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Fact Sheet: The Earned Income Tax Credit and Refundable Child Tax Credit in Rural America

In 2010, 22.9 percent of rural tax filers — compared with 20 percent of filers nationwide — claimed the Earned Income Tax Credit (EITC), according to research by the Brookings Institution and the Carsey Institute.¹ This difference reflects rural areas' generally lower wage levels. The EITC brought \$10.5 billion in benefits to rural America in 2010, an average of \$2,245 for nearly 4.7 million rural EITC filers.

The share of rural EITC filers that also receive the refundable portion of the Child Tax Credit (CTC) has grown in recent years as well, the researchers found. The refundable portion of the CTC provided these rural children and families with more than \$3 billion in 2010 — important support for the 2.8 million beneficiaries, as well as the rural communities in which they live.

Similarly, one in three rural tax filers received either the EITC or the CTC (including both the refundable and nonrefundable portions) in 2008, an earlier Agriculture Department study found.² These two credits provided these rural tax filers with a 13-percent increase in after-tax income, on average, for a total of \$20.6 billion for families in rural communities.

A “larger share of rural tax filers [than urban filers] benefit from the EITC and the CTC,” the Agriculture Department study notes. In 2008, 21.6 percent of rural filers received EITC benefits, compared with 16.9 percent of filers in metro areas, and the refundable portion of the CTC reached 13.9 percent of rural filers, compared with 12.6 percent of metro filers. Rural areas' lower incomes and higher poverty explain the difference, the study found: in 2008, rural filers had an average adjusted gross income (AGI) of \$43,616, compared with \$60,841 for metro filers, and a larger share of rural filers had AGI below \$50,000. Due in part to the large numbers of low-wage jobs in rural areas, 15.1 percent of the rural population lived below the official poverty line in 2008, compared with 12.9 percent of the metropolitan population.

The EITC and CTC kept 1.4 million rural Americans, including 700,000 children, above the poverty line in 2011, based on the federal government's new Supplemental Poverty Measure.³

¹ Marybeth J. Mattingly and Elizabeth Kneebone, “Share of Tax Filers Claiming EITC Increases Across States and Place Types Between 2007 and 2010,” Carsey Institute Issue Brief No. 57, December 2012, <http://carseyinstitute.unh.edu>.

² Ron Durst and Tracey Farrigan, “Federal Tax Policies and Low-Income Rural Households,” USDA Economic Information Bulletin Number 76, May 2011, <http://www.ers.usda.gov/media/127516/eib76.pdf>.

³ CBPP analysis of Census Bureau data from the March 2012 Current Population Survey and SPM public use file.

Table 1

Percentage of Tax Filers Claiming EITC, 2010

	All	Rural
United States	20.0	22.9
Alabama	27.9	30.8
Alaska	13.8	15.7
Arizona	21.9	29.8
Arkansas	27.2	30.2
California	19.9	19.1
Colorado	15.9	17.9
Connecticut	12.5	11.7
Delaware	17.6	19.9
Florida	23.7	24.9
Georgia	27.8	34.1
Hawaii	17.8	20.2
Idaho	21.5	22.4
Illinois	17.7	18.3
Indiana	18.9	19.0
Iowa	15.4	16.3
Kansas	17.4	19.5
Kentucky	22.8	26.8
Louisiana	29.3	33.1
Maine	17.0	19.7
Maryland	15.4	16.4
Massachusetts	12.6	12.3
Michigan	18.7	18.5
Minnesota	13.8	16.3
Mississippi	35.2	39.0
Missouri	20.3	24.7
Montana	18.7	19.2
Nebraska	16.4	17.6
Nevada	19.6	16.1
New Hampshire	12.4	14.3
New Jersey	14.0	(no rural areas)
New Mexico	25.7	30.1
New York	19.6	19.1
North Carolina	23.3	27.0
North Dakota	13.7	14.3
Ohio	18.4	19.5
Oklahoma	23.8	26.3
Oregon	17.0	20.5
Pennsylvania	15.4	16.1
Rhode Island	16.3	(no rural areas)
South Carolina	26.0	31.3
South Dakota	17.3	18.3
Tennessee	25.0	27.5
Texas	26.3	28.9
Utah	18.2	20.8
Vermont	15.0	16.3
Virginia	17.1	23.2
Washington	14.7	17.5
West Virginia	21.2	23.2
Wisconsin	14.4	15.2
Wyoming	14.8	14.3

Source: Marybeth J. Mattingly and Elizabeth Kneebone, "Share of Tax Filers Claiming EITC Increases Across States and Place Types Between 2007 and 2010," Carsey Institute Issue Brief No. 57, December 2012, <http://carseyinstitute.unh.edu>

