

## **WISCONSIN EARNED INCOME TAX CREDIT: SUMMARY FOR 2016**

### **A. INTRODUCTION**

A total of 245,880 tax filers claimed the Wisconsin earned income tax credit (EITC) amounting to \$97.8 million in tax year 2016, according to Department of Revenue (DOR) statistics from individual income tax returns. The average credit was \$398.

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 2016 was 34% of earnings, not exceeding \$9,920 for persons with one child; 40% of earnings, not exceeding \$13,930 for persons with two children; and 45% of earnings, not exceeding \$13,930 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 \$18,190 to \$39,296 for individuals with one child, from \$18,190 to \$44,648 for individuals with two children, and from \$18,190 to \$47,955 for individuals with three or more children. The floor and ceiling of the phase-out range for married couples filing jointly were \$5,540 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 – 2016

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
2015	252,898	723,799.2	2,862	99,718.7	394
2016	245,880	\$701,901.5	\$2,855	\$97,821.8	\$398

\* 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 – 2016

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
2014-2015	-0.0	1.3	1.3	0.2	0.0
2015-2016	-2.8%	-3.0%	-0.2%	-1.9%	1.0%

\* 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 2016 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 63% 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 26% of the recipients, married couples received 36% of the credit, and their average credit of \$544 was substantially higher than the averages for heads of household (\$358) and single filers (\$268). 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-five percent of married claimants had three or more children compared to 8% 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, 2016

Filing Status/ Number of Dependents	Number of Claimants	% of Total	Number of Dependents	Total Amount	% of Total	Average Amount
Single						
1 Dependent	18,477	7.5%	18,477	\$1,800,091	1.8%	\$97
2 Dependents	5,961	2.4%	11,922	2,419,925	2.5%	406
3 or More Dependents	2,014	0.8%	6,047	2,872,722	2.9%	1,426
Subtotal	26,452	10.8%	36,446	7,092,738	7.3%	268
Head of Household						
1 Dependent	86,398	35.1%	86,398	7,595,462	7.8%	88
2 Dependents	46,405	18.9%	92,810	17,947,708	18.3%	387
3 or More Dependents	21,485	8.7%	64,583	29,732,005	30.4%	1,384
Subtotal	154,288	62.7%	243,791	55,275,175	56.5%	358
Married Joint						
1 Dependent	19,038	7.7%	19,038	1,539,505	1.6%	81
2 Dependents	23,583	9.6%	47,166	7,771,595	7.9%	330
3 or More Dependents	22,519	9.2%	68,036	26,142,809	26.7%	1,161
Subtotal	65,140	26.5%	134,240	35,453,909	36.2%	544
All Filers						
1 Dependent	123,913	50.4%	123,913	10,935,058	11.2%	88
2 Dependents	75,949	30.9%	151,898	28,139,228	28.8%	371
3 or More Dependents	46,018	18.7%	138,666	58,747,536	60.1%	1,277
Total	245,880	100.0%	414,477	\$97,821,822	100.0%	\$398

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 (50.4%), while 30.9% had two, and 18.7% had three or more. Because Wisconsin provides substantially larger credits to larger families, 60.1% of the credit went to recipients with three or more children, 28.8% to those with two children, and 11.2% 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 \$1,277 for those with three or more dependents, \$371 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 2016. Milwaukee County, the state's most populous county, had 59,518 credits totaling \$26.8 million and an average credit of \$451. That county accounted for 24% of all state EITC recipients and 27% of all credits paid. The second largest county, Dane, had 14,283 recipients claiming approximately \$5.1 million, for an average credit of \$359.

The county with the highest average credit was Menominee; its \$481 average was 21% higher than the state average of \$398.

TABLE 4  
EARNED INCOME TAX CREDIT CLAIMANTS BY COUNTY, 2016

County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)	County	Number of Claimants	Amount of Credit (\$)	Average Credit (\$)
Adams	886	\$366,126	\$413	Marinette	2,002	\$709,782	\$355
Ashland	942	400,887	426	Marquette	665	272,044	409
Barron	2,454	978,100	399	Menominee	578	278,289	481
Bayfield	697	281,536	404	Milwaukee	59,518	26,833,365	451
Brown	11,587	4,467,891	386	Monroe	2,137	912,257	427
Buffalo	594	244,645	412	Oconto	1,533	591,213	386
Burnett	732	323,318	442	Oneida	1,563	546,151	349
Calumet	1,330	471,624	355	Outagamie	6,980	2,567,054	368
Chippewa	2,782	1,112,913	400	Ozaukee	1,651	531,358	322
Clark	1,423	629,250	442	Pepin	294	101,008	344
Columbia	2,249	775,760	345	Pierce	1,155	367,044	318
Crawford	797	345,864	434	Polk	2,017	746,430	370
Dane	14,283	5,134,195	359	Portage	2,456	883,901	360
Dodge	3,341	1,162,487	348	Price	615	240,589	391
Door	971	347,627	358	Racine	10,136	4,218,839	416
Douglas	1,946	728,120	374	Richland	788	374,054	475
Dunn	1,789	688,596	385	Rock	8,663	3,398,310	392
Eau Claire	4,183	1,569,699	375	Rusk	772	347,683	450
Florence	176	66,672	379	Sauk	2,909	1,108,702	381
Fond du Lac	3,997	1,453,239	364	Sawyer	966	438,760	454
Forest	512	206,767	404	Shawano	2,006	834,449	416
Grant	2,073	823,528	397	Sheboygan	4,648	1,757,597	378
Green	1,514	594,953	393	St. Croix	2,427	838,937	346
Green Lake	832	309,390	372	Taylor	888	371,499	418
Iowa	974	393,338	404	Trempealeau	1,300	503,445	387
Iron	253	81,104	321	Vernon	1,283	611,395	477
Jackson	988	393,702	398	Vilas	949	368,601	388
Jefferson	3,210	1,136,577	354	Walworth	4,073	1,524,499	374
Juneau	1,440	597,019	415	Washburn	860	379,907	442
Kenosha	7,792	3,097,527	398	Washington	3,378	1,077,576	319
Kewaunee	748	286,223	383	Waukesha	7,928	2,617,010	330
La Crosse	4,196	1,630,930	389	Waupaca	2,277	877,727	385
Lafayette	743	311,436	419	Waushara	1,086	440,486	406
Langlade	1,036	410,977	397	Winnebago	6,713	2,449,174	365
Lincoln	1,211	437,838	362	Wood	3,482	1,371,548	394
Manitowoc	3,301	1,234,456	374	Other*	1,435	498,894	348
Marathon	5,767	\$2,337,931	\$405	<b>Total</b>	<b>245,880</b>	<b>\$97,821,822</b>	<b>\$398</b>

\* 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 8.3% of all tax returns statewide, 35.1% of Menominee County returns included a claim for the credit. Similarly, 40.2% 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 3.7% (Ozaukee County) to 13.5% (Milwaukee County) and the share of population in tax filing units receiving the EITC ranged from 5.5% (Ozaukee County) to 18.2% (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, 2016

County	Tax Returns	EITC Returns	Percent of Returns with EITC	2016 Population	EITC Population*	Percent of Population with EITC
Adams	9,845	886	9.0%	20,730	2,680	12.9%
Ashland	7,402	942	12.7%	15,975	2,900	18.2%
Barron	22,994	2,454	10.7%	46,372	7,438	16.0%
Bayfield	7,554	697	9.2%	15,206	2,170	14.3%
Brown	128,159	11,587	9.0%	257,897	33,909	13.1%
Buffalo	6,633	594	9.0%	13,704	1,855	13.5%
Burnett	7,179	732	10.2%	15,544	2,255	14.5%
Calumet	22,536	1,330	5.9%	51,669	4,090	7.9%
Chippewa	29,334	2,782	9.5%	64,135	8,556	13.3%
Clark	14,554	1,423	9.8%	34,888	4,563	13.1%
Columbia	29,680	2,249	7.6%	57,066	6,534	11.4%
Crawford	7,610	797	10.5%	16,744	2,506	15.0%
Dane	271,625	14,283	5.3%	518,538	40,953	7.9%
Dodge	41,850	3,341	8.0%	89,962	9,855	11.0%
Door	15,242	971	6.4%	28,127	2,912	10.4%
Douglas	20,000	1,946	9.7%	44,415	5,675	12.8%
Dunn	19,269	1,789	9.3%	44,575	5,511	12.4%
Eau Claire	49,264	4,183	8.5%	101,731	12,406	12.2%
Florence	2,068	176	8.5%	4,473	539	12.1%
Fond du Lac	49,940	3,997	8.0%	103,290	11,761	11.4%
Forest	4,128	512	12.4%	9,279	1,538	16.6%
Grant	22,647	2,073	9.2%	53,107	6,417	12.1%
Green	18,291	1,514	8.3%	36,907	4,535	12.3%
Green Lake	9,286	832	9.0%	19,143	2,486	13.0%
Iowa	11,612	974	8.4%	23,829	2,986	12.5%
Iron	2,949	253	8.6%	5,901	741	12.6%
Jackson	9,127	988	10.8%	20,743	3,007	14.5%
Jefferson	40,614	3,210	7.9%	84,262	9,465	11.2%
Juneau	12,165	1,440	11.8%	27,022	4,416	16.3%
Kenosha	79,499	7,792	9.8%	167,658	22,692	13.5%
Kewaunee	10,040	748	7.5%	20,723	2,318	11.2%
La Crosse	56,845	4,196	7.4%	118,038	12,471	10.6%
Lafayette	7,762	743	9.6%	16,961	2,323	13.7%
Langlade	9,465	1,036	10.9%	19,995	3,167	15.8%
Lincoln	13,950	1,211	8.7%	28,787	3,555	12.3%
Manitowoc	39,499	3,301	8.4%	81,404	9,804	12.0%
Marathon	67,306	5,767	8.6%	135,483	17,587	13.0%

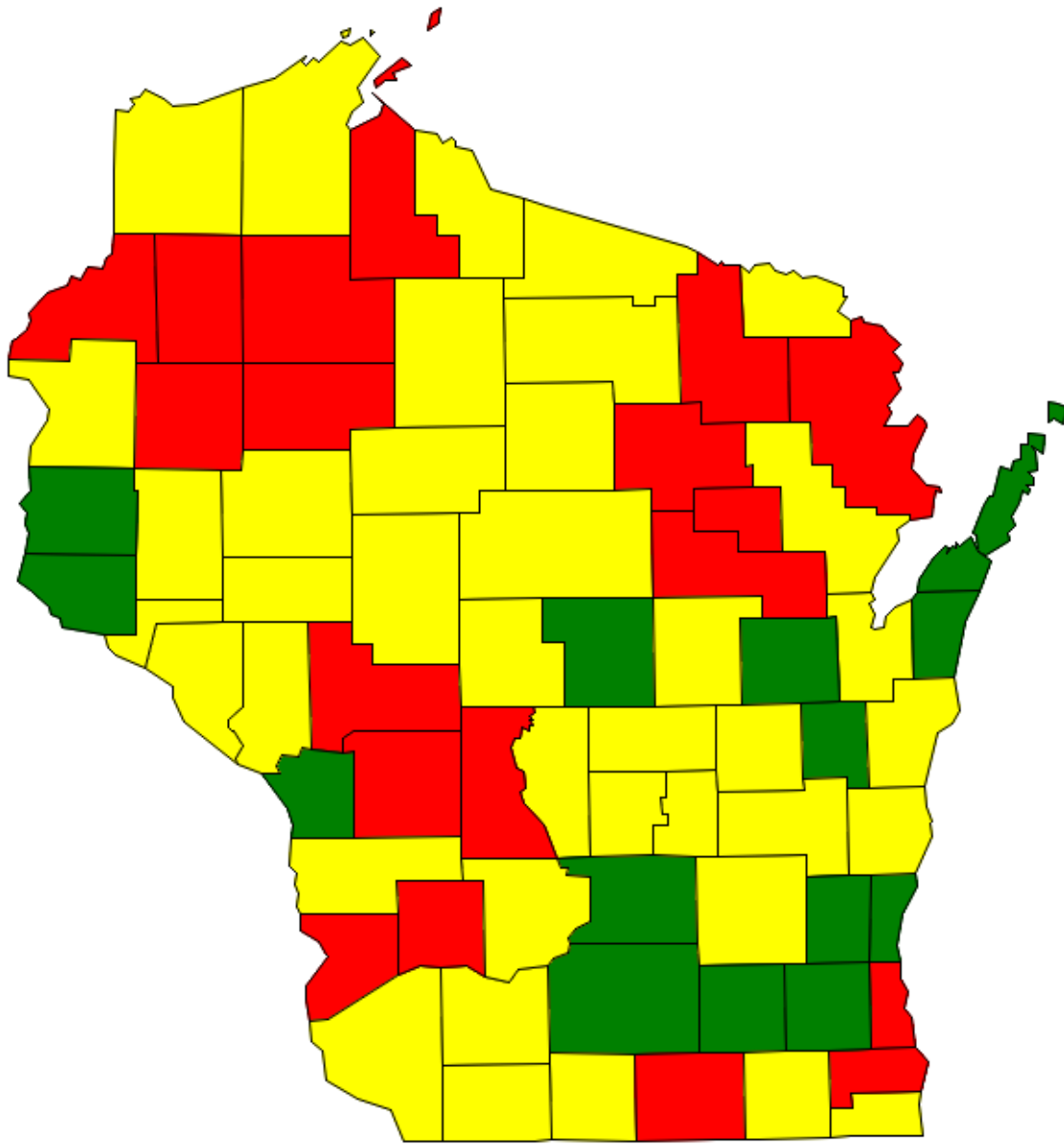
\*The EITC population was based on the filing status (married couples filing jointly counted as two persons; heads of household and single filers as one) and on the number of dependents claimed for purposes of the EITC.

TABLE 5 (continued)  
EARNED INCOME TAX CREDIT PARTICIPATION BY COUNTY, 2016

County	Tax Returns	EITC Returns	Percent of Returns With EITC	2016 Population	EITC Population	Percent of Population with EITC
Marinette	20,071	2,002	10.0%	41,413	5,964	14.4%
Marquette	7,412	665	9.0%	15,425	2,019	13.1%
Menominee	1,646	578	35.1%	4,256	1,711	40.2%
Milwaukee	439,583	59,518	13.5%	948,930	171,693	18.1%
Monroe	20,852	2,137	10.2%	45,865	6,555	14.3%
Oconto	18,075	1,533	8.5%	38,195	4,626	12.1%
Oneida	18,611	1,563	8.4%	36,208	4,574	12.6%
Outagamie	93,822	6,980	7.4%	182,365	20,814	11.4%
Ozaukee	44,150	1,651	3.7%	87,879	4,875	5.5%
Pepin	3,449	294	8.5%	7,414	899	12.1%
Pierce	18,831	1,155	6.1%	41,320	3,329	8.1%
Polk	20,946	2,017	9.6%	44,144	6,026	13.7%
Portage	33,474	2,456	7.3%	70,883	7,433	10.5%
Price	6,847	615	9.0%	14,086	1,918	13.6%
Racine	94,600	10,136	10.7%	195,294	29,410	15.1%
Richland	7,841	788	10.0%	17,954	2,500	13.9%
Rock	77,831	8,663	11.1%	159,886	25,268	15.8%
Rusk	6,351	772	12.2%	14,783	2,465	16.7%
Sauk	33,081	2,909	8.8%	62,187	8,639	13.9%
Sawyer	7,751	966	12.5%	16,754	2,918	17.4%
Shawano	19,133	2,006	10.5%	41,755	6,157	14.7%
Sheboygan	58,381	4,648	8.0%	115,050	13,916	12.1%
St. Croix	42,235	2,427	5.7%	86,858	7,143	8.2%
Taylor	8,971	888	9.9%	20,741	2,848	13.7%
Trempealeau	14,903	1,300	8.7%	29,395	3,904	13.3%
Vernon	13,091	1,283	9.8%	30,114	4,216	14.0%
Vilas	10,903	949	8.7%	21,662	2,859	13.2%
Walworth	48,615	4,073	8.4%	102,593	12,203	11.9%
Washburn	8,072	860	10.7%	15,929	2,686	16.9%
Washington	67,219	3,378	5.0%	134,137	9,777	7.3%
Waukesha	203,088	7,928	3.9%	396,449	23,002	5.8%
Waupaca	25,624	2,277	8.9%	52,320	6,906	13.2%
Waushara	11,148	1,086	9.7%	24,471	3,402	13.9%
Winnebago	81,936	6,713	8.2%	169,032	19,699	11.7%
Wood	37,677	3,482	9.2%	74,998	10,490	14.0%
<b>Total**</b>	<b>2,953,251</b>	<b>245,880</b>	<b>8.3%</b>	<b>5,775,028</b>	<b>725,497</b>	<b>12.6%</b>

\*\* Includes returns for which no county was listed.

MAP 1  
PERCENT OF RETURNS WITH EARNED INCOME TAX CREDIT BY COUNTY, 2016

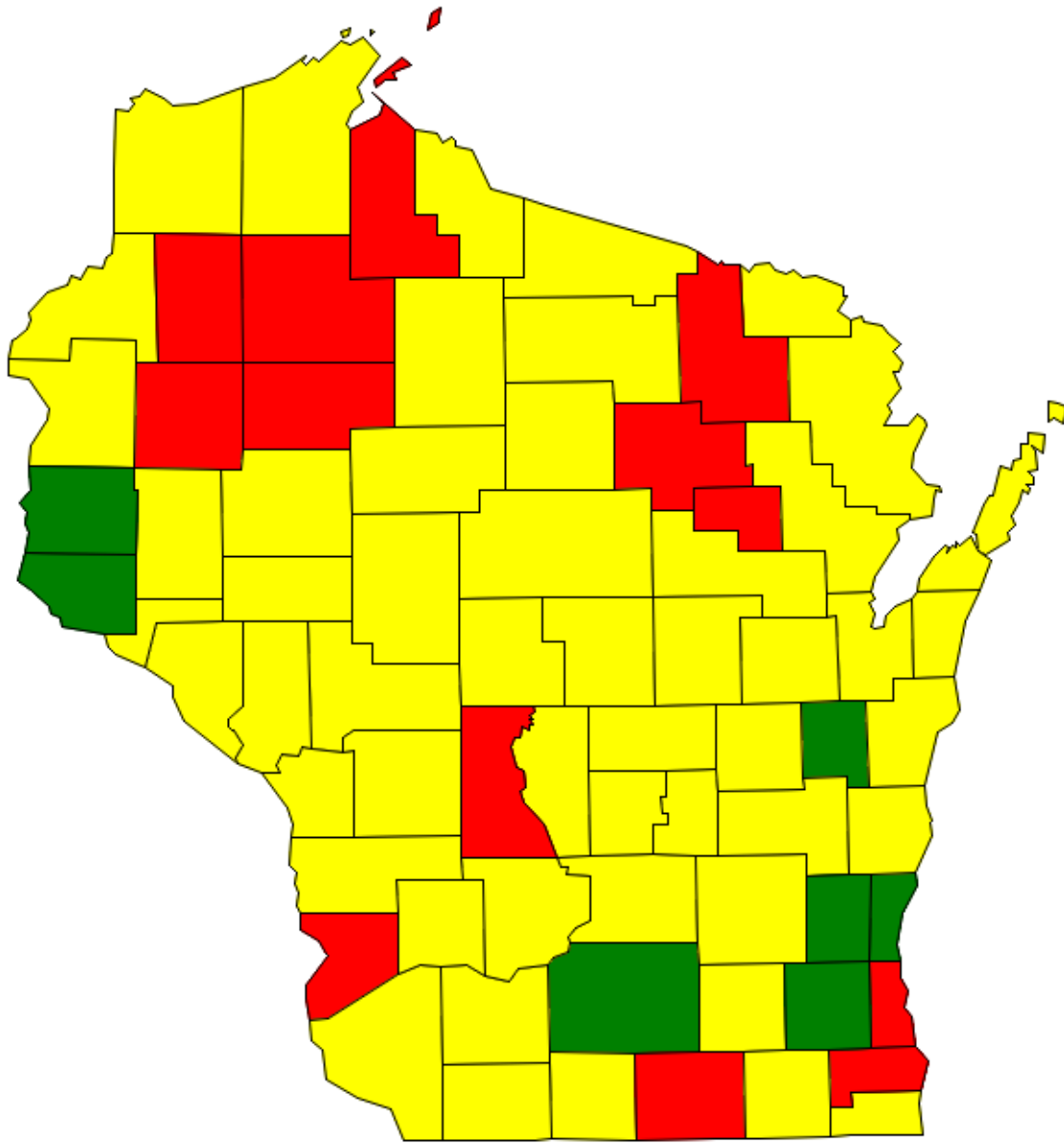


Percent of Returns with EITC

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



MAP 2  
PERCENT OF POPULATION WITH EARNED INCOME TAX CREDIT BY COUNTY, 2016



Percent of Population in EITC Households

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