INSTITUTE ON TAXATION AND ECONOMIC POLICY

Informing the debate over tax policy nationwide

State Tax Codes As Poverty Fighting Tools

2011 Update on Four Key Policies in All 50 States

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About ITEP

Founded in 1980, the Institute on Taxation and Economic Policy (ITEP) is a non-profit, non-partisan research organization, based in Washington, DC, that focuses on federal and state tax policy. ITEP's mission is to inform policymakers and the public of the effects of current and proposed tax policies on tax fairness, government budgets, and sound economic policy. Among its many publications on state and local tax policy are *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States* and *The ITEP Guide to Fair State and Local Taxes.* ITEP's full body of research is available at www.itepnet.org.

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Introduction

For millions of low-income families, the daily challenges of the recent national recession show no sign of abating. New Census Bureau data show the national poverty rate increased from 14.3 percent to 15.1 percent between 2009 and 2010, which represents roughly 1 in 6 people. In 2010, 46.2 million people lived in poverty; this is the largest number of families living in poverty in the 52 years since poverty has been measured. Forty-seven states and the District of Columbia also experienced an increase in the number of residents living in poverty.

Astonishingly, state tax policies in virtually every state are making this problem worse rather than better. Almost every state imposes higher effective tax rates on low-income families than on upper- and middle-income taxpayers. Despite this unlevel playing field, state tax systems already create for their poorest residents, many states, faced with ongoing budget crunches, have been trying to close their fiscal gaps by raising taxes even higher on the lowest earners.

Just as tax systems and policy choices can push individuals and families further into poverty, there are tax tools available that can help them move out of poverty. In most states, truly remedying state tax unfairness would require fundamental tax reform. Short of this, however, lawmakers should utilize their states' tax systems as a means of providing affordable, effective and, importantly, targeted assistance to the growing number of people living in poverty.

This report presents a comprehensive view of anti-poverty tax policy decisions made in the states in 2011 and offers recommendations every state should consider to help families rise out of poverty. States can jump-start their anti-poverty efforts by enacting one or more of four proven and effective tax reforms: refundable state Earned Income Tax Credits, property tax circuit breakers, targeted low-income credits, and child-related tax credits.

State Tax Systems and Poverty

State tax systems do little to help families living in poverty. In fact, state tax systems actually can make things even harder for families on the brink. A 2009 ITEP report, *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*, found that nationwide, the poorest twenty percent of Americans paid on average 10.9 percent of their incomes in state and local taxes. Middle-income taxpayers didn't fare much better, paying on average of 9.4 percent of their incomes toward those taxes. But when it comes to the wealthiest one percent, ITEP found they paid just 5.2 percent of their incomes, on average, in state and local taxes. The fact is that nearly every state and local tax system takes a much greater share of income from middle- and low-income families than from the wealthy. This "tax the poor" strategy is problematic because hiking taxes on low-income families pushes them further into poverty and increases the likelihood that they will need to rely on safety net programs.

2011 Developments in State Anti-Poverty Tax Policy

Forward Steps Taken to Address Poverty

- Connecticut enacted 30 percent refundable EITC
- Scheduled increase of Idaho's grocery tax credit was implemented

Backward Steps Taken

- Maine reduced benefit of circuit breaker program by 20 percent
- Michigan reduced EITC from 20 to 6 percent of the federal credit (2012)
- Michigan reduced benefit of circuit breaker program
- Minnesota reduced their credit for renters
- Wisconsin reduced EITC benefit for families with more than one child
- Wisconsin eliminated indexing of circuit breaker credit

Missed Opportunities

- New Jersey Governor vetoed bill to raise the state EITC from 20 to 25 percent
- Iowa Governor vetoed bill to raise the state EITC from 7 to 10 percent

Anti-Poverty Tax Policy Protected

- Attempt to eliminate refundability of North Carolina's EITC failed
- Attempt to eliminate Missouri renter circuit breaker for seniors failed
- Attempt to eliminate Oklahoma's sales tax credit failed

State Tax Strategies for Reducing Poverty

Refundable Earned Income Tax Credit

The federal Earned Income Tax Credit (EITC) is widely recognized as an effective anti-poverty strategy. It was introduced in 1975 to provide targeted tax reductions to low-income workers and also as an important way of rewarding work and increasing incomes.

The federal EITC is administered through the personal income tax. To encourage greater participation in the workforce, the EITC is based on earned income such as salaries and wages. For example, for each dollar earned up to $12,780 in 2011, families with three children receive a tax credit equal to 45 percent of those earnings, up to a maximum credit of $5,751. Because the credit is designed to provide tax relief to the working

poor, there are income limits that restrict eligibility for the credit. Families continue to be eligible for the maximum credit until income reaches $16,690 (or $21,770 for married-couple families). After this point, the amount families receive goes down until it reaches zero when family income goes beyond the eligibility level. The credit is entirely unavailable to families with three or more children earning more than $43,998 if they are single and $49,078 if married. For taxpayers without children the credit is less generous: the maximum credit is $464 and singles earning more than $13,660 ($18,740 for married couples without children) are ineligible. The Census Bureau estimates that about five million families, including three million children, are lifted out of poverty each year thanks to the EITC.

Who are the Poor? Do they Work?

According to the US Census, in 2010 46.2 million Americans were considered to be 'poor'. For a family with two parents and two children to qualify as poor in 2010, their income had to be below $22,314, the official poverty threshold for a family of four. The official government measure of poverty is still based on triple the maximum amount a family would need to buy food in the 1960's, adjusted for inflation.

To suggest that people and families are poor due to lack of work effort is patently false. The Bureau of Labor Statistics found that in 2009, 10.4 million individuals were among the "working poor." [1]

In 2009, more than half of families living below the poverty threshold had at least one household member working. Expanding the scope to include low-income families (those living below 200% of the poverty threshold), close to three-quarters had at least one person working. What's worse is to consider that having a full-time job is not enough to ensure economic security. Of all 33.5 million working families in 2009, 40 percent were either low-income or poor. [2]

[1] *Data from A Profile of the Working Poor, 2009 US Bureau of Labor Statistics, March 2011: http://www.bls.gov/cps/cpswp2009.pdf*

[2] *Data from the Working Poor Families Project analysis of 2009 American Community Survey microdata: http://www.workingpoorfamilies.org/indicators.html*

Twenty-four states and the District of Columbia have enacted state Earned Income Tax Credits based on the federal EITC. Calculating a state EITC as a percentage of the federal credit makes the credit easy for state taxpayers to claim (since they have already calculated the amount of their federal credit) and easy for state tax administrators to monitor. However, these states vary dramatically in the generosity of their credits. The credit provided by the District of Columbia amounts to 40 percent of the federal credit, while nine states will have credits worth less than 10 percent of the federal credit in 2012.

State EITCs in 2011

State	Percentage of Federal Credit	Refundable?
DC	40%	Refundable
MN	33% average	Refundable
VT	32%	Refundable
NY	30%	Refundable
CT	30%	Refundable
MD	25% or 50%	Both
WI	1 child=4% 2 children=11% 3 children=34%	Refundable
NJ	20%	Refundable
KS	18%	Refundable
MA	15%	Refundable
NE	10%	Refundable
NM	10%	Refundable
IN	9%	Refundable
IA	7%	Refundable
MI	20%/6%	Refundable
OR	6%	Refundable
IL	5%	Refundable
OK	5%	Refundable
NC	5%	Refundable
LA	3.5%	Refundable
RI	25%	Partially Refundable
DE	20%	Non-Refundable
VA	20%	Non-Refundable
ME	5%	Non-Refundable

Notes:

MD offers both a 50% nonrefundable credit and a 25% refundable credit. Taxpayers claim the most helpful.

MI's EITC will drop to 6% in 2012.

WA's EITC is set to start in 2012 at 10% of the federal credit.

Refundability is an especially important component of state EITCs or any targeted low-income tax credit to ensure deserving families get the full benefit of the credit. 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. Thus, refundable credits are useful in offsetting the regressive nature of sales and property taxes, and can provide a much needed income boost to help families pay for basic necessities. In all but three states (Delaware, Rhode Island and

Virginia), the EITC is fully refundable. State EITCs are quite popular because they are easily administered and relatively inexpensive. However, EITCs are most generous to families with children. Policymakers should be aware that the EITC does little to benefit seniors and families without children.

2011 EITC Developments in the States

This year was mixed for this effective and proven tax policy. In good news, **Connecticut** adopted a fully refundable state EITC at 30 percent of the federal credit. Connecticut's new EITC will put, on average, an additional $600 in the pockets of the poorest 20 percent of taxpayers who claim the credit. In **North Carolina,** serious attempts to both eliminate the EITC and make the credit nonrefundable failed.

Yet, the EITC took a hit in **Michigan** and **Wisconsin**. Michigan's refundable EITC was reduced from 20 to 6 percent to help pay for a tax package that reduced taxes on businesses by more than $1 billion. Lawmakers in Wisconsin voted to reduce the amount of the credit offered to families with more than one child, which amounts to a tax hike of $56 million over the 2011-2013 biennium.

New Jersey and **Iowa** lawmakers passed legislation to increase the percentage of their state EITCs, but governors in both states used their line-item veto to reject the tax reduction for working families. Governor Chris Christie dismissed legislation that would have increased New Jersey's EITC from 20 to 25 percent of the federal credit. Iowa Governor Terry Branstad vetoed an increase in the state's credit from 7 to 10 percent.

To help alleviate poverty, states with EITCs should consider increasing the percentage of the existing credit and other states should consider introducing a generous and refundable EITC.

Low-Income Circuit Breaker for Homeowners and Renters

Property tax circuit breakers are effective targeted tax breaks for fixed-income families who have been hit hardest by the recession and housing crisis. Its name reflects its design: circuit breakers protect low-income residents from a property tax "overload", just like an electrical circuit breaker. When a property tax bill exceeds a certain percentage of a taxpayer's income, the circuit breaker rebates property taxes in excess of this "overload" level. Circuit breakers usually give homeowners and renters a credit equal to the amount by which their property tax bill exceeds a certain percentage of their income, though sometimes only a percentage of that amount is given, and there is usually a cap limiting the total amount of credit allowed.

A majority of states now offer something resembling a circuit breaker to older adults, but relatively few have allowed the credit to non-elderly homeowners—despite the fact that low-income non-elderly families can feel the pinch from high property taxes just as much as older adults.

The fairest circuit breaker programs are made available to low-income taxpayers, regardless of their age, and are also extended to renters. Because it is generally agreed that renters pay property taxes indirectly in the form of higher rents, many states now extend their circuit breaker credit to renters as well. The calculation is the same as for a homeowner, except that renters must assume that their property tax bill is equal to some percentage of their rent paid. Renters in Michigan, for instance, use 20 percent of their rent as their assumed property tax in calculating their circuit breaker credit. Circuit breakers can be quite targeted to taxpayers most in need, but without proper outreach many qualifying taxpayers may never know that the circuit breaker even exists. For a circuit breaker program to be successful an effective outreach campaign is necessary.

Case Study: Wisconsin Raises Taxes on People Living in Poverty

Earlier this year, Wisconsin legislators seeking to close the state's $3.6 billion dollar biennial budget shortfall, inexplicably raised taxes on low income families while cutting taxes on corporations and investors. Legislators slashed the consistently effective Earned Income Tax Credit and cut the state's property tax circuit breaker (which insulates low-income homeowners and renters from high property taxes). It's inexplicable because these changes didn't help fill the state's budget gap in any significant way, and brought in only about $70 million more revenue (or about 2% of the budget gap). At the same time, Wisconsin gave away hundreds of millions in tax credits to manufacturers and wealthy investors, which, naturally, increased the state's budget shortfall.

2011 State Circuit Breaker Developments

In a number of states, property tax circuit breakers were rolled back this year. Circuit breakers in **Missouri** and **Minnesota** were under threat, specifically the portion of the circuit breaker that benefits renters. Legislation proposed in the Missouri legislature would have eliminated the circuit breaker program for seniors and the disabled who rent. Minnesota lawmakers voted to reduce their renters' credit by about 13 percent in FY13. Policymakers in **Maine** reduced the benefit of their credit by 20 percent. Regrettably, in Michigan, the circuit breaker was reduced by about $270 million in order to pay for business tax cuts. There was some hope that an expanded property tax circuit breaker would become law in **New York**, but instead a poorly targeted property tax cap was enacted. **Wisconsin**'s circuit breaker parameters were previously adjusted annually for inflation, but this year lawmakers voted to stop this practice, effectively making the credit unavailable to some low-income taxpayers in future years.

State Circuit Breaker Programs in 2011

State	Circuit Breaker Age Parameters	Is Circuit Breaker Available to Renters?
AZ	65+	YES
CA	62+	YES
CO	65+	YES
CT	65+	YES
DC	All Ages; Sep. Elderly Program	YES
ID	65+	NO
IL	65+	YES
IA	65+	YES
KS	55+, disabled or dependent child under 18	YES
ME	All Ages; Sep. Elderly Program	YES
MD	All Ages	YES
MA	65+	YES
MI	All Ages; Sep. Elderly Program	YES
MN	All Ages	YES
MO	65+	YES
MT	All Ages	YES, but only for Elderly
NE	65+	NO
NH	All Ages	NO
NJ	All Ages	NO
NM	65+	YES
NY	All Ages; Sep. Elderly Program	YES
ND	65+	YES
OK	65+	NO
OR	58+	YES- renters only
PA	65+	YES
RI	All Ages	YES
SD	65+	NO
UT	65+	YES
VT	All Ages	YES
WA	61+	NO
WV	All Ages	NO
WI	All Ages	YES
WY	65+	YES

States interested in an innovative and highly targeted approach to reducing property taxes for low-income homeowners and renters should consider introducing a circuit-breaker program. States with circuit breaker programs only available to older adults or homeowners should consider expanding the program to low-income homeowners and renters of all ages.

Targeted Low-Income Tax Credits

Because the Earned Income Tax Credit is targeted to low-income working families with children, it is not always the best approach for reaching older adults and adults without children. Thus, refundable low-income credits are a good complementary policy to state EITCs.

State Low-Income Credits in 2011
(Designed to Offset Personal Income Taxes)

State	Description of Credit
AZ	Nonrefundable "Family Tax Credit" available to low-income taxpayers; eligibility varies with family size and structure
GA	Nonrefundable "Low Income Credit" available if FAGI is less than $20,000
IN	Refundable "Unified Tax Credit for the Elderly" available if FAGI is less than $10,000 and one or more household members are age 65 or older
KY	Nonrefundable "Family Size Credit" based on family size and "modified" gross income
MD	Nonrefundable "State Poverty Level Credit" equal to 5% of earned income is available to low-income taxpayers; eligibility varies with family size and structure
NY	Nonrefundable "Household Credit" available if FAGI is less than $28,000 for single filers and $32,000 for others
OH	Nonrefundable credit to ensure that families with Ohio AGI over $10,000 don't pay any income tax
PA	Nonrefundable Tax Forgiveness credit that allows eligible taxpayers to reduce all or part of their state income tax liability
VA	Nonrefundable "Tax Credit for Low-Income Individuals" that can be taken in lieu of the EITC; eligibility varies with family size and structure
WI	Nonrefundable "working families tax credit" is available if Wisconsin income is less than $19,000 for married filers ($10,000 for other filers)
WV	Nonrefundable "Family Tax Credit" available to low-income taxpayers; eligibility varies with family size and structure

Eleven states offer income tax credits of their own design to ensure that families below a certain income level aren't subject to the personal income tax. For example, **Ohio** offers a nonrefundable credit which ensures that families with incomes less than $10,000 aren't subject to the

income tax. **Kentucky** offers a nonrefundable credit based on a family's size which ensures that families at or below the poverty level aren't subject to state income taxes. Making these targeted low-income credits refundable would increase their effectiveness for low-income families.

Seven states offer an income tax credit to help offset the sales and excise taxes that low- income families pay. Some of the credits are specifically intended to offset some of the impact of sales taxes on groceries. The credits are normally a flat dollar amount for each family member, and are available only to taxpayers with income below a certain threshold. These credits are usually administered on state income tax forms, and are refundable—meaning that the full credit is given even if it exceeds the amount of income tax a claimant owes. Refundability is important because it allows low-income credits to be used by taxpayers who have little or no income tax liability but who pay a substantial amount of their income in sales taxes. For example, **Idaho** offers a refundable credit for each Idahoan and their dependents to offset grocery taxes even if taxpayers aren't subject to the income tax. Idaho residents over the age of 65 receive an additional credit. Because these credits aren't commonplace in states across the country it's important that eligible taxpayers are educated about the credit and know how to claim the credit.

State Low-Income Credits in 2011
(Designed to Offset Sales Taxes/Taxes on Food)

State	Description of Credit
AZ	Provides a refundable "Increased Excise Tax Credit" for low-income taxpayers of all ages
HI	Provides a "Refundable Food/Excise Tax Credit" for families with FAGI below $50,000
ID	Provides a refundable "Grocery Credit" to all families regardless of income. Credit will rise to permanent level of $100 per family member in 2015
KS	Provides a "Food Sales Tax Rebate" for the elderly and families with dependents
NM	Provides a "Low Income Comprehensive Tax Rebate" for all low income taxpayers
OK	Provides a refundable "Credit/Refund of Sales Tax" for low-income taxpayers of all ages
SD	Provides a "Sales Tax on Food Refund" Program for families living near the poverty level

2011 State Low-Income Tax Credit Developments

This year, **Idaho** Governor Butch Otter proposed, and the legislature approved, legislation that would have delayed a scheduled increase in the state's refundable grocery credit. But the state's fiscal year ended with an unexpected surplus and $15 million of those funds will be used to implement the scheduled increase of the grocery credit by $10. Elimination of **Oklahoma**'s sales tax relief credit was passed by the Senate, but the legislation was not taken up in the House and failed to gain traction.

States that are committed to making sure families living in poverty aren't pushed further into poverty by state taxes should create refundable, targeted low-income credits. Such credits can also be used to mitigate the regressive nature of state sales taxes. In states where these credits already exist, lawmakers should act to enhance them, such as by making them refundable.

Child-Related Tax Credits

Child Tax Credits: The federal income tax law allows taxpayers to claim a $1,000 income tax credit for each dependent child under 17 years of age. The credit amount is gradually phased out for high income families. A portion of the child tax credit is refundable for low-income families. Three states offer a much smaller version of the child tax credit for qualifying families. These per-child credits are an important anti-poverty strategy, especially if they are refundable and income limited. The credits are offered beyond the extra dependent exemptions or exemption credits that most states offer families. For example, **New York** offers a $100 refundable child tax credit for qualifying families.

State Child Tax Credits in 2011

State	Description of Credit
CA	Nonrefundable income limited Dependent Exemption Credit ($315/dependent) higher than state's Personal Exemption Credit ($102/filer)
NY	Refundable income limited per child tax credit modeled after the federal credit
NC	Nonrefundable income limited $100 per child tax credit

States that want to help low-income families with children should consider increasing the value of existing child credits, making them refundable, or introducing a new refundable per child credit.

Child and Dependent Care Credits: Low and middle-income working parents frequently spend a significant portion of their income on child care. The federal government allows a nonrefundable income tax credit to help offset child care expenses. In 2011, single working parents (and two-earner married couples) with children under 12 can claim a credit to partially offset up to $6,000 of child care expenses; low-income taxpayers can receive a credit of up to 35 percent of these expenses. The credit percentage gradually falls for higher-income taxpayers. This "sliding scale" approach helps to target tax relief

somewhat more effectively to low-income taxpayers, but making the credit refundable would help those parents and children most in need.

State Dependent Care Credits in 2011

State	Description of Credit
AR	Nonrefundable 20% of federal credit; Refundable 20% of federal credit for children under 6
CA	Capped refundable credit; percent of credit varies on FAGI
CO	Capped refundable credit; percent of credit varies on FAGI
DC	Nonrefundable 32% of federal credit
DE	Nonrefundable 50% of federal credit
GA	Nonrefundable 30% of federal credit
HI	Refundable credit; percent of credit varies on state AGI
IA	Capped refundable credit; percent of credit varies on state net income
KS	Nonrefundable 25% of federal credit
KY	Nonrefundable 20% of federal credit
LA	Portion of credit is refundable; percent of credit varies on FAGI
MD	Capped nonrefundable credit; percent of credit varies on FAGI
ME	Refundable credit based on federal credit, percentage varies on service provider
MN	Capped refundable credit
NC	Uncapped nonrefundable credit; percent of credit varies on FAGI
NE	Portion of credit is refundable; percentage of credit varies on FAGI
NM	Capped refundable 40% of federal credit
NY	Uncapped refundable credit; percent varies on state AGI
OH	Capped nonrefundable credit; percent of credit varies on state AGI
OK	Capped nonrefundable credit
OR	Capped nonrefundable credit; percent of credit varies on federal taxable income
RI	Nonrefundable 25% of federal credit
SC	Nonrefundable 7% of federal credit
VT	Nonrefundable 24% of federal credit; additional refundable low-income credit is allowed

Source: http://www.nwlc.org/sites/default/files/pdfs/nwlc-mclt2011-without_report_card_inside_and_bookmarked.pdf

The majority of the 24 states that offer a credit for child and dependent care model their state credit after the federal credit. For example, **Kansas** allows taxpayers to take 25 percent of their federal child and dependent care credit as their Kansas child care credit. **Nebraska** takes a slightly different approach that offers both a refundable and a nonrefundable credit depending on a family's income. The Nebraska refundable child care credit is calculated as 100 percent of the federal credit for low income filers. Higher earners can claim a nonrefundable credit equal to 25 percent of the federal credit. This approach targets the benefits of the Nebraska credit much more efficiently to low- and middle-income parents than does the federal credit. Policymakers should note that these credits do nothing to support families without children or seniors who live in poverty.

States interested in targeting their child and dependent care credits to help families most in need would do well to make their credits refundable and make the credit available only to families with limited incomes.

Conclusion

American families living in poverty are in crisis, and state tax systems across the country do too little to offer the assistance low-income families need. Instead, regressive state tax structures are actually pushing families deeper into poverty. State lawmakers have a responsibility to ensure that their state's tax structures do not exacerbate this crisis.

State lawmakers should consider using the low-income tax credits described in this paper as a means of alleviating hardship and boosting the incomes of low-income families in their state. In particular, refundable tax credits are popular, effective, and time-tested anti-poverty solutions that would also provide additional income to help families pay for food, housing, transportation and other necessities. Of course, effective outreach to eligible families is a vital step to ensure that these policies are as effective as they should be. The reforms discussed in this paper are among the most cost effective anti-poverty strategies available to lawmakers.

State-by-state tables describing current anti-poverty tax policies offered and policies to consider enacting follow.

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2011 State-by-State Anti-Poverty Tax Policies

Alabama

2010 Poverty Rate = 19%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,400	$34,600	$1,196,200
Taxes as a Share of Income	10.2%	9.5%	4.0%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

Alaska

2010 Poverty Rate = 9.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$13,600	$47,500	$1,135,200
Taxes as a Share of Income	7.0%	4.0%	2.2%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

Arizona

2010 Poverty Rate = 17.4%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,500	$40,600	$1,460,400
Taxes as a Share of Income	12.5%	9.1%	4.6%

Anti-Poverty Tax Policies Offered:

- Low-Income quasi-Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)
- Nonrefundable, all ages, Low-Income Credit offered
- Refundable, all ages, Low-Income Credit offered

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to Include Homeowners and Renters of All Ages; Raise Maximum Benefits
- Enhance Low-Income Credits
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit

Arkansas

2010 Poverty Rate = 18.8%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$8,600	$33,800	$911,500
Taxes as a Share of Income	12.1%	11.7%	5.9%

Anti-Poverty Tax Policies Offered:

- Child and Dependent Care Credit offered modeled after the federal credit; Refundable for children under age 6
- Offers low income alternative tax table

Anti-Poverty Tax Policies to Consider:

- Create a Refundable Low-Income Credit
- Make Child and Dependent Care Credit Fully Refundable; Increase maximum benefits
- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker

* Tax changes since *Who Pays?* publication: Increase in cigarette tax, reduction in sales tax on food.

California

2010 Poverty Rate = 15.8%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$13,200	$46,000	$2,180,900
Taxes as a Share of Income	10.2%	8.1%	7.4%

Anti-Poverty Tax Policies Offered:

- Low-Income quasi-Circuit Breaker (For Homeowners and Renters, 62+ or Disabled)
- Low-Income Renters credit available
- Refundable income limited Child and Dependent Care Credit offered

Anti-Poverty Tax Policies to Consider:

- Fully Fund Circuit Breaker Program; Expand Program to Include Homeowners and Renters of All Ages; Raise Maximum Benefits
- Introduce an Earned Income Tax Credit
- Create a Refundable Low-Income Credit

Colorado

2010 Poverty Rate = 13.4%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,400	$48,500	$1,975,800
Taxes as a Share of Income	9.0%	8.2%	4.2%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 10% (Suspended)
- Low-Income Quasi-Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)
- Refundable income limited Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Unsuspend and Fully Fund the Earned Income Credit
- Expand Circuit Breaker program to Include Homeowners and Renters of All Ages; Raise Maximum Benefits
- Increase Child and Dependent Care Credit
- Create a Refundable Low-Income Credit

Connecticut

2010 Poverty Rate = 10.1%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,700	$58,100	$3,164,200
Taxes as a Share of Income	11.2%	10.2%	5.5%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 30%
- Low-Income Sliding Scale Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)

Anti-Poverty Tax Policies to Consider:

- Increase state EITC
- Expand Circuit Breaker program to Include Homeowners and Renters of All Ages
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Average state and local tax figures reflect recent significant changes to the state's tax structure that improved progressivity.

Delaware

2010 Poverty Rate = 11.8%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,100	$44,600	$1,613,700
Taxes as a Share of Income	6.0%	5.4%	4.5%

Anti-Poverty Tax Policies Offered:

- Nonrefundable Earned Income Tax Credit at 20%
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Make Earned Income Tax Credit Refundable and Increase Percentage
- Make Child and Dependent Care Credit Refundable and Increase Maximum Benefits
- Create a Low-Income Property Tax Circuit Breaker
- Create a Refundable Low-Income Credit

District of Columbia

2010 Poverty Rate = 19.2%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,400	$45,400	$2,708,300
Taxes as a Share of Income	6.2%	10.5%	6.4%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 40%
- Low-Income Multiple Threshold Circuit Breaker (For Homeowners and Renters, All Ages)
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Enhance Circuit Breaker Program
- Make Child and Dependent Care Credit Refundable and Increase maximum benefits
- Create a Refundable Low-Income Credit

* Initial ITEP analysis suggests that recent legislative changes would improve the progressivity of the District's tax structure compared to *Who Pays?* publication results.

Florida

2010 Poverty Rate = 16.5%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,500	$37,400	$2,444,400
Taxes as a Share of Income	13.5%	9.0%	2.1%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related credit
- Create a Refundable Low-Income Credit

Georgia

2010 Poverty Rate = 17.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,800	$38,300	$1,351,700
Taxes as a Share of Income	11.7%	10.3%	5.7%

Anti-Poverty Tax Policies Offered:

- Nonrefundable, all ages, Low-Income Credit offered
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Make Low-Income Credit Refundable and increase amount of credit
- Make Child and Dependent Care Credit Refundable and Limit to Low-Income Families
- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker

Hawaii

2010 Poverty Rate = 10.7%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,800	$41,400	$1,040,300
Taxes as a Share of Income	12.2%	11.2%	6.3%

Anti-Poverty Tax Policies Offered:

- Refundable, all ages, Low-Income Credit offered to assist in offsetting food and excise taxes
- Refundable Child and Dependent Care Credit offered
- Refundable income limited credit for renters

Anti-Poverty Tax Policies to Consider:

- Enhance existing Low-Income Credits
- Limit Child and Dependent Care Credit to Low-Income Families and increase benefits
- Create a Low-Income Property Tax Circuit Breaker for homeowners
- Introduce an Earned Income Tax Credit

* Initial ITEP analysis suggests that recent legislative changes would improve the progressivity of Hawaii's tax structure compared to *Who Pays?* publication results.

Idaho

2010 Poverty Rate = 15.7%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,800	$41,400	$1,287,900
Taxes as a Share of Income	8.6%	8.2%	6.3%

Anti-Poverty Tax Policies Offered:

- Low-Income quasi-Circuit Breaker (For Homeowners 65+)
- Refundable, all ages, non-income limited credit offered to assist in offsetting grocery taxes

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to Homeowners and Renters of All Ages; Increase Maximum Benefits
- Limit Credit to Low-Income households and increase amount
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit

Illinois

2010 Poverty Rate = 13.8%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,100	$47,000	$2,084,700
Taxes as a Share of Income	13.0%	10.1%	4.1%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 5%
- Low-Income Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to Homeowners and Renters of All Ages; Increase Maximum Benefits
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Tax changes since *Who Pays?* publication: The personal income tax rate increases from 3% to 5%for 2011-2014, then drops to 3.75% from 2015-2024, and goes to 3.25% in 2025. Corporate income tax rates rise from 4.8 percent to 7 percent for 2011-2014, then declines to 5.25 percent until returning to 4.8% in 2025.

Indiana

2010 Poverty Rate = 15.3%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,300	$43,000	$1,024,800
Taxes as a Share of Income	11.9%	10.4%	5.3%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 9%
- Refundable, elderly only, Low-Income Credit offered

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Low-Income Credit to all ages and increase benefit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related Credit

Iowa

2010 Poverty Rate = 12.6%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,500	$45,800	$989,200
Taxes as a Share of Income	11.0%	9.6%	6.0%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 7%
- Low-Income Sliding Scale Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)
- Refundable income limited Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to Homeowners and Renters of All Ages; Increase Maximum Benefits
- Create a Refundable Low-Income Credit

Kansas

2010 Poverty Rate = 13.6%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,100	$45,500	$1,236,400
Taxes as a Share of Income	9.2%	9.0%	5.9%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 18%
- Low-Income Sliding Scale Circuit Breaker (For Homeowners and Renters, 55+, Disabled, Or With Dependent Under 18)
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit
- Refundable, elderly and families with dependents only, Low-Income Credit offered to assist in offsetting sales taxes on food

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to Homeowners and Renters of All Ages; Increase Maximum Benefits
- Make Child and Dependent Care Credit Refundable and Increase maximum benefits
- Increase Low-Income Credit

* Tax changes since *Who Pays?* publication: Expanded food tax credit.

Kentucky

2010 Poverty Rate = 19%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$8,300	$36,300	$957,500
Taxes as a Share of Income	9.4%	10.8%	6.1%

Anti-Poverty Tax Policies Offered:

- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit
- Nonrefundable, all ages, Low-Income Credit offered

Anti-Poverty Tax Policies to Consider:

- Make Child and Dependent Care Credit Refundable and Limit to Low-Income Families
- Make Low-Income Credit Refundable and increase credit amount
- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker

* Tax changes since *Who Pays?* publication: Increase in cigarette tax.

Louisiana

2010 Poverty Rate = 18.7%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,800	$36,600	$1,027,100
Taxes as a Share of Income	10.4%	9.8%	5.2%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 3.5%
- Partially Refundable Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Child and Dependent Care Credit to Include Children Over the Age of 5 and make the credit Refundable
- Create a Low-Income Property Tax Circuit Breaker
- Create a Refundable Low-Income Credit

Maine

2010 Poverty Rate = 12.9%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,000	$39,300	$977,600
Taxes as a Share of Income	9.5%	9.8%	6.9%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 5%
- Low- and Middle- Income Circuit Breaker (For Homeowners and Renters, All Ages)
- Refundable Child and Dependent Care Credit offered

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Enhance Circuit Breaker Program
- Make Child and Dependent Care Credit Fully Refundable
- Create a Refundable Low-Income Credit

* Initial ITEP analysis suggests that recent legislative changes would increase the regressivity of Maine's tax structure compared to *Who Pays?* publication results.

Maryland

2010 Poverty Rate = 9.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,100	$51,500	$1,848,200
Taxes as a Share of Income	9.9%	9.8%	6.2%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 25%; Nonrefundable up to 50%
- Low- and Middle- Income Multiple Threshold Circuit Breaker (For Homeowners All Ages and Renters 60+, Disabled, or With Dependent)
- Nonrefundable income limited Child and Dependent Care Credit offered modeled after the federal credit
- Nonrefundable "State Poverty Level Credit" offered

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Increase Circuit Breaker program benefits and make fully available to low-income renters.
- Make Child and Dependent Care Credit Refundable and Increase maximum benefits
- Create a Refundable Low-Income Credit

Massachusetts

2010 Poverty Rate = 11.4%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,200	$52,900	$2,628,700
Taxes as a Share of Income	10.1%	9.6%	4.8%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 15%
- Low- and Middle- Income Circuit Breaker (For Homeowners and Renters, 65+)

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to Homeowners and Renters of All Ages; Increase Maximum Credit
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

Michigan

2010 Poverty Rate = 16.8%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$8,700	$41,900	$1,099,200
Taxes as a Share of Income	8.9%	9.5%	5.3%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 20% (falls to 6% in 2012)
- Middle Class / Low-Income Circuit Breaker (For Homeowners and Renters, All Ages)

Anti-Poverty Tax Policies to Consider:

- Enact legislation stopping the reduction in the state EITC (scheduled for 2012)
- Increase Circuit Breaker Program Benefits
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Initial ITEP analysis suggests that recent legislative changes would significantly increase the regressivity of Michigan's tax structure compared to *Who Pays?* publication results.

Minnesota

2010 Poverty Rate = 11.6%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,100	$51,400	$1,607,700
Taxes as a Share of Income	9.2%	10.0%	6.6%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit, structured differently from the federal credit, average rate is 33%
- Low- and Middle- Income Circuit Breaker (For Homeowners and Renters, All Ages)
- Refundable Child and Dependent Care Credit offered

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Enhance Circuit Breaker Program
- Create a Refundable Low-Income Credit

* Tax changes since Who Pays? publication: Reduction in property tax credit.

Mississippi

2010 Poverty Rate = 22.4%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,100	$31,600	$806,700
Taxes as a Share of Income	10.8%	10.7%	5.5%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related credit
- Create a Refundable Low-Income Credit

* Tax changes since Who Pays? publication: Increase in cigarette tax.

Missouri

2010 Poverty Rate = 15.3%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,000	$40,400	$1,170,600
Taxes as a Share of Income	9.6%	9.2%	5.4%

Anti-Poverty Tax Policies Offered:

- Low-Income Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to Renters and Homeowners of All Ages; Increase Maximum Benefits
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

Montana

2010 Poverty Rate = 14.6%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$8,700	$37,500	$1,097,200
Taxes as a Share of Income	6.1%	6.0%	4.6%

Anti-Poverty Tax Policies Offered:

- Low-Income Circuit Breaker (For Homeowners All Ages and Renters, 62+)

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to Renters of All Ages; Increase Maximum Credit
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

Nebraska

2010 Poverty Rate = 12.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,700	$44,700	$1,426,000
Taxes as a Share of Income	11.1%	10.3%	6.1%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 10%
- Low-Income Circuit Breaker (For Homeowners, 65+ or Disabled)
- Nonrefundable (refundable for qualifying families) income limited Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to Renters of All Ages; Increase maximum credit
- Make Child and Dependent Care Credit Refundable and Increase maximum benefits
- Create a Refundable Low-Income Credit

Nevada

2010 Poverty Rate = 14.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$14,000	$42,900	$2,368,100
Taxes as a Share of Income	8.9%	6.4%	1.6%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

New Hampshire

2010 Poverty Rate = 8.3%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$14,100	$51,600	$1,646,900
Taxes as a Share of Income	8.3%	6.3%	2.0%

Anti-Poverty Tax Policies Offered:

- Low-Income Circuit Breaker (For Homeowners, All Ages)

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to Renters
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Tax changes since *Who Pays?* publication: Reduction in cigarette tax.

New Jersey

2010 Poverty Rate = 10.3%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,400	$54,000	$2,258,300
Taxes as a Share of Income	10.7%	8.6%	7.4%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 20% (2010)
- Low- and Middle- Income Circuit Breaker (For Homeowners, All Ages)

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit; Restore to 25%
- Expand Circuit Breaker for all ages
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Tax changes since *Who Pays?* publication: Reduction in EITC.

New Mexico

2010 Poverty Rate = 20.4%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,900	$35,700	$1,032,100
Taxes as a Share of Income	10.8%	9.9%	4.5%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 10%
- Low-Income Multiple Threshold Circuit Breaker (For Homeowners and Renters, 65+)
- Refundable income limited Child and Dependent Care Credit offered based on the federal credit
- Refundable, all ages, Low-Income Credit offered to assist in offsetting state and local taxes

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to Homeowners & Renters of All Ages; Increase maximum credit
- Increase Low-Income Credit

* Tax changes since *Who Pays?* publication: Increase in cigarette tax, elimination of the deduction for state and local income taxes paid, increased gross receipts tax.

New York

2010 Poverty Rate = 14.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,600	$43,800	$3,065,800
Taxes as a Share of Income	9.6%	11.6%	7.2%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 30%
- Enhanced State EITC for Certain Non-Custodial Parents
- Low-Income quasi-Circuit Breaker (For Homeowners and Renters, All Ages)
- Refundable income limited Child and Dependent Care Credit offered modeled after the federal credit
- Refundable income limited $100 per child Child Tax Credit modeled after the federal credit
- Nonrefundable, all ages, Low-Income Credit offered

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Increase Circuit Breaker Income Ceiling and Maximum Benefits
- Increase Child and Dependent Care Credit
- Increase Child Tax Credit
- Create a Refundable Low-Income Credit

North Carolina

2010 Poverty Rate = 17.5%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,300	$37,300	$1,150,400
Taxes as a Share of Income	9.5%	9.4%	6.8%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 5%
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit
- Nonrefundable income limited $100 per Child Tax Credit modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Make the Child and Dependent Care Credit Refundable and increase benefits
- Make Child Credit Refundable
- Create a Low-Income Property Tax Circuit Breaker
- Create a Refundable Low-Income Credit

North Dakota

2010 Poverty Rate = 13%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$13,200	$46,400	$1,014,300
Taxes as a Share of Income	9.4%	7.9%	4.3%

Anti-Poverty Tax Policies Offered:

- Low-Income Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)

Anti-Poverty Tax Policies to Consider:

- Increase Size of Circuit Breaker Credit and Expand to All Renters and Homeowners
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Initial ITEP analysis suggests that recent legislative changes would increase the regressivity of North Dakota's tax structure compared to *Who Pays?* publication results.

Ohio

2010 Poverty Rate = 15.8%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,600	$40,500	$995,300
Taxes as a Share of Income	12.0%	10.6%	6.4%

Anti-Poverty Tax Policies Offered:

- Nonrefundable, all ages Low-Income Credit offered
- Nonrefundable income limited Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Make the Low-Income Tax Credit Refundable
- Make the Child and Dependent Care Credit Refundable and increase benefits
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit

Oklahoma

2010 Poverty Rate = 16.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$8,800	$37,200	$1,370,200
Taxes as a Share of Income	9.9%	9.0%	4.8%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 5%
- Low-Income Circuit Breaker (For Homeowners, 65+ or Disabled)
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit
- Refundable, all ages, Low-Income Credit offered to assist in offsetting sales taxes (higher limit for elderly households)

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Increase Size of Circuit Breaker Credit and expand to renters and homeowners regardless of age
- Make the Child and Dependent Care Credit refundable and increase benefits
- Increase Low-Income Credit

Oregon

2010 Poverty Rate = 15.8%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,200	$41,500	$1,216,500
Taxes as a Share of Income	8.7%	7.9%	6.2%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 6%
- Low-Income Circuit Breaker (For Renters, 58+)
- Nonrefundable income limited Child and Dependent Care Credit offered modeled after the federal credit
- Refundable Low-Income/Child Tax Credit available to low-income working families with qualifying child care expenses

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Expand Circuit Breaker Program to include all ages and Homeowners
- Make Child and Dependent Care Credit Refundable and Increase maximum benefits
- Increase Low-Income Child Credit
- Create a Refundable Low-Income Credit for all households

Pennsylvania

2010 Poverty Rate = 13.4%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,500	$45,200	$1,369,600
Taxes as a Share of Income	11.2%	9.1%	3.9%

Anti-Poverty Tax Policies Offered:

- Low-Income Quasi-Circuit Breaker (For Homeowners and Renters, 65+, 50+ Widowers, or Disabled)
- Nonrefundable Low-Income Credit

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker to all ages
- Enhance Low-Income Credit
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit

Rhode Island

2010 Poverty Rate = 14%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,500	$41,700	$1,211,300
Taxes as a Share of Income	11.9%	10.1%	5.6%

Anti-Poverty Tax Policies Offered:	Anti-Poverty Tax Policies to Consider:
•Refundable Earned Income Tax Credit at 15%; Nonrefundable Up to 25%	• Make all levels of Earned Income Tax Credit Refundable and Increase the credit
•Low-Income Circuit Breaker (For Homeowners and Renters, All Ages)	• Increase Circuit Breaker Program maximum benefits
•Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit	• Make Child and Dependent Care Credit Refundable and Limit to Low-Income Families

* Initial ITEP analysis suggests that recent legislative changes would improve the progressivity of Rhode Island's tax structure compared to *Who Pays?* publication results.

South Carolina

2010 Poverty Rate = 18.2%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$9,500	$34,100	$1,076,900
Taxes as a Share of Income	7.1%	7.6%	5.5%

Anti-Poverty Tax Policies Offered:	Anti-Poverty Tax Policies to Consider:
•Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit	• Make Child and Dependent Care Credit Refundable and Limit to Low-Income Families
	• Introduce an Earned Income Tax Credit
	• Create a Low-Income Property Tax Circuit Breaker
	• Create a Refundable Low-Income Credit

* Tax changes since Who Pays? publication: Increase in cigarette tax.

South Dakota

2010 Poverty Rate = 14.4%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,400	$43,000	$1,300,000
Taxes as a Share of Income	11.0%	7.8%	1.9%

Anti-Poverty Tax Policies Offered:	Anti-Poverty Tax Policies to Consider:
•Low-Income Sliding Scale Circuit Breaker (For Homeowners, 65+ or Disabled)	• Fully fund Circuit Breaker Program and expand to include all ages
•Refundable Low-Income Credit offered to assist in offsetting sales tax on food	• Increase Low-Income credit
	• Introduce an Earned Income Tax Credit
	• Create a Child-related Credit

Tennessee

2010 Poverty Rate = 17.7%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$10,200	$38,000	$1,365,800
Taxes as a Share of Income	11.7%	9.3%	3.1%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related credit
- Create a Refundable Low-Income Credit

Texas

2010 Poverty Rate = 17.9%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,200	$40,000	$1,753,600
Taxes as a Share of Income	12.2%	8.4%	3.0%

Anti-Poverty Tax Policies Offered:

- NONE

Anti-Poverty Tax Policies to Consider:

- Introduce an Earned Income Tax Credit
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related credit
- Create a Refundable Low-Income Credit

Utah

2010 Poverty Rate = 13.2%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,500	$44,200	$1,579,900
Taxes as a Share of Income	9.3%	8.6%	4.9%

Anti-Poverty Tax Policies Offered:

- Low-Income Circuit Breaker (For Homeowners and Renters, 65+)

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to include all ages
- Introduce an Earned Income Tax Credit
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

Vermont

2010 Poverty Rate = 12.7%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,200	$43,600	$1,250,000
Taxes as a Share of Income	8.2%	9.4%	7.5%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 32%
- Low- and Middle- Income Circuit Breaker (For Homeowners and Renters, All Ages)
- Nonrefundable Child and Dependent Care Credit offered modeled after the federal credit

Anti-Poverty Tax Policies to Consider:

- Increase Earned Income Tax Credit
- Increase Circuit Breaker Program Benefits
- Make Child and Dependent Care Credit Refundable and Limit to Low-Income Families
- Create a Refundable Low-Income Credit

* Tax changes since *Who Pays?* publication: Increase in cigarette tax.

Virginia

2010 Poverty Rate = 11.1%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,100	$46,300	$1,557,700
Taxes as a Share of Income	8.8%	8.4%	5.2%

Anti-Poverty Tax Policies Offered:

- Nonrefundable Earned Income Tax Credit at 20%
- Nonrefundable Low-Income Credit can be taken as an alternative to the EITC

Anti-Poverty Tax Policies to Consider:

- Make Earned Income Tax Credit Fully Refundable and Increase the Credit
- Make Low-Income Credit Refundable
- Create a Low-Income Property Tax Circuit Breaker
- Create a Child-related Credit

Washington

2010 Poverty Rate = 13.4%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$11,000	$49,900	$1,795,000
Taxes as a Share of Income	17.3%	10.8%	2.6%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 10% (Unfunded)
- Low-Income Sliding Scale Circuit Breaker (For Homeowners, 61+ or Disabled)

Anti-Poverty Tax Policies to Consider:

- Fully fund Earned Income Tax Credit and Increase the Size of Credit
- Expand Circuit Breaker Program to include all ages
- Create a Child-related Credit
- Create a Refundable Low-Income Credit

* Tax changes since *Who Pays?* publication: Increase in cigarette tax.

West Virginia

2010 Poverty Rate = 18.1%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$8,300	$33,400	$660,300
Taxes as a Share of Income	9.7%	9.3%	6.5%

Anti-Poverty Tax Policies Offered:

- Universal Circuit Breaker (For Homeowners, All Ages)
- Nonrefundable Low-Income Family Credit

Anti-Poverty Tax Policies to Consider:

- Limit Circuit Breaker Program to low-income households and make available to renters
- Alter structure of Low-Income Family Credit to make it Refundable
- Introduce an Earned Income Tax Credit
- Create a Child-related credit

* Tax changes since *Who Pays?* publication: Sales tax on food repealed.

Wisconsin

2010 Poverty Rate = 13.2%

Total Average State and Local Taxes as a % of Income*

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$12,700	$46,300	$1,116,000
Taxes as a Share of Income	9.2%	10.6%	6.7%

Anti-Poverty Tax Policies Offered:

- Refundable Earned Income Tax Credit at 4% for One Child; 11% for Two; 34% for Three
- Low-Income Multiple Threshold Circuit Breaker (For Homeowners and Renters, All Ages)
- Nonrefundable, all ages, Low-Income Tax credit offered

Anti-Poverty Tax Policies to Consider:

- Increase Size of Earned Income Tax Credit
- Increase Circuit Breaker Program Maximum Benefits
- Make Low-Income Tax Credit Refundable
- Create a Child-related Credit

* Tax changes since *Who Pays?* publication: Increase in cigarette tax, reduction in EITC and circuit breaker.

Wyoming

2010 Poverty Rate = 11.2%

Total Average State and Local Taxes as a % of Income

	Lowest 20%	Middle 20%	Top 1%
Average Income in Group	$13,100	$53,700	$2,832,200
Taxes as a Share of Income	8.3%	6.1%	1.5%

Anti-Poverty Tax Policies Offered:

- Low-Income quasi-Circuit Breaker (For Homeowners and Renters, 65+ or Disabled)

Anti-Poverty Tax Policies to Consider:

- Expand Circuit Breaker Program to include non-elderly Renters and Homeowners
- Introduce an Earned Income Tax Credit
- Create a Child-related credit
- Create a Refundable Low-Income Credit

Sources

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