



# FISCAL FACT

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## Tax Savings from Child Tax Credit Vary Significantly from State to State

*By Gerald Prante*

New IRS tax data by state for 2008 illustrate how much more the child tax credit is worth to some states than others (see Table 1 below). The average tax return in Utah saved \$342 by claiming the child tax credit while the average tax return in D.C. saved just over \$100. By law, a taxpayer can claim a \$1,000 credit for each dependent child under the age of 17.

The savings vary so much for two main reasons. First and most importantly, some states have families where there are simply more children. Historically, this is true in Hispanic homes and in the case of Utah, in families of the Mormon faith. Of course, children are also more likely to be present in families that are married, and therefore marriage rates are important. New York and D.C. are near the bottom because of their high rates of single households. Florida is near the bottom due to its high elderly population; for the most part, elderly Americans don't have children under 17.

Another reason for the wide distribution is that the child tax credit begins to phase out for families making over \$110,000. Therefore, high-income states are more likely to have the child tax credit taken away for families that do have children. So it is unsurprising that many high-income states (mostly in the Northeast) are at the bottom of the list.

At the end of this year, the child tax credit is scheduled to revert from \$1,000 to \$500 per child as part of the general expiration of the Bush tax cuts. If that happens, the states at the top of the list would be the biggest losers while those states at the bottom wouldn't be affected much. However, most analysts consider it unlikely that Congress would allow the popular child credit to revert to \$500.

Politically, one can see a red-blue split. States that benefit most from the child tax credit tend to lean Republican (red), while those states that lean Democrat (blue) are at the bottom of this list.

Note: Numbers here do not include the additional, or refundable, child tax credit. One effect of this is that the average child tax credit for returns claiming the credit (last two columns) is lowest for low-income states like Mississippi.

*Gerald Prante is a senior economist at the Tax Foundation.*

Table 1  
Child Tax Credit (CTC) by State, Tax Year 2008

State	Average Credit (all returns)	Rank	Percentage of Returns Claiming Credit	Rank	Average Credit (for returns claiming credit)	Rank
United States	\$212		17.5%		\$1,209	
Alabama	\$219	25	19.3%	10	\$1,134	45
Alaska	\$261	4	20.1%	5	\$1,301	13
Arizona	\$233	16	19.7%	8	\$1,187	36
Arkansas	\$220	24	19.1%	12	\$1,149	42
California	\$208	38	18.1%	22	\$1,147	44
Colorado	\$226	19	17.9%	24	\$1,264	21
Connecticut	\$197	44	15.8%	44	\$1,247	26
Delaware	\$216	30	17.8%	25	\$1,216	31
Florida	\$167	50	15.2%	47	\$1,097	49
Georgia	\$211	34	19.0%	13	\$1,111	47
Hawaii	\$212	33	16.8%	37	\$1,259	23
Idaho	\$265	2	20.2%	4	\$1,313	11
Illinois	\$217	29	17.5%	29	\$1,238	27
Indiana	\$245	8	19.0%	14	\$1,287	16
Iowa	\$254	6	18.5%	21	\$1,370	5
Kansas	\$253	7	19.2%	11	\$1,318	9
Kentucky	\$229	17	18.7%	18	\$1,226	30
Louisiana	\$226	18	19.7%	6	\$1,147	43
Maine	\$198	43	15.7%	45	\$1,256	24
Maryland	\$199	41	16.9%	35	\$1,178	38
Massachusetts	\$189	48	14.9%	49	\$1,270	20
Michigan	\$217	28	16.7%	38	\$1,301	12
Minnesota	\$236	12	17.4%	32	\$1,354	7
Mississippi	\$223	20	20.8%	2	\$1,074	50
Missouri	\$223	22	17.7%	26	\$1,255	25
Montana	\$199	40	15.4%	46	\$1,297	14
Nebraska	\$258	5	18.8%	17	\$1,370	4
Nevada	\$234	15	19.7%	7	\$1,188	35
New Hampshire	\$216	31	16.4%	39	\$1,316	10
New Jersey	\$192	47	16.1%	42	\$1,193	34
New Mexico	\$219	26	18.6%	20	\$1,176	40
New York	\$173	49	14.7%	50	\$1,183	37
North Carolina	\$214	32	18.9%	16	\$1,133	46
North Dakota	\$235	13	16.9%	36	\$1,395	3
Ohio	\$223	21	17.4%	31	\$1,281	17
Oklahoma	\$239	11	19.4%	9	\$1,230	29
Oregon	\$199	42	16.1%	41	\$1,236	28
Pennsylvania	\$206	39	16.1%	40	\$1,278	18
Rhode Island	\$193	46	15.9%	43	\$1,213	32
South Carolina	\$209	37	18.9%	15	\$1,105	48
South Dakota	\$239	10	17.5%	30	\$1,370	6
Tennessee	\$209	36	18.1%	23	\$1,159	41
Texas	\$244	9	20.7%	3	\$1,177	39

Utah	\$342	1	23.7%	1	\$1,445	1
Vermont	\$194	45	15.1%	48	\$1,287	15
Virginia	\$209	35	17.3%	33	\$1,211	33
Washington	\$222	23	17.6%	28	\$1,262	22
West Virginia	\$218	27	17.2%	34	\$1,271	19
Wisconsin	\$235	14	17.6%	27	\$1,335	8
Wyoming	\$262	3	18.6%	19	\$1,407	2
Dist. of Columbia	\$104	51	10.7%	51	\$973	51

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