

# A NEW STATE CHILD TAX CREDIT WOULD CREATE OPPORTUNITIES FOR ALL NEW MEXICO KIDS TO THRIVE



Policies like the Child Tax Credit that boost economic opportunity for families are shown to reduce childhood poverty and improve outcomes for kids and their families. What's more, they allow families to determine how best to spend the money based on their needs, and families spend the credits quickly and locally, benefiting businesses and the economy too.



## BENEFITS

- Improvements in infant and maternal health<sup>1</sup>
- Decreased poverty<sup>2</sup>
- Reduced childhood hunger<sup>3</sup>
- Better test scores<sup>4</sup>
- Higher graduation and college attendance rates<sup>5</sup>
- More earning power as adults<sup>6</sup>

## THE NEW CHILD TAX CREDIT WOULD:



benefit every single New Mexico child



provide \$50 to \$350 per child, depending on family income, and be fully refundable



benefit as many as 27,000 grandparents raising grandchildren



improve economic equity for families of color and women



increase fairness in our state tax system

# WHY NOW

Our children deserve every opportunity to thrive and reach their full potential, and although New Mexico has made considerable progress over the past few years in supporting our families, we still have some of the worst rates of child poverty and food insecurity in the nation. In just the last few months, the pandemic-related recession was still hindering the ability of many New Mexico families – especially families of color – to afford the necessities<sup>7</sup>:

**29%**

of parents had little or no confidence in their ability to make their next rent or mortgage payment.

**42%**

of parents had difficulty paying for basic household expenses.

**11%**

of households with children were in a situation where there was sometimes or often not enough to eat.

**33%**

of parents with children younger than 5 had their child care arrangements disrupted in the past month alone because of the pandemic.



Temporary expansions in the federal Child Tax Credit helped New Mexico parents meet the basic needs of their families. The credits were used to purchase basic necessities such as food and housing, and to pay off debt. But with the fate of those federal expansions uncertain, the state must take the lead to ensure all New Mexico families can meet their needs and thrive.

## Endnotes

1. David Simon, "Expansions to the Earned Income Tax Credit Improved the Health of Children Born to Low Income Mothers," London School of Economics, June 9, 2015
2. Chuck Marr, Chye-Ching Huang, and Arloc Sherman, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget and Policy Priorities, October 2015
3. Kevin Milligan and Mark Stabile, "Do Child Tax Benefits Affect the Wellbeing of Children? Evidence from Canadian Child Benefit Expansions," American Economic Journal: Economic Policy, vol. 3, August 2011
4. Raj Chetty, John N. Friedman, and Jonah Rockoff, "New Evidence on the Long-Term Impacts of Tax Credits," Statistics of Income Paper Series, November 2011
5. Michelle Maxfield, "The Effects of the Earned Income Tax Credit on Child Achievement and Long-Term Educational Attainment," Michigan State University Job Market Paper, November 14, 2013
6. Chetty, Friedman, and Rockoff, 2011
7. U.S. Census Household Pulse Survey Week 41 Household Pulse Survey: December 29, 2021 – January 10, 2022



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