



Wisconsin's Earned Income Tax Credit Helps Keep Rural Families Out of Poverty

An important tax credit helps many working families in rural Wisconsin, giving an economic boost to less populated areas of the state.

Families all across Wisconsin receive the Earned Income Tax Credit (EITC), but people living in rural areas are most likely to benefit from the credit. In 2011, one out of every seven Wisconsin people living in rural areas directly benefitted from the state EITC.

Putting Money in the Pockets of Rural Families

Wisconsin's EITC is an important resource for working families in rural and northern Wisconsin, where incomes are lower than in more urban areas of the state.

Wisconsin families in rural areas are more likely than families in metropolitan areas to benefit from the EITC. More than 15% of people living in rural areas of Wisconsin benefit from the credit, compared to 13.6% of people living in metropolitan counties, and 13.2% of people living in micropolitan counties, as shown in Table 1. (Definitions of those terms are on the following page.)

Table 1: EITC Benefits Biggest Share of Population in Rural Counties	
Type of County	Percent of Population Benefitting from EITC in 2011
Rural	15.3%
Metropolitan	13.6%
<u>Micropolitan</u>	<u>13.2%</u>
Statewide	13.9%

Taxpayers in rural counties received \$24.1 million in tax relief from Wisconsin's EITC, pumping money into the economy of rural Wisconsin. More than 113,000 children in rural areas lived in

families that received the EITC in 2011.

The share of individuals who benefit from the EITC range from a high of 39.4% in Menominee County to a low of 6.0% in Ozaukee County. Of the five counties with the highest share of residents benefitting from the EITC, four are rural counties, as shown in Table 2. The map on the next page shows that rural counties clustered in the northern part of the state have high percentages of people who benefit from the EITC.

Table 2: Counties with Largest Share of Population that Benefits from EITC

County	Percent of Population Benefitting from EITC	Type of County
Menominee	39.4%	Rural
Sawyer	20.8%	Rural
Ashland	20.2%	Rural
Rusk	20.2%	Rural
Milwaukee	19.8%	Metropolitan

Wisconsin's EITC benefits taxpayers who work, have children, and earn less than about \$45,000 per year. The amount of the credit depends on income and the number of children in a family, with a maximum credit amount of about \$2,000.

Fending off a Tax Hike on Rural Working Families

The Governor and some legislators have said that making significant changes to Wisconsin's income tax system is a top priority for the new legislative session. Policymakers should remember that any cut to the Earned Income Tax Credit amounts to a tax increase on working families. This tax increase would fall especially hard on families in rural Wisconsin.

Tamarine Cornelius
January 23, 2013

Issue Brief #2
2013

Map of the United States showing the percentage of the population that is Black or African American in 2011, by county. The map is color-coded according to the following legend:

- 12.0% and lower
- 12.0% to 13.9%
- 14.0% to 14.9%
- 15.0% to 16.9%
- 17.0% and higher

Key data points from the map include:

- Alabama: 15.2%, 16.3%, 16.5%, 16.2%
- Arkansas: 17.1%, 19.6%, 20.8%, 20.2%
- California: 15.2%, 18.3%, 20.2%, 16.1%
- Colorado: 10.3%, 8.9%, 13.6%
- Connecticut: 13.3%, 15.2%, 15.7%
- Delaware: 13.8%, 15.1%, 16.6%
- District of Columbia: 14.3%
- Florida: 14.9%, 14.7%
- Georgia: 17.7%, 19.8%, 16.3%
- Hawaii: 12.5%
- Idaho: 14.2%
- Illinois: 39.4%
- Indiana: 14.2%
- Iowa: 13.5%
- Kansas: 12.1%
- Kentucky: 14.1%
- Louisiana: 12.3%
- Maine: 13.0%
- Maryland: 13.4%
- Massachusetts: 12.0%
- Michigan: 8.5%, 6.0%
- Minnesota: 19.8%
- Mississippi: 15.7%
- Missouri: 14.6%
- Montana: 16.9%
- Nebraska: 13.3%
- Nevada: 13.8%
- New Hampshire: 14.9%
- New Jersey: 14.7%
- New Mexico: 13.8%
- New York: 14.2%
- North Carolina: 14.3%
- North Dakota: 12.3%
- Ohio: 12.0%
- Oklahoma: 9.2%
- Oregon: 12.4%
- Pennsylvania: 6.5%
- Rhode Island: 15.7%
- South Carolina: 17.9%
- South Dakota: 14.2%
- Tennessee: 14.7%
- Texas: 14.9%
- Utah: 13.8%
- Vermont: 14.3%
- Virginia: 16.3%
- Washington: 15.5%
- West Virginia: 18.1%
- Wisconsin: 15.4%, 15.3%
- Wyoming: 12.3%

Wisconsin Budget Project

A metropolitan county contains a core urban area with a population of at least 50,000. A micropolitan county contains a core urban area with population between 10,000 and 50,000. A rural county does not contain an urban core of 10,000 or more.