

Improving Tax Fairness with a State Earned Income Tax Credit

Institute on Taxation and Economic Policy
May 2014

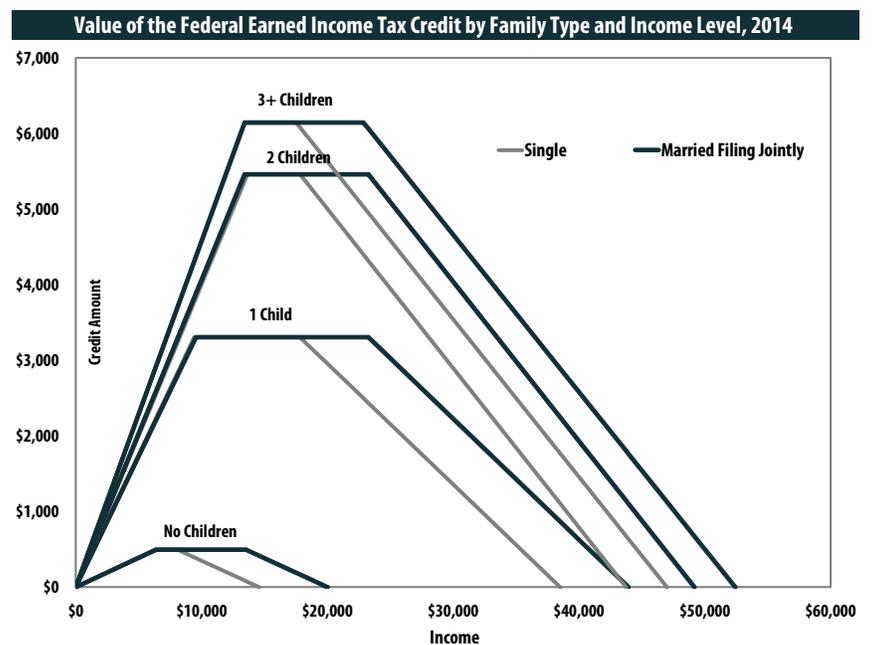
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Virtually every state's tax system is fundamentally unfair, requiring a much greater share of income from middle- and low-income families than from wealthy families. Nationwide, low-income Americans (those making less than \$18,000 a year, putting them in the bottom 20% of the nationwide income distribution) pay an average effective state and local tax rate roughly double (11.1%) that paid by the top one percent (5.6%).¹ This means that state tax systems push the poor even further into poverty and exacerbate income inequality.

The simplest, most effective, and most targeted way to begin to counteract regressive state tax codes is a refundable state Earned Income Tax Credit (EITC). Twenty-five states and the District of Columbia already have some version of a state EITC. Each one is modeled on the federal credit, making it easy for taxpayers to claim and simple for state tax officials to administer. This report explains how all states – even those who already have some form of the credit – can use the state EITC as a tool for improving the fairness of their state tax code.

How the Federal EITC Works

The federal EITC was introduced in 1975 to provide targeted tax reductions to low-income workers (specifically to offset payroll taxes), reward work, and boost incomes of low-wage workers. To encourage greater participation in the workforce, the EITC is based on earned income such as salaries and wages and increases as earned income rises until reaching a maximum. For example, for each dollar earned up to \$13,650 in 2014, families with three children receive a tax credit equal to 45 percent of those earnings, up to a maximum credit of \$6,143. Because the credit is designed to provide tax relief to the working poor, there are income limits that restrict eligibility. Single-parent families continue to be eligible for the maximum credit until income reaches \$17,830 (\$23,260 for married-couple families). Above this income level, the value of the credit is gradually reduced to zero and is unavailable when family income goes beyond the eligibility level. The federal credit is larger for bigger families, is less generous for taxpayers without children, and seniors are not eligible (see the *elderly and childless adults* box on page 6).



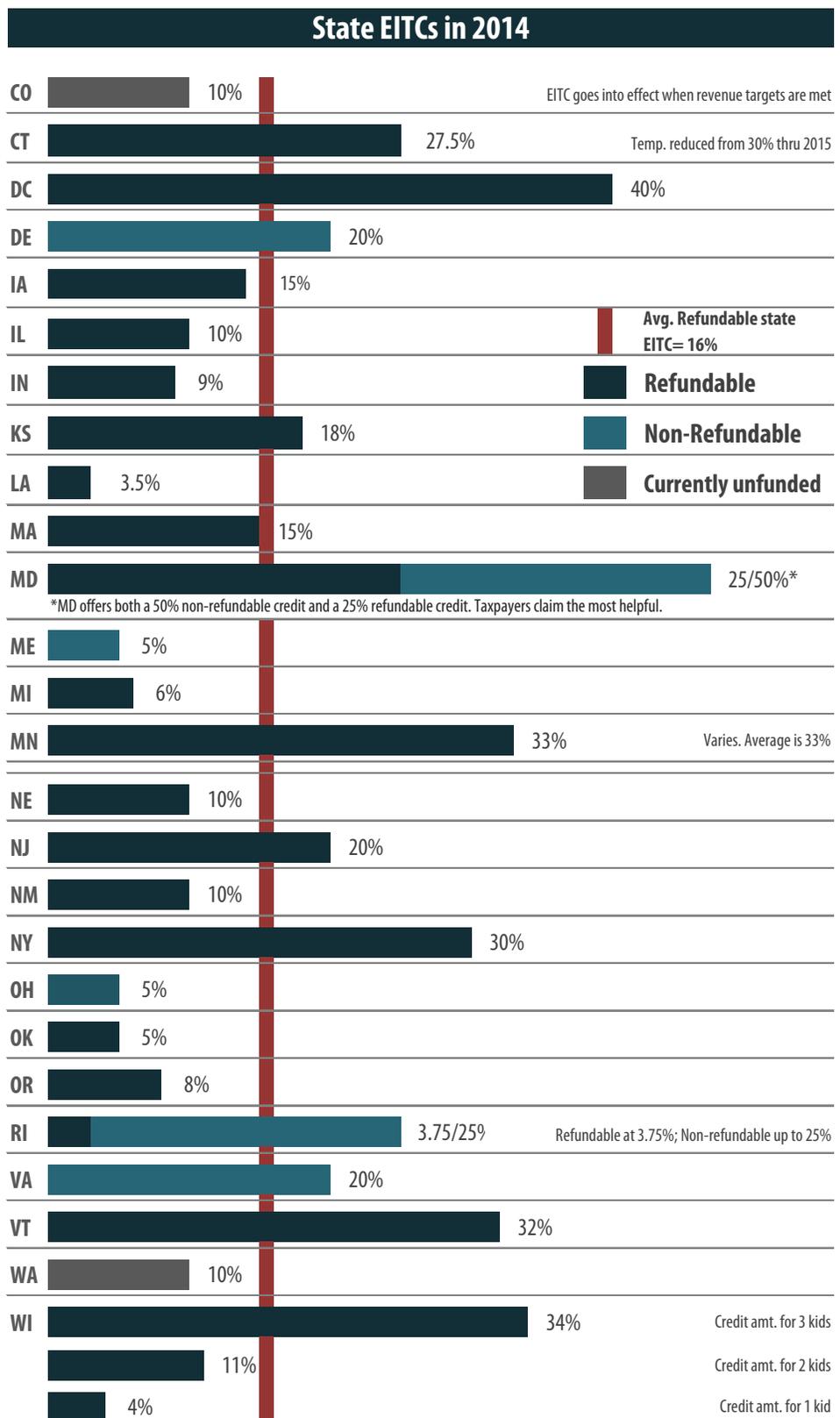
¹ These figures are based on "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States" Fourth Edition, Institute on Taxation & Economic Policy, January 2013, but have been updated to reflect all state tax code changes through the end of 2013. The same will be true of all references to current tax incidence throughout this report, including the state-by-state section.

The federal EITC has been wildly successful, increasing workforce participation and helping 6.5 million Americans escape poverty in 2012, including 3.3 million children. Children of EITC recipients have been shown to be born healthier, perform better in school, attend college at higher rates, and earn more as adults than those children who grow up in families not receiving the EITC. Roughly half of all taxpayers with children make use of the EITC at least once during their lives, often for only a year or two at a time.²

How State EITCs Work

While all states with EITCs allow taxpayers to calculate their state EITC as a percentage of the federal credit, state credits vary dramatically in their generosity (see “State EITCs in 2014” table on this page).³ For example, the EITC provided by the District of Columbia amounts to 40 percent of the federal credit, while eight states have credits that are worth less than 10 percent of the federal credit.

Moreover, four states (Delaware, Maine, Ohio, and Virginia) allow only a non-refundable credit. Non-refundable credits can only be used to offset



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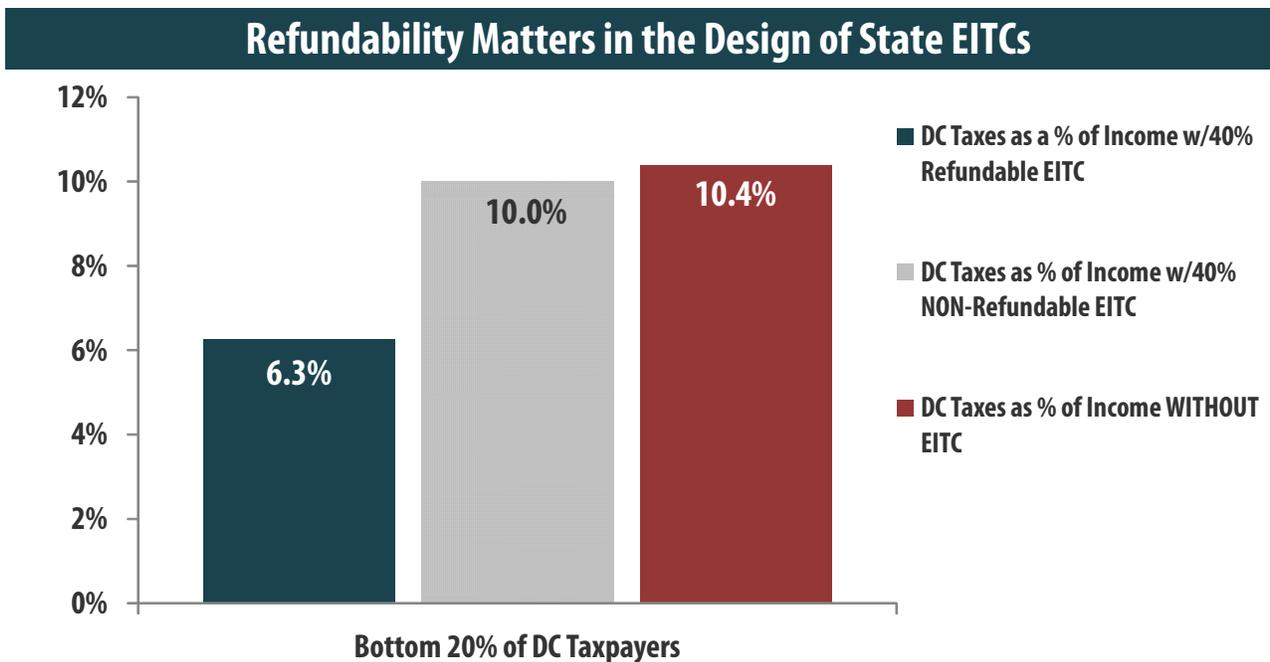
² See *Earned Income Tax Credit Promotes Work, Encourages Children’s Success at School, Research Finds*, Center on Budget and Policy Priorities, April 2014.

<http://www.cbpp.org/cms/?fa=view&id=3793>

³ For a full description of the existing state EITCs, see the state-by-state section of this report, starting on page 11.

income tax liability, even though sales and property taxes make up the vast majority of the total state and local tax bill faced by low-income working families. In contrast, refundable credits do not depend on the amount of income taxes paid: if the credit amount exceeds your income tax liability, the excess amount is given as a refund.

This point is worth repeating given how vital the refundability feature is for state EITCs. Without refundability, a state EITC will not even begin to offset the most regressive taxes low-income families face. As such, refundability is by far the most important design choice confronting state policymakers. No matter how high the state EITC percentage is, if it is not refundable, it will be ineffective. As the chart below shows, removing the refundability of the District of Columbia's 40 percent EITC would significantly hamper the effectiveness of the credit in reducing the share of income the bottom 20 percent of taxpayers pay in DC taxes. Overall, the value of DC's EITC would be reduced by 73 percent if it was converted to a non-refundable credit.



Reform Options

This report shows how all states – even those already with EITCs – can make their tax codes more progressive by establishing or expanding a refundable state EITC. The estimated costs (see Appendix A) and distributional effects of a range of different options were modeled against the current distribution of taxes in each state (see Appendix B for detailed state-by-state charts):

- **First fix:** Some states that already have a state EITC need to apply a straightforward fix to strengthen the impact of the credit. Fixes include making the credit fully refundable (if not already), restoring recent cuts to the credit, fully funding the credit, and re-coupling the credit to be based off current federal rules.

- **Meet the average:** For states that do not already have a state EITC, this option establishes a fully refundable state EITC – using the same eligibility rules used at the federal level – at 16% of the federal credit (the average percentage of existing refundable state EITCs).⁴ For states with an EITC below average size, this option builds on the first fix by increasing the amount of the credit to 16%.
- **Range of further options:** These options model progressively higher levels as a percentage of the federal credit: 20%, 30%, 40%, and 50%. For states with EITCS that have already reached any of these thresholds, the redundant options are not shown.

BUDGET CONTEXT: REBOUNDED REVENUES SHOULD NOT TRIGGER INCOME TAX CUTS FOR THE RICH

State budgets are finally starting to rebound from the depths of the Great Recession, leading many policymakers to pursue tax cut proposals. Most of these proposals are misguided for three main reasons:

- 1) In many cases, state spending on critical services like education, transportation, and public safety has still not returned to pre-Recession levels, making any tax cut premature;
- 2) As we learned during the Great Recession, many states are not financially prepared for a precipitous drop in revenue. States should learn from their recent experiences and invest in rainy day funds and shore up pension plans in preparation for the next economic downturn, rather than repeating past mistakes; and
- 3) Almost all the tax cut proposals currently being advanced focus on income tax rate reductions that overwhelmingly benefit the rich, thus making already regressive state tax codes even more unfair.

Should policymakers continue to pursue tax cut proposals, they would be wise to target cuts to those most in need. An expansion or introduction of a state EITC is among the best ways to do this. But combining large income tax rate reductions with a small EITC increase will likely not be a good deal for low-income families, disproportionately benefitting high-income taxpayers and starving the state of necessary resources.

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⁴This average does not include the refundable percentage amounts in Colorado or Washington, since those states have not yet implemented their credits.

The options presented in this report give policymakers a fuller understanding of how a state EITC can best impact their respective tax codes. For some states, this report shows that bold, large-scale expansions of the state EITC are needed to even begin fixing their upside-down tax systems. For others, more minor improvements can go a long way. But while specific findings vary by state, at least two nationwide takeaways are evident:

1) State EITCs must be a part of any tax reform package. No other tax policy provides more targeted tax reductions to those most in need. With many states currently considering income tax cuts that disproportionately benefit high-income households (see the *Budget context* box on page 4), policymakers should not overlook the value of EITCs as an alternative that can benefit the less affluent. However, tax cut packages that trade large income rate reductions for minor expansions of the state EITC – a theme of some recent proposals – should be viewed warily, since the overall effect of such reforms will likely be to increase the current regressivity of state tax codes.

2) Expanding or enacting a state EITC is not costless, but keeping tax codes as they are includes many hidden costs. Regressive state tax systems exacerbate income inequality and push low-income families further into poverty, increasing the likelihood that they will need to rely on safety net programs. Helping families escape poverty via a state EITC helps to reduce these safety net expenditures and is likely to increase future tax revenues as children of EITC recipients grow into higher-earning adults. Furthermore, there are many progressive policies that can help offset the cost of a state EITC.

Covering the Cost: Paying for New and Expanded State EITCs

As this report shows, a significant refundable state EITC is an effective tool to improve tax fairness by reducing the share of income low- and moderate-income families pay in state and local taxes. However, to truly remedy the upside down nature of state and local tax systems, most states also need to ask more of upper-income taxpayers. In order to fully address the inherent unfairness of state and local tax codes and shore up revenues to pay for a new or expanded state EITC, lawmakers should consider an array of sensible, progressive revenue-raising reforms including those identified below:

- Eight states provide tax breaks for long-term capital gains income – and many more offer tax reductions for gains from assets located solely within state boundaries. These tax benefits flow disproportionately to the super-rich, leave large holes in state budgets, and should be rescinded (for more information, see ITEP’s policy brief, *The Folly of State Capital Gains Tax Cuts*).
- Thirty-one states and the District of Columbia allow a group of income tax breaks known as “itemized deductions.” These deductions cost states billions of dollars a year while providing little or no benefit to middle- and low-income families. Repealing or capping these deductions would improve tax fairness and increase revenue which could be used to fund a state EITC (for more information, see ITEP’s policy brief, *State Treatment of Itemized Deductions*).

- For six states – Alabama, Iowa, Louisiana, Missouri, Montana, and Oregon – one straightforward way to generate additional revenue would be to repeal the deduction for federal income taxes paid. This deduction is an unusual state personal income tax break that allows itemizing taxpayers to subtract the value of their federal income taxes from their state taxable income. The loophole is a major drain on state income tax revenues and yields remarkably little benefit to low- and middle-income families (for more information, see ITEP’s policy brief, *Why States That Offer the Deduction for Federal Income Taxes Paid Get it Wrong*).
- Seven states – Arizona, Georgia, Hawaii, Louisiana, North Dakota, Oklahoma, and Vermont – allow taxpayers to take a state income tax deduction for state income taxes. Though it reads like a typo, this bizarre, circular policy is all too real, draining millions of dollars from these states’ budgets. Not surprisingly, this deduction was created not as a result of careful consideration and debate among state policymakers, but rather as an accidental side effect of the state deciding to “couple” its tax rules to the federal code.
- As corporate profits have rebounded (and boomed) in recent years, state and local corporate taxes have not kept pace: corporate taxes as a share of nationwide corporate profits remain near the lowest point in the past quarter century. This long-term decline in the state corporate income tax is caused in part by ill-advised corporate tax breaks. Ineffective investment tax credits and “single sales factor” reforms are two particularly egregious and widely used breaks. Simply closing these loopholes or adopting a minimum tax to ensure that every profitable company pays at least some state income tax would begin to rectify the situation and could help pay for an expansion or introduction of a state EITC (for more information, see Citizens for Tax Justice & ITEP’s report, *90 Reasons We Need State Corporate Tax Reform*).

THE ELDERLY & CHILDLESS ADULTS: OTHER REFORMS CAN REACH THESE GROUPS

Policymakers should be aware that the EITC does little to benefit seniors and families without children. However, state lawmakers interested in helping childless adults or the elderly can pursue other policies. In fact, many states already provide a wide array of tax breaks for older adults (for more information, see ITEP’s policy brief, *State Income Taxes and Older Adults*). Furthermore, property tax circuit breakers, enhanced personal exemptions or standard deductions, and state-designed, refundable, low-income credits can be of significant benefit to all low-income people (for more information, see ITEP’s report, *State Tax Codes As Poverty Fighting Tools*).

Finally, the EITC itself can be modified to reach otherwise excluded groups. For example, policymakers in Washington, DC are currently pursuing a change to the local EITC that would increase benefits to childless workers. In his most recent budget, President Obama proposed a similar policy at the federal level, and there are now multiple bills pending in Congress to implement such a change. These recent developments reinforce the importance of linking state EITC eligibility rules to the federal program, so that any federal expansions are immediately passed on to the states.

Conclusion

As this report shows, one of the best ways for states to bridge the patently unfair gap between taxes paid by low-income taxpayers and upper-income taxpayers is to establish or expand a state EITC. Since the vast majority of the state and local taxes paid by low-income families comes from sales, excise, and property taxes, the state EITC must be made fully refundable to be effective. To ensure simplicity in administration and generosity in eligibility, state EITC rules should mirror the federal EITC as closely as possible. While it does cost revenue to expand or create a state EITC, such revenue could be raised by repealing tax breaks that benefit the wealthy.

Appendix A: Estimated Cost of EITC Options Presented in the Report¹

State	Current EITC		First Fix/2014 Legislative Fix		Enact/Increase to 16% Refundable	Enact/Increase to 20% Refundable	Enact/Increase to 30% Refundable	Enact/Increase to 40% Refundable	Enact/Increase to 50% Refundable
	Describe	Cost	Describe	Cost of Change					
Alabama	No EITC	No EITC	No EITC	No EITC	\$215m	\$269m	\$403m	\$537m	\$672m
Alaska	No EITC	No EITC	No EITC	No EITC	\$15m	\$19m	\$28m	\$37m	\$47m
Arizona	No EITC	No EITC	No EITC	No EITC	\$210m	\$263m	\$394m	\$525m	\$657m
Arkansas	No EITC	No EITC	No EITC	No EITC	\$116m	\$145m	\$217m	\$289m	\$361m
California	No EITC	No EITC	No EITC	No EITC	\$1103m	\$1379m	\$2068m	\$2758m	\$3447m
Colorado	10% Ref (unfunded)	\$0m	Fund 10% Ref EITC	\$72m	\$115m	\$144m	\$216m	\$288m	\$360m
Connecticut	30% Ref (temp. reduced)	\$123m	No First Fix	No First Fix	Not modeled	Not modeled	Current EITC	\$42m	\$83m
Delaware	20% Non-Ref	\$11m	Convert to 20% Ref	\$19m	Not modeled	First Fix	\$34m	\$49m	\$65m
DC	40% Ref	\$49m	No First Fix	No First Fix	Not modeled	Not modeled	Not modeled	Current EITC	\$12m
Florida	No EITC	No EITC	No EITC	No EITC	\$736m	\$921m	\$1381m	\$1841m	\$2301m
Georgia	No EITC	No EITC	No EITC	No EITC	\$431m	\$539m	\$808m	\$1077m	\$1347m
Hawaii	No EITC	No EITC	No EITC	No EITC	\$36m	\$45m	\$67m	\$90m	\$112m
Idaho	No EITC	No EITC	No EITC	No EITC	\$46m	\$58m	\$86m	\$115m	\$144m
Illinois	10% Ref	\$230m	No First Fix	No First Fix	\$138m	\$230m	\$460m	\$690m	\$920m
Indiana	9% Ref (uncoupled)	\$102m	Couple to Federal at 9%	\$4m	\$87m	\$134m	\$252m	\$370m	\$488m
Iowa	15% Ref	\$62m	No First Fix	No First Fix	\$5m	\$21m	\$63m	\$104m	\$146m
Kansas	17% Ref	\$77m	Restore to 18%	\$5m	Not modeled	\$29m	\$75m	\$120m	\$166m
Kentucky	No EITC	No EITC	No EITC	No EITC	\$141m	\$176m	\$264m	\$352m	\$440m
Louisiana	3.5% Ref	\$47m	No First Fix	No First Fix	\$168m	\$222m	\$357m	\$491m	\$626m
Maine	5% Non-Ref	\$2m	Convert to 5% Ref	\$7m	\$28m	\$36m	\$55m	\$74m	\$93m
Maryland ²	25% Ref or 50% Non-Ref	\$247m	28% Ref or 50% Non-Ref	\$23m	Not modeled	Not modeled	\$16m	\$100m	\$201m
Massachusetts	15% Ref	\$112m	No First Fix	No First Fix	\$7m	\$37m	\$111m	\$186m	\$260m
Michigan	6% Ref	\$109m	Restore to 20% Ref	\$255m	Not modeled	First Fix	\$436m	\$618m	\$800m

State	Current EITC		First Fix/2014 Legislative Fix		Enact/Increase to 16% Refundable	Enact/Increase to 20% Refundable	Enact/Increase to 30% Refundable	Enact/Increase to 40% Refundable	Enact/Increase to 50% Refundable
	Describe	Cost	Describe	Cost of Change					
Minnesota	Avg 33% Ref	\$202m	Couple to Fed/Increase	\$55m	Not modeled				
Mississippi	No EITC	No EITC	No EITC	No EITC	\$168m	\$210m	\$316m	\$421m	\$526m
Missouri	No EITC	No EITC	No EITC	No EITC	\$182m	\$228m	\$341m	\$455m	\$569m
Montana	No EITC	No EITC	No EITC	No EITC	\$26m	\$32m	\$48m	\$64m	\$81m
Nebraska	10% Ref	\$28m	No First Fix	No First Fix	\$17m	\$28m	\$56m	\$84m	\$112m
Nevada	No EITC	No EITC	No EITC	No EITC	\$82m	\$103m	\$154m	\$205m	\$257m
New Hampshire	No EITC	No EITC	No EITC	No EITC	\$23m	\$29m	\$43m	\$57m	\$72m
New Jersey	20% Ref	\$242m	Restore to 25%	\$61m	Not modeled	Current EITC	\$121m	\$243m	\$364m
New Mexico	10% Ref	\$48m	No First Fix	No First Fix	\$28m	\$48m	\$95m	\$143m	\$191m
New York	30% Ref	\$1,109m	No First Fix	No First Fix	Not modeled	Not modeled	Current EITC	\$370m	\$739m
North Carolina	No EITC	No EITC	No EITC	No EITC	\$335m	\$419m	\$628m	\$837m	\$1046m
North Dakota	No EITC	No EITC	No EITC	No EITC	\$13m	\$17m	\$25m	\$33m	\$41m
Ohio	5% Non-Ref, limited ↑ 20K	\$50m	Convert to Fully Ref 5%	\$54m	\$282m	\$365m	\$573m	\$780m	\$988m
Oklahoma	5% Ref	\$39m	No First Fix	No First Fix	\$86m	\$117m	\$195m	\$273m	\$351m
Oregon	8% Ref	\$43m	No First Fix	No First Fix	\$44m	\$66m	\$120m	\$174m	\$228m
Pennsylvania	No EITC	No EITC	No EITC	No EITC	\$293m	\$367m	\$550m	\$734m	\$917m
Rhode Island	15% of 25% credit is ref	\$11m	Convert to Ref 25%	\$31m	Not modeled	Not modeled	\$39m	\$56m	\$73m
South Carolina	No EITC	No EITC	No EITC	No EITC	\$184m	\$230m	\$344m	\$459m	\$574m
South Dakota	No EITC	No EITC	No EITC	No EITC	\$20m	\$26m	\$38m	\$51m	\$64m
Tennessee	No EITC	No EITC	No EITC	No EITC	\$241m	\$302m	\$453m	\$604m	\$755m
Texas	No EITC	No EITC	No EITC	No EITC	\$1041m	\$1301m	\$1951m	\$2601m	\$3252m
Utah	No EITC	No EITC	No EITC	No EITC	\$69m	\$86m	\$129m	\$172m	\$215m
Vermont	32% Ref	\$25m	No First Fix	No First Fix	Not modeled	Not modeled	Not modeled	\$7m	\$15m

State	Current EITC		First Fix/2014 Legislative Fix		Enact/Increase to 16% Refundable	Enact/Increase to 20% Refundable	Enact/Increase to 30% Refundable	Enact/Increase to 40% Refundable	Enact/Increase to 50% Refundable
	Describe	Cost	Describe	Cost of Change					
Virginia	20% Non-Ref	\$109m	Convert to 20% Ref	\$145m	Not modeled	First Fix	\$271m	\$398m	\$525m
Washington	10% Ref (unfunded)	\$0m	Fund 10% Ref	\$88m	\$140m	\$176m	\$263m	\$351m	\$439m
West Virginia	No EITC	No EITC	No EITC	No EITC	\$51m	\$64m	\$96m	\$127m	\$159m
Wisconsin	Ref. ranging from 4-34%	\$113m	34% Ref credit for all	\$150m	Not modeled	Not modeled	Not modeled	\$196m	\$273m
Wyoming	No EITC	No EITC	No EITC	No EITC	\$11m	\$14m	\$21m	\$28m	\$36m

¹ Current and proposed state EITC cost estimates were calculated using the methodology developed by the Center on Budget and Policy Priorities (CBPP) with a few noted exceptions. For more information, see “How Much Would a State Earned Income Tax Credit Cost in Fiscal Year 2015?,” CBPP, December 2013: <http://www.cbpp.org/cms/index.cfm?fa=view&id=2992>.

The current year EITC cost estimates for the following states with EITCs were derived using ITEP’s microsimulation tax model: Delaware, Indiana, Maine, Maryland, Minnesota, Ohio, Rhode Island, Virginia, and Wisconsin. ITEP’s model was used to estimate the cost of all proposed options in Maryland and Minnesota. Note that the cost of proposed changes in states with an existing EITC is the cost to increase the current level of state EITC to the proposed amount.

² Legislation enacted in 2014 will gradually increase the refundable portion of Maryland’s state EITC from 25 to 28% which is estimated to cost \$23m when fully phased-in. The estimated costs shown for Maryland represent the additional cost to increase the refundable portion to 30, 40 or a fully 50% refundable credit above this legislated change.

Appendix B: State-by-State Pages

The state-by-state pages show the following information for each state:

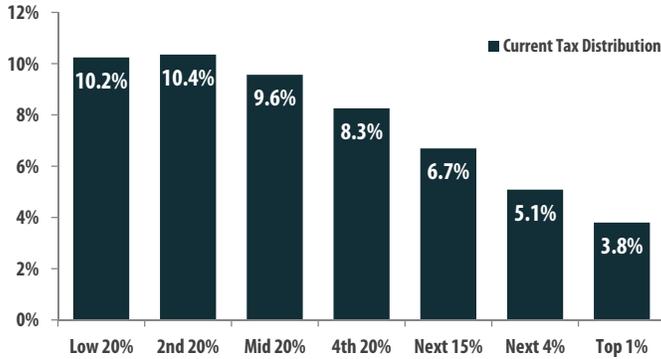
- Description of the current state EITC if applicable.
- The income range and average income in each quintile with the top 20 percent broken down into 15, 4 and top 1 percent.
- The current distribution of the state and local tax system. For states with EITCS, this chart also shows the distribution without the state EITC. The baseline distribution of taxes for most states is from ITEP's published 2013 *Who Pays?* report. In a number of states where 2013 legislative action created a notable shift in distribution, the baseline has been updated to account for those changes.
- An array of options for enacting a new or enhancing a current EITC. For states without EITCs, the charts show the impact of enacting a 16, 20, 30, 40, or 50 percent refundable EITC. For states with EITCs, the options vary depending on the size and other features of the current EITC. It is also important to note that the offset shown for states with EITCs is the additional impact of the proposed EITC enhancement, not the total impact of an EITC at the shown size. For example, Nebraska's 10 percent state EITC reduces the share of taxes paid by the bottom 20 percent of Nebraskans from 11.4 percent to 10.9 percent. Increasing the credit to 20 percent would bring down the share to 10.4 percent (another .5 percent reduction in income paid in taxes).

Alabama

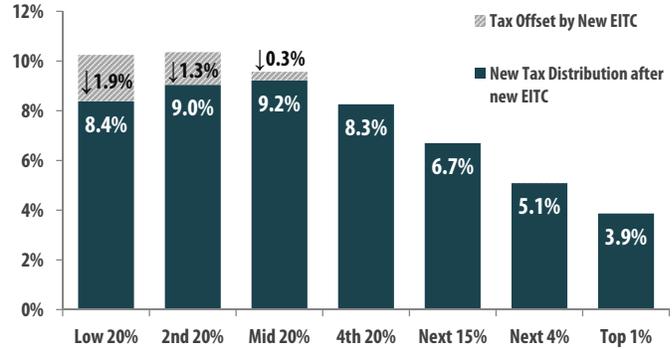
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$16,000	\$16,000 – \$26,000	\$26,000 – \$47,000	\$47,000 – \$77,000	\$77,000 – \$146,000	\$146,000 – \$371,000	\$371,000 – Or More
Average Income in Group	\$10,700	\$21,400	\$35,000	\$59,200	\$100,600	\$199,300	\$900,400

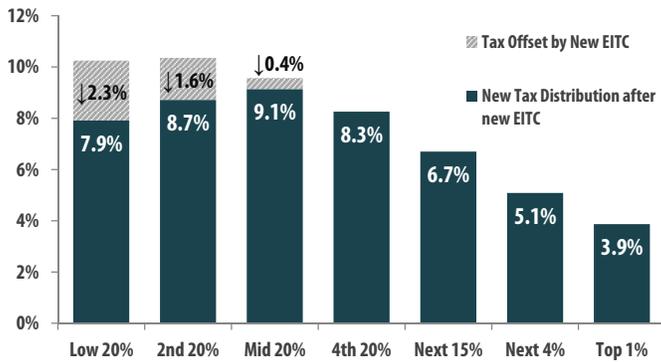
Current Distribution of Alabama's State & Local Taxes*



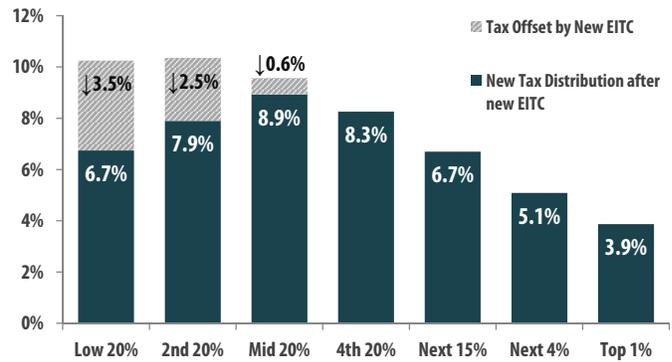
1) Enact Refundable 16% Credit



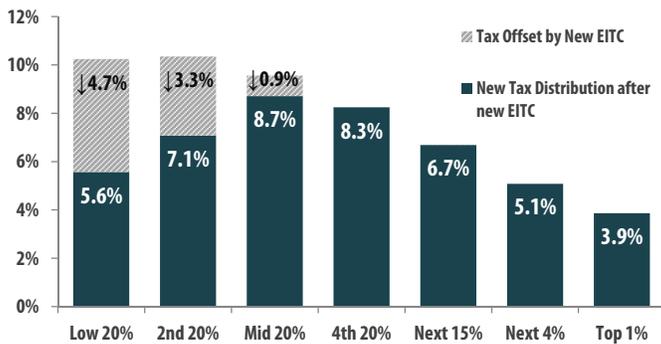
2) Enact Refundable 20% Credit



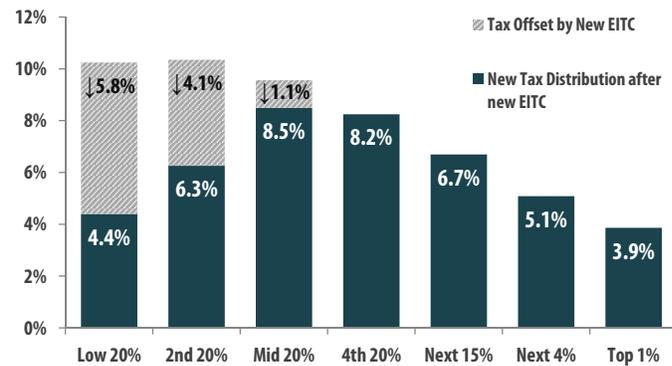
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

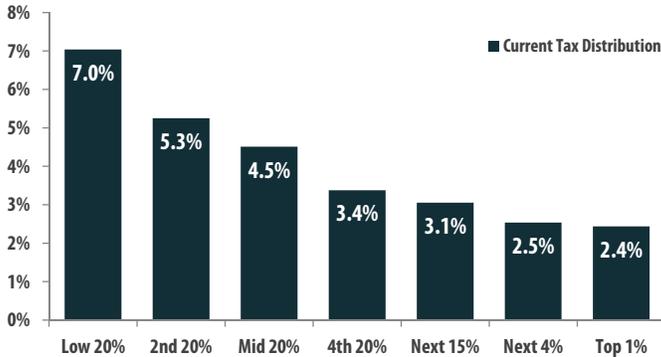


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

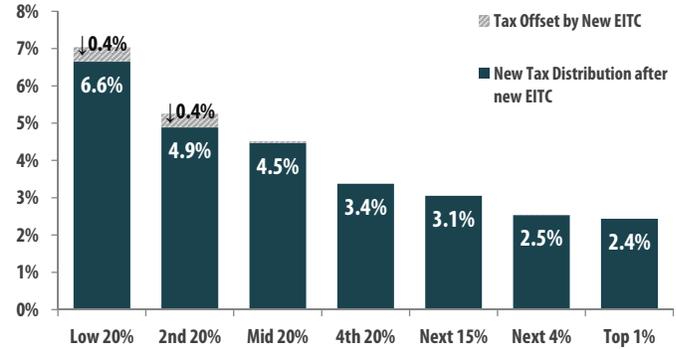
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$25,000	\$25,000 – \$38,000	\$38,000 – \$65,000	\$65,000 – \$115,000	\$115,000 – \$201,000	\$201,000 – \$394,000	\$394,000 – Or More
Average Income in Group	\$15,400	\$30,600	\$52,100	\$87,800	\$145,800	\$251,500	\$1,184,200

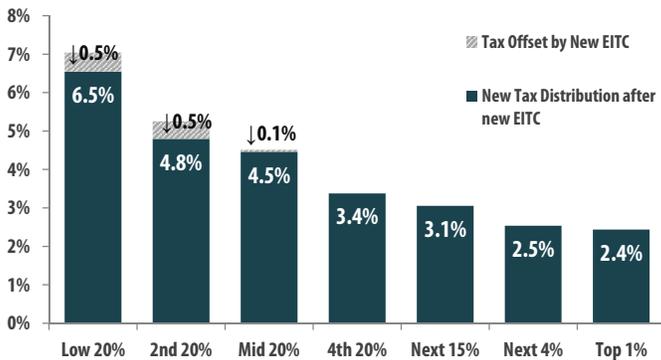
Current Distribution of Alaska's State & Local Taxes*



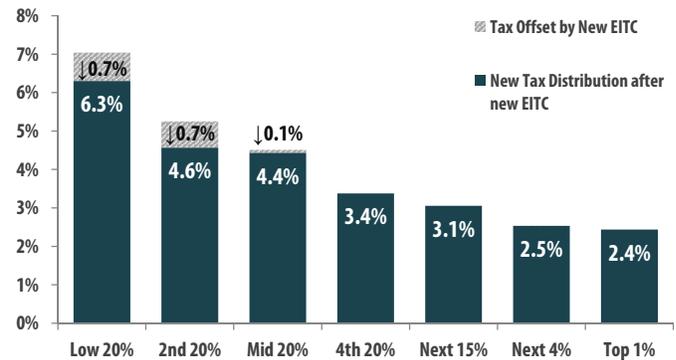
1) Enact Refundable 16% Credit



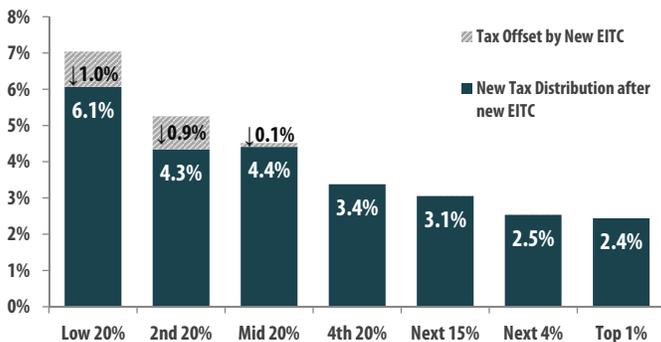
2) Enact Refundable 20% Credit



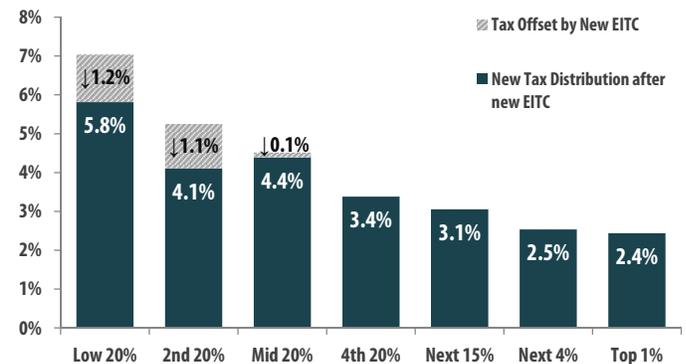
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

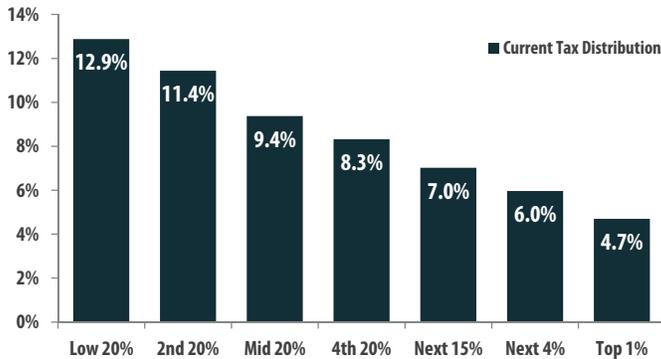


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

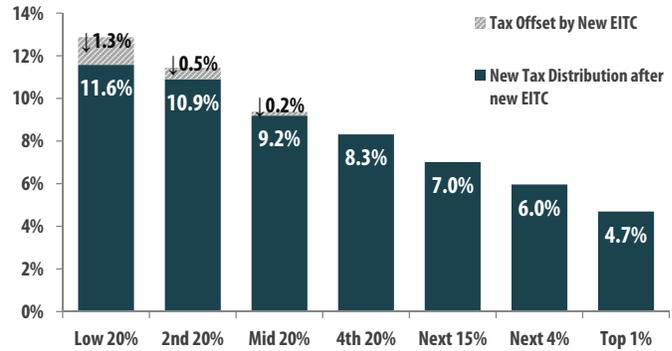
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$32,000	\$32,000 – \$50,000	\$50,000 – \$82,000	\$82,000 – \$156,000	\$156,000 – \$353,000	\$353,000 – Or More
Average Income in Group	\$12,200	\$27,000	\$39,800	\$63,800	\$107,400	\$222,800	\$971,500

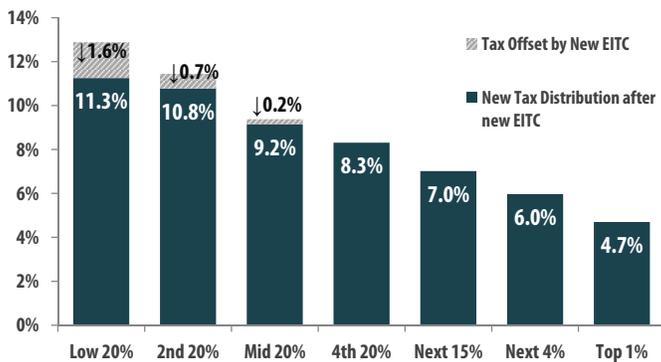
Current Distribution of Arizona's State & Local Taxes*



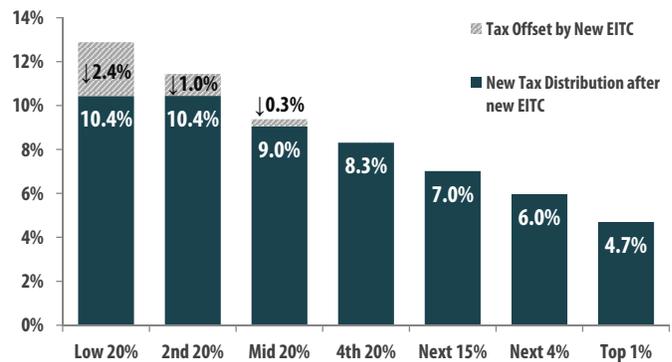
1) Enact Refundable 16% Credit



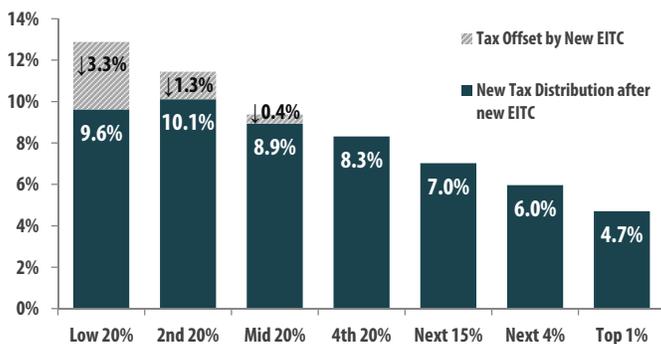
2) Enact Refundable 20% Credit



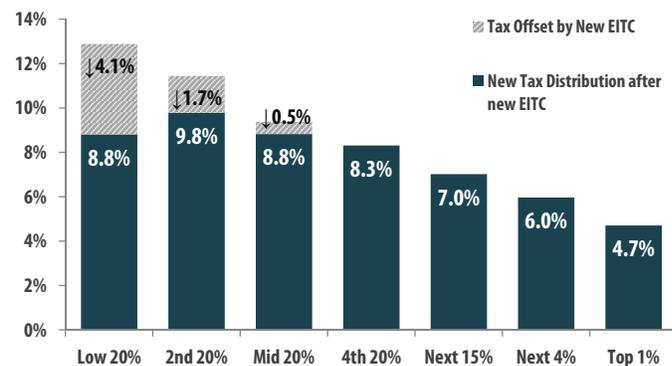
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



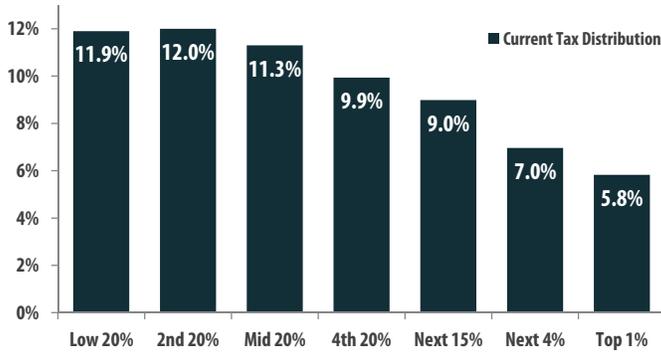
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Arkansas

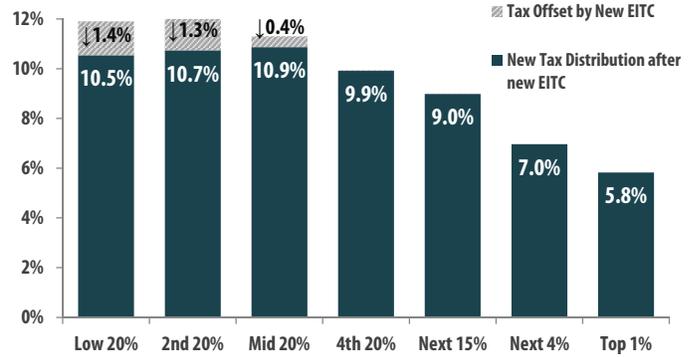
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$15,000	\$15,000 – \$27,000	\$27,000 – \$44,000	\$44,000 – \$71,000	\$71,000 – \$144,000	\$144,000 – \$311,000	\$311,000 – Or More
Average Income in Group	\$8,600	\$21,200	\$35,200	\$55,500	\$94,400	\$193,300	\$723,300

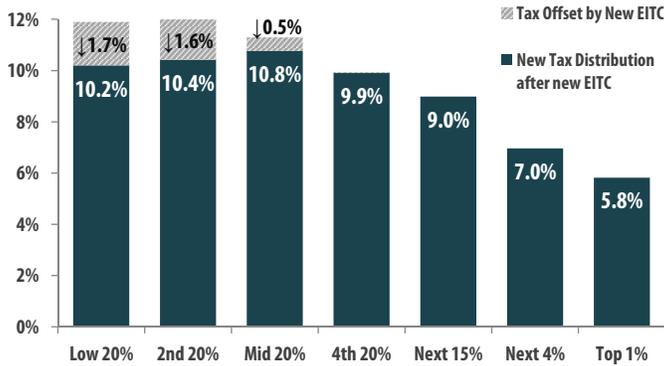
Current Distribution of Arkansas State & Local Taxes*



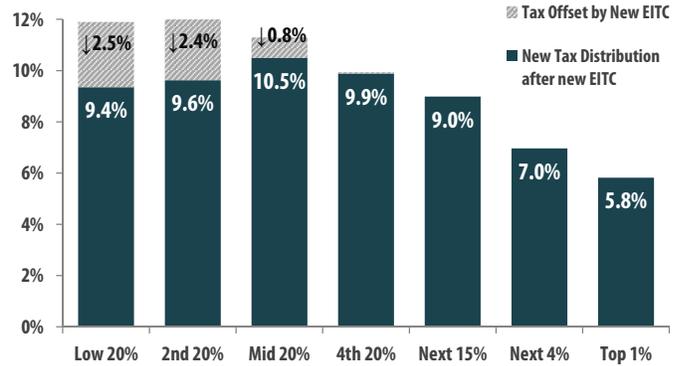
1) Enact Refundable 16% Credit



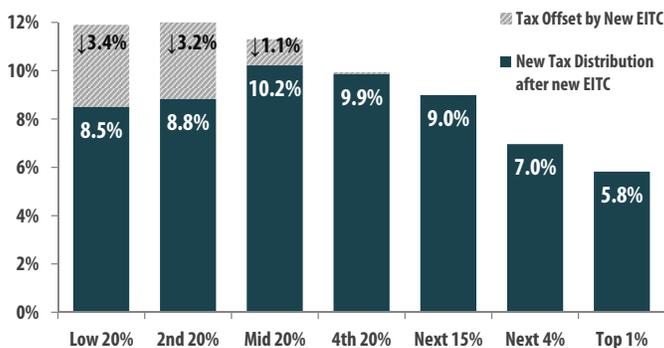
2) Enact Refundable 20% Credit



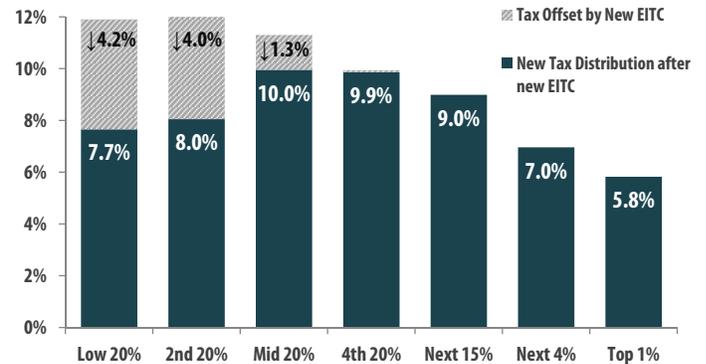
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

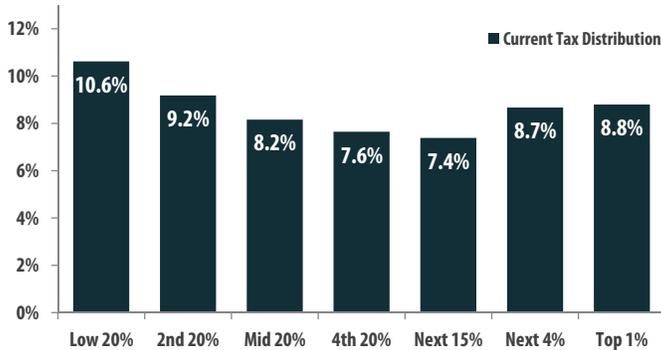


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the larger capital gains exclusion, increased standard deduction and across the board income tax rate reductions approved in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

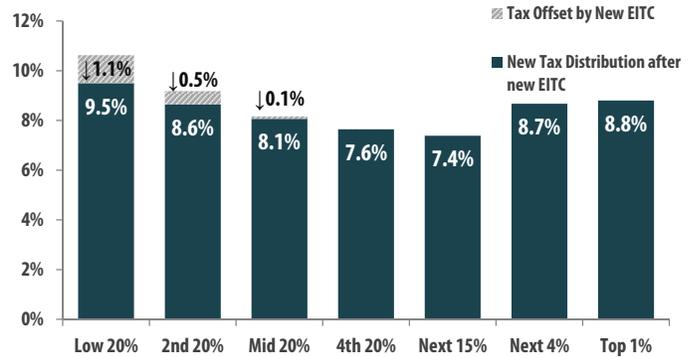
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$36,000	\$36,000 – \$57,000	\$57,000 – \$96,000	\$96,000 – \$200,000	\$200,000 – \$466,000	\$466,000 – Or More
Average Income in Group	\$13,000	\$28,600	\$45,900	\$74,300	\$132,500	\$290,100	\$1,560,800

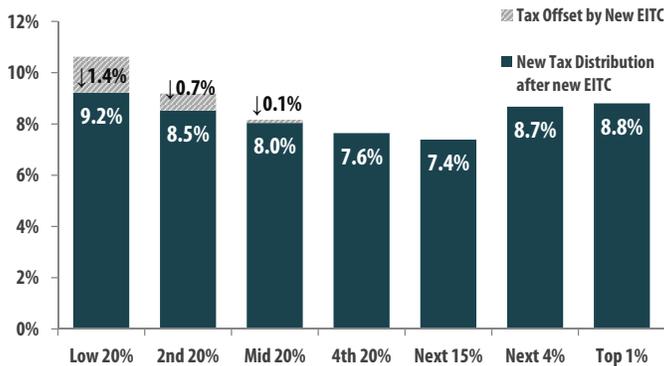
Current Distribution of California's State & Local Taxes*



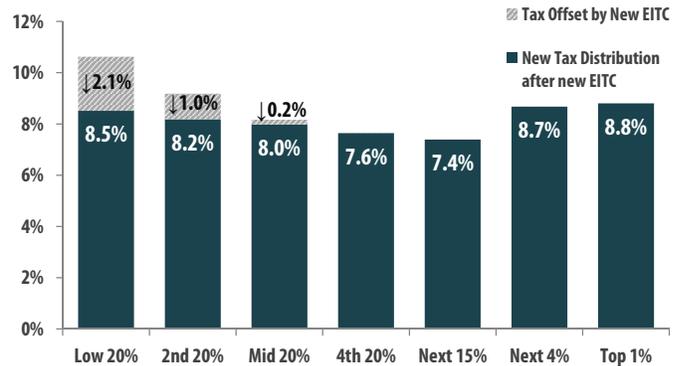
1) Enact Refundable 16% Credit



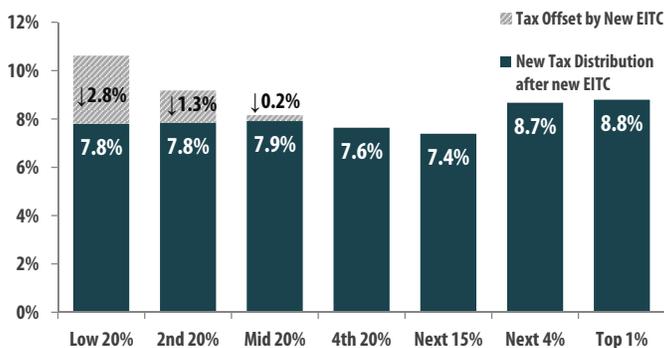
2) Enact Refundable 20% Credit



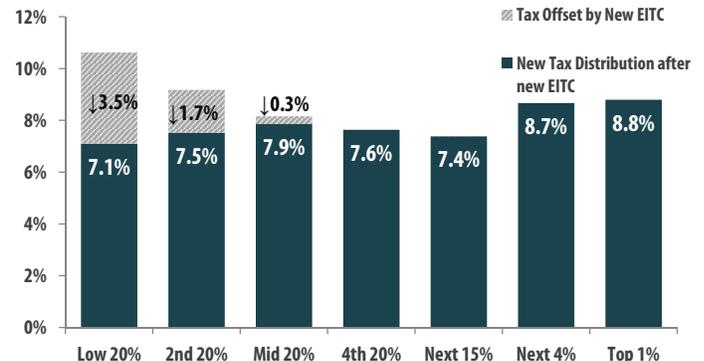
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

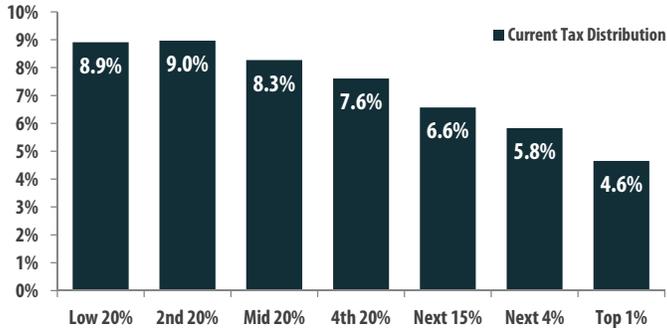


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report which shows temporary California tax law enacted in November 2012. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

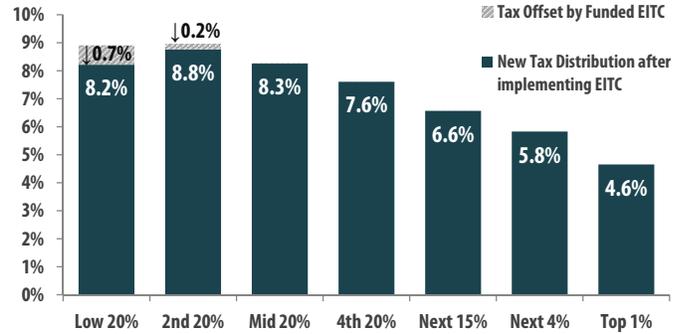
Current policy: Once revenue targets are met (possibly as early as 2015), a fully refundable state EITC worth 10% of the federal EITC will be phased-in over 3 years.

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$39,000	\$39,000 – \$59,000	\$59,000 – \$97,000	\$97,000 – \$186,000	\$186,000 – \$480,000	\$480,000 – Or More
Average Income in Group	\$11,500	\$28,900	\$48,400	\$74,900	\$128,600	\$272,000	\$1,345,400

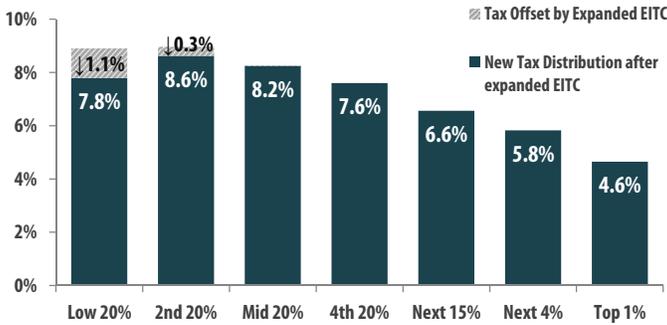
Current Distribution of Colorado's State & Local Taxes*



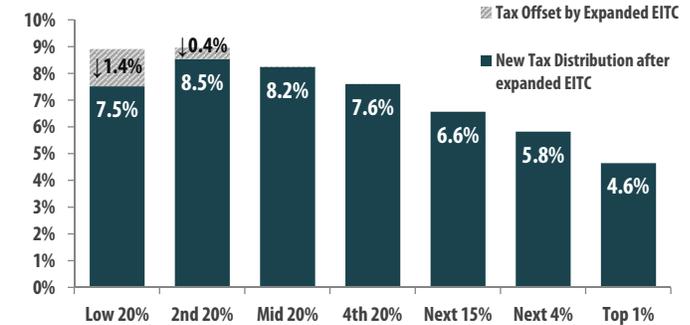
1) First Fix: Fund Refundable 10% Credit



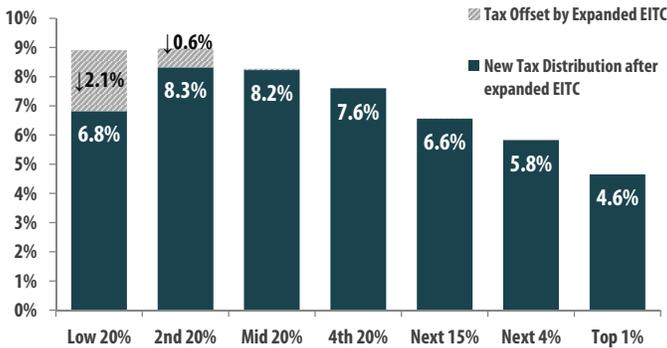
2) Increase Credit to 16% Refundable



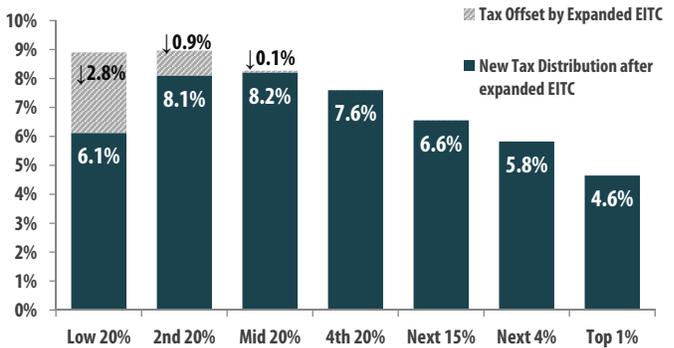
3) Increase Credit to 20% Refundable



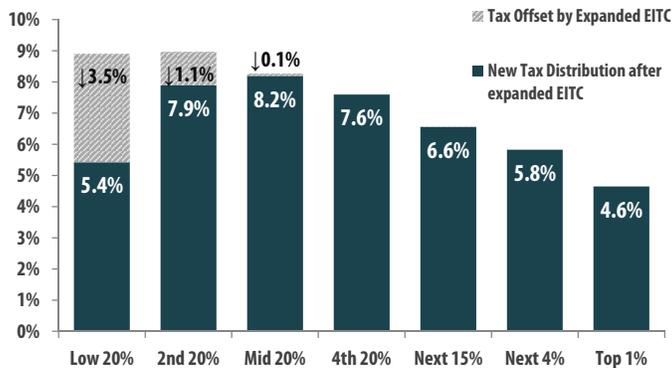
4) Increase Credit to 30% Refundable



5) Increase Credit to 40% Refundable



6) Increase Credit to 50% Refundable

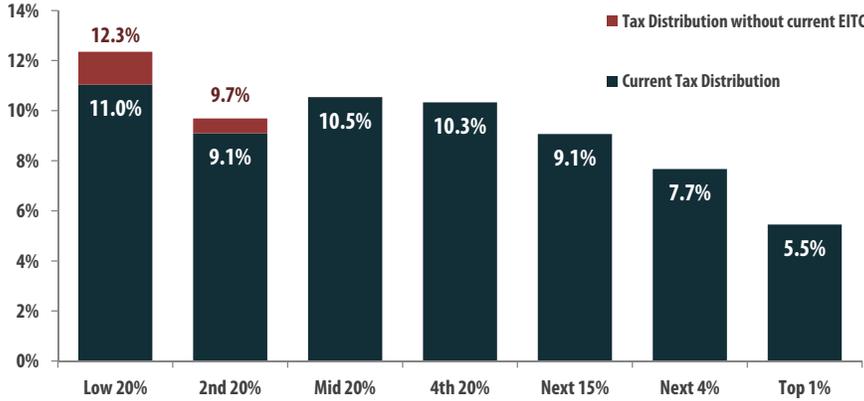


*The baseline distribution of taxes used in this report has not been modified from the published *Who Pays?* results to reflect EITC and Child Tax Credit that Colorado lawmakers enacted in 2013. This is because the implementation of these provisions is conditional on revenue growth and passage of federal legislation allowing Colorado to collect sales taxes on online purchases. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

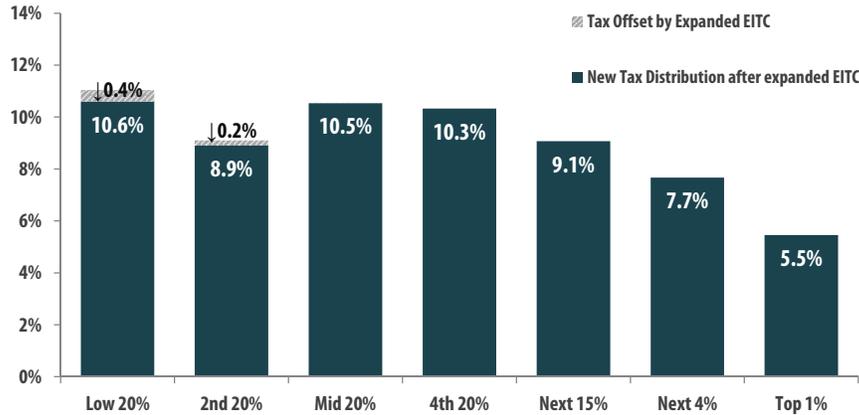
Current policy: Fully refundable state EITC worth 30% of the federal EITC (temp. reduced to 27.5% through 2015).

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$24,000	\$24,000 – \$44,000	\$44,000 – \$73,000	\$73,000 – \$116,000	\$116,000 – \$276,000	\$276,000 – \$1,238,000	\$1,238,000 – Or More
Average Income in Group	\$12,000	\$33,900	\$57,200	\$92,300	\$160,200	\$531,900	\$3,508,400

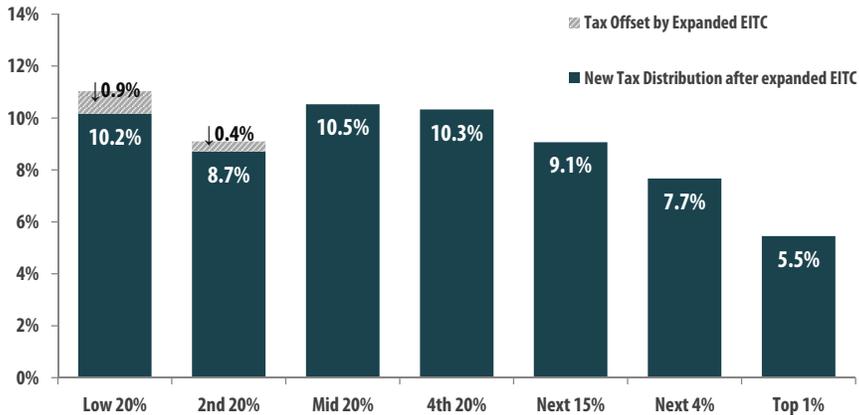
Current Distribution of Connecticut's State & Local Taxes* (with impact of 30% EITC)



1) Increase Credit to 40% Refundable



2) Increase Credit to 50% Refundable



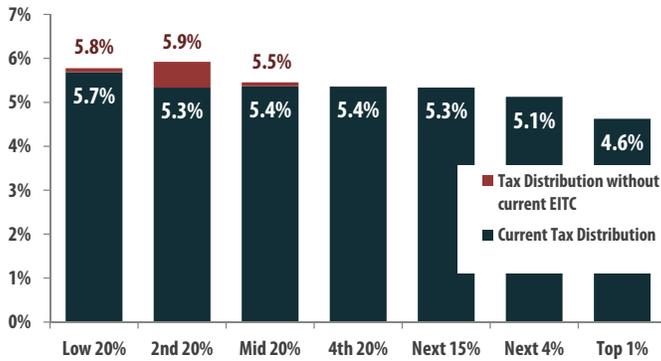
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Delaware

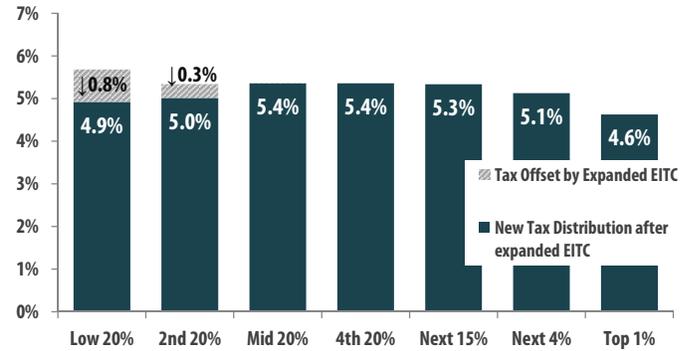
Current policy: Non-refundable state EITC worth 20% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$18,000	\$18,000 – \$32,000	\$32,000 – \$54,000	\$54,000 – \$89,000	\$89,000 – \$158,000	\$158,000 – \$354,000	\$354,000 – Or More
Average Income in Group	\$9,800	\$24,200	\$42,700	\$69,400	\$112,600	\$222,900	\$1,133,300

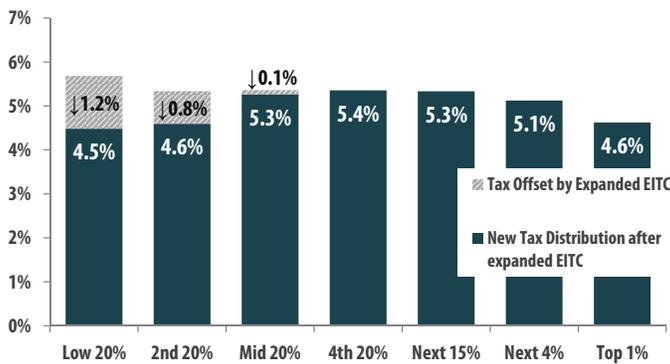
Current Distribution of Delaware's State & Local Taxes* (with impact of current EITC)



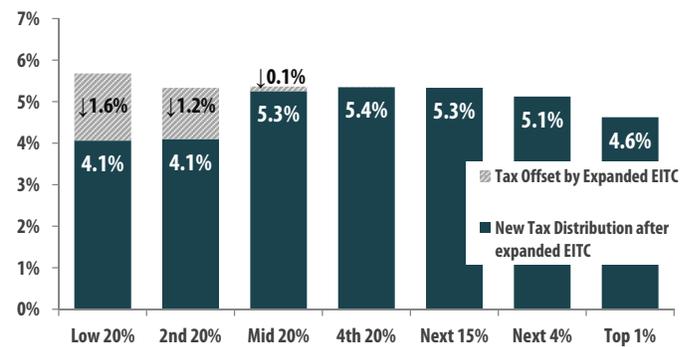
1) First Fix: Convert to a Fully Refundable 20% Credit



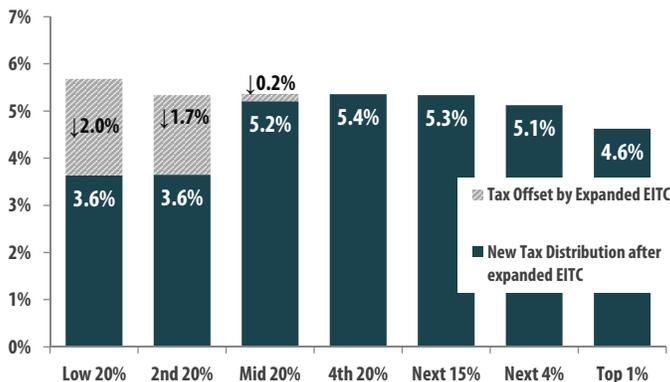
2) Make Credit Refundable and Increase to 30%



3) Make Credit Refundable and Increase to 40%



4) Make Credit Refundable and Increase to 50%



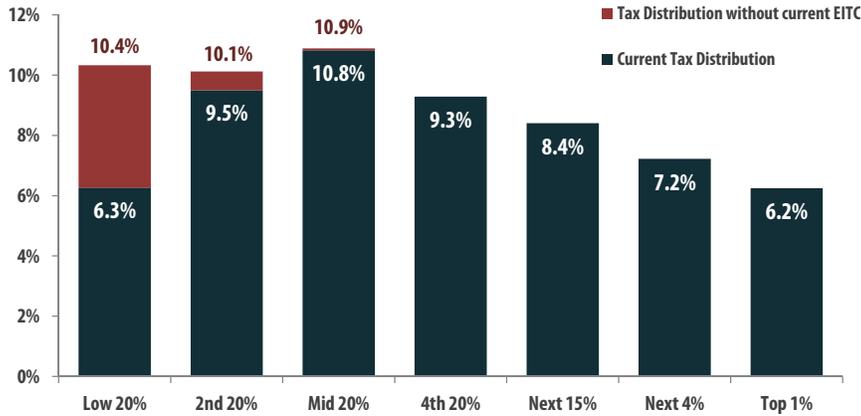
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the permanent increase in Delaware's top personal income tax rate from 5.95 to 6.6 percent (enacted in 2013). The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

District of Columbia

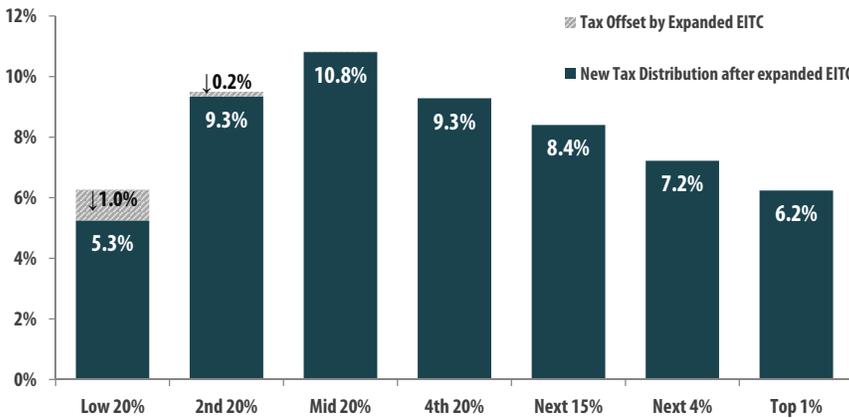
Current policy: Fully refundable local EITC worth 40% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$22,000	\$22,000 – \$38,000	\$38,000 – \$62,000	\$62,000 – \$105,000	\$105,000 – \$250,000	\$250,000 – \$1,453,000	\$1,453,000 – Or More
Average Income in Group	\$12,600	\$28,800	\$50,200	\$80,200	\$150,100	\$460,400	\$2,359,500

Current Distribution of DC's State & Local Taxes* (with impact of 40% EITC)



1) Increase Credit to 50% Refundable

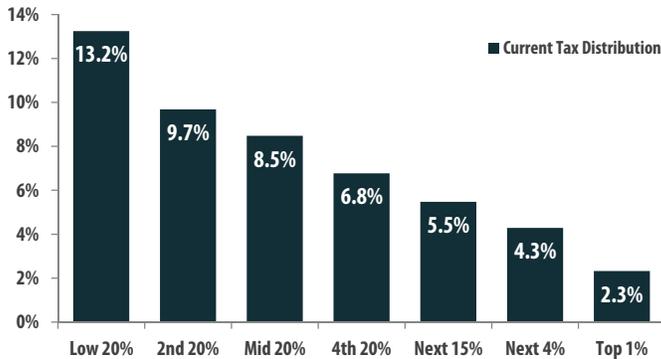


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the sales tax cut and circuit breaker enhancements enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

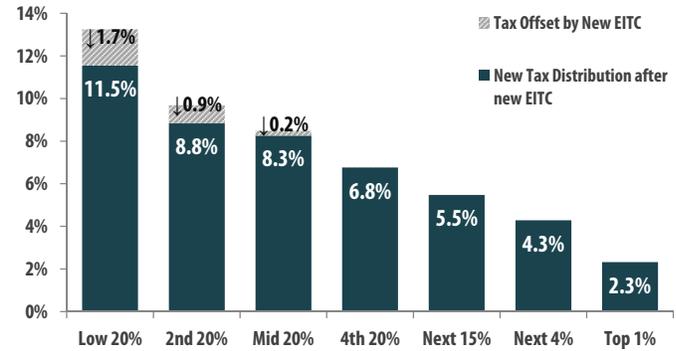
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$78,000	\$78,000 – \$164,000	\$164,000 – \$422,000	\$422,000 – Or More
Average Income in Group	\$10,300	\$23,100	\$37,300	\$60,400	\$107,800	\$248,300	\$1,573,600

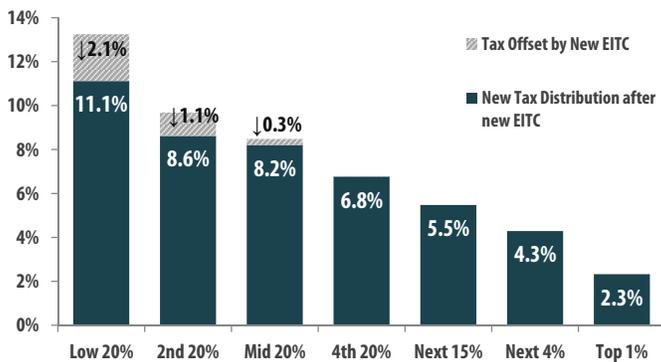
Current Distribution of Florida's State & Local Taxes*



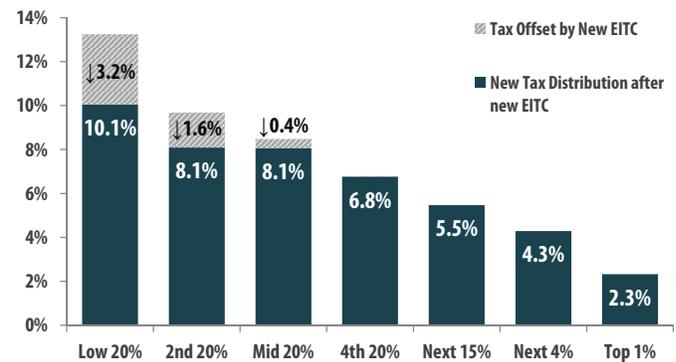
1) Enact Refundable 16% Credit



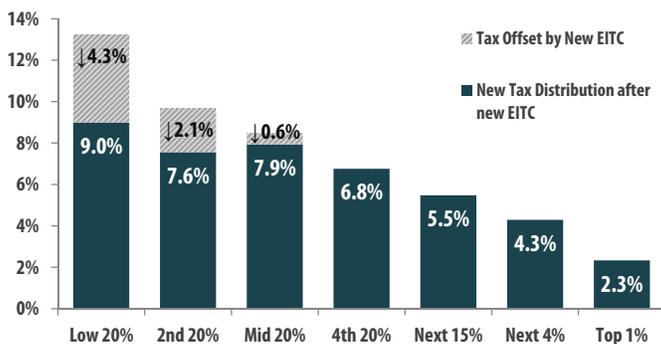
2) Enact Refundable 20% Credit



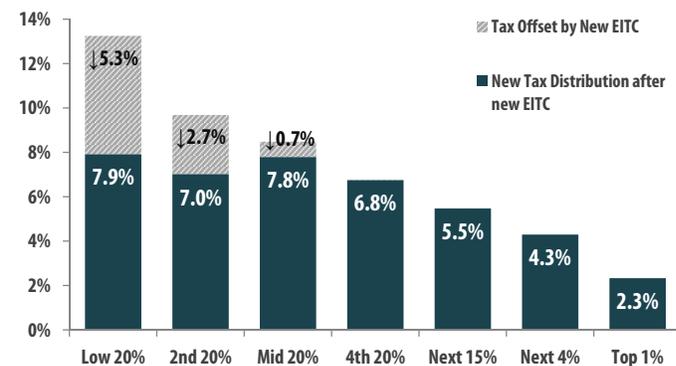
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

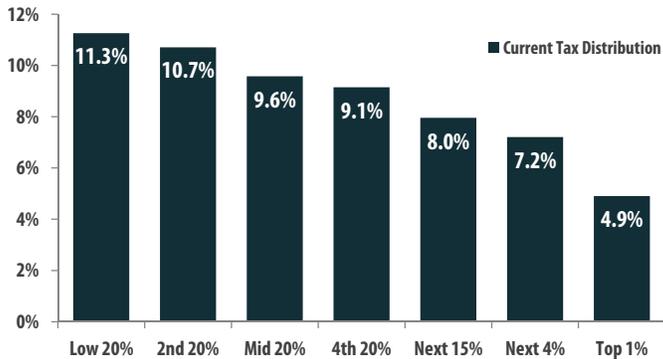


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

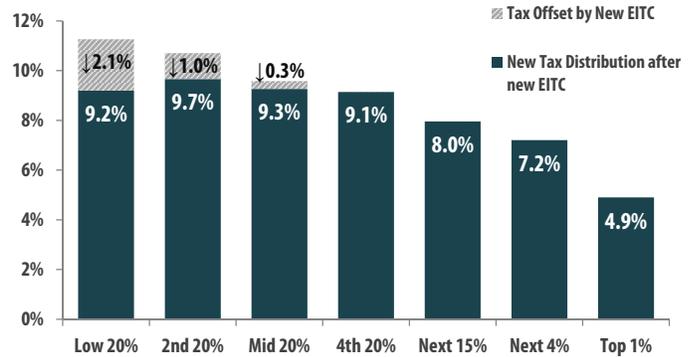
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$15,000	\$15,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$80,000	\$80,000 – \$162,000	\$162,000 – \$393,000	\$393,000 – Or More
Average Income in Group	\$9,500	\$21,500	\$37,300	\$61,700	\$109,000	\$231,900	\$983,300

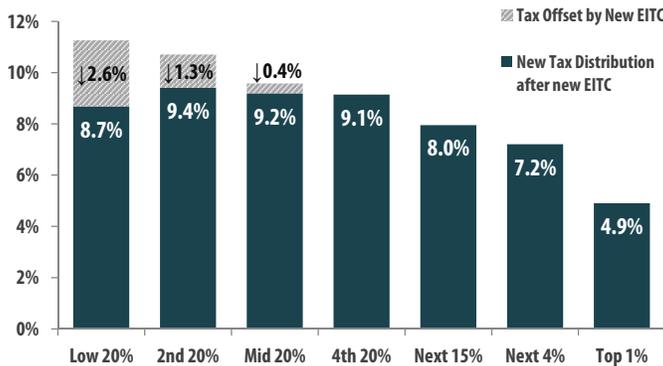
Current Distribution of Georgia's State & Local Taxes*



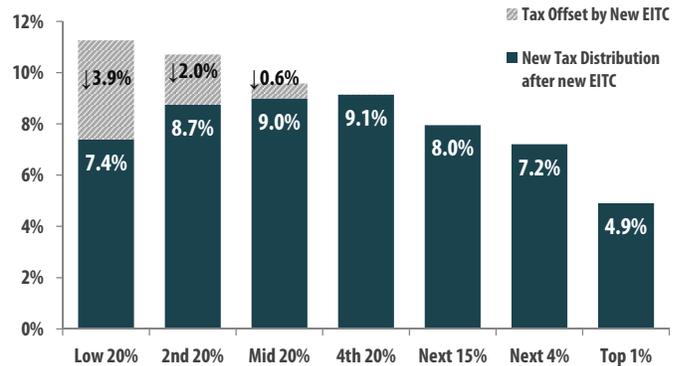
1) Enact Refundable 16% Credit



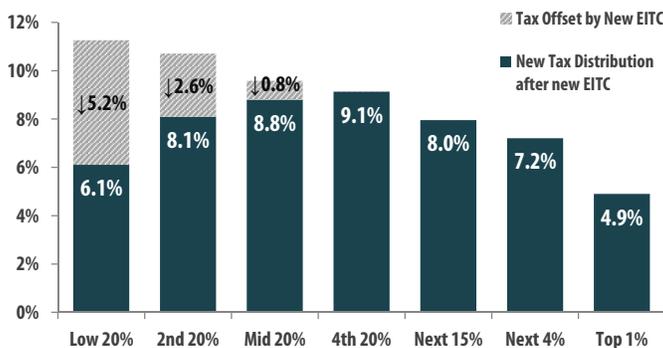
2) Enact Refundable 20% Credit



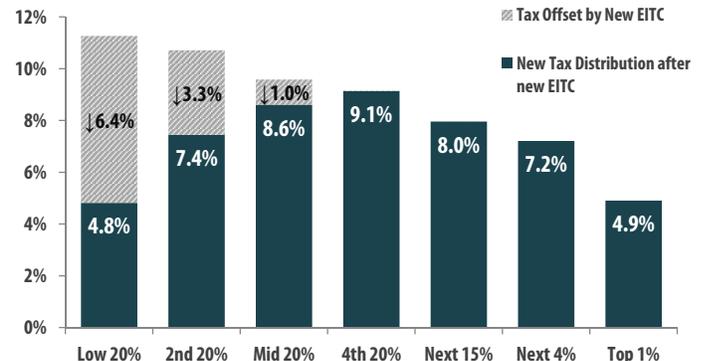
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

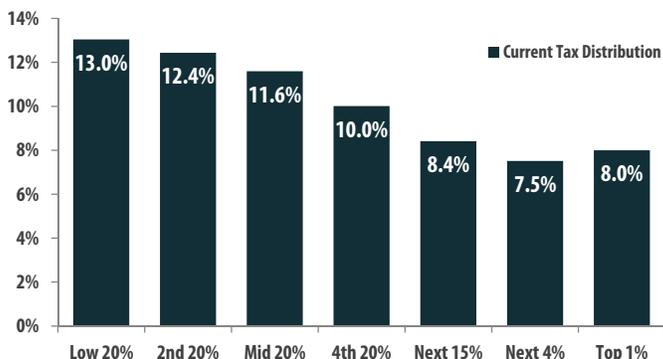


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

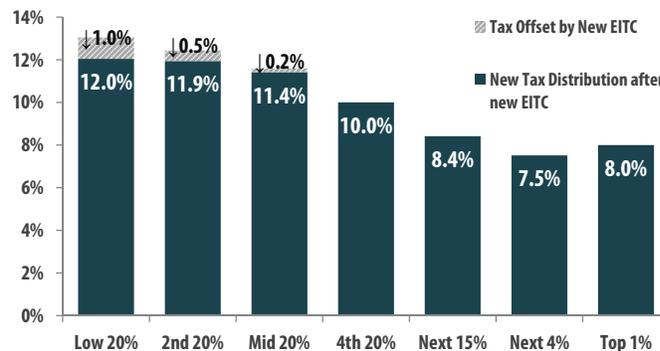
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$32,000	\$32,000 – \$50,000	\$50,000 – \$81,000	\$81,000 – \$159,000	\$159,000 – \$326,000	\$326,000 – Or More
Average Income in Group	\$9,800	\$23,900	\$40,000	\$63,600	\$110,600	\$217,900	\$698,600

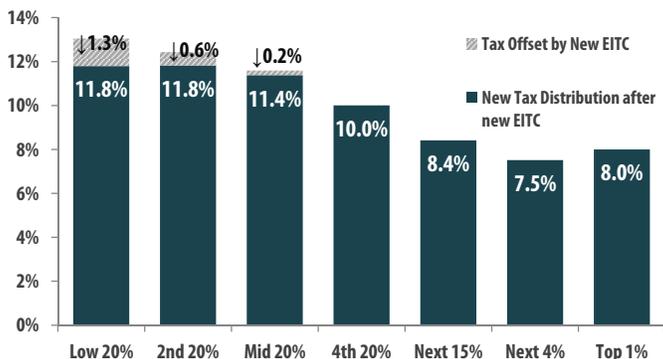
Current Distribution of Hawaii's State & Local Taxes*



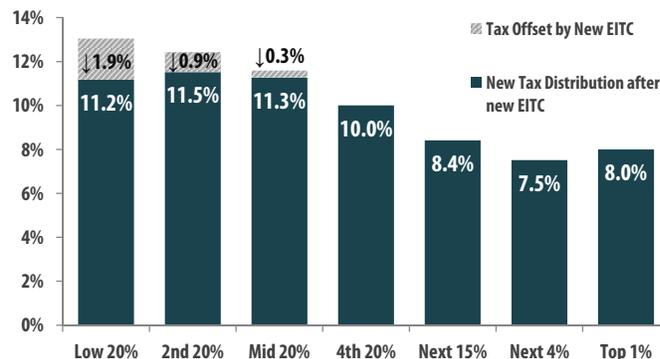
1) Enact Refundable 16% Credit



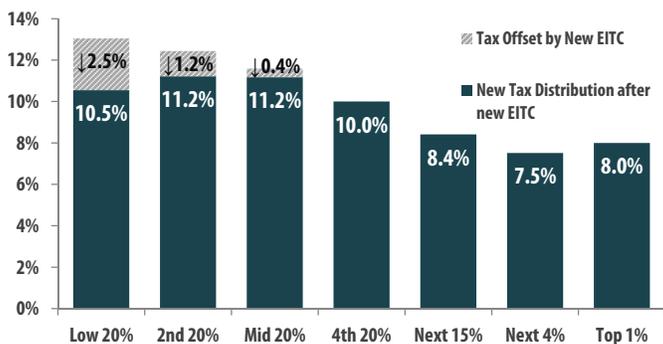
2) Enact Refundable 20% Credit



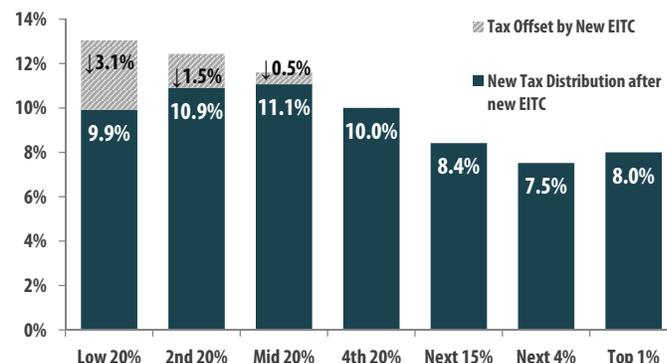
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

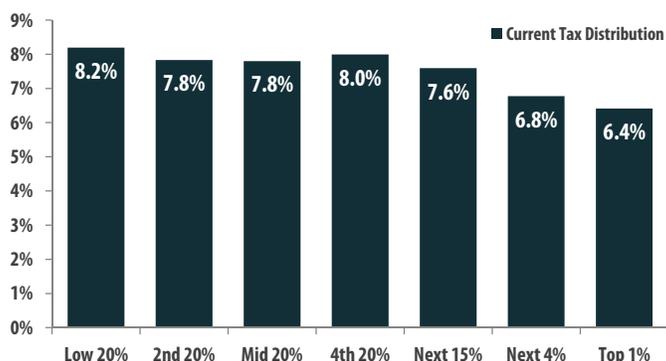


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect a 2013 law exempting charitable contributions from the state's cap on itemized deductions. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

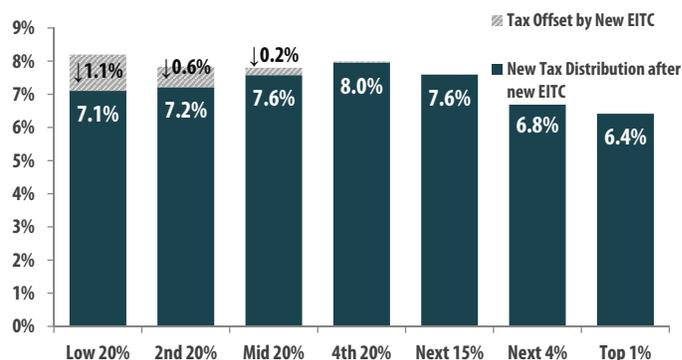
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$18,000	\$18,000 – \$32,000	\$32,000 – \$50,000	\$50,000 – \$75,000	\$75,000 – \$136,000	\$136,000 – \$316,000	\$316,000 – Or More
Average Income in Group	\$10,400	\$24,200	\$40,300	\$60,000	\$95,700	\$190,400	\$793,000

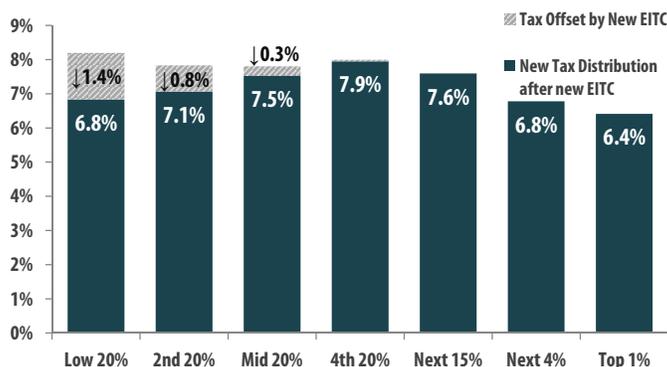
Current Distribution of Idaho's State & Local Taxes*



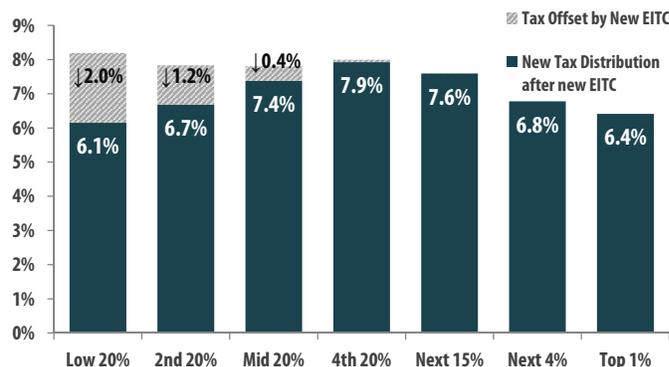
1) Enact Refundable 16% Credit



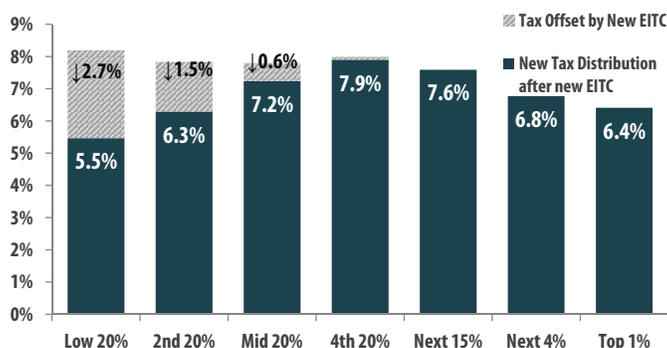
2) Enact Refundable 20% Credit



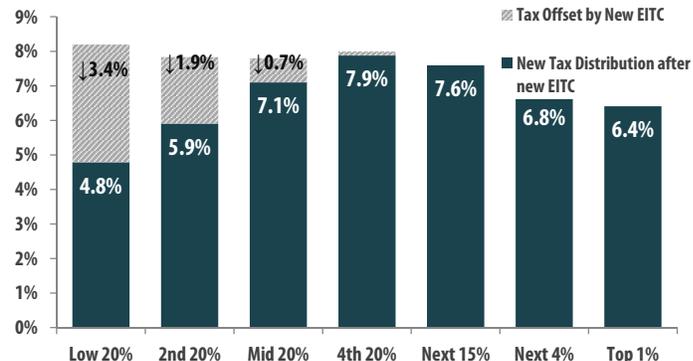
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

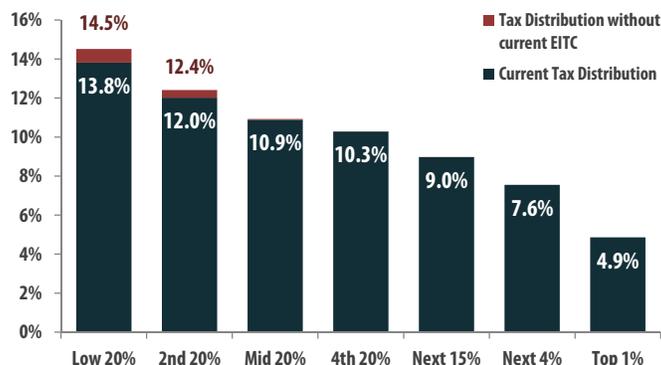


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

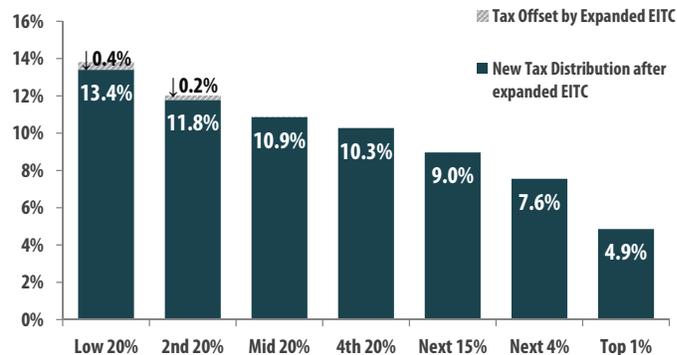
Current policy: Fully refundable state EITC worth 10% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$18,000	\$18,000 – \$36,000	\$36,000 – \$57,000	\$57,000 – \$93,000	\$93,000 – \$182,000	\$182,000 – \$445,000	\$445,000 – Or More
Average Income in Group	\$10,100	\$26,900	\$46,800	\$73,500	\$124,100	\$273,800	\$1,489,200

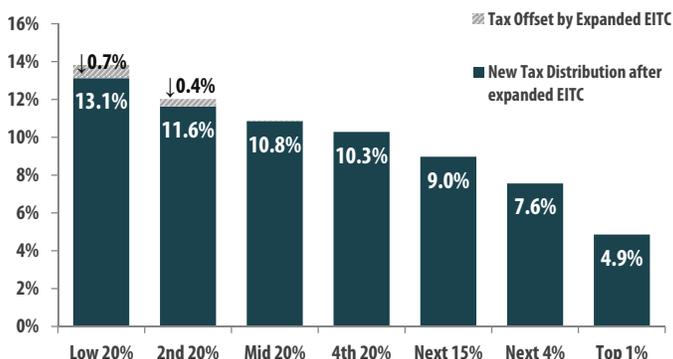
Current Distribution of Illinois' State & Local Taxes* (with impact of current EITC)



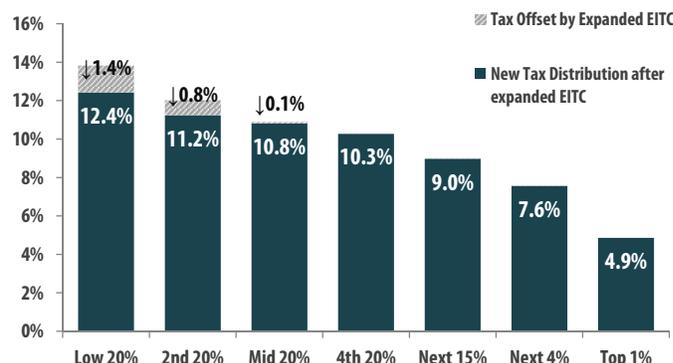
1) Increase Credit to 16% Refundable



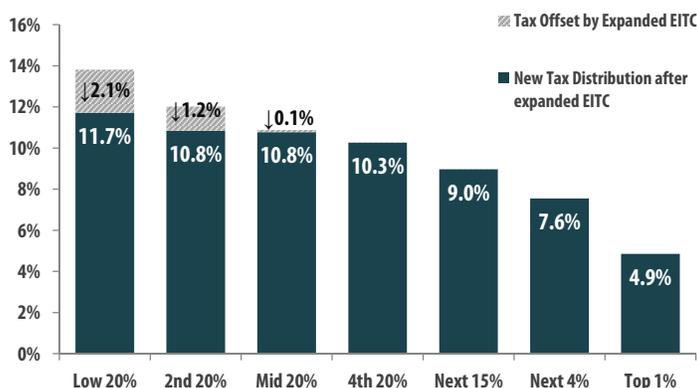
2) Increase Credit to 20% Refundable



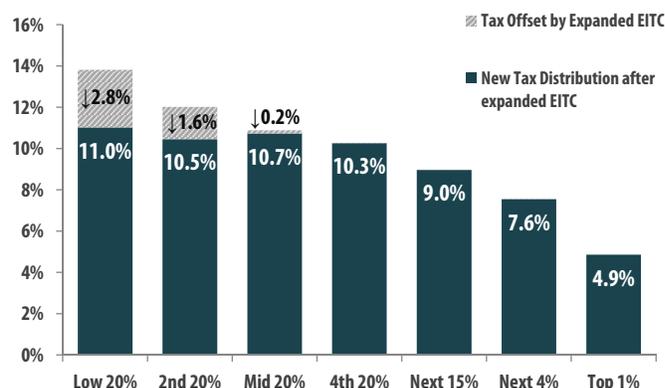
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable

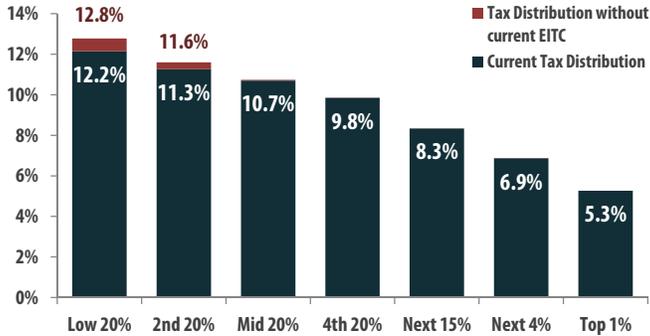


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

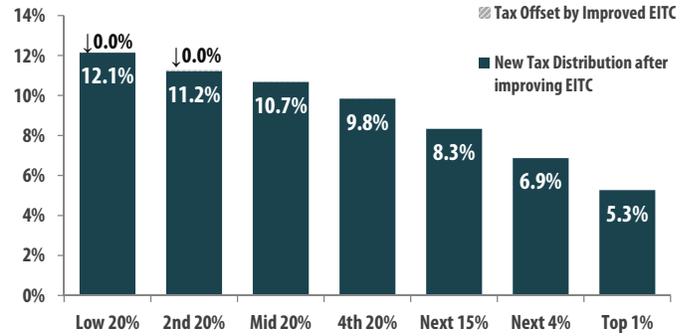
Current policy: Fully refundable state EITC worth 9% of the federal EITC as it existed prior to the enhancements enacted as part of ARRA in 2009.

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$18,000	\$18,000 – \$32,000	\$32,000 – \$53,000	\$53,000 – \$80,000	\$80,000 – \$143,000	\$143,000 – \$331,000	\$331,000 – Or More
Average Income in Group	\$10,300	\$25,300	\$42,800	\$65,000	\$101,700	\$196,000	\$800,300

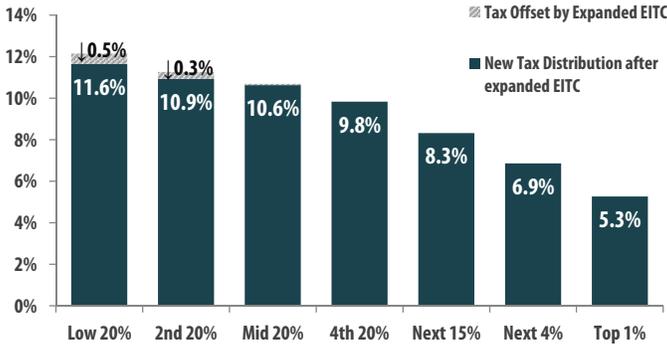
Current Distribution of Indiana's State & Local Taxes* (w/EITC impact)



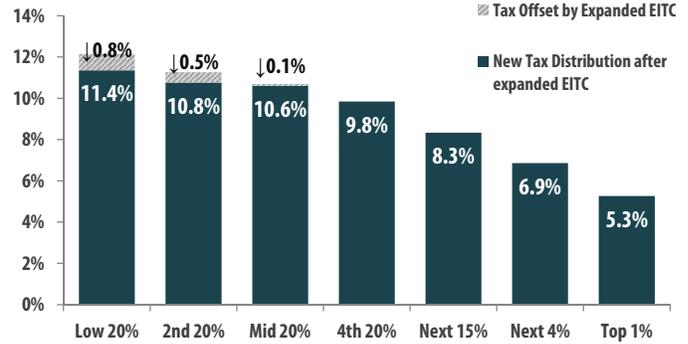
1) First Fix: Fully Couple to Expanded Federal EITC (9% Credit)



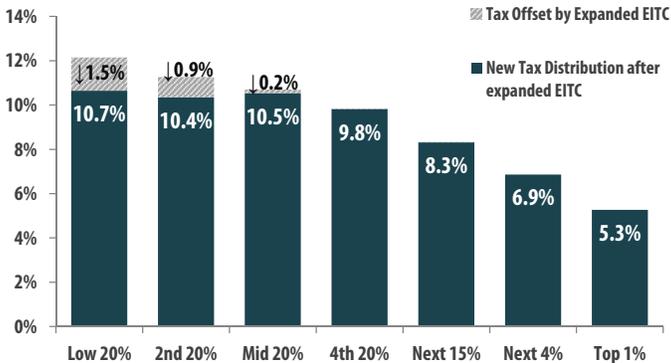
2) Couple to Federal; Increase Credit to 16% Refundable



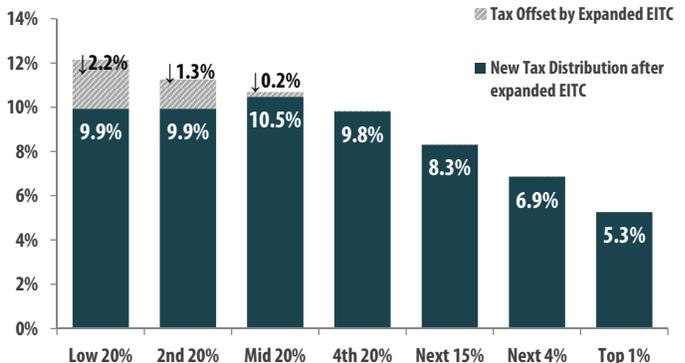
3) Couple to Federal; Increase Credit to 20% Refundable



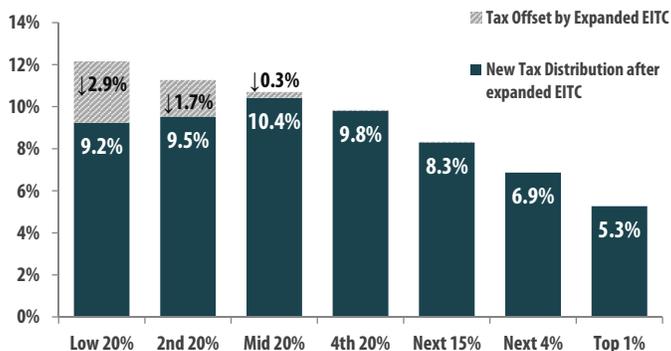
4) Couple to Federal; Increase Credit to 30% Refundable



5) Couple to Federal; Increase Credit to 40% Refundable



6) Couple to Federal; Increase Credit to 50% Refundable

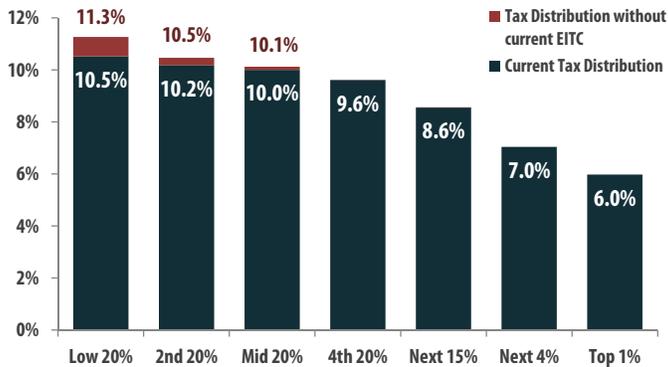


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect to personal income tax rate cut (to 3.23%) that will be implemented in Tax Year 2017 and later as a result of legislation enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

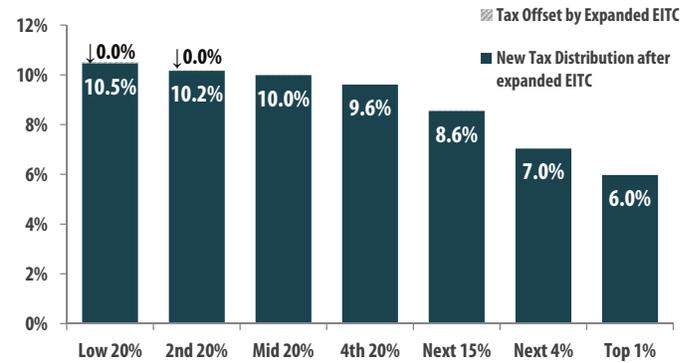
Current policy: Fully refundable state EITC worth 15% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$38,000	\$38,000 – \$57,000	\$57,000 – \$87,000	\$87,000 – \$144,000	\$144,000 – \$312,000	\$312,000 – Or More
Average Income in Group	\$10,700	\$30,100	\$47,200	\$70,600	\$108,200	\$195,600	\$759,100

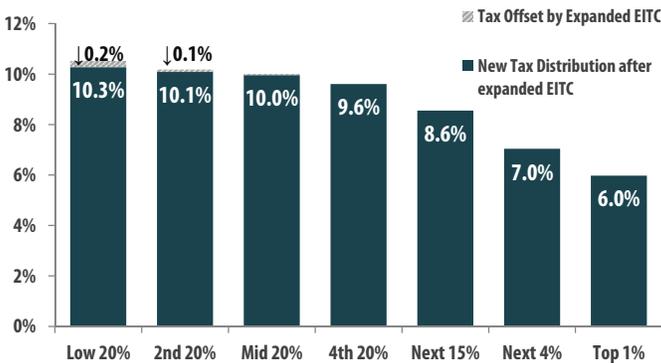
Current Distribution of Iowa's State & Local Taxes* (with impact of current EITC)



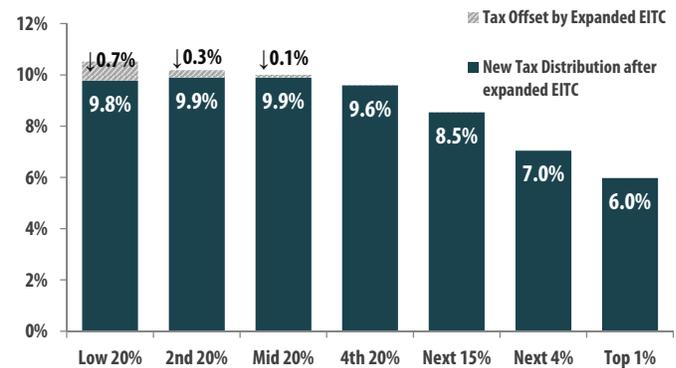
1) Increase Credit to 16% Refundable



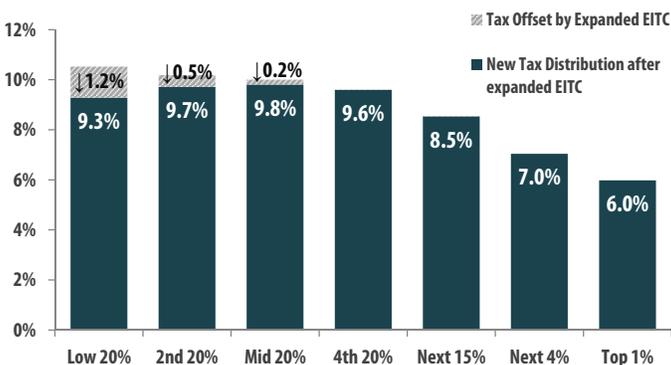
2) Increase Credit to 20% Refundable



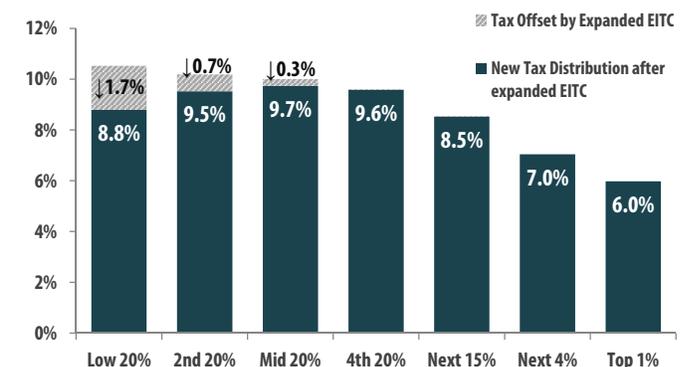
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable

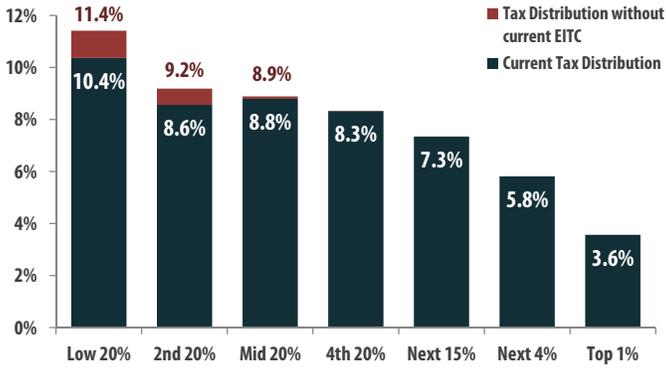


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the increase in the EITC from 7 to 15 percent passed in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

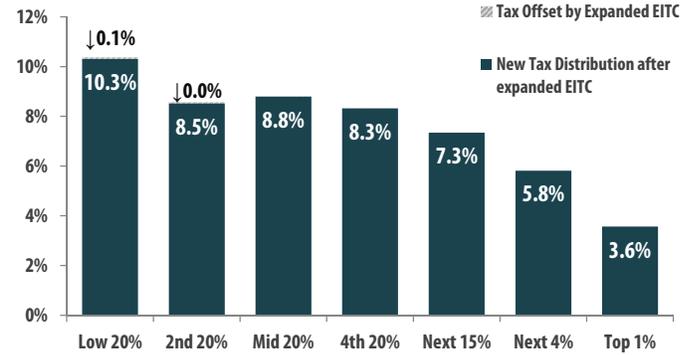
Current policy: Fully refundable state EITC worth 17% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$36,000	\$36,000 – \$55,000	\$55,000 – \$88,000	\$88,000 – \$165,000	\$165,000 – \$400,000	\$400,000 – Or More
Average Income in Group	\$10,300	\$28,000	\$45,500	\$71,200	\$115,100	\$233,300	\$1,025,300

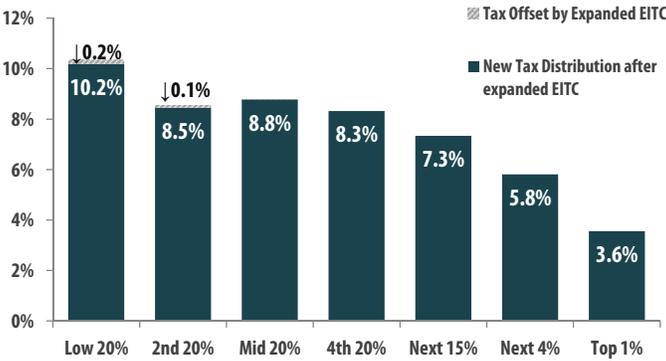
Current Distribution of Kansas' State & Local Taxes* (with impact of current EITC)



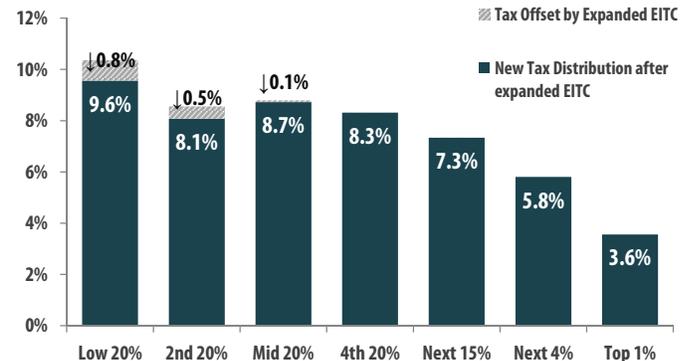
1) First Fix: Restore Credit to 18% of the Federal Credit



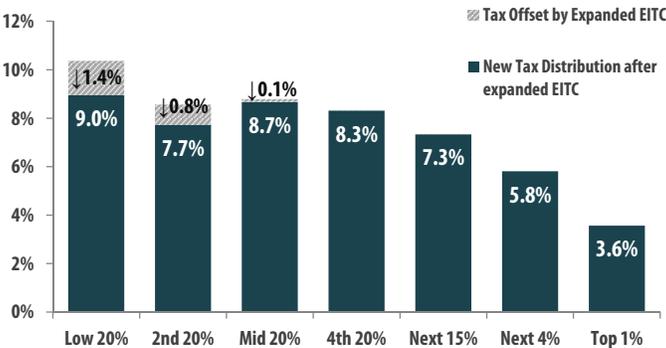
2) Increase Credit to 20% Refundable



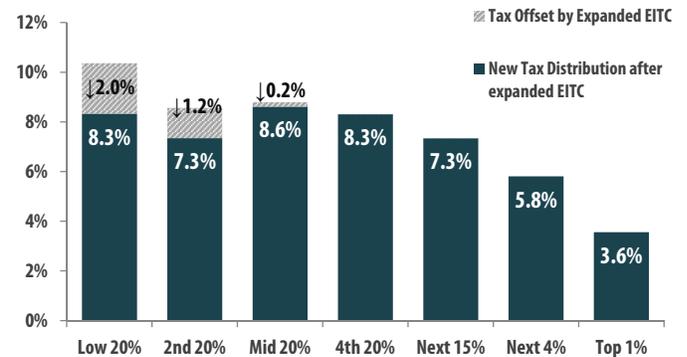
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable



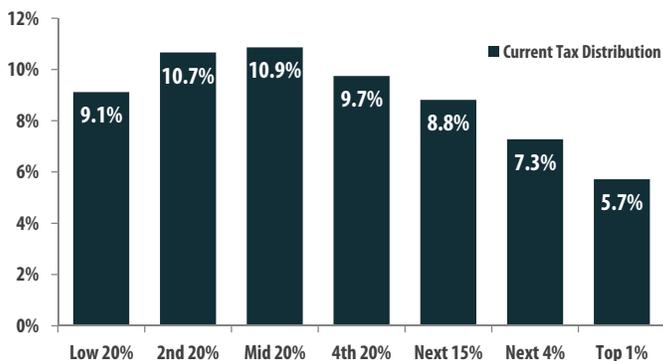
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to take into account tax changes passed in the 2013 legislative session including income tax rate reductions, restoring/altering the food sales tax rebate, limiting itemized deductions, as well as increasing the sales tax rate. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Kentucky

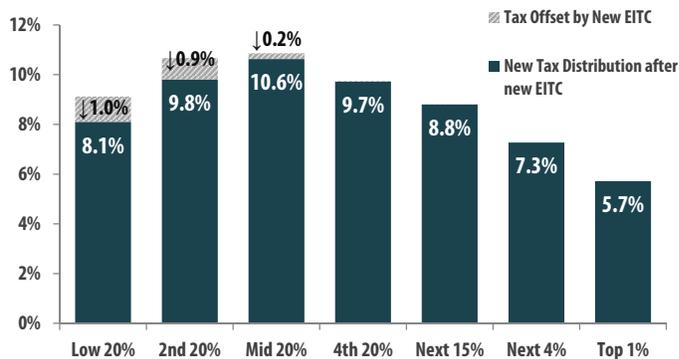
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$15,000	\$15,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$77,000	\$77,000 – \$137,000	\$137,000 – \$309,000	\$309,000 – Or More
Average Income in Group	\$8,500	\$21,800	\$36,400	\$60,300	\$97,500	\$190,300	\$759,000

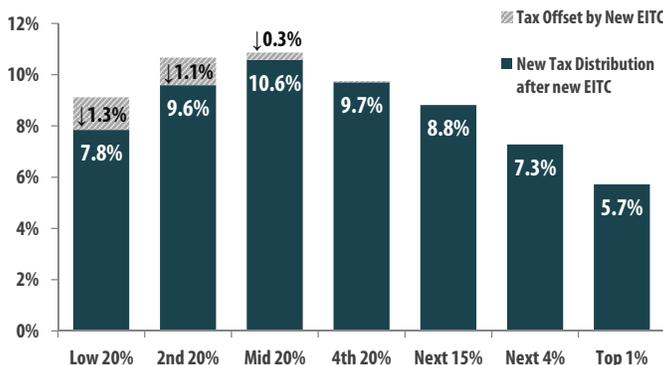
Current Distribution of Kentucky's State & Local Taxes*



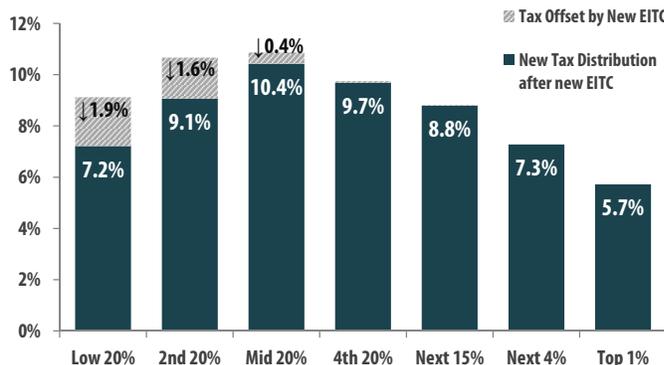
1) Enact Refundable 16% Credit



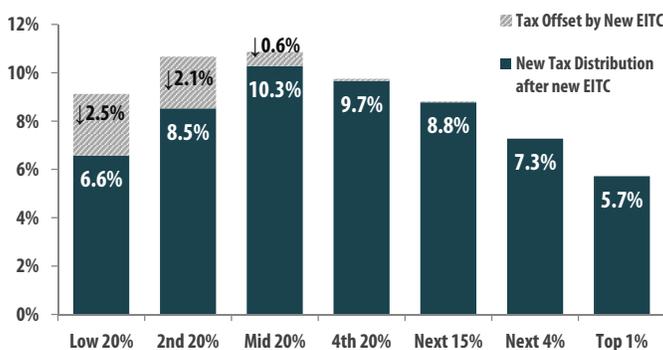
2) Enact Refundable 20% Credit



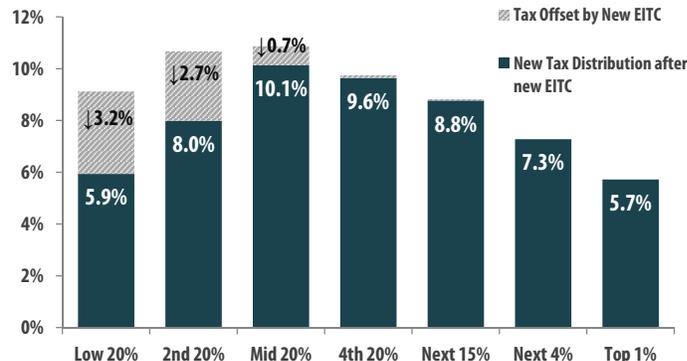
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



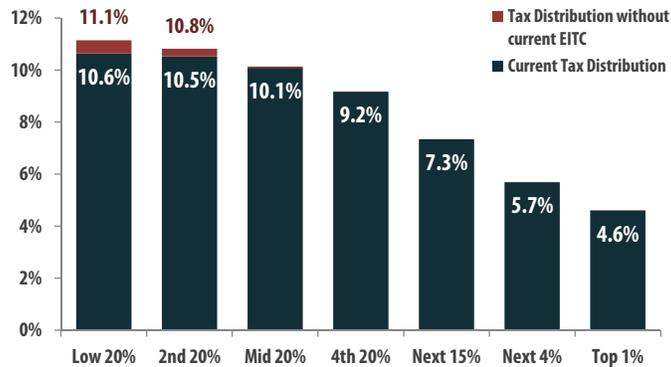
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Louisiana

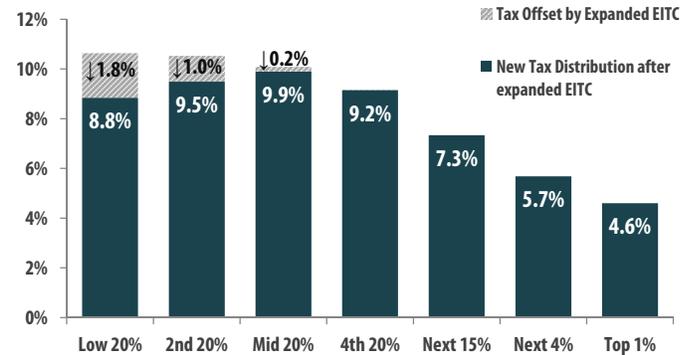
Current policy: Fully refundable state EITC worth 3.5% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$16,000	\$16,000 – \$30,000	\$30,000 – \$47,000	\$47,000 – \$85,000	\$85,000 – \$169,000	\$169,000 – \$418,000	\$418,000 – Or More
Average Income in Group	\$10,000	\$22,100	\$38,200	\$63,000	\$114,600	\$232,500	\$979,700

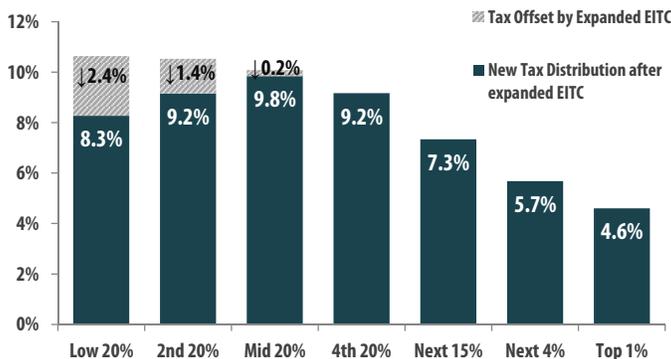
Current Distribution of Louisiana's State & Local Taxes* (with impact of current EITC)



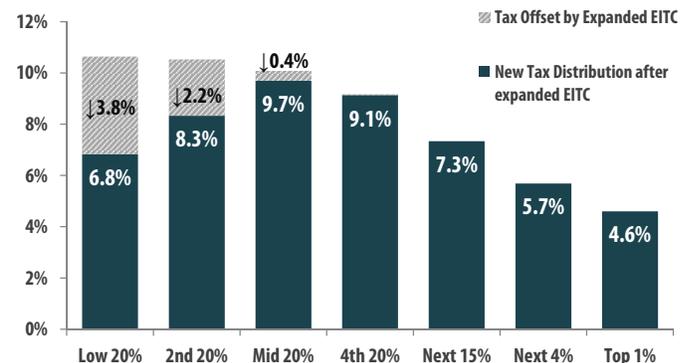
1) Increase Credit to 16% Refundable



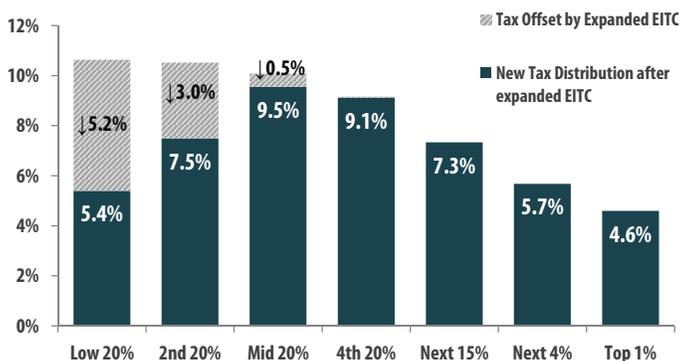
2) Increase Credit to 20% Refundable



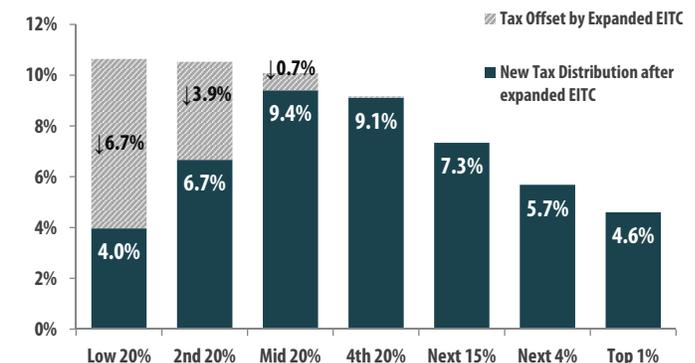
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable

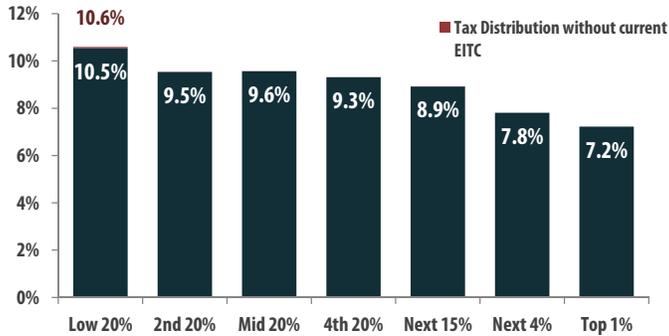


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

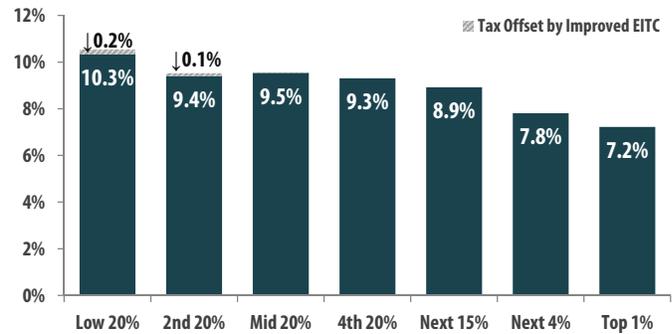
Current policy: Non-refundable state EITC worth 5% of the Federal Credit

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$32,000	\$32,000 – \$49,000	\$49,000 – \$79,000	\$79,000 – \$146,000	\$146,000 – \$328,000	\$328,000 – Or More
Average Income in Group	\$11,800	\$25,100	\$40,400	\$62,000	\$100,900	\$197,900	\$703,200

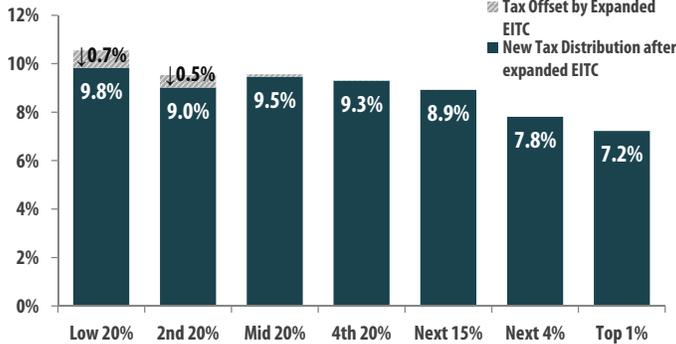
Current Distribution of Maine's State & Local Taxes* (w/EITC impact)



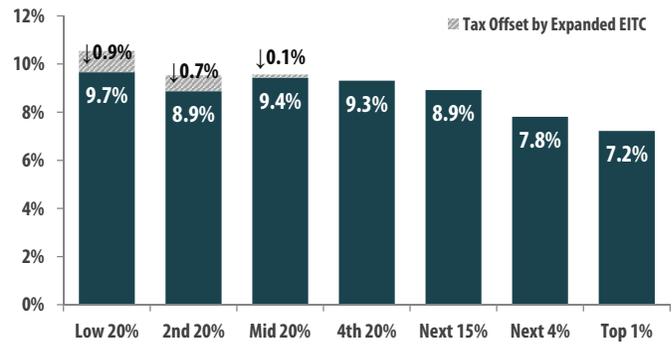
1) First Fix: Convert to Fully Refundable 5% Credit



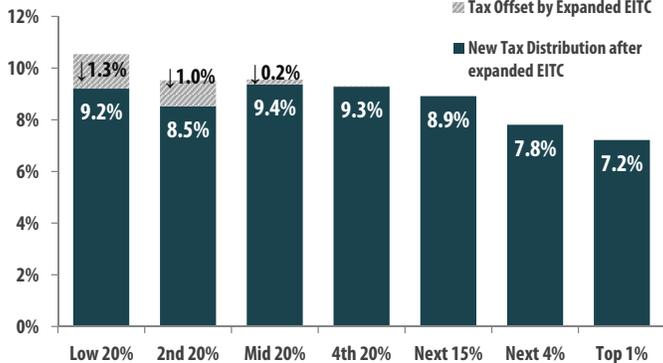
2) Make Credit Refundable and Increase to 16%



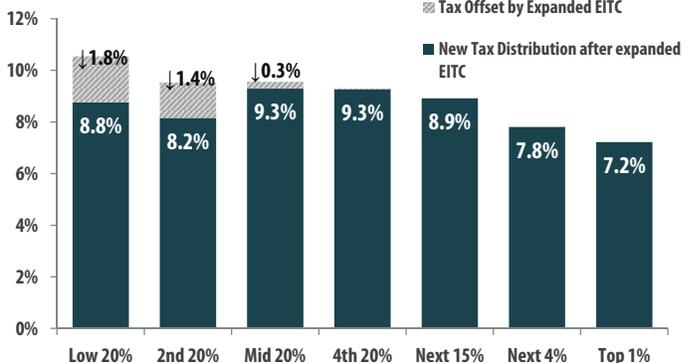
3) Make Credit Refundable and Increase to 20%



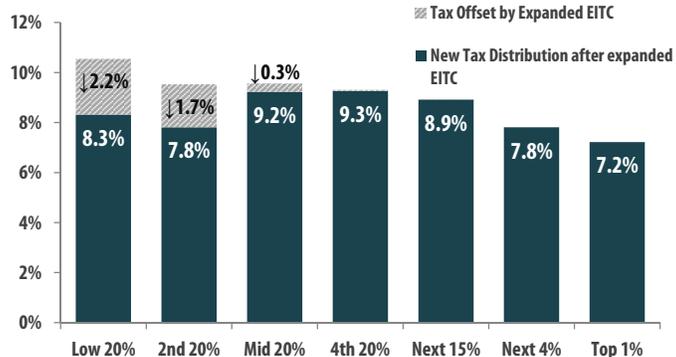
4) Make Credit Refundable and Increase to 30%



5) Make Credit Refundable and Increase to 40%



6) Make Credit Refundable and Increase to 50%



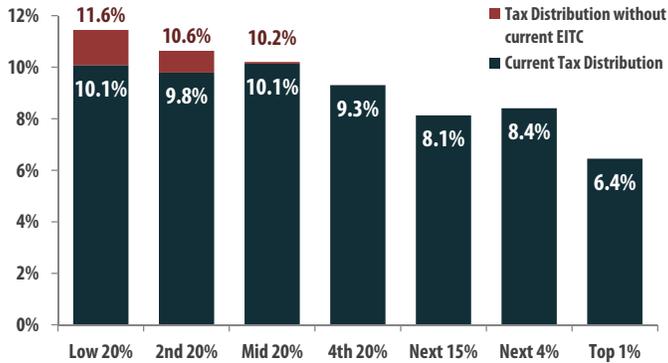
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the following changes enacted in 2013: decoupling from the federal standard deduction for married filing jointly (MFJ) taxpayers (a decrease in the MFJ standard deduction), capping allowable itemized deductions at \$27,500, and converting the state's property tax circuit breaker from a more generous rebate to a less generous refundable personal income tax credit. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Maryland

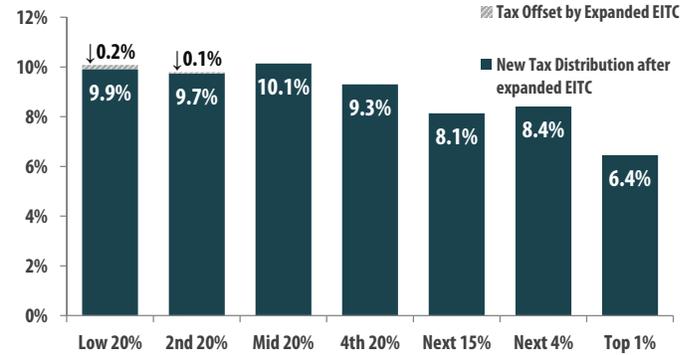
Current policy: Taxpayer chooses fully refundable state EITC worth 25% of the federal EITC, or 50% non-refundable credit. Refundable option is gradually increasing to 28% by 2018.

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$23,000	\$23,000 – \$42,000	\$42,000 – \$65,000	\$65,000 – \$108,000	\$108,000 – \$202,000	\$202,000 – \$444,000	\$444,000 – Or More
Average Income in Group	\$12,600	\$32,400	\$52,500	\$83,800	\$142,600	\$292,300	\$1,437,300

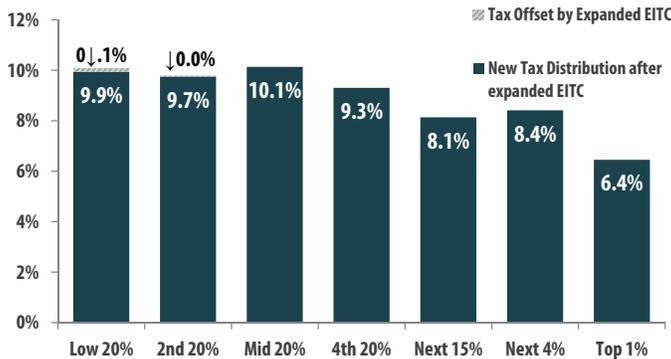
Current Distribution of Maryland's State & Local Taxes* (with impact of current EITC)



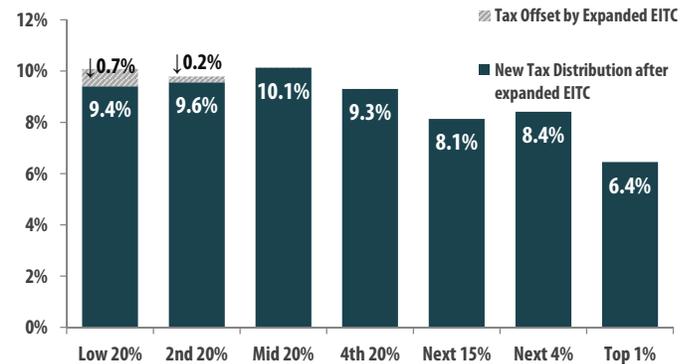
1) 2014 Legislative Fix: Increase to 28% Ref./Maintain 50% Non-Ref.



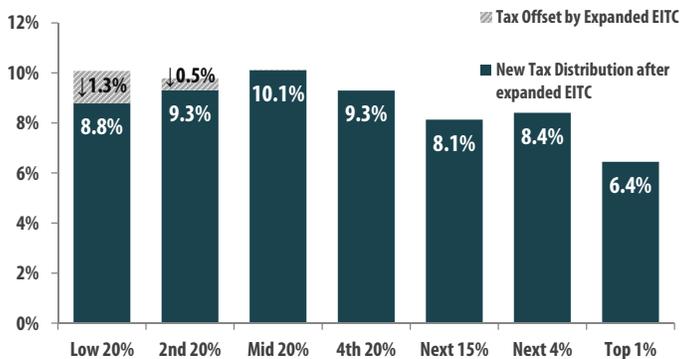
2) Increase Credit to 30% Ref/50% Non-Ref



3) Increase Credit to 40% Ref/50% Non-Ref



4) Increase Credit to 50% Fully Refundable



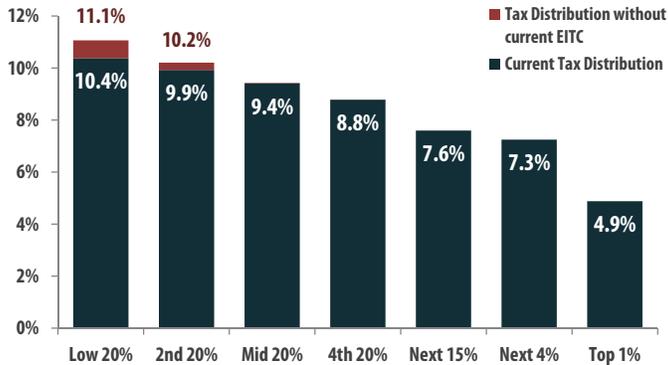
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the gasoline and diesel tax increases enacted in 2013. Options 2-4 show the impact of the EITC expansion compared to a baseline where the refundable portion of the EITC has already increased to 28%, per legislation enacted in 2014 and taking full effect in 2018. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Massachusetts

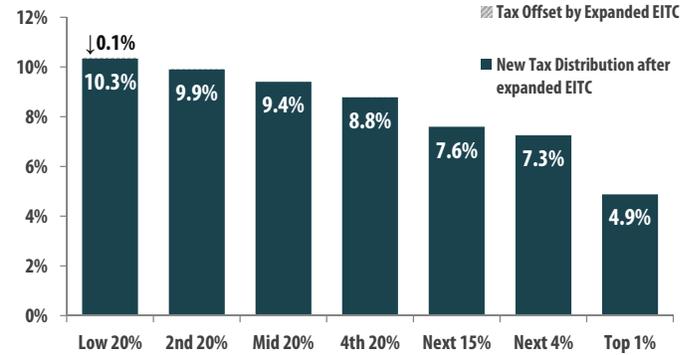
Current policy: Fully refundable state EITC worth 15% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$42,000	\$42,000 – \$68,000	\$68,000 – \$111,000	\$111,000 – \$229,000	\$229,000 – \$780,000	\$780,000 – Or More
Average Income in Group	\$11,700	\$31,600	\$54,000	\$87,100	\$149,700	\$346,700	\$2,168,000

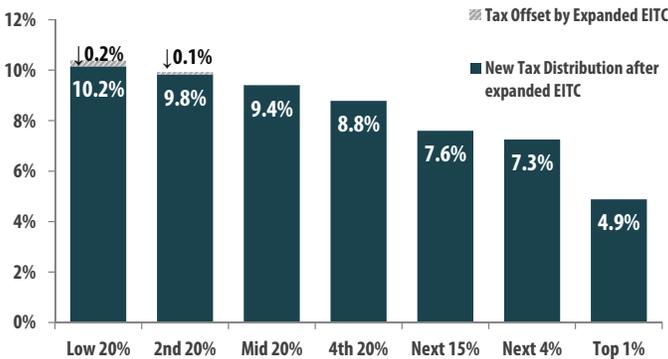
Current Distribution of Mass' State & Local Taxes* (with impact of current EITC)



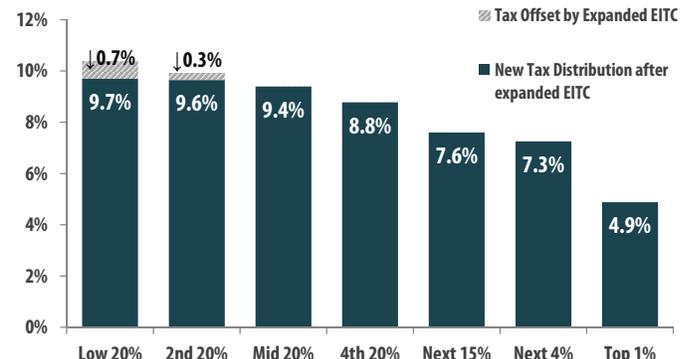
1) Increase Credit to 16% Refundable



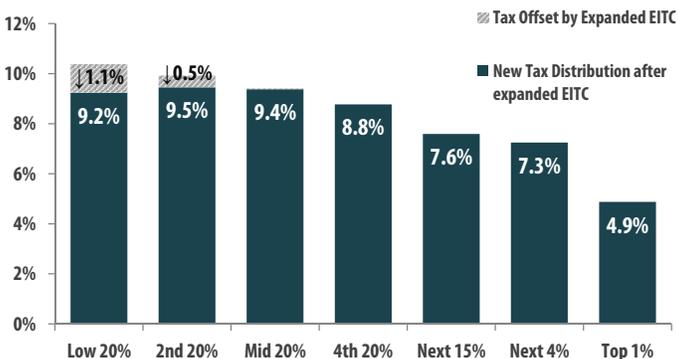
2) Increase Credit to 20% Refundable



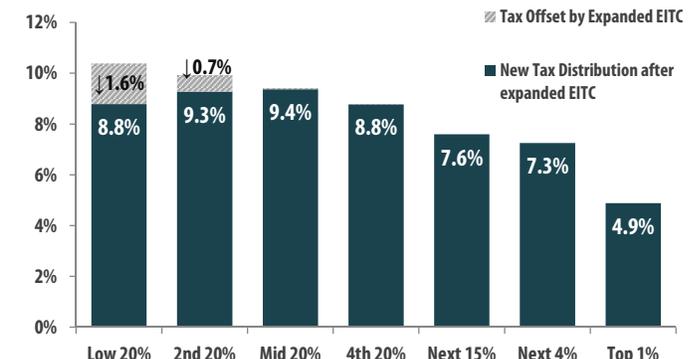
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable



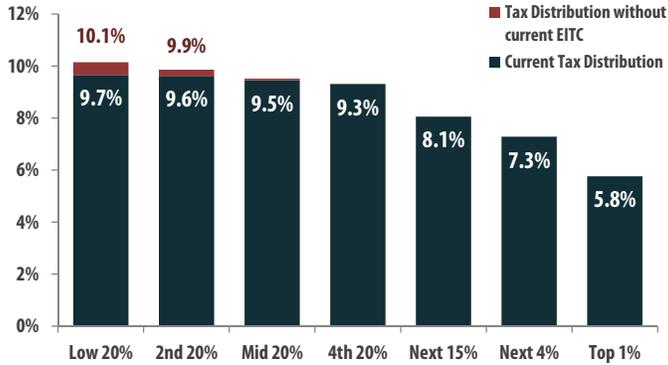
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect increases in the state's gas and cigarette taxes enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Michigan

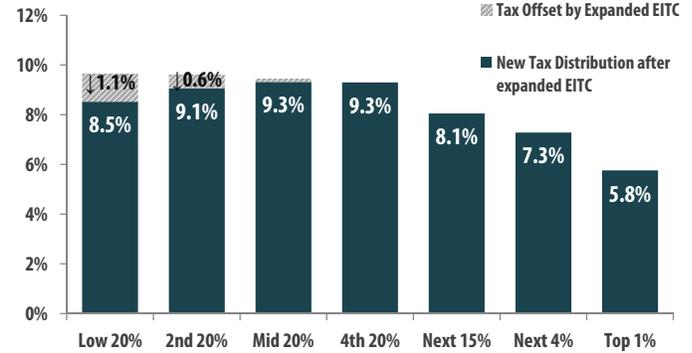
Current policy: Fully refundable state EITC worth 6% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$16,000	\$16,000 – \$32,000	\$32,000 – \$52,000	\$52,000 – \$83,000	\$83,000 – \$152,000	\$152,000 – \$331,000	\$331,000 – Or More
Average Income in Group	\$8,700	\$23,700	\$41,400	\$66,200	\$107,500	\$208,600	\$846,500

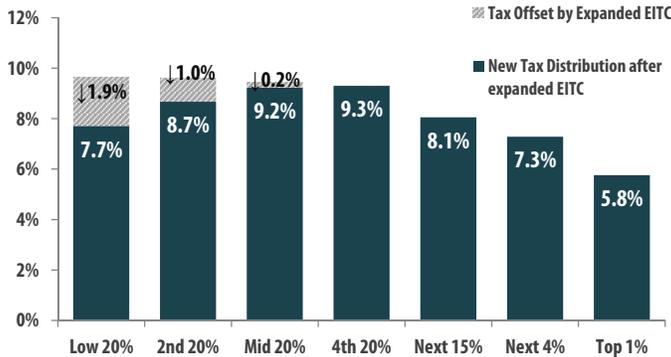
Current Distribution of Michigan's State & Local Taxes* (with impact of current EITC)



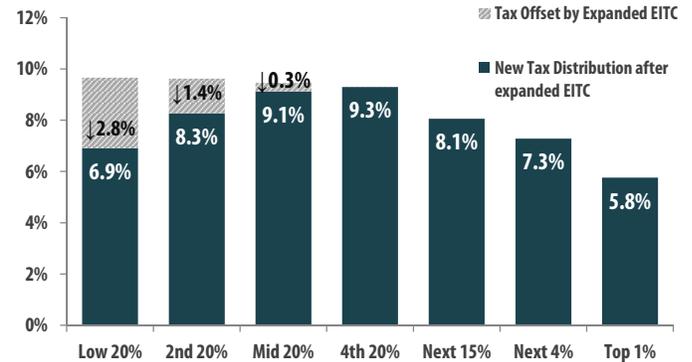
1) First Fix: Restore Credit to 20% (Reduced to 6% in 2011)



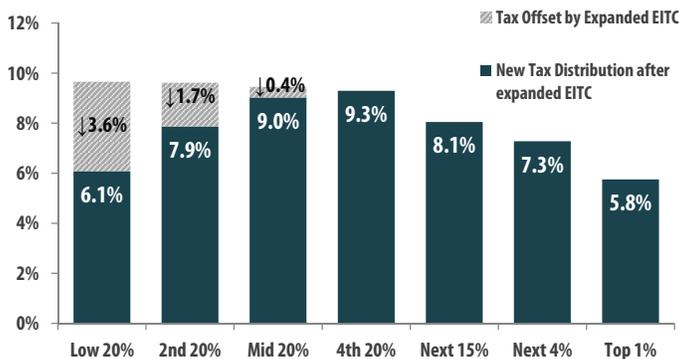
2) Increase Credit to 30%



3) Increase Credit to 40%



4) Increase Credit to 50%



*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

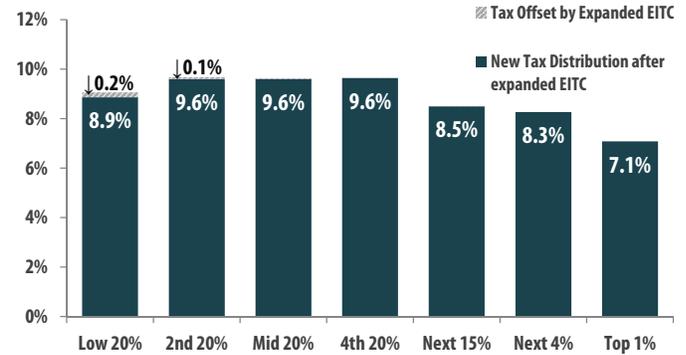
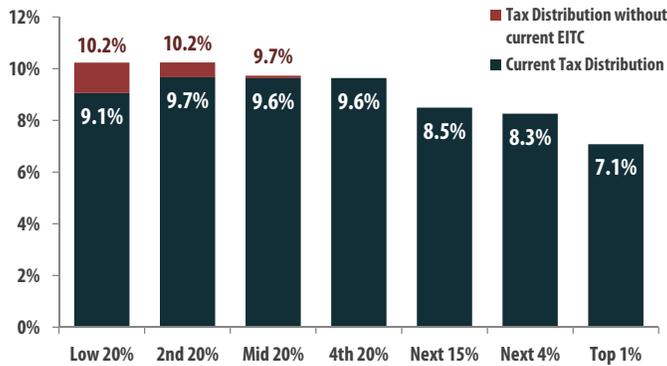
Minnesota

Current policy: Minnesota provides a refundable credit based on the federal EITC called the Working Family Credit (WFC). This income tax credit is based on a family's earnings and family size, and can only be claimed by people who are eligible for the federal EITC. But, rather than taken as a percentage of the federal EITC, Minnesota's credit equals a percentage of earned income and has a different set of phaseout parameters. The average WFC is roughly equivalent to 33% of the federal EITC.

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$23,000	\$23,000 – \$41,000	\$41,000 – \$62,000	\$62,000 – \$96,000	\$96,000 – \$182,000	\$182,000 – \$433,000	\$433,000 – Or More
Average Income in Group	\$12,500	\$31,900	\$52,200	\$77,700	\$123,900	\$268,800	\$1,308,300

Current Distribution of Minnesota's State & Local Taxes* (with impact of current EITC)

1) 2014 Legislative Fix: Described below



In March 2014, lawmakers enacted several improvements to Minnesota's Working Family Credit (WFC). HF 1777 increased the working family credit for most claimants by increasing the percentage of income used to calculate the credit. The bill also removed the existing two-tier calculation for taxpayers with children, allowing the first tier calculation to extend to higher income levels. The improvements in the bill will increase the income level at which the credit begins to phase out for married filers in tax years 2013-2017 by \$5,000 indexed for inflation from 2009, and in tax year 2018 and following years it increases by \$3,000 indexed for inflation from 2008 (these changes conformed the WFC to federal improvements to the EITC that reduced marriage penalties). The maximum credit was also increased.

No other options are modeled for Minnesota in this report.

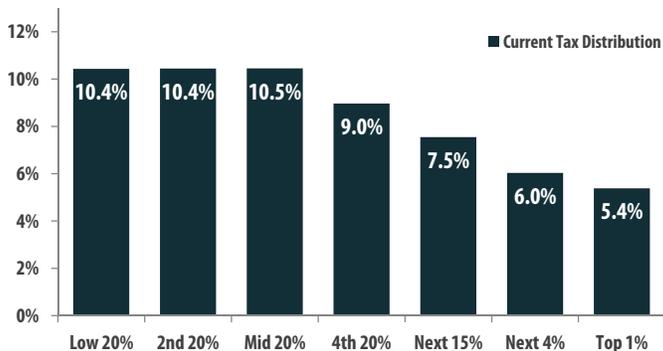
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect a new 9.85 percent top income tax rate, an increase in the cigarette tax, and changes to the state's circuit breaker property tax credit. Sales tax changes enacted in 2013 but then repealed in 2014 are not included. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Mississippi

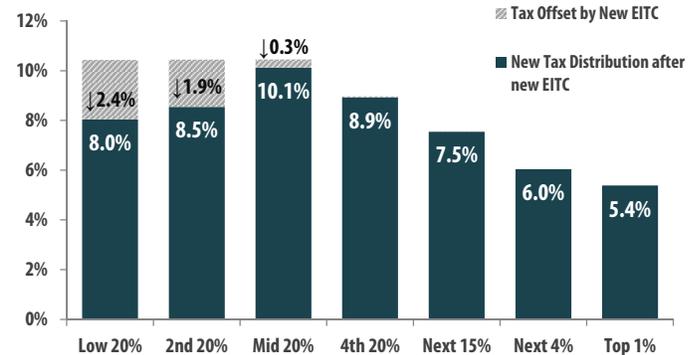
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$14,000	\$14,000 – \$25,000	\$25,000 – \$39,000	\$39,000 – \$70,000	\$70,000 – \$134,000	\$134,000 – \$290,000	\$290,000 – Or More
Average Income in Group	\$8,800	\$19,300	\$31,600	\$54,300	\$94,000	\$172,800	\$616,100

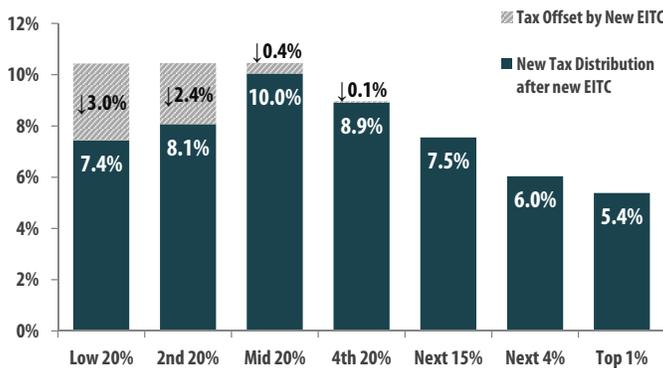
Current Distribution of Mississippi's State & Local Taxes*



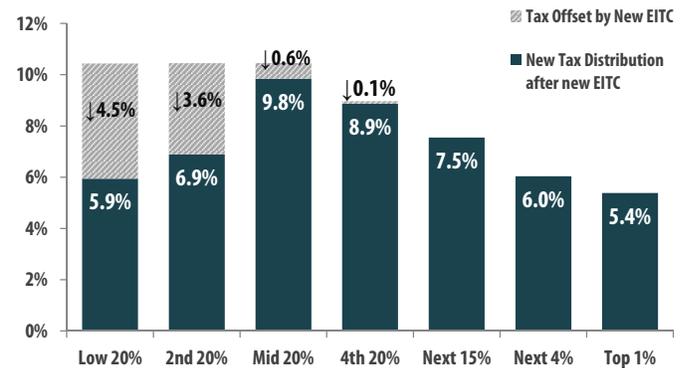
1) Enact Refundable 16% Credit



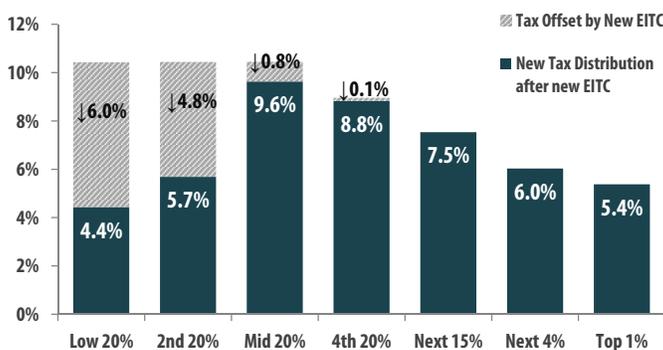
2) Enact Refundable 20% Credit



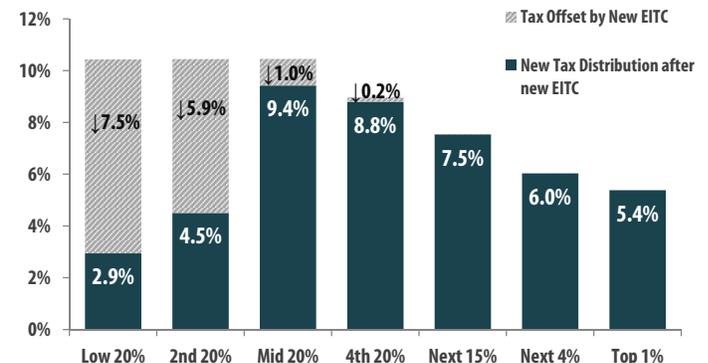
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



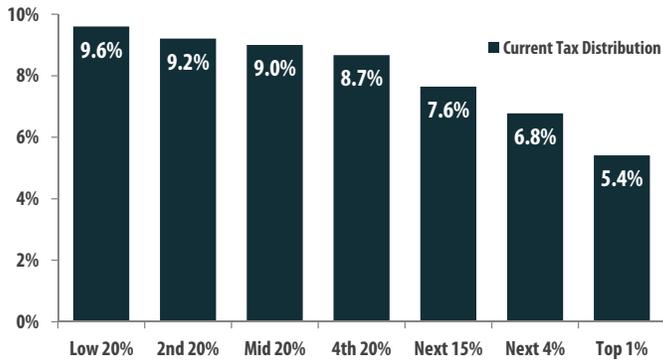
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Missouri

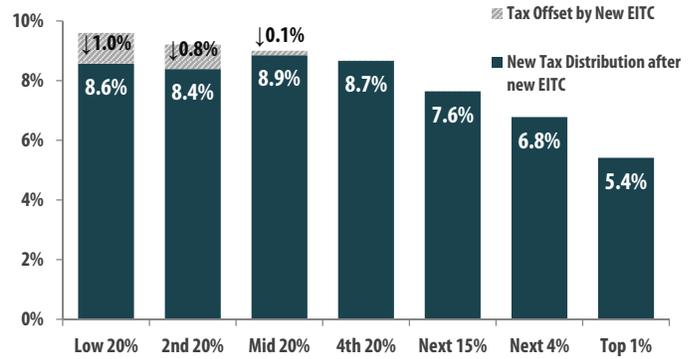
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$31,000	\$31,000 – \$50,000	\$50,000 – \$81,000	\$81,000 – \$148,000	\$148,000 – \$366,000	\$366,000 – Or More
Average Income in Group	\$10,100	\$24,300	\$40,000	\$63,500	\$103,600	\$210,100	\$941,100

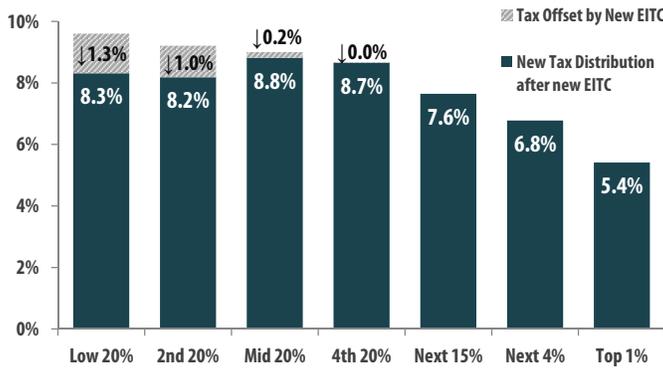
Current Distribution of Missouri's State & Local Taxes*



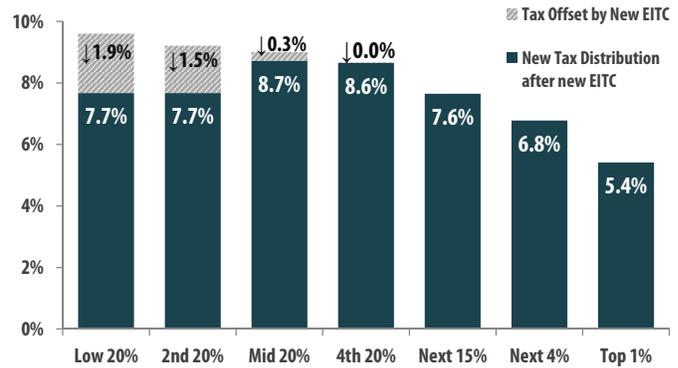
1) Enact Refundable 16% Credit



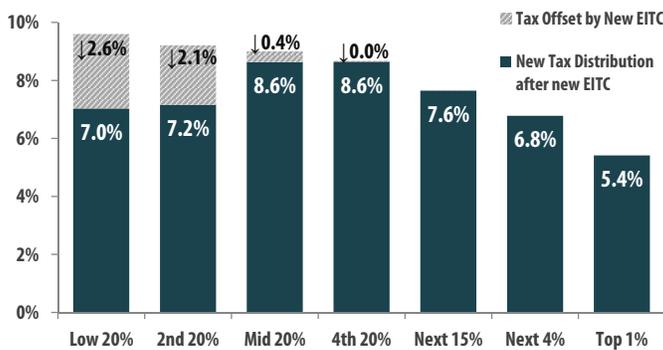
2) Enact Refundable 20% Credit



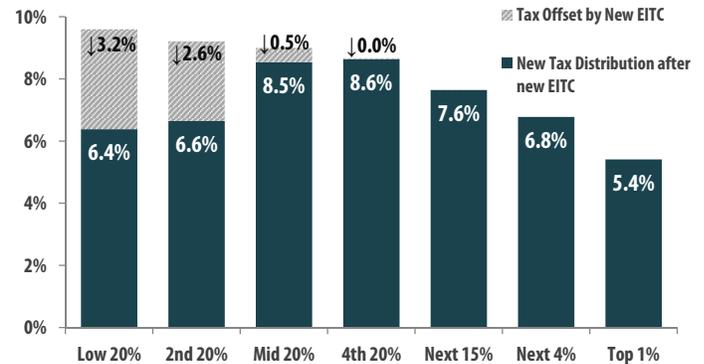
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

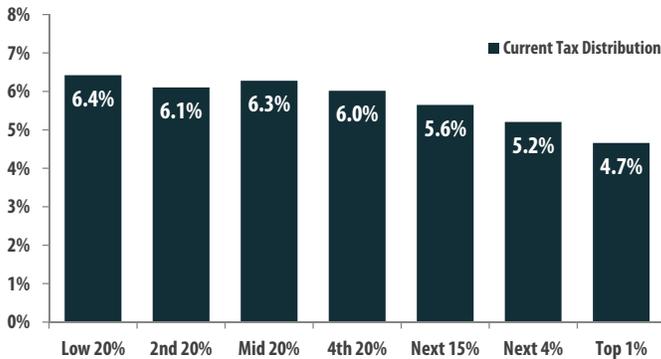


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

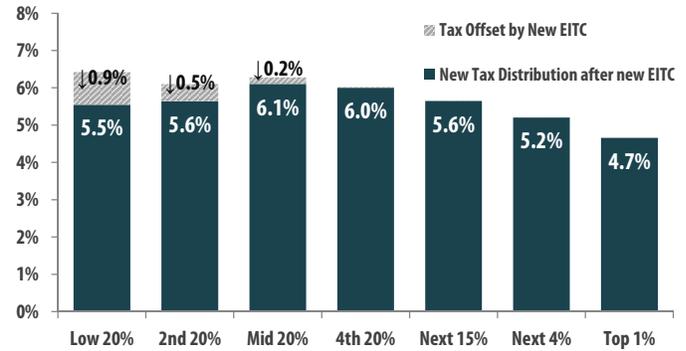
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$31,000	\$31,000 – \$50,000	\$50,000 – \$79,000	\$79,000 – \$140,000	\$140,000 – \$377,000	\$377,000 – Or More
Average Income in Group	\$9,600	\$23,900	\$39,000	\$61,500	\$100,700	\$200,700	\$803,500

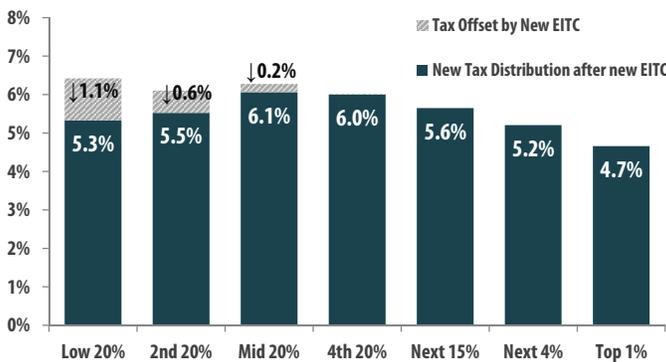
Current Distribution of Montana's State & Local Taxes*



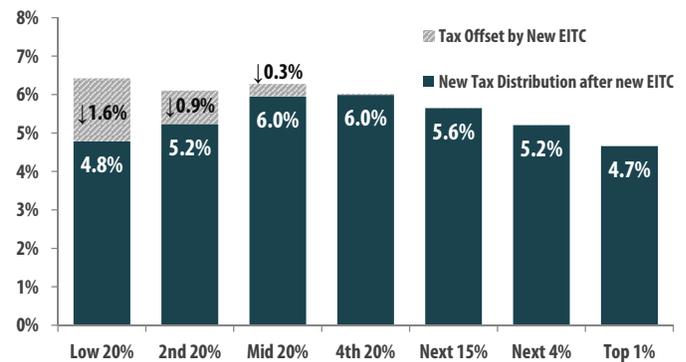
1) Enact Refundable 16% Credit



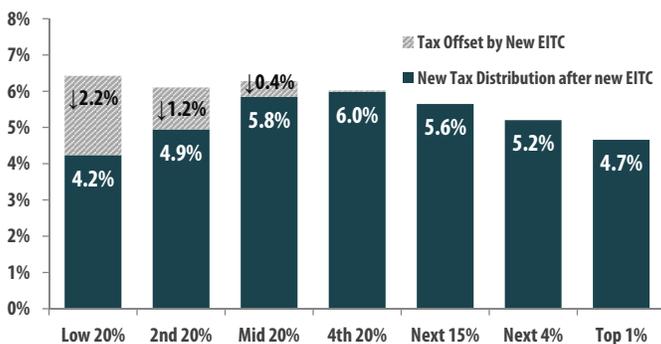
2) Enact Refundable 20% Credit



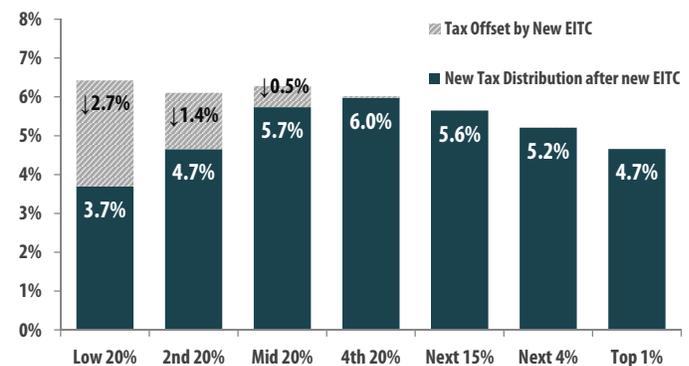
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



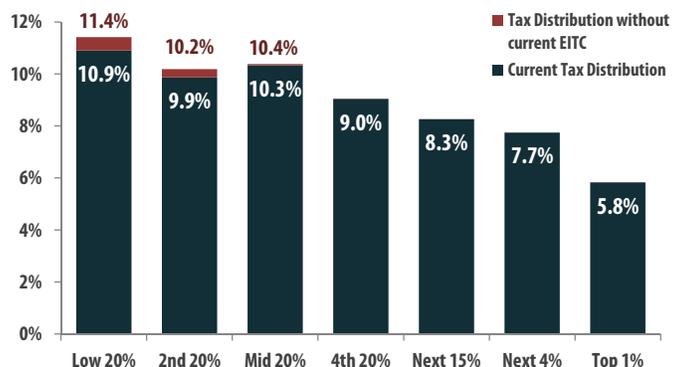
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Nebraska

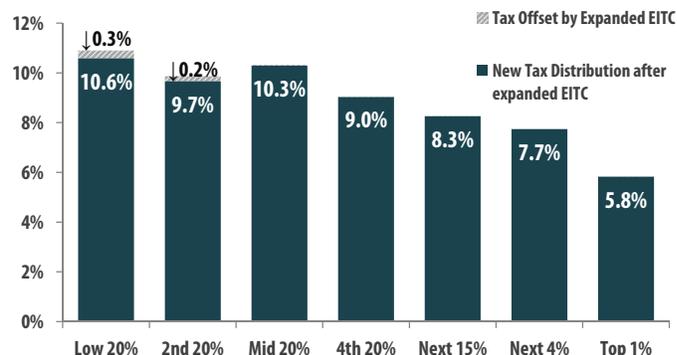
Current policy: Fully refundable state EITC worth 10% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$20,000	\$20,000 – \$34,000	\$34,000 – \$57,000	\$57,000 – \$87,000	\$87,000 – \$156,000	\$156,000 – \$348,000	\$348,000 – Or More
Average Income in Group	\$11,100	\$27,900	\$45,600	\$70,300	\$113,900	\$220,900	\$1,102,800

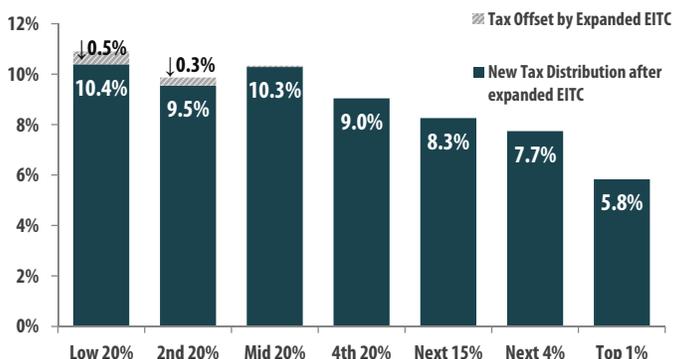
Current Distribution of Nebraska's State & Local Taxes* (with impact of current EITC)



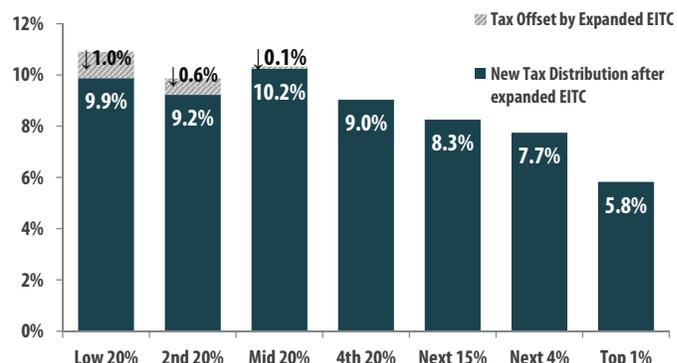
1) Increase Credit to 16% Refundable



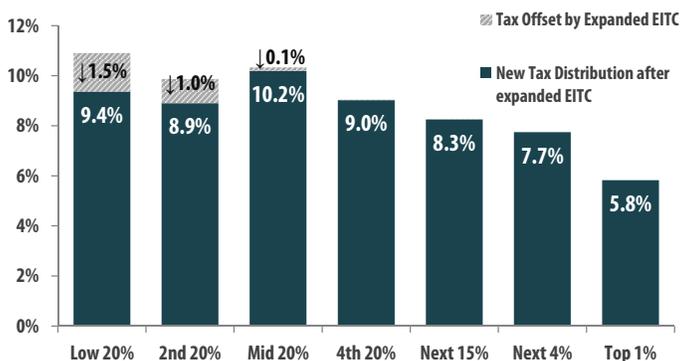
2) Increase Credit to 20% Refundable



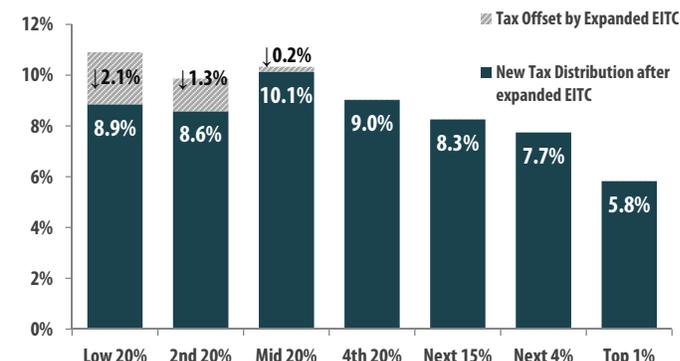
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable



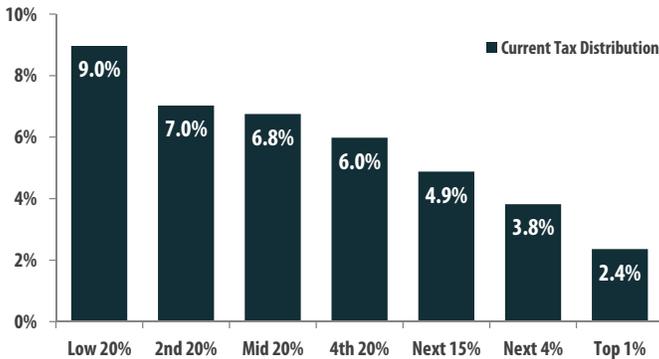
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Nevada

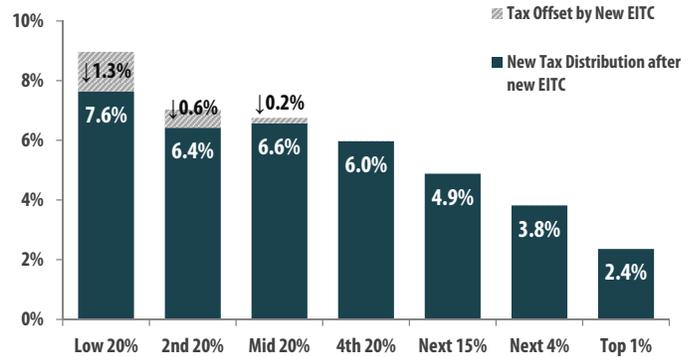
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$31,000	\$31,000 – \$47,000	\$47,000 – \$77,000	\$77,000 – \$143,000	\$143,000 – \$323,000	\$323,000 – Or More
Average Income in Group	\$12,100	\$24,100	\$38,700	\$61,000	\$101,000	\$201,600	\$1,239,800

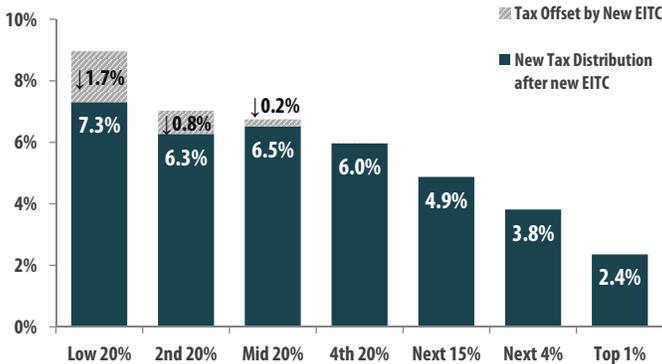
Current Distribution of Nevada's State & Local Taxes*



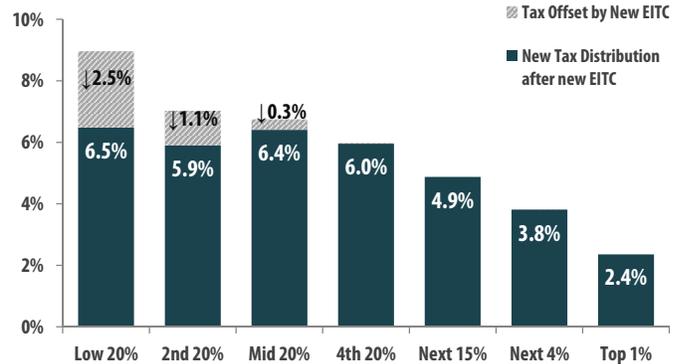
1) Enact Refundable 16% Credit



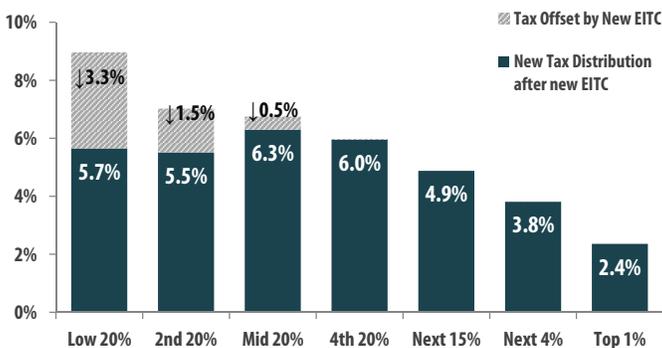
2) Enact Refundable 20% Credit



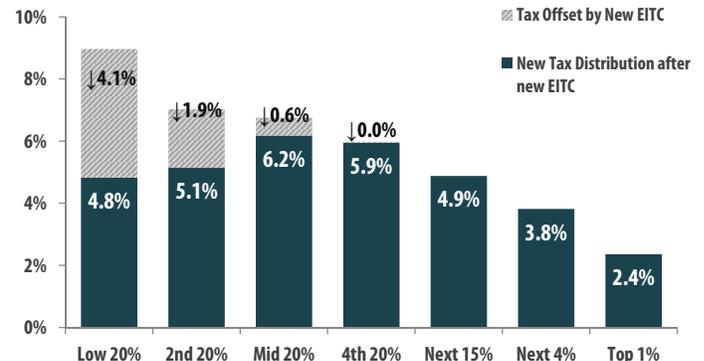
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



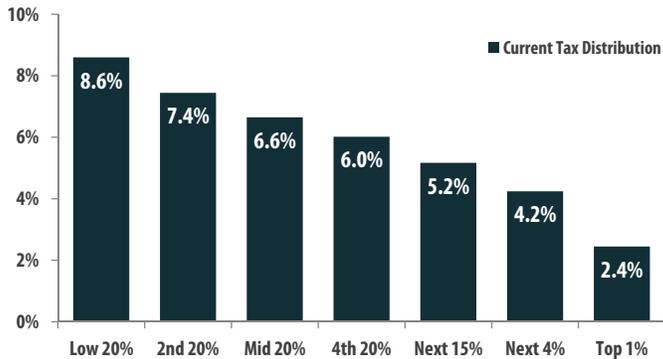
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

New Hampshire

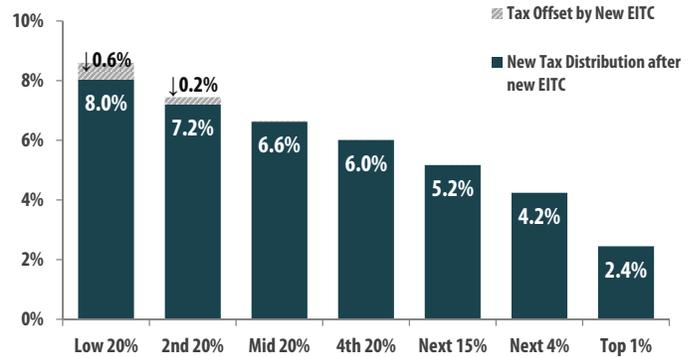
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$26,000	\$26,000 – \$41,000	\$41,000 – \$67,000	\$67,000 – \$102,000	\$102,000 – \$198,000	\$198,000 – \$430,000	\$430,000 – Or More
Average Income in Group	\$14,100	\$33,100	\$53,100	\$83,900	\$134,200	\$268,400	\$1,200,500

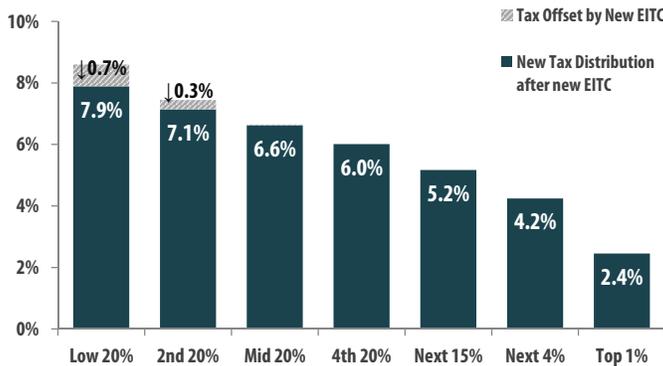
Current Distribution of New Hampshire's State & Local Taxes*



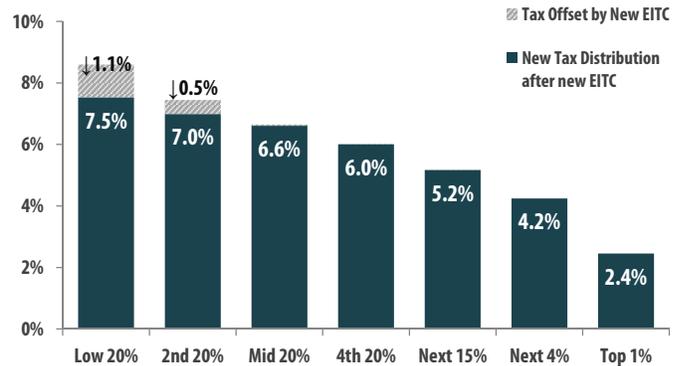
1) Enact Refundable 16% Credit



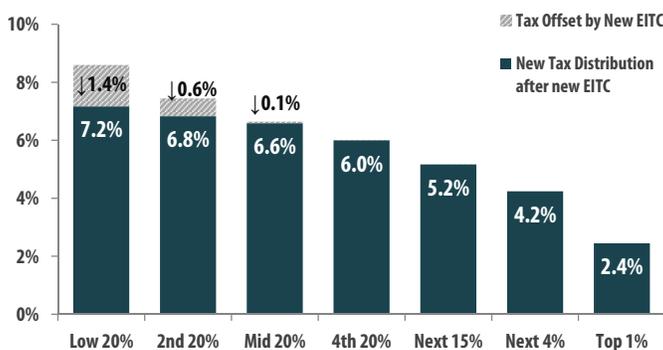
2) Enact Refundable 20% Credit



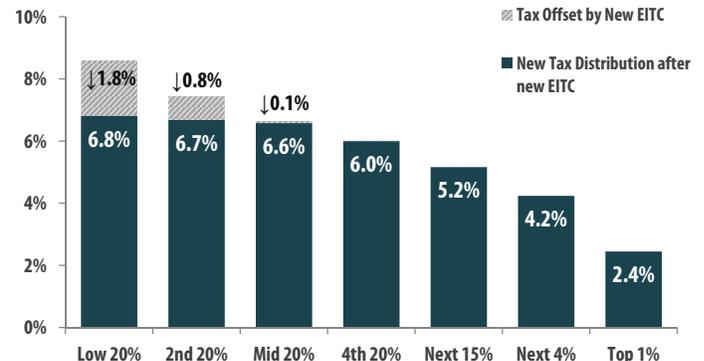
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



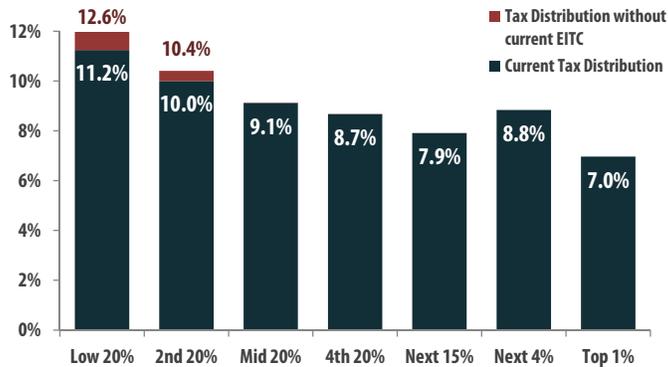
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

New Jersey

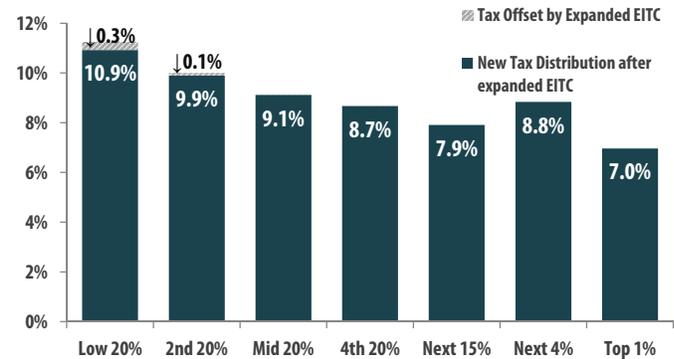
Current policy: Fully refundable state EITC worth 20% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$42,000	\$42,000 – \$69,000	\$69,000 – \$115,000	\$115,000 – \$241,000	\$241,000 – \$679,000	\$679,000 – Or More
Average Income in Group	\$12,500	\$31,400	\$54,400	\$89,000	\$156,600	\$355,600	\$1,823,800

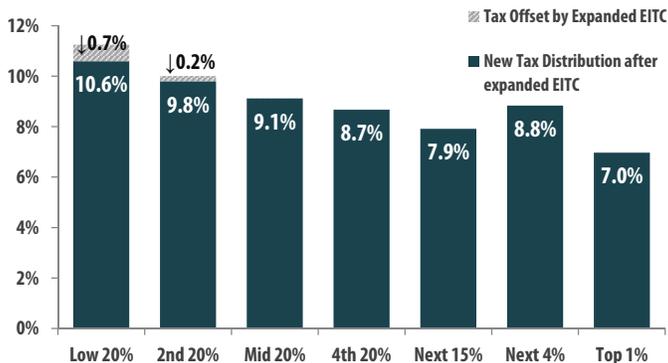
Current Distribution of New Jersey's State & Local Taxes*
(with impact of current EITC)



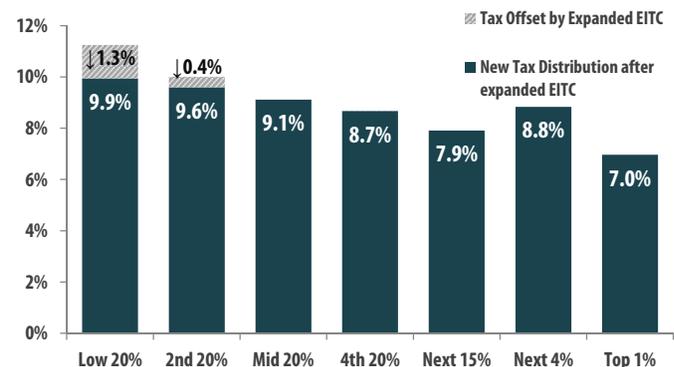
1) First Fix: Restore Credit to 25% (Reduced to 20% in 2010)



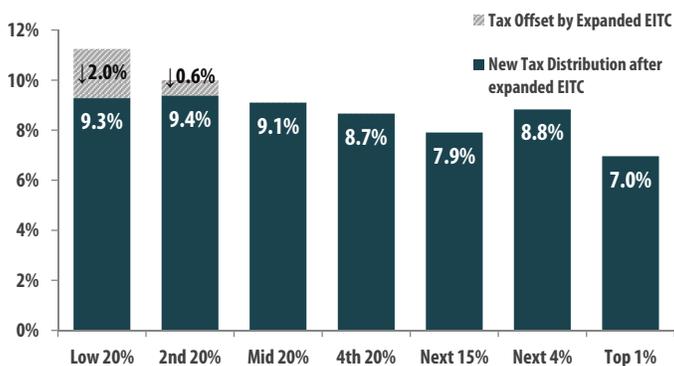
2) Increase Credit to 30%



3) Increase Credit to 40%



4) Increase Credit to 50%



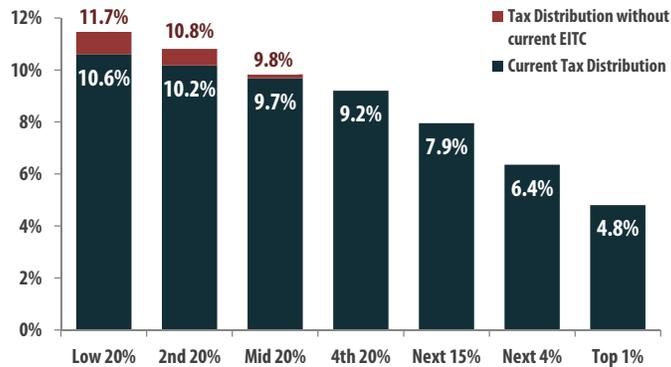
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

New Mexico

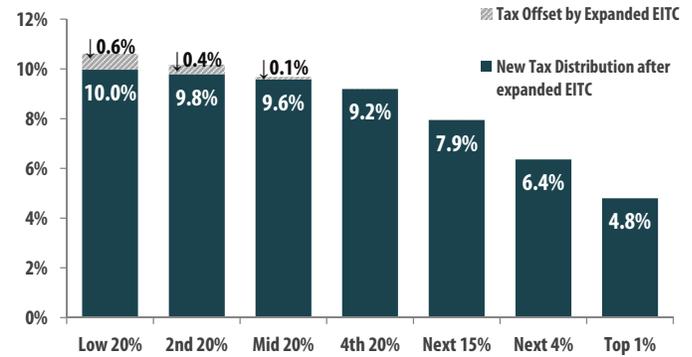
Current policy: Fully refundable state EITC worth 10% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$29,000	\$29,000 – \$48,000	\$48,000 – \$79,000	\$79,000 – \$144,000	\$144,000 – \$323,000	\$323,000 – Or More
Average Income in Group	\$10,200	\$23,400	\$37,300	\$59,700	\$102,500	\$197,000	\$732,400

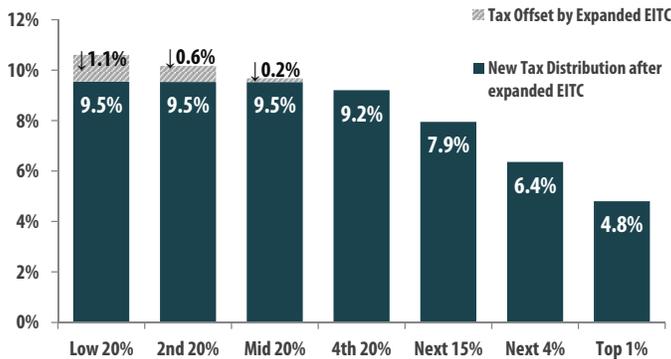
Current Distribution of New Mexico's State & Local Taxes* (with impact of current EITC)



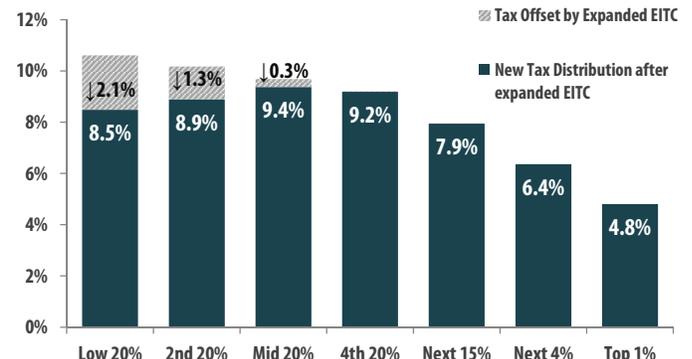
1) Increase Credit to 16% Refundable



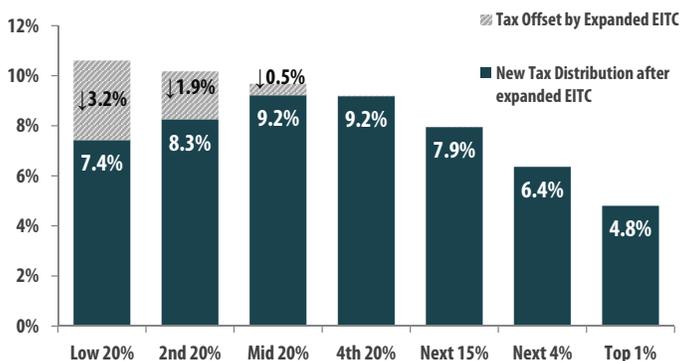
2) Increase Credit to 20% Refundable



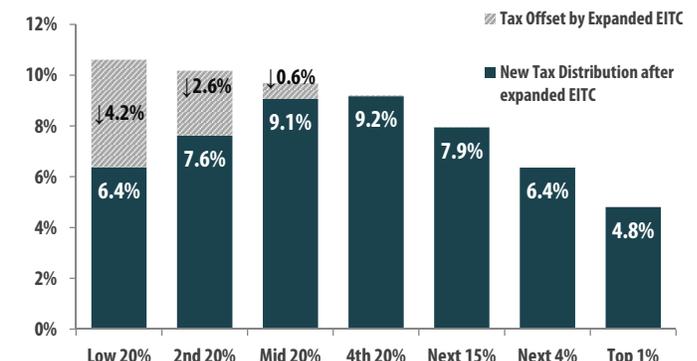
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable

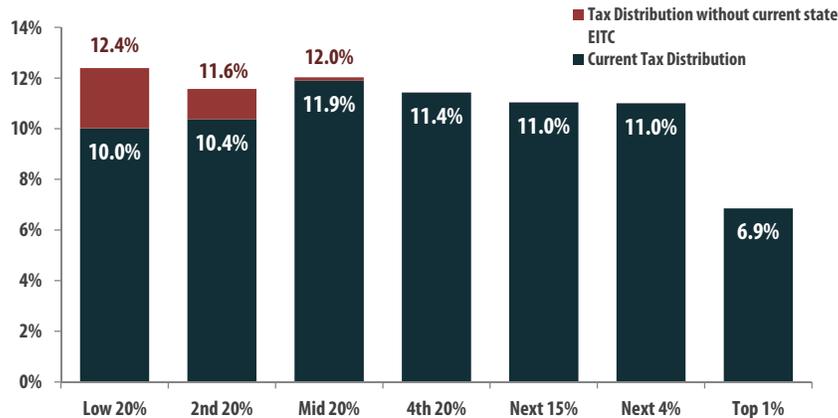


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

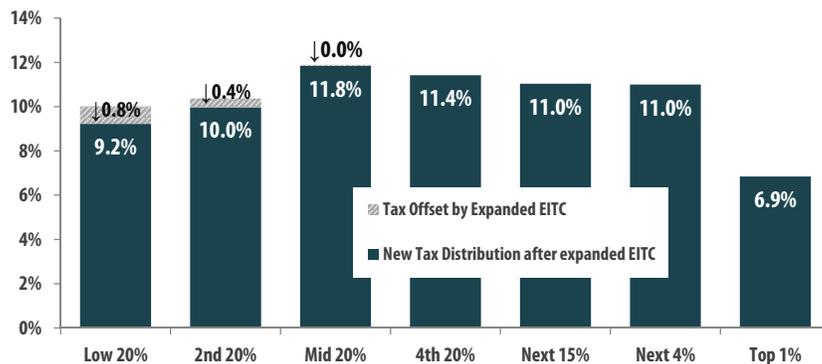
Current policy: Fully refundable state EITC worth 30% of the federal EITC (NYC has a 5% Refundable EITC)

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$34,000	\$34,000 – \$56,000	\$56,000 – \$95,000	\$95,000 – \$201,000	\$201,000 – \$547,000	\$547,000 – Or More
Average Income in Group	\$10,000	\$25,400	\$44,700	\$73,300	\$130,800	\$311,900	\$2,235,300

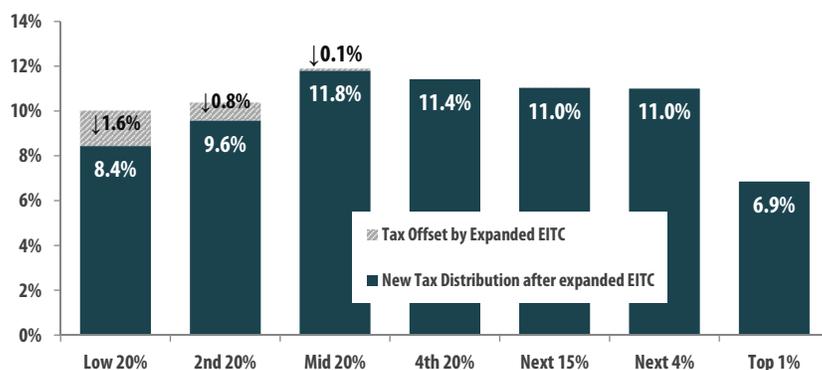
Current Distribution of New York's State & Local Taxes* (with impact of 30% state EITC)



1) Increase Credit to 40% Refundable



2) Increase Credit to 50% Refundable



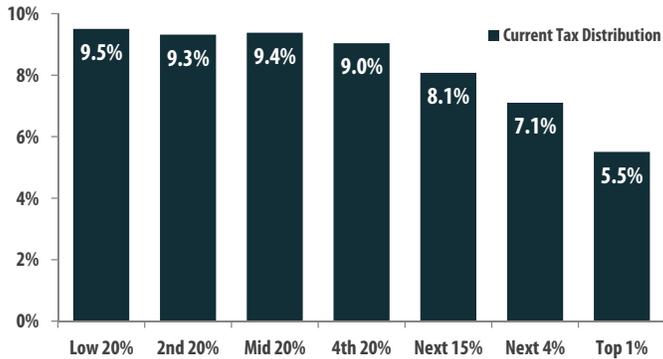
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. Figures show permanent law in New York enacted through 2013. Temporary changes to the personal income tax in place through 2014 are not reflected in this data. Local income taxes are included in totals, but no changes were made to NYC's 5% refundable EITC. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

North Carolina

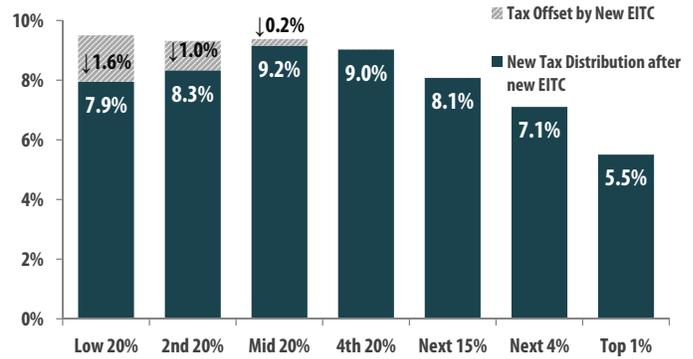
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$76,000	\$76,000 – \$151,000	\$151,000 – \$345,000	\$345,000 – Or More
Average Income in Group	\$10,100	\$22,300	\$36,800	\$60,200	\$102,400	\$211,100	\$818,100

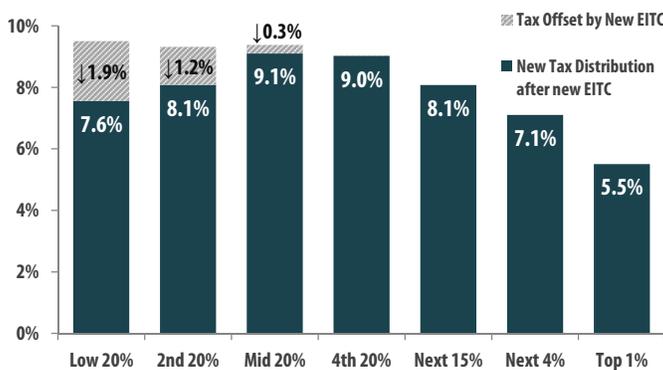
Current Distribution of North Carolina's State & Local Taxes*



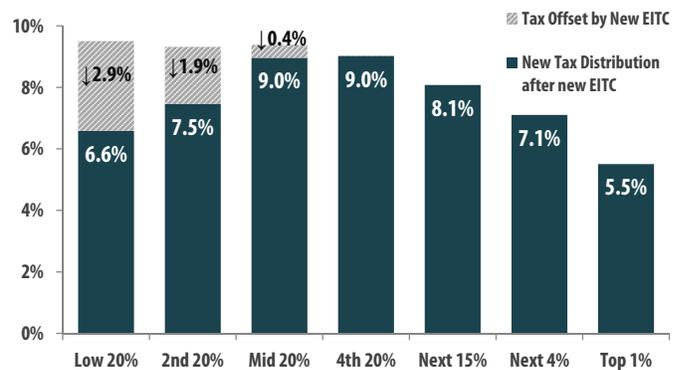
1) Enact Refundable 16% Credit



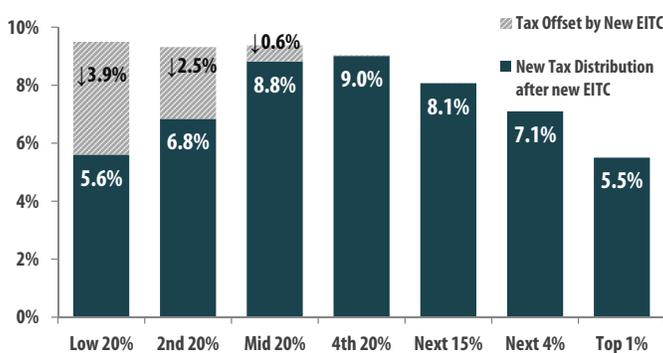
2) Enact Refundable 20% Credit



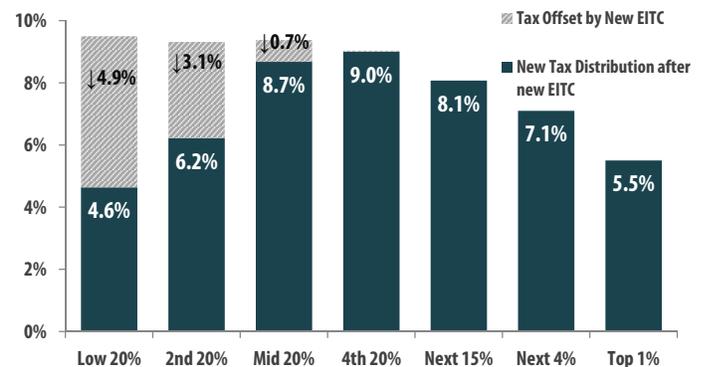
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



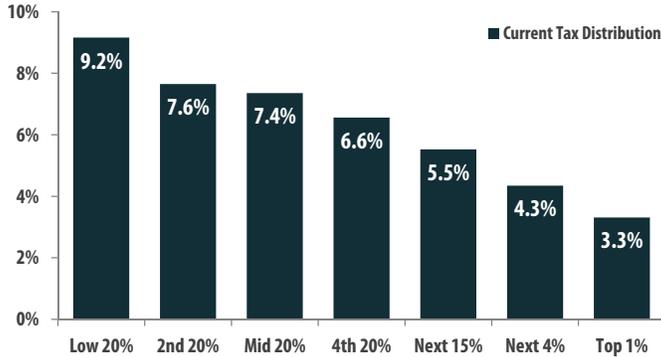
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the following changes enacted in North Carolina in 2013: replacement of graduated personal income tax with a flat rate of 5.75%; elimination of the personal exemption and child and dependent care credit; limiting itemized deductions only to property taxes and mortgage interest (capped at \$20,000/\$10,000) and charitable contributions (no limits); increasing the standard deduction to \$15,000/\$7,500; increasing the child tax credit by \$25/child for taxpayers with AGI below \$40,000; expanding the sales tax base to include service contracts; eliminating the privilege tax on amusements and electricity and subjecting those items to the sales tax. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

North Dakota

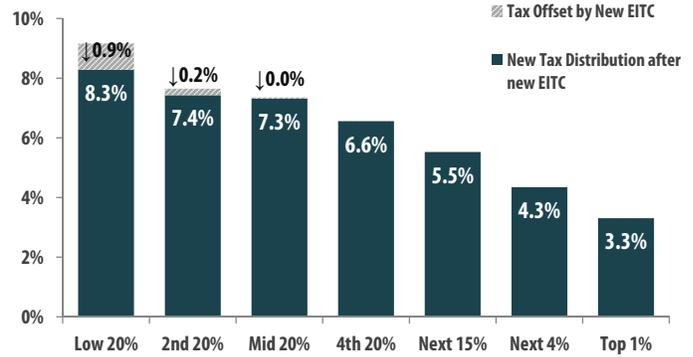
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$23,000	\$23,000 – \$39,000	\$39,000 – \$67,000	\$67,000 – \$95,000	\$95,000 – \$180,000	\$180,000 – \$400,000	\$400,000 – Or More
Average Income in Group	\$15,000	\$32,000	\$52,100	\$79,900	\$123,000	\$242,600	\$989,000

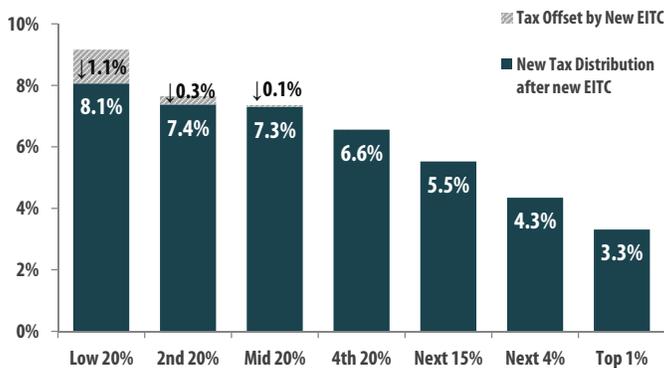
Current Distribution of North Dakota's State & Local Taxes*



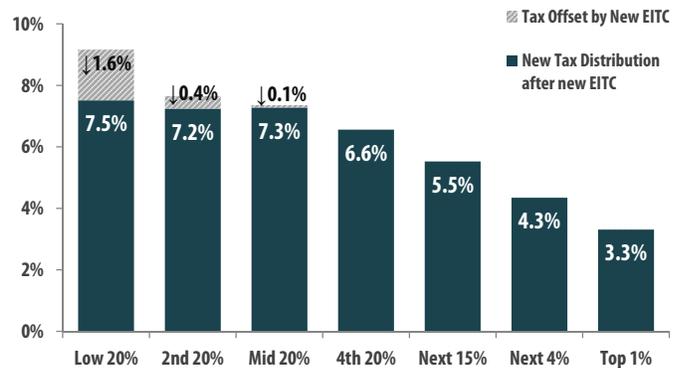
1) Enact Refundable 16% Credit



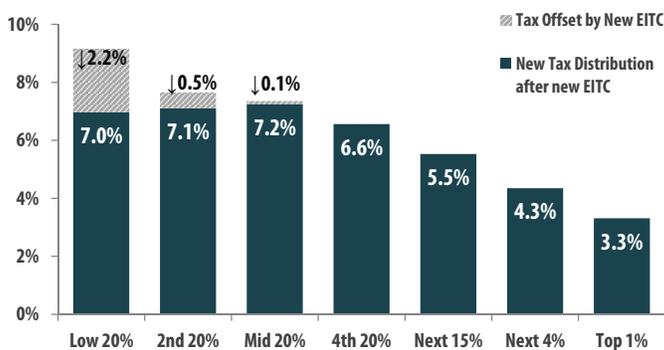
2) Enact Refundable 20% Credit



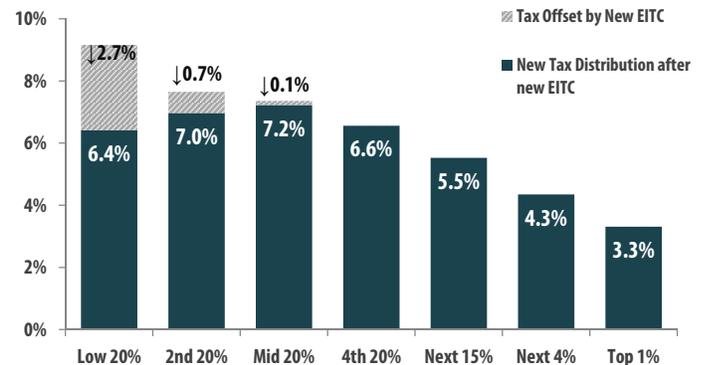
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

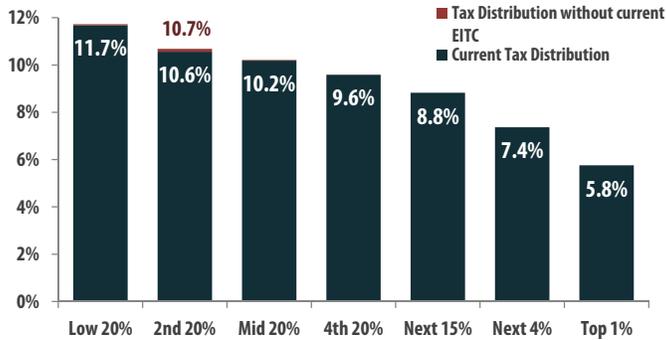


* The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect an across the board 19% reduction in personal income tax rates. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

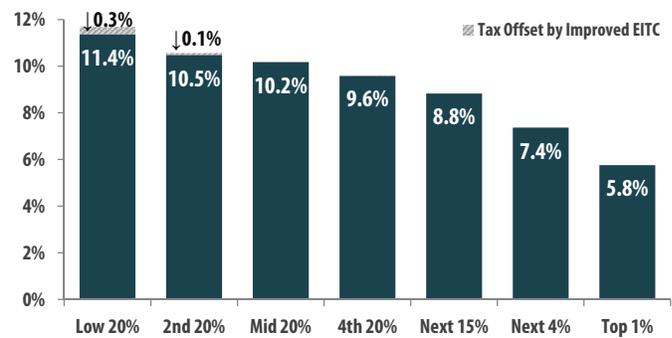
Current policy: Non-refundable state EITC worth 5% of the federal EITC, but limited to 50% of tax liability for Ohio Taxable Income above \$20,000

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$31,000	\$31,000 – \$49,000	\$49,000 – \$76,000	\$76,000 – \$138,000	\$138,000 – \$324,000	\$324,000 – Or More
Average Income in Group	\$9,700	\$23,700	\$39,900	\$61,500	\$98,100	\$197,300	\$827,600

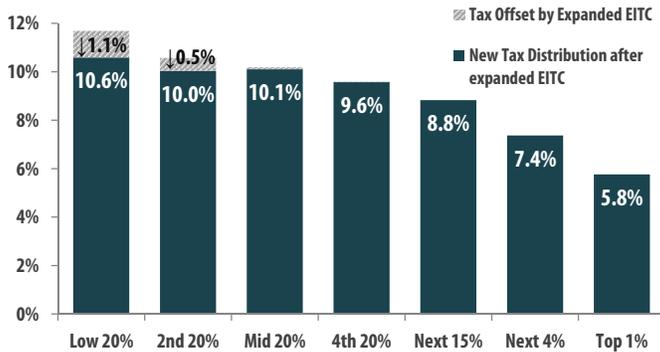
Current Distribution Ohio's State & Local Taxes* (w/EITC impact)



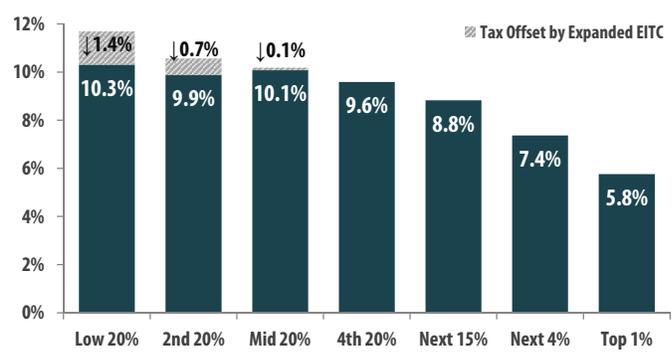
1) First Fix: Convert to Fully Refundable 5% Credit w/ no limits



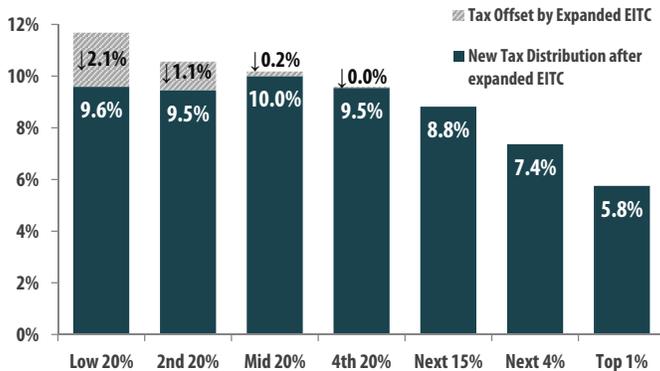
2) Make Credit Refundable, Increase to 16%, no limits



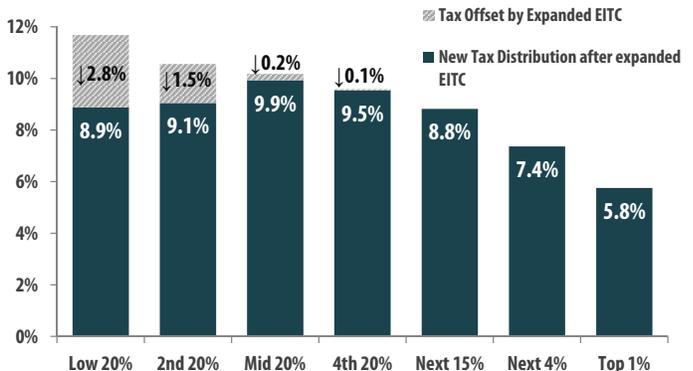
3) Make Credit Refundable, Increase to 20%, no limits



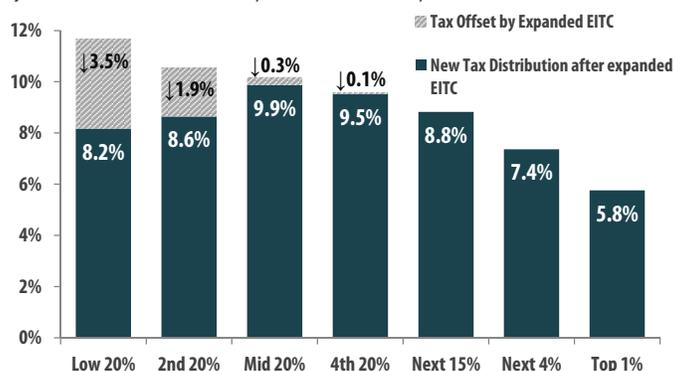
4) Make Credit Refundable, Increase to 30%, no limits



5) Make Credit Refundable, Increase to 40%, no limits



6) Make Credit Refundable, Increase to 50%, no limits

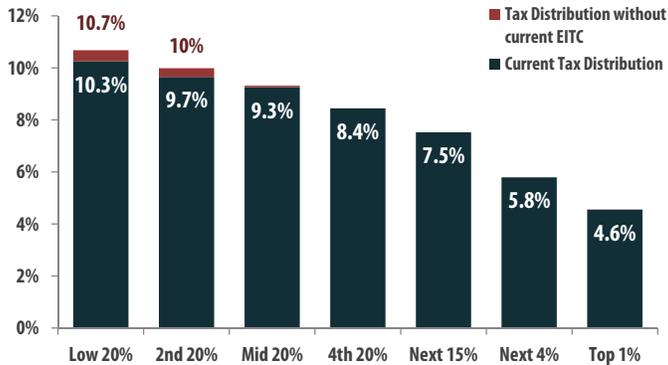


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect changes made in the 2013 legislative session including: an 8.5 percent income tax rate reduction, a new business income deduction, a 5 percent non-refundable and limited EITC, the addition of a means test for the personal exemption credit, and an increase in the sales tax rate. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

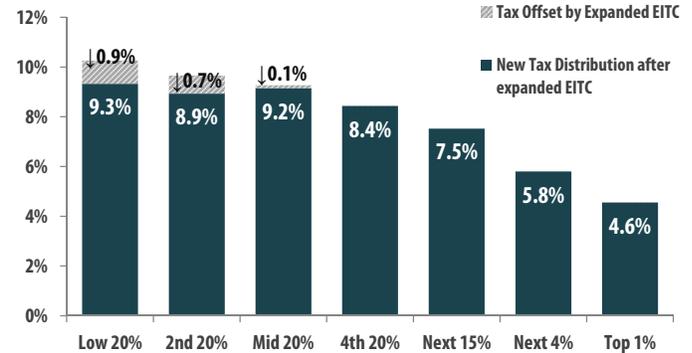
Current policy: Fully refundable state EITC worth 5% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$16,000	\$16,000 – \$30,000	\$30,000 – \$49,000	\$49,000 – \$81,000	\$81,000 – \$160,000	\$160,000 – \$358,000	\$358,000 – Or More
Average Income in Group	\$9,600	\$22,000	\$39,000	\$63,300	\$107,100	\$215,800	\$1,060,100

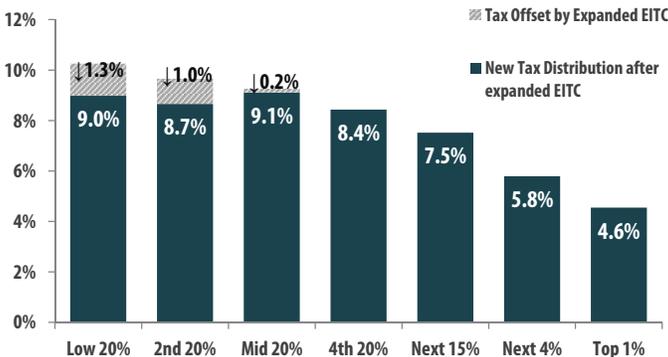
Current Distribution of Oklahoma's State & Local Taxes*
(with impact of current EITC)



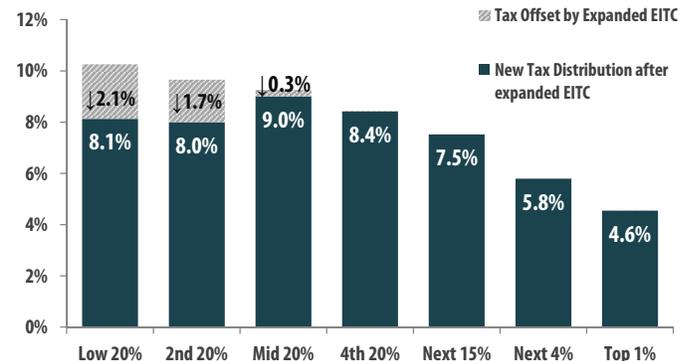
1) Increase Credit to 16% Refundable



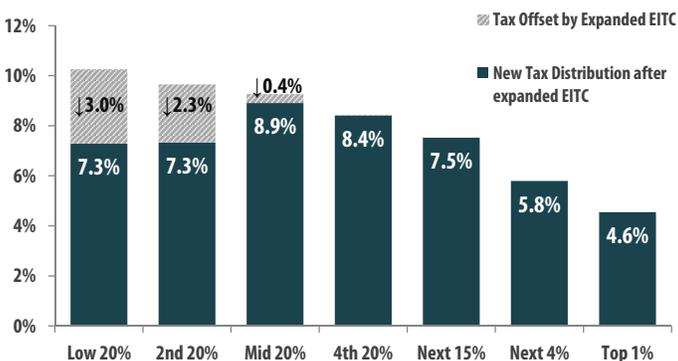
2) Increase Credit to 20% Refundable



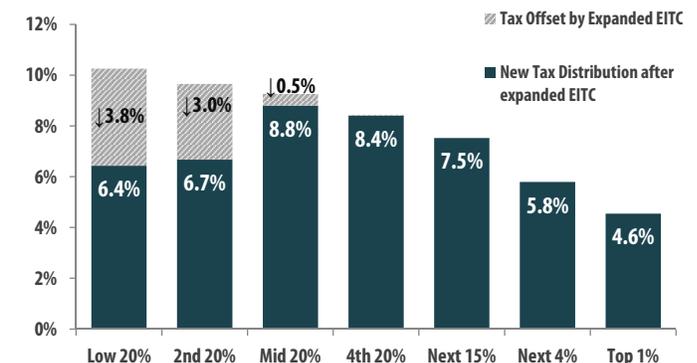
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable

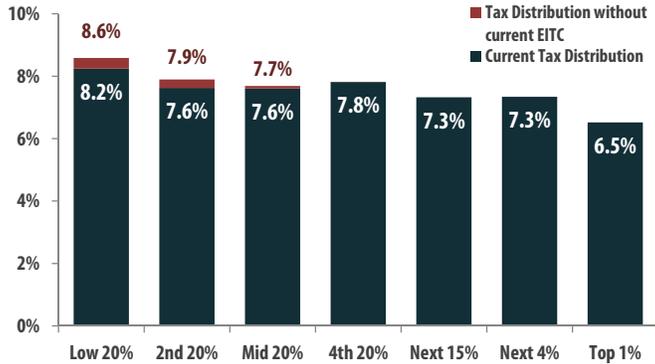


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

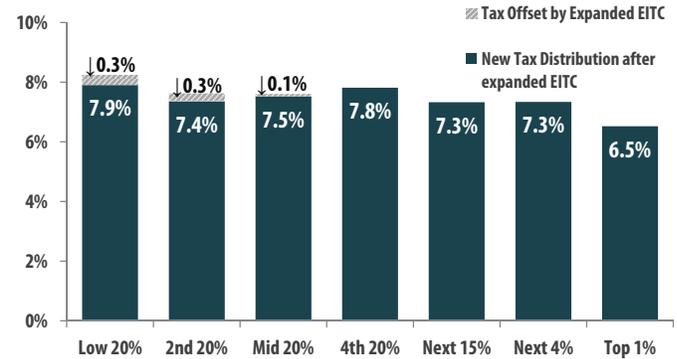
Current policy: Fully refundable state EITC worth 8% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$31,000	\$31,000 – \$53,000	\$53,000 – \$84,000	\$84,000 – \$158,000	\$158,000 – \$330,000	\$330,000 – Or More
Average Income in Group	\$10,600	\$25,500	\$41,100	\$66,100	\$109,400	\$212,900	\$772,900

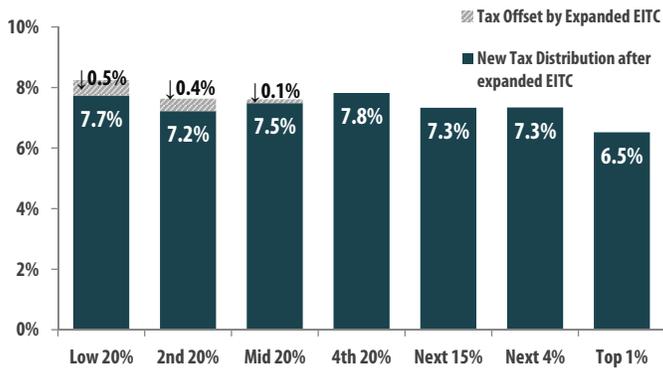
Current Distribution of Oregon's State & Local Taxes* (with impact of current EITC)



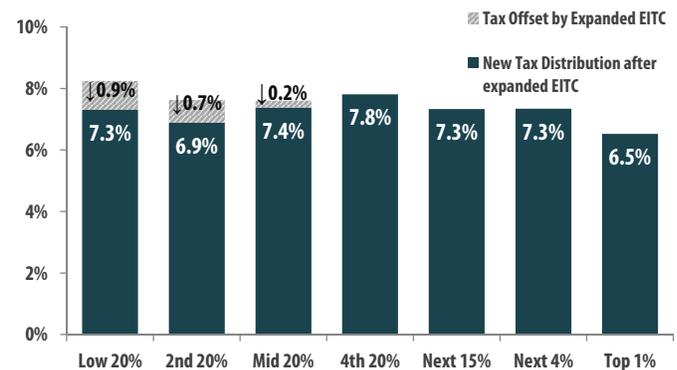
1) Increase Credit to 16% Refundable



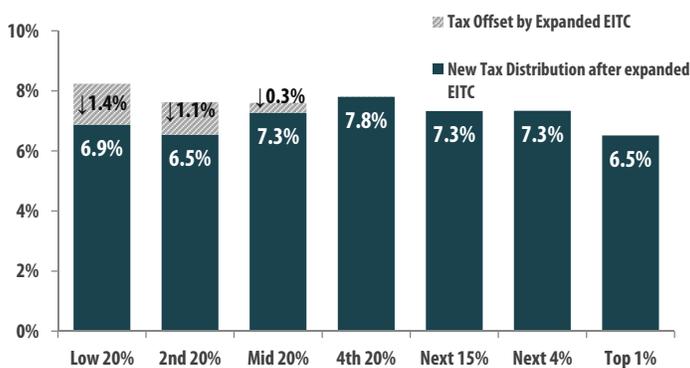
2) Increase Credit to 20% Refundable



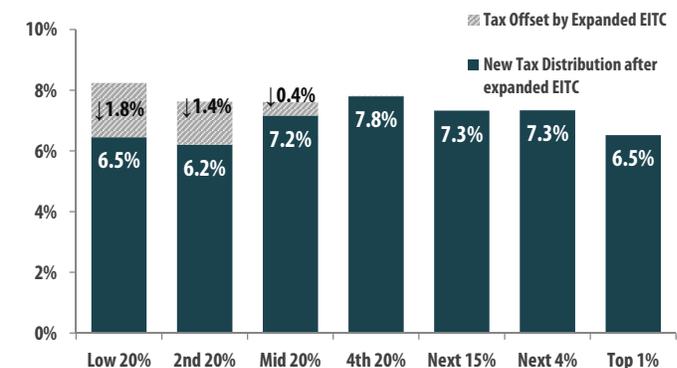
3) Increase Credit to 30% Refundable



4) Increase Credit to 40% Refundable



5) Increase Credit to 50% Refundable



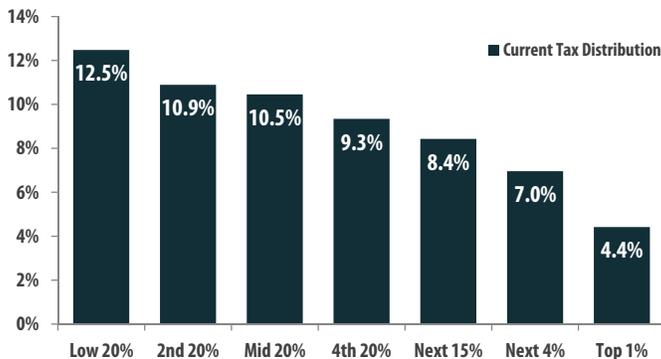
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the following changes enacted in 2013: an increase in the state EITC from 6 to 8 percent; eliminating the personal exemption credit for upper-income taxpayers; capping the additional elderly medical expense deduction; establishing an alternative rate structure for pass-through business income. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Pennsylvania

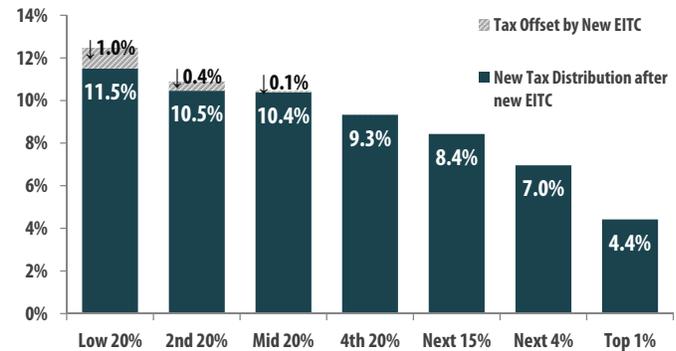
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$36,000	\$36,000 – \$58,000	\$58,000 – \$90,000	\$90,000 – \$173,000	\$173,000 – \$391,000	\$391,000 – Or More
Average Income in Group	\$10,900	\$27,800	\$46,700	\$72,100	\$119,000	\$245,400	\$1,067,100

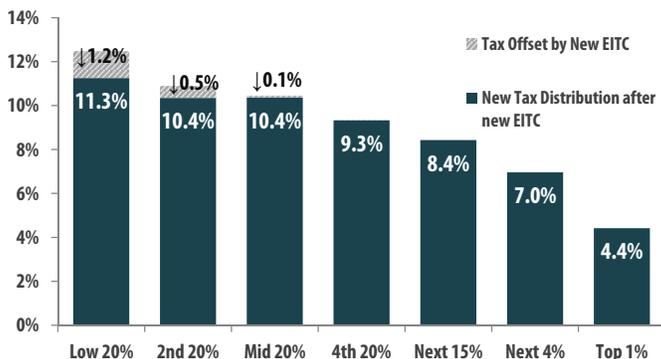
Current Distribution of Pennsylvania's State & Local Taxes*



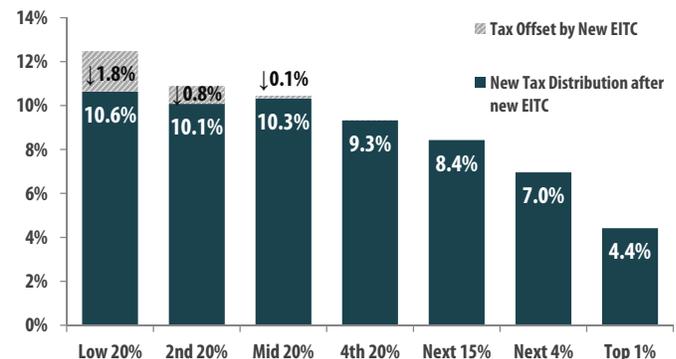
1) Enact Refundable 16% Credit



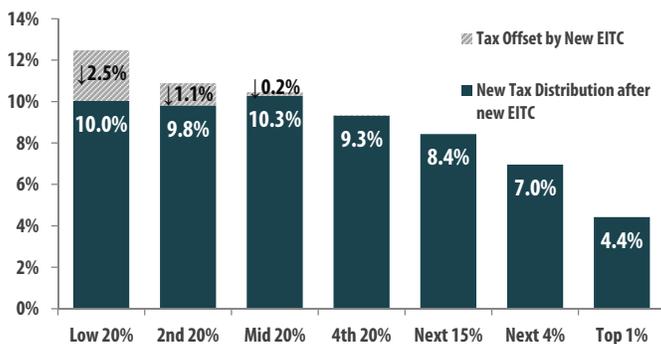
2) Enact Refundable 20% Credit



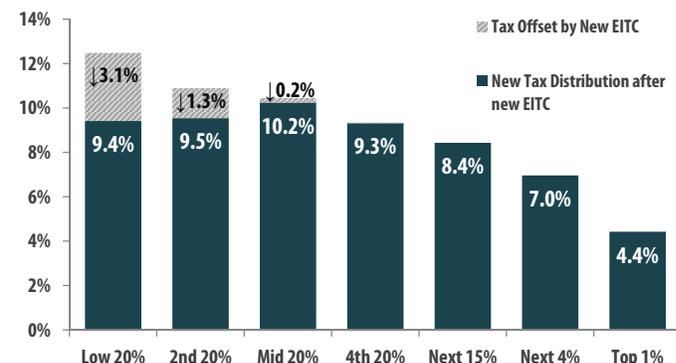
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



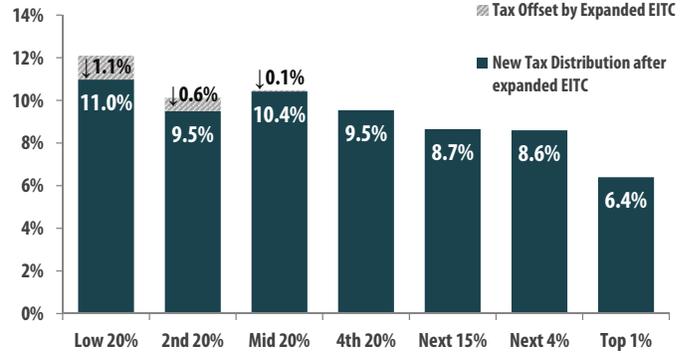
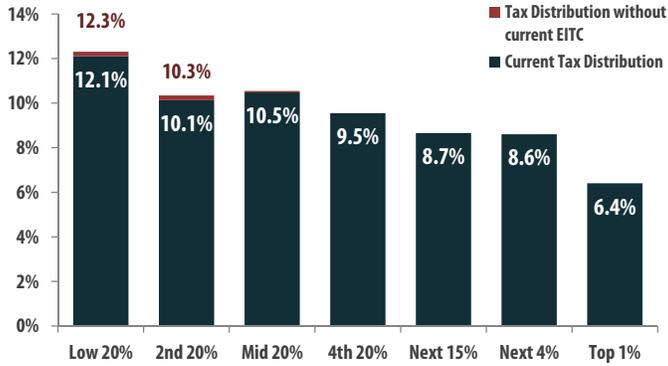
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect an increase in the gas tax enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Rhode Island

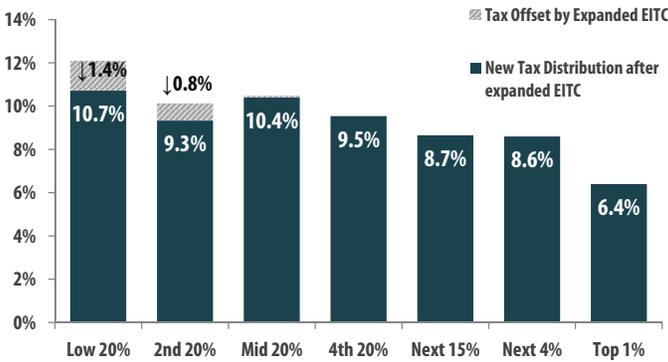
Current policy: Partially refundable state EITC. Non-refundable portion worth 25% of the federal EITC; refundable up to 3.75% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$18,000	\$18,000 – \$33,000	\$33,000 – \$57,000	\$57,000 – \$92,000	\$92,000 – \$170,000	\$170,000 – \$378,000	\$378,000 – Or More
Average Income in Group	\$9,700	\$25,700	\$45,800	\$72,000	\$119,500	\$236,800	\$912,400

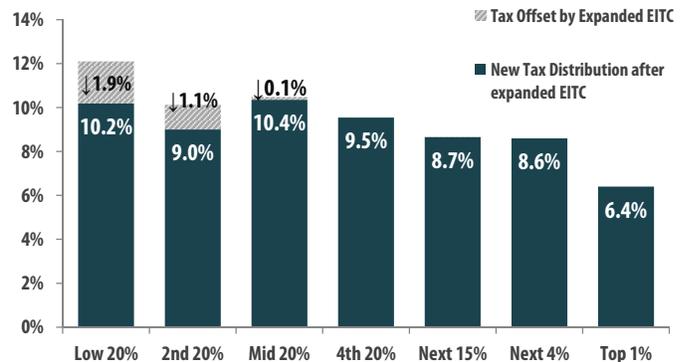
Current Distribution of Rhode Island's State & Local Taxes* 1) Convert to Fully Refundable 25% Credit (with impact of current EITC)



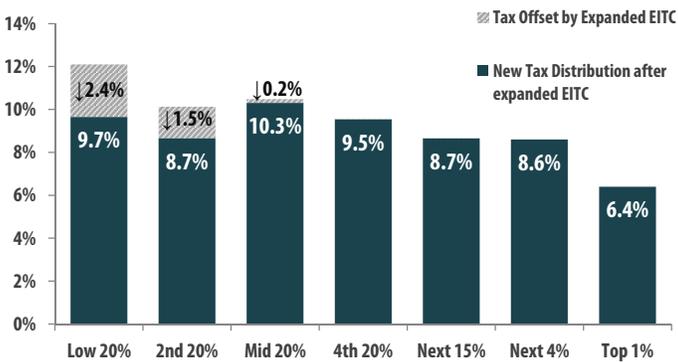
2) Make Credit Fully Refundable and Increase to 30%



3) Make Credit Fully Refundable and Increase to 40%



4) Make Credit Fully Refundable and Increase to 50%



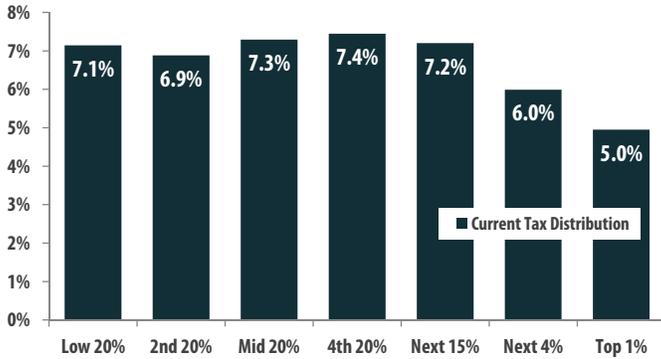
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

South Carolina

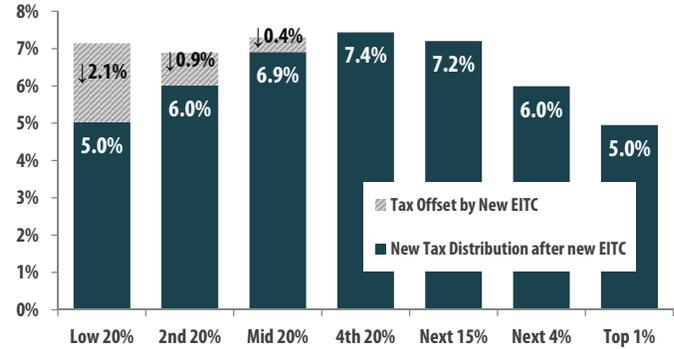
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$16,000	\$16,000 – \$27,000	\$27,000 – \$42,000	\$42,000 – \$72,000	\$72,000 – \$141,000	\$141,000 – \$328,000	\$328,000 – Or More
Average Income in Group	\$9,500	\$21,600	\$34,000	\$55,600	\$96,900	\$196,300	\$775,700

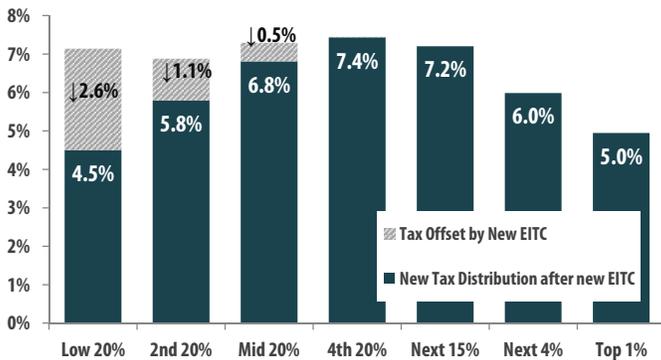
Current Distribution of South Carolina's State & Local Taxes*



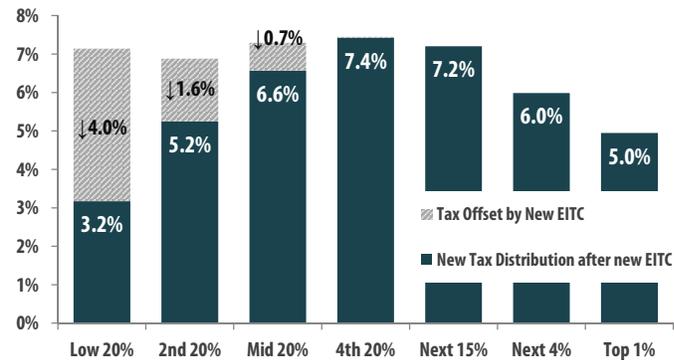
1) Enact Refundable 16% Credit



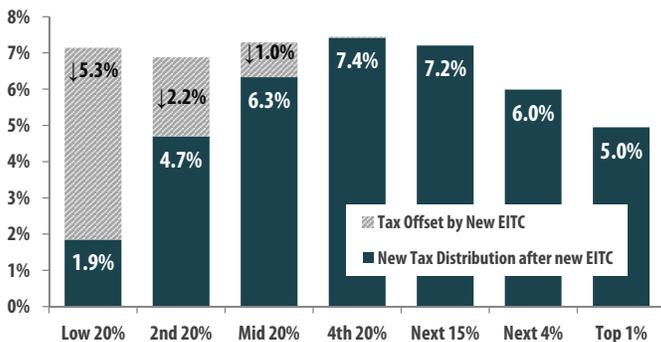
2) Enact Refundable 20% Credit



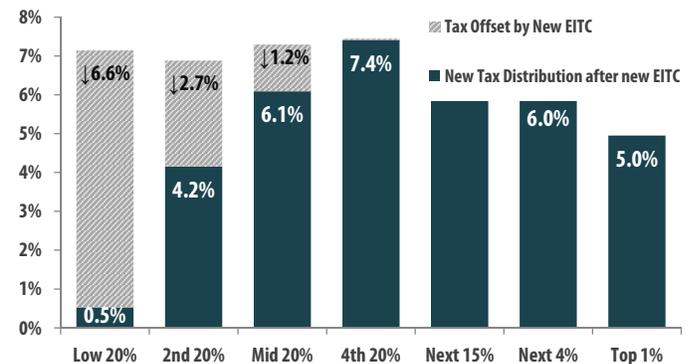
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



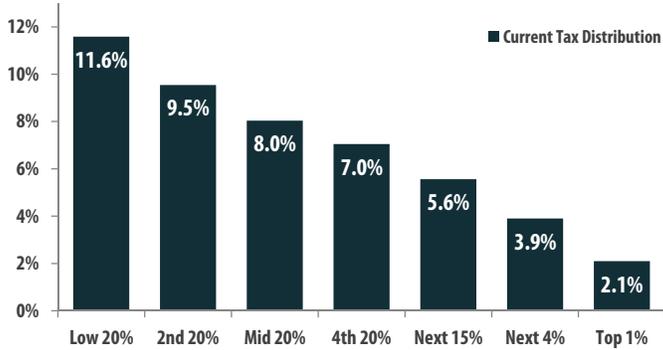
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

South Dakota

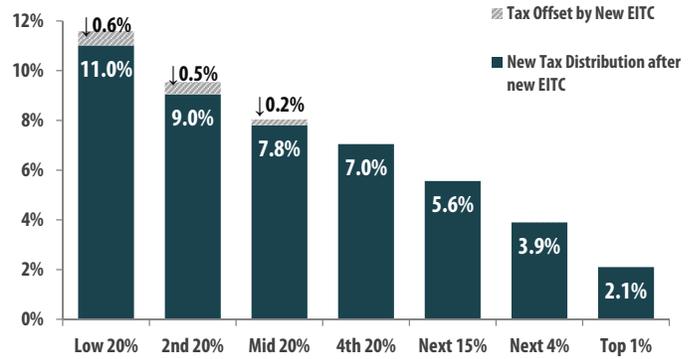
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$36,000	\$36,000 – \$56,000	\$56,000 – \$87,000	\$87,000 – \$155,000	\$155,000 – \$396,000	\$396,000 – Or More
Average Income in Group	\$11,200	\$27,000	\$45,200	\$68,700	\$108,800	\$222,300	\$1,093,200

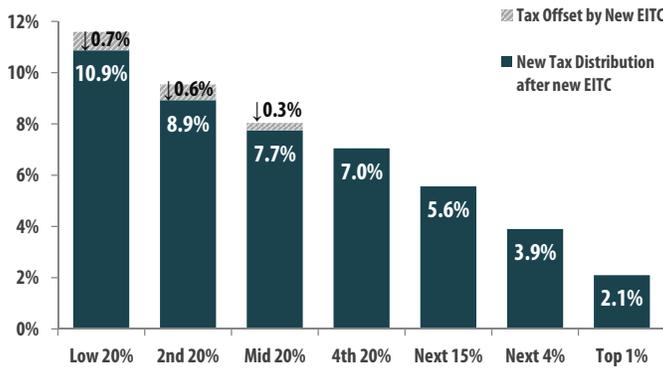
Current Distribution of South Dakota's State & Local Taxes*



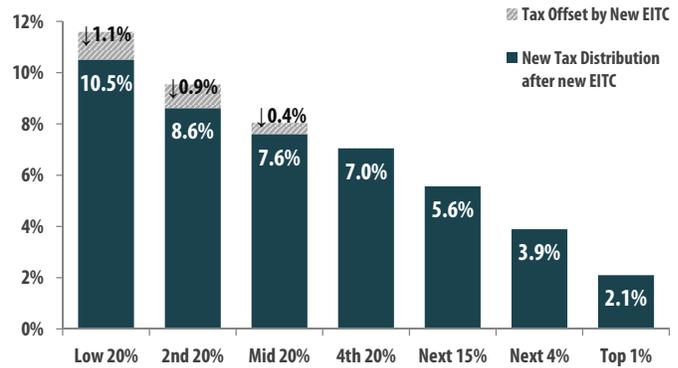
1) Enact Refundable 16% Credit



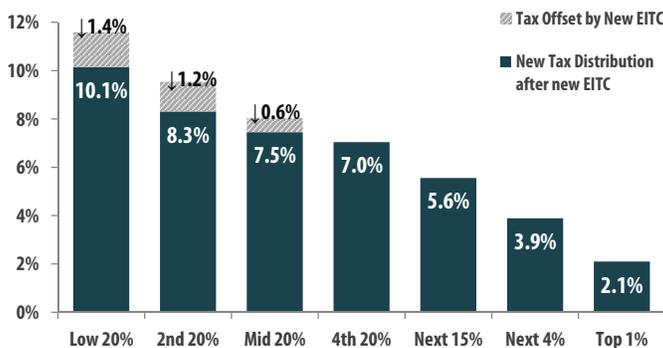
2) Enact Refundable 20% Credit



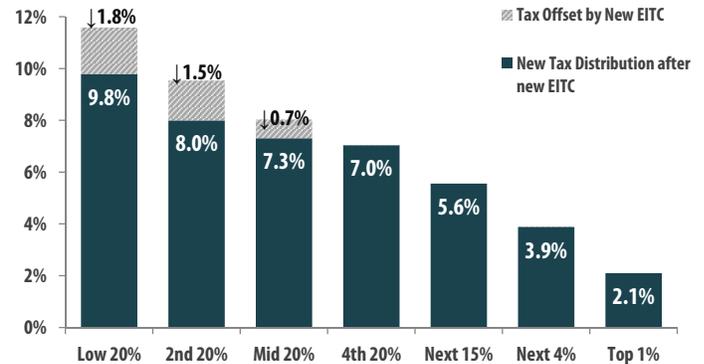
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



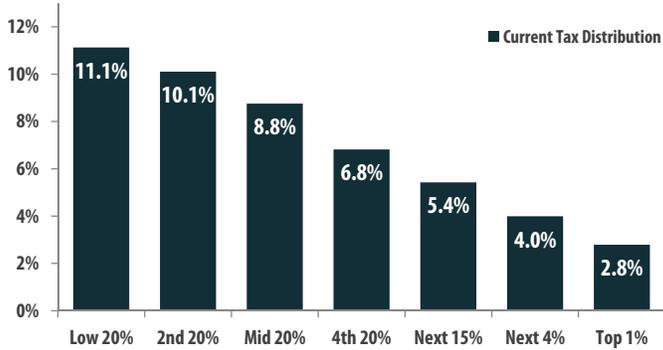
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Tennessee

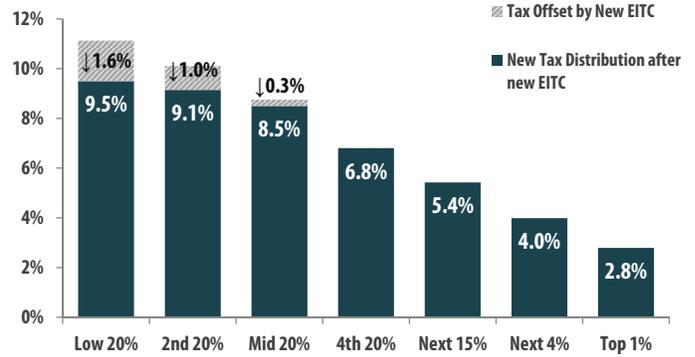
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$17,000	\$17,000 – \$29,000	\$29,000 – \$46,000	\$46,000 – \$74,000	\$74,000 – \$146,000	\$146,000 – \$372,000	\$372,000 – Or More
Average Income in Group	\$10,000	\$23,200	\$37,300	\$57,900	\$98,700	\$209,200	\$945,900

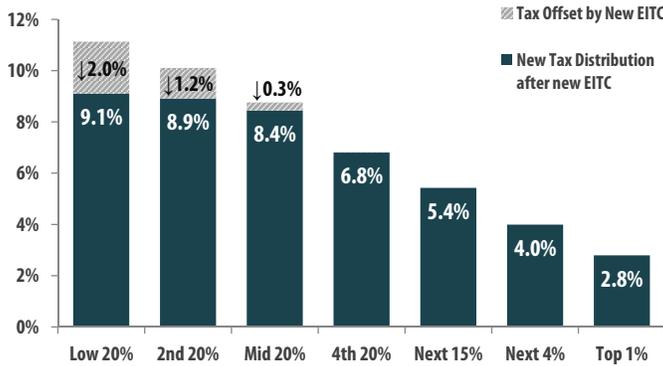
Current Distribution of Tennessee's State & Local Taxes*



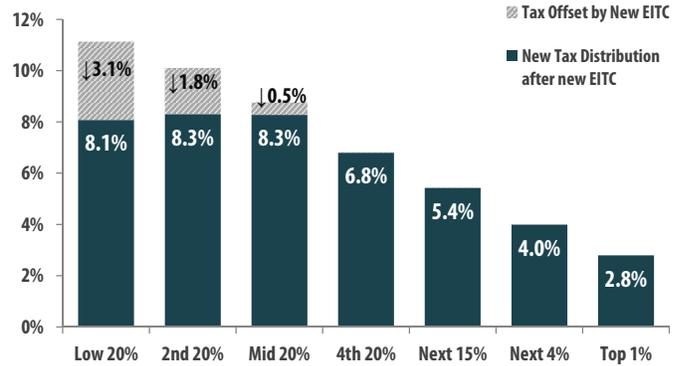
1) Enact Refundable 16% Credit



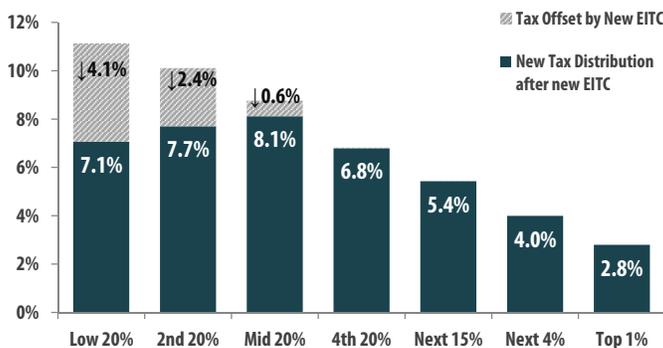
2) Enact Refundable 20% Credit



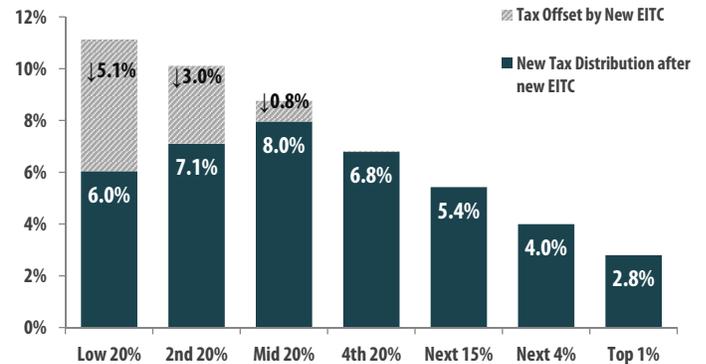
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

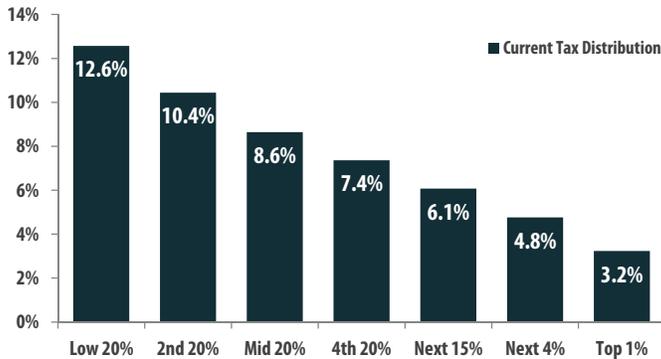


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the sales tax rate cut for groceries enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

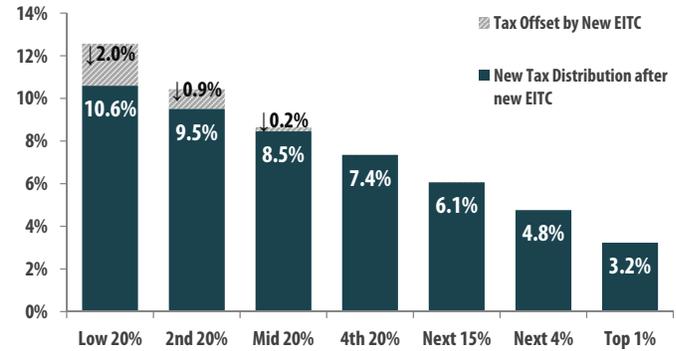
Current policy: No state EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$32,000	\$32,000 – \$52,000	\$52,000 – \$90,000	\$90,000 – \$182,000	\$182,000 – \$437,000	\$437,000 – Or More
Average Income in Group	\$11,400	\$25,300	\$41,300	\$67,800	\$121,700	\$265,000	\$1,365,600

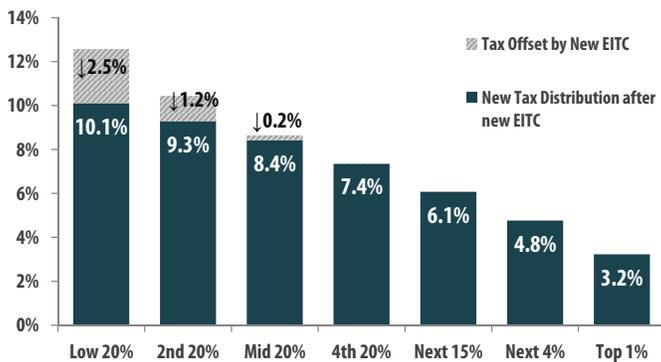
Current Distribution of Texas' State & Local Taxes*



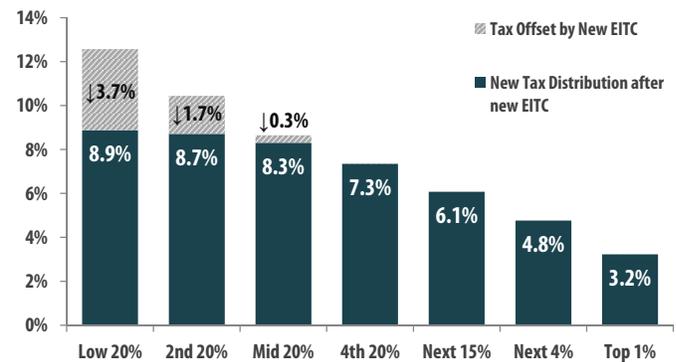
1) Enact Refundable 16% Credit



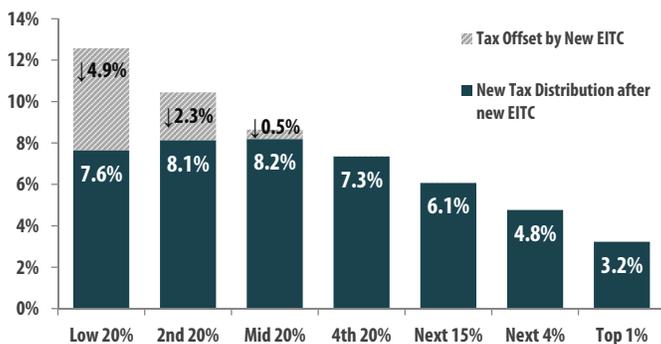
2) Enact Refundable 20% Credit



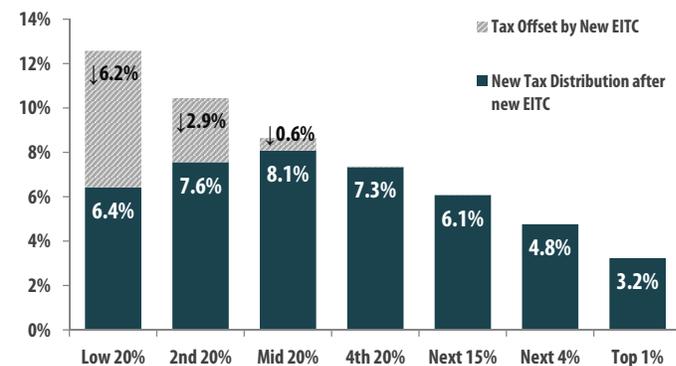
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

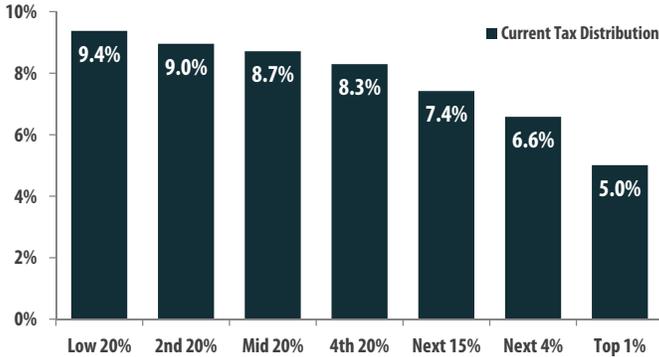


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

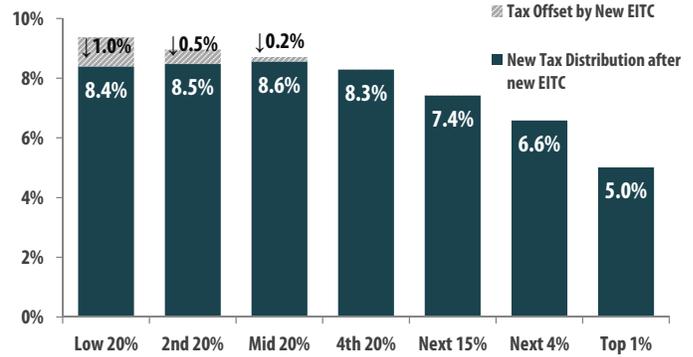
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$20,000	\$20,000 – \$33,000	\$33,000 – \$53,000	\$53,000 – \$84,000	\$84,000 – \$161,000	\$161,000 – \$359,000	\$359,000 – Or More
Average Income in Group	\$11,500	\$26,700	\$43,000	\$67,500	\$109,900	\$221,900	\$1,059,600

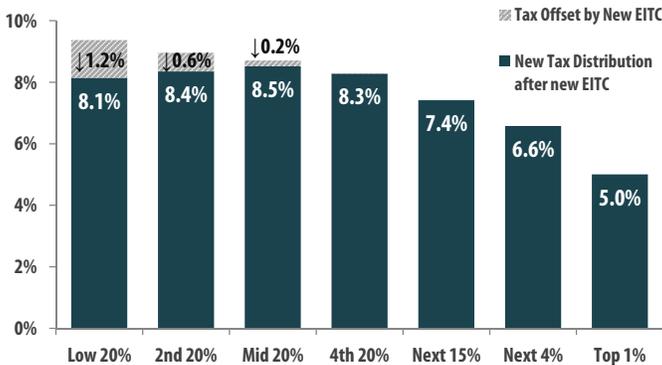
Current Distribution of Utah's State & Local Taxes*



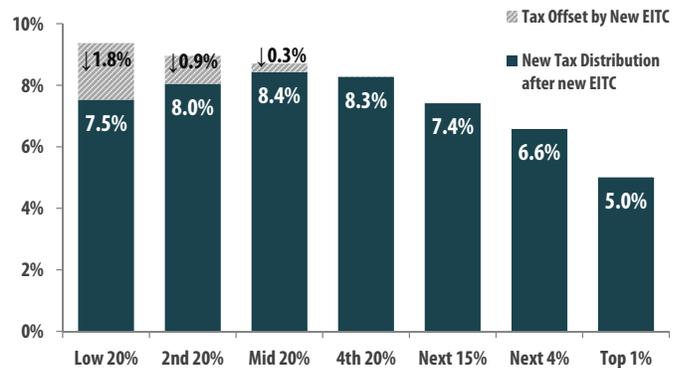
1) Enact Refundable 16% Credit



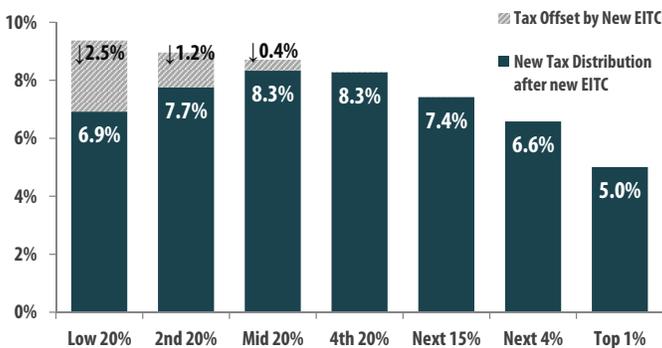
2) Enact Refundable 20% Credit



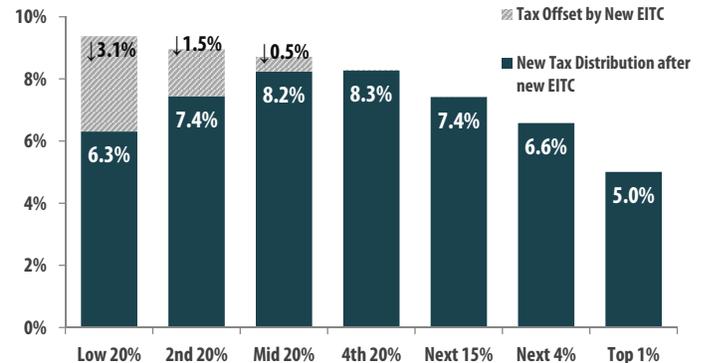
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

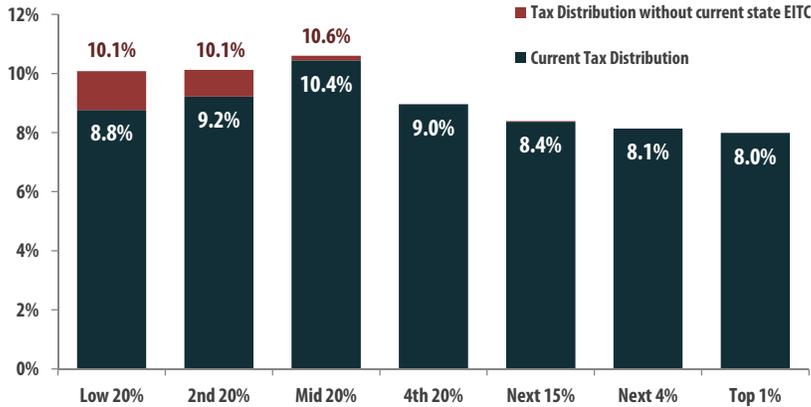


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

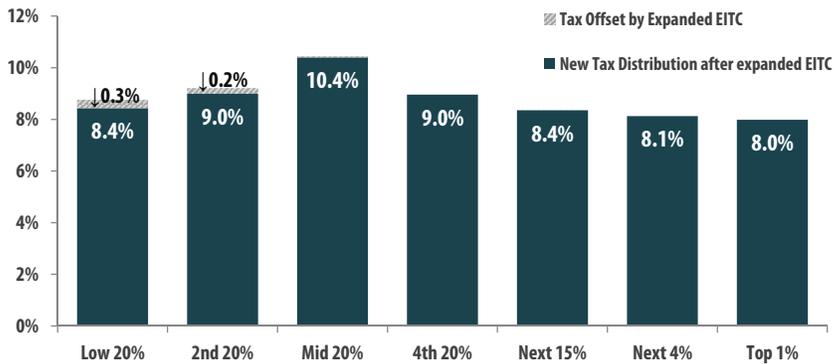
Current policy: Fully refundable state EITC worth 32% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$36,000	\$36,000 – \$54,000	\$54,000 – \$83,000	\$83,000 – \$154,000	\$154,000 – \$338,000	\$338,000 – Or More
Average Income in Group	\$11,300	\$27,300	\$43,600	\$65,800	\$107,400	\$214,100	\$776,000

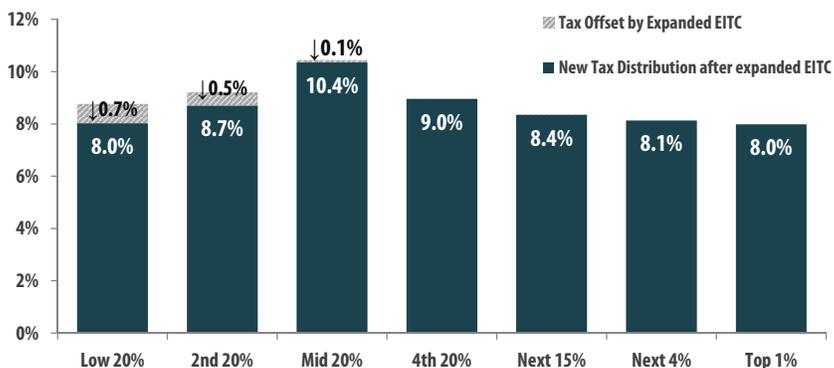
Current Distribution of Vermont's State & Local Taxes* (with impact of state EITC)



1) Increase Credit to 40% Refundable



2) Increase Credit to 50% Refundable

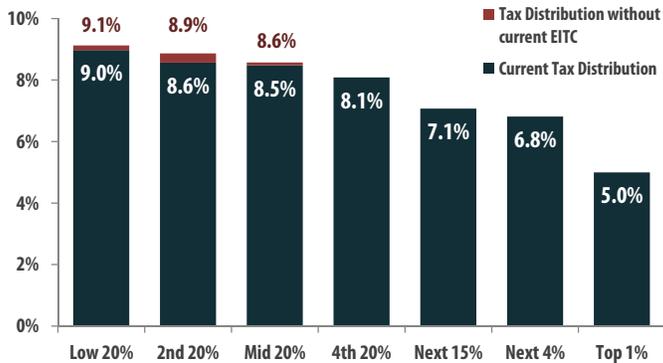


*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect an increase in the gas tax enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

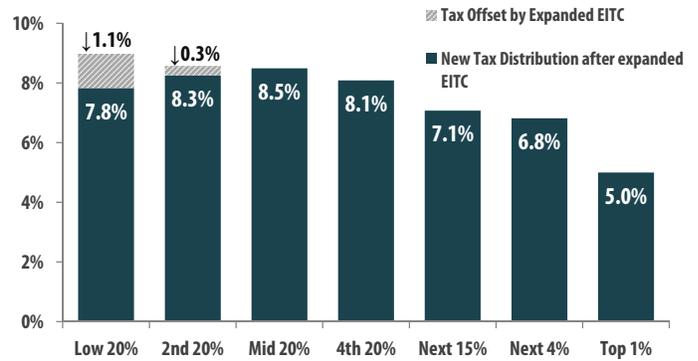
Current policy: Non-refundable state EITC worth 20% of the federal EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$20,000	\$20,000 – \$37,000	\$37,000 – \$60,000	\$60,000 – \$100,000	\$100,000 – \$203,000	\$203,000 – \$479,000	\$479,000 – Or More
Average Income in Group	\$11,400	\$27,700	\$47,300	\$78,400	\$137,000	\$284,000	\$1,286,500

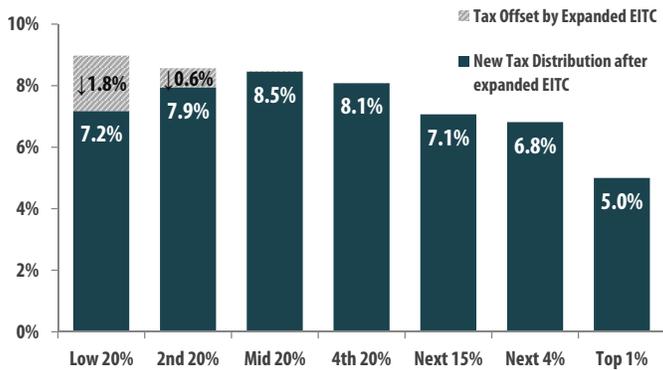
Current Distribution of Virginia's State & Local Taxes* (with impact of current EITC)



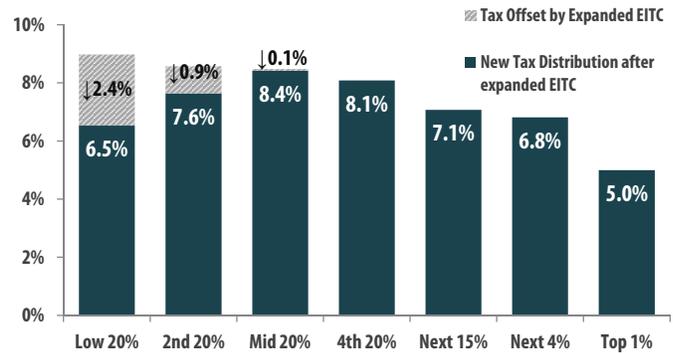
1) First Fix: Convert to a Fully Refundable 20% Credit



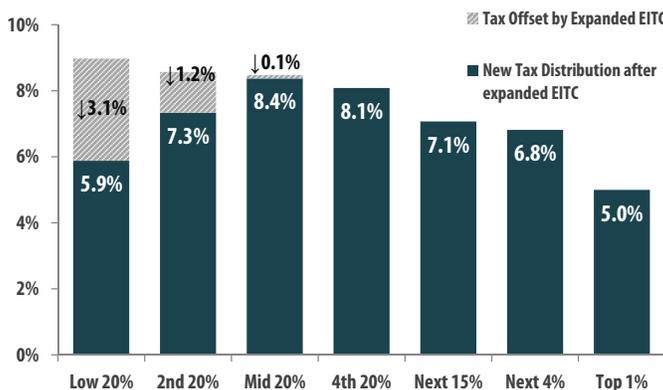
2) Make Credit Refundable and Increase to 30%



3) Make Credit Refundable and Increase to 40%



4) Make Credit Refundable and Increase to 50%



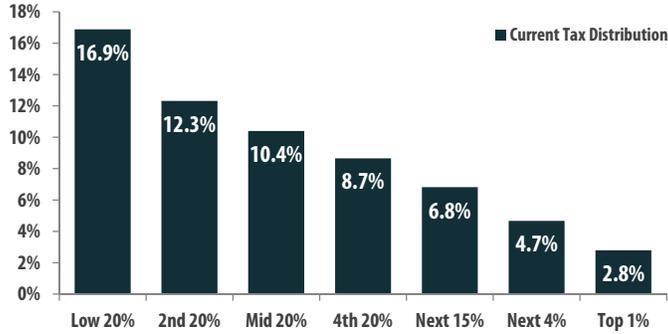
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect a variety of tax changes enacted in 2013, including a increases in sales taxes, diesel taxes, and motor vehicle sales taxes, as well as a cut in the gasoline tax rate. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Washington

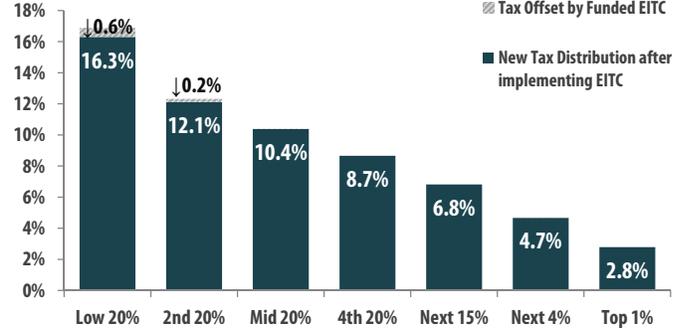
Current policy: Fully refundable state EITC worth 10% of the federal EITC, but currently unfunded

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$20,000	\$20,000 – \$38,000	\$38,000 – \$60,000	\$60,000 – \$95,000	\$95,000 – \$176,000	\$176,000 – \$430,000	\$430,000 – Or More
Average Income in Group	\$11,500	\$28,600	\$49,600	\$76,800	\$123,900	\$249,600	\$1,131,500

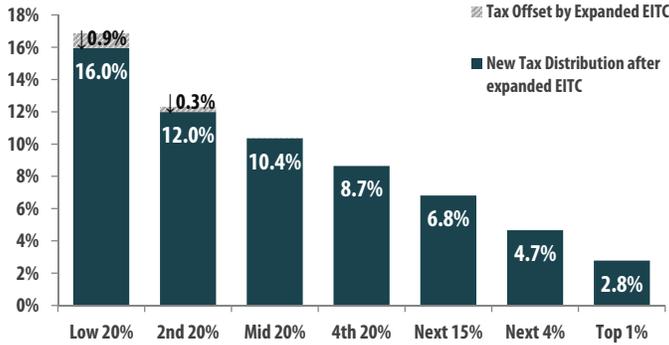
Current Distribution of Washington's State & Local Taxes*



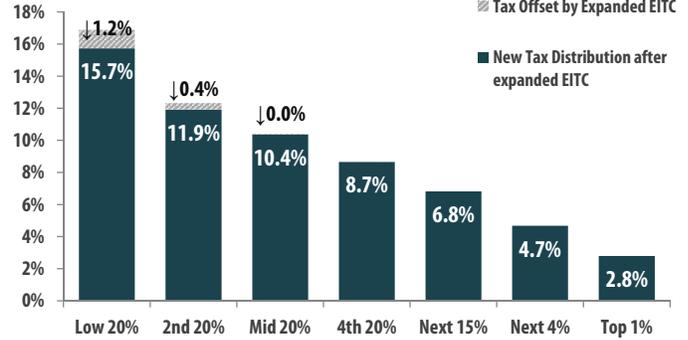
1) First Fix: Fund and Implement Refundable 10% Credit



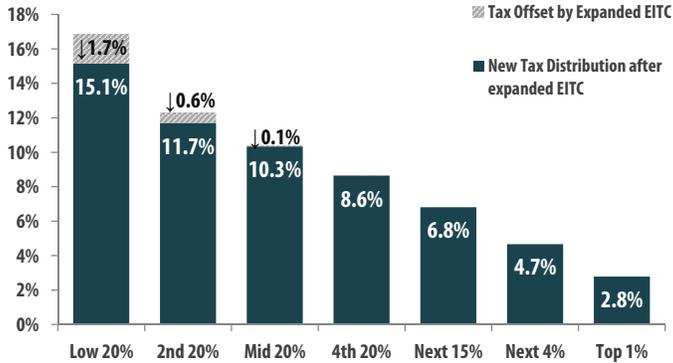
2) Increase Credit to 16% Refundable



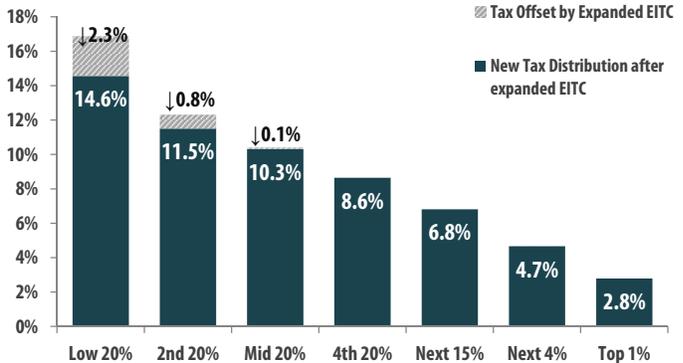
3) Increase Credit to 20% Refundable



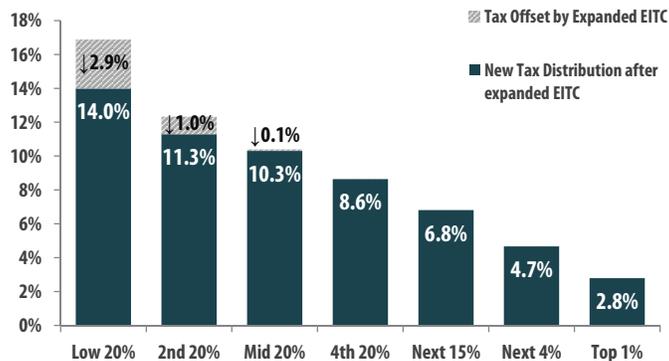
4) Increase Credit to 30% Refundable



5) Increase Credit to 40% Refundable



6) Increase Credit to 50% Refundable



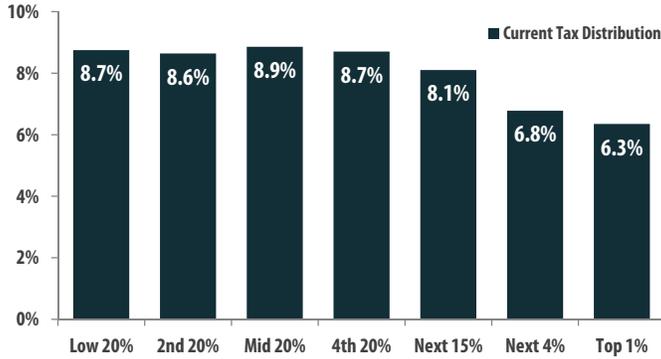
*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

West Virginia

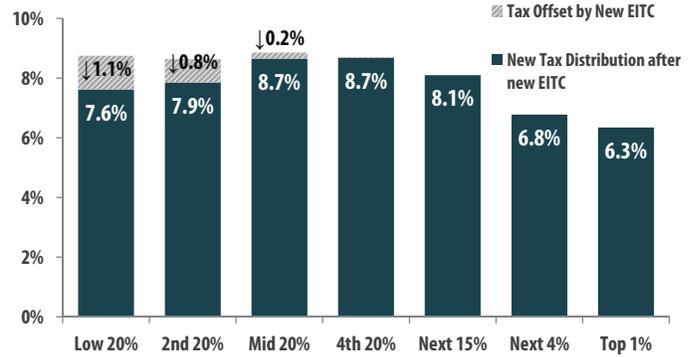
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$15,000	\$15,000 – \$28,000	\$28,000 – \$47,000	\$47,000 – \$73,000	\$73,000 – \$137,000	\$137,000 – \$282,000	\$282,000 – Or More
Average Income in Group	\$9,000	\$21,400	\$35,400	\$58,300	\$94,100	\$175,800	\$595,000

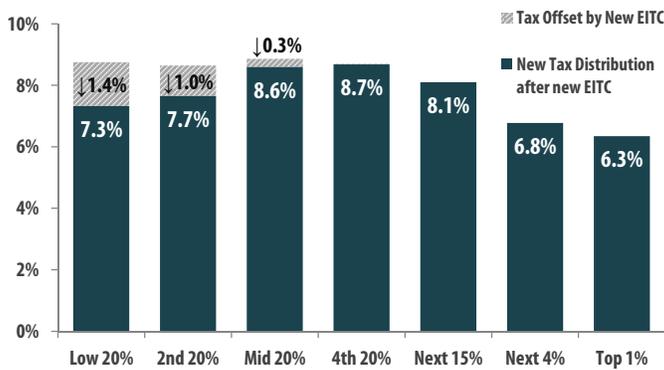
Current Distribution of West Virginia's State & Local Taxes*



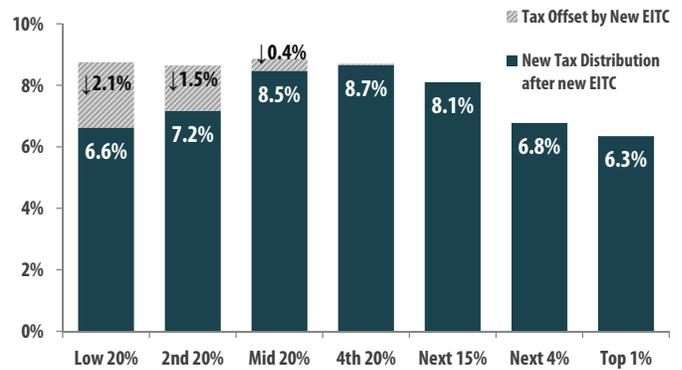
1) Enact Refundable 16% Credit



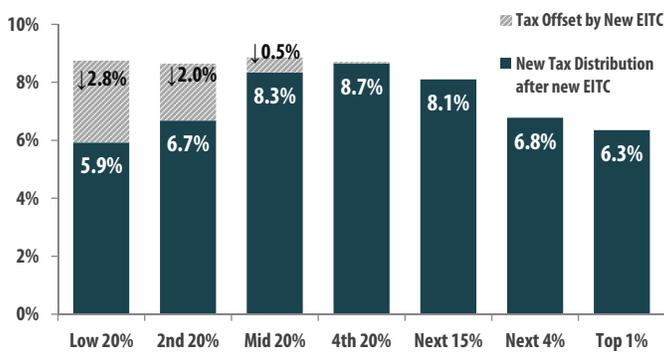
2) Enact Refundable 20% Credit



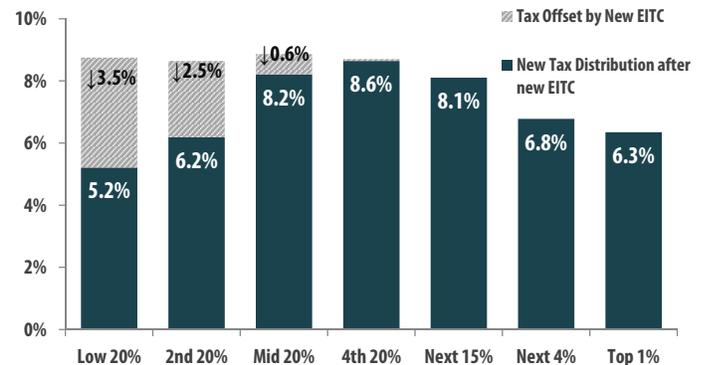
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit

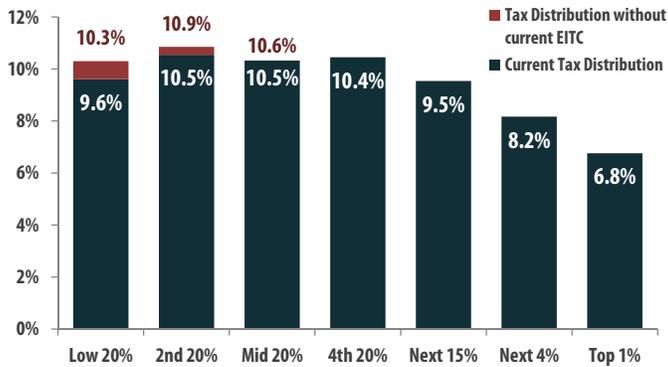


*The baseline distribution of taxes is from ITEP's 2013 *Who Pays?* report. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

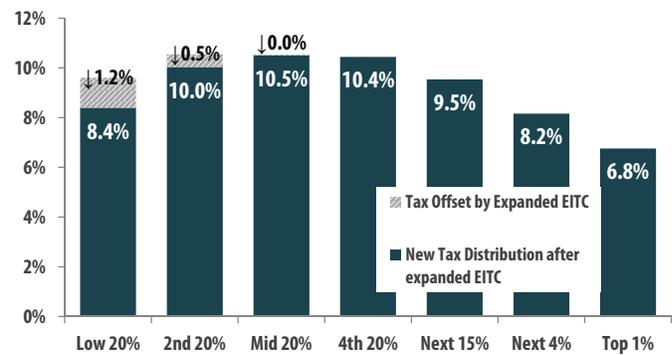
Current policy: Fully refundable state EITC based on number of children, worth 4% of the federal EITC for those with one child, 11% of the federal EITC for those with two children, and 34% of the federal EITC for those with three or more children. Cuts in 2011 brought the two-child credit down from 14% and the three-child credit down from 43%. State EITC eligibility rules do not conform with recent improvements at the federal level.

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,000	\$21,000 – \$36,000	\$36,000 – \$57,000	\$57,000 – \$86,000	\$86,000 – \$150,000	\$150,000 – \$362,000	\$362,000 – Or More
Average Income in Group	\$13,200	\$28,100	\$46,700	\$70,700	\$108,300	\$208,200	\$887,500

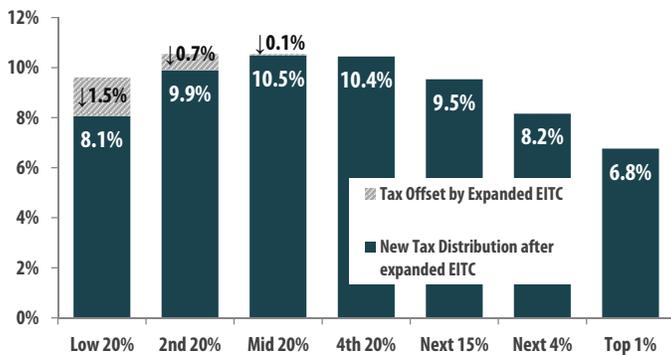
Current Distribution of Wisconsin's State & Local Taxes* (with impact of current EITC)



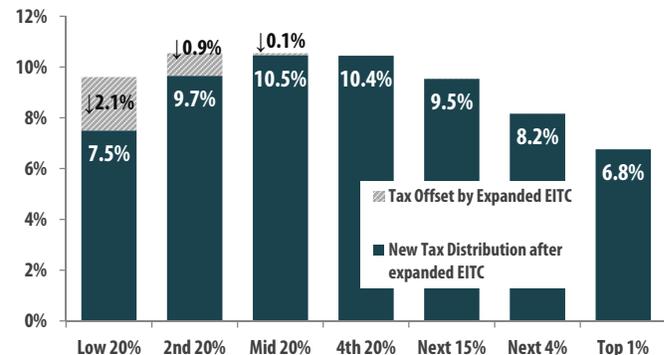
1) First Fix: Offer 34% Refundable Credit to all Family Sizes



4) Increase Credit to 40% Refundable for all Eligible



5) Increase Credit to 50% Refundable for all Eligible



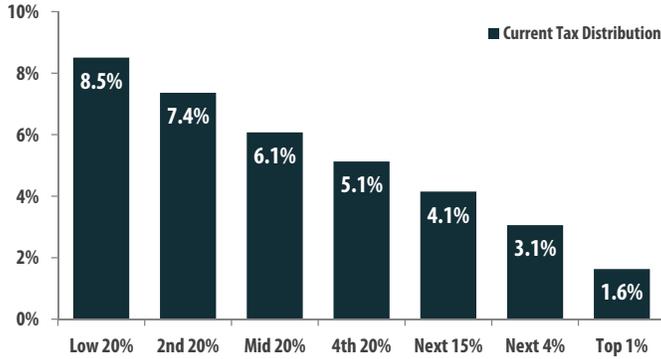
*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect a reduction in personal income tax rates passed in the 2013 legislative session. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.

Wyoming

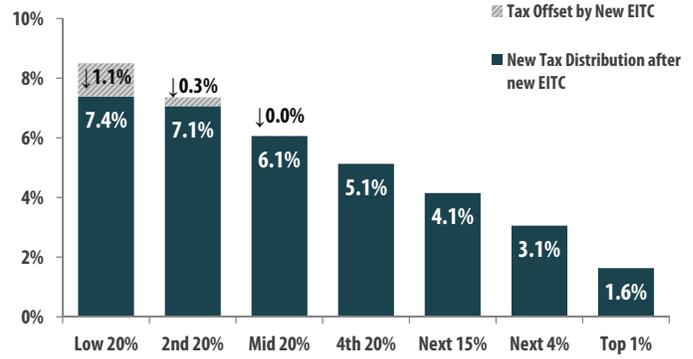
Current policy: No State EITC

Income Group	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$23,000	\$23,000 – \$39,000	\$39,000 – \$64,000	\$64,000 – \$100,000	\$100,000 – \$163,000	\$163,000 – \$459,000	\$459,000 – or More
Average Income in Group	\$12,800	\$31,400	\$52,700	\$79,800	\$121,300	\$234,400	\$1,912,300

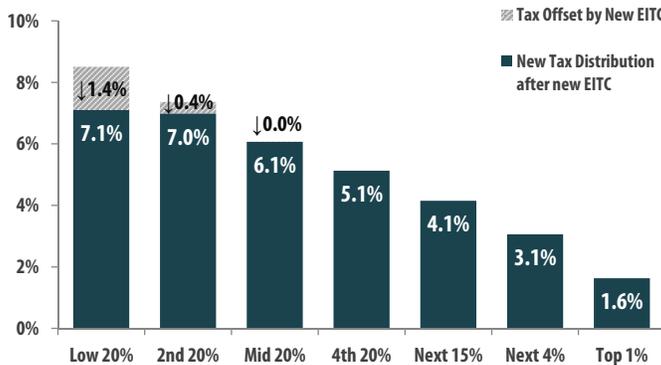
Current Distribution of Wyoming's State & Local Taxes*



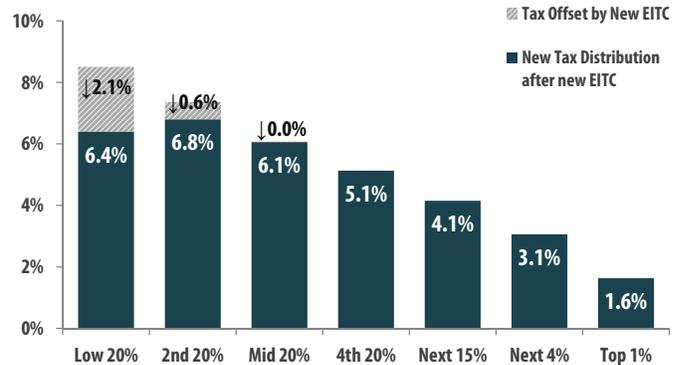
1) Enact Refundable 16% Credit



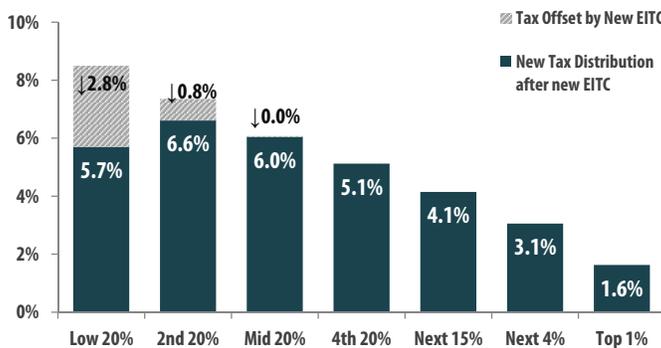
2) Enact Refundable 20% Credit



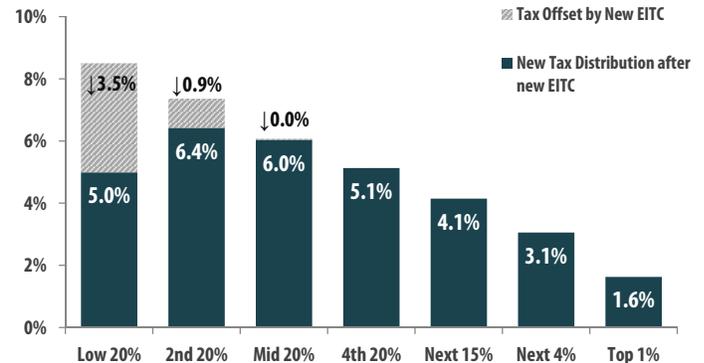
3) Enact Refundable 30% Credit



4) Enact Refundable 40% Credit



5) Enact Refundable 50% Credit



*The baseline distribution of taxes used in this report has been modified from the published *Who Pays?* results to reflect the gasoline and diesel tax increases enacted in 2013. The figures represent total state and local taxes as a share of income, post-federal offset. Due to rounding, the new tax distributions shown may not always precisely equal the current distribution minus the EITC offset.