

## Refundable State EITC Would Lead to Substantial Returns on Investment in South Carolina

Performed at the request of the Institute for Child Success (ICS), our analysis, [Implementing a Refundable State Earned Income Tax Credit in South Carolina: A Benefit-Cost Analysis](#), estimates the additional costs and benefits to South Carolina of implementing a 10% or 25% refundable earned income tax credit (EITC) beyond the state’s existing 125% nonrefundable EITC (effective tax year 2023).

**The benefits to South Carolina of an elective refundable EITC would outweigh its costs by approximately 10 to 1 with a 10% credit and 4 to 1 with a 25% credit.**

- ▶ With a new 10% refundable state EITC, the average annual benefit per eligible household would be \$265, representing an additional \$109 beyond the average benefits received with only the 125% nonrefundable state EITC. With a 25% refundable credit, this figure increases to an average annual benefit of \$735, representing an additional \$430 beyond the existing nonrefundable credit.
- ▶ A 10% refundable state EITC would benefit approximately 148,500 households and a 25% refundable state EITC would benefit approximately 234,910 households.

### State refundable EITCs positively impact young children and their families.

Strong causal research demonstrates that federal and state EITCs increase employment and earnings and improve families’ economic, social, and health outcomes. State EITCs can also boost tax revenue through increased economic activity and reduce public assistance spending. A refundable 10% or 25% credit could provide an improvement in the quality of life for workers and families in South Carolina.

### Summary of estimated benefits and costs of a refundable EITC in South Carolina

	10% Refundable EITC	25% Refundable EITC
Approximate # of Households Benefiting	148,500	234,910
Average Annual Benefit per Household	\$265	\$735
Total Additional Costs	\$16 million	\$101 million
Total Benefits (including cost avoidance)	\$172 million	\$427 million
<b>Benefit-to-Cost Ratio</b>	<b>10 to 1</b>	<b>4 to 1</b>

To learn more about the work of the Prenatal-to-3 Policy Impact Center, visit [pn3policy.org](https://pn3policy.org).