


# Restore the Child Tax Credit for Children in South Dakota

## Why Do We Need to Restore the Child Tax Credit to “Little DREAMers”?

The Child Tax Credit (CTC) is one of the nation’s most powerful tools for fighting poverty.

- Before 2017, all children, regardless of whether they had Social Security Numbers (SSNs), were eligible for the CTC as long as they had an Individual Taxpayer Identification Number (ITIN) and their parents met the eligibility requirements and filed taxes.
- However, the passage of the Trump Administration’s Tax Cuts and Jobs Act included a cruel attack on immigrant children, which denied the CTC to children without a SSN.
- The Trump tax “reform” bill, which gave billions in tax cuts to the wealthiest Americans, resulted in about **one million children** losing access to the CTC.

**Congress must take action to restore access to the CTC and create a permanent solution to fight poverty for all children in the United States.**



Restoring eligibility for the CTC would support about **1,300 children in South Dakota** and bring an estimated **\$4.2 million** into the state.<sup>1</sup>

## No Child in the United States Should Live in Poverty

- The CTC substantially reduces child poverty by supporting families who are more likely to have low-wage jobs, fewer benefits, and fewer work protections.<sup>2</sup>
- Providing families with additional income supports during a child’s early development has been shown to have substantial benefits for future health and educational attainment.<sup>3</sup>
- The pandemic has only exacerbated the rate of poverty among children. Approximately **one million children** live in even more extreme levels of poverty following the pandemic.<sup>4</sup>
- Black and Hispanic children experience some of the highest poverty rates in the country. **Despite children of color making up 50 percent of the total population of children, 71 percent of children in poverty in 2021 were from communities of color.**<sup>5</sup>
- Estimates show that child poverty exacts a cost of \$800 billion to \$1.1 trillion in lost economic output annually, suggesting that reducing child poverty is among the smartest investments we can make as a society.<sup>6</sup>

<sup>1</sup> <https://itep.org/inclusive-child-tax-credit-reform-would-restore-benefit-to-1-million-young-dreamers/>

<sup>2</sup> <https://www.cbpp.org/research/federal-tax/the-child-tax-credit>

<sup>3</sup> <https://www.americanprogress.org/article/expanded-child-tax-credit-lift-millions-children-poverty/>

<sup>4</sup> <https://www.childrendefense.org/the-state-of-americas-children/soac-2023-child-poverty/>

<sup>5</sup> <https://www.childrendefense.org/wp-content/uploads/2023/05/SOAC-2023-Tables.pdf>

<sup>6</sup> <https://nap.nationalacademies.org/catalog/25246/a-roadmap-to-reducing-child-poverty>

