

CONGRESSMAN  
**MORGAN MCGARVEY**

PROUDLY SERVING KENTUCKY'S THIRD DISTRICT



# YOUNG ADULT TAX CREDIT ACT

*CO-LEAD: REP. BONNIE WATSON COLEMAN (NJ-12)*

## BACKGROUND

18 to 24-year-olds face the highest poverty rates in the US.[1] For many young adults, the transition to adulthood leads to a spike in poverty as they begin to live independently, rent, work, or seek higher education or vocational training. In my home state of Kentucky, 22% of young adults, almost a quarter of our young adult population, live below the poverty line. This concentration of poverty in the 21st century is unacceptable.

Our social safety net rightfully has programs for childhood and seniors, but it fails to address the prevalence of young adult poverty. We should have a program that invests in young people, helping them stay afloat and giving them the tools to thrive in and contribute to society for the rest of their lives.

This legislation creates a universal \$500 monthly payment, indexed to inflation, for all 18-24-year-olds in the US, including in territories such as Puerto Rico and American Samoa. This unconditional cash transfer would allow young adults to access capital earlier in their lives, better afford necessities, or otherwise build their lives and be more integrated into the tax system. A similar pilot program in my district of Louisville has shown the multi-generational impact of investing in youth.[2] This legislation seeks to bring such concept nationwide – we hope you can join us in this effort.

## LEGISLATIVE HIGHLIGHTS

### **ELIGIBILITY:**

- Must be 18-24 years old.
- Must have a social security number (US citizen) OR possess a Tax Identification Number (US immigrants, including DACA recipients and undocumented immigrants are included).

### **THE PAYMENT:**

- Is an advanced, refundable tax credit, disbursed monthly and indexed to annual inflation adjustments.
- Cannot be used in any offset or garnishment cases, including student loan repayment, and does not count towards income measures for other social programs.

### **IMPLEMENTATION:**

- The bill directs the IRS to conduct an outreach campaign, prioritizing members of populations which are less likely to file taxes or have bank accounts.
- For dependents, the payments will be sent to the tax filer (e.g., the parent) for the remainder of the year until the young adult files a tax return not as a dependent. Then, the independent young adult will be eligible to receive payments directly for the upcoming year (i.e., whom the payment goes to is based on the previous year's dependent status).
- The bill creates an online portal that is mobile friendly and in multiple languages to allow the young adult to update their information throughout the year.

[1] [https://youngamericans.berkeley.edu/wp-content/uploads/2020/01/poverty\\_FINAL\\_formatted.pdf](https://youngamericans.berkeley.edu/wp-content/uploads/2020/01/poverty_FINAL_formatted.pdf)

[2][1] <https://metrounitedway.org/program/yalift/>