

## Background

As drafted, House Bill 3235 creates a refundable tax credit based on the number of dependents of a taxpayer who are under age 18. The maximum credit is \$1,200 per dependent. The amount of credit is also based on the adjusted gross income (AGI) of the taxpayer. The maximum adjusted gross income for joint returns is \$50,000 and single filer returns is \$30,000. The credit would be in effect for tax years 2024-2029, and received in calendar year 2025-2030. This credit would not be subject to garnishment.

## Implementation

The Department of Revenue administers credits available to taxpayers on their returns. As policymakers propose new credits, the department reviews each proposal and may identify unintended consequences or suggest changes to statute that may more closely reflect the intent.

The department will work with external partners to resolve current questions including use of “household income” rather than AGI; definition of eligible dependents; income threshold for married people filing joint vs. separately; residency requirements; and garnishment.

The department is able to administer a new tax credit, and we want to ensure the bill reflects the intent of policymakers.

## Agency Contact

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