

*Special Series: Economic Recovery Watch*

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## TAX AID IN RECOVERY PACKAGE WOULD REACH LARGE NUMBERS OF WORKERS IN EVERY STATE

By Arloc Sherman

Tax credits in the economic recovery package provide tax relief to most workers. The centerpiece of the tax relief is a new Making Work Pay Credit of up to \$400 per worker. The credit phases in at the same rate as Social Security taxes and is available to all workers (except those claimed as another taxpayer's dependent) earning up to \$95,000 and married couples earning up to \$190,000. In 2009, the credit would be reduced by the amount (if any) of the family's Economic Recovery Payment, a one-time payment of \$250 for recipients of Social Security, SSI, and certain other benefits.

Some families helped by the Making Work Pay Credit — those with children and low or moderate incomes — will receive additional help through expansions in the Earned Income Tax Credit and Child Tax Credit.

The following table shows estimates, by state, of the number of taxpayers eligible to receive the Making Work Pay Credit: 110.7 million taxpayers nationwide, according to figures from the Tax Policy Center. The state numbers are calculated by assigning each state its share of the 110.7 million total based on its share of wage-earning tax filers in 2006 according to IRS data.<sup>1</sup>

The table shows that, in every state and the District of Columbia, large numbers of tax filers will benefit from the provision. Substantial numbers will benefit even in small states like Wyoming (206,000), Alaska (274,000), and North Dakota (256,000). In the largest states, the numbers range up to 12.4 million in California, 8.0 million in Texas, 6.8 million in New York, and 6.7 million in Florida.

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<sup>1</sup> We assigned each state its share of the national total based on its share of taxpayers with any wage or salary income and with AGI below \$100,000 if single and below \$200,000 if a married couple. (The number of married filers is an estimate.) Thus, if a state had 3 percent of the national total of such taxpayers, we assigned it 3 percent of 110.7 million.

TABLE: 1

### Estimated Taxpayers Benefiting from Making Work Pay Credit, by State

State	Number
Alabama	1,662,000
Alaska	274,000
Arizona	2,080,000
Arkansas	973,000
California	12,382,000
Colorado	1,786,000
Connecticut	1,306,000
Delaware	335,000
Dist of Columbia	217,000
Florida	6,689,000
Georgia	3,349,000
Hawaii	505,000
Idaho	523,000
Illinois	4,705,000
Indiana	2,429,000
Iowa	1,113,000
Kansas	1,023,000
Kentucky	1,488,000
Louisiana	1,490,000
Maine	510,000
Maryland	2,169,000
Massachusetts	2,447,000
Michigan	3,726,000
Minnesota	2,025,000
Mississippi	997,000
Missouri	2,152,000
Montana	356,000
Nebraska	684,000
Nevada	953,000
New Hampshire	535,000
New Jersey	3,240,000
New Mexico	690,000
New York	6,760,000
North Carolina	3,227,000
North Dakota	256,000
Ohio	4,543,000
Oklahoma	1,226,000
Oregon	1,304,000
Pennsylvania	4,715,000
Rhode Island	414,000
South Carolina	1,586,000
South Dakota	303,000
Tennessee	2,214,000
Texas	8,034,000
Utah	879,000
Vermont	252,000
Virginia	2,911,000
Washington	2,360,000
West Virginia	625,000
Wisconsin	2,213,000
Wyoming	206,000
<b>Total</b>	<b>110,700,000</b>