

The federal EITC has been in existence for decades. About half of all states also have a State EITC, which is a tax rebate from the state that is calculated as a percentage of a working family's federal EITC rebate.

Earned Income Tax Credit - EITC for North Dakota

Helps
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Benefits
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Provides
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Is proven,
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Has history
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Is easy to
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Makes tax
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The benefits of a State EITC

The Earned Income Tax Credit helps working families. The EITC benefits North Dakotans who work hard and helps them keep more of their hard earned dollars.

- Only people who work can claim the EITC. If you don't work, you don't get the credit.
- More than 39,000 North Dakota taxpayers claimed the federal EITC in 2006 (tax year 2005), bringing more than \$65 million to working families.
- A state EITC credit equivalent to 20% of the federal EITC credit would bring an additional \$13 million to working families, helping them to pay off debt, cover transportation costs, invest in education, and buy basic necessities.

Rural and urban North Dakota families benefit equally by the EITC.

- Nearly one out of eight North Dakota taxpayers benefit from the federal EITC.
- Families in all 53 counties claim EITC credit.
- In rural North Dakota counties, 14.9% of tax filers claimed the EITC.
- In metropolitan counties, 10.9% of tax filers claimed the EITC.

The EITC provides an economic stimulus to communities and helps families.

- EITC refunds are likely to be spent locally on food, clothing, utilities and transportation.
- The EITC helps families pay their mortgage or rent.
- The EITC helps families afford the rising cost of food and energy.
- The EITC helps families stay above water when a bread-winner is laid off or when wages are cut.

The EITC is a proven, effective anti-poverty program that lifts more than 2 million American children out of poverty each year.

- The EITC now lifts more than 4.4 million people - roughly half of them children - out of poverty each year; it is the nation's most effective anti-poverty program for working families.
- The majority of North Dakota EITC claimants earn less than \$20,000.

The EITC has a long history of bipartisan support.

- Enacted in 1975 under President Ford and expanded under Presidents Reagan, Bush and Clinton, the federal EITC is supported by policy makers on both sides of the aisle.
- State EITCs have been enacted by Republican and Democratic legislatures and governors.

A state EITC is easy to administer.

- Adding one line to the state income tax form is all that is needed.

A state EITC makes state and local tax systems fairer.

- The EITC has always been intended to offset *all* taxes paid by working families (not just income tax) including payroll taxes, sales taxes, property taxes, etc.
- North Dakota's lowest paid workers (the bottom 20%) pay 10.2% of their income to state and local taxes while the wealthiest taxpayers (top 1%) pay only 5.1%.

Table 1. Federal Earned Income Tax Credit (EITC) by North Dakota Legislative District: 2005Source: The Brookings Institution, Earned Income Tax Credit Series, <http://www.brookings.edu/metro/EITC/EITC-Homepage.aspx>

District	Total number of federal tax returns	Total number of EITC returns	Total EITC rebates (in dollars)	Average EITC rebate (in dollars)	Percent of tax returns with EITC rebates
North Dakota	302,211	39,228	65,148,772	1,661	13.0%
District 1	6,663	963	1,632,848	1,696	14.4%
District 2	5,921	672	1,089,278	1,621	11.4%
District 3	6,644	874	1,526,434	1,747	13.2%
District 4	5,784	1,325	2,439,805	1,841	22.9%
District 5	7,549	1,055	1,713,129	1,624	14.0%
District 6	5,756	686	1,078,534	1,573	11.9%
District 7	5,975	926	1,506,161	1,627	15.5%
District 8	6,988	652	1,053,389	1,616	9.3%
District 9	4,969	2,012	4,135,312	2,055	40.5%
District 10	6,048	666	1,084,778	1,628	11.0%
District 11	6,685	863	1,356,066	1,572	12.9%
District 12	6,150	855	1,284,805	1,502	13.9%
District 13	9,625	989	1,649,928	1,668	10.3%
District 14	5,730	800	1,253,282	1,567	14.0%
District 15	6,258	920	1,589,941	1,729	14.7%
District 16	5,975	813	1,355,205	1,667	13.6%
District 17	5,968	645	986,609	1,529	10.8%
District 18	6,899	999	1,688,126	1,689	14.5%
District 19	4,528	463	728,450	1,572	10.2%
District 20	5,976	543	926,957	1,707	9.1%
District 21	7,681	910	1,364,523	1,500	11.8%
District 22	6,694	533	883,919	1,659	8.0%
District 23	5,816	1,388	2,735,781	1,971	23.9%
District 24	6,423	782	1,186,631	1,518	12.2%
District 25	5,989	711	1,177,651	1,656	11.9%
District 26	6,453	614	993,001	1,616	9.5%
District 27	8,007	940	1,502,830	1,599	11.7%
District 28	5,566	811	1,327,902	1,638	14.6%
District 29	5,842	756	1,249,083	1,652	12.9%
District 30	6,930	826	1,187,857	1,438	11.9%
District 31	5,634	1,252	2,335,077	1,866	22.2%
District 32	7,780	1,015	1,639,799	1,616	13.0%
District 33	6,461	594	975,763	1,643	9.2%
District 34	7,490	977	1,637,652	1,676	13.0%
District 35	7,315	708	1,079,768	1,524	9.7%
District 36	6,248	852	1,343,261	1,576	13.6%
District 37	6,952	876	1,353,503	1,546	12.6%
District 38	5,120	566	963,941	1,704	11.0%
District 39	5,922	707	1,139,295	1,610	11.9%
District 40	5,571	959	1,618,669	1,689	17.2%
District 41	7,420	727	1,170,266	1,610	9.8%
District 42	4,470	653	1,035,048	1,585	14.6%
District 43	7,546	830	1,292,181	1,557	11.0%
District 44	5,828	620	890,511	1,436	10.6%
District 45	4,411	447	653,757	1,463	10.1%
District 46	8,131	764	1,233,284	1,614	9.4%
District 47	8,419	691	1,098,783	1,590	8.2%