



Testimony Re: H-7127, Article 5
Refundable State Child Tax Credit
House Finance Committee
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Policy and Strategy



Rhode Island KIDS COUNT coordinates the Right from the Start Campaign, a state policy coalition led by eight organizations to advance state policies and budget priorities that will help families with young children.

Both Rhode Island KIDS COUNT and the Right from the Start Campaign strongly support Governor McKee’s budget proposal to create a new refundable state Child Tax Credit of \$325 per child. We are thrilled that the Governor responded to the [Right from the Start Campaign’s request to consider a refundable, state Child Tax Credit – that was signed onto by almost 50 organizations.](#)

We also support Rep. Tanzi’s bill to be introduced that will provide a \$650 per child tax credit as well as the Governor’s recommendation in his [budget summary](#) to add a **supplemental young child bonus to the Child Tax Credit** for children under age five. [Younger children](#) are [more likely to live in poverty](#), families with young children have lower income levels, and women tend to experience substantial decline in earnings in the years following childbirth. [Economic stress in the early childhood years can negatively impact brain development](#) and lead to lower school achievement, reduced earnings, and poorer health.

That’s why the federal Child Tax Credit during the COVID expansion was \$3,600 for children under age 6 -- \$600 more than for older children. [Several states target their state tax credit to reach younger children](#) – California, District of Columbia, Georgia, Maryland, New Jersey, Oregon, and Utah or provide higher amounts for younger children – Colorado and New York

Child Tax Credits are an effective tool to bolster the economic security of low- and middle-income families and position the next generation for success. They boost the after-tax incomes of qualifying families and help them with basic needs like housing, food, and utilities and offset significant costs of raising children.

When designed well – including making them fully refundable and eliminating minimum earnings requirements – state Child Tax Credits counteract some of the deficiencies in the federal Child Tax Credit and lead to meaningful reductions in child poverty and deep poverty.

Thank you for this opportunity to provide testimony. You can reach out to me with any questions at lbarrett@rikidscount.org or 401-742-2772 (cell).

Rhode Island Child Tax Credit 2026 Proposals

Governor's FY27 Budget, Article 5, Section 5 and 6

H-XXXX/Tanzi and S-XXXX/Vargas

Child Tax Credits Help Families Make Ends Meet

Child Tax Credits are a **proven strategy** to help families with the high cost of raising children. Parents use cash refunds from federal and state Child Tax Credits for **essential family needs** like food, housing, utilities, child care, clothing, and education expenses. Cash refunds also help families pay down debt. As of tax year 2025, **16 states have a Child Tax Credit** (12 refundable and 4 non-refundable) to help reduce child poverty and improve family economic security. Nearby states with a refundable Child Tax Credit include Maine Massachusetts, New Jersey, New York, and Vermont.



Right from the
Start



**Rhode Island
Coalition for
Children and Families**

Together for Children. Families. Communities.

Refundable State Child Tax Credits

A refundable tax credit means you will get money back as a refund even if your wages are so low that you don't owe any income tax. Refundable child tax credits stimulate state economies and:

- Reduce child poverty rates and boost child well-being.
- Help parents meet children's basic needs and improve family financial stability.
- Reduce inequality by helping families missed by the federal Child Tax Credit.

Babies and Young Children Benefit

According to [Vanderbilt University's Prenatal to 3 Policy Impact Center](#) Child Tax Credits can be particularly helpful for babies and young children.

- More household resources and reduced family stress during the prenatal to age 3 period help support healthy brain development during the most rapid and sensitive period.
- Household financial stability leads to more nurturing child-parent relationships and reduces the likelihood of child neglect and abuse.

Governor McKee's FY27 Budget Child Tax Credit Proposal

According to the [Niskanen Center's analysis](#), Governor McKee's Child Tax Credit proposal would:

- Be a fully refundable Child Tax Credit worth **\$325 per child** under age 19.
- Benefit 121,000 households across the state.
- Reduce child poverty in Rhode Island by **2.1%**.
- Reach our most vulnerable children, including those in families with low or no income.
- Cost \$36.7 million reduced from \$71.5 million by converting existing personal exemptions for dependents under age 19 to a new refundable Child Tax Credit, a financing mechanism used by both Maine and Massachusetts.

Representative Tanzi's (H-XXXX) and Senator Vargas's (S-XXXX) Child Tax Credit Proposal

Legislative proposals would mirror the Governor's Child Tax Proposal with following changes:

- Be a fully refundable Child Tax Credit worth **\$650 per child** under age 19.
- Reduce child poverty in Rhode Island by **6.3%**.
- Cost **\$108.3** million.