

WISCONSIN EARNED INCOME TAX CREDIT: SUMMARY FOR 2012

A. INTRODUCTION

A total of 264,831 tax filers claimed Wisconsin earned income tax credits (EITC) amounting to \$99.6 million in tax year 2012, 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 2012 was 34% of earnings not exceeding \$9,320 for persons with one child, 40% of earnings not exceeding \$13,090 for persons with two children, and 45% of earnings not exceeding \$13,090 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 \$17,090 to \$36,920 for individuals with one child, from \$17,090 to \$41,952 for individuals with two children, and from \$17,090 to \$45,060 for individuals with three or more children. The floor and ceiling of the phase-out range for married couples filing jointly were \$5,210 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 – 2012

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
2012	264,831	\$713,823.4	\$2,695	\$99,550.1	\$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. As a result, the amount of federal credit was not recorded on the Wisconsin tax return in 1994.

TABLE 2
FEDERAL AND STATE EARNED INCOME TAX CREDITS IN WISCONSIN
ANNUAL PERCENTAGE CHANGES, TAX YEARS 1989 – 2012

Tax Year	Number Of Recipients	Federal Credit Amount* (\$ thou)	Average (\$)	Wisconsin Credit Amount (\$ thou)	Average (\$)
1989-1990	7.7%	13.6%	5.5%	14.9%	6.7%
1990-1991	12.5	43.2	27.3	46.6	30.3
1991-1992	8.3	21.1	11.8	21.1	11.8
1992-1993	3.9	14.1	9.8	15.1	10.8
1993-1994	-0.7	NA	NA	27.2	28.0
1994-1995	11.5	NA	NA	11.4	-0.1
1995-1996	2.6	15.8	12.9	6.3	3.6
1996-1997	-1.0	3.6	4.6	4.4	5.4
1997-1998	-2.5	-0.4	2.2	-1.4	1.2
1998-1999	-1.9	-1.1	0.8	-1.5	0.3
1999-2000	0.0	1.1	1.1	0.0	0.0
2000-2001	2.2	3.8	1.5	2.2	-0.1
2001-2002	11.1	15.5	4.0	14.4	3.1
2002-2003	1.7	3.1	1.4	1.1	-0.6
2003-2004	1.2	5.2	4.0	5.3	4.0
2004-2005	3.1	7.3	4.1	7.3	4.0
2005-2006	1.8	5.8	4.0	5.5	3.7
2006-2007	4.0	8.6	4.4	7.6	3.3
2007-2008	2.7	6.4	3.6	7.0	4.2
2008-2009	12.7	21.1	7.5	33.4	18.3
2009-2010	-1.9	-2.4	-0.4	-3.0	-0.9
2010-2011	-0.2	2.8	3.0	-18.7	-18.6
2011-2012	-1.2%	0.4%	1.6%	-1.3%	0.0%

* 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. As a result, the amount of federal credit was not recorded on the Wisconsin tax return in 1994.

CREDITS BY FILING STATUS

Table 3 reports the number of 2012 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 60% of claimants are heads of household, that is, single persons with children who are considered dependents for tax purposes, and about 10% 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.

While married couples only comprise about 30% of the recipients, married couples received 40% of the credit and their average credit of \$496 was substantially higher than the averages for heads of household (\$341) 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 14% for head of household claimants.

TABLE 3
WISCONSIN EARNED INCOME TAX CREDIT CLAIMANTS
BY FILING STATUS AND NUMBER OF DEPENDENTS, 2012

Filing Status/ Number of Dependents	Number of Claimants	% of Total	Number of Dependents	Total Amount	% of Total	Average Amount
Single						
1 Dependent	19,920	7.5%	19,920	\$1,821,720	1.8%	\$91
2 Dependents	5,821	2.2%	11,642	2,167,860	2.2%	372
3 or More Dependents	1,907	0.7%	5,728	2,381,267	2.4%	1249
Subtotal	27,648	10.4%	37,290	6,370,847	6.4%	230
Head of Household						
1 Dependent	87,744	33.1%	87,744	7,380,384	7.4%	84
2 Dependents	48,155	18.2%	96,310	17,697,536	17.8%	368
3 or More Dependents	21,977	8.3%	66,107	28,745,639	28.9%	1308
Subtotal	157,876	59.6%	250,161	53,823,559	54.1%	341
Married Joint						
1 Dependent	23,778	9.0%	23,778	1,799,000	1.8%	76
2 Dependents	29,472	11.1%	58,944	9,172,651	9.2%	311
3 or More Dependents	26,057	9.8%	78,934	28,384,016	28.5%	1089
Subtotal	79,307	29.9%	161,656	39,355,667	39.5%	496
All Filers						
1 Dependent	131,442	49.6%	131,442	11,001,104	11.1%	84
2 Dependents	83,448	31.5%	166,896	29,038,047	29.2%	348
3 or More Dependents	49,941	18.9%	150,769	59,510,922	59.8%	1192
Total	264,831	100.0%	449,107	\$99,550,073	100.0%	\$376

Components may not sum to total due to rounding.

CREDITS BY NUMBER OF DEPENDENTS

Table 3 also shows that half of the filers claiming an earned income tax credit had one dependent (49.6%), while 31.5% had two, and 18.9% had three or more. Because Wisconsin provides substantially larger credits to larger families, 59.8% of the credit went to recipients with three or more children, 29.2% to those with two children, and 11.1% 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 \$1,192 for those with three or more dependents, \$348 for those with two dependents, and \$84 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 2012. Milwaukee County, the state's most populous county, had 62,212 credits totaling \$25.7 million and an average credit of \$433. That county accounted for 23% of all state EITC recipients and 26% of all credits paid. The second largest county, Dane, had 15,447 recipients claiming approximately \$5.4 million, for an average credit of \$350.

The county with the highest average credit was Menominee; its \$525 average was 40% higher than the state average of \$376 and \$67 higher than the \$458 average credit in Rusk County, which had the second highest average.

TABLE 4
EARNED INCOME TAX CREDIT CLAIMANTS BY COUNTY, 2012

County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)	County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)
Adams	944	\$351,788	\$373	Marinette	2,172	\$774,922	\$357
Ashland	1,028	394,244	384	Marquette	710	281,826	397
Barron	2,593	938,181	362	Menominee	532	279,402	525
Bayfield	768	314,248	409	Milwaukee	62,212	25,740,747	414
Brown	11,744	4,296,084	366	Monroe	2,321	859,405	370
Buffalo	644	239,792	372	Oconto	1,655	590,494	357
Burnett	819	329,260	402	Oneida	1,671	580,843	348
Calumet	1,377	483,009	351	Outagamie	7,518	2,652,290	353
Chippewa	3,048	1,173,472	385	Ozaukee	1,785	564,578	316
Clark	1,550	657,908	424	Pepin	291	104,294	358
Columbia	2,389	760,988	319	Pierce	1,242	407,741	328
Crawford	888	348,240	392	Polk	2,190	762,722	348
Dane	15,447	5,412,223	350	Portage	2,727	928,995	341
Dodge	3,527	1,200,532	340	Price	680	247,483	364
Door	1,134	373,989	330	Racine	10,353	4,143,929	400
Douglas	2,194	801,092	365	Richland	880	359,849	409
Dunn	1,842	723,093	393	Rock	9,071	3,262,240	360
Eau Claire	4,468	1,570,170	351	Rusk	851	389,440	458
Florence	179	52,897	296	Sauk	3,045	1,063,789	349
Fond du Lac	4,065	1,467,006	361	Sawyer	1,102	450,584	409
Forest	544	204,756	376	Shawano	2,135	827,059	387
Grant	2,284	894,949	392	Sheboygan	4,932	1,805,490	366
Green	1,591	576,188	362	St. Croix	2,754	898,988	326
Green Lake	871	345,601	397	Taylor	983	394,195	401
Iowa	1,125	394,360	351	Trempealeau	1,421	506,642	357
Iron	290	89,655	309	Vernon	1,398	596,796	427
Jackson	1,065	375,724	353	Vilas	1,080	386,191	358
Jefferson	3,373	1,155,409	343	Walworth	4,356	1,646,540	378
Juneau	1,542	590,039	383	Washburn	950	401,367	422
Kenosha	8,140	3,138,367	386	Washington	3,625	1,203,488	332
Kewaunee	764	282,261	369	Waukesha	8,628	2,716,630	315
La Crosse	4,578	1,609,825	352	Waupaca	2,467	909,284	369
Lafayette	759	306,289	404	Waushara	1,137	446,165	392
Langlade	1,057	390,676	370	Winnebago	7,096	2,371,596	334
Lincoln	1,389	497,111	358	Wood	3,759	1,360,820	362
Manitowoc	3,462	1,224,298	354	Other*	5,423	2,266,533	418
Marathon	6,197	\$2,402,992	\$388	Total	264,831	\$99,550,073	\$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 9.3% of all tax returns statewide, 41.3% of Menominee County returns included a claim for the credit. Similarly, 38.8% 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 4.2% (Ozaukee County) to 14.5% (Milwaukee County) and the share of population in tax filing units receiving the EITC ranged from 6.2% (Ozaukee County) to 20.1% (Sawyer County).

TABLE 5
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2012

County	Tax Returns	EITC Returns	Percent of Returns with EITC	2012 Population	EITC Population*	Percent of Population with EITC
Adams	9,158	944	10.3%	20,797	2,927	14.1%
Ashland	7,218	1,028	14.2%	16,063	3,150	19.6%
Barron	22,242	2,593	11.7%	45,928	7,906	17.2%
Bayfield	7,329	768	10.5%	15,052	2,395	15.9%
Brown	120,983	11,744	9.7%	250,281	34,703	13.9%
Buffalo	6,451	644	10.0%	13,649	2,022	14.8%
Burnett	7,063	819	11.6%	15,457	2,528	16.4%
Calumet	21,456	1,377	6.4%	49,168	4,247	8.6%
Chippewa	28,235	3,048	10.8%	62,777	9,461	15.1%
Clark	13,968	1,550	11.1%	34,706	5,146	14.8%
Columbia	28,008	2,389	8.5%	56,835	7,030	12.4%
Crawford	7,507	888	11.8%	16,638	2,783	16.7%
Dane	251,112	15,447	6.2%	491,555	45,035	9.2%
Dodge	40,618	3,527	8.7%	88,692	10,663	12.0%
Door	14,734	1,134	7.7%	27,867	3,503	12.6%
Douglas	19,370	2,194	11.3%	44,191	6,518	14.7%
Dunn	18,225	1,842	10.1%	43,853	5,849	13.3%
Eau Claire	47,772	4,468	9.4%	99,260	13,359	13.5%
Florence	2,039	179	8.8%	4,358	545	12.5%
Fond du Lac	48,572	4,065	8.4%	101,955	12,364	12.1%
Forest	4,078	544	13.3%	9,197	1,683	18.3%
Grant	22,276	2,284	10.3%	51,436	7,148	13.9%
Green	17,799	1,591	8.9%	36,863	4,883	13.2%
Green Lake	9,198	871	9.5%	19,106	2,738	14.3%
Iowa	11,286	1,125	10.0%	23,726	3,466	14.6%
Iron	2,903	290	10.0%	5,843	862	14.8%
Jackson	9,010	1,065	11.8%	20,523	3,241	15.8%
Jefferson	39,003	3,373	8.6%	83,857	10,162	12.1%
Juneau	11,926	1,542	12.9%	26,878	4,738	17.6%
Kenosha	74,790	8,140	10.9%	166,823	24,126	14.5%
Kewaunee	9,774	764	7.8%	20,637	2,418	11.7%
La Crosse	54,158	4,578	8.5%	115,577	13,807	11.9%
Lafayette	7,586	759	10.0%	16,897	2,468	14.6%
Langlade	9,439	1,057	11.2%	19,880	3,298	16.6%
Lincoln	13,698	1,389	10.1%	28,856	4,221	14.6%
Manitowoc	39,069	3,462	8.9%	81,437	10,614	13.0%
Marathon	64,521	6,197	9.6%	134,524	19,361	14.4%

*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, 2012

County	Tax Returns	EITC Returns	Percent of Returns With EITC	2012 Population	EITC Population	Percent of Population with EITC
Marinette	19,839	2,172	10.9%	41,718	6,559	15.7%
Marquette	7,095	710	10.0%	15,394	2,231	14.5%
Menominee	1,289	532	41.3%	4,214	1,636	38.8%
Milwaukee	429,766	62,212	14.5%	948,322	179,598	18.9%
Monroe	20,182	2,321	11.5%	45,056	7,169	15.9%
Oconto	17,618	1,655	9.4%	37,829	5,148	13.6%
Oneida	18,282	1,671	9.1%	36,057	5,082	14.1%
Outagamie	88,752	7,518	8.5%	178,150	22,763	12.8%
Ozaukee	42,877	1,785	4.2%	86,635	5,339	6.2%
Pepin	3,395	291	8.6%	7,465	898	12.0%
Pierce	17,432	1,242	7.1%	41,108	3,698	9.0%
Polk	20,024	2,190	10.9%	44,241	6,728	15.2%
Portage	32,061	2,727	8.5%	70,806	8,343	11.8%
Price	6,736	680	10.1%	14,055	2,168	15.4%
Racine	91,172	10,353	11.4%	195,386	30,468	15.6%
Richland	7,728	880	11.4%	18,043	2,876	15.9%
Rock	73,892	9,071	12.3%	160,129	26,814	16.7%
Rusk	6,304	851	13.5%	14,756	2,810	19.0%
Sauk	31,966	3,045	9.5%	61,994	9,196	14.8%
Sawyer	7,710	1,102	14.3%	16,659	3,351	20.1%
Shawano	18,689	2,135	11.4%	41,919	6,680	15.9%
Sheboygan	55,800	4,932	8.8%	115,549	15,131	13.1%
St. Croix	38,712	2,754	7.1%	84,856	8,301	9.8%
Taylor	8,714	983	11.3%	20,697	3,145	15.2%
Trempealeau	14,415	1,421	9.9%	28,986	4,301	14.8%
Vernon	12,644	1,398	11.1%	29,865	4,588	15.4%
Vilas	10,615	1,080	10.2%	21,485	3,303	15.4%
Walworth	46,276	4,356	9.4%	102,530	13,485	13.2%
Washburn	7,926	950	12.0%	15,907	3,009	18.9%
Washington	64,280	3,625	5.6%	132,482	10,898	8.2%
Waukesha	195,124	8,628	4.4%	390,914	25,524	6.5%
Waupaca	25,056	2,467	9.8%	52,381	7,606	14.5%
Waushara	10,924	1,137	10.4%	24,506	3,594	14.7%
Winnebago	79,127	7,096	9.0%	167,702	21,037	12.5%
Wood	36,830	3,759	10.2%	74,587	11,510	15.4%
Total**	2,847,219	264,831	9.3%	5,703,525	793,245	13.9%

** Includes returns for which no county was listed.