

## State Policy and EITC Expansion for Childless Workers

By Elaine Maag and Brian Moore

President Obama and others have proposed increasing the federal earned income tax credit for workers without qualifying children. That would automatically raise state EITCs in the 23 states that calculate a state-level credit for this group as a percentage of the federal credit. The credits in Colorado and Washington would be unaffected by a federal change because they are not currently funded. The credit in Minnesota is calculated as a percentage of earnings, not as a percentage of the federal credit.

In 2013 the maximum federal credit for workers without qualifying children was \$487. Maximum

state credits ranged from \$17 in Louisiana (3.5 percent of the federal credit) up to \$195 in the District of Columbia (40 percent of the federal credit) (see table). The EITC is fully refundable in 23 states. Workers without qualifying children in those states would automatically get full value of the higher state credits if Congress raises the federal EITC. But workers without qualifying children in Delaware, Maine, Ohio, and Virginia, where the credit is not refundable, would only benefit if the income range over which the credit is available is also expanded. In Maine, for example, the threshold for owing income tax exceeds maximum earnings for workers without qualifying children to qualify for the EITC. That's also the case for couples in Virginia.

**State Earned Income Tax Credits for Workers Without Qualifying Children in 2013**

State	Percentage of Federal Credit	Refundable?	State	Percentage of Federal Credit	Refundable?
Colorado <sup>a</sup>	10%	Yes	Minnesota	up to 24% <sup>c</sup>	Yes
Connecticut	25%	Yes	Nebraska	10%	Yes
Delaware	20%	No	New Jersey	20%	Yes
D.C.	40%	Yes	New Mexico	10%	Yes
Illinois	10%	Yes	New York	30%	Yes
Indiana	9%	Yes	North Carolina	4.5%	Yes
Iowa	14%	Yes	Ohio	5%	No
Kansas	17%	Yes	Oklahoma	5%	Yes
Louisiana	3.5%	Yes	Oregon	6%	Yes
Maine	5%	No	Rhode Island	25%	Partially <sup>d</sup>
Maryland <sup>b</sup>	25%	Yes	Vermont	32%	Yes
Massachusetts	15%	Yes	Virginia	20%	No
Michigan	6%	Yes	Washington <sup>a</sup>	10%	Yes

<sup>a</sup>Colorado and Washington have yet to implement their EITCs due to lack of funds.

<sup>b</sup>Maryland alternatively offers a nonrefundable EITC set at 50 percent of the federal credit.

<sup>c</sup>Minnesota's earned income credit is not structured as a percentage of the federal credit. Depending on income level, the credit for those without children can range from \$1 up to \$116.

<sup>d</sup>Rhode Island refunds up to 15 percent of its state credit.