

Testimony HB 1421 EITC Match

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Chairman Headland and members of the Tax and Finance Committee. HB 1421 is a 25% match to the Federal Earned Income Tax Credit. The purpose of the credit is to provide relief to workers on the lower end of the income scale.

The EITC is not a windfall but a mechanism to, "get the boot off the neck" for working families. The credit is based on the income of the household with additional credit for dependent children.

Young families can benefit the most from the EITC. The credit can be used for childcare, good food, and all the other expensive, disposable items babies and young children need. Studies have shown the impact of EITC can benefit people and the community. Low-income workers use less public benefits, and for young families, the EITC may be what allows a parent to stay home with the kids or at least not have to work a night job.

Children or Relatives Claimed	Maximum AGI (filing as Single, Head of Household or Widowed)	Maximum AGI (filing as Married Filing Jointly)
Zero	\$15,820	\$21,710
One	\$41,756	\$47,646
Two	\$47,440	\$53,330
Three	\$50,594	\$56,844

Investment income limit: \$3,650 or less

Maximum Credit Amounts

The maximum amount of credit you can claim

- No qualifying children: \$538
- 1 qualifying child: \$3,584
- 2 qualifying children: \$5,920
- 3 or more qualifying children: \$6,660

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State Earned Income Tax Credits Based on the Federal EITC
Tax Year 2019

State	Percentage of Federal Credit	Refundable
California ¹	85%	Yes
Colorado	10%	Yes
Connecticut	23%	Yes
Delaware	20%	No
District of Columbia ²	40%	Yes
Hawaii	20%	No
Illinois	18%	Yes
Indiana	9%	Yes
Iowa	15%	Yes
Kansas	17%	Yes
Louisiana	5%	Yes
Maine	12%	Yes
Maryland ³	28%	Yes
Massachusetts	30%	Yes
Michigan	6%	Yes
Minnesota ⁴	25% – 45%	Yes
Montana	3%	Yes
Nebraska	10%	Yes
New Jersey	39%	Yes
New Mexico	17%	Yes
New York ⁵	30%	Yes
Ohio	30%	No
Oklahoma	5%	No
Oregon	8%	Yes
Rhode Island	15%	Yes
South Carolina ⁶	41.67%	No
Vermont	36%	Yes
Virginia	20%	No
Wisconsin ⁷	4% - one child 11% - two children 34% - three children	Yes

Notes:

1. California's credit has a smaller range of eligible income than the federal credit (maximum income is \$30,000 for 2019). For more information, please see:

<https://www.ftb.ca.gov/file/personal/credits/california-earned-income-tax-credit.html>.

2. The District of Columbia's EITC for childless workers is 100 percent of the federal credit and the range of eligible income is larger than the federal range. For more information, please see:

<https://otr.cfo.dc.gov/page/earned-income-tax-credit-dc>.

3. Maryland also offers a non-refundable EITC set at 50 percent of the federal credit. Taxpayers may claim either the refundable credit or the non-refundable credit, but not both. Maryland's localities also offer an EITC.

4. Minnesota's credit for families with children, unlike the other credits shown in this table, is not expressly structured as a percentage of the federal EITC. Minnesota's credit is calculated as a percentage of income.

5. New York City has an additional EITC that is 5 percent of the federal credit.

6. South Carolina's credit is set at 20.83 percent of the federal credit for tax year 2018, 41.67 percent