

WISCONSIN EARNED INCOME TAX CREDIT: SUMMARY FOR 2014

A. INTRODUCTION

A total of 252,918 tax filers claimed the Wisconsin earned income tax credit (EITC) amounting to \$99.6 million in tax year 2014, according to Department of Revenue (DOR) statistics from individual income tax returns. The average credit was \$394.

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 2014 was 34% of earnings, not exceeding \$9,720 for persons with one child; 40% of earnings, not exceeding \$13,650 for persons with two children; and 45% of earnings, not exceeding \$13,650 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 \$17,830 to \$38,511 for individuals with one child, from \$17,830 to \$43,756 for individuals with two children, and from \$17,830 to \$46,997 for individuals with three or more children. The floor and ceiling of the phase-out range for married couples filing jointly were \$5,430 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 and beyond, 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 – 2014

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
2014	252,918	\$714,470.8	\$2,825	\$99,552.8	\$394

* 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 – 2014

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
2013-2014	-4.5%	-2.8%	1.7%	-2.6%	2.0%

* 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 2014 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 38% of the credit, and their average credit of \$525 was substantially higher than the averages for heads of household (\$357) and single filers (\$248). 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-four 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, 2014

Filing Status/ Number of Dependents	Number of Claimants	% of Total	Number of Dependents	Total Amount	% of Total	Average Amount
Single						
1 Dependent	19,486	7.7%	19,486	\$1,863,362	1.9%	\$96
2 Dependents	5,910	2.3%	11,820	2,308,448	2.3%	391
3 or More Dependents	1,954	0.8%	5,881	2,606,078	2.6%	1,334
Subtotal	27,350	10.8%	37,187	6,777,888	6.8%	248
Head of Household						
1 Dependent	85,551	33.8%	85,551	7,503,883	7.5%	88
2 Dependents	46,283	18.3%	92,566	17,821,456	17.9%	385
3 or More Dependents	21,083	8.3%	63,420	29,311,706	29.4%	1,390
Subtotal	152,917	60.5%	241,537	54,637,045	54.9%	357
Married Joint						
1 Dependent	21,783	8.6%	21,783	1,729,471	1.7%	79
2 Dependents	26,502	10.5%	53,004	8,618,996	8.7%	325
3 or More Dependents	24,366	9.6%	73,810	27,789,377	27.9%	1,141
Subtotal	72,651	28.7%	148,597	38,137,844	38.3%	525
All Filers						
1 Dependent	126,820	50.1%	126,820	11,096,716	11.1%	88
2 Dependents	78,695	31.1%	157,390	28,748,900	28.9%	365
3 or More Dependents	47,403	18.7%	143,111	59,707,161	60.0%	1,260
Total	252,918	100.0%	427,321	\$99,552,777	100.0%	\$394

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 (50.1%), while 31.1% had two, and 18.7% had three or more. Because Wisconsin provides substantially larger credits to larger families, 60.0% of the credit went to recipients with three or more children, 28.9% 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 \$1,260 for those with three or more dependents, \$365 for those with two dependents, and \$88 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 2014. Milwaukee County, the state's most populous county, had 60,628 credits totaling \$26.8 million and an average credit of \$442. That county accounted for 24% of all state EITC recipients and 27% of all credits paid. The second largest county, Dane, had 14,911 recipients claiming approximately \$5.5 million, for an average credit of \$366.

The county with the highest average credit was Menominee; its \$519 average was 32% higher than the state average of \$394 and \$55 higher than the \$463 average credit in Vernon County, which had the second highest average.

TABLE 4
EARNED INCOME TAX CREDIT CLAIMANTS BY COUNTY, 2014

County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)	County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)
Adams	922	\$361,424	\$392	Marinette	2,050	\$724,832	\$354
Ashland	981	408,648	417	Marquette	670	259,942	388
Barron	2,502	960,542	384	Menominee	548	284,343	519
Bayfield	711	306,528	431	Milwaukee	60,628	26,796,976	442
Brown	11,928	4,598,078	385	Monroe	2,227	881,837	396
Buffalo	600	233,808	390	Oconto	1,587	566,517	357
Burnett	784	331,246	423	Oneida	1,651	574,533	348
Calumet	1,315	486,346	370	Outagamie	7,383	2,709,464	367
Chippewa	2,929	1,178,018	402	Ozaukee	1,727	554,508	321
Clark	1,467	618,239	421	Pepin	286	101,090	353
Columbia	2,381	812,459	341	Pierce	1,192	401,050	336
Crawford	834	373,284	448	Polk	2,034	740,039	364
Dane	14,911	5,454,577	366	Portage	2,583	937,826	363
Dodge	3,485	1,236,872	355	Price	653	248,094	380
Door	1,048	389,810	372	Racine	10,180	4,246,578	417
Douglas	2,046	749,559	366	Richland	841	367,739	437
Dunn	1,808	724,125	401	Rock	8,772	3,390,097	386
Eau Claire	4,267	1,604,571	376	Rusk	810	353,030	436
Florence	182	67,069	369	Sauk	2,607	924,278	355
Fond du Lac	4,059	1,528,364	377	Sawyer	2,965	1,104,355	372
Forest	520	210,097	404	Shawano	991	436,425	440
Grant	2,107	840,005	399	Sheboygan	2,045	848,801	415
Green	1,562	588,062	376	St. Croix	4,697	1,755,336	374
Green Lake	855	348,540	408	Taylor	920	378,130	411
Iowa	1,056	405,019	384	Trempealeau	1,323	480,008	363
Iron	301	96,016	319	Vernon	1,349	625,196	463
Jackson	993	378,289	381	Vilas	1,025	412,056	402
Jefferson	3,255	1,158,115	356	Walworth	4,286	1,637,375	382
Juneau	1,423	589,221	414	Washburn	903	373,974	414
Kenosha	7,904	3,106,801	393	Washington	3,506	1,177,052	336
Kewaunee	762	271,453	356	Waukesha	8,327	2,658,062	319
La Crosse	4,308	1,598,936	371	Waupaca	2,338	883,884	378
Lafayette	737	307,529	417	Waushara	1,113	432,415	389
Langlade	1,049	413,926	395	Winnebago	6,900	2,472,042	358
Lincoln	1,313	479,790	365	Wood	3,636	1,378,348	379
Manitowoc	3,349	1,208,168	361	Other*	1,553	573,185	369
Marathon	5,958	\$2,439,826	\$410	Total	252,918	\$99,552,777	\$394

* 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 8.7% of all tax returns statewide, 36.6% of Menominee County returns included a claim for the credit. Similarly, 39.5% 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 3.9% (Ozaukee County) to 13.8% (Milwaukee County) and the share of population in tax filing units receiving the EITC ranged from 5.9% (Ozaukee County) to 18.8% (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, 2014

County	Tax Returns	EITC Returns	Percent of Returns with EITC	2014 Population	EITC Population*	Percent of Population with EITC
Adams	9,479	922	9.7%	20,844	2,820	13.5%
Ashland	7,309	981	13.4%	16,071	3,028	18.8%
Barron	22,831	2,502	11.0%	46,020	7,672	16.7%
Bayfield	7,438	711	9.6%	15,059	2,233	14.8%
Brown	125,064	11,928	9.5%	253,156	35,259	13.9%
Buffalo	6,648	600	9.0%	13,594	1,925	14.2%
Burnett	7,115	784	11.0%	15,462	2,419	15.6%
Calumet	22,009	1,315	6.0%	49,715	4,046	8.1%
Chippewa	28,949	2,929	10.1%	63,038	9,049	14.4%
Clark	14,281	1,467	10.3%	34,697	4,762	13.7%
Columbia	28,744	2,381	8.3%	56,795	6,999	12.3%
Crawford	7,643	834	10.9%	16,628	2,671	16.1%
Dane	261,774	14,911	5.7%	502,251	43,110	8.6%
Dodge	41,419	3,485	8.4%	89,203	10,530	11.8%
Door	14,922	1,048	7.0%	27,976	3,214	11.5%
Douglas	19,935	2,046	10.3%	44,196	6,057	13.7%
Dunn	18,880	1,808	9.6%	43,917	5,620	12.8%
Eau Claire	48,629	4,267	8.8%	100,477	12,761	12.7%
Florence	2,084	182	8.7%	4,450	561	12.6%
Fond du Lac	49,238	4,059	8.2%	102,424	12,165	11.9%
Forest	4,099	520	12.7%	9,253	1,615	17.5%
Grant	22,666	2,107	9.3%	52,603	6,486	12.3%
Green	18,123	1,562	8.6%	36,822	4,749	12.9%
Green Lake	9,300	855	9.2%	19,114	2,657	13.9%
Iowa	11,574	1,056	9.1%	23,809	3,246	13.6%
Iron	2,913	301	10.3%	5,915	891	15.1%
Jackson	9,082	993	10.9%	20,630	3,051	14.8%
Jefferson	39,774	3,255	8.2%	83,974	9,720	11.6%
Juneau	12,037	1,423	11.8%	26,934	4,369	16.2%
Kenosha	77,554	7,904	10.2%	167,258	23,177	13.9%
Kewaunee	9,944	762	7.7%	20,652	2,338	11.3%
La Crosse	55,816	4,308	7.7%	116,740	12,850	11.0%
Lafayette	7,741	737	9.5%	16,914	2,322	13.7%
Langlade	9,465	1,049	11.1%	19,847	3,214	16.2%
Lincoln	13,793	1,313	9.5%	28,816	3,949	13.7%
Manitowoc	39,551	3,349	8.5%	81,320	10,112	12.4%
Marathon	66,479	5,958	9.0%	134,803	18,438	13.7%

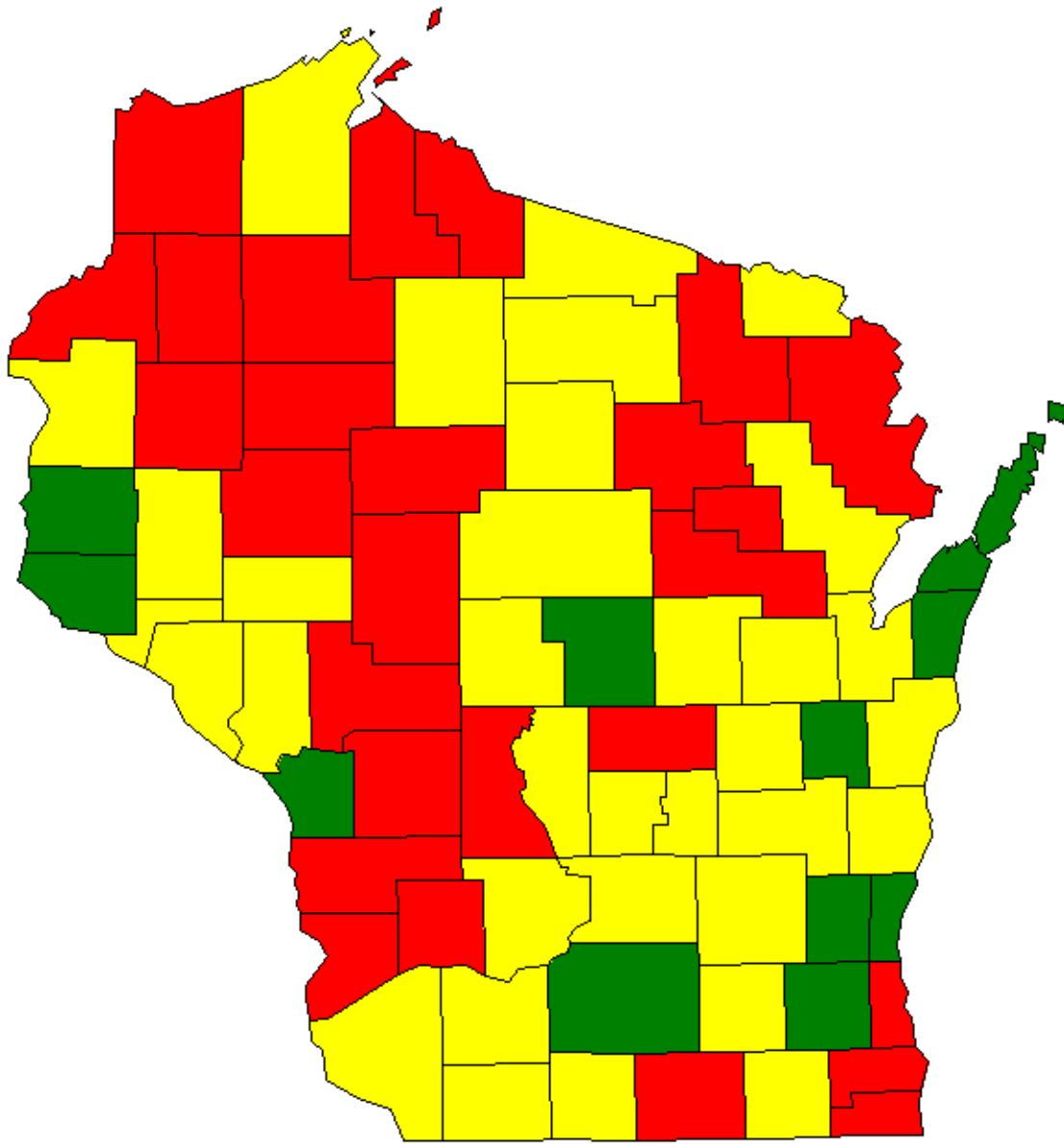
*The EITC population was based on the filing status (married couples filing jointly counted as two persons; heads of household and single filers as one) and on the number of dependents claimed for purposes of the EITC.

TABLE 5 (continued)
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2014

County	Tax Returns	EITC Returns	Percent of Returns With EITC	2014 Population	EITC Population	Percent of Population with EITC
Marinette	20,112	2,050	10.2%	41,605	6,161	14.8%
Marquette	7,239	670	9.3%	15,399	2,078	13.5%
Menominee	1,497	548	36.6%	4,236	1,674	39.5%
Milwaukee	439,230	60,628	13.8%	949,741	175,102	18.4%
Monroe	20,528	2,227	10.8%	45,339	6,856	15.1%
Oconto	17,857	1,587	8.9%	38,014	4,871	12.8%
Oneida	18,489	1,651	8.9%	36,082	4,883	13.5%
Outagamie	91,532	7,383	8.1%	180,022	22,307	12.4%
Ozaukee	43,886	1,727	3.9%	87,116	5,134	5.9%
Pepin	3,446	286	8.3%	7,445	886	11.9%
Pierce	18,324	1,192	6.5%	41,107	3,523	8.6%
Polk	20,510	2,034	9.9%	44,237	6,224	14.1%
Portage	32,983	2,583	7.8%	70,882	7,842	11.1%
Price	6,865	653	9.5%	14,155	2,020	14.3%
Racine	93,008	10,180	10.9%	195,461	29,950	15.3%
Richland	7,780	841	10.8%	17,995	2,730	15.2%
Rock	76,431	8,772	11.5%	160,104	25,839	16.1%
Rusk	6,361	810	12.7%	14,790	2,614	17.7%
Sauk	32,483	2,965	9.1%	62,092	8,890	14.3%
Sawyer	7,731	991	12.8%	16,676	3,016	18.1%
Shawano	18,963	2,045	10.8%	41,859	6,371	15.2%
Sheboygan	57,560	4,697	8.2%	115,362	14,309	12.4%
St. Croix	40,472	2,607	6.4%	85,735	7,782	9.1%
Taylor	8,938	920	10.3%	20,733	2,945	14.2%
Trempealeau	14,639	1,323	9.0%	29,184	3,968	13.6%
Vernon	12,860	1,349	10.5%	29,977	4,446	14.8%
Vilas	10,702	1,025	9.6%	21,523	3,141	14.6%
Walworth	47,902	4,286	8.9%	102,837	13,046	12.7%
Washburn	7,963	903	11.3%	15,948	2,803	17.6%
Washington	66,219	3,506	5.3%	133,071	10,452	7.9%
Waukesha	199,538	8,327	4.2%	392,761	24,300	6.2%
Waupaca	25,396	2,338	9.2%	52,435	7,129	13.6%
Waushara	10,964	1,113	10.2%	24,511	3,493	14.3%
Winnebago	80,743	6,900	8.5%	168,216	20,429	12.1%
Wood	37,305	3,636	9.7%	74,954	11,052	14.7%
Total**	2,899,187	252,918	8.7%	5,732,981	752,890	13.1%

** Includes returns for which no county was listed.

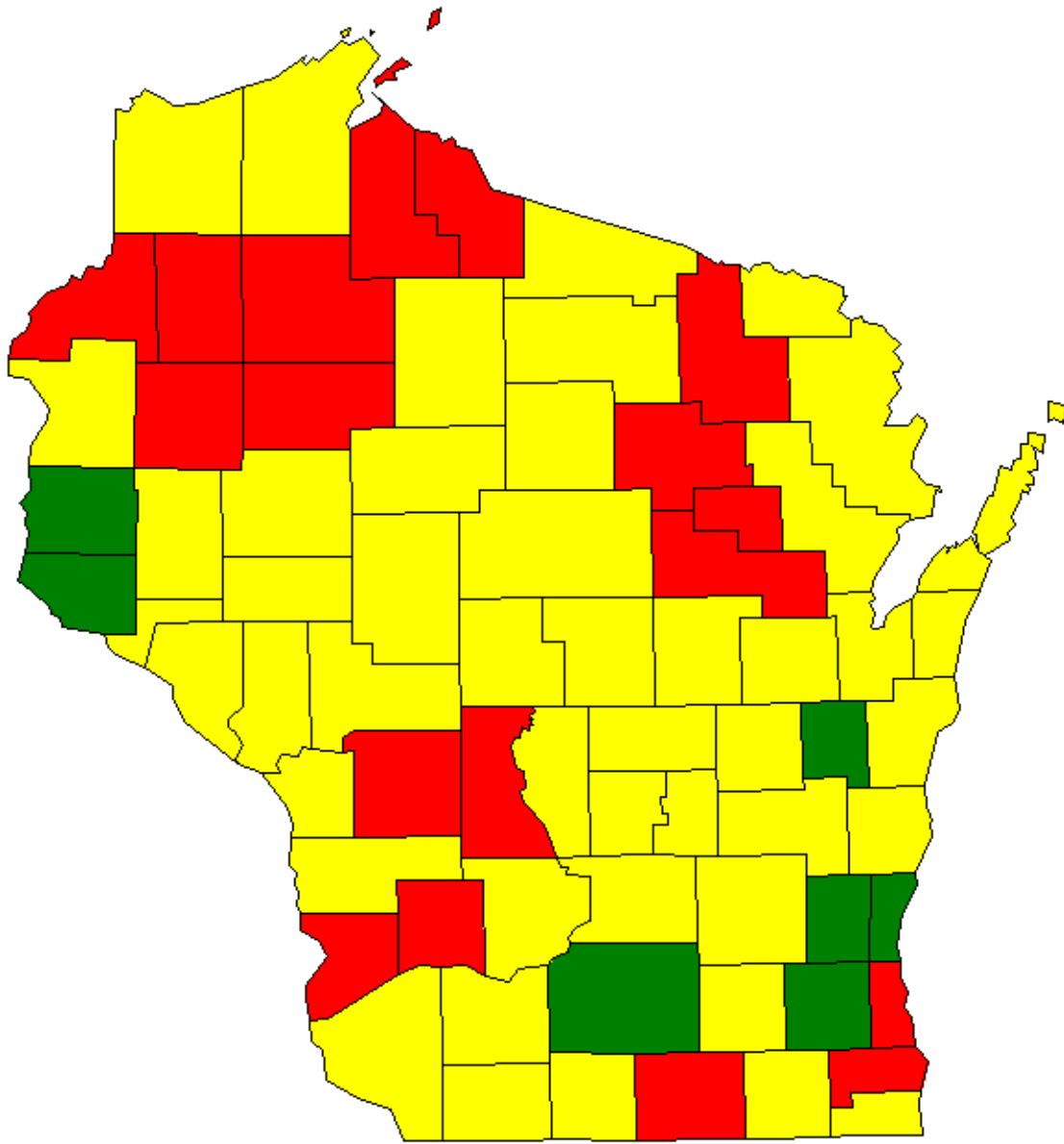
MAP 1
PERCENT OF RETURNS WITH EARNED INCOME TAX CREDIT BY COUNTY, 2014






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, 2014



Percent of Population in EITC Households

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