

HOUSE RESEARCH

Bill Summary

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Overview

Removes the two child "family cap" in the K-12 education credit and extends the maximum income eligible for the credit by \$2,000 for each additional qualifying child. Allows parents to distribute the qualifying expenditures among their children as they choose by setting the maximum credit per family equal to the number of qualifying children multiplied by \$1,000, without specifying a maximum amount per child.

Section

- 1** **K-12 education tax credit; limitations.** Removes the family cap by setting the maximum credit for a family equal to \$1,000 multiplied by the number of qualifying children. This also has the effect of allowing parents to distribute expenditures that qualify for the credit among their children as they choose. For families with two or more qualifying children, the maximum credit would phase out at a rate of \$2 for each \$4 of income over the current law phaseout threshold of \$33,500. This would have the effect of extending the maximum income eligible for the credit by \$2,000 for each additional qualifying child. For example, the maximum income eligible would be \$39,500 for families with three children, \$41,500 for families with four children, etc.

Under current law the maximum credit is \$1,000 per child and \$2,000 per family. The credit phases out at a rate of \$1 for every \$4 of income over \$33,500 for families with one qualifying child, and at a rate of \$2 for every \$4 of income over \$33,500 for families with two or more children, so that the maximum income eligible for the credit is \$37,500 regardless of the number of qualifying children.

