

WISCONSIN EARNED INCOME TAX CREDIT: SUMMARY FOR 2011

A. INTRODUCTION

A total of 268,171 tax filers claimed Wisconsin earned income tax credits (EITC) amounting to \$100.9 million in tax year 2011, according to Department of Revenue (DOR) statistics from individual income tax returns. The average credit was \$376.

The Wisconsin EITC equals a percentage of the federal earned income tax credit, depending on the number of children in the household of the credit claimant: 4% for persons with one child, 11% for persons with two children, and 34% for persons with three or more children.

The maximum federal credit in 2011 was 34% of earnings not exceeding \$9,100 for persons with one child, 40% of earnings not exceeding \$12,780 for persons with two children, and 45% of earnings not exceeding \$12,780 for persons with three or more children. These credits were phased out for single and head of household filers as the greater of earnings or federal adjusted gross income rose from \$16,690 to \$36,052 for individuals with one child, from \$16,690 to \$40,964 for individuals with two children, and from \$16,690 to \$43,998 for individuals with three or more children. The floor and ceiling of the phase-out range for married couples filing jointly were \$5,080 higher than the floor and ceiling for single and head of household filers. The maximum eligible earnings and phase-out ranges are adjusted annually for inflation.

The federal government also provides the EITC to low-income persons without children; Wisconsin does not supplement the credit for those individuals.

CREDIT HISTORY

Wisconsin's refundable earned income tax credit was enacted in 1989. Table 1 shows the number and amount of credits claimed in each of the years the credit has been in effect. Through 2004, data for each tax year are from returns filed through August 15 of the subsequent calendar year. For tax year 2005, the deadline to file an extended income tax return was extended, so returns filed through October 15, 2006 are included.

Table 2 shows the annual percentage changes in the number and amount of credits claimed each year. Both the Wisconsin total credit and the average credit have generally followed the changes at the federal level—which is expected since the Wisconsin credit is linked to the federal credit. For example, the federal credit was substantially increased in 1991, with the amount of federal EITC paid to Wisconsin recipients rising 43.2%. Since the Wisconsin credit rates were not adjusted when this occurred, the amount of Wisconsin EITC recorded a similar increase, 46.6%.

Percentage changes in the federal credit in 1994 and 1995 are not available because Wisconsin decoupled its EITC from the federal credit in 1994—the Wisconsin credit was calculated separately and not as a percentage of the federal credit that year. As a result, the amount of the federal credit received was not reported on the Wisconsin tax return. One apparent effect of decoupling was a decrease in participation. The number of persons

claiming the Wisconsin EITC was lower in 1994, when the credit was decoupled, than in 1993. Participation rebounded sharply in 1995, surging 11.5%, when the credit was once again based on the federal credit.

The number of Wisconsin EITC recipients and the amount claimed declined in the late 1990s, but both have increased since then. In 2009, the number of recipients and the amount of credits surged again due to an increase in the credit rate for individuals with three or more children and an increase in the eligible income range for married filers. In 2011 Wisconsin reduced the state credit for filers with two children from 14% of the federal credit to 11% of the federal credit. Wisconsin similarly reduced the state credit for filers with three or more children from 43% of the federal credit to 34% of the federal credit.

TABLE 1
FEDERAL AND STATE EARNED INCOME TAX CREDITS IN WISCONSIN
TAX YEARS 1989 – 2011

Tax Year	Number Of Recipients	Federal Credit Amount* (\$ thou)	Average (\$)	Wisconsin Credit Amount (\$ thou)	Average (\$)
1989	126,511	\$68,409.8	\$541	\$16,464.1	\$130
1990	136,205	77,718.0	571	18,916.8	139
1991	153,194	111,255.2	726	27,725.0	181
1992	165,951	134,697.7	812	33,572.0	202
1993	172,425	153,726.5	892	38,652.1	224
1994	171,260	N/A	N/A	49,150.1	287
1995	191,019	287,033.7	1,503	54,750.6	287
1996	195,980	332,449.8	1,696	58,177.5	297
1997	194,023	344,338.8	1,775	60,760.8	313
1998	189,102	342,960.1	1,814	59,932.8	317
1999	185,442	339,062.5	1,828	59,057.7	318
2000	185,499	342,729.6	1,848	59,075.7	318
2001	189,586	355,624.2	1,876	60,346.8	318
2002	210,624	410,860.2	1,951	69,029.2	328
2003	214,164	423,617.1	1,978	69,765.9	326
2004	216,707	445,730.6	2,057	73,482.6	339
2005	223,518	478,468.8	2,141	78,831.0	353
2006	227,497	506,355.6	2,226	83,193.4	366
2007	236,691	550,017.1	2,324	89,549.0	378
2008	243,131	585,144.5	2,407	95,848.1	394
2009	273,939	708,646.4	2,587	127,868.2	466
2010	268,612	691,981.9	\$2,576	124,032.5	462
2011	268,171	\$711,117.2	\$2,652	\$100,854.0	\$376

* For taxpayers with Wisconsin EITC only. Data on federal credits for other taxpayers, in particular, persons without children, are not reported on Wisconsin tax returns.

N/A Not available. Because the Wisconsin credit was calculated separately from the federal credit in 1994, the amount of federal credit was not recorded on the Wisconsin tax return.

Tax Year	Number Of Recipients	Federal Credit Amount* (\$ thou)	Average (\$)	Wisconsin Credit Amount (\$ thou)	Average (\$)
1990	7.7%	13.6%	5.5%	14.9%	6.7%
1991	12.5	43.2	27.3	46.6	30.3
1992	8.3	21.1	11.8	21.1	11.8
1993	3.9	14.1	9.8	15.1	10.8
1994	-0.7	NA	NA	27.2	28.0
1995	11.5	NA	NA	11.4	-0.1
1996	2.6	15.8	12.9	6.3	3.6
1997	-1.0	3.6	4.6	4.4	5.4
1998	-2.5	-0.4	2.2	-1.4	1.2
1999	-1.9	-1.1	0.8	-1.5	0.3
2000	0.0	1.1	1.1	0.0	0.0
2001	2.2	3.8	1.5	2.2	-0.1
2002	11.1	15.5	4.0	14.4	3.1
2003	1.7	3.1	1.4	1.1	-0.6
2004	1.2	5.2	4.0	5.3	4.0
2005	3.1	7.3	4.1	7.3	4.0
2006	1.8	5.8	4.0	5.5	3.7
2007	4.0	8.6	4.4	7.6	3.3
2008	2.7	6.4	3.6	7.0	4.2
2009	12.7	21.1	7.5	33.4	18.3
2010	-1.9	-2.4	-0.4	-3.0	-0.9
2011	-0.2%	2.8%	3.0%	-18.7%	-18.6%

* For taxpayers with Wisconsin EITC only. Data on federal credits for other taxpayers, in particular, persons without children, are not reported on Wisconsin tax returns.
N/A Not available. Because the Wisconsin credit was calculated separately from the federal credit in 1994, the amount of federal credit was not recorded on the Wisconsin tax return.

CREDITS BY FILING STATUS

Table 3 reports the number of 2011 EITC recipients, the number of children they have, and the amount of credits they receive by filing status and number of children. As the table shows, most recipients are unmarried. About 59% are heads of household, that is, single persons with children who are considered dependents for tax purposes, and about 11% are single filers who do not claim their children as dependents on their tax returns, typically because the non-custodial parent is allowed the dependency claim.

Married couples, while only about 30% of the recipients, received 39% of the credit and their average credit of \$486 was substantially higher than the averages for heads of household (\$347) and single filers (\$230). Married couples had higher average credits and received a larger share of the total credit amount because a larger percentage of them had three or more children, which qualifies for the largest credit. Thirty-three percent of married claimants had three or more children compared to 7% for single claimants and 15% for head of household claimants.

TABLE 3
WISCONSIN EARNED INCOME TAX CREDITS
BY FILING STATUS AND NUMBER OF DEPENDENTS, 2011

Filing Status/ Number of Dependents	Number of Credits	% of Total	Number of Dependents	Total Amount	% of Total	Average Amount
Single						
1 Dependent	20,599	7.7%	20,599	\$1,830,055	1.8%	\$89
2 Dependents	6,442	2.4%	12,884	2,355,452	2.3%	366
3 or More Dependents	2,055	0.8%	6,235	2,520,683	2.5%	1227
Subtotal	29,096	10.8%	39,718	6,706,190	6.6%	230
Head of Household						
1 Dependent	85,572	31.9%	85,572	7,008,428	6.9%	82
2 Dependents	49,403	18.4%	98,806	17,837,810	17.7%	361
3 or More Dependents	23,321	8.7%	71,317	30,056,079	29.8%	1289
Subtotal	158,296	59.0%	255,695	54,902,317	54.4%	347
Married Joint						
1 Dependent	24,217	9.0%	24,217	1,796,288	1.8%	74
2 Dependents	29,964	11.2%	59,928	9,090,387	9.0%	303
3 or More Dependents	26,598	9.9%	84,489	28,358,841	28.1%	1066
Subtotal	80,779	30.1%	168,634	39,245,516	38.9%	486
All Filers						
1 Dependent	130,388	48.6%	130,388	10,634,771	10.5%	82
2 Dependents	85,809	32.0%	171,618	29,283,649	29.0%	341
3 or More Dependents	51,974	19.4%	162,041	60,935,603	60.4%	1172
Total	268,171	100.0%	464,047	\$100,854,023	100.0%	\$376

Components may not sum to total due to rounding.

CREDITS BY NUMBER OF DEPENDENTS

Table 3 also shows that almost half of the filers claiming an earned income tax credit had one dependent (48.6%), while 32.0% had two, and 19.4% had three or more. Because Wisconsin provides substantially larger credits to larger families, 60.4% of the credit went to recipients with three or more children, 29.0% to those with two children, and 10.5% to those with one child.

The effect of the Wisconsin adjustment for family size can also be seen by comparing the average credit, which was \$1,172 for those with three or more dependents, \$341 for those with two dependents, and \$82 for those with one dependent.

CREDITS BY COUNTY

Table 4 shows the number and amount of credits and the average credit for Wisconsin's 72 counties in 2011. Milwaukee County, the state's most populous county, had 64,303 credits totaling \$27.4 million and an average credit of \$426. That county accounted for 24% of all state EITC recipients and 27% of all credits paid. The second largest county, Dane, had 15,307 recipients claiming approximately \$5.3 million, for an average credit of \$346.

The county with the highest average credit was Menominee; its \$541 average was 44% higher than the state average of \$376 and \$98 higher than the \$443 average credit in Rusk County, which had the second highest average.

TABLE 4
EARNED INCOME TAX CREDITS BY COUNTY, 2011

County	Number of Credits	Amount of Credit (\$)	Average Credit (\$)	County	Number of Credits	Amount of Credit (\$)	Average Credit (\$)
Adams	977	\$360,690	\$369	Marinette	2,205	\$774,591	\$351
Ashland	1,049	405,124	386	Marquette	713	290,125	407
Barron	2,713	961,833	355	Menominee	527	285,277	541
Bayfield	782	299,493	383	Milwaukee	64,303	27,370,574	426
Brown	11,712	4,206,050	359	Monroe	2,333	852,994	366
Buffalo	657	239,041	364	Oconto	1,709	604,616	354
Burnett	853	308,215	361	Oneida	1,668	554,703	333
Calumet	1,381	466,931	338	Outagamie	7,571	2,627,489	347
Chippewa	3,190	1,203,408	377	Ozaukee	1,738	522,261	300
Clark	1,546	656,994	425	Pepin	308	120,278	391
Columbia	2,350	737,074	314	Pierce	1,223	376,540	308
Crawford	941	357,247	380	Polk	2,138	764,884	358
Dane	15,307	5,288,683	346	Portage	2,655	911,021	343
Dodge	3,458	1,180,662	341	Price	694	244,360	352
Door	1,197	391,813	327	Racine	10,258	4,145,321	404
Douglas	2,232	789,423	354	Richland	834	338,101	405
Dunn	1,868	708,777	379	Rock	9,073	3,274,317	361
Eau Claire	4,522	1,562,576	346	Rusk	890	394,046	443
Florence	176	55,348	314	St. Croix	3,102	1,085,249	350
Fond du Lac	4,041	1,439,891	356	Sauk	1,119	474,478	424
Forest	585	218,033	373	Sawyer	2,207	830,972	377
Grant	2,300	864,618	376	Shawano	4,988	1,755,553	352
Green	1,629	576,466	354	Sheboygan	2,826	954,710	338
Green Lake	860	313,756	365	Taylor	1,038	427,208	412
Iowa	1,104	393,699	357	Trempealeau	1,476	510,382	346
Iron	311	92,265	297	Vernon	1,401	578,611	413
Jackson	1,040	373,450	359	Vilas	1,113	402,490	362
Jefferson	3,394	1,141,875	336	Walworth	4,365	1,602,396	367
Juneau	1,542	574,773	373	Washburn	964	396,462	411
Kenosha	8,113	3,146,492	388	Washington	3,720	1,170,720	315
Kewaunee	776	274,506	354	Waukesha	8,513	2,648,062	311
La Crosse	4,680	1,618,764	346	Waupaca	2,409	856,225	355
Lafayette	775	293,611	379	Waushara	1,189	456,232	384
Langlade	1,122	408,192	364	Winnebago	6,896	2,324,833	337
Lincoln	1,397	505,934	362	Wood	3,762	1,329,409	353
Manitowoc	3,391	1,215,339	358	Other*	6,033	2,548,190	422
Marathon	6,239	\$2,419,297	\$388	Total	268,171	\$100,854,023	\$376

* Includes returns for which no county was listed.
Components may not sum to total due to rounding.

F. PARTICIPATION BY COUNTY

Two measures of the extent of participation in the EITC are the percentage of tax returns from the county that claim the credit and the percentage of the county's population in tax filing units receiving the EITC. For the latter measure, the number of people in a tax filing unit was based on the filing status (married couples filing jointly counted as two persons; heads of household and single filers as one) and on the number of dependents claimed for purposes of the EITC.

Table 5 shows both of these measures; again Menominee County stands out with far higher participation than any other county. While the EITC was claimed on 9.6% of all tax returns statewide, 45.0% of Menominee County returns included a claim for the credit. Similarly,

39.4% of Menominee County's population was in tax filing units receiving the EITC. For all other counties, the percent of returns with the EITC ranged from 4.1% (Ozaukee County) to 15.1% (Milwaukee County) and the share of population in tax filing units receiving the EITC ranged from 6.0% (Ozaukee County) to 20.8% (Sawyer County).

TABLE 5
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2011

County	Tax Returns	EITC Returns	Percent of Returns with EITC (%)	2011 Population	EITC Population ¹	Percent of Population with EITC (%)
Adams	9,015	977	10.8%	20,935	3,013	14.4%
Ashland	7,198	1,049	14.6%	16,064	3,251	20.2%
Barron	21,935	2,713	12.4%	45,925	8,423	18.3%
Bayfield	7,164	782	10.9%	15,036	2,445	16.3%
Brown	119,101	11,712	9.8%	249,192	35,024	14.1%
Buffalo	6,414	657	10.2%	13,620	2,067	15.2%
Burnett	6,965	853	12.2%	15,448	2,638	17.1%
Calumet	21,001	1,381	6.6%	49,109	4,318	8.8%
Chippewa	27,951	3,190	11.4%	62,610	9,934	15.9%
Clark	13,869	1,546	11.1%	34,719	5,256	15.1%
Columbia	27,819	2,350	8.4%	56,850	6,987	12.3%
Crawford	7,491	941	12.6%	16,600	2,970	17.9%
Dane	244,531	15,307	6.3%	489,331	45,027	9.2%
Dodge	40,405	3,458	8.6%	88,789	10,612	12.0%
Door	14,556	1,197	8.2%	27,765	3,749	13.5%
Douglas	19,100	2,232	11.7%	44,176	6,695	15.2%
Dunn	17,986	1,868	10.4%	43,787	5,960	13.6%
Eau Claire	46,955	4,522	9.6%	99,012	13,627	13.8%
Florence	2,000	176	8.8%	4,337	542	12.5%
Fond du Lac	48,034	4,041	8.4%	101,740	12,392	12.2%
Forest	4,120	585	14.2%	9,180	1,814	19.8%
Grant	21,915	2,300	10.5%	51,280	7,299	14.2%
Green	17,538	1,629	9.3%	36,884	5,089	13.8%
Green Lake	9,209	860	9.3%	19,091	2,722	14.3%
Iowa	11,205	1,104	9.9%	23,720	3,477	14.7%
Iron	2,866	311	10.9%	5,828	924	15.9%
Jackson	8,932	1,040	11.6%	20,475	3,191	15.6%
Jefferson	38,425	3,394	8.8%	83,794	10,383	12.4%
Juneau	11,852	1,542	13.0%	26,725	4,844	18.1%
Kenosha	73,698	8,113	11.0%	166,632	24,350	14.6%
Kewaunee	9,671	776	8.0%	20,594	2,482	12.1%
La Crosse	53,227	4,680	8.8%	114,919	14,399	12.5%
Lafayette	7,566	775	10.2%	16,880	2,516	14.9%
Langlade	9,380	1,122	12.0%	19,901	3,525	17.7%
Lincoln	13,487	1,397	10.4%	28,668	4,278	14.9%
Manitowoc	38,696	3,391	8.8%	81,406	10,597	13.0%
Marathon	63,517	6,239	9.8%	134,414	19,708	14.7%
Marinette	19,435	2,205	11.3%	41,719	6,801	16.3%
Marquette	7,127	713	10.0%	15,392	2,296	14.9%
Menominee	1,171	527	45.0%	4,202	1,655	39.4%
Milwaukee	425,755	64,303	15.1%	948,369	188,082	19.8%

¹ The EITC population was based on the filing status (married couples filing jointly counted as two persons; heads of household and single filers as one) and on the number of dependents claimed for purposes of the EITC.

TABLE 5 (continued)
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2011

County	Tax Returns	EITC Returns	Percent of Returns With EITC (%)	2011 Population	EITC Population	Percent of Population with EITC (%)
Monroe	19,974	2,333	11.7%	44,877	7,291	16.2%
Oconto	17,459	1,709	9.8%	37,723	5,344	14.2%
Oneida	18,107	1,668	9.2%	35,962	5,143	14.3%
Outagamie	87,731	7,571	8.6%	177,455	23,207	13.1%
Ozaukee	42,366	1,738	4.1%	86,530	5,171	6.0%
Pepin	3,345	308	9.2%	7,461	994	13.3%
Pierce	17,055	1,223	7.2%	41,085	3,674	8.9%
Polk	19,521	2,138	11.0%	44,244	6,712	15.2%
Portage	31,652	2,655	8.4%	70,370	8,209	11.7%
Price	6,730	694	10.3%	14,000	2,251	16.1%
Racine	89,992	10,258	11.4%	195,225	30,697	15.7%
Richland	7,713	834	10.8%	18,045	2,774	15.4%
Rock	72,861	9,073	12.5%	160,287	27,112	16.9%
Rusk	6,232	890	14.3%	14,703	2,969	20.2%
Sauk	31,410	3,102	9.9%	61,951	9,450	15.3%
Sawyer	7,623	1,119	14.7%	16,600	3,454	20.8%
St. Croix	18,514	2,207	11.9%	41,954	6,926	16.5%
Shawano	55,216	4,988	9.0%	115,569	15,462	13.4%
Sheboygan	37,920	2,826	7.5%	84,503	8,679	10.3%
Taylor	8,767	1,038	11.8%	20,681	3,423	16.6%
Trempealeau	13,979	1,476	10.6%	28,905	4,525	15.7%
Vernon	12,609	1,401	11.1%	29,849	4,708	15.8%
Vilas	10,513	1,113	10.6%	21,444	3,476	16.2%
Walworth	45,605	4,365	9.6%	102,485	13,600	13.3%
Washburn	7,933	964	12.2%	15,900	3,112	19.6%
Washington	63,729	3,720	5.8%	132,206	11,296	8.5%
Waukesha	192,262	8,513	4.4%	390,267	25,457	6.5%
Waupaca	24,705	2,409	9.8%	52,392	7,517	14.3%
Waushara	10,819	1,189	11.0%	24,531	3,803	15.5%
Winnebago	78,244	6,896	8.8%	167,245	20,621	12.3%
Wood	36,489	3,762	10.3%	74,669	11,606	15.5%
Total*	2,806,598	268,171	9.6%	5,694,236	812,997	14.3%

* Includes returns for which no county was listed.