

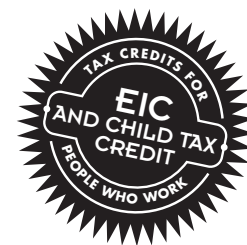
State Child and Dependent Care Tax Benefits

This chart indicates states that provide a tax credit or deduction for child and/or dependent care expenses. “Refundable” means that taxpayers can receive a refund even if they owe no state income tax or their tax credit is larger than the tax they owe. “Not refundable” means the benefit is limited to reducing the state income tax liability. Look for more details in your state tax return instructions. *For more information, see the National Women’s Law Center website, www.nwlc.org.*

State	Refundable	Not Refundable
Arkansas	X	
California	X	
Colorado	X	
Delaware		X
District of Columbia		X
Hawaii	X	
Idaho		X
Iowa	X	
Kansas		X
Kentucky		X
Louisiana	X (dependent care)	X (child care)
Maine	X	
Maryland		X
Massachusetts		X
Minnesota	X	
Montana		X
Nebraska	X	
New Mexico	X	
New York	X	
North Carolina		X
Ohio		X
Oklahoma		X
Oregon	X ¹	X ²
Rhode Island		X
South Carolina		X
Vermont		X
Virginia		X

¹ Oregon’s Working Family Child Care Credit

² Oregon’s Child and Dependent Care Credit



State Earned Income Credits

They Can Make a Difference — Especially if they are Refundable

State-level EICs can help offset state income taxes as well as sales and property taxes that have a disproportionate impact on lower-income families. “Refundable” state EICs are available to workers even if they earn too little to owe state income taxes. A refundable state EIC can also provide critical tax relief in states that still impose income taxes on the working poor, as 18 states do. And, since most states with state-level EICs follow

federal eligibility rules and simply set their benefit as a percentage of the federal credit, a state-level EIC can be easy to administer. Advocates can educate legislators about the many benefits of enacting a refundable state EIC. They can also help make sure that eligible families get the benefits of the federal EIC by working to make EIC outreach a state law. *For more information on state EICs or starting an EIC in your state, see “A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2004” at www.cbpp.org and visit the Hatcher Group’s State EIC Online Resource Center at www.stateeitc.com.*

15 states and the District of Columbia Offer State EICs

These states are listed below. The state credit is worth the percentage of the federal credit, as noted. States listed in **bold** have refundable credits.

District of Columbia (35%)

Illinois (5%)

Indiana (6%)

Iowa (6.5%)

Kansas (15%)

Maine (5%)★

Maryland (20%)★★

Massachusetts (15%)

Minnesota (Varies with earnings; average is 33%)

New Jersey (20% if income < \$20,000)

New York (30%)

Oklahoma (5%)

Oregon (5%)

Rhode Island (25%)★★★

Vermont (32%)

Wisconsin (4%–43% based on number of children)

Colorado’s refundable EIC (10% of federal credit) has been suspended for 2005. It is projected to be reinstated in 2006. Virginia and Delaware will implement non-refundable EICs in 2006.

- ★ Maine’s non-refundable EIC was reduced from 5 percent to 4.92 percent for tax years 2003, 2004 and 2005. The credit will return to 5 percent in 2006.
- ★★ Maryland also offers a non-refundable EIC set at 50 percent of the credit. Taxpayers may claim either the refundable credit or the non-refundable credit, but not both.
- ★★★ A very small portion of Rhode Island’s credit is refundable.