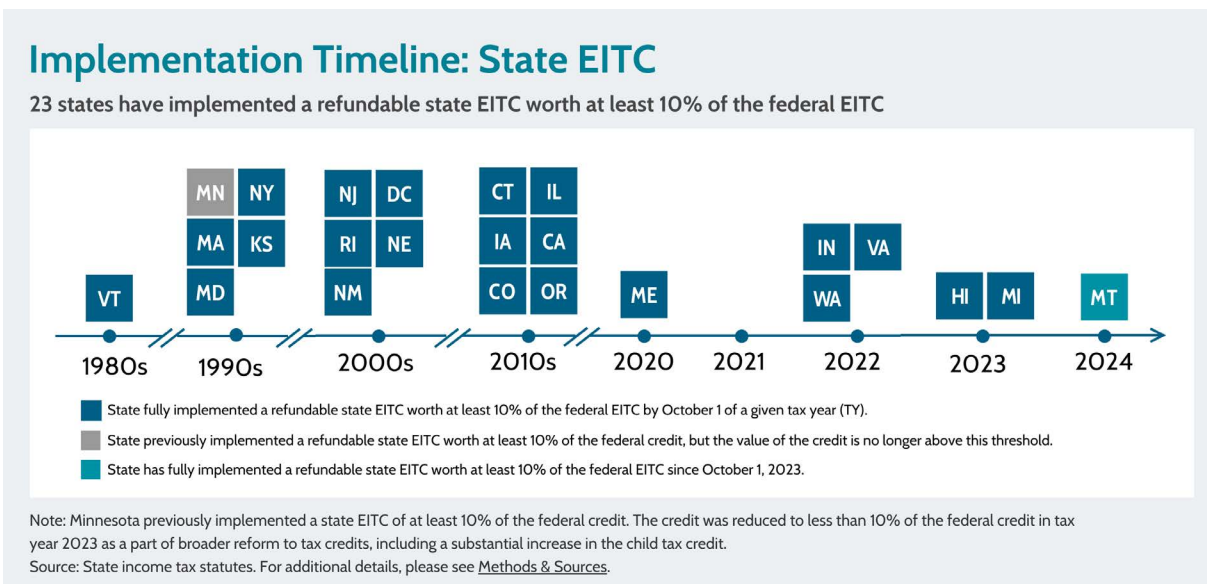


Earned Income Tax Credits Across States

A refundable state earned income tax credit (EITC) of at least 10% of the federal credit is one of 12 evidence-based policies included in our [2024 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% 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.

How Many States Have Fully Implemented a Refundable Earned Income Tax Credit of at Least 10%?

As of October 2024, 23 states fully implement a refundable state EITC of at least 10% of the federal credit. One new state—Montana—began fully implementing a refundable EITC of at least 10% of the federal credit effective tax year 2024.



How Do State Earned Income Tax Credits Vary Across States?

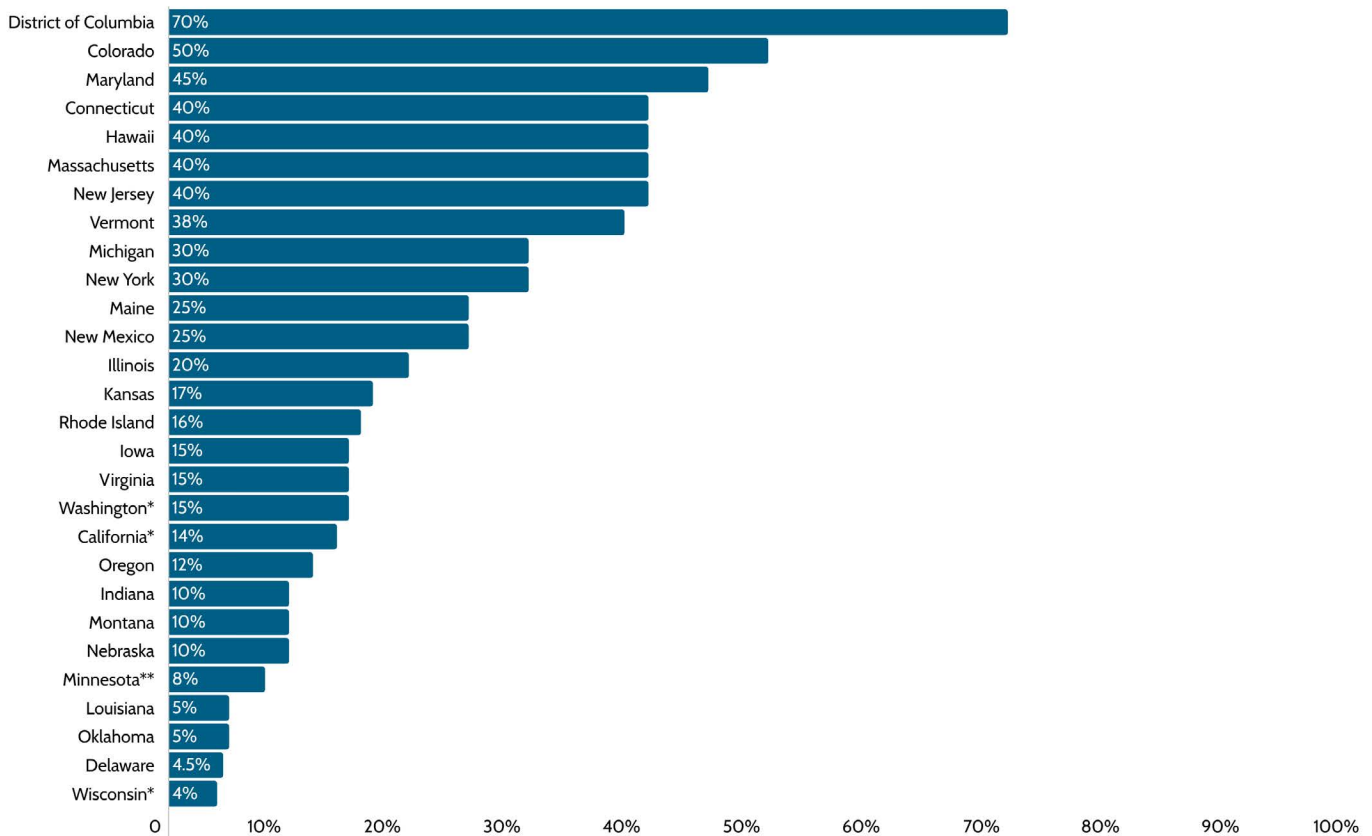
State policy choices can impact the degree to which families benefit from state EITCs. EITC value, refundability, and eligibility vary across states that provide the credit. States have authority to determine who is eligible for their EITC and although many states align their EITC eligibility criteria with the federal eligibility guidelines, some 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.

Earned Income Tax Credits Across States

Most state EITCs are calculated as a percentage of the federal EITC, though some states base their EITC on household income level, and others include household size in their calculation. As of October 2024, the value of refundable state EITCs as a percentage of the federal EITC varies from 4% in Wisconsin to 70% in the District of Columbia. The generosity of nonrefundable state EITCs are as high as 125% 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% of the federal EITC.

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 for Tax Year 2024.

* States does not structure their state EITC as a single set percentage of the federal EITC. In these three states (California, Washington, and Wisconsin), the value listed above reflects the percentage of the state credit for 1 dependent at the start of the plateau (i.e., 1 dependent earning the maximum federal benefit) compared to the federal benefit. In Wisconsin, the state EITC for families with 1 dependent 4% of the federal credit. For families with 2 and 3+ dependents, the state credit is 11% and 34% of the federal credit, respectively.

** In Tax Year 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.

What Progress Have States Made in the Last Year?

In 2024, one new state—Montana—began fully implementing a refundable EITC of at least 10% of the federal credit. This year, 21 states introduced legislation to establish or expand a state EITC.

Generosity: 3 states increased the generosity of their state EITC.

- Colorado enacted legislation this session to increase the generosity of the state EITC to 50% of the federal EITC in tax year 2024, 35% in 2025, and 30% in 2026.

Earned Income Tax Credits Across States

- Montana and Rhode Island also implemented increases to their state EITCs this year, both due to legislation passed in 2023. Rhode Island's credit increased from 15% to 16% of the federal EITC, and Montana's increased from 3% to 10%.

Establishment: 4 states considered establishing a new refundable EITC worth at least 10% of the federal credit.

- Four states (Florida, Mississippi, Pennsylvania, Tennessee) introduced legislation this session to establish a new, refundable, state EITC of at least 10% of the federal credit. None of these bills passed.
- Notably, two of these states, Florida and Tennessee, do not have an income tax, which is the typical mechanism states use to fund and administer state EITCs. Florida and Tennessee both proposed to offer rebates on other state taxes to families with low or moderate incomes, which would function as a state EITC.



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