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FACT SHEET
Assemblymember Colonel Rocky J. Chávez

Assembly Bill 230: Childcare Income Tax Credit

SUMMARY

AB 230 increases the California Childcare and Dependent Care Expenses Tax Credit up to 200% of the federal credit for lower income families and extends the tax credit to more middle class income families.

ISSUE BACKGROUND

Childcare is one of the largest expenses many lower and middle income families face easily exceeding $10,000 annually. This high cost often puts families in a position of making the tough choice between work and family or struggling to make ends meet.

While California offers a tax credit for childcare and dependent care expenses, it is currently only 34-50% of the federal credit (SB 1724, 2002) depending on family adjusted gross income. This outdated credit is even lower than the originally established tax credit from 2000 (AB 480).

Ex: The average family of four with an adjusted gross income (AGI) of $43,000 - $100,000 has average childcare costs of $15,000 annually. That would determine their Federal tax credit of $1,200 and their current CA credit of $408. This bill would increase this example's average CA tax credit to $2,400.

Hardworking families need an updated and increased tax credit to lower and middle income families to help minimize the financial strain the costs of childcare and dependent care can have on a family.

SOLUTION

By increasing the credit for lower income families and extending the credit to more middle income families, California will help relieve the tax burden on these families and allow them to redirect more of that money to other basic family needs.

AUTHOR'S STATEMENT

"We need to support the efforts of our hardworking families in California," stated Chavez, "and part of that effort is to alleviate the financial strains that hinder the opportunity of the States lower income and middle income families to thrive."

SUPPORT

OPPOSITION

For more information please contact Kelly Ash at 916-319-2076 or kelly.ash@asm.ca.gov.

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