



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 3, 2014

### **H.R. 4935** **Child Tax Credit Improvement Act of 2014**

*As ordered reported by the House Committee on Ways and Means on June 25, 2014*

H.R. 4935 would increase the amount of the child tax credit and the income thresholds at which the credit begins to phase out for taxpayers. Under current law, an individual may claim a tax credit of \$1,000 for each qualifying child under the age of 17. H.R. 4935 would index the \$1,000 amount for inflation starting in 2015. In addition, under current law the aggregate amount of child credits that may be claimed is phased out for married individuals filing joint tax returns with modified adjusted gross income over \$110,000 and for unmarried individuals with such income over \$75,000. H.R. 4935 would increase the beginning of the phaseout for joint filers to \$150,000, and it would index for inflation the beginning points of the income phaseouts for all taxpayers starting in 2015. For married taxpayers filing separately, the beginning of the income phaseout would increase from \$55,000 under current law to \$75,000, indexed for inflation.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 4935 would reduce revenues over the 2014-2024 period by about \$93.9 billion, and increase direct spending by about \$21.0 billion over that period. JCT therefore estimates that enacting the legislation would increase federal budget deficits by about \$114.9 billion over the 2014-2024 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Because enacting H.R. 4935 would affect revenues and direct spending, pay-as-you-go procedures apply. The net changes in revenues and outlays that are subject to pay-as-you-go procedures are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 4935, as ordered reported by the House Committee on Ways and Means on June 25, 2014**

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	By Fiscal Year, in Millions of Dollars											2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024
<b>NET INCREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Effects	0	724	4,687	7,799	9,388	10,896	12,362	14,557	16,100	18,352	19,994	33,494	114,860
<b>Memorandum:</b>													
Changes in Outlays	0	0	33	1,565	1,598	1,962	1,978	2,941	2,964	3,954	3,982	5,158	20,977
Changes in Revenues	0	-724	-4,654	-6,234	-7,790	-8,934	-10,384	-11,616	-13,136	-14,398	-16,012	-28,336	-93,883

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Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.

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