

WISCONSIN EARNED INCOME TAX CREDIT: SUMMARY FOR 2013

A. INTRODUCTION

A total of 264,815 tax filers claimed the Wisconsin earned income tax credit (EITC) amounting to \$102.2 million in tax year 2013, according to Department of Revenue (DOR) statistics from individual income tax returns. The average credit was \$386.

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 2013 was 34% of earnings not exceeding \$9,560 for persons with one child, 40% of earnings not exceeding \$13,430 for persons with two children, and 45% of earnings not exceeding \$13,430 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 \$17,530 to \$37,870 for individuals with one child, from \$17,530 to \$43,038 for individuals with two children, and from \$17,530 to \$46,227 for individuals with three or more children. The floor and ceiling of the phase-out range for married couples filing jointly were \$5,340 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 – 2013

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
2013	264,815	\$735,419.1	\$2,777	\$102,233.2	\$386

* 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 – 2013

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
2012-2013	-0.0%	3.0%	3.0%	2.7%	2.7%

* 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 2013 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 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.

While married couples only comprise about 29% of the recipients, married couples received 33% of the credit, and their average credit of \$515 was substantially higher than the averages for heads of household (\$349) and single filers (\$243). 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, 2013

Filing Status/ Number of Dependents	Number of Claimants	% of Total	Number of Dependents	Total Amount	% of Total	Average Amount
Single						
1 Dependent	20,487	7.7%	20,487	\$1,924,063	1.9%	\$94
2 Dependents	6,181	2.3%	12,362	2,386,102	2.3%	386
3 or More Dependents	2,008	0.8%	6,039	2,644,214	2.6%	1317
Subtotal	28,676	10.8%	38,888	6,954,379	6.8%	243
Head of Household						
1 Dependent	88,501	33.4%	88,501	7,634,643	7.5%	86
2 Dependents	48,087	18.2%	96,174	18,220,359	17.8%	379
3 or More Dependents	21,615	8.2%	64,980	29,296,333	28.7%	1355
Subtotal	158,203	59.8%	249,655	55,151,335	54.0%	349
Married Joint						
1 Dependent	23,395	8.8%	23,395	1,828,715	1.8%	78
2 Dependents	28,527	10.8%	57,054	9,203,584	9.0%	323
3 or More Dependents	25,861	9.8%	78,250	29,037,547	28.4%	1123
Subtotal	77,783	29.4%	158,699	40,069,846	39.2%	515
All Filers						
1 Dependent	132,383	50.0%	132,383	11,387,421	11.1%	86
2 Dependents	82,795	31.3%	165,590	29,810,045	29.2%	360
3 or More Dependents	49,484	18.7%	149,269	60,978,094	59.7%	1232
Total	264,662	100.0%	447,242	\$102,175,560	100.0%	\$386

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 (50.0%), while 31.3% had two, and 18.7% had three or more. Because Wisconsin provides substantially larger credits to larger families, 59.7% 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 \$1,232 for those with three or more dependents, \$360 for those with two dependents, and \$86 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 2013. Milwaukee County, the state's most populous county, had 62,916 credits totaling \$27.2 million and an average credit of \$433. That county accounted for 24% of all state EITC recipients and 27% of all credits paid. The second largest county, Dane, had 15,492 recipients claiming approximately \$5.6 million, for an average credit of \$360.

The county with the highest average credit was Menominee; its \$546 average was 42% higher than the state average of \$386 and \$93 higher than the \$453 average credit in Rusk County, which had the second highest average.

TABLE 4
EARNED INCOME TAX CREDIT CLAIMANTS BY COUNTY, 2013

County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)	County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)
Adams	1,000	\$400,632	\$401	Marinette	2,159	\$769,109	\$356
Ashland	1,049	436,775	416	Marquette	719	275,134	383
Barron	2,581	1,002,922	389	Menominee	520	284,163	546
Bayfield	748	306,981	410	Milwaukee	62,916	27,236,514	433
Brown	12,332	4,582,962	372	Monroe	2,406	930,199	387
Buffalo	650	259,165	399	Oconto	1,671	595,585	356
Burnett	826	335,749	406	Oneida	1,688	561,530	333
Calumet	1,401	503,897	360	Outagamie	7,705	2,764,976	359
Chippewa	3,106	1,225,965	395	Ozaukee	1,822	574,416	315
Clark	1,509	659,092	437	Pepin	308	118,901	386
Columbia	2,482	809,146	326	Pierce	1,238	405,000	327
Crawford	903	384,147	425	Polk	2,206	789,473	358
Dane	15,492	5,570,780	360	Portage	2,798	992,427	355
Dodge	3,625	1,265,373	349	Price	641	252,738	394
Door	1,093	389,472	356	Racine	10,608	4,358,111	411
Douglas	2,151	794,261	369	Richland	867	376,463	434
Dunn	1,867	739,183	396	Rock	9,216	3,467,937	376
Eau Claire	4,550	1,621,702	356	Rusk	866	392,125	453
Florence	175	67,120	384	Sauk	3,139	1,116,957	356
Fond du Lac	4,250	1,573,034	370	Sawyer	1,084	455,288	420
Forest	570	229,833	403	Shawano	2,175	896,477	412
Grant	2,199	869,874	396	Sheboygan	5,026	1,810,883	360
Green	1,605	594,895	371	St. Croix	2,801	973,222	347
Green Lake	901	353,425	392	Taylor	982	411,329	419
Iowa	1,119	423,915	379	Trempealeau	1,454	544,945	375
Iron	325	92,907	286	Vernon	1,404	634,406	452
Jackson	1,074	399,534	372	Vilas	1,078	394,760	366
Jefferson	3,404	1,175,993	345	Walworth	4,454	1,740,956	391
Juneau	1,526	635,797	417	Washburn	949	383,957	405
Kenosha	8,230	3,172,346	385	Washington	3,696	1,248,465	338
Kewaunee	787	294,755	375	Waukesha	8,647	2,728,870	316
La Crosse	4,631	1,680,133	363	Waupaca	2,462	944,426	384
Lafayette	782	313,844	401	Waushara	1,171	482,164	412
Langlade	1,103	418,956	380	Winnebago	7,280	2,514,751	345
Lincoln	1,386	487,327	352	Wood	3,824	1,397,726	366
Manitowoc	3,539	1,257,926	355	Other*	1,539	527,481	343
Marathon	6,325	\$2,551,523	\$403	Total	264,815	\$102,233,205	\$386

* 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 9.2% of all tax returns statewide, 35.8% of Menominee County returns included a claim for the credit. Similarly, 37.8% 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 14.3% (Milwaukee County and Ashland County) and the share of population in tax filing units receiving the EITC ranged from 6.3% (Ozaukee County) to 20.2% (Ashland County). Map 1 shows the percentage of tax returns from each county that claim the credit and Map 2 shows the percentage of each county's population in tax filing units receiving the credit.

TABLE 5
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2013

County	Tax Returns	EITC Returns	Percent of Returns with EITC	2013 Population	EITC Population*	Percent of Population with EITC
Adams	9,493	1,000	10.5%	20,834	3,098	14.9%
Ashland	7,344	1,049	14.3%	16,097	3,259	20.2%
Barron	22,532	2,581	11.5%	45,963	7,920	17.2%
Bayfield	7,434	748	10.1%	15,088	2,346	15.5%
Brown	124,044	12,332	9.9%	251,495	36,344	14.5%
Buffalo	6,610	650	9.8%	13,630	2,042	15.0%
Burnett	7,232	826	11.4%	15,496	2,543	16.4%
Calumet	21,845	1,401	6.4%	49,405	4,252	8.6%
Chippewa	28,806	3,106	10.8%	62,918	9,647	15.3%
Clark	14,215	1,509	10.6%	34,721	4,974	14.3%
Columbia	28,641	2,482	8.7%	56,804	7,335	12.9%
Crawford	7,684	903	11.8%	16,658	2,851	17.1%
Dane	258,510	15,492	6.0%	497,021	44,977	9.0%
Dodge	41,344	3,625	8.8%	88,875	10,962	12.3%
Door	14,961	1,093	7.3%	27,966	3,346	12.0%
Douglas	19,755	2,151	10.9%	44,279	6,373	14.4%
Dunn	18,731	1,867	10.0%	43,887	5,811	13.2%
Eau Claire	48,818	4,550	9.3%	99,734	13,586	13.6%
Florence	2,060	175	8.5%	4,381	541	12.3%
Fond du Lac	49,282	4,250	8.6%	101,984	12,824	12.6%
Forest	4,141	570	13.8%	9,210	1,780	19.3%
Grant	22,541	2,199	9.8%	51,723	6,879	13.3%
Green	18,067	1,605	8.9%	36,799	4,870	13.2%
Green Lake	9,239	901	9.8%	19,093	2,812	14.7%
Iowa	11,551	1,119	9.7%	23,740	3,451	14.5%
Iron	2,965	325	11.0%	5,848	939	16.1%
Jackson	9,135	1,074	11.8%	20,551	3,287	16.0%
Jefferson	39,600	3,404	8.6%	83,940	10,171	12.1%
Juneau	11,993	1,526	12.7%	26,912	4,764	17.7%
Kenosha	76,823	8,230	10.7%	166,915	24,238	14.5%
Kewaunee	9,920	787	7.9%	20,604	2,479	12.0%
La Crosse	55,634	4,631	8.3%	115,928	13,910	12.0%
Lafayette	7,765	782	10.1%	16,883	2,476	14.7%
Langlade	9,481	1,103	11.6%	19,835	3,397	17.1%
Lincoln	13,842	1,386	10.0%	29,134	4,160	14.3%
Manitowoc	39,541	3,539	9.0%	81,352	10,750	13.2%
Marathon	65,807	6,325	9.6%	134,679	19,740	14.7%

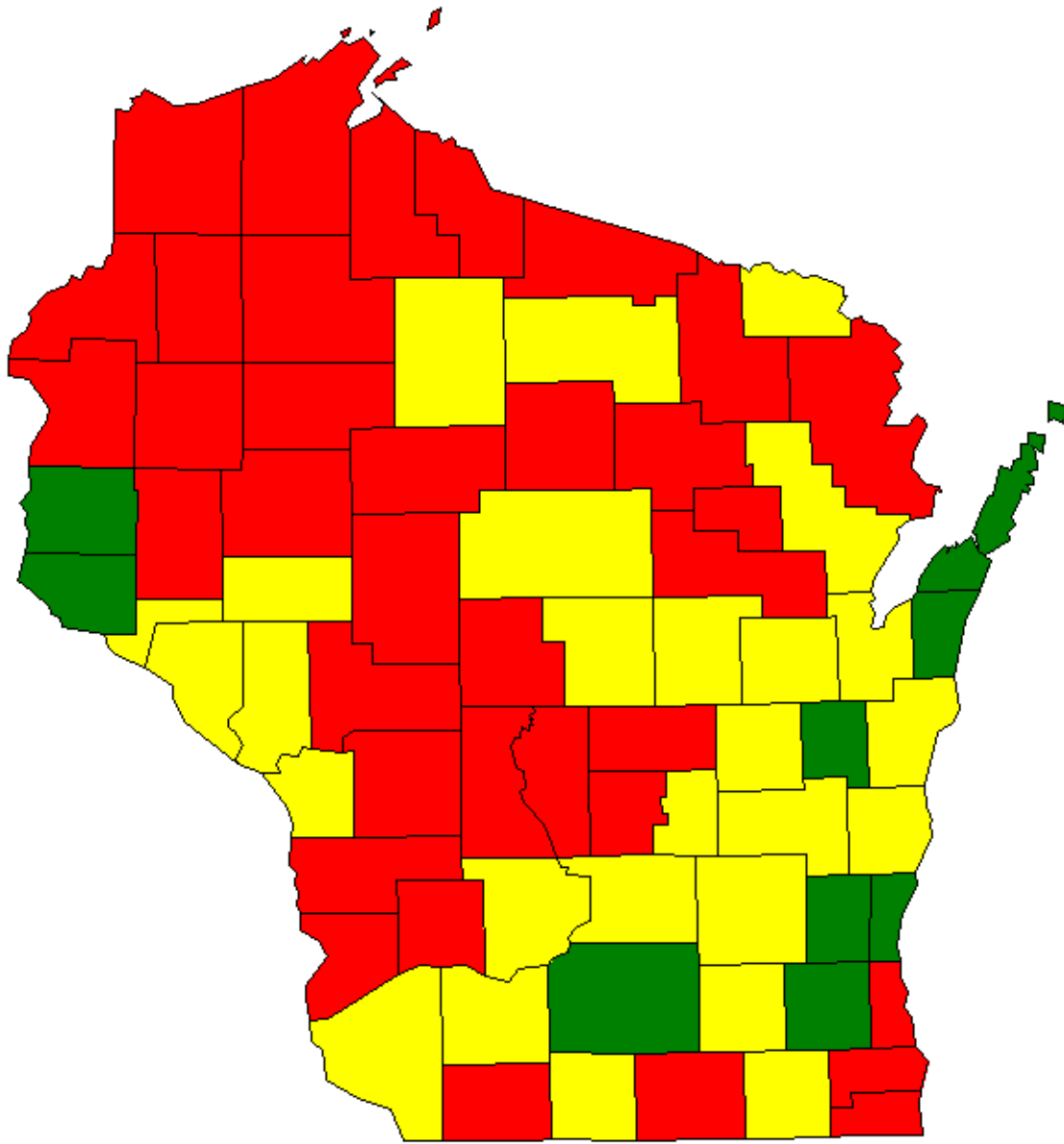
*The EITC population was based on the filing status (married couples filing jointly counted as two persons; heads of household and single filers as one) and on the number of dependents claimed for purposes of the EITC.

TABLE 5 (continued)
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2013




County	Tax Returns	EITC Returns	Percent of Returns With EITC	2013 Population	EITC Population	Percent of Population with EITC
Marinette	20,083	2,159	10.8%	41,732	6,527	15.6%
Marquette	7,185	719	10.0%	15,376	2,215	14.4%
Menominee	1,452	520	35.8%	4,221	1,596	37.8%
Milwaukee	439,350	62,916	14.3%	950,410	181,887	19.1%
Monroe	20,570	2,406	11.7%	45,198	7,432	16.4%
Oconto	17,782	1,671	9.4%	37,898	5,158	13.6%
Oneida	18,607	1,688	9.1%	36,042	4,996	13.9%
Outagamie	90,891	7,705	8.5%	179,117	23,266	13.0%
Ozaukee	43,884	1,822	4.2%	86,705	5,437	6.3%
Pepin	3,446	308	8.9%	7,448	954	12.8%
Pierce	18,023	1,238	6.9%	40,940	3,659	8.9%
Polk	20,559	2,206	10.7%	44,213	6,690	15.1%
Portage	32,783	2,798	8.5%	70,903	8,550	12.1%
Price	6,814	641	9.4%	14,117	2,040	14.5%
Racine	92,806	10,608	11.4%	195,174	31,152	16.0%
Richland	7,790	867	11.1%	18,015	2,826	15.7%
Rock	75,944	9,216	12.1%	160,148	27,176	17.0%
Rusk	6,428	866	13.5%	14,772	2,813	19.0%
Sauk	32,213	3,139	9.7%	62,041	9,429	15.2%
Sawyer	7,742	1,084	14.0%	16,670	3,284	19.7%
Shawano	19,028	2,175	11.4%	41,875	6,775	16.2%
Sheboygan	57,138	5,026	8.8%	115,386	15,313	13.3%
St. Croix	40,036	2,801	7.0%	85,249	8,418	9.9%
Taylor	8,854	982	11.1%	20,720	3,151	15.2%
Trempealeau	14,711	1,454	9.9%	29,086	4,420	15.2%
Vernon	12,839	1,404	10.9%	29,930	4,642	15.5%
Vilas	10,738	1,078	10.0%	21,465	3,278	15.3%
Walworth	47,577	4,454	9.4%	102,579	13,675	13.3%
Washburn	7,991	949	11.9%	15,928	2,984	18.7%
Washington	65,945	3,696	5.6%	132,612	11,054	8.3%
Waukesha	198,697	8,647	4.4%	391,478	25,390	6.5%
Waupaca	25,373	2,462	9.7%	52,354	7,587	14.5%
Waushara	11,001	1,171	10.6%	24,481	3,705	15.1%
Winnebago	80,579	7,280	9.0%	167,862	21,531	12.8%
Wood	37,364	3,824	10.2%	74,583	11,562	15.5%
Total**	2,883,384	264,815	9.2%	5,717,110	790,167	13.8%

** Includes returns for which no county was listed.

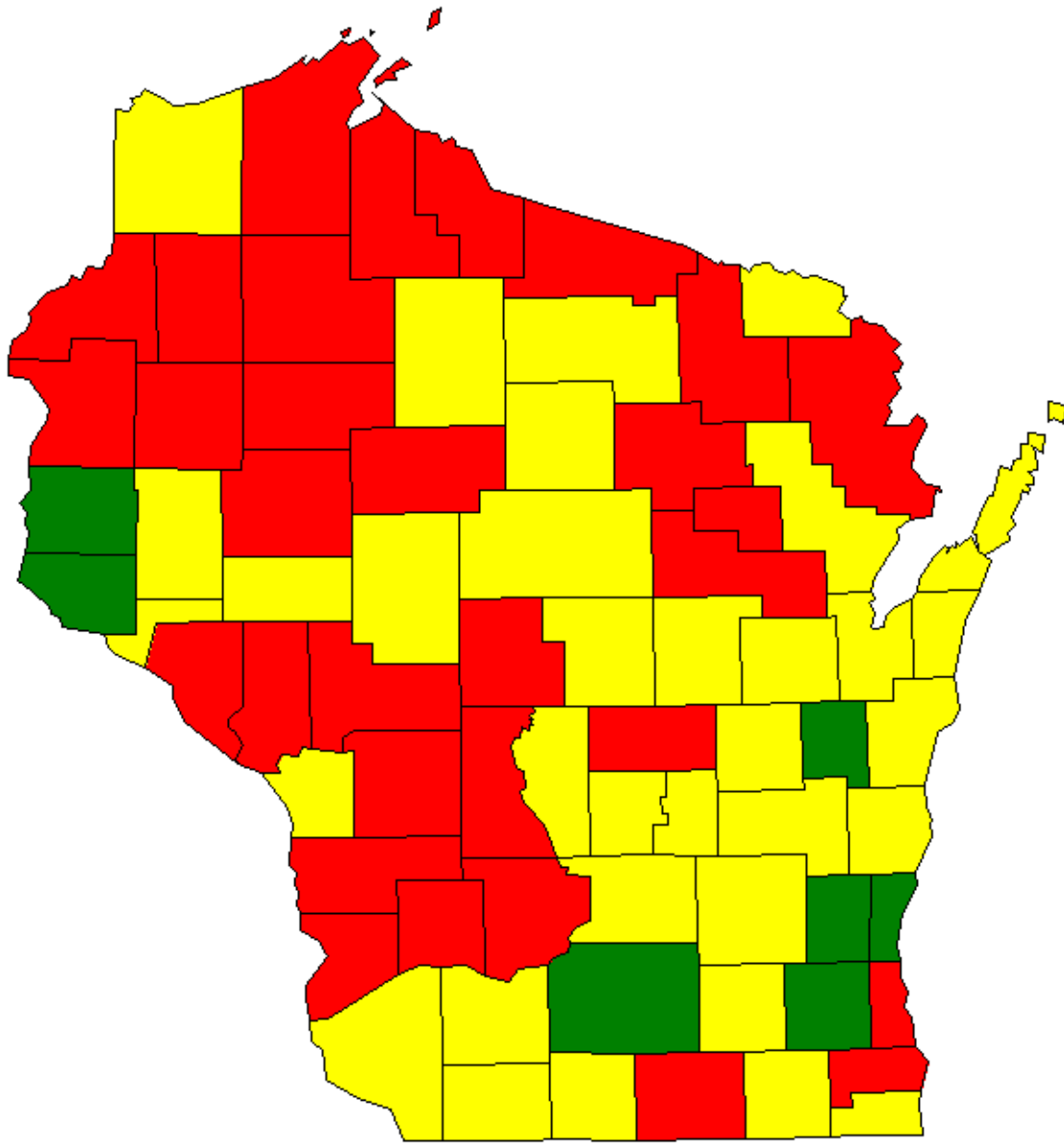
MAP 1
PERCENT OF RETURNS WITH EARNED INCOME TAX CREDIT BY COUNTY, 2013






Percent of Returns with EITC

 Less than 8%  8% to 10%  More than 10%

MAP 2
PERCENT OF POPULATION WITH EARNED INCOME TAX CREDIT BY COUNTY, 2013



Percent of Population in EITC Households

 Less than 10%  10% to 15%  More than 15%