AN ACT ESTABLISHING A CHILD TAX CREDIT AGAINST THE PERSONAL INCOME TAX.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (Effective January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022) (a) As used in this section:

1. "Child" means an individual who is under seventeen years of age;

2. "Eligible taxpayer" means:

   (A) A resident of this state who files a return under the federal income tax as an unmarried individual or a married individual filing separately, whose federal adjusted gross income for the applicable taxable year is one hundred thousand dollars or less;

   (B) A resident of this state who files a return under the federal income tax as a head of household whose federal adjusted gross income for the applicable taxable year is one hundred sixty thousand dollars or less; or
(C) Residents of this state who file a return under the federal income tax as married individuals filing jointly or as a surviving spouse, as defined in Section 2(a) of the Internal Revenue Code, whose federal adjusted gross income for the applicable taxable year is two hundred thousand dollars or less; and

(3) "Resident of this state" has the same meaning as provided in subsection (a) of section 12-701 of the general statutes.

(b) Any eligible taxpayer subject to the tax under chapter 229 of the general statutes shall be allowed a credit against the tax imposed under said chapter, other than the liability imposed under section 12-707 of the general statutes, for each child, up to a maximum of three children, that the eligible taxpayer validly claims as a dependent on such taxpayer's return filed under the federal income tax for the applicable taxable year.

(1) For the taxable year commencing January 1, 2022, an eligible taxpayer may claim one of the options set forth in this subdivision:

(A) Three hundred dollars per child, provided such amount shall be reduced ten per cent for every one thousand dollars of federal adjusted gross income over (i) one hundred thousand dollars for an individual who files a return under the federal income tax as an unmarried individual or a married individual filing separately, (ii) one hundred sixty thousand dollars for an individual who files a return under the federal income tax as a head of household, and (iii) two hundred thousand dollars for individuals who file a return under the federal income tax as married individuals filing jointly or as a surviving spouse, as defined in Section 2(a) of the Internal Revenue Code. The credit allowed under this subparagraph shall not be used to reduce the taxpayer's liability to less than zero; or

(B) Two hundred ten dollars per child, provided such amount shall be reduced ten per cent for every one thousand dollars of federal adjusted gross income over (i) one hundred thousand dollars for an individual who files a return under the federal income tax as an unmarried individual or a married individual filing separately, (ii) one
hundred sixty thousand dollars for an individual who files a return under the federal income tax as a head of household, and (iii) two hundred thousand dollars for individuals who file a return under the federal income tax as married individuals filing jointly or as a surviving spouse. The credit allowed under this subparagraph shall not exceed two and one-quarter per cent of the eligible taxpayer's federal adjusted gross income. If the amount of the credit allowed pursuant to this subparagraph exceeds the eligible taxpayer's liability for the tax imposed under chapter 229 of the general statutes, the Commissioner of Revenue Services shall treat such excess as an overpayment and, except as provided under section 12-739 or 12-742 of the general statutes, shall refund the amount of such excess, without interest, to the eligible taxpayer.

(2) For the taxable year commencing January 1, 2023, and each taxable year thereafter, an eligible taxpayer may claim one of the options set forth in this subdivision:

(A) Six hundred dollars per child, provided such amount shall be reduced ten per cent for every one thousand dollars of federal adjusted gross income over (i) one hundred thousand dollars for an individual who files a return under the federal income tax as an unmarried individual or a married individual filing separately, (ii) one hundred sixty thousand dollars for an individual who files a return under the federal income tax as a head of household, and (iii) two hundred thousand dollars for individuals who file a return under the federal income tax as married individuals filing jointly or as a surviving spouse, as defined in Section 2(a) of the Internal Revenue Code. The credit allowed under this subparagraph shall not be used to reduce the taxpayer's liability to less than zero; or

(B) Four hundred twenty dollars per child, provided such amount shall be reduced ten per cent for every one thousand dollars of federal adjusted gross income over (i) one hundred thousand dollars for an individual who files a return under the federal income tax as an unmarried individual or a married individual filing separately, (ii) one
hundred sixty thousand dollars for an individual who files a return under the federal income tax as a head of household, and (iii) two hundred thousand dollars for individuals who file a return under the federal income tax as married individuals filing jointly or as a surviving spouse. The credit allowed under this subparagraph shall not exceed four and one-half per cent of the eligible taxpayer's federal adjusted gross income. If the amount of the credit allowed pursuant to this subparagraph exceeds the eligible taxpayer's liability for the tax imposed under chapter 229 of the general statutes, the Commissioner of Revenue Services shall treat such excess as an overpayment and, except as provided under section 12-739 or 12-742 of the general statutes, shall refund the amount of such excess, without interest, to the eligible taxpayer.

(c) For the purposes of this section, the tax liability of an eligible taxpayer shall be calculated without regard to the credit allowed under section 12-704e of the general statutes.

This act shall take effect as follows and shall amend the following sections:

| Section 1 | January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022 | New section |

**Statement of Purpose:**
To establish a child tax credit against the personal income tax.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]