

Trends in State Child Tax Credit Adoption

Since the expiration of the expanded federal Child Tax Credit (CTC) at the end of 2021, many states have stepped in to boost family incomes and [reduce child poverty rates](#) by expanding their state-level tax credit programs. To date, 17 states have enacted some form of state-level CTC program.

These states have taken many different approaches to creating their own CTC. Eleven states have created long-term, refundable credits. Refundable credits—a proven method of raising family income and reducing child poverty rates—allow families with little or no income to receive a cash payment for the portion of their credit that exceeds their state tax liability, even if they have no state tax liability at all.

Three states have enacted long-term non-refundable credits, credits that do not provide families with cash payments and can only be used to offset state tax liability. Three other states have enacted one-time child tax rebates to temporarily supplement family incomes. Compared with refundable credits, non-refundable credits and one-time payments have much more limited anti-poverty effects.

This brief focuses primarily on the eleven states that have created long-term, refundable credits and the various approaches those states have taken in setting up and later modifying their programs.

Summary of Recent Trends in State Child Tax Credit Adoption

When adopting a state Child Tax Credit program, states have many important program design elements to consider. Among these are:

- **Refundability** – States must decide whether the credit will be refundable, or able to be paid out in direct cash to families for whom the credit amount exceeds the amount of state income tax they owe. Non-refundable credits can only be used to reduce a family’s tax bill. Refundability is necessary to ensure families with low or no income can benefit from the program because these families often don’t have enough income to trigger a state income tax liability.
 - Example: In a state with a \$500 refundable credit, a family with very low income and, therefore, no state income tax liability would have their credit refunded and receive \$500 in cash. In a state with a \$500 *non-refundable* credit, the same family would receive no benefit because they have no state income tax bill that could be reduced by a non-refundable credit.
- **Credit amount** – States must determine the maximum value of the credit. States must also consider whether the size of the benefit will change as family income changes,

whether to index the credit amount to inflation, whether to cap the number of children that can be claimed in a single household, and more.

- **Eligibility** – States may choose to restrict access to their credit based on a number of factors including a child’s age, family income, whether a child has a Social Security Number or an Individual Taxpayer Identification Number (ITIN), and more. The most crucial eligibility determination in terms of a program’s anti-poverty effects is whether families with little or no income are able to receive the credit.
- **Duration** – States must decide whether the program will be permanent or temporary.
- **Payment frequency** – States must decide whether families will receive their credit as a lump sum once a year or in periodic installments.

As program design elements become more generous, credit values rise, and eligibility expands, the poverty-fighting power of a CTC program rises, but these improvements also increase program costs. Relative to the federal government, state governments are subject to stricter budgetary limits on social programs and must tailor their programs to roughly match their available revenue.

The 11 states that have adopted their own CTCs have handled this fiscal balancing act very differently. Some have opted to use scarce resources to provide a smaller benefit to a larger number of families, while others have chosen to provide a more substantial benefit to a more targeted group of families. This table compares the state CTCs in the 11 states that have adopted long-term refundable programs alongside the federal program.

Federal or State Government	Max. Credit	Age Eligibility	ITIN Inclusion	Income Range for Max Credit (\$)
Federal (Current)	\$2,000*	Under 17	No	~30,000-200,000 (single) ~30,000-400,000 (joint)
Federal (2021 Expansion)	\$3,600 (under age 6), \$3,000 (under 17)	Under 18	No	0-112,500 (single) 0-150,000 (joint)
California	\$1,083	Under 6	Yes	0-25,000
Colorado	\$1,200	Under 6	Yes	0-25,000 (single) 0-35,000 (joint)
Maine	\$350	Under 17	No	0-200,000 (single) 0-400,000 (joint)
Maryland	\$500	Under 6, Under 17 for children with disabilities	Yes	0-15,000

Federal or State Government	Max. Credit	Age Eligibility	ITIN Inclusion	Income Range for Max Credit (\$)
Massachusetts	\$240	Under 12	Yes	No Income Restrictions
Minnesota	\$1,750	Under 18	Yes	0-29,500 (single) 0-35,000 (joint)
New Jersey	\$1,000	Under 6	Yes	0-30,000
New Mexico	\$600	Under 17	Yes	0-30,000
New York	\$333	Under 18	Yes	0-75,000 (single) 0-110,000 (joint)
Oregon	\$1,000	Under 6	Yes	0-30,000
Vermont	\$1,000	Under 6	Yes	0-125,000

*The current federal CTC is only partially refundable. The maximum refundable credit is \$1,600 and families earning less than \$2,500 are excluded from the program. Families earning less than roughly \$30,000 are not eligible for the full value of the credit.

States have diverged considerably on maximum credit values, age eligibility restrictions, and income thresholds for receiving the maximum credit. In general, in states where the maximum credit amount is higher, age and income restrictions tend to be stricter to prevent the cost of the program from ballooning. **Colorado**, for example, has a relatively high maximum credit, but restricts the credit to children under six years old and to families with incomes around the federal poverty line and below. **New York**, on the other hand, has a relatively low maximum credit value, but has more expansive age and income eligibility ranges.

In many states, the program design elements shown in the table above have changed considerably over time. Many states opted to hold down initial costs by creating more limited CTC programs and expanding them gradually later. In 2019, **California** created its Young Child Tax Credit, which initially featured substantial eligibility restrictions. In subsequent years, however, as more resources became available the state expanded eligibility for the program, first to children with ITINs in 2020 and later to families with no earned income in 2022.

Similar incremental improvements have been made in several other states. This table highlights some of them:

Policy Improvement	States
Increase value of credit	<ul style="list-style-type: none"> • Colorado (2023) • New Jersey (2023) • New Mexico (2023)
Increase eligibility to families with no earned income	<ul style="list-style-type: none"> • California (2022)

	<ul style="list-style-type: none"> • Colorado (2023) • Massachusetts (2021)
Increase age eligibility	<ul style="list-style-type: none"> • Maryland (2023) • New York (2023)
Increase eligibility for children with Individual Taxpayer Identification Numbers (ITINs)	<ul style="list-style-type: none"> • California (2020) • Vermont (2023)
Increase eligibility by expanding income range receiving maximum credit	<ul style="list-style-type: none"> • Maryland (2023)
Convert non-refundable credit to refundable credit	<ul style="list-style-type: none"> • Maine (2023)

In terms of their impact and cost, these improvements range from substantial program expansions to smaller fixes with limited budgetary effects. In 2023, **New Jersey** doubled the value of its CTC across the board in a dramatic expansion while **Vermont** expanded eligibility for children with ITINs in a move projected to have a negligible effect on the state’s budget.

Maryland is perhaps the best example of a state that started small on the CTC and has been making incremental progress ever since. In 2021, Maryland created a very small program that provided \$500 credits to families with children with disabilities under age 17 and family income below \$6,000 per year. The state has since expanded the program to include all children under age 6 in families with income below \$15,000 per year.

Minnesota, on the other hand, went big in 2023 and created its first CTC program with the highest maximum credit value in the country (\$1,750) and broad age eligibility (up to age 18). This program is projected to reduce child poverty in the state by one-third. **Oregon** made a smaller but still substantial splash creating a new CTC providing up to \$1,000 per child under age 6.

In other states, non-refundable credits and one-time tax rebates may prove to be first steps toward more robust, long-term refundable credits. **Maine** recently became the first state to convert a non-refundable credit into a refundable CTC program, though Maine is currently the only state with a refundable CTC that excludes children with ITINs. Three other states—**Idaho**, **Oklahoma**, and **Utah**—currently have non-refundable CTCs on the books. Three more states—**Arizona**, **Connecticut**, and **Rhode Island**—have all issued one-time tax rebates to families with children in recent years, but it is not clear whether those states will establish long-term programs in the near future.

In the absence of a reinstated and permanent federal CTC, state tax credit programs represent one of the country’s most promising anti-poverty policies. The trends in state-level adoption of CTC programs outlined in this brief provide a roadmap for other states interested in adopting new credits or expanding existing programs. Although more expansive CTC programs lead to greater reductions in child poverty rights and improvements in outcomes

for children, these programs can be and have been scaled to meet the needs of states regardless of budgetary or political constraints.

State-by-State Legislative Activity

States with multi-year or permanent refundable credits

California

Summary: The Young Child Tax Credit (YCTC) provides up to \$1,083 per child under 6 years old to families with less than \$30,000 of earned income. Since the program was established in 2019, eligibility has been gradually expanded to children with ITINs and later to children in families with no earned income.

Policy Characteristics:

- Allows USDA and states to follow the models developed for non-congregate demonstration projects and
- Established: 2019
- Refundability: Yes
- Maximum credit: \$1,083 per child
- Eligibility
 - Age: Under 6
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$25,000
- Periodic payments: No
- Duration: Permanent

History:

- 2019: Young Child Tax Credit established.
- 2020: Eligibility expanded to include children with ITINs.
- 2021: New funding allocated to promote awareness of Young Child Tax Credit.
- 2022: Eligibility expanded by removing \$1 earnings requirement (families with no earned income now eligible to receive credit).

Colorado

Summary: In 2023, Colorado substantially expanded its state CTC for families with incomes up to \$85,000. Eligibility is based on federal CTC requirements, but Colorado's program includes ITIN filers and is limited to kids under 6 years old. The maximum value of the credit is \$1,200 per child. The program was introduced in 2021.

Policy Characteristics:

- Established: 2021
- Refundability: Yes
- Maximum credit: \$1,200 per child
- Eligibility
 - Age: Under 6

- ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$25,000 for single filers, \$35,000 for joint filers
- Periodic payments: No
- Duration: Permanent

History:

- 2021: Colorado state Child Tax Credit established.
- 2023: Maximum credit value increased to \$1,200 per child, eligibility expanded by removing earnings requirement (families with no earned income now eligible to receive credit).

Maine

Summary: In 2023, Maine converted its non-refundable credit to a fully refundable credit worth \$350 a year.

Policy Characteristics:

- Established: 2018
- Refundability: Yes
- Maximum credit: \$350
- Eligibility
 - Age: Under 17
 - ITINs: No
 - Minimum income requirement: No
 - Phase-out threshold: \$200,000 for single filers, \$400,000 for joint filers
- Periodic payments: No
- Duration: Permanent

History:

- 2018: Maine established non-refundable state Child Tax Credit.
- 2023: Maine converted its non-refundable credit to a fully refundable credit.

Maryland

Summary: In 2023, Maryland expanded its very limited CTC. Families with very low incomes (under \$15,000) can get up to \$500 for each child under age 6 or age 17 in the case of children with disabilities.

Policy Characteristics:

- Established: 2021
- Refundability: Yes
- Maximum credit: \$500 per child
- Eligibility
 - Age: Under 6, Under 17 for children with disabilities
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$15,000

- Periodic payments: No
- Duration: Permanent

History:

- 2021: Maryland state Child Tax Credit established.
- 2023: Eligibility expanded to children under age 6, previously the credit had only been available for children under 17 with disabilities. Phase-out threshold increased to \$15,000 from \$6,000.

Massachusetts

Summary: In 2021, Massachusetts converted two dependent exemptions to tax credits, creating a de facto Child Tax Credit program that provides \$240 per child under age 12 with a maximum credit of \$480. Efforts are underway in the state to create a more robust state CTC.

Policy Characteristics:

- Established: 2021
- Refundability: Yes
- Maximum credit: \$240 per child up to a household maximum of \$480
- Eligibility
 - Age: Under 12
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: None
- Periodic payments: No
- Duration: Permanent

History:

- 2021: Massachusetts converted two existing deductions for dependents into a de facto CTC.

Minnesota

Summary: In 2023, Minnesota created its first state child tax credit, providing credits up to \$1,750 per child under age 18.

Policy Characteristics:

- Established: 2023
- Refundability: Yes
- Maximum credit: \$1,750 per child
- Eligibility
 - Age: Under 18
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$29,500 for single filers, \$35,000 for joint filers
- Periodic payments: No
- Duration: Permanent

History:

- 2023: Minnesota state Child Tax Credit established.

New Jersey

Summary: In 2023, New Jersey doubled the value of its state CTC from a maximum of \$500 to \$1,000. The credit begins to phase out at \$30,000 but is available to families with income up to \$80,000. .

Policy Characteristics:

- Established: 2022
- Refundability: Yes
- Maximum credit: \$1,000 per child
- Eligibility
 - Age: Under 6
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$30,000
- Periodic payments: No
- Duration: Permanent

History:

- 2022: New Jersey state Child Tax Credit established.
- 2023: Maximum value of the credit increased to \$1,000 from \$500 per child.

New Mexico

Summary: In 2023, New Mexico increased the value of its credit for families with low and very low incomes from a maximum of \$175 per child to a maximum of \$600 per child. The program, originally created in 2022, was also modified to index the credit to inflation and postpone the program's expiration date from 2027 to 2032. The credit begins to phase out at \$30,000 of family income, but even families with very high incomes are eligible for a small credit.

Policy Characteristics:

- Established: 2022
- Refundability: Yes
- Maximum credit: \$600
- Eligibility
 - Age: Under 17
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$30,000
- Periodic payments: No
- Duration: Expires 2032

History:

- 2022: New Mexico state Child Tax Credit established.
- 2023: Maximum value of the credit increased to \$600 from \$175 and indexed to inflation, program expiration date postponed from 2027 to 2023.

New York

Summary: New York's Empire State Child Credit is the oldest state CTC program in the country, originally established in 2006. The program is tied to federal CTC as it existed prior to the 2017 Tax Cuts and Jobs Act when the maximum federal credit was \$1,000; in New York, the maximum credit is worth the greater 33 percent of the federal CTC or \$100 per child. In 2023, the program was expanded to include kids under 4 years old, previously it was only available to kids 4-17.

Policy Characteristics:

- Established: 2006
- Refundability: Yes, fully refundable but families with very low or no income are only eligible for a \$100 credit.
- Maximum credit: \$333 per child (33 percent of federal CTC as it existed prior to 2017)
- Eligibility
 - Age: Under 17
 - ITINs: Yes
 - Minimum income requirement: No, but families with little or no income do not receive the full value of the credit
 - Phase-out threshold: \$75,000 for single filers, \$110,000 for joint filers
- Periodic payments: No
- Duration: Permanent

History:

- 2006: Empire State Child Tax Credit established.
- 2018: Program tied to pre-2017 federal tax law to avoid substantial program expansion as a result of the Tax Cuts and Jobs Act.
- 2022: One-time supplemental Empire State Child Tax Credit payments approved
- 2023: Expanded eligibility to children under age 4.

Oregon

Summary: In 2023, Oregon created a new state CTC program. The maximum credit is \$1,000 per child under age 6 and phasing out beginning at \$30,000. Half of the credit is to be distributed as quarterly payments.

Policy Characteristics:

- Established: 2023
- Refundability: Yes
- Maximum credit: \$1,000
- Eligibility
 - Age: Under 6

- ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$30,000
- Periodic payments: Yes, quarterly
- Duration: Permanent

History:

- 2023: Oregon state Child Tax Credit established.

Vermont

Summary: In 2022, Vermont established its state CTC program. The maximum credit is \$1,000 per child under age 6 and phases out beginning at \$125,000. The program was expanded in 2023 to include children with ITINs and provide for half the credit to be distributed as quarterly payments.

Policy Characteristics:

- Established: 2022
- Refundability: Yes
- Maximum credit: \$1,000
- Eligibility
 - Age: Under 6
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$125,000
- Periodic payments: Yes, quarterly
- Duration: Permanent

History:

- 2022: Vermont state Child Tax Credit established.
- 2023: Eligibility expanded for children with ITINs and advance quarterly payments permitted.

States that have enacted one-time credits

Arizona

Summary: In 2023, Arizona approved a one-time child tax rebate of up to \$750 per child for taxpayers who had at least \$1 in state income tax liability in tax years 2021, 2022, and/or 2023. New parents who did not have dependent children in 2021 are not eligible for the program.

Policy Characteristics:

- Established: 2023
- Refundability: Yes
- Maximum credit: \$250 per child per year for tax years 2021, 2022, and 2023
- Eligibility

- Age: Under 18; parents who did not have dependent children in 2021 are not eligible
 - ITINs: Yes
 - Minimum income requirement: Must have at least \$1 in state income tax liability in any of tax years 2021, 2022, or 2023
 - Phase-out threshold: None
- Periodic payments: None
- Duration: One-time

Connecticut

Summary: In 2022, Connecticut established a one-time child tax rebate worth \$250 per child up to a household maximum of \$750.

Policy Characteristics:

- Established: 2022
- Refundability: Yes
- Maximum credit: \$250 per child up to a household maximum of \$750
- Eligibility
 - Age: Under 18
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$100,000 for single filers, \$200,000 for joint filers
- Periodic payments: None
- Duration: One-time

Rhode Island

Summary: In 2022, Rhode Island established a one-time child tax rebate worth \$250 per child up to a household maximum of \$750.

Policy Characteristics:

- Established: 2022
- Refundability: Yes
- Maximum credit: \$250 per child up to a household maximum of \$750
- Eligibility
 - Age: Under 18
 - ITINs: Yes
 - Minimum income requirement: No
 - Phase-out threshold: \$100,000 for single filers, \$200,000 for joint filers
- Periodic payments: None
- Duration: One-time

States with non-refundable credits

Idaho

Summary: In 2018, Idaho established a non-refundable credit that offsets up to \$205 of state tax liability per child.

Policy Characteristics:

- Established: 2018
- Refundability: No
- Maximum credit: \$205
- Eligibility
 - Age: Under 18
 - ITINs: No
 - Minimum income requirement: Must have state tax liability
 - Phase-out threshold: None
- Periodic payments: None
- Duration: Expires 2026

History:

- 2018: Idaho established non-refundable state Child Tax Credit.

Oklahoma

Summary: In 2008, Oklahoma established a non-refundable credit that offsets some state tax liability. The credit is worth five percent of the federal CTC.

Policy Characteristics:

- Established: 2018
- Refundability: No
- Maximum credit: \$100 (five percent of the federal CTC)
- Eligibility
 - Age: Under 18
 - ITINs: No
 - Minimum income requirement: Must have state tax liability
 - Phase-out threshold: \$100,000
- Periodic payments: None
- Duration: Permanent

History:

- 2008: Oklahoma established non-refundable state CTC.

Utah

Summary: In 2023, Utah established a non-refundable credit of up to \$1,000 per qualifying child. Only children between the ages of 1 and 4 qualify for the credit.

Policy Characteristics:

- Established: 2023
- Refundability: No
- Maximum credit: \$1,000
- Eligibility

- Age: Ages 1 to 4
- ITINs: No
- Minimum income requirement: Must have state tax liability
- Phase-out threshold: \$43,000 for single filers, \$54,000 for joint filers
- Periodic payments: None
- Duration: One-time

History:

- 2023: Utah established non-refundable state CTC.