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CALIFORNIA STATE LEGISLATURE
District 72

AB 509: Child Tax Credit

Background

President Joe Biden announced a proposal to temporarily expand the child care tax credit to \$3,000 or \$3,600 for families with children under the age of 6. This temporarily expanded child care tax credit would be for the year 2021.

The proposal would remove the \$2,500 earnings floor, make the credit fully refundable, and would allow half of the credit to be paid in advance by having the IRS send periodic payments to families from July 2021 to December 2021.

Problem

[18.8% of California children](#) live in poverty. The COVID-19 pandemic has hit these working families hard. With many losing their jobs and kids being forced to distance learn from home, the pressures on the California family have drastically increased and they need financial assistance now more than ever.

Solution

Researchers from Columbia University found that the proposal would cut child poverty by 54%.

The United States House of Representatives [just approved](#) the \$3,000 child care tax credit. The bill is now moving to the United States Senate. If the bill is signed into law, AB 509 will conform California tax code to the federal child care tax credit, providing the same credit to California families.

What this bill will do

AB 509 expresses intent for California tax code to conform to the federal government's proposal to implement a minimum child care tax credit of \$3,000 per child for families earning less than \$75,000.

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