



Tax Credit in Reconciliation Bill Would Give Illegal Aliens \$82 Billion

The budget reconciliation bill being deliberated on Capitol Hill replaces the current Additional Child Tax Credit (ACTC) with a program that is part of the enhanced Child Tax Credit (CTC), per a [report](#) by Steven Camarota and Karen Zeigler of the Center for Immigration Studies (CIS).

Whereas the ACTC gave cash to low-income workers with children, the new program eliminates the work requirement altogether, meaning that any illegal alien — even those who aren't working — is now eligible for taxpayer funds so long as they have a U.S. citizen child. The enhanced CTC, which was authorized by one year, also drastically increases the payment amount from the ACTC.

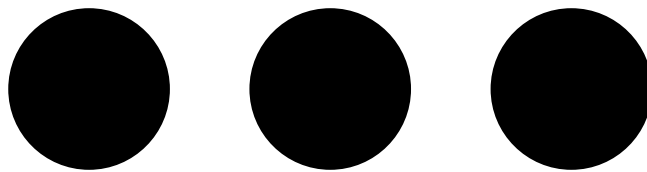
As a result of the changes, CIS estimates that illegal aliens will yearly receive \$8.2 billion a year from the program (more than three times what they got under ACTC), while legal immigrants will receive \$17.2 billion. For illegal aliens, this totals \$82 billion in just 10 years.

Should the new program become law, the negative impact of low-income immigrants will be much higher than before. Approximately 63 percent of all immigrant-headed families (legal and illegal) with children will be recipients of the new cash grant, contrasted with 52 percent of native families.

Moreover, legal and illegal immigrant parents who qualify for the program are eligible for larger average payments than native-born Americans — \$5,100 for illegal immigrants and \$4,800 for legal immigrants. By comparison, the native-born will get \$4,600 on average.

Camarota and Zeigler explain how the program works:

The new CTC reduces tax liability by \$3,600 for children under six and \$3,000 for children ages six to 17. If the value of the new credit is more than a family's federal income tax liability, the family can receive a "refundable credit", which is a cash grant. The maximum cash payment under the new program for those without federal income tax liability is the same as the reduction in tax liability — \$3,600 for children under age six and \$3,000 for children six to 17. This is substantially larger than the \$1,400 maximum cash payment per child under the old ACTC. The Congressional Budget Office has estimated the new cash grants, excluding the refunds, will cost the federal treasury \$66.2 billion above the \$28.9



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Written by [Luis Miguel](#) on October 7, 2021

billion that the old grants cost, for a total cost of about \$95 billion annually. The idea behind the old ACTC and the new enhanced CTC is that it provides tax relief for higher-income parents who have tax liability, while providing cash grants for parents who do not pay federal income taxes, with the goal of lifting more children out of poverty.

One notable difference between CTC and the old ACTC is the removal of the work requirements. Under ACTC, recipients of the cash payments had to show they earned a minimum of \$2,500 a year and the size of the cash payment could not be more than 15 percent of earnings above \$2,500. But these two requirements have been eliminated.

Immigrants benefit more from this program than the native-born because the CTC cash payments are geared toward families with incomes below 350 percent of the federal poverty level. For a family of three in 2020, this would come out to about \$76,000. Sixty-six percent of families (60 percent for legal immigrants and 83 percent for illegal aliens) with children headed by a foreign-born parent fall below 350 percent of poverty, whereas 53 percent of native families have income at this level.

This comes as the Left is pushing for the inclusion of amnesty in the reconciliation process. Parliamentarian Elizabeth MacDonough stated that language offering legal permanent residency to around eight million illegal aliens was incompatible with the rules of the reconciliation process.

As a result, [92 scholars called](#) on Vice President Kamala Harris, Senate Majority Leader Chuck Schumer (D-N.Y.), and Senate President Pro Tempore Patrick Leahy (D-Vt.) to go against MacDonough's advice and include the language.

Their hope is that enacting amnesty via reconciliation would allow Democrats to sidestep a Republican filibuster, as Democrats would need just 51 votes to pass the final budget bill and Republicans would need 60 votes to successfully appeal the presiding officer's ruling.

Should Democrats succeed in legalizing the millions of illegal aliens in America, the long-term economic consequences would be far-reaching.



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