PARTNERSHIP FOR STRONG COMMUNITIES

Partnership for Strong Communities promotes equitable change in Connecticut housing policy by coordinating advocacy, advancing research, and uniting diverse partners

TESTIMONY BEFORE THE FINANCE, REVENUE AND BONDING COMMITTEE
AMY PELTIER, COALITION AND ADVOCACY DIRECTOR
PARTNERSHIP FOR STRONG COMMUNITIES
WEDNESDAY, FEBRUARY 26, 2025

Dear Co-Chair Senator Fonfara, Co-Chair Representative Horn, Ranking Member Senator Fazio, Ranking Member Representative Polletta, Vice Chair Senator Cabrera, Vice Chair Senator Miller, Vice Chair Representative Constantine, Vice Chair Representative Rader and members of the Finance, Revenue, and Bonding Committee: I am Amy Peltier, Coalition and Advocacy Director with the Partnership for Strong Communities. We are a statewide nonprofit research, policy and advocacy organization dedicated to ensuring everyone in Connecticut has a safe, stable home that is affordable to them in an equitable community of their choice. ***We respectfully request that the Committee support* S.B. 740 and H.B. 5986, both of which would establish a fully refundable state-level Child Tax Credit of up to $600 per child**.

During the 2021 and 2022 legislative sessions, the Finance, Revenue, and Bonding Committee of the Connecticut General Assembly supported establishing a permanent Connecticut Child Tax Credit (CT CTC). Although that proposal ultimately failed to pass into law, policymakers succeeded in passing a one-time CT Child Tax Rebate (CT CTR) in 2022. This was subsequent to the federally subsidized American Rescue Plan Act-expanded CTC and Child and Dependent Care Tax Credit (CDCTC) providing unprecedented support for families with children, resulting in a historic decrease in child poverty in 2021. However, with the expiration of the expanded federal credits and CT's policy being time limited, child poverty quickly increased again.[1]

One analysis of Census Bureau data conducted by the Center on Budget and Policy Priorities found that 93% of low-income families in Connecticut utilized their monthly federal Child Tax Credit payments for basic needs, including food, clothing, shelter, education costs and utilities.[2] Meeting all of these basic needs supports the optimal health, development, and wellbeing of children and their families. Resilient parents and caregivers are better able to provide kids with a web of support when they can earn a living wage, pay their bills, and put food on the table. CT now

[1]Patrick R. O'Brien. (2024). *Supporting the Economic Well-being of CT's Families and Children: An Overview of the CT Child Tax Credit.* Connecticut Voices for Children. CT-CTC-Final_23rd-TBF.pdf

[2] Claire Zippel. 9 in 10 Families With Low Incomes Are Using Child Tax Credits to Pay for Necessities, Education. CENTER OF BUDGET AND POLICY PRIORITIES. https://www.cbpp.org/blog/9-in-10 families-with-low-incomes-are-using-child-tax-credits-to-pay-for-necessities-education

has the opportunity again to support healthy economic outcomes for families through initiatives like a state refundable child tax credit.

Designed specifically to provide support to low- and middle-income households with children, a CT CTC will increase the ability of those households to pay usual expenses and will help to reduce income inequality. According to the 2022 ALICE report by the United Way, the record increase in costs over the last few years means 40% of Connecticut families are either struggling to pay the bills each month or falling behind. For too many families, managing the cost of raising children in Connecticut now means putting groceries on a high-interest credit card, not having time or money for extra school or social support, losing financial ground despite being an employed household and lacking flexible financial funds for an emergent illness or car repair.

Establishing a permanent, well-designed CT CTC will make Connecticut's tax system fairer. Connecticut is the only state that taxes personal income without adjusting for family size, making it even harder to afford our already high cost of living. As currently designed, Connecticut's tax system unfairly burdens low- and middle-income families and families with children, compared to high-income and wealthy families. According to a 2024 report by *Public News Service* the child tax credit would have a ripple effect throughout all of our state's communities. Data Haven analyzed the findings to state 12,317 families in Waterbury would receive $14 million under the plan. Families in Norwich would receive $4 million. One of the legislative districts in Connecticut where families with children would receive the highest refund amount (over $11 million to 9,706 families) is State Senate District 1, covering parts of Hartford and Wethersfield[3]. Benefits would be felt in every legislative district in the state, as there are many families with children who are struggling to afford food and housing, even in our wealthiest communities. At the Partnership, we think a Child Tax Credit isn't just about reducing poverty. A CTC would help advance our mission of providing **financial stability** that helps families maintain housing, avoid eviction, and give children a **safer, more stable home environment**; we ask that you support it.

Thank you for the opportunity to submit this testimony.

Amy Peltier
Coalition and Advocacy Director

[3] https://www.ctdatahaven.org/blog/new-maps-show-ct-child-tax-credit-statewide-impacts