THE PRESIDENT'S PROPOSAL TO EXTEND THE MIDDLE CLASS TAX CUTS

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The President's Proposal to Extend the Middle Class Tax Cuts

PRESIDENT BARACK OBAMA DELIVERS A STATEMENT ON THE NEED FOR CONGRESS TO ACT TO EXTEND TAX CUTS FOR MIDDLE CLASS FAMILIES, IN THE EAST ROOM OF THE WHITE HOUSE, JULY 9, 2012. (OFFICIAL WHITE HOUSE PHOTO BY PETE SOUZA)

"I believe our prosperity has always come from an economy that's built on a strong and growing middle class -- one that can afford to buy the products that our businesses sell; a middle class that can own homes, and send their kids to college, and save enough to retire on. That's why I've cut middle class taxes every year that I've been President -- by $3,600 for the typical middle class family."

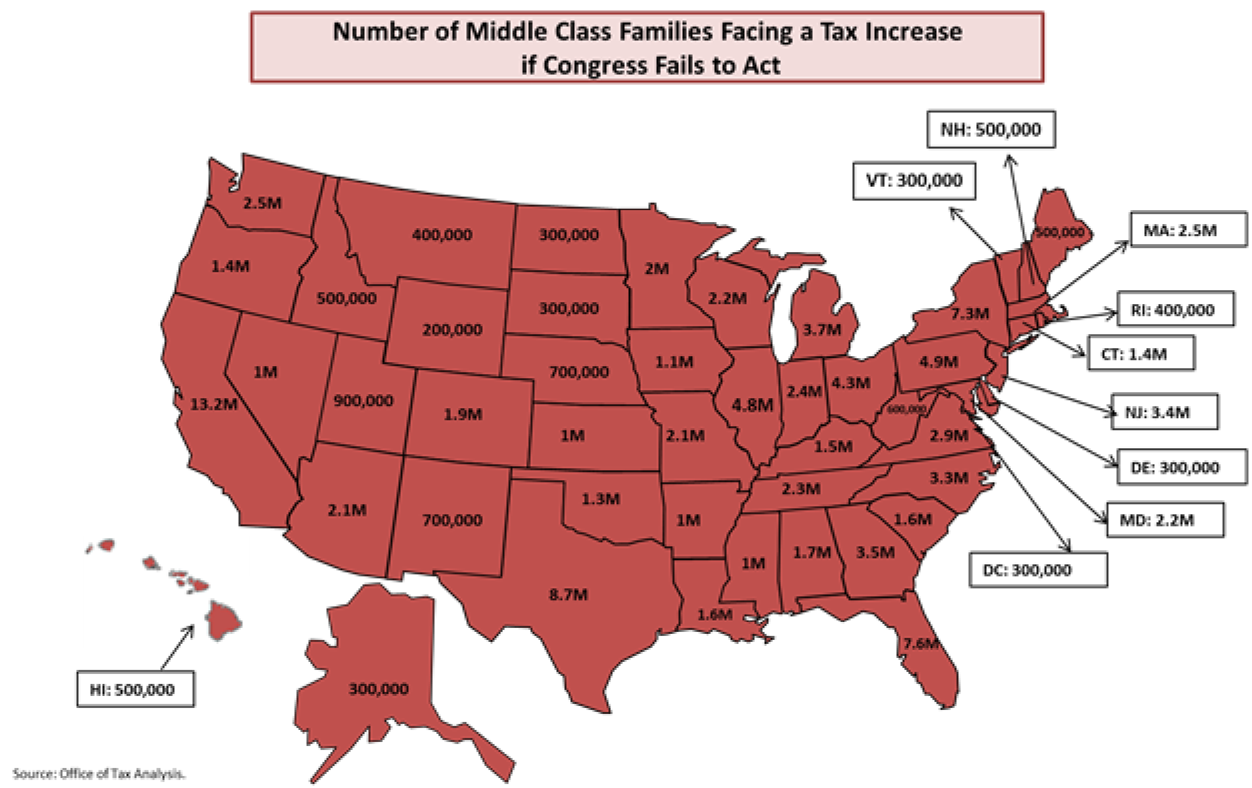
- President Obama, July 9, 2011

Introduction

President Obama believes that to create jobs we need to grow our economy not from the top down, but based on a strong and secure middle class. Within weeks of taking office, President Obama took immediate action in the midst of the economic crisis to restore security for middle-class families by cutting their taxes in the Recovery Act. Since then, President Obama has continued to cut taxes for middle class families to make it easier for them to make ends meet. A typical family making $50,000 a year has received tax cuts totaling $3,600 over the past four years – more if they were putting a child through college.

Today, while Republicans and Democrats in Washington rarely see eye-to-eye, everyone agrees that extending middle class tax cuts will give working families and our economy a little more certainty at this make-or-break moment. So far, the only reason the middle class tax cuts have not been extended is that Republicans in Congress continue to insist on cutting taxes once again for the wealthiest few. That's why the President called on Congress to break through the gridlock and pass a one year extension of the tax cuts for every family making under $250,000 a year—98 percent of all Americans. The highest income 2 percent will still benefit from current rates on their first $250,000 of income, but there is simply no reason for Congress to wait to keep taxes low for middle class families.

Congress faces a choice. On January 1, taxes are scheduled to go up for 114 million middle class families by an average of $1,600 as such tax cuts as the expanded Child Tax Credit, the 10 percent tax bracket, marriage penalty relief, and the American Opportunity Tax Credit all expire. <u>A typical middle class family of four would see its taxes rise by $2,200</u>.



The President and Congressional Democrats have proposed to extend all the income tax cuts that benefit families with income of less than $250,000 per year, while letting tax cuts expire for the 2 percent of households with the highest incomes. Over the next decade, the President's proposal will save $850 billion relative to continuing the additional tax cuts that go exclusively to households making over $250,000, or almost $1 trillion taking into account the cost of cuts to the estate tax. Allowing these tax cuts to expire is an essential component of the President's overall plan for balanced deficit reduction.

In contrast, while Republicans in Congress agree in principle on extending tax cuts for the middle class, they have yet to act. Moreover, <u>Congressional Republicans have introduced a</u>

proposal that extends the high-income tax cuts but raises taxes on 25 million families with incomes below $250,000 by an average of $1,000 apiece. These tax increases are a return to the exact same top-down economic policies that led to the economic crisis and would result because Republicans would end a tax credit that helps make college affordable as well as roll back improvements to the Child Tax Credit and the Earned Income Tax Credit.

The President has called on Congress to act now on extending all income tax cuts for 98 percent of American families and not to hold the middle class and our economy hostage over a disagreement on tax cuts for households with incomes over $250,000 per year. This report provides additional analysis and new Treasury data on the impact of the President's proposal, including evidence of its importance for middle class families in every state.

I. Overview of the President's Proposal

President Obama is Calling on Congress to Extend the Middle class Tax Cuts for One Year

- The President has called on Congress to act now to extend the middle class tax cuts for one year through 2013.
- The President's proposal and legislation introduced by Congressional Democrats would provide certainty for the 114 million middle class families whose income taxes are scheduled to go up on January 1st.
- Both sides agree that we cannot allow these middle class families' taxes to increase next year by an average of $1,600 – or about $2,200 for a typical middle class family of four.
- Over the next decade, the President's proposal will save almost $1 trillion relative to continuing tax cuts for high-income households that are worth $160,000 on average for households with incomes over $1 million and that will have little impact on job creation and economic growth.

Under the President's proposal, the 98 percent of American families with incomes of less than $250,000 per year would continue to benefit in full from the income tax cuts expiring at the end of 2012, including:

- The doubling of the Child Tax Credit to $1,000 per child, and the extension of the credit to millions of working families that previously could not benefit from it.
- The 10 percent tax bracket, which will provide middle class couples with a tax cut of up to $890 next year.
- Marriage penalty relief, which reduces or eliminates marriage penalties for nearly 38 million couples.
- Lower tax rates on up to $250,000 of income ($200,000 for single filers).
- In addition, the President's proposal would reinstate the $7 million per-couple estate tax exemption, which exempts all but the wealthiest 3 in 1,000 decedents from tax.

The President's proposal and legislation introduced by Congressional Democrats would provide certainty for the 114 million middle class families whose taxes will go up on January 1 if Congress does not act. Without Congressional action:

- 114 million middle class families will see their federal income taxes increase by an average of $1,600. (For state by state estimates, see page 15.)

- A typical middle class family of four will see their taxes rise by about $2,200 as a result of losing the combination of the expanded child credit, marriage penalty relief, and the 10 percent bracket.

- Over 35 million families will receive a smaller Child Tax Credit, and millions of low- and moderate-income working families with children will lose access to the Child Tax Credit altogether. (For state by state estimates, see page 16.)

- 11 million middle class families will no longer get help paying for college from the American Opportunity Tax Credit.

- Small businesses will be able to claim immediate tax deductions for only $25,000, rather than $250,000, of new investment.

Over the next decade, the President's proposal will save $850 billion relative to continuing the additional tax cuts that go exclusively to households making over $250,000, or almost $1 trillion taking into account the cost of cuts to the estate tax.

- Republican proposals would continue tax cuts that go only to the 2 percent of households with incomes over $250,000.

- Under the President's proposal, high-income households will continue to receive a portion of their tax cuts. For example, households with incomes over $1 million will receive tax cuts averaging more than $10,000 from lower tax rates on their first $250,000 of income. But under Republican proposals, income and estate tax cuts for these households would average $160,000 apiece.

- Continuing all of the income tax cuts for households with incomes over $250,000 for just one more year would add about $50 billion to our deficit relative to the alternative legislation put forward by Congressional Democrats that would let these tax cuts expire.

- Making the high-income tax cuts permanent would add $970 billion to deficits over the next 10 years ($850 billion from the income tax cuts and $120 billion from the estate tax), or almost $1.2 trillion when interest costs are included.

Economists agree that continuing the middle class tax cuts is important to the health of the economy but that letting high-income tax cuts expire will have little impact on near-term job creation or economic growth.

- When the Congressional Budget Office recently analyzed the economic effects of various policy options, it found that extending the middle class tax cuts would encourage economic growth and boost employment.

    - At the same time, CBO concluded that – compared to extending all of the 2001 and 2003 tax cuts, including those for the highest-income Americans – the President's proposal to extend just the middle class tax cuts "would be more cost-effective in boosting output and employment in the short run because the higher-income households that would probably spend a smaller fraction of any increase in their after-tax income would receive a smaller share of the reduction in taxes."[1]

    - Likewise, Princeton economist and former Federal Reserve Vice-Chairman Alan Blinder has written that "extending the Bush tax cuts for the wealthy offers the least… "'bang' for the budgetary 'buck'" in terms of job creation and economic growth relative other tax policies, because a "$50,000 earner probably will spend the lion's share of [a tax cut], saving just a bit —that's what most Americans do. But the $5,000,000 earner probably will save most of the new-found dollar."[2]

- Under the President's plan, the income tax rates for high-income households would return to what they were in the 1990s.

Savings from Letting High-Income Tax Cuts Expire, 2013-2022	
Income tax cuts for the top 2 percent of households	$849 billion
Estate tax cuts for the wealthiest 3 in 1,000 estates	$119 billion
Total revenue savings	**$968 billion**
Savings from reduced interest costs	$191 billion
Total reduction in deficits	**$1.16 trillion**
Source: The President's FY 2013 Budget	

[1] Douglas W. Elmendorf, "Policies for Increasing Economic Growth and Employment in 2012 and 2013," Testimony Before the U.S. Senate Committee on the Budget, November 15, 2011, http://www.cbo.gov/sites/default/files/cbofiles/attachments/11-15-Outlook_Stimulus_Testimony.pdf.

[2] Alan S. Blinder, "Obama's Fiscal Priorities Are Right," *The Wall Street Journal*, July 19, 2010, http://online.wsj.com/article/SB10001424052748703394204575367490020828732.html?mod=WSJ_Opinion_LEADTop.

II. Tax Increases under Republican Tax Proposals

REPUBLICAN PROPOSALS WOULD MEAN TAX INCREASES ON 25 MILLION MIDDLE CLASS AND WORKING FAMILIES

- Under Republican tax proposals, 25 million families with incomes below $250,000 would see tax increases averaging around $1,000, because the proposals would discontinue the American Opportunity Tax Credit and improvements to the Child Tax Credit and EITC.

- In contrast, Republicans have refused to extend tax cuts for middle class families unless the President agrees to continue all tax cuts for the 2% of families with incomes over $250,000, tax cuts averaging about $160,000 for households with incomes over $1 million.

- The net effect of the Republican proposals would be a substantial increase in the deficit relative to the President's plan.

Republican tax proposals, including Senator Hatch's proposed alternative to Senate Democrats' middle class tax cut legislation, would raise taxes on 25 million families.

- 11 million families and students paying for college would see tax increases averaging $1,100 apiece because the Republican proposal would eliminate the American Opportunity Tax Credit.

- 12 million working families with children would receive a smaller Child Tax Credit - including 5 million families that would no longer be eligible for the credit at all – because the Republican proposal would reduce the amount of the credit available to low- and moderate-income working parents.

- Nearly 6 million working families with incomes below $50,000 would see tax increases averaging $500 apiece because the Republican proposal would eliminate the increase in EITC for larger families and would reduce the credit for many married couples.

- All of the 25 million families who would see tax increases under the Republican proposal have adjusted gross income of less than $250,000. These families include 29 million children and millions of college students.

- In addition to creating hardship, the tax increases under the Republican approach would weaken the economy, since working families, unlike very high-income households, generally cut back their spending almost dollar for dollar in response to tax increases.

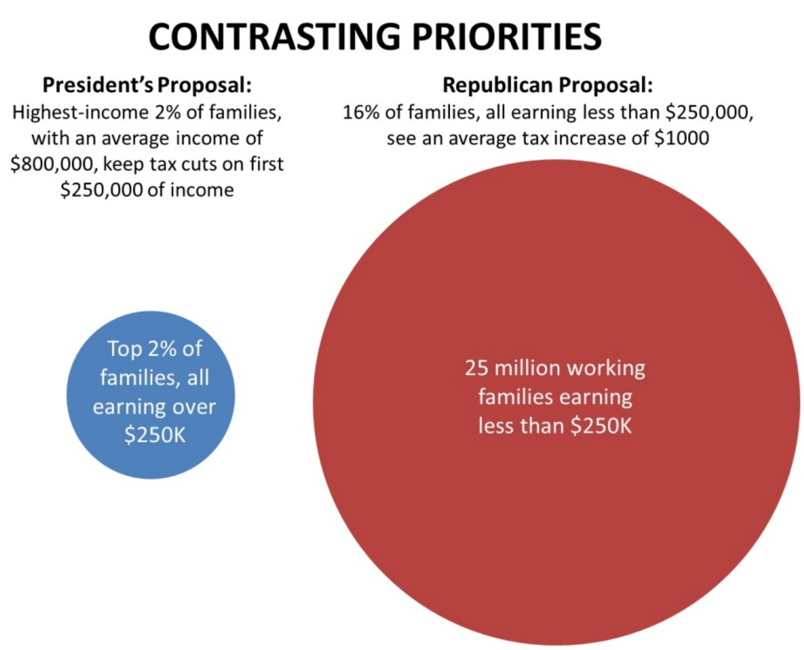
Families with Tax Increases Due to Provisions Left Out of Republican Tax Proposals		
	Number of Families*	**Average Tax Increase**
American Opportunity Tax Credit	11 million	$1,100
Child Tax Credit improvements	12 million	$800
EITC marriage penalty relief and increase for larger families	6 million	$500
TOTAL	**25 million**	**$1,000**
* Individual provisions do not add to total because of overlap in families benefiting. Source: US Department of Treasury, Office of Tax Analysis		

In addition, Republicans have refused to extend tax cuts for middle class families unless the President agrees to continue all tax cuts for the highest-income 2 percent of families, all with incomes over $250,000.

- The 2 percent of families who would see additional tax cuts under the Republican plan have an average income of $800,000.

- Nearly 80 percent of the additional tax cuts would go to the 10 percent of these households (0.2 percent of all households) with incomes over $1 million.

Under the President's plan and Congressional Democrats' legislation, high-income households would still get tax cuts on their first $250,000 of income. For example, households with incomes over $1 million would still receive tax cuts averaging more than $10,000 from lower rates on their first $250,000 of income. But under Republican proposals, income and estate tax cuts for these households would average $160,000 apiece.



III. The President's Record on Middle class Tax Relief

OVER THE PAST FOUR YEARS, THE PRESIDENT HAS REPEATEDLY CUT TAXES FOR MIDDLE CLASS AMERICANS

- The President has cut taxes for middle class families every year he has been in office.
- A typical middle class family has gotten a tax cut of $3,600 over the last four years – more if they were putting a child through college.
- Federal taxes for middle class families are currently at nearly their lowest levels in decades.

A typical middle class family has gotten a tax cut of $3,600 over the last four years – more if they were putting a child through college.

- A typical family making $50,000 a year has seen their taxes cut by $3,600 over the last four years, $800 in each of 2009 and 2010 due to the Making Work Pay tax credit and $1,000 in each of 2011 and 2012 due to the payroll tax cut.
- If the family was also putting a child through college, they could receive as much as $10,000 of help over four years from the President's American Opportunity Tax Credit, the equivalent of a 30 percent discount on tuition at a typical state university.[3] For many families, the American Opportunity Tax Credit provides thousands of dollars more help with college expenses than they could have received from pre-existing tax credits.
- The new tax cuts the President signed into law are <u>on top of</u> the tax cuts families continue to receive from measures enacted before the President took office.
- Federal income taxes on middle-income families are now at nearly their lowest level (as a share of income) since the Eisenhower Administration, and total federal taxes on middle class families also remain at nearly the lowest levels in decades.[4]

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[3] Calculated based on College Board estimate of the average tuition and fees for an in-state student at a four-year public university: College Board, "Trends in College Pricing 2011," http://trends.collegeboard.org/downloads/College_Pricing_2011.pdf.

[4] Tax Policy Center, "Historical Federal Income Tax Rates for a Family of Four," March 29, 2012, http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=226; Chuck Marr, "Federal Income Taxes on Middle-Income Families Remain Near Historic Lows," Center on Budget and Policy Priorities, revised April 2, 2012, http://www.cbpp.org/files/4-14-10tax.pdf; and Congressional Budget Office.

The President's Making Work Pay tax credit and the 2011 and 2012 payroll tax cuts provided tax relief to 95 percent of working families, while also boosting economic growth and job creation.

- The President's Making Work Pay credit provided a tax cut of $400 per person or $800 per couple to 95 percent of working families in 2009 and 2010.
- The President then signed into law a 2 percentage point reduction in payroll taxes, cutting taxes for 160 million American workers.
- The President overcame opposition to extend the payroll tax cut through this year, continuing to save a worker earning $50,000 a year $40 in each biweekly paycheck ($1,000 in each of 2011 and 2012).

15 million working families with children benefit from the President's improvements to the Child Tax Credit and EITC.

- 12 million working families with children receive larger Child Tax Credits due to the President's improvements, including about 5 million working families that now get help from the credit and previously could not benefit from it at all.
- Together, the Child Tax Credit improvements and enhancements to the Earned Income Tax Credit for couples and larger families lifted 1.6 million people in working-poor families out of poverty in 2010.[5]

Starting in 2014, about 18 million individuals and families will get tax credits for health insurance coverage averaging about $4,000 apiece, as a result of the Affordable Care Act.[6]

- Over the next ten years, the Affordable Care Act will provide middle class individuals and families with almost $700 billion in tax credits to help pay for health insurance coverage.[7]

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[5] Arloc Sherman, "Poverty and Financial Distress Would Have Been Substantially Worse in 2010 Without Government Action, New Census Data Show," Center on Budget and Policy Priorities, November 7, 2011, http://www.cbpp.org/files/11-7-11pov.pdf.

[6] Congressional Budget Office, "Health Insurance Exchanges – CBO's March 2012 Baseline," http://www.cbo.gov/sites/default/files/cbofiles/attachments/43057_HealthInsuranceExchanges.pdf. (The $4,000 average is calculated by dividing total premium tax credit costs by subsidized enrollment in the exchanges.)

[7] Congressional Budget Office, "Health Insurance Exchanges – CBO's March 2012 Baseline," http://www.cbo.gov/sites/default/files/cbofiles/attachments/43057_HealthInsuranceExchanges.pdf.

IV. The Impact on Middle class Families

A. Examples of Middle class Families that Will See Their Taxes Rise If the Middle Class Tax Cuts Are Not Extended

EXAMPLE 1: A TYPICAL MIDDLE-INCOME FAMILY OF FOUR

A typical middle-income family of four: a married couple with two children with income between about $50,000 and $85,000.

- $1,000 because the Child Tax Credit will fall from $1,000 to $500 per child.
- $890 because of merging the 10 percent tax bracket into the 15 percent tax bracket.
- $310 because of the expiration of marriage penalty relief that provides a larger standard deduction for married couples.

Total Tax Increase on this Family if Congress Fails to Act = $2,200

EXAMPLE 2: A FAMILY OF FOUR WITH A CHILD IN COLLEGE

A married couple with a 15-year-old at home and a 19-year-old in her second year at the state university; the couple's income is $80,000.

- $550 because instead of being able to claim the $2,500 American Opportunity Tax Credit to help with college expenses, they will only be able to claim the Hope Credit worth $1,950.
- $500 because the Child Tax Credit will fall from $1,000 to $500 per child.
- $890 because of the disappearance of the 10 percent tax bracket.
- $310 because of the expiration of marriage penalty relief that provides a larger standard deduction for married couples.

Total Tax Increase on this Family if Congress Fails to Act = $2,250

Example 3: An Upper Middle class Family

A couple with one child earning $130,000.

- $890 because of the disappearance of the 10 percent tax bracket.
- $3,150 because of a combination of the expiration of marriage penalty relief and the increase in the 25 percent tax rate to 28 percent.

Total Tax Increase on this Family if Congress Fails to Act = $4,040

Example 4: A Student Putting Herself through College

A student putting herself through college; her tuition is $2,500. She works part-time and has earnings of $10,000.

- Absent action by Congress, this student would see a tax increase of $1,000 due to the loss of the American Opportunity Tax Credit.

Total Tax Increase on this Student if Congress Fails to Act = $1,000

Example 5: A single mother with two children

A single mother with two children working full-time at $12 an hour (earning $24,000 a year).

- $1,500 because the Child Tax Credit will fall from $1,000 to $500 per child and less of it will be available to low- and moderate-income working families.
- $170 because of the disappearance of the 10 percent tax bracket.

Total Tax Increase on this Family if Congress Fails to Act = $1,670

EXAMPLE 6: AN UPPER MIDDLE CLASS COUPLE

A married couple with no children with income of $200,000, including $20,000 of long-term capital gains income.[8]

- $4,540 because of higher rates on the couple's $180,000 of ordinary income.
- $1,000 because of the expiration of the 15 percent tax rate for capital gains.

Total Tax Increase on this Couple if Congress Fails to Act = $5,540

NOTE: Under the President's proposal, this couple would continue to benefit in full from the lower tax rates, including the lower capital gains rate, enacted in 2001 and 2003.

B. How the President's Proposal Compares to Republican Proposals for High-Income Households

EXAMPLE 1: A COUPLE EARNING $251,000

A married couple with income of $251,000.

- They get an extension of the tax cuts on their first $250,000 of income, preventing an $7,080 tax increase.[9]
- The tax rate on their last $1,000 of income goes up from 33 percent today to the 36 percent that was in effect under President Clinton, resulting in $30 more in taxes than they would pay if all the tax cuts were continued.

Tax Cut Continued on the First $250,000 of income by the President's Plan= $7,080

Total Tax Cuts Continued by the Republican Plan = $7,110

[8] Note, the remaining examples in this section assumes that the filers claim itemized deductions worth 15 percent of income, a typical level of itemized deductions for households at these income levels.

[9] For simplicity, we continue to describe the threshold as $250,000. However, the President has proposed that the $250,000 be indexed for inflation starting from 2009, and it now stands at about $265,000.

EXAMPLE 2: A VERY HIGH-INCOME COUPLE

A married couple with $2 million of income from salaries and bonuses and $500,000 of income from capital gains.

- Under the President's proposal, this couple will continue to benefit from tax cuts on the first $250,000 of their income. Compared to what they would have paid under 1990s tax rates, they will receive a tax cut of $7,080 from the 10 percent tax bracket, marriage penalty relief, and reductions in tax rates.

Tax Cut Continued on the First $250,000 of income by the President's Plan= $7,080

Total Tax Cuts Continued by the Republican Plan = about $124,000

V. The President's Tax Cuts for Small Business

The President's proposal builds on his record of cutting taxes for small businesses

- Without Congressional action, taxes will increase on millions of small business owners, and incentives for small businesses to make new investments will be significantly curtailed.

- Even using an overly broad definition of small business owner, 97 percent of small business owners are not in the top two tax brackets and would not be affected by the President's proposal to increase these rates. Of the 3 percent whose tax rates would go up, only a minority obtain any of their income from a small business with employees.

- In addition to proposing an immediate extension of the expiring tax cuts for middle class families, the President has also proposed two new temporary tax cuts to encourage small businesses to invest, hire, and grow.

- Taken together, the President's agenda represents a significant net tax cut for small businesses – on top of the 18 small business tax cuts the President has already signed into law.

Without Congressional action on middle class tax relief, millions of small business owners will see tax increases, and incentives for small businesses to make new investments will be significantly curtailed.

- Millions of small business owners – including those with incomes over $250,000 – benefit from the tax cuts the President has proposed to extend, including the 10 percent tax bracket, marriage penalty relief, and lower tax rates on the first $250,000 of income.

- Under the President's proposal, small businesses will be able to claim immediate tax deductions for up to $250,000 of new investment next year. Without Congressional action, the limit will fall to $25,000.

Even using an overly broad definition of small business owner, the President's proposal to extend the middle class tax cuts would continue all tax cuts on business income for 97 percent of "small business owners."

- The Urban-Brookings Tax Policy Center and the Congressional Research Service have found that only 3 percent of tax filers with any "business income" would see a tax increase under the President's proposal.[10]

- The President's proposal would return income tax rates on these filers to what they were in the 1990s, when the economy created 23 million jobs.

The 3 percent of "small business owners" who would see tax increases under the President's proposal include many individuals who play no role whatsoever in running a business or who receive business income from "businesses" that have no employees. The 3 percent includes:

- Individuals who are only passive investors. A Treasury analysis found that on average "small business" filers with total incomes over $200,000 get less than a sixth of their total income from a business.

- Individuals who obtain income from businesses that are not small or are only investment vehicles and have no employees. Contrary to claims that the tax increase under the President's proposal would fall mostly on job creators, the same Treasury study found that only a minority of the filers with business income who would see a tax increase obtain any of that income from a small business with employees.[11]

- Law firm partners, hedge fund managers, and other highly compensated professionals who typically organize their businesses as partnerships. Over half of the 400 highest-income taxpayers in the country have some business income and therefore are counted in the 3 percent.[12]

- Wealthy individuals whose "small business" is renting out their vacation home or other property.

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[10] See TPC Tables T10-0186 and T09-0445 and Jane G. Gravelle, "Small Businesses and the Expiration of the 2001 Rate Reductions: Economic Issues," Congressional Research Service, September 3, 2010. Business income is defined as any income reported on IRS tax schedules C, E, or F and thus includes any income from a sole proprietorship, partnership, S corporation, farm, or rental real estate.

[11] Matthew Knittel, Susan Nelson, Jason DeBacker, John Kitchen, James Pearce, and Richard Prisinzano, "Methodology to Identify Small Businesses and Their Owners," Office of Tax Analysis Technical Paper 4, August 2011, http://www.treasury.gov/resource-center/tax-policy/tax-analysis/Documents/OTA-T2011-04-Small-Business-Methodology-Aug-8-2011.pdf.

[12] See Internal Revenue Service Statistics of Income, "The 400 Individual Income Tax Returns Reporting the Largest Adjusted Gross Incomes Each Year, 1992-2009," http://www.irs.gov/pub/irs-soi/09intop400.pdf. Table 1 shows the number of filers with partnership or S corporation income.

Since taking office, the President has signed into law 18 tax cuts that help small businesses grow, hire, and invest, including:

- 100% expensing of new investments in 2011.
- Zero taxes on capital gains from key small business investments.
- Tax credits to defray the cost of providing health insurance to employees.
- Doubling the deduction for entrepreneurs' start-up expenses.
- Tax relief for businesses that hire recently unemployed workers and veterans with service-connected disabilities.[13]

The President has also proposed additional, targeted tax cuts for business hiring and investment.

- A new $18 billion tax cut for hiring and wage increases. The President is proposing a 10 percent income tax credit for firms that hire more workers or increase wages. The credit is capped, which helps target its benefits to smaller businesses.
- Immediate write-offs for new investment. The President has proposed to let firms continue to claim immediate tax write-offs for new investment through 2012, putting an additional $50 billion in the hands of businesses in 2012 and 2013.

[13] For a complete list of the small business tax cuts the President has signed into law, see National Economic Council, "Moving America's Small Businesses and Entrepreneurs Forward: Creating an Economy Built to Last," May 2012, http://www.sba.gov/sites/default/files/files/small_business_report_final.pdf.

VI. State by State Estimates of the Impact of the President's Proposal

Table 1: State by State Impact on Middle class Families if Congress Fails to Extend the Middle Class Tax Cuts

Nationwide, 114 million middle class families will see their federal income taxes increase by an average of $1,600 unless the middle class tax cuts are extended.

State	Millions of Families*	State	Millions of Families*
Alabama	1.7	Nebraska	0.7
Alaska	0.3	Nevada	1.0
Arizona	2.1	New Hampshire	0.5
Arkansas	1.0	New Jersey	3.4
California	13.2	New Mexico	0.7
Colorado	1.9	New York	7.3
Connecticut	1.4	North Carolina	3.3
Delaware	0.3	North Dakota	0.3
Florida	7.6	Ohio	4.3
Georgia	3.5	Oklahoma	1.3
Hawaii	0.5	Oregon	1.4
Idaho	0.5	Pennsylvania	4.9
Illinois	4.8	Rhode Island	0.4
Indiana	2.4	South Carolina	1.6
Iowa	1.1	South Dakota	0.3
Kansas	1.0	Tennessee	2.3
Kentucky	1.5	Texas	8.7
Louisiana	1.6	Utah	0.9
Maine	0.5	Vermont	0.3
Maryland	2.2	Virginia	2.9
Massachusetts	2.5	Washington	2.5
Michigan	3.7	West Virginia	0.6
Minnesota	2.0	Wisconsin	2.2
Mississippi	1.0	Wyoming	0.2
Missouri	2.1	Washington, D.C.	0.3
Montana	0.4	Other Areas	1.3

*Includes families with adjusted gross incomes below $250,000 ($200,000 for single filers), income levels indexed from 2009.
Source: US Department of Treasury, Office of Tax Analysis

Table 2: State by State Impact if Congress Fails to Renew Child Tax Credit Expansions

Nationwide, 35.3 million families will lose an average of $1,000 in 2013.

State	Number of Families	State	Number of Families
Alabama	604,000	**Nebraska**	207,000
Alaska	82,000	**Nevada**	350,000
Arizona	785,000	**New Hampshire**	120,000
Arkansas	356,000	**New Jersey**	885,000
California	4,515,000	**New Mexico**	255,000
Colorado	559,000	**New York**	1,936,000
Connecticut	324,000	**North Carolina**	1,193,000
Delaware	99,000	**North Dakota**	66,000
Florida	2,094,000	**Ohio**	1,218,000
Georgia	1,289,000	**Oklahoma**	447,000
Hawaii	144,000	**Oregon**	381,000
Idaho	189,000	**Pennsylvania**	1,221,000
Illinois	1,475,000	**Rhode Island**	103,000
Indiana	754,000	**South Carolina**	574,000
Iowa	321,000	**South Dakota**	89,000
Kansas	331,000	**Tennessee**	761,000
Kentucky	494,000	**Texas**	3,391,000
Louisiana	576,000	**Utah**	379,000
Maine	122,000	**Vermont**	57,000
Maryland	611,000	**Virginia**	841,000
Massachusetts	562,000	**Washington**	711,000
Michigan	998,000	**West Virginia**	178,000
Minnesota	542,000	**Wisconsin**	597,000
Mississippi	415,000	**Wyoming**	61,000
Missouri	648,000	**Washington, D.C.**	50,000
Montana	98,000	**Other Areas**	220,000
Source: US Department of Treasury, Office of Tax Analysis			