Testimony in support of HB-8388
An Act Relating to Taxation – Personal Income Tax
Child Tax Credit
House Committee on Finance
May 7, 2026
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The Economic Progress Institute strongly supports Representative Tanzi's HB-8388, which would institute a state CTC of $650 per child. The federal CTC is a powerful tool that has been proven to lift children and families out of poverty, and a state CTC would further reduce child poverty rates in Rhode Island. Seventeen states, including Massachusetts and Vermont, and DC currently have a state-level CTC. Massachusetts has a state CTC of $440 per child, and Vermont has a state CTC of $1,000 per child.

All children deserve to have their basic needs met. In Rhode Island, 78% of single-parent households with two children, and 34% of two-parent households with two children don't earn enough to meet their basic needs without assistance.[1] According to Rhode Island Kids Count, 13% of children in Rhode Island lived in poverty between 2019 and 2023, and the numbers were much worse for children of color.[2] The CTC is a powerful anti-poverty measure that will provide RI families with much needed financial relief and security.

Sen. Vargas' S-2823 would replace the current dependent exemption with a fully refundable CTC of $650 per child. According to modeling by Policy Engine, **a $650 CTC would reduce child poverty by 5.4% and lift approximately 1,000 children out of poverty.**
The temporary expansion of the federal CTC in 2021 under the American Rescue Plan Act (ARPA) exemplifies how effective the CTC can be at reducing child poverty rates. Under the expansion, the maximum credit amount increased from $2,000 to $3,600 for children under 6 and from $2,000 to $3,000 for children aged 6-17. The credit was also made fully refundable, meaning that those who had low or no earnings had access to the full federal credit for the first time. A large majority of low-income families used the credit to buy food, pay utility bills, pay rent, buy clothing, and cover education costs.[3] **The expanded Child Tax Credit under ARPA cut child poverty rates almost in half – reaching a record low of 5.2% nationally**. When the ARPA expansion ended in 2022, national poverty rates more than doubled from 5.2% to 12.4%.[4] Child poverty is a policy choice.

[1] 2024 Rhode Island Standard of Need – Economic Progress Institute
[2] 2025 Factbook – Rhode Island Kids Count
[3] Center for Budget and Policy Priorities – 9 in 10 Families with Low Incomes Are Using Child Tax Credits to Pay for Necessities, Education
[4] Fenton, George – Gains from Expanded Child Tax Credit Outweigh Overstated Employment Worries – Center for Budget and Policy Priorities

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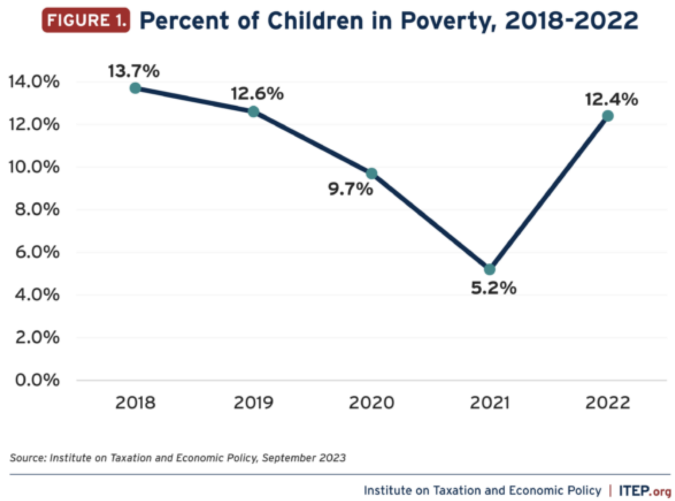
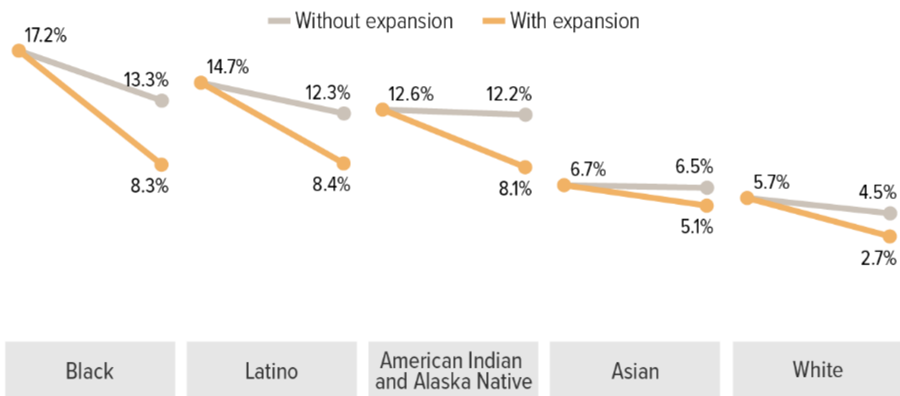


Black, Indigenous, and Latino populations saw the largest reductions in child poverty rates under the expanded CTC. The figure below shows national child poverty decreased by 8.9% for Black families, 6.3% for Latino families, and 4.5% for American Indian/Alaska Native families, 3% for White families, and 1.6% for Asian families. Instituting a State CTC would improve equity in RI by disproportionately reducing poverty for historically marginalized populations.[5]

[5] Fenton, George – Gains from Expanded Child Tax Credit Outweigh Overstated Employment Worries – Center for Budget and Policy Priorities

Child Tax Credit Expansion Drove Child Poverty Sharply Downward in 2021 Across Racial & Ethnic Groups

Child poverty rates, 2020 to 2021



Note: Figures use the federal government's Supplemental Poverty Measure (SPM). American Indian and Alaska Native (AIAN) children may be AIAN alone or in combination with other races and ethnicities; Latino (short for Latino, Hispanic, or Spanish origin) may be of any race; Black and white refer to children of that race alone and not Latino; and, Asian refers to children of that race regardless of Latino ethnicity.

Source: U.S. Census Bureau figures published September 13, 2022; additional analysis of the Census Bureau's March 2022 Current Population Survey by CBPP

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Establishing a state CTC would complement the federal CTC and would help families afford food, transportation, child care, healthcare, and other necessities. If enacted, the state CTC would decrease child poverty rates, especially for low-income families and families and children of color. **The Economic Progress Institute strongly urges the state to create a fully refundable Child Tax Credit of $650 per child.**

While the current proposal would cost the state an estimated $97 million, there are options to lower the income threshold (which is currently set at $261,000) or modestly reduce the amount of the credit to reduce the cost while still having a meaningful impact on child poverty.