

A Bottom-Up Tax Cut to Build Georgia's Middle Class

An Updated Case for a State Earned Income Tax Credit, October 2018

By Wesley Tharpe, Research Director

Building a more prosperous Georgia with communities that thrive requires a larger, more resilient middle class and a smoother path for low-income families to work their way into it. One evidence-based policy with a long track record of success toward that goal is a state Earned Income Tax Credit (EITC).

Created in 1975, the Earned Income Tax Credit is a federal policy that serves as one of the nation's most effective tools for low- to middle-income families. It cuts federal taxes for low-wage workers like cashiers, mechanics and nurses – providing a wage enhancement for families striving toward the middle class. Twenty-nine states and the District of Columbia build on the EITC's success with their own state-level versions of the credit. State EITCs piggyback on the federal version by providing a limited credit against state and local taxes, up to a value determined by each state. By enacting a refundable EITC, or **Georgia Work Credit**, state lawmakers can provide families in the Peach State the following benefits:

- **Provide a bottom-up tax cut to more than a million Georgia families.** About 1.1 million Georgia families, or 25 percent of all Georgia households, received the federal EITC in 2016.¹ State EITCs provide a modest yet critical boost to those same families. A refundable Georgia Work Credit set at 10 percent of the federal EITC would cut taxes by a few hundred dollars a year for eligible workers, up to a ceiling of around \$630. The largest value goes to families earning from about \$10,000 to \$24,000 a year, though families making up to about \$39,000 to \$54,000 (depending on number of children) still benefit. An estimated **19 percent of white families and 32 percent of families of color** stand to gain from a state-level version of the credit.
- **Help Georgians with jobs afford the basics and work their way into the middle class.** State EITCs are available only to people who work. The credit also grows in size, up to a point, as wages rise. That combination encourages able-bodied people to stay employed and work more hours, rather than rely on public assistance. The extra funds help working families afford basic necessities like food and child care, as well as larger investments that smooth the path to the middle class.²
- **Give an economic booster shot to local businesses and communities.** A Georgia Work Credit would pump about \$300 million each year into local communities by giving families more disposable income to spend locally. Studies indicate the federal EITC delivers an economic multiplier effect, with every \$1 of tax credit claimed by local taxpayers generating up to about \$2 of local economic activity.
- **Put Georgia's children on a firmer pathway to success.** Decades of research and evidence from other states show that children whose families receive more income from the EITC are likelier to grow up healthy, excel in school, graduate high school, attend college and earn more as adults.³ Studies also indicate that young children, boys and children of color benefit the most.⁴

The EITC Helps Families Across Georgia's Diverse Communities

The federal EITC is a credit against income taxes designed to supplement the wages of low- and moderate-income people. It is available only to people who work, providing a strong incentive for people to enter the workforce and put in more hours. Established in 1975, the program developed a base of bipartisan support which led to subsequent enhancements under Presidents Reagan, Clinton, W. Bush and Obama. EITC expansions in the mid-1990s helped move half a million families from cash welfare to work, according to a landmark study.⁵ Roughly half of all taxpayers with children make use of the EITC at some point in their lives, usually for a year or two at a time.⁶

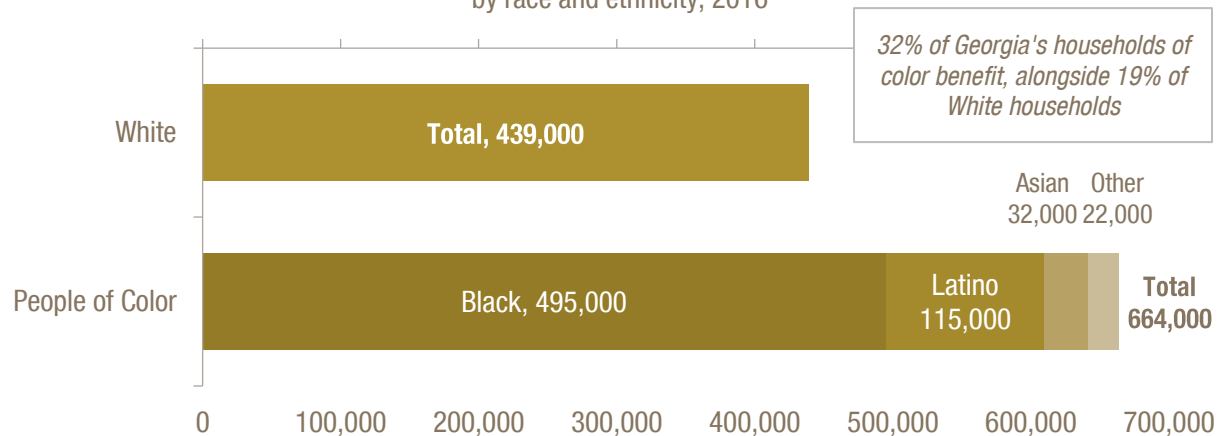
The size of the credit depends on a family's income, marriage status and number of dependent children. The largest value goes to families making from about \$10,000 to \$24,000 a year, though families making up to about \$39,000 to \$54,000 (depending on number of children) still benefit. The federal credit is refundable, which means that if a family's credit exceeds their income tax liability, they receive the spillover as a refund. A detailed explanation of how the credit works is provided in the Appendix.

About **1.1 million Georgia families**, or 25 percent of all Georgia households, claimed the federal EITC in 2016. These families include an estimated 2.6 million individual Georgians, including 1.2 million children.⁷ An estimated 770,000 working mothers, 410,000 working fathers and 80,000 military families were in Georgia households that received the credit in 2012.^{8 9} And the additional income from the EITC keeps about 250,000 Georgians above the federal poverty line each year, according to national research.¹⁰

Georgia families who claim the federal EITC reflect the state's diverse makeup, as shown in the chart. An estimated **19 percent of white families and 32 percent of families of color** received the benefit in 2016, amounting to about 664,000 families of color and 439,000 white families who currently benefit. Looking at Georgia's communities of color specifically, an estimated 36 percent of black families, 28 percent of Latino families, 19 percent of Asian families and 20 percent of other¹¹ families benefit. Overall, families of color account for about 60 percent of EITC recipients in Georgia, with white families comprising a sizable minority of 40 percent.¹² A detailed table of current EITC recipients broken out by race and ethnicity is available in the appendix.

Families Who Receive EITC Reflect Georgia's Diversity

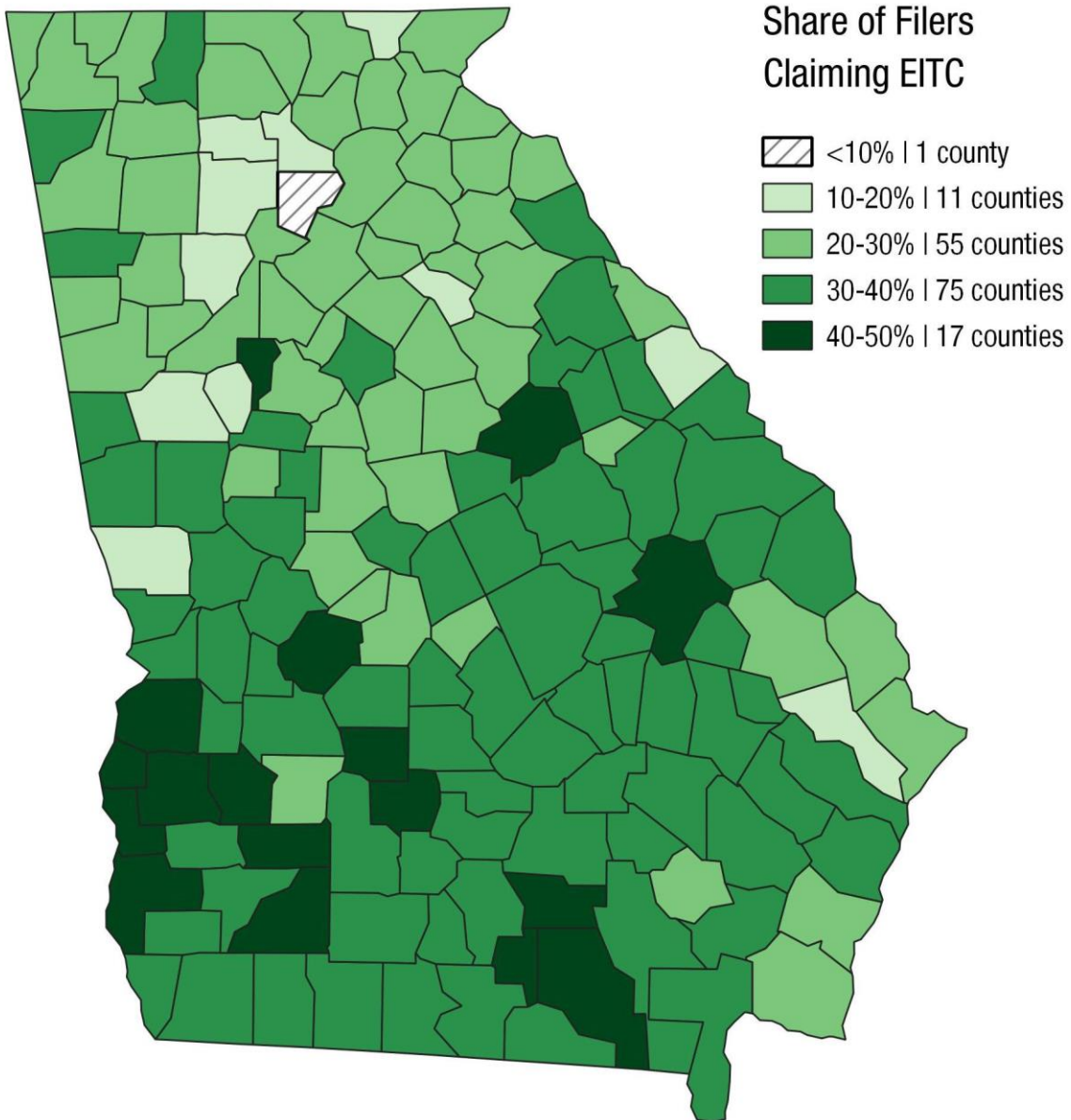
Estimated number and share of Georgia households who claim federal EITC, by race and ethnicity, 2016



Source: GBPI analysis of 2016 Internal Revenue Service data, American Community Survey 2016 1-year estimates and 2015 demographic breakdowns of EITC recipients from the Brookings Institution

The EITC Delivers Big Bucks to Georgia Communities

In 2015, the most recent year available at the county level, the federal EITC injected \$3.3 *billion* into local Georgia economies. In 147 of Georgia's 159 counties, at least 20 percent of households filing a federal income tax return claimed the credit that year. The share of recipients exceeds 30 percent in a majority of counties, as shown below. The average benefit for EITC families in 2016 was \$2,721 per year, money which recipients often spend locally.¹³



Source: GBPI analysis of county level Internal Revenue Service data, 2015

A Georgia Work Credit Can Cut Georgians' Taxes from the Bottom Up

A state EITC would reduce taxes for Georgians who need it the most—workers in low-wage jobs and their families. Through its unique design, a Georgia Work Credit can reduce income taxes from the bottom up, rather than the top down. That stands in stark contrast to the more common tax-cut approach of reducing income tax *rates*, a tactic that disproportionately benefits people at the top.¹⁷ Consider three hypothetical cases of Georgia families can benefit from a Georgia Work Credit. These examples, which account for changes made to Georgia's income tax in 2018¹⁸, assume lawmakers create a refundable state credit set at 10 percent of the federal level.



Single Mom, One Child

Imagine a single mother of one in Macon who works full-time as a cashier, making \$8 an hour. She earns about \$16,000 annually before taxes, so in 2019 she would owe an estimated \$128 a year in Georgia state income taxes. A refundable Georgia Work Credit at 10 percent of the federal credit comes out to \$340 for her, delivering her an estimated state refund of \$212. That offsets the working mother's state income bill and also delivers a meaningful boost to her annual budget for basic needs such as child care, transportation and school supplies.



Married Couple, Two Children

Take a young Atlanta couple with two children. She works part time as a home health aide; he tends bar at a local restaurant. Their combined income is \$35,000. They owe an estimated \$676 a year in Georgia state income taxes. A 10 percent Georgia Work Credit comes out to an estimated \$329 for them, cutting their state income tax bill roughly in half. They use additional dollars to save and plan for investments that can help families move to the middle class, such as a downpayment on a first home.¹⁹

Married Couple, Three Children

Or imagine a married couple in Athens with three kids, just on the cusp of securing their grip on the middle class. He works construction almost full time, while she puts in a few hours as a substitute teacher. With an income of \$48,000, they owe Georgia about \$1,276. Because they're nearing the middle class, this family's EITC benefit is in the process of gradually phasing out. But a 10 percent Georgia Work Credit still reduces their state income tax bill by \$125.

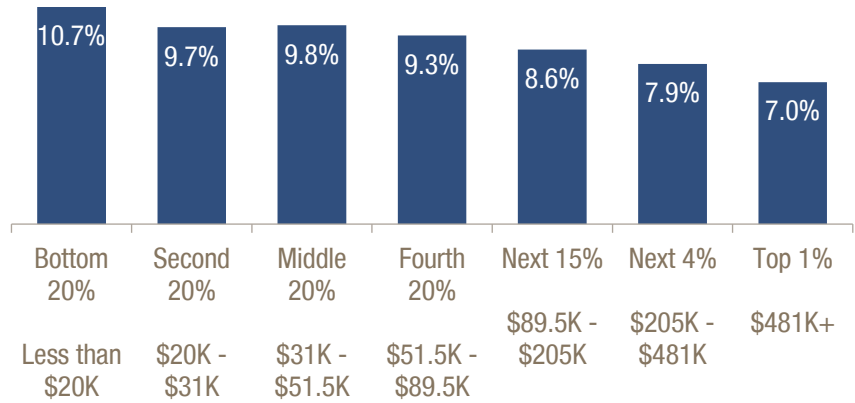


Enacting a bottom-up tax cut rather than a top-down approach such as cutting the top rate responds to two key drawbacks in Georgia's tax system.

First, as in most states, low- and middle-income Georgians pay a greater share of their income in state and local taxes than do the wealthy. This is known as a regressive tax structure. The poorest fifth of Georgia taxpayers pay an average 10.7 percent of their annual income in state and local taxes and the middle fifth pays 9.8 percent, while the wealthiest 1 percent pays only 7 percent on average.²⁰

Regressive Taxes Call for Bottom-Up Approach

Georgia state and local taxes as a share of family income, 2018, non-elderly taxpayers

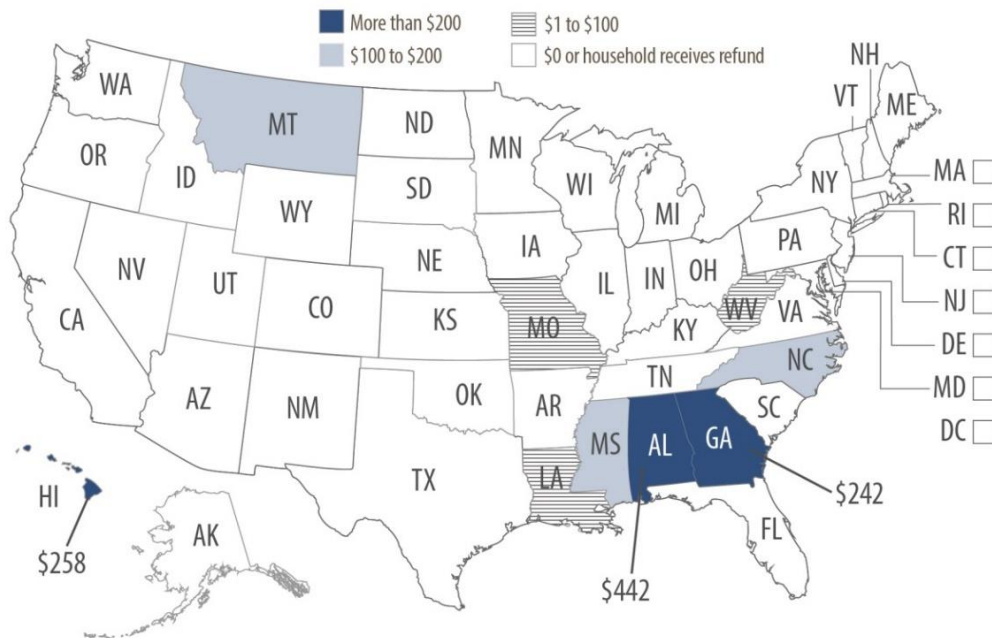


Source: Institute on Taxation and Economic Policy, "Who Pays? A Distributional Analysis of Tax Systems in All 50 States," 2018

Second, Georgia's income tax contains a design flaw that causes it to fall more sharply on workers with small paychecks than do other states' systems. Georgia's income tax brackets are mostly unchanged from the 1930s, when \$10,000 a year was considered a high-wage salary. As a result, the state's income tax starts applying to families at unusually low levels of income. A Georgia family of three with two children living in poverty faced the **third highest** income tax in the country in 2016.²¹

Georgia's Income Tax Hurts Low-Wage Workers More than Most States

Annual income tax bill for a family of three with two children at the federal poverty line (about \$20K), 2016



Source: National Center for Children in Poverty

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A Georgia Work Credit Can Boost Main Street Businesses and Communities

The EITC also helps communities thrive by putting more money in the pockets of those who earn low wages and are most likely to spend additional money in local businesses, creating a ripple effect throughout the economy.²²

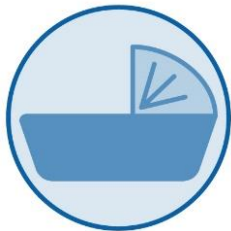
A refundable Georgia Work Credit set at 10 percent of the federal credit would provide about \$300 million to Georgia consumers. Those additional funds can further enhance the economic value of the federal credit, providing a needed boost for local businesses and communities.²³ The table below shows the potential value of a Georgia Work Credit in some of the state's most populous counties. **Estimates of how many dollars a work credit could send to all Georgia counties are available in the appendix.**

Potential Georgia Work Credit Value in Select Georgia Counties				
	Number of Tax Filers Claiming EITC, 2015	EITC Returns as a Share of All Returns, 2015	Federal EITC Dollars Received, (Projected 2019, in millions)	Projected Value of 10% Refundable Credit to County (2019, in millions)
METRO ATLANTA				
Clayton	52,120	41.3%	\$165,617,000	\$14,906,000
Cobb	63,150	18.0%	\$171,471,000	\$15,432,000
DeKalb	91,480	26.2%	\$268,739,000	\$24,187,000
Gwinnett	96,660	23.7%	\$274,078,000	\$24,667,000
Fulton	98,830	21.3%	\$290,989,000	\$26,189,000
OTHER POPULATION CENTERS				
Lowndes (Valdosta)	14,000	31.0%	\$41,308,000	\$3,718,000
Dougherty (Albany)	15,500	41.2%	\$50,486,000	\$4,544,000
Hall (Gainesville)	18,920	22.2%	\$54,200,000	\$4,878,000
Bibb (Macon)	22,590	34.4%	\$72,578,000	\$6,532,000
Muscogee (Columbus)	28,290	32.6%	\$86,147,000	\$7,753,000
Richmond (Augusta)	29,390	33.8%	\$89,158,000	\$8,024,000
Chatham (Savannah)	32,910	25.8%	\$92,108,000	\$8,290,000
<i>Source: GBPI analysis of 2015 IRS data on EITC receipt by Georgia county and Joint Committee on Taxation estimates of 2019 EITC nationwide cost</i>				

Studies indicate that the federal EITC delivers a multiplier effect, with every \$1 of tax credit claimed by local taxpayers generating between about \$1 and \$2 of local economic activity. For example, the city of San Antonio estimates each additional EITC dollar generates another \$1.58 in local economic activity, and each \$37,000 of activity results in one additional job.²⁴ A similar analysis in Michigan finds an estimated \$1.67 worth of economic benefit for each EITC dollar.²⁵ And a rigorous study in California suggests that in some communities the credit can create economic impacts equivalent to at least twice the amount of EITC dollars received.²⁶

A Georgia Work Credit Can Help Put Children on a Path to Success

The potential value of enacting a new Georgia Work Credit extends beyond the workers who directly receive the credit. Decades of expert research and evidence from other states shows that children living in EITC households receive outsized benefits from the extra money provided by the policy. By providing a targeted boost to families straddling the line between poverty and self-sufficiency, the credit helps stabilize family finances and provide better opportunities for children to thrive in adolescence and escape poverty as adults. Studies link the EITC to several key benefits that strengthen children's foundation for success as students, workers and eventually parents.



Healthier from the start. Researchers cite links between larger EITCs and improvements in infant health indicators such as birth weight and premature birth. A refundable credit set at 10 percent of the federal credit could result in 1,047 fewer low-weight births in Georgia each year, according to an Emory University study.²⁷ Expert studies also suggest receiving an expanded tax credit may improve maternal health, including positive outcomes such as lower mental stress, lower likelihood to smoke during pregnancy and higher likelihood to seek out prenatal care. More details on potential health benefits of a Georgia Work Credit are available in GBPI's August 2018 policy brief "[State Earned Income Tax Credits – A Proven Tool to Improve Health](#)."²⁸



Better school performance. Nationwide the EITC is linked to higher test scores, especially in math, for low-income students in elementary and middle-school. A credit worth around \$3,000 during a child's early years may boost performance by about the equivalent of two extra months of school.²⁹



Graduate high school and attend college. Rates of high school graduation and college attendance are also higher for students in EITC families, compared to young people in poor families not getting the credit. One study estimated a \$1,000 boost for an EITC-eligible family with a high school senior raised the likelihood of college attendance the next fall by 10 percent.³⁰ For working families, even a small amount can mean the difference between affording the cost of classes or not.



Succeed in the workforce. Children in EITC families are likelier to work more hours and earn more when they enter the workforce as adults. One study says for each \$3,000 a year in added income a child in a poor family receives from the EITC before age six, earnings as an adult rise by 17 percent.³¹

A Georgia Work Credit is an Ambitious yet Affordable Investment

Enacting a Georgia Work Credit is an ambitious investment in more than 1 million hardworking families. As such, it carries an attendant cost in lost state revenue. **A refundable Georgia Work Credit set at 10 percent of the federal EITC costs about \$300 million a year**, while one set at a 5 percent state match costs half that. State lawmakers can exercise complete discretion over the size of a Georgia EITC and can control the budget impact by selecting the state match with which they're most comfortable. In order to keep the program affordable, some other states started small and then built on the program over time. Lawmakers can also consider phasing in a refundable credit's value over a few years, as is common with other state tax credits.

A nonrefundable option also carries lower costs. But letting families keep the credit's full value is critical to its success. Workers with very low wages pay little in state income taxes, despite significant contributions through sales taxes and various fees. Taking away the option for a refund significantly limits whether a state EITC can reach those hardworking families who need a hand the most. A better option for lawmakers concerned about potential costs is to select a lower *percentage* for Georgia's state match, rather than removing *refundability*.

Several options exist for offsetting this investment, such as reviewing unproven business tax breaks³² or extending Georgia's outdated sales tax to cover some personal services, including home renovation or appliance repair. Below are additional details on two of the most sensible possibilities.

Two Options to Offset Cost of New Georgia Work Credit

Leverage new revenue from online sales taxes – The U.S. Supreme Court recently delivered a decision that offers Georgia lawmakers a chance to better fund the needs of the state's people and communities.³³ In the case known as *South Dakota vs. Wayfair*, the Court repealed some obsolete rules that prevented the nation's state and local governments from collecting sales taxes already owed on many purchases made over the internet. Now the Supreme Court's decision makes it possible for Georgia and other states to do so after they institute specific administrative procedures and safeguards for small sellers.

Although the scope of the revenue gain is uncertain, experts estimate the change could net the state treasury as much as \$125 million in 2019 and up to about \$400 million by 2023.³⁴

Close the double-deduction loophole – Georgia is **one of four states** that allow taxpayers to claim a particularly unusual tax break which is only available to households that itemize their deductions. Oddly enough, Georgia taxpayers who choose to itemize can now write off their state income tax payments when calculating how much state income tax they owe. Georgia lawmakers inherited this accidental quirk in the code because the state offers the same package of itemized deductions made available at the federal level. Forty-six states disallow this practice, including Oklahoma where Republican Gov. Mary Fallin successfully pushed for its repeal in 2016.³⁵

The deduction used to cost Georgia several hundred million dollars a year in lost revenue, though its scope is now smaller due to changes stemming from the large federal tax revisions signed by President Trump in December 2017. But ending the policy, as state legislators nearly did in 2017, could still net Georgia an estimated \$145 million a year.³⁶

Conclusion

State legislators can seize the opportunity to invest in Georgia's future prosperity by enacting a state Earned Income Tax Credit, or Georgia Work Credit. It is a targeted, ambitious and affordable way to cut taxes from the bottom-up, keep people working toward self-sufficiency and help local communities thrive. The experience from other states is clear that EITCs can help build the middle class, strengthen local economies and keep young people on the path to the workforce. It is a smart way for Georgia to chart a better course forward.

People-Powered Prosperity

This report is part of an ongoing series of work tied to GBPI's People-Powered Prosperity initiative, a comprehensive vision for how Georgia lawmakers can bolster support for education, health, child care and other investments that help *all* Georgians thrive. Learn more at gbpi.org/peoplefirst.



Appendix: How the EITC Keeps People Working and Helps Families with Kids

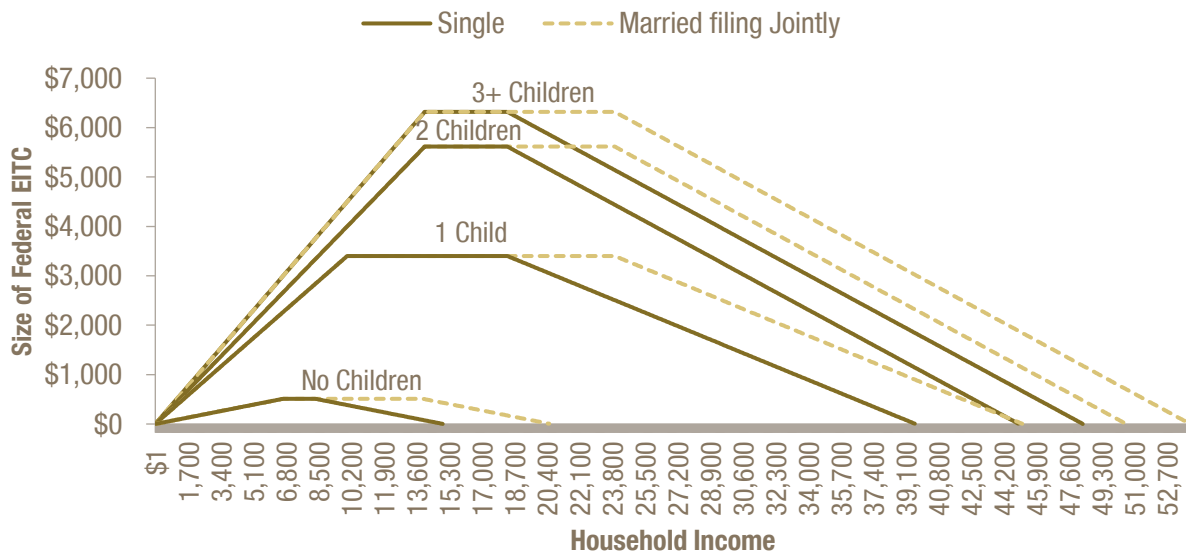
The federal EITC boosts the wages of low- and moderate-income workers and their families. It helps keep them on the job, off welfare and moving toward the middle class. The size of each taxpayer's credit varies based on their annual income, marriage status and number of dependent children.

The EITC's value grows up to a certain threshold based on income and family size, at which point it plateaus and then begins to phase down. The largest credit goes to families with children making about \$10,000 to \$24,000 a year. It gradually phases out as workers begin to earn more, decreasing to zero at about double the poverty level of income. The credit fully phases out between \$39,000 and \$54,000, depending on marriage status and number of children. This unique structure is designed to help families the most as they escape poverty but still provide some value as they gain a firmer economic footing.

The credit is refundable, which means a family gets the full value of the credit even if it exceeds their income tax liability. Technically referred to as refundability, this is arguably the most critical component of the policy because it allows the credit to still reward work even if workers have small state income tax bills. Without this component, the EITC does far less to reduce poverty and encourage work, particularly among workers earning the least.

EITC's Unique Structure Rewards and Encourages Work

Federal EITC value by income, marriage status and number of children, 2017



Source: 2017 Earned Income Credit (EIC) Table. Internal Revenue Service

Appendix: Potential Georgia Work Credit Recipients, by Race and Ethnicity

EITC Helps Many Georgians, Especially People of Color Estimated number and share of Georgia households who claim the federal EITC, by race and ethnicity, 2016			
	Total Tax Filers	EITC Households	Share of Households who Benefit
All Georgians	4,384,000	1,103,000	25%
White	2,332,000	439,000	19%
People of Color	2,052,000	664,000	32%
<i>Black</i>	1,363,000	495,000	36%
<i>Latino</i>	409,000	115,000	28%
<i>Asian</i>	169,000	32,000	19%
<i>Other</i>	111,000	22,000	20%

Source: GBPI analysis of 2016 Internal Revenue Service data, American Community Survey 2016 1-year estimates and 2015 demographic breakdowns of EITC recipients from the Brookings Institution.

Appendix: Georgia Work Credit Value by County

Federal EITC Receipt and Potential Georgia Work Credit Value, by County					
Georgia COUNTY	Number of Tax Filers Claiming EITC, 2015	EITC Returns as a Share of All Returns, 2015	Average Federal EITC	Total Amount of Federal EITC Received (Projected 2019)	Projected Value of 10% Ref. GA Work Credit to County (2019)
Appling	2,220	31.1%	\$2,825	6,691,000	\$602,000
Atkinson	1,310	41.7%	\$2,768	3,869,000	\$348,000
Bacon	1,380	32.5%	\$2,928	4,311,000	\$388,000
Baker	440	35.8%	\$2,800	1,314,000	\$118,000
Baldwin	5,410	32.2%	\$2,943	16,987,000	\$1,529,000
Banks	1,830	25.7%	\$2,580	5,037,000	\$453,000
Barrow	7,990	24.3%	\$2,550	21,736,000	\$1,956,000
Bartow	11,220	25.6%	\$2,589	30,992,000	\$2,789,000
Ben Hill	2,590	38.5%	\$2,875	7,944,000	\$715,000
Berrien	2,250	33.8%	\$2,756	6,617,000	\$596,000
Bibb	22,590	34.4%	\$3,011	72,578,000	\$6,532,000
Bleckley	1,400	29.7%	\$2,902	4,335,000	\$390,000
Brantley	2,030	31.8%	\$2,794	6,052,000	\$545,000
Brooks	2,250	35.4%	\$2,714	6,515,000	\$586,000
Bryan	3,150	19.4%	\$2,507	8,427,000	\$758,000
Bulloch	7,310	27.4%	\$2,678	20,890,000	\$1,880,000
Burke	3,480	36.9%	\$2,982	11,071,000	\$996,000
Butts	2,730	29.6%	\$2,759	8,036,000	\$723,000
Calhoun	780	39.8%	\$3,009	2,504,000	\$225,000
Camden	5,290	24.1%	\$2,543	14,352,000	\$1,292,000
Candler	1,410	33.7%	\$2,952	4,441,000	\$400,000
Carroll	12,380	26.0%	\$2,702	35,692,000	\$3,212,000
Catoosa	5,940	22.4%	\$2,471	15,662,000	\$1,410,000
Charlton	1,170	33.8%	\$2,788	3,480,000	\$313,000
Chatham	32,910	25.8%	\$2,623	92,108,000	\$8,290,000
Chattahoochee	850	32.0%	\$3,096	2,808,000	\$253,000
Chattooga	2,990	32.1%	\$2,611	8,331,000	\$750,000
Cherokee	15,240	14.1%	\$2,333	37,936,000	\$3,414,000
Clarke	11,970	25.4%	\$2,592	33,103,000	\$2,979,000
Clay	530	46.1%	\$2,964	1,676,000	\$151,000
Clayton	52,120	41.3%	\$2,978	165,617,000	\$14,906,000
Clinch	1,030	41.9%	\$2,907	3,194,000	\$287,000
Cobb	63,150	18.0%	\$2,545	171,471,000	\$15,432,000
Coffee	6,170	39.2%	\$2,936	19,329,000	\$1,740,000
Colquitt	6,370	36.8%	\$2,936	19,953,000	\$1,796,000
Columbia	10,060	16.1%	\$2,368	25,413,000	\$2,287,000
Cook	2,300	35.7%	\$2,848	6,990,000	\$629,000
Coweta	11,740	19.1%	\$2,696	33,764,000	\$3,039,000
Crawford	1,440	28.7%	\$2,548	3,915,000	\$352,000
Crisp	3,550	41.7%	\$3,021	11,441,000	\$1,030,000

Dade	1,450	23.8%	\$2,318	3,586,000	\$323,000
Dawson	1,860	18.4%	\$2,289	4,543,000	\$409,000
Decatur	4,150	37.3%	\$2,987	13,226,000	\$1,190,000
DeKalb	91,480	26.2%	\$2,753	268,739,000	\$24,187,000
Dodge	2,610	36.0%	\$2,899	8,074,000	\$727,000
Dooly	1,520	38.7%	\$2,957	4,795,000	\$432,000
Dougherty	15,500	41.2%	\$3,053	50,486,000	\$4,544,000
Douglas	17,000	27.3%	\$2,730	49,520,000	\$4,457,000
Early	1,680	40.4%	\$3,117	5,586,000	\$503,000
Echols	430	32.6%	\$2,674	1,227,000	\$110,000
Effingham	5,050	20.5%	\$2,545	13,710,000	\$1,234,000
Elbert	2,600	32.3%	\$2,762	7,662,000	\$690,000
Emanuel	3,570	40.3%	\$3,022	11,511,000	\$1,036,000
Evans	1,480	35.0%	\$2,859	4,514,000	\$406,000
Fannin	2,540	25.0%	\$2,467	6,686,000	\$602,000
Fayette	6,520	12.3%	\$2,378	16,540,000	\$1,489,000
Floyd	10,770	26.7%	\$2,792	32,082,000	\$2,887,000
Forsyth	9,000	9.7%	\$2,277	21,860,000	\$1,967,000
Franklin	2,470	27.6%	\$2,545	6,707,000	\$604,000
Fulton	98,830	21.3%	\$2,760	290,989,000	\$26,189,000
Gilmer	2,930	24.3%	\$2,729	8,531,000	\$768,000
Glascock	290	27.4%	\$2,786	862,000	\$78,000
Glynn	9,300	24.9%	\$2,697	26,758,000	\$2,408,000
Gordon	6,120	27.0%	\$2,637	17,219,000	\$1,550,000
Grady	3,130	31.4%	\$2,779	9,280,000	\$835,000
Greene	2,040	27.3%	\$2,804	6,103,000	\$549,000
Gwinnett	96,660	23.7%	\$2,658	274,078,000	\$24,667,000
Habersham	4,120	23.4%	\$2,505	11,010,000	\$991,000
Hall	18,920	22.2%	\$2,685	54,200,000	\$4,878,000
Hancock	1,340	43.1%	\$2,965	4,239,000	\$382,000
Haralson	3,070	27.4%	\$2,600	8,516,000	\$766,000
Harris	2,500	17.8%	\$2,452	6,541,000	\$589,000
Hart	2,670	26.2%	\$2,563	7,302,000	\$657,000
Heard	1,300	30.7%	\$2,831	3,926,000	\$353,000
Henry	24,340	24.7%	\$2,718	70,582,000	\$6,352,000
Houston	16,320	23.8%	\$2,778	48,367,000	\$4,353,000
Irwin	1,210	33.9%	\$2,804	3,620,000	\$326,000
Jackson	5,860	21.3%	\$2,552	15,957,000	\$1,436,000
Jasper	1,570	28.2%	\$2,861	4,792,000	\$431,000
Jeff Davis	1,950	35.7%	\$2,908	6,050,000	\$545,000
Jefferson	2,740	39.8%	\$2,935	8,579,000	\$772,000
Jenkins	1,160	38.5%	\$2,914	3,606,000	\$325,000
Johnson	1,040	36.0%	\$2,954	3,278,000	\$295,000
Jones	3,020	25.0%	\$2,658	8,564,000	\$771,000
Lamar	2,190	31.0%	\$2,691	6,289,000	\$566,000
Lanier	1,370	40.2%	\$2,859	4,179,000	\$376,000
Laurens	6,920	34.7%	\$2,835	20,930,000	\$1,884,000
Lee	3,020	22.6%	\$2,732	8,802,000	\$792,000

Liberty	9,170	34.3%	\$2,824	27,627,000	\$2,486,000
Lincoln	920	28.5%	\$2,667	2,618,000	\$236,000
Long	1,960	36.8%	\$2,855	5,970,000	\$537,000
Lowndes	14,000	31.0%	\$2,765	41,308,000	\$3,718,000
Lumpkin	2,560	21.6%	\$2,319	6,333,000	\$570,000
Macon	1,920	41.7%	\$2,879	5,898,000	\$531,000
Madison	3,080	25.8%	\$2,634	8,657,000	\$779,000
Marion	960	34.7%	\$2,834	2,903,000	\$261,000
McDuffie	3,190	34.7%	\$2,920	9,939,000	\$895,000
McIntosh	1,510	30.5%	\$2,615	4,213,000	\$379,000
Meriwether	3,040	34.0%	\$2,905	9,421,000	\$848,000
Miller	740	32.3%	\$2,803	2,213,000	\$199,000
Mitchell	3,430	40.8%	\$2,978	10,897,000	\$981,000
Monroe	2,610	22.9%	\$2,593	7,220,000	\$650,000
Montgomery	1,030	32.8%	\$2,744	3,015,000	\$271,000
Morgan	2,010	24.2%	\$2,669	5,724,000	\$515,000
Murray	4,690	31.1%	\$2,607	13,047,000	\$1,174,000
Muscogee	28,290	32.6%	\$2,854	86,147,000	\$7,753,000
Newton	14,200	30.9%	\$2,860	43,338,000	\$3,900,000
Oconee	1,940	11.9%	\$2,263	4,685,000	\$422,000
Oglethorpe	1,450	24.7%	\$2,608	4,034,000	\$363,000
Paulding	13,570	20.9%	\$2,550	36,926,000	\$3,323,000
Peach	3,290	28.9%	\$2,705	9,497,000	\$855,000
Pickens	2,790	19.8%	\$2,482	7,390,000	\$665,000
Pierce	2,130	28.1%	\$2,709	6,156,000	\$554,000
Pike	1,570	20.8%	\$2,528	4,235,000	\$381,000
Polk	5,050	30.6%	\$2,768	14,916,000	\$1,342,000
Pulaski	1,140	31.8%	\$2,827	3,439,000	\$310,000
Putnam	2,570	27.8%	\$2,772	7,600,000	\$684,000
Quitman	350	41.2%	\$2,763	1,032,000	\$93,000
Rabun	1,690	23.3%	\$2,399	4,325,000	\$389,000
Randolph	1,160	44.8%	\$2,924	3,619,000	\$326,000
Richmond	29,390	33.8%	\$2,843	89,158,000	\$8,024,000
Rockdale	11,180	28.4%	\$2,776	33,111,000	\$2,980,000
Schley	570	32.4%	\$2,723	1,656,000	\$149,000
Screven	1,980	35.3%	\$2,755	5,820,000	\$524,000
Seminole	1,280	37.6%	\$2,948	4,026,000	\$362,000
Spalding	9,330	34.7%	\$2,941	29,275,000	\$2,635,000
Stephens	2,970	28.4%	\$2,664	8,441,000	\$760,000
Stewart	660	42.0%	\$3,121	2,198,000	\$198,000
Sumter	4,480	37.3%	\$2,978	14,233,000	\$1,281,000
Talbot	900	34.7%	\$2,749	2,640,000	\$238,000
Taliaferro	230	37.1%	\$2,874	705,000	\$63,000
Tattnall	2,710	33.5%	\$2,944	8,512,000	\$766,000
Taylor	1,150	35.8%	\$2,924	3,588,000	\$323,000
Telfair	1,500	39.0%	\$2,948	4,718,000	\$425,000
Terrell	1,650	42.5%	\$3,136	5,521,000	\$497,000
Thomas	5,960	31.7%	\$2,821	17,936,000	\$1,614,000

Tift	5,930	34.7%	\$2,917	18,457,000	\$1,661,000
Toombs	3,880	35.3%	\$3,007	12,449,000	\$1,120,000
Towns	970	18.9%	\$2,239	2,317,000	\$209,000
Treutlen	930	38.4%	\$2,886	2,864,000	\$258,000
Troup	9,990	33.6%	\$3,050	32,504,000	\$2,925,000
Turner	1,500	42.6%	\$3,053	4,886,000	\$440,000
Twiggs	1,220	34.1%	\$2,793	3,635,000	\$327,000
Union	1,930	20.0%	\$2,378	4,897,000	\$441,000
Upton	3,380	31.7%	\$2,797	10,086,000	\$908,000
Walker	7,060	27.4%	\$2,486	18,727,000	\$1,685,000
Walton	8,960	23.6%	\$2,680	25,617,000	\$2,306,000
Ware	4,640	33.7%	\$2,833	14,027,000	\$1,262,000
Warren	920	39.7%	\$2,826	2,774,000	\$250,000
Washington	2,950	37.0%	\$2,897	9,117,000	\$821,000
Wayne	3,440	31.8%	\$2,818	10,343,000	\$931,000
Webster	340	36.2%	\$2,794	1,014,000	\$91,000
Wheeler	720	38.5%	\$2,942	2,260,000	\$203,000
White	2,720	24.2%	\$2,411	6,998,000	\$630,000
Whitfield	12,540	29.4%	\$2,692	36,021,000	\$3,242,000
Wilcox	970	35.1%	\$3,032	3,138,000	\$282,000
Wilkes	1,320	32.9%	\$2,813	3,962,000	\$357,000
Wilkinson	1,270	32.6%	\$2,885	3,909,000	\$352,000
Worth	2,770	32.4%	\$2,821	8,338,000	\$750,000
Georgia, Total	1,132,880	25.5%	\$2,734	3,305,000,000	\$297,452,000

ENDNOTES

¹ Internal Revenue Service [SOI Tax Stats – Historic Table 2](#). Georgia, 2016.

² A 2015 survey of tax credit recipients estimated that 87 percent of EITC dollars went to either paying bills, saving, affording basic needs or making personal investments such as course tuition, reliable transportation or more livable housing. “[The EITC: A Powerful Savings Program for Low-Wage Workers](#),” CFED. July 2015. Also see Sarah Halpern-Meekin et al., “It’s Not Like I’m Poor,” 2015.

³ “[EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds](#),” Center on Budget & Policy Priorities. April 3, 2015.

⁴ “[State Earned Income Tax Credits Help Build Opportunity for People of Color and Women](#),” Center on Budget & Policy Priorities. 7/24/2018.

⁵ “[The Earned Income Tax Credit and Transfer Programs: A Study of Labor Market and Program participation](#),” Tax Policy and the Economy, Vol. 9, MIT Press, 1995.

⁶ 61 percent of EITC recipients from 1989 to 2006 got the credit for only one or two years at a time.

⁷ “[Characteristics of the EITC-Eligible Population](#),” Brookings Institution. 2015. Precise estimates are 2,629,549 people living in EITC-eligible homes, 1,172,480 of whom are children.

⁸ Data provided upon request from the Washington, D.C.-based Center on Budget and Policy Priorities. More details available in the following two reports, which combine EITC recipients with parents receiving a separate federal tax benefit – the Additional Child Tax Credit – resulting in a higher overall number. “21 Million Mothers Benefit from Tax Credits for Working Families,” CBPP. May 2015. And “13 Million Fathers Benefit from Tax Credits for Working Families,” CBPP. May 2015.

⁹ Data provided upon request from the Washington, D.C.-based Center on Budget and Policy Priorities. More details available in the following report, which combines EITC recipients with parents receiving the Additional Child Tax Credit, resulting in a higher number overall. “Pro-Work Tax Credits Help 2 Million Veterans and Military Families,” CBPP. June 2015.

¹⁰ “[State Estimates of People and Children Lifted out of Poverty by the EITC and CTC Each Year, 2011-2013](#),” Brookings Institution analysis of Supplemental Poverty Measure Public Use Data.

¹¹ The source of these data, the Brookings Institute, notes that the ‘Other’ category simply includes any remaining EITC recipients who do not fall into one of the largest four groups (White, Black, Latino and Asian). Generally speaking, it is reasonable to assume that in Georgia this group mostly consists of families who classify as multiracial, alongside a small number of Native American and Native Alaskan recipients.

¹² GBPI combined data from three sources to generate estimates for EITC receipt in Georgia by race and ethnicity: First, the Brookings Institution calculates that in 2015 EITC recipients in Georgia were 39.8 percent White, 44.9 percent Black, 10.4 percent Hispanic or Latino, 2.9 percent Asian and 2 percent Other. GBPI applied these shares to U.S. Internal Revenue Service data on the number of Georgia households who received the EITC in 2016 (1,102,060 filers) to estimate the number of recipients by race and ethnicity. Third, GBPI applied Georgia’s race and ethnic breakdowns from the 2016 American Community Survey to IRS information on Georgia’s total number of households filing taxes (4,435,080 filers) to estimate the number of filers by racial-ethnic category. For example, African-Americans accounted for an estimated 30.7 percent of Georgia’s population in 2016. Assuming tax filers similarly reflect the population, this equates to about 1,363,000 black families filing taxes in Georgia. Of those, 495,000 claimed the EITC (36 percent).

¹³ “[Using EITC to stimulate local economies](#),” Brookings Institution. 11/1/2006.

¹⁴ “[States With EITCs](#),” Tax Credits for Working Families. Accessed 8/20/2018.

¹⁵ A Georgia household with earnings under \$19,600 paid an average of 10 percent of their income in sales and property taxes in 2018, compared with 2.5 percent paid by the wealthiest 1 percent of Georgians—making more than \$481,200 a year. For more details, see “Who Pays?” Institute on Taxation and Economic Policy (ITEP). October 2018.

¹⁶ “The EITC: A Powerful Savings Program for Low-Wage Workers,” CFED. July 2015. Also see Sarah Halpern-Meekin et al., “It’s Not Like I’m Poor,” 2015.

¹⁷ For more details, see “[Tax Shift Plans Chart Wrong Path to Reform](#),” GBPI. 8/2015.

¹⁸ In 2018, Georgia lawmakers approved several revisions to the state's personal income tax through House Bill 918. Most notably, the plan doubled the state's standard deduction to \$4,600 for a single person and \$6,000 for a married couple filing jointly, and reduced the top rate to 5.75 percent for the 2019 tax year from its long-standing level of 6 percent. The top rate is scheduled to fall further to 5.5 percent starting in 2020, though that second step requires legislative approval during the 2020 General Assembly. For more details see "[Lawmakers Might Come to Regret Georgia's Risky Tax Plan](#)," GBPI. 2/22/2018.

¹⁹ For more examples of the types of ways families spend their EITC, see "[When Tax Credits are About More than Money](#)," The Atlantic. April 2015.

²⁰ "[Who Pays? A Distributional Analysis of Tax Systems in All 50 States](#)," Institute on Taxation and Economic Policy. 2018.

²¹ For the full list of states with data available through 2016, see the [50 State Policy Tracker](#) at the National Center for Children in Poverty. Further details on how personal income taxes affect families in poverty are available in "Taxing the Poor: State Income Tax Policies Make a Big Difference to Working Families," National Center for Children in Poverty. November 2014.

²² Low- and moderate-income families tend to spend most of their income on basic needs, whereas affluent families are more likely to save or invest. "Using the EITC to Stimulate Local Economies," Brookings Institute. 2006.

²³ The additional local funds may also lead to slightly higher local tax revenues, which can help officials support core needs including schools and roads. The previously mentioned study in Baltimore found that about 0.4 percent of EITC were recaptured as new tax revenues.

²⁴ "Using the Earned Income Tax Credit to Stimulate Local Economies," Brookings Institution. 2006.

²⁵ "[Economic Benefits of the Earned Income Tax Credit in Michigan](#)," Anderson Economic Group. 2009.

²⁶ "[The Economic Impact of the EITC in California](#)," California Journal of Politics and Policy. 2010.

²⁷ Markowitz S, Komro KA, Livingston MD, Lenhart O, Wagenaar AC. "[Effects of state-level Earned Income Tax Credit laws in the U.S. on maternal health behaviors and infant health outcomes](#)." Social Science and Medicine, 2017; 194, 67-75. Estimates for improvement in birth weight for Georgia were generated by authors of the study Markowitz, et al using data from the National Center for Health Statistics' Linked Birth / Infant Death Records database for 2007-2014, accessed at <http://wonder.cdc.gov/lbd-current.htm>.

²⁸ "[State Earned Income Tax Credits – A Proven Tool to Improve Health](#)," GBPI. August 2018.

²⁹ "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget & Policy Priorities. April 3, 2015.

³⁰ Ibid.

³¹ "[Early-Childhood Poverty and Adult Attainment, Behavior, and Health](#)," Child Development. January/February 2010, pp. 306-325.

³² "[This Year's Flurry of Tax Breaks Highlights Need for Better Process](#)," GBPI. 5/19/2017.

³³ "[Supreme Court's Online Sales Tax Decision Provides Georgia a Welcome Boost](#)," GBPI. June 2018.

³⁴ The Georgia State University Fiscal Research Center estimates that if effectively implemented, the state's new online sales tax collection law could result in up to \$125 million in fiscal year 2019, \$285 million in 2020, \$322 million in 2021, \$360 million in 2022 and \$398 million in 2023. More details: "[An Analysis of Georgia's Economic Nexus Legislation](#)," GSU Fiscal Research Center. September 11, 2018.

³⁵ "[OK Senate Passes Several Bills To Chip Away At Budget Deficit](#)," 5/17/2016.

³⁶ Estimated revenue provided by email upon request by the nonpartisan Institute on Taxation and Economic Policy. Elimination of the double deduction loophole was included in a broader tax package that nearly passed the General Assembly in 2017, House Bill 329. More details on that proposal as it was introduced are available in "[Income Tax Bill Offers Earned Income Tax Credit Upside, Flat Tax Downside](#)," Georgia Budget & Policy Institute, February 2017.