

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.