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## Testimony in support of

### ***SB 771: AN ACT ESTABLISHING A REFUNDABLE CHILD TAX CREDIT***

Greetings Chair Fonfara, Chair Horn, Senator Martin, Representative Cheeseman, and members of the Finance, Revenue, and Bonding Committee. It is an honor to return to this Committee in my new role.

As those I served with know, I care deeply about the concept of a child tax credit and championed creating one during my tenure as chairman of this committee. The rationale behind it is pretty simple: raising kids is expensive, making Connecticut more affordable and attractive to young families will create economic growth and child tax credits have a proven track record of reducing child poverty in this country.

Having children is the greatest gift life has to offer but it can feel increasingly burdensome and overwhelming for working- and middle-class families here in Connecticut. According to the Economic Policy Institute, the average annual cost of infant care in our state is \$15,501, or \$1,292 per month. That represents nearly 20 percent of a median family's income in Connecticut, or nearly 75 percent of a minimum wage worker's income. The cost is even higher for families with more than one child. The cost of caring for two children — one infant and one toddler — costs an average of \$28,232. Measured another way, the cost of caring for two children is 51 percent more than the average rent in our state.

The United States has had a Child Tax Credit at the federal level since 1997. It has been expanded several times, most notably in 2017 as part of President Trump's tax reform act and then more importantly in 2021 as part of the American Rescue Plan. The Trump tax plan raised the federal credit from \$1,000 to \$2,000. Four years later, the Rescue Plan temporarily raised the credit to \$3,600 per child under the age of 6 and \$3,000 per child between the ages of 6 and 17 and deployed the credit in the form of a monthly check mailed to millions of American parents. This policy was estimated to have cut American child poverty in *half* in just six months.

I began pushing for a state Child Tax Credit in 2021 knowing that, despite the best efforts of Congresswoman DeLauro, the Rescue Plan's temporary plus-up of the federal child tax credit was just that: temporary. To date, gridlock in Washington has prevented the expanded credit from being extended. Worse, the increase from President Trump's law expires in 2025 and the federal credit will revert to \$1,000, \$2,000 to \$2,600 less than parents received two years ago.

While we failed to create a state Child Tax Credit in 2021, we were successful in creating a one-time Child Tax Rebate in 2022. This one-time rebate of \$250 per child up to three children benefited 238,668 Connecticut families and 369,883 Connecticut children. This policy, while far less than the \$600 per child credit I originally proposed, was an incredible boost to families

dealing with inflation and to date is the largest tax cut for low-and-middle-income residents in Connecticut history.

I know first-hand how difficult it can be to craft a revenue package given all the well-intentioned tax reform proposals facing this committee. Yet, I believe in my heart that creating some form of a state Child Tax Credit or continuing the Child Tax Rebate is still the most transformational policy we can adopt to combat child poverty from a tax perspective.

Paired with the Governor's proposed income tax cut and the increase of the Earned Income Tax Credit rate, a state Child Tax Credit or Child Tax Rebate will significantly take Connecticut in the direction of a fairer tax code in which those at the bottom no longer pay the disproportionate share of taxes as they now do per our recent tax incidence studies.

We have an opportunity to show some leadership as a state in the fight against child poverty and make Connecticut more affordable for middle class families. Let's pass this bill for the hundreds of thousands of families who are counting on us.

A handwritten signature in black ink, appearing to read "Sean Scanlon". The signature is fluid and cursive, with the first name "Sean" and last name "Scanlon" clearly distinguishable.

Sean Scanlon  
State Comptroller