WEST VIRGINIA LEGISLATURE

2025 REGULAR SESSION

Introduced

Senate Bill 217

FISCAL NOTE

By Senator Woelfel

[Introduced February 12, 2025; referred

to the Committee Health and Human Resources; and

then to the Committee on Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new section, designated §11-21-26, relating to authorizing a child or child care tax credit.

Be it enacted by the Legislature of West Virginia:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-26. Child tax credit.

(a) The Legislature finds and declares that the federal child tax credit supports low- and middle-income working families whose earnings are below an income threshold and who have children under seventeen years of age. The Legislature further finds and declares that the federal child and childcare tax credits have reduced child poverty, supported local economies, and has made a positive impact on the early childhood development and health of children whose families gain income from the credit. Therefore, it is the intent of the Legislature to establish a permanent and refundable state child or childcare tax credit for eligible West Virginia taxpayers to support working families with children, reduce child poverty, and help West Virginia's economy.

(b) Definitions:

(1) "Eligible child" means a qualifying child for purposes of the federal child tax credit in the taxable year which the credit is claimed.

(2) "Federal child tax credit" means the child tax credit allowed under section 24 of the internal revenue code, or any successor section, and includes the refundable portion of the tax credit, which portion is referred to as the additional child credit.

(3) "Federal childcare expenses credit" means the childcare tax credit allowed under section 24 of the internal revenue code, or any successor section, and includes the refundable portion of the tax credit, which portion is referred to as the additional childcare credit.

(c) For the tax years beginning on or after January 1, 2025, a refundable credit against the tax imposed by the provisions of this article is allowed against the tax liability under this article of a resident individual who claims either a federal child tax credit or federal child care expenses credit for an eligible child on the individual's federal tax return in the amount of either 20% of the federal child care expenses credit or 10% of the federal child tax credit, whichever amount is greater. The credit authorized by this section shall not be claimed by any taxpayer if the federal adjusted gross income for the taxpayer is in excess of $100,000.

(d) The amount of the credit allowed under this section that exceeds the resident individual's income taxes due is refunded to the individual: *Provided*, That due to the administrative cost of processing, the refundable credit authorized by this section may not be refunded if less than $10.

(e) The credit under this section is not considered to be income or resources for the purpose of determining eligibility for the payment of public assistance benefits and medical benefits authorized under state law or for a payment made under any other publicly funded programs.

NOTE: The purpose of this bill is to create and authorize a state child and childcare tax credit.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.