

# State Earned Income Credits

## They Can Make a Difference — Especially if they are Refundable

State-level EICs can make even more money available to low-income workers and can also demonstrate a state's commitment to reducing poverty among low-income working families. "Refundable" state EICs are available to workers even if they earn too little to owe state income taxes, and can help offset the impact of sales and property taxes that have a disproportionate impact on lower-income families. A refundable state EIC can also provide critical tax relief in states that still impose income taxes on working poor families with children, as 18 states do. And,

since most states with state-level EICs follow federal eligibility rules and simply set their benefit as a percentage of the federal credit, a state-level EIC can be easy to administer. Advocates can educate legislators about the many benefits of enacting a refundable state EIC. They can also help make sure that eligible families get the benefits of the federal EIC by working to make EIC outreach a law. For more information on state EICs or starting an EIC in your state, see "State Earned Income Tax Credits: 2010 Legislative Update" at [www.cbpp.org](http://www.cbpp.org) and visit the Hatcher Group's State EIC online resource Center at [www.taxcreditsforworkingfamilies.org](http://www.taxcreditsforworkingfamilies.org).

## 22 states and the District of Columbia Offer EICs for 2010

These states are listed below. The state credit is worth the percentage of the federal credit, as noted. States listed in **bold** have refundable credits.

Delaware (20%)

**District of Columbia (40%) \*\***

**Illinois (5%)**

**Indiana (9%)**

**Iowa (7%)**

**Kansas (18%)**

**Louisiana (3.5%)**

Maine (5%)

**Maryland (25%)\***

**Massachusetts (15%)**

**Michigan (20%)**

**Minnesota (Varies with earnings; average is 33%)**

**Nebraska (10%)**

**New Jersey (20%)**

**New Mexico (10%)**

**New York (30%) \*\***

**North Carolina (5%)**

**Oklahoma (5%)**

**Oregon (6%)**

Rhode Island (25%) \*\*\*

**Vermont (32%)**

Virginia (20%)

**Wisconsin (4%-43% based on number of children)**

\*Maryland also offers a non-refundable EIC set at 50 percent of the credit. Taxpayers may claim either the refundable credit or the non-refundable credit, but not both.

\*\*The District of Columbia and New York also allow certain non-custodial parents who are making child support payments to claim a state EIC that is greater than the credit taxpayers without qualifying children might otherwise claim.

\*\*\*A very small portion of Rhode Island's credit is refundable.

Three local governments — New York City, San Francisco, and Montgomery County, Maryland — offer local EICs.