contains the following outlay effects:

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2024-28</u>	<u>2024-33</u>
Total (sunset 12/31/25).....	8,215	9,296	13,128	---	---	---	---	---	---	---	30,640	30,640

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold