

TESTIMONY OF THE HON. ROSA L. DELAURO
WAYS & MEANS MEMBER DAY—CHILD TAX CREDIT
JANUARY 22, 2025

Good morning. I thank Chairman Smith and Ranking Member Neal for hosting this hearing today as we prepare for one of the most important tasks ahead of this Congress: negotiating a tax bill that responds to the cost-of-living crisis in this country.

Today, families live paycheck to paycheck. Their wages have not kept up with costs. The economy is not working for them. And it is children who suffer most, whose futures are dimmed by the policies we choose in the present.

While families struggle, corporations are richer than ever. Their price gouging has driven prices even higher.

DISH Network. FedEx. Salesforce. T-Mobile. These corporations and dozens of others paid no federal income tax from 2018 to 2020 under the Trump tax law. 95 companies in the Fortune 500 and S&P 500 paid less than a 10 percent tax rate, up from 58 in the pre-Tax Cuts and Jobs Act era. Yet the 2024 tax rate for a married couple making just over \$23,000 is 12 percent.

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How do we address this deeply unjust system? The answer is to pass my American Family Act, which would restore the largest middle class tax cut in a generation, and which is the antidote to child poverty: the expanded, monthly Child Tax Credit.

When we passed the Child Tax Credit in the American Rescue Plan, it reached nearly 36 million households – 61 million children. It gave real money back to millions of working families in the form of monthly checks, cut child hunger by a fourth, and brought child poverty to the lowest recorded levels in history.

And the expanded, monthly Child Tax Credit returns \$10 for every \$1 spent – how? Because the Child Tax Credit helps children learn more, earn more, and grow up healthier. It improves educational attainment, lowers health care costs, reduces encounters with the justice system, and boosts lifetime earnings. Making the expanded Child Tax Credit permanent through my legislation, the American Family Act, is how we make a lasting positive impact on all of these issues, all at once.

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Indexing the CTC is an essential aspect of my bill, which will make sure that the value of the credit is not diminished over time. I am pleased to see that recent Republican proposals agree this as a good idea, in addition to increasing the value of the credit beyond \$2,000. Too many programs lose effectiveness because they do not keep up with natural inflation over time. Indexing the credit creates stability and predictability for American families.

The American Family Act would be one of the largest investments in American families and children--ever. It would change the game and level the playing field for millions of Americans, massively reduce poverty, and provide tax relief for the middle class and the working class.

The time to act decisively is now. When we discuss the tax priorities for this Congress, we must ask ourselves: are we on the side of American families and children, or that of the wealthiest corporations?

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Over the next few months, members of this committee will hear from corporate lobbyist after corporate lobbyist, begging you to make their tax breaks permanent. They will claim that unless you do, they will have to lay people off, close stores, or move overseas. I will simply urge you to ask them a few questions.

Ask them why, when groceries and other costs like child care skyrocketed, families bore the brunt of inflation and high interest rates – but corporate profits skyrocketed to a record \$3 trillion in 2023.

Ask them why, according to an International Monetary Fund study of S&P 500 firms, only about one-fifth of their free cash from the Trump corporate tax cut was used for capital and R&D spending, while the rest was used primarily for stock buybacks and dividends.

And ask them why, with stock buybacks projected to top \$1 trillion this year for the first time ever, we should leave more children behind in order to further pad their balance sheets.

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This committee has a choice ahead. At the same time as the Trump tax giveaway expires, the current Child Tax Credit will revert to only \$1,000, with partial refundability. Chairman Smith—in your district, three in ten children were left behind under the Tax Cuts and Jobs Act. They do not receive the full credit, because their parents—or grandparents—did not earn enough to qualify. And it is not that they are not working; they are just not earning enough. Yet, parents who do not work but collect dividends from stocks are eligible. Your requirement is not about work-- it is about income. And that is wrong.

You can make sure that does not happen again. You can make sure that all the campaign rhetoric about making this economy work for all Americans was not just rhetoric. You can do what you promised—by passing the American Family Act, the proven method to cut taxes in a way that helps the middle class.

Thank you.