

H.R. 7024, Tax Relief for American Families and Workers Act of 2024

Bill Summary - Updated Feb. 1, 2024

The Tax Relief for American Families and Workers Act of 2024 was introduced in the U.S. House of Representatives on Jan. 17, 2024 and was passed by the House on Jan. 31 with a strong bipartisan vote of 357-70. This bipartisan proposal includes several important improvements to the Child Tax Credit. The bill provides an estimated investment of approximately \$35 billion into the tax credit, directed primarily to families with low incomes, and makes important improvements to disaster response and housing assistance. The proposed expansions are smaller than the now-expired expansions to the Child Tax Credit made by the American Rescue Plan Act during the pandemic, but they would have a meaningful impact on millions of children across the country.

This summary breaks down the elements of the bill most relevant to people experiencing food insecurity and the Feeding America network.

More Information

- [Bill text on Congress.gov](#)

Child Tax Credit

Provisions

- This bill would change the Child Tax Credit formula so that it multiplies the maximum refundable tax credit per household by the number of children within the household for tax years 2023-2025, **ensuring that families with low incomes receive the same credit for each of their children, as families with higher incomes already do.** The current formula does not account for the number of children in a household when determining the refundable tax credit.
- For individuals whose 2023 Child Tax Credit is determined without including the per-child calculation of the refundable portion of the credit, this bill would direct the Treasury Department to redetermine credits based on the updated per-child credit and correct the difference. **This guarantees that families could receive the expanded per-child credit even if the bill is not enacted and implemented until after the 2023 tax season ends.**
- This bill would increase the maximum refundable credit, excluding inflation adjustments, from the current amount of \$1,600 per year to:



- \$1,800 in 2023;
- \$1,900 in 2024; and
- \$2,000 in 2025.

Given that \$2,000 is the current maximum Child Tax Credit, **this would effectively eliminate the lower maximum credit amount (or the “refundability cap”) of the tax credit in 2025. Currently, this cap negatively impacts families with low incomes by preventing them from receiving the full credit if they do not have at least \$400 in federal income taxes to apply part of the credit to.** Additionally, the bill would adjust the \$2,000 maximum credit for inflation in 2024 and 2025, ensuring that the purchasing power of the Child Tax Credit would not significantly erode over this period of time.

- This bill would allow families to use their earnings from either the current year or the prior year when calculating their Child Tax Credit. **This means families whose incomes drop from the previous year could avoid a related drop in their Child Tax Credit.**
- Without additional legislation, these changes would end for taxable years after Dec. 31, 2025.

Impact

The enactment of this legislation would help many families with low incomes.

[According to the Center on Budget and Policy Priorities:](#)

- More than 1 in 5 children under 17 years old would benefit from the expanded tax credit in the first year, including approximately 80% of the 19 million kids whose families now get a partial credit or none at all because their incomes are too low.
- The expanded tax credit would lift as many as 400,000 children above the poverty line and reduce the severity of poverty for an additional 3 million children in the first year.
- Among children who live in eligible families with more than one child, half are in families that would gain \$1,000 or more in the first year. The impact would be larger in 2025 when the changes are fully in effect.
- These provisions would particularly help Black, Latino, and American Indian and Alaska Native children, who are more likely to live in households with low incomes due to systemic racism and structural barriers to opportunity.

Increasing the accessibility and value of the Child Tax Credit for households with low incomes is expected to help reduce demand at food banks. In a recent survey of Feeding America food banks, around 60% of respondents reported that the end of



the pandemic-era expanded Child Tax Credit increased the number of neighbors seeking food assistance.

Although the Child Tax Credit would continue to be unavailable to families with very little or no earnings, this legislation would improve the financial circumstances of millions of families with low incomes.

Other Provisions

Assistance for Disaster-Impacted Communities

The bill includes provisions that would help families recover after disasters by providing disaster tax relief for recent hurricanes, flooding, wildfires and the Ohio rail disaster.

Low-Income Housing Tax Credit

The bill includes provisions that would increase the supply of low-income housing by:

- Enhancing the Low-Income Housing Tax Credit with increased state allocations; and
- Lowering the bond-financing threshold that a building needs to meet to qualify for the credit.

