



SNAPSHOT

December 2023

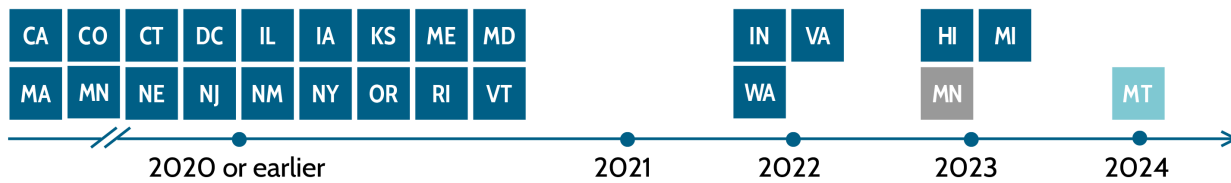
2023 Roadmap Snapshot: Earned Income Tax Credits Across States

A refundable state earned income tax credit (EITC) of at least 10 percent of the federal credit is one of 12 evidence-based policies included in our 2023 Prenatal-to-3 State Policy Roadmap, which details states' progress toward adopting and implementing policies that are proven to impact the prenatal-to-3 system of care. Providing a refundable state EITC of at least 10 percent of the federal credit is a proven policy solution to promote healthier and more equitable birth outcomes, increase parents' workforce participation, and improve household economic security.

As of October 1, 2023, nearly half of states have implemented a refundable state EITC of at least 10 percent of the federal credit. Next year, Montana will increase its refundable EITC from 3 percent to 10 percent of the federal credit because of legislation passed in 2023.

Implementation Timeline: State EITC

23 states have implemented or adopted a refundable state EITC of at least 10% of the federal credit



- State has fully implemented a refundable state EITC of at least 10% of the federal credit by October 1 of a given year.
- State is expected to fully implement a refundable state EITC of at least 10% of the federal credit by October 1 of a given year.
- State no longer has an EITC of at least 10% of the federal credit for most families with children.

How Do State Earned Income Tax Credits Vary Across States?

[State policy choices](#) can impact the degree to which families benefit from state EITCs. EITC value, refundability, and eligibility vary across states that provide the credit. Most state EITCs are calculated as a percentage of the federal EITC an eligible family receives, though some states base their EITC on household income level and others include household size in their calculation.

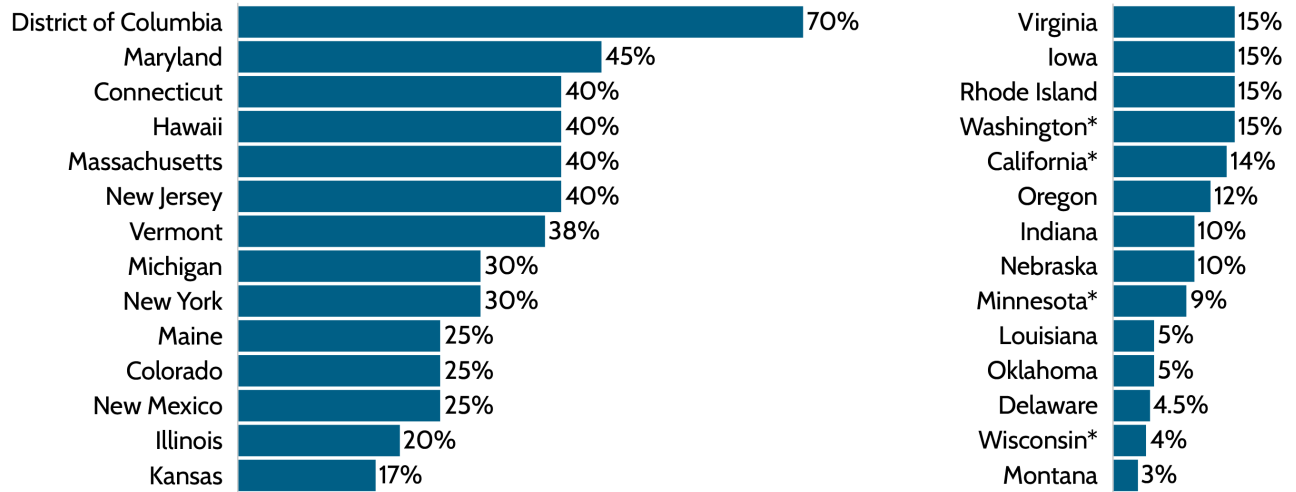
Generosity of Credits

As of October 1, 2023, the value of refundable state EITCs as a percentage of the federal EITC varies from 3 percent in Montana to 70 percent in the District of Columbia. The generosity of nonrefundable state EITCs are as high as 125 percent of the federal EITC, but these credits are capped at the taxpayer's liability.

States without an income tax can still implement a state EITC. Washington's Working Families Tax Credit provides a rebate to eligible families based on the number of dependents and is equivalent to 15 percent of the federal EITC. To receive the credit, individuals must be eligible for the federal EITC with a few state-specific modifications and submit a copy of their federal tax return along with an application.

Variation Across States in Refundable EITC Generosity

Value of the state EITC as a percent of the federal EITC



Notes: State credit as a percent of the federal credit, Tax Year 2023. An** indicates states that do not structure their state EITC as a single set percentage of the federal EITC (California, Minnesota, Washington, and Wisconsin). For these four states, the value listed above reflects the percentage of the state credit for 1 dependent at the start of the plateau (maximum federal benefit) compared to the federal benefit. In 2023, Minnesota revised the structure of its EITC and in doing so expanded its child tax credit, providing the most generous state child tax credit in the country. For additional details, see [Methods and Sources](#).

Source: As of October 1, 2023. State income tax statutes.

Expanded Eligibility

Though many states align their state EITC eligibility criteria with the federal eligibility guidelines, states may also expand eligibility to additional populations, such as Individual Taxpayer Identification Number (ITIN) holders, which includes workers who are undocumented or otherwise ineligible for a Social Security Number, and younger filers ages 18 to 24 years old.

What Progress Have States Made Over the Last Year?

In total, 30 states introduced—and several successfully enacted—legislation to establish or expand a state EITC this year.

Benefit availability: 2 states began implementing refundable state EITCs of at least 10 percent.

- Last year, Hawaii made its nonrefundable credit refundable for 2023 taxes. This year, lawmakers doubled the size of the credit from 20 to 40 percent of the federal EITC.
- This year, Michigan increased its refundable credit from 6 percent to 30 percent of the federal credit, making it available for taxpayers filing in April 2024.

Generosity: 9 states increased the generosity of their state EITC.

- Montana increased its refundable state EITC this year from 3 to 10 percent of the federal EITC starting with taxes filed for 2024.
- Six states with refundable credits already over 10 percent of the federal credit further increased the generosity this year.
- Utah increased its nonrefundable state EITC from 15 percent to 20 percent of the federal credit effective this year.

To learn more about how states vary in their implementation of a refundable EITC, please visit our State Policy Roadmap.

