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HEADLINE: 2016 TNT 52-2 WAYS AND MEANS FAVORABLY REPORTS CONTROVERSIAL CHILD CREDIT BILL. (Section 24 -- Child Credit) (Release Date: MARCH 16, 2016) (Doc 2016-5640)

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Section 36B -- Healthcare Plan Credit

ABSTRACT: The House Ways and Means Committee voted 21 to 15 along party lines to favorably report a bill March 16 that would require taxpayers claiming the refundable portion of the child credit to provide a Social Security number, a measure some Republicans backed as a sensible way to reduce fraud and some Democrats called a cruel way to finance the budget.

SUMMARY: Published by Tax Analysts(R)

The House Ways and Means Committee voted 21 to 15 along party lines to favorably report a bill March 16 that would require taxpayers claiming the refundable portion of the child credit to provide a Social Security number, a measure some Republicans backed as a sensible way to reduce fraud and some Democrats called a cruel way to finance the budget.

Rep. Sam Johnson, R-Texas, who introduced the bill, said during his opening statement at the markup that "requiring Social Security numbers is a long-standing, common-sense idea." He added that his bill, which was based on "the good work of the Treasury Inspector General for Tax Administration," would save almost \$ 20 billion "by closing a loophole that should never have existed in the first place."

Ways and Means ranking minority member Sander M. Levin, D-Mich., and member Jim McDermott, D-Wash., both blasted the bill and connected its consideration to the Republicans' intention to pass a budget.

"This is the grease to make the budget come out upstairs, is the food out of kids' mouths," McDermott said. "This is not how you finance the budget."

The child credit bill was among four bills considered in the markup, and it was one of two related to tax issues.

Under H.R. 4723, the Protecting Taxpayers by Recovering Improper Obamacare Subsidy Overpayments Act,

introduced by Rep. Lynn Jenkins, R-Kan., additional tax liability limits for taxpayers who claimed an excessive amount of the credit would be removed, allowing for full recovery of improper advance premium tax credit payments.

The discussion about Jenkins's bill, which the committee voted 22 to 15 along party lines to report out, struck a similarly divisive tone.

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Rep. Sam Johnson, R-Texas, who introduced the bill (Doc 2016-5128), said during his opening statement at the markup that "requiring Social Security numbers is a long-standing, common-sense idea." He added that his bill, which was based on "the good work of the Treasury Inspector General for Tax Administration," would save almost \$ 20 billion "by closing a loophole that should never have existed in the first place."

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Under H.R. 4723, the Protecting Taxpayers by Recovering Improper Obamacare Subsidy Overpayments Act (Doc 2016-5129), introduced by Rep. Lynn Jenkins, R-Kan., additional tax liability limits for taxpayers who claimed an excessive amount of the credit would be removed, allowing for full recovery of improper advance premium tax credit payments. (Prior coverage (Doc 2016-5142).)

The discussion about Jenkins's bill, which the committee voted 22 to 15 along party lines to report out, struck a similarly divisive tone.

Jenkins, in her opening statement, called the measure a "good government" bill. "This is a simple bill," she said. "It is about good governance and our duty to protect the tax dollars of hardworking Americans."

Ways and Means Chair Kevin Brady, R-Texas, later added that requirements to repay overpayments were in the original version of the ACA.

Rep. Joseph Crowley, D-N.Y., said before the vote that moving forward on the bill would be ill-advised, adding that "the attempt here is not to help more people afford health insurance."

The Joint Committee on Taxation released reports March 15 describing the measures and their revenue impact. H.R. 4722, the child credit bill, is expected to raise about \$ 20 billion from 2016 to 2026, according to one JCT report (Doc 2016-5560). The other report (Doc 2016-5558) notes that the ACA overpayments measure, H.R. 4723, would increase revenues by nearly \$ 62 billion over that same period.

Jenkins has said the Ways and Means legislative package, which includes two other measures, will be part of a larger set of bills across committees that will accompany the House Budget Committee's proposal, expected to be voted on the week of March 21. The Budget Committee approved its budget proposal March 16. (Related coverage (Doc 2016-5642).)

The proposed budget resolution would balance by 2026, saving \$ 7 trillion over the next decade, with \$ 6.5 trillion coming from policy reforms and debt service. The budget resolution asks House committees to find areas in which savings could be increased in their jurisdictions to account for a total of \$ 30 billion. According to a Ways and Means aide, the reintroduction of this 2012 package of bills would contribute to that cost-cutting goal. (Prior coverage (Doc 2016-5465).)

Low-Income Tax Community Reacts

Before the markup hearing, Francine Lipman, a professor at the University of Nevada, Las Vegas, said the introduction of a proposal to require SSNs for child credit claims "is almost an annual event," but she expressed concern about the healthcare measure.

"The more troublesome proposal is eliminating the cap on the repayment of the shared responsibility payment, as these are lower-income families who are not receiving the cash directly, but rather are getting affordable healthcare," she said. "To have to repay any overpayment in full could be an unforeseen hardship."

To John T. Plecnik of Cleveland State University's Cleveland-Marshall College of Law, the child credit bill is "a half measure" because the earned income tax credit, which already requires a valid SSN, remains subject to erroneous claims and fraud that have led to new and more severe penalties created by Congress and the IRS.

The Center on Budget and Policy Priorities provided Tax Analysts with an updated analysis of a previous proposal regarding the child credit, saying that denying the credit to immigrant tax return filers would mean hardship for millions of families raising children, of which about 80 percent of affected children are U.S. citizens.