

**A STATE EARNED INCOME TAX CREDIT:
STRENGTHENING MISSISSIPPI'S WORKING FAMILIES**



About the Mississippi Economic Policy Center

The Mississippi Economic Policy Center (MEPC) engages in rigorous, accessible and timely analysis to inform the policy debate on issues that affect the economic and social well-being of working families and low-wealth Mississippians. An independent, nonpartisan initiative, MEPC is managed by the Enterprise Corporation of the Delta (ECD), a regional financial institution and community development intermediary dedicated to strengthening communities, building assets and improving lives in economically distressed areas in the Mid South. Key MEPC partners include the Mississippi Center for Justice and other organizations that contribute expertise and otherwise provide important guidance and support.

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Executive Summary

Federal and State Earned Income Tax Credits

Once called the “best anti-poverty, the best pro-family, the best job creation measure to come out of Congress” by President Ronald Reagan, the Earned Income Tax Credit (EITC) directly benefits almost one in three tax filers in Mississippi.¹ More than 366,000, or nearly one-third (32%) of the federal tax filers in Mississippi claimed the EITC in 2004. In 2008, the credit is projected to bring into the state \$852 million that can be used to build local economies.² Families claiming the federal EITC live in all of Mississippi’s 82 counties, and every legislative district benefits from the EITC.³ There are at least 1,700 filers in every House district and at least 3,200 filers in every Senate district that would benefit from the program (See Appendices A, B and C to see the economic benefit and number of people assisted by a state EITC by County, House District and Senate District).

Due in large part to the demonstrated success of the federal EITC, twenty-two states and the District of Columbia have their own EITC programs that enhance the benefits of the federal program by increasing workforce participation, implementing a tax system that supports the efforts of working families and boosting local economies. Louisiana and North Carolina recently enacted state Earned Income Tax Credits.

A Mississippi Earned Income Tax Credit - Why It Is Important

The federal EITC improves the lives of low- and moderate-income working families in our state. A state EITC in Mississippi would amplify those benefits by:

- Providing a targeted work incentive and wage supplement
 - Only families with at least one member in the workforce are eligible for the credit. Research has shown that both federal and state EITC programs are linked to increased work participation.
- Improving tax fairness
 - Mississippi levies income taxes on persons living in poverty and has one of the highest sales taxes on groceries—a regressive tax. A state EITC would offset some or all of these taxes for low-income working families.
- Strengthening local economies
 - Research has shown that the EITC can stimulate local economies, providing more than its dollar value in economic benefit.

¹ National Conference of State Legislatures, “Federal Earned Income Tax Credit: What Legislators Need to Know” at <http://www.ncsl.org/programs/wln/EITCproject.htm>

² MEPC Analysis of 2004 IRS data from the Brookings Institution and methodology from the Center on Budget and Policy Priorities publication “How much would a State Earned Income Tax Cost in 2008?” February 2007

³ MEPC Analysis of 2004 IRS data from The Brookings Institution

With a state EITC equal to 10% of the federal EITC, in 2006 a family of four whose gross earnings were \$20,444 (equal to the federal poverty threshold) would have received a credit of \$378. Their state income tax liability would have been \$25, and they would have received a refund from the credit of \$353. The refund would not only serve as a work incentive, but would also counteract the family's estimated \$276 spent in sales taxes on groceries.⁴

How would it work, and how much would it cost?

Calculated as a percentage of the federal Earned Income Tax Credit, the credit is subtracted from taxes owed. If the amount of the credit is more than the taxes owed, the difference is refunded to the taxpayer and can be used as a wage supplement.

The cost of a state EITC in Mississippi depends upon the percentage of the federal EITC selected for the credit. A state EITC that was set at 10% of the federal EITC would cost an estimated \$78.3 million in FY 2009.

Estimated Cost of State EITC in Mississippi for FY 2009-FY 2011⁵

	5% of Federal Credit	10% of Federal Credit	20% of Federal Credit
FY 2009	\$ 39,100,000	\$ 78,300,000	\$ 156,500,000
FY 2010	\$ 40,000,000	\$ 80,100,000	\$ 160,100,000
FY 2011	\$ 41,400,000	\$ 82,700,000	\$ 165,500,000

Note: FY cost is associated with the previous tax year and does not include administrative costs or net revenues going back into the General Fund through sales tax receipts from purchases made with state EITC funds. It is also calculated assuming a 90% participation rate for filers. Source: MEPC Analysis of data from the Center on Budget and Policy Priorities, "How Much Would a State Earned Income Tax Credit Cost in 2008?"

⁴ MEPC Analysis of U.S. Census Bureau Poverty Threshold data and tax data from Taxwise 2006 software.

⁵ MEPC Analysis of 2004 IRS data from the Brookings Institution and methodology from the Center on Budget and Policy Priorities publication "How much would a State Earned Income Tax Cost in 2008?" February 2007

Federal and State Earned Income Tax Credits

What is the Earned Income Tax Credit?

Once called the “best anti-poverty, the best pro-family, the best job creation measure to come out of Congress” by President Ronald Reagan, the Earned Income Tax Credit (EITC) directly benefits almost one in three tax filers in Mississippi.⁶ In 2008, the credit is projected to bring into the state \$852 million that will contribute to build local economies.⁷

History

The federal EITC was enacted in 1975 and has enjoyed bipartisan support throughout its history. Expanded in 1986, 1990, and 1993 during the Reagan, Bush, and Clinton administrations, the credit was created to reduce income and payroll taxes paid by low-income working families.⁸ Over the last 30 years, the tax credit has also been shown to increase workforce participation. Only filers with earned income are eligible for the credit. As low-income workers increase their work effort, the credit increases and then phases out as workers move into employment that pays self-sufficiency wages. Workers receive the credit in the form of a tax refund that supplements their annual incomes. As working families receive their tax refunds that have been increased by the EITC, they often spend the refunds in their local communities.

Due in large part to the demonstrated success of the federal EITC, twenty-two states and the District of Columbia have enacted their own EITC programs. The state credit enhances the benefits of the federal program by increasing workforce participation, implementing a tax system that supports the efforts of working families and boosting local economies.

How does the federal EITC work?

Tax filers can claim two types of tax credits on their federal income taxes: a nonrefundable tax credit and a refundable tax credit. A nonrefundable tax credit reduces the amount of taxes owed. A refundable tax credit reduces the taxes owed *or* is refunded to the tax filer if the amount of the credit exceeds the amount of taxes owed. Table 1 provides an illustration of the differences between nonrefundable and refundable tax credits for someone with \$250 of tax liability who is eligible for a \$300 tax credit.

⁶ National Conference of State Legislatures, “Federal Earned Income Tax Credit: What Legislators Need to Know” at <http://www.ncsl.org/programs/wln/EITCproject.htm>

⁷ MEPC Analysis of 2004 IRS data from the Brookings Institution and methodology from the Center on Budget and Policy Priorities publication “How much would a State Earned Income Tax Cost in 2008?” February 2007

⁸ Steve Hold, The Brookings Institution “The Earned Income Tax Credit at 30: What We Know” at http://www.brookings.edu/metro/pubs/20060209_Holt.htm

Table 1
Hypothetical Examples on the Mechanics of Nonrefundable and Refundable Credits

<u>Nonrefundable Credit</u>		
Tax owed before credits:	\$250	<ul style="list-style-type: none"> • Total tax liability • Credit is more than the tax liability; so • Taxes owed equal 0. • Since credit is nonrefundable, any leftover credit disappears after tax liability is reduced to 0.
Tax credit:	- \$300	
Taxes owed after credits	\$0	
Amount refunded to tax filer	\$0	
<u>Refundable Credit</u>		
Tax owed before credits	\$250	<ul style="list-style-type: none"> • Total tax liability • Credit is more than the tax liability; so • Taxes owed equal 0. • Since credit is refundable, any leftover credit goes back to the tax filer in the form of a tax refund after tax liability is reduced to 0. In this instance, the leftover credit is \$50, and it would be refunded to the tax filer.
Tax credit	- \$300	
Taxes owed after credits	\$0	
Amount refunded to tax filer	\$50	

The EITC is a refundable tax credit that first reduces a tax filer’s tax liability. Once the tax liability is reduced to \$0, the remaining amount of the credit is refunded to the tax filer.

The EITC is targeted to low-income families with earned income and is claimed annually on one’s income taxes. The credit amount depends upon a tax filer’s circumstances, such as the amount of earned income, marital status and number of children.

Figure 1 demonstrates how the amount of the EITC rises and falls as one’s income increases, based on family size and family type. The highest credit amount is for married couples with two children and total family income between \$11,300 and \$16,850. For example, parents of two who earned a combined \$15,000 in 2006 received the maximum EITC benefit of \$4,536. Married filers with the same income but only one child would get a benefit of \$2,747. There is only a small benefit for very low-income filers with no children.⁹

⁹ Internal Revenue Service

Figure 1: Earned Income Tax Credit Amount by Income Level for Married Couple with Two or More Children in 2006¹⁰



Source: MEPC analysis of Internal Revenue Service data

How does a state EITC work?

Twenty-two states (and the District of Columbia) have their own Earned Income Tax Credit programs. The most recently enacted state EITCs are in Louisiana, North Carolina, and New Mexico. Most of them (twenty-one out of twenty-two) “piggyback” on the federal credit by setting the state credit as a percentage of the federal credit. These states use the same eligibility rules as the federal government for the credit and often only have to add one line to their tax forms to report the credit amount. For example, the state of Oklahoma has an Earned Income Tax Credit set at 5% of the federal EITC. Thus, a filer whose federal credit was \$1,000 would multiply that amount by 5% and have a state EITC of \$50. Figure 2 lists the states that have enacted Earned Income Tax Credits as of 2007, including their rates and whether or not their credits are refundable. Most are set up as refundable credits like the federal EITC, allowing any credit amount over the taxes owed to be refunded to the filer.¹¹

¹⁰ MEPC analysis of data from the Internal Revenue Service

¹¹ Center on Budget and Policy Priorities: “A Rising Number of State Earned Income Tax Credits Are Helping Working Families Escape Poverty,” October 2006; and the State EITC Online Resource Center.

The federal EITC in Mississippi

Nearly one-third (32%) of Mississippi's federal tax filers claimed the EITC for 2004.¹² Families claiming the federal EITC live in all of Mississippi's 82 counties. In 2004, Jackson had the highest concentration of EITC filers (41%), followed by rural areas (36%), small metropolitan areas (27%) and, finally, large suburbs (24%).¹³ Filers who benefit from the federal EITC would also benefit from a state EITC in Mississippi.

Figure 2: States with Enacted Earned Income Tax Credits as of 2007¹⁴

State	Percentage of federal EITC	Refundable
Delaware	20%	no
District of Columbia	35%	yes
Indiana	6%	yes
Illinois	5%	yes
Iowa	6.5%	no
Kansas	15%	yes
Louisiana	3.5%	yes
Maine	4.92%	no
Maryland ^a	20%	yes
Massachusetts	15%	yes
Michigan	20% (by 2009)	yes
Minnesota ^b		yes
Nebraska	8%	yes
New Jersey ^c	20%	yes
New Mexico	8%	yes
New York	30%	yes
North Carolina	3.5%	yes
Oklahoma	5%	yes
Oregon	5% (6% in 2008)	yes
Rhode Island ^d	5%	partially ^e
Vermont	25%	yes
Virginia	20%	no
Wisconsin	4% - one child	yes
	14% two children	
	43% three children	
<p>^aMaryland offers either a refundable credit at 20% or a nonrefundable credit at 50%. Filers must chose which they will claim.</p> <p>^bMinnesota's credit is not set as a % of the federal credit.</p> <p>^cNew Jersey's state EITC is only available to filers with less than \$20,000 in income.</p> <p>^dOnly 10% of the Rhode Island credit is refundable.</p>		

Source: Center on Budget and Policy Priorities, "A Majority Of States With Income Taxes Have Enacted State Earned Income Tax Credits," October 2007; and data from the State EITC Online Resource Center.

¹² MEPC Analysis of 2004 IRS data from the Brookings Institution

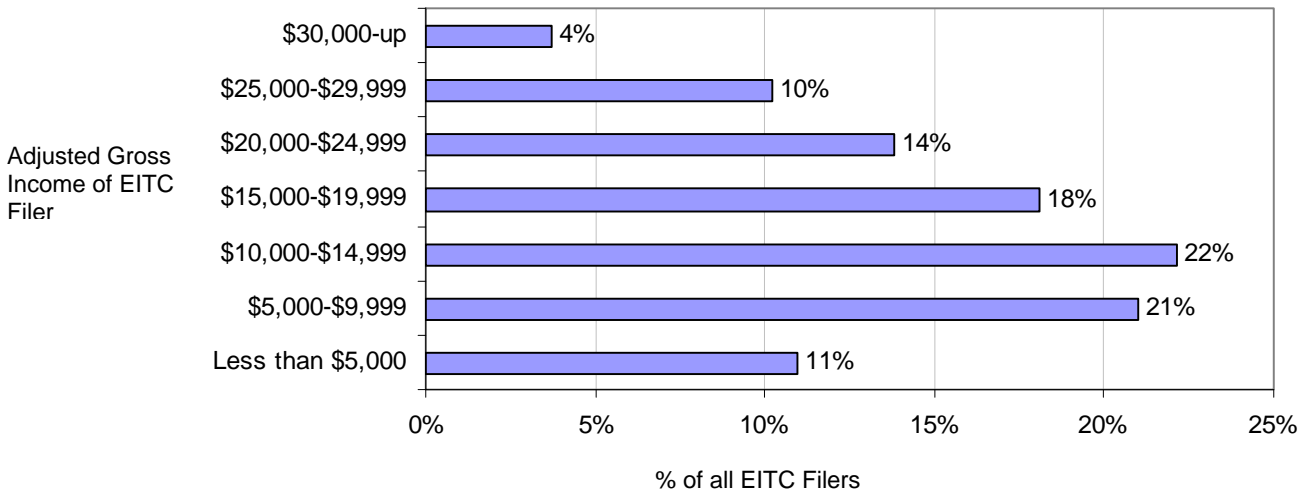
¹³ *ibid.*

¹⁴ *ibid.*

Given the structure of the credit, areas with high EITC take-up rates represent areas with high concentrations of low-income working families. In 23 counties in Mississippi, 40% or more of filers claim the EITC.¹⁵

As is the intention of the federal EITC program, the credit provides a wage supplement for Mississippi's low-income working families. Almost three-quarters of the families who receive the credit have adjusted gross incomes of under \$20,000 per year (Figure 3).

Figure 3: Federal EITC Filers in Mississippi by Adjusted Gross Income Tax Year 2004¹⁶



Source: MEPC Analysis of 2004 IRS Data from the Brookings Institution

¹⁵ *ibid.*

¹⁶ *ibid.*

Research on the Success of the Federal EITC¹⁷

The 30-year history of the federal EITC has allowed researchers to examine its effectiveness over time. Studies have demonstrated that the federal EITC has been a very successful program, increasing workforce participation, fostering asset-building among low-income families, and boosting local economies.

Workplace participation increase linked to EITC

Studies by Harvard economist Jeffrey Liebman, alone and in collaboration with University of California economist Nada Eissa, have found that not only has workforce participation increased among single women with children, but that the federal EITC has played a role in this increase. In fact, economists Bruce Meyer and Dan Rosenbaum found that more than half of the increase in single mothers' employment from 1984-1996 was linked to expansions in the EITC. They also found some evidence that state EITCs are linked to increased workforce participation, as well.¹⁸

Increases asset-building to improve the quality of life of low-income families

A survey of EITC recipients, conducted in 1996 by researchers from Syracuse University and the Center for Law and Human Services, found that almost 70 percent of surveyed EITC recipients with children planned to use some or all of their EITC refunds to improve their economic or social mobility by paying education expenses, like tuition; improving job access through expenses like car repairs or moving expenses; or on savings. Thirty-three percent of respondents stated that they planned to save at least a portion of their EITC refunds.¹⁹

Boosts local economies

Much research has been done regarding the direct effects of the EITC on the people who receive the credit, but the EITC also benefits the local economies as people spend their refunds. Spending of EITC dollars benefits local businesses and creates jobs. Spending of EITC dollars can also increase state and local sales tax collections.

A 2004 study completed for the City of San Antonio estimated that the \$190 million refunded to residents through EITC participation generates about \$300 million in total economic activity (that means that for every \$1 of additional EITC benefits brought into their city, an extra \$1.58 in economic activity would be generated).²⁰

Error rate exaggerated

Often-cited studies, conducted in 1999 and 2001, suggested a high rate of errors and overpayments for EITC recipients. The Internal Revenue Service (IRS) estimates that in tax year 2004 (based on a sample of 2001 returns) overpayments made up 23-28% of the EITC amounts paid. However, several experts, including the IRS' National Taxpayer Advocate, believe the methodology used to make this estimate is faulty and likely overstates the error rate. Additionally, the IRS estimates do not take into account many of the measures the IRS has put into place since 2001 to prevent EITC errors.

To compare the EITC error rate to other income tax reporting errors, the 2001 IRS "tax gap" study reported that business income misreporting was an estimated \$109 billion - an amount ten to twelve times the (likely overstated) estimate of EITC overpayments.²¹

¹⁷ Center on Budget and Policy Priorities, "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006," March 2006

¹⁸ Jeffrey B. Liebman, "The Impact of the Earned Income Tax Credit on Incentives and Income Distribution," in James M. Poterba, ed., *Tax Policy and the Economy*, Vol. 12, MIT Press, 1998; and Nada Eissa and Jeffrey B. Liebman, "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics*, May 1996, 112(2), pp. 605-637; and Bruce D. Meyer and Dan T. Rosenbaum, "Welfare, The Earned Income Tax Credit, and the Labor Supply of Single Mothers," September 1999, National Bureau of Economic Research; and "Making Single Mothers Work," *National Tax Journal* 53 (4, part 2), December 2000.

¹⁹ Timothy M. Smeeding, Katherin E. Ross, and Michael O'Connor, "The EITC: Expectation, Knowledge, Use, and Economic and Social Mobility," *National Tax Journal*, December 2000

²⁰ Texas Perspectives "Update 2004: Increased Participation in the EITC in San Antonio" prepared for the City of San Antonio, November 2004

²¹ Center On Budget And Policy Priorities, "State Earned Income Tax Credits And The 'Overpayments' Issue," March 2007

A Mississippi Earned Income Tax Credit – Why It Is Important

Pages 13 show the many benefits of the federal EITC. The credit provides a work incentive, supplements wages, and boosts local economies. It also improves tax fairness. A state EITC in Mississippi would amplify those benefits, improving the lives of low- and moderate-income working families in our state.

A state EITC provides work incentives and supports working families

Earned income tax credits target relief to low-income working families. Many Mississippi families work hard and play by the rules but cannot make ends meet from month to month. In 2005, almost 135,000 working families in Mississippi were low-income. Over 268,000 children in Mississippi lived in those families.²² Families like these pay taxes and contribute to their local economies. As the costs of basic necessities like housing, health care, groceries, gas, and electricity rise, many working families simply do not earn enough to provide for their economic security.²³ A state EITC would support working families by:

- *Providing a work incentive for low-income working families:*
 - Only families with at least one member in the workforce are eligible for the credit. Research has shown that both federal and state EITC programs are linked to increased work participation.

- *Providing a wage supplement for low-income working families:*
 - A family comprised of two children and two parents who each earn minimum wage and work 40 hours per week earns \$21,424 annually. In 2006, the family was eligible for a \$3,564 federal credit. A state EITC set at 15% of the federal credit would have provided an extra \$535 to help pay for expenses such as tuition, car maintenance, gas or medical bills. Figure 4 shows the estimated impact of a proposed state EITC for families with different earnings and make-up.

²² A low-income working family is defined as making less than 200% of the federal poverty guidelines.

²³ U.S. Census Bureau 2004 American Community Survey. Population Reference Bureau Analysis performed by the Working Poor Families Project.

Figure 4: Estimated 2006 Federal and State EITC Amounts for Selected Families ²⁴

	Annual Earnings	Federal EITC amount	State Tax Liability	State EITC @ 5%	State EITC @ 10%	State EITC @ 15%
Single Parent with one child						
Half-time minimum wage earner	\$ 5,356	\$ 1,828	\$ -	\$ 91	\$ 183	\$ 274
Full-time minimum wage earner	\$ 10,712	\$ 2,747	\$ -	\$ 137	\$ 275	\$ 412
Wages equal to 2006 federal poverty threshold	\$ 13,896	\$ 2,747	\$ 30	\$ 137	\$ 275	\$ 412
Wages equal to 150% of poverty threshold	\$ 20,844	\$ 1,786	\$ 268	\$ 89	\$ 179	\$ 268
Wages equal to 200% of poverty threshold	\$ 27,792	\$ 675	\$ 595	\$ 34	\$ 68	\$ 101
Married couple with two children						
One full-time minimum wage earner	\$ 10,712	\$ 4,290	\$ -	\$ 215	\$ 429	\$ 644
Two full-time minimum wage earners	\$ 21,424	\$ 3,564	\$ 55	\$ 178	\$ 356	\$ 535
Total wages equal to 2006 federal poverty threshold	\$ 20,444	\$ 3,775	\$ 25	\$ 189	\$ 378	\$ 566
Total wages equal to 150% of poverty threshold	\$ 30,666	\$ 1,616	\$ 403	\$ 81	\$ 162	\$ 242
Total wages equal to 200% of poverty threshold	\$ 40,888	\$ -	\$ 914	\$ -	\$ -	\$ -

Source: MEPC Analysis of 2006 Census poverty thresholds and tax data from Taxwise 2006 software.

- *Improving child well-being:*
 - In 2001, the National Center for Children in Poverty found that state EITCs had helped narrow the gap between low-income working families' needs and their incomes. It also found that a 25% state EITC enacted in all 50 states would raise an estimated 571,000 children with at least one working parent out of poverty.²⁵

Mississippi's current tax structure challenges working families

Mississippi's tax system is regressive – that is, families with lower incomes pay a higher percentage of their earnings towards taxes than those with higher incomes. While families earning up to \$19,000 pay as much as 11.6% of their annual incomes in state and local taxes, families earning over \$100,000 pay approximately 7% of their incomes towards taxes.²⁶

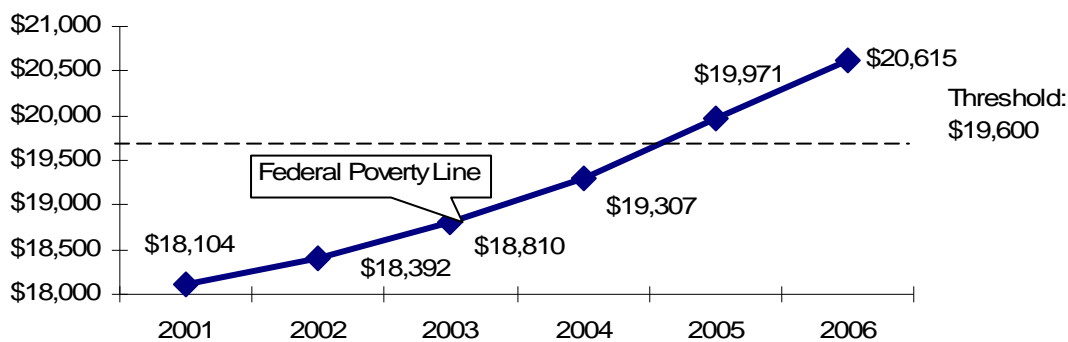
While the federal government exempts families who live in poverty from paying income taxes, Mississippi does not. In 2005, Mississippi's state income tax threshold, the income amount at which persons start having to pay income taxes, fell below the federal poverty line (see Figure 5). Each year, the poverty line is adjusted for increases in the cost of living. Without adjustment to the Mississippi income tax threshold, the threshold will continue to fall relative to the poverty line, requiring more and more persons living below the poverty line to pay state income taxes each year.

²⁴ MEPC Analysis of 2006 Census poverty thresholds and tax data from Taxwise 2006 software.

²⁵ National Center for Children in Poverty, "Untapped Potential: State Earned Income Credits and Poverty Reduction," 2001

²⁶ Institute on Taxation and Economic Policy, "Who Pays: A Distributional Analysis of the Tax Systems in All 50 States 2nd Edition," January 2003

Figure 5: State Income Tax Threshold and Federal Poverty Line for a Family of Four 2001-2006²⁷



Source: Center on Budget and Policy Priorities, “The Impact of State Income Taxes on Low-Income Families in 2005”; U.S. Census Bureau Preliminary Weighted Average Poverty Threshold for 2006

Additionally, Mississippi’s sales tax is more regressive than other states’ because Mississippi taxes food at the full 7%. Mississippi is one of only two states to fully tax food without any offsets.²⁸ States with a strong emphasis on a sales tax tend to have more regressive tax systems, because people with low incomes pay a higher proportion of their incomes on necessary taxed items – like food and clothing – than people with high incomes.

A state EITC would improve tax fairness by:

- *Eliminating income tax burden for working families in poverty:*
 - A single-parent family with one child, whose earnings were at the 2006 poverty threshold (\$13,896), would have been eligible for \$2,747 from a federal EITC in 2006. A \$275 state EITC (set at 10% of the federal credit) would counteract the family’s \$30 state tax liability and provide a refund of \$245.²⁹
- *Providing a credit against regressive sales taxes on groceries:*
 - The same family from the example above would spend an estimated \$153 in sales taxes on groceries in a year³⁰. Thus the state EITC refund of \$245 (based on a 10% credit) would counteract their grocery taxes paid and provide a work incentive.

²⁷ Center on Budget and Policy Priorities, “The Impact of State Income Taxes on Low-Income Families in 2006,” March 2007; and U.S. Census Bureau Preliminary Weighted Average Poverty Threshold for 2006

²⁸ Center on Budget and Policy Priorities, *Which States Tax The Sale Of Food For Home Consumption In 2007?*, February 23, 2007

²⁹ MEPC Analysis of 2006 Census poverty thresholds and tax data from Taxwise 2006 software.

³⁰ MEPC Analysis of the Bureau of Labor Statistics “2006 Consumer Expenditure Survey”

A state EITC strengthens local economies

In 2004, federal EITC payments brought over \$787 million into Mississippi’s economy.³¹ A state EITC would amplify the effect of these funds by bringing additional funds into all 82 counties throughout the state.

- *A state EITC would boost local economies:*
 - As discussed previously data from a 2004 study completed for the City of San Antonio indicated that for every \$1 of additional EITC refunds brought into the city, an extra \$1.58 in economic activity would be generated.
 - Depending on the percentage set for the state EITC, it would bring between \$38 million and \$115 million to almost 400,000 Mississippians who live in all 82 counties. The tables in the Appendices show the estimated amount that would go back to each county’s and legislative district’s tax filers in FY 2009 from a state EITC set at 5, 10, or 15% of the federal credit.³²

- *A state EITC would generate revenue for municipalities:*
 - A portion of the state EITC funding spent in the state would come back to local and state governments through sales taxes on retail goods and services purchased.

What would a state EITC in Mississippi cost?

The cost of a state EITC in Mississippi depends upon the percentage of the federal EITC selected for the credit. If enacted for the 2008 tax year, a state EITC is estimated to cost between \$39.1 million (for a 5% credit) and \$117.4 million (for a 15% credit) in FY 2009 (see Figure 6).³³ This estimate does not include administrative costs or money brought back into the General Fund through sales tax collections on purchases made with EITC funds. The state EITC is relatively easy to administer because it is based on the federal credit. Potentially, the state EITC could only require the addition of one line to the state income tax form.

Figure 6: Estimated Cost of State EITC in Mississippi for FY 2009-FY 2011³⁴

	5% of Federal Credit	10% of Federal Credit	20% of Federal Credit
FY 2009	\$ 39,100,000	\$ 78,300,000	\$ 156,500,000
FY 2010	\$ 40,000,000	\$ 80,100,000	\$ 160,100,000
FY 2011	\$ 41,400,000	\$ 82,700,000	\$ 165,500,000

Note: The FY cost is associated with the previous tax year and does not include administrative costs or net revenues going back into the General Fund through sales tax receipts from purchases made with state EITC funds. It is also calculated assuming a 90% participation rate for filers. Source: MEPC Analysis of data from the Center on Budget and Policy Priorities, “How Much Would a State Earned Income Tax Credit Cost in 2008?”

³¹ MEPC Analysis of 2004 IRS Zip Code Tax Data from the Brookings Institution

³² *ibid.*

³³ MEPC Analysis of 2004 IRS data from the Brookings Institution and methodology from the Center on Budget and Policy Priorities publication “How much would a State Earned Income Tax Cost in 2008?” February 2007

³⁴ *ibid*

A state Earned Income Tax Credit (EITC) for Mississippi would reduce the income taxes owed and provides a wage supplement for over 366,000 working Mississippians. Furthermore, a state Earned Income Tax Credit would reward work effort with a wage supplement for hard-working Mississippians who don't make enough to provide for their families' basic needs, offset part or all of state income taxes and sales taxes paid by low-income working families, and boost local economies.

Appendix A

Tax Year 2004 Data and Estimated FY 2009 EITC Data for Mississippi by County

County	Total Returns	EITC Returns	% EITC Returns	EITC amt (\$)	% of total Federal EITC Amount	Projected Federal EITC Amount for FY 2009	MS State EITC Set at 5%	MS State EITC Set at 10%	MS State EITC Set at 15%
Adams	12,606	4,808	38%	\$ 10,465,320	1.33%	\$ 11,557,880	\$ 520,105	\$ 1,040,209	\$ 1,560,314
Alcorn	13,360	3,596	27%	\$ 6,985,029	0.89%	\$ 7,714,253	\$ 347,141	\$ 694,283	\$ 1,041,424
Amite	4,690	1,728	37%	\$ 3,859,542	0.49%	\$ 4,262,471	\$ 191,811	\$ 383,622	\$ 575,434
Attala	7,522	2,827	38%	\$ 6,100,937	0.77%	\$ 6,737,864	\$ 303,204	\$ 606,408	\$ 909,612
Benton	2,812	1,097	39%	\$ 2,296,362	0.29%	\$ 2,536,098	\$ 114,124	\$ 228,249	\$ 342,373
Bolivar	13,300	6,117	46%	\$ 14,349,735	1.82%	\$ 15,847,821	\$ 713,152	\$ 1,426,304	\$ 2,139,456
Calhoun	5,499	2,117	38%	\$ 4,386,100	0.56%	\$ 4,844,001	\$ 217,980	\$ 435,960	\$ 653,940
Carroll	3,477	1,180	34%	\$ 2,474,884	0.31%	\$ 2,733,257	\$ 122,997	\$ 245,993	\$ 368,990
Chickasaw	7,480	2,917	39%	\$ 5,841,033	0.74%	\$ 6,450,826	\$ 290,287	\$ 580,574	\$ 870,862
Choctaw	2,985	1,021	34%	\$ 2,196,011	0.28%	\$ 2,425,271	\$ 109,137	\$ 218,274	\$ 327,412
Claiborne	3,284	1,724	52%	\$ 3,999,473	0.51%	\$ 4,417,011	\$ 198,765	\$ 397,531	\$ 596,296
Clarke	6,702	2,342	35%	\$ 5,021,246	0.64%	\$ 5,545,455	\$ 249,545	\$ 499,091	\$ 748,636
Clay	7,497	2,863	38%	\$ 6,139,134	0.78%	\$ 6,780,048	\$ 305,102	\$ 610,204	\$ 915,307
Coahoma	10,569	5,631	53%	\$ 13,889,506	1.76%	\$ 15,339,545	\$ 690,280	\$ 1,380,559	\$ 2,070,839
Copiah	11,149	4,339	39%	\$ 9,484,778	1.20%	\$ 10,474,972	\$ 471,374	\$ 942,747	\$ 1,414,121
Covington	7,565	2,918	39%	\$ 6,590,053	0.84%	\$ 7,278,043	\$ 327,512	\$ 655,024	\$ 982,536
DeSoto	58,195	10,942	19%	\$ 21,271,255	2.70%	\$ 23,491,935	\$ 1,057,137	\$ 2,114,274	\$ 3,171,411
Forrest	28,826	9,280	32%	\$ 19,532,605	2.48%	\$ 21,571,773	\$ 970,730	\$ 1,941,460	\$ 2,912,189
Franklin	3,127	1,080	35%	\$ 2,243,912	0.28%	\$ 2,478,172	\$ 111,518	\$ 223,036	\$ 334,553
George	7,860	2,163	28%	\$ 4,373,441	0.56%	\$ 4,830,020	\$ 217,351	\$ 434,702	\$ 652,053
Greene	3,460	1,183	34%	\$ 2,525,764	0.32%	\$ 2,789,449	\$ 125,525	\$ 251,050	\$ 376,576
Grenada	9,849	3,380	34%	\$ 6,935,876	0.88%	\$ 7,659,969	\$ 344,699	\$ 689,397	\$ 1,034,096
Hancock	15,724	3,991	25%	\$ 8,048,222	1.02%	\$ 8,888,442	\$ 399,980	\$ 799,960	\$ 1,199,940
Harrison	76,055	20,647	27%	\$ 41,890,383	5.32%	\$ 46,263,663	\$ 2,081,865	\$ 4,163,730	\$ 6,245,594
Hinds	102,292	36,501	36%	\$ 80,470,176	10.22%	\$ 88,871,116	\$ 3,999,200	\$ 7,998,400	\$ 11,997,601
Holmes	7,429	4,196	56%	\$ 10,144,638	1.29%	\$ 11,203,720	\$ 504,167	\$ 1,008,335	\$ 1,512,502
Humphreys	3,790	2,198	58%	\$ 5,532,949	0.70%	\$ 6,110,579	\$ 274,976	\$ 549,952	\$ 824,928
Issaquena	344	190	55%	\$ 477,359	0.06%	\$ 527,194	\$ 23,724	\$ 47,447	\$ 71,171
Itawamba	8,078	2,036	25%	\$ 3,833,576	0.49%	\$ 4,233,794	\$ 190,521	\$ 381,041	\$ 571,562
Jackson	54,987	13,699	25%	\$ 28,017,950	3.56%	\$ 30,942,973	\$ 1,392,434	\$ 2,784,868	\$ 4,177,301
Jasper	7,059	2,804	40%	\$ 6,161,810	0.78%	\$ 6,805,092	\$ 306,229	\$ 612,458	\$ 918,687
Jefferson	3,202	1,660	52%	\$ 3,857,654	0.49%	\$ 4,260,386	\$ 191,717	\$ 383,435	\$ 575,152
Jefferson Davis	4,417	1,907	43%	\$ 4,346,487	0.55%	\$ 4,800,252	\$ 216,011	\$ 432,023	\$ 648,034
Jones	25,215	8,190	32%	\$ 17,529,547	2.23%	\$ 19,359,600	\$ 871,182	\$ 1,742,364	\$ 2,613,546
Kemper	3,371	1,467	44%	\$ 3,321,782	0.42%	\$ 3,668,570	\$ 165,086	\$ 330,171	\$ 495,257
Lafayette	14,827	3,478	23%	\$ 6,854,897	0.87%	\$ 7,570,536	\$ 340,674	\$ 681,348	\$ 1,022,022
Lamar	17,680	4,014	23%	\$ 7,987,909	1.01%	\$ 8,821,832	\$ 396,982	\$ 793,965	\$ 1,190,947
Lauderdale	31,382	9,911	32%	\$ 20,945,795	2.66%	\$ 23,132,498	\$ 1,040,925	\$ 2,081,925	\$ 3,122,887
Lawrence	5,913	1,993	34%	\$ 4,089,825	0.52%	\$ 4,516,795	\$ 203,256	\$ 406,512	\$ 609,767
Leake	7,924	3,012	38%	\$ 6,535,999	0.83%	\$ 7,217,683	\$ 324,796	\$ 649,591	\$ 974,387
Lee	33,050	9,299	28%	\$ 18,276,858	2.32%	\$ 20,184,929	\$ 908,322	\$ 1,816,644	\$ 2,724,965
Leflore	12,859	6,209	48%	\$ 14,659,134	1.86%	\$ 16,189,521	\$ 728,528	\$ 1,457,057	\$ 2,185,585
Lincoln	13,021	4,015	31%	\$ 8,119,172	1.03%	\$ 8,966,799	\$ 403,506	\$ 807,012	\$ 1,210,518
Lowndes	23,615	7,493	32%	\$ 16,365,292	2.08%	\$ 18,073,799	\$ 813,321	\$ 1,626,642	\$ 2,439,963
Madison	35,501	8,380	24%	\$ 18,303,565	2.32%	\$ 20,214,424	\$ 909,649	\$ 1,819,298	\$ 2,728,947
Marion	9,625	3,630	38%	\$ 8,227,428	1.04%	\$ 9,086,357	\$ 408,886	\$ 817,772	\$ 1,226,658
Marshall	14,776	5,467	37%	\$ 11,349,626	1.44%	\$ 12,534,506	\$ 564,053	\$ 1,128,106	\$ 1,692,158
Monroe	15,443	5,094	33%	\$ 10,058,343	1.28%	\$ 11,108,416	\$ 499,879	\$ 999,757	\$ 1,499,636
Montgomery	4,585	1,793	39%	\$ 3,838,166	0.49%	\$ 4,238,864	\$ 190,749	\$ 381,498	\$ 572,247
Neshoba	10,452	3,610	35%	\$ 7,320,072	0.93%	\$ 8,084,274	\$ 363,792	\$ 727,585	\$ 1,091,377
Newton	9,883	3,281	33%	\$ 6,958,465	0.88%	\$ 7,684,916	\$ 345,821	\$ 691,642	\$ 1,037,464
Noxubee	4,552	2,304	51%	\$ 5,417,652	0.69%	\$ 5,983,245	\$ 269,246	\$ 538,492	\$ 807,738
Oktibbeha	15,415	4,561	30%	\$ 9,687,688	1.23%	\$ 10,699,065	\$ 481,458	\$ 962,916	\$ 1,444,374
Panola	13,421	5,435	40%	\$ 12,075,358	1.53%	\$ 13,336,003	\$ 600,120	\$ 1,200,240	\$ 1,800,360
Pearl River	19,062	5,473	29%	\$ 11,291,337	1.43%	\$ 12,470,132	\$ 561,156	\$ 1,122,312	\$ 1,683,468
Perry	4,194	1,405	34%	\$ 2,899,185	0.37%	\$ 3,201,855	\$ 144,083	\$ 288,167	\$ 432,250
Pike	15,673	6,397	41%	\$ 14,642,123	1.86%	\$ 16,170,734	\$ 727,683	\$ 1,455,366	\$ 2,183,049
Pontotoc	11,231	3,096	28%	\$ 5,791,936	0.74%	\$ 6,396,604	\$ 287,847	\$ 575,694	\$ 863,541
Prentiss	10,250	2,842	28%	\$ 5,371,916	0.68%	\$ 5,932,734	\$ 266,973	\$ 533,946	\$ 800,919
Quitman	3,519	1,987	56%	\$ 4,731,979	0.60%	\$ 5,225,989	\$ 235,170	\$ 470,339	\$ 705,509
Rankin	52,629	9,718	18%	\$ 18,356,289	2.33%	\$ 20,272,652	\$ 912,269	\$ 1,824,539	\$ 2,736,808
Scott	11,877	4,832	41%	\$ 10,618,074	1.36%	\$ 11,726,582	\$ 527,696	\$ 1,055,392	\$ 1,583,089
Sharkey	2,202	1,206	55%	\$ 3,001,905	0.38%	\$ 3,315,298	\$ 149,188	\$ 298,377	\$ 447,565
Simpson	10,557	3,687	35%	\$ 7,955,801	1.01%	\$ 8,786,372	\$ 395,387	\$ 790,773	\$ 1,186,160
Smith	4,390	1,509	34%	\$ 3,227,054	0.41%	\$ 3,563,953	\$ 160,378	\$ 320,756	\$ 481,134
Stone	5,549	1,670	30%	\$ 3,407,016	0.43%	\$ 3,762,702	\$ 169,322	\$ 338,643	\$ 507,965
Sunflower	10,256	5,608	55%	\$ 13,825,456	1.76%	\$ 15,268,808	\$ 687,096	\$ 1,374,193	\$ 2,061,289
Tallahatchie	4,596	2,505	55%	\$ 5,983,998	0.76%	\$ 6,608,717	\$ 297,392	\$ 594,784	\$ 892,177
Tate	10,769	3,276	30%	\$ 6,638,545	0.84%	\$ 7,331,597	\$ 329,922	\$ 659,844	\$ 989,766
Tippah	8,460	2,475	29%	\$ 4,729,101	0.60%	\$ 5,222,811	\$ 235,026	\$ 470,053	\$ 705,079
Tishomingo	7,230	1,769	24%	\$ 3,269,884	0.42%	\$ 3,611,254	\$ 162,506	\$ 325,013	\$ 487,519
Tunica	4,446	2,400	54%	\$ 5,640,636	0.72%	\$ 6,229,508	\$ 280,328	\$ 560,656	\$ 840,984
Union	10,685	2,876	27%	\$ 5,553,088	0.71%	\$ 6,132,820	\$ 275,977	\$ 551,954	\$ 827,931
Walthall	5,503	2,262	41%	\$ 5,290,671	0.67%	\$ 5,843,007	\$ 262,935	\$ 525,871	\$ 788,806
Warren	21,098	7,001	33%	\$ 15,475,266	1.97%	\$ 17,090,856	\$ 769,089	\$ 1,538,177	\$ 2,307,266
Washington	21,941	10,542	48%	\$ 26,247,857	3.33%	\$ 28,988,086	\$ 1,304,464	\$ 2,608,928	\$ 3,913,392
Wayne	7,634	3,021	40%	\$ 6,642,034	0.84%	\$ 7,335,450	\$ 330,095	\$ 660,191	\$ 990,286
Webster	4,066	1,290	32%	\$ 2,765,380	0.35%	\$ 3,054,081	\$ 137,434	\$ 274,867	\$ 412,301
Wilkinson	3,462	1,597	46%	\$ 3,453,978	0.44%	\$ 3,814,567	\$ 171,656	\$ 343,311	\$ 514,967
Winston	7,500	2,839	38%	\$ 5,528,566	0.70%	\$ 6,105,738	\$ 274,758	\$ 549,516	\$ 824,275
Yalobusha	5,528	1,890	34%	\$ 3,830,145	0.49%	\$ 4,230,005	\$ 190,350	\$ 380,700	\$ 571,051
Yazoo	9,533	4,213	44%	\$ 9,589,937	1.22%	\$ 10,591,109	\$ 476,600	\$ 953,200	\$ 1,429,800
Total	1,131,541	366,904	32%	\$ 787,424,330	100.00%	\$ 869,630,000	\$ 39,133,350	\$ 78,266,700	\$ 117,400,050

Source: MEPC Analysis of 2004 IRS Zip Code Tax Data from the Brookings Institution

Appendix B

Tax Year 2004 Data and Estimated FY 2009 Data for Mississippi by House District

District	Total returns	EITC returns	% EITC returns	EITC amt (\$)	% of Total Federal EITC Amount	Projected Federal EITC Amount for FY 2009	MS State EITC Set at 5%	MS State EITC Set at 10%	MS State EITC Set at 15%
District 1	8,273	2,093	25%	\$ 3,925,212	0.50%	\$ 4,332,635	\$ 194,969	\$ 389,937	\$ 584,906
District 2	9,341	2,483	27%	\$ 4,790,886	0.61%	\$ 5,288,163	\$ 237,967	\$ 475,935	\$ 713,902
District 3	9,262	2,548	28%	\$ 4,876,947	0.62%	\$ 5,383,157	\$ 242,242	\$ 484,484	\$ 726,726
District 4	9,131	2,671	29%	\$ 5,105,758	0.65%	\$ 5,635,718	\$ 253,607	\$ 507,215	\$ 760,822
District 5	8,648	3,399	39%	\$ 7,155,424	0.91%	\$ 7,898,132	\$ 355,416	\$ 710,832	\$ 1,066,248
District 6	13,952	2,225	16%	\$ 4,295,296	0.55%	\$ 4,741,133	\$ 213,351	\$ 426,702	\$ 640,053
District 7	12,657	2,502	20%	\$ 4,830,453	0.61%	\$ 5,331,837	\$ 239,933	\$ 479,865	\$ 719,798
District 8	9,635	2,695	28%	\$ 5,456,829	0.69%	\$ 6,023,229	\$ 271,045	\$ 542,091	\$ 813,136
District 9	8,447	4,376	52%	\$ 10,247,057	1.30%	\$ 11,310,665	\$ 508,980	\$ 1,017,960	\$ 1,526,940
District 10	9,237	3,078	33%	\$ 6,657,002	0.84%	\$ 7,347,975	\$ 330,659	\$ 661,318	\$ 991,977
District 11	8,630	3,365	39%	\$ 7,361,732	0.93%	\$ 8,125,854	\$ 365,663	\$ 731,327	\$ 1,096,990
District 12	8,427	1,720	20%	\$ 3,262,481	0.41%	\$ 3,601,115	\$ 162,050	\$ 324,100	\$ 486,150
District 13	9,187	3,286	36%	\$ 6,770,189	0.86%	\$ 7,472,911	\$ 336,281	\$ 672,562	\$ 1,008,843
District 14	9,883	2,626	27%	\$ 5,070,908	0.64%	\$ 5,597,251	\$ 251,876	\$ 503,753	\$ 755,629
District 15	10,258	2,828	28%	\$ 5,309,678	0.67%	\$ 5,860,804	\$ 263,736	\$ 527,472	\$ 791,209
District 16	9,863	3,251	33%	\$ 6,493,547	0.82%	\$ 7,167,555	\$ 322,540	\$ 645,080	\$ 967,620
District 17	10,746	2,920	27%	\$ 5,859,241	0.74%	\$ 6,467,410	\$ 291,033	\$ 582,067	\$ 873,100
District 18	9,997	2,585	26%	\$ 4,866,403	0.62%	\$ 5,371,519	\$ 241,718	\$ 483,437	\$ 725,155
District 19	9,565	2,423	25%	\$ 4,602,422	0.58%	\$ 5,080,138	\$ 228,606	\$ 457,212	\$ 685,819
District 20	9,426	2,607	28%	\$ 5,029,460	0.64%	\$ 5,551,500	\$ 249,818	\$ 499,635	\$ 749,453
District 21	9,046	2,641	29%	\$ 5,099,243	0.65%	\$ 5,628,526	\$ 253,284	\$ 506,567	\$ 759,851
District 22	8,870	3,405	38%	\$ 6,822,866	0.87%	\$ 7,531,056	\$ 338,898	\$ 677,795	\$ 1,016,693
District 23	9,167	3,254	35%	\$ 6,829,241	0.87%	\$ 7,538,093	\$ 339,214	\$ 678,428	\$ 1,017,643
District 24	9,814	3,379	34%	\$ 6,925,013	0.88%	\$ 7,643,806	\$ 343,971	\$ 687,943	\$ 1,031,914
District 25	10,188	3,303	32%	\$ 7,486,337	0.95%	\$ 8,263,393	\$ 371,853	\$ 743,705	\$ 1,115,558
District 26	7,334	3,976	54%	\$ 9,802,684	1.24%	\$ 10,820,168	\$ 486,908	\$ 973,815	\$ 1,460,723
District 27	8,840	3,740	42%	\$ 8,355,857	1.06%	\$ 9,223,166	\$ 415,042	\$ 830,085	\$ 1,245,127
District 28	8,707	3,890	45%	\$ 9,504,817	1.21%	\$ 10,491,383	\$ 472,112	\$ 944,225	\$ 1,416,337
District 29	7,410	3,395	46%	\$ 7,971,144	1.01%	\$ 8,798,521	\$ 395,933	\$ 791,867	\$ 1,187,800
District 30	6,048	3,637	60%	\$ 8,881,503	1.13%	\$ 9,803,371	\$ 441,152	\$ 882,303	\$ 1,323,455
District 31	7,704	4,224	55%	\$ 10,438,716	1.32%	\$ 11,522,219	\$ 518,500	\$ 1,037,000	\$ 1,555,500
District 32	8,183	3,736	46%	\$ 8,695,705	1.10%	\$ 9,598,289	\$ 431,923	\$ 863,846	\$ 1,295,769
District 33	7,760	2,780	36%	\$ 5,879,240	0.75%	\$ 6,489,485	\$ 292,027	\$ 584,054	\$ 876,080
District 34	8,019	3,849	48%	\$ 9,185,864	1.17%	\$ 10,139,324	\$ 456,270	\$ 912,539	\$ 1,368,809
District 35	7,992	2,527	32%	\$ 5,333,700	0.68%	\$ 5,887,319	\$ 264,929	\$ 529,859	\$ 794,788
District 36	8,557	3,274	38%	\$ 6,911,103	0.88%	\$ 7,628,451	\$ 343,280	\$ 686,561	\$ 1,029,841
District 37	9,080	2,811	31%	\$ 6,025,294	0.76%	\$ 6,650,699	\$ 299,281	\$ 598,563	\$ 897,844
District 38	6,742	2,434	36%	\$ 5,400,892	0.69%	\$ 5,961,485	\$ 268,267	\$ 536,534	\$ 804,801
District 39	10,450	2,750	26%	\$ 5,771,841	0.73%	\$ 6,370,938	\$ 286,692	\$ 573,384	\$ 860,077
District 40	12,902	3,263	25%	\$ 6,431,039	0.82%	\$ 7,098,559	\$ 319,435	\$ 638,870	\$ 958,305
District 41	7,910	3,022	38%	\$ 6,781,241	0.86%	\$ 7,485,110	\$ 336,830	\$ 673,660	\$ 1,010,490
District 42	7,902	3,664	46%	\$ 8,407,783	1.07%	\$ 9,280,482	\$ 417,622	\$ 835,243	\$ 1,252,865
District 43	8,330	2,982	36%	\$ 6,300,609	0.80%	\$ 6,954,590	\$ 312,957	\$ 625,913	\$ 938,870
District 44	8,067	2,806	35%	\$ 5,691,079	0.72%	\$ 6,281,793	\$ 282,681	\$ 565,361	\$ 848,042
District 45	8,202	2,951	36%	\$ 6,356,907	0.81%	\$ 7,016,732	\$ 315,753	\$ 631,506	\$ 947,259
District 46	8,482	3,230	38%	\$ 6,971,497	0.88%	\$ 7,695,115	\$ 346,280	\$ 692,560	\$ 1,038,840
District 47	7,864	4,116	52%	\$ 9,717,710	1.23%	\$ 10,726,375	\$ 482,687	\$ 965,374	\$ 1,448,061
District 48	7,754	3,375	44%	\$ 7,710,886	0.98%	\$ 8,511,249	\$ 383,006	\$ 766,012	\$ 1,149,019
District 49	6,870	3,264	48%	\$ 8,050,804	1.02%	\$ 8,886,449	\$ 399,890	\$ 799,780	\$ 1,199,671
District 50	9,044	4,408	49%	\$ 10,883,132	1.38%	\$ 12,012,763	\$ 540,574	\$ 1,081,149	\$ 1,621,723

Appendix B - continued

Tax Year 2004 Data and Estimated FY 2009 Data for Mississippi by House District, continued

District	Total returns	EITC returns	% EITC returns	EITC amt (\$)	% of Total Federal EITC Amount	Projected Federal EITC Amount for FY 2009	MS State EITC Set at 5%	MS State EITC Set at 10%	MS State EITC Set at 15%
District 51	8,022	4,273	53%	\$ 10,498,894	1.33%	\$ 11,588,642	\$ 521,489	\$ 1,042,978	\$ 1,564,467
District 52	12,995	2,156	17%	\$ 4,174,096	0.53%	\$ 4,607,352	\$ 207,331	\$ 414,662	\$ 621,993
District 53	8,256	2,617	32%	\$ 5,425,400	0.69%	\$ 5,988,538	\$ 269,484	\$ 538,968	\$ 808,453
District 54	9,335	3,240	35%	\$ 7,261,428	0.92%	\$ 8,015,139	\$ 360,681	\$ 721,362	\$ 1,082,044
District 55	11,213	3,710	33%	\$ 8,187,562	1.04%	\$ 9,037,402	\$ 406,683	\$ 813,366	\$ 1,220,049
District 56	11,170	2,714	24%	\$ 5,818,722	0.74%	\$ 6,422,685	\$ 289,021	\$ 578,042	\$ 867,062
District 57	9,352	4,099	44%	\$ 9,599,325	1.22%	\$ 10,595,702	\$ 476,807	\$ 953,613	\$ 1,430,420
District 58	13,252	1,349	10%	\$ 2,441,024	0.31%	\$ 2,694,393	\$ 121,248	\$ 242,495	\$ 363,743
District 59	12,075	1,461	12%	\$ 2,572,237	0.33%	\$ 2,839,226	\$ 127,765	\$ 255,530	\$ 383,296
District 60	10,653	2,151	20%	\$ 4,232,518	0.54%	\$ 4,671,838	\$ 210,233	\$ 420,465	\$ 630,698
District 61	13,528	2,995	22%	\$ 5,651,629	0.72%	\$ 6,238,248	\$ 280,721	\$ 561,442	\$ 842,164
District 62	10,397	2,724	26%	\$ 5,489,361	0.70%	\$ 6,059,137	\$ 272,661	\$ 545,322	\$ 817,984
District 63	9,149	3,242	35%	\$ 7,011,652	0.89%	\$ 7,739,437	\$ 348,275	\$ 696,549	\$ 1,044,824
District 64	11,486	1,536	13%	\$ 2,847,646	0.36%	\$ 3,143,222	\$ 141,445	\$ 282,890	\$ 424,335
District 65	10,873	3,935	36%	\$ 8,497,452	1.08%	\$ 9,379,458	\$ 422,076	\$ 844,151	\$ 1,266,227
District 66	9,924	3,202	32%	\$ 6,907,366	0.88%	\$ 7,624,327	\$ 343,095	\$ 686,189	\$ 1,029,284
District 67	8,311	3,723	45%	\$ 8,454,226	1.07%	\$ 9,331,746	\$ 419,929	\$ 839,857	\$ 1,259,786
District 68	8,439	3,959	47%	\$ 9,155,275	1.16%	\$ 10,105,561	\$ 454,750	\$ 909,500	\$ 1,364,251
District 69	7,618	3,880	51%	\$ 8,916,269	1.13%	\$ 9,841,747	\$ 442,879	\$ 885,757	\$ 1,328,636
District 70	8,291	3,942	48%	\$ 8,898,431	1.13%	\$ 9,822,057	\$ 441,993	\$ 883,985	\$ 1,325,978
District 71	8,281	3,280	40%	\$ 7,357,638	0.93%	\$ 8,121,335	\$ 365,460	\$ 730,920	\$ 1,096,380
District 72	8,409	3,120	37%	\$ 6,946,092	0.88%	\$ 7,667,072	\$ 345,018	\$ 690,036	\$ 1,035,055
District 73	11,508	2,508	22%	\$ 4,946,413	0.63%	\$ 5,459,833	\$ 245,692	\$ 491,385	\$ 737,077
District 74	10,417	1,937	19%	\$ 3,877,850	0.49%	\$ 4,280,358	\$ 192,616	\$ 385,232	\$ 577,848
District 75	9,259	3,774	41%	\$ 8,291,229	1.05%	\$ 9,151,830	\$ 411,832	\$ 823,665	\$ 1,235,497
District 76	9,088	3,637	40%	\$ 8,011,624	1.02%	\$ 8,843,203	\$ 397,944	\$ 795,888	\$ 1,193,832
District 77	9,391	3,130	33%	\$ 6,725,727	0.85%	\$ 7,423,834	\$ 334,073	\$ 668,145	\$ 1,002,218
District 78	9,943	3,215	32%	\$ 6,767,918	0.86%	\$ 7,470,404	\$ 336,168	\$ 672,336	\$ 1,008,505
District 79	6,893	2,401	35%	\$ 5,175,602	0.66%	\$ 5,712,812	\$ 257,077	\$ 514,153	\$ 771,230
District 80	8,203	3,454	42%	\$ 7,821,917	0.99%	\$ 8,633,805	\$ 388,521	\$ 777,042	\$ 1,165,564
District 81	8,316	2,810	34%	\$ 5,947,993	0.75%	\$ 6,565,374	\$ 295,442	\$ 590,884	\$ 886,326
District 82	9,390	3,122	33%	\$ 6,662,213	0.85%	\$ 7,353,727	\$ 330,918	\$ 661,835	\$ 992,753
District 83	8,528	2,850	33%	\$ 6,062,029	0.77%	\$ 6,691,246	\$ 301,106	\$ 602,212	\$ 903,318
District 84	9,691	2,534	26%	\$ 5,231,181	0.66%	\$ 5,774,160	\$ 259,837	\$ 519,674	\$ 779,512
District 85	7,577	3,645	48%	\$ 8,347,870	1.06%	\$ 9,214,349	\$ 414,646	\$ 829,291	\$ 1,243,937
District 86	8,255	3,164	38%	\$ 6,904,168	0.88%	\$ 7,620,797	\$ 342,936	\$ 685,872	\$ 1,028,808
District 87	8,869	3,358	38%	\$ 7,268,307	0.92%	\$ 8,022,732	\$ 361,023	\$ 722,046	\$ 1,083,069
District 88	8,866	2,457	28%	\$ 4,942,515	0.63%	\$ 5,455,531	\$ 245,499	\$ 490,998	\$ 736,497
District 89	9,459	3,095	33%	\$ 6,658,360	0.85%	\$ 7,349,474	\$ 330,726	\$ 661,453	\$ 992,179
District 90	9,428	3,571	38%	\$ 7,959,955	1.01%	\$ 8,786,170	\$ 395,378	\$ 790,755	\$ 1,186,133
District 91	8,430	3,189	38%	\$ 6,920,155	0.88%	\$ 7,638,443	\$ 343,730	\$ 687,460	\$ 1,031,190
District 92	9,642	2,985	31%	\$ 5,994,292	0.76%	\$ 6,616,479	\$ 297,742	\$ 595,483	\$ 893,225
District 93	9,341	2,864	31%	\$ 5,918,456	0.75%	\$ 6,532,771	\$ 293,975	\$ 587,949	\$ 881,924
District 94	6,975	2,698	39%	\$ 5,894,667	0.75%	\$ 6,506,512	\$ 292,793	\$ 585,586	\$ 878,379
District 95	11,379	2,413	21%	\$ 4,833,758	0.61%	\$ 5,335,485	\$ 240,097	\$ 480,194	\$ 720,291
District 96	7,870	3,336	42%	\$ 7,361,328	0.93%	\$ 8,125,408	\$ 365,643	\$ 731,287	\$ 1,096,930
District 97	11,625	4,275	37%	\$ 9,436,248	1.20%	\$ 10,415,697	\$ 468,706	\$ 937,413	\$ 1,406,119
District 98	9,128	3,927	43%	\$ 9,081,639	1.15%	\$ 10,024,282	\$ 451,093	\$ 902,185	\$ 1,353,278
District 99	9,313	3,680	40%	\$ 8,419,145	1.07%	\$ 9,293,023	\$ 418,186	\$ 836,372	\$ 1,254,558
District 100	9,602	3,234	34%	\$ 7,119,099	0.90%	\$ 7,858,037	\$ 353,612	\$ 707,223	\$ 1,060,835

Appendix B - continued

Tax Year 2004 Data and Estimated FY 2009 Data for Mississippi by House District, continued

District	Total returns	EITC returns	% EITC returns	EITC amt (\$)	% of Total Federal EITC Amount	Projected Federal EITC Amount for FY 2009	MS State EITC Set at 5%	MS State EITC Set at 10%	MS State EITC Set at 15%
District 101	11,124	2,275	20%	\$ 4,530,297	0.58%	\$ 5,000,526	\$ 225,024	\$ 450,047	\$ 675,071
District 102	11,219	3,428	31%	\$ 7,206,434	0.91%	\$ 7,954,437	\$ 357,950	\$ 715,899	\$ 1,073,849
District 103	7,701	3,097	40%	\$ 6,783,969	0.86%	\$ 7,488,122	\$ 336,965	\$ 673,931	\$ 1,010,896
District 104	9,907	2,656	27%	\$ 5,327,493	0.68%	\$ 5,880,468	\$ 264,621	\$ 529,242	\$ 793,863
District 105	7,020	2,474	35%	\$ 5,232,019	0.66%	\$ 5,775,084	\$ 259,879	\$ 519,758	\$ 779,636
District 106	9,427	2,786	30%	\$ 5,700,766	0.72%	\$ 6,292,485	\$ 283,162	\$ 566,324	\$ 849,486
District 107	10,153	2,909	29%	\$ 5,902,040	0.75%	\$ 6,514,651	\$ 293,159	\$ 586,319	\$ 879,478
District 108	9,397	2,632	28%	\$ 5,480,599	0.70%	\$ 6,049,466	\$ 272,226	\$ 544,452	\$ 816,678
District 109	10,332	2,644	26%	\$ 5,337,656	0.68%	\$ 5,891,686	\$ 265,126	\$ 530,252	\$ 795,378
District 110	8,302	3,101	37%	\$ 6,818,102	0.87%	\$ 7,525,797	\$ 338,661	\$ 677,322	\$ 1,015,983
District 111	7,932	2,244	28%	\$ 4,746,176	0.60%	\$ 5,238,812	\$ 235,747	\$ 471,493	\$ 707,240
District 112	10,459	2,692	26%	\$ 5,605,914	0.71%	\$ 6,187,789	\$ 278,450	\$ 556,901	\$ 835,351
District 113	11,086	1,819	16%	\$ 3,270,307	0.42%	\$ 3,609,754	\$ 162,439	\$ 324,878	\$ 487,317
District 114	10,558	2,135	20%	\$ 4,129,545	0.52%	\$ 4,558,177	\$ 205,118	\$ 410,236	\$ 615,354
District 115	6,941	2,026	29%	\$ 3,876,881	0.49%	\$ 4,279,288	\$ 192,568	\$ 385,136	\$ 577,704
District 116	11,037	2,473	22%	\$ 4,857,780	0.62%	\$ 5,362,001	\$ 241,290	\$ 482,580	\$ 723,870
District 117	10,696	2,653	25%	\$ 5,074,582	0.64%	\$ 5,601,306	\$ 252,059	\$ 504,118	\$ 756,176
District 118	10,270	2,612	25%	\$ 5,233,633	0.66%	\$ 5,776,866	\$ 259,959	\$ 519,918	\$ 779,877
District 119	7,745	3,163	41%	\$ 6,972,535	0.89%	\$ 7,696,260	\$ 346,332	\$ 692,663	\$ 1,038,996
District 120	10,389	2,673	26%	\$ 5,488,440	0.70%	\$ 6,058,121	\$ 272,615	\$ 545,231	\$ 817,846
District 121	7,653	2,113	28%	\$ 4,396,057	0.56%	\$ 4,852,352	\$ 218,356	\$ 436,712	\$ 655,068
District 122	7,502	2,169	29%	\$ 4,365,759	0.55%	\$ 4,818,909	\$ 216,851	\$ 433,702	\$ 650,553
Total	1,132,064	367,110		\$ 787,853,555	100.00%	\$ 869,630,000	\$ 39,133,350	\$ 78,266,700	\$ 117,400,050

Source: MEPC Analysis of 2004 IRS Zip Code Tax Data from the Brookings Institution

Note: The totals for number of total returns, number of EITC returns, and EITC amounts in Appendix A, B, and C are slightly different due to rounding.

Appendix C

Tax Year 2004 Data and Estimated FY 2009 Data for Mississippi by Senate District

District	Total returns	EITC returns	% EITC returns	EITC amt (\$)	% of Total Federal EITC Amount	Projected Federal EITC Amount for FY 2009	MS State EITC Set at 5%	MS State EITC Set at 10%	MS State EITC Set at 15%
District 1	27,547	5,766	21%	11,353,012	1.44%	\$ 12,531,414	\$ 563,914	\$ 1,127,827	\$ 1,691,741
District 2	21,494	7,728	36%	15,884,669	2.02%	\$ 17,533,442	\$ 789,005	\$ 1,578,010	\$ 2,367,015
District 3	22,736	6,387	28%	12,203,200	1.55%	\$ 13,469,849	\$ 606,143	\$ 1,212,286	\$ 1,818,430
District 4	21,046	5,699	27%	10,917,514	1.39%	\$ 12,050,714	\$ 542,282	\$ 1,084,564	\$ 1,626,846
District 5	20,905	5,439	26%	10,258,630	1.30%	\$ 11,323,440	\$ 509,555	\$ 1,019,110	\$ 1,528,664
District 6	23,034	5,881	26%	11,457,720	1.45%	\$ 12,646,991	\$ 569,115	\$ 1,138,229	\$ 1,707,344
District 7	21,335	6,788	32%	13,300,746	1.69%	\$ 14,681,317	\$ 660,659	\$ 1,321,319	\$ 1,981,978
District 8	22,877	8,493	37%	17,279,679	2.19%	\$ 19,073,249	\$ 858,296	\$ 1,716,592	\$ 2,574,889
District 9	22,026	6,182	28%	12,595,120	1.60%	\$ 13,902,450	\$ 625,610	\$ 1,251,220	\$ 1,876,831
District 10	23,109	8,369	36%	18,003,261	2.29%	\$ 19,871,937	\$ 894,237	\$ 1,788,474	\$ 2,682,712
District 11	19,588	10,342	53%	24,925,199	3.16%	\$ 27,512,348	\$ 1,238,056	\$ 2,476,111	\$ 3,714,167
District 12	18,390	9,064	49%	21,945,096	2.79%	\$ 24,222,920	\$ 1,090,031	\$ 2,180,063	\$ 3,270,094
District 13	16,562	8,572	52%	20,962,155	2.66%	\$ 23,137,954	\$ 1,041,208	\$ 2,082,416	\$ 3,123,624
District 14	21,308	8,082	38%	17,512,458	2.22%	\$ 19,330,190	\$ 869,859	\$ 1,739,717	\$ 2,609,576
District 15	19,830	6,240	31%	13,208,195	1.68%	\$ 14,579,160	\$ 656,062	\$ 1,312,124	\$ 1,968,187
District 16	17,174	6,646	39%	14,694,115	1.87%	\$ 16,219,312	\$ 729,869	\$ 1,459,738	\$ 2,189,607
District 17	20,595	6,025	29%	12,993,032	1.65%	\$ 14,341,663	\$ 645,375	\$ 1,290,750	\$ 1,936,125
District 18	21,157	7,595	36%	15,873,298	2.01%	\$ 17,520,890	\$ 788,440	\$ 1,576,880	\$ 2,365,320
District 19	30,650	5,176	17%	9,919,961	1.26%	\$ 10,949,618	\$ 492,733	\$ 985,466	\$ 1,478,198
District 20	27,376	3,201	12%	5,786,328	0.73%	\$ 6,386,928	\$ 287,412	\$ 574,824	\$ 862,235
District 21	20,283	9,455	47%	21,928,145	2.78%	\$ 24,204,210	\$ 1,089,189	\$ 2,178,379	\$ 3,267,568
District 22	19,189	9,240	48%	22,830,421	2.90%	\$ 25,200,139	\$ 1,134,006	\$ 2,268,013	\$ 3,402,019
District 23	22,067	7,442	34%	16,508,518	2.10%	\$ 18,222,045	\$ 819,992	\$ 1,639,984	\$ 2,459,976
District 24	17,504	9,371	54%	22,513,085	2.86%	\$ 24,849,864	\$ 1,118,244	\$ 2,236,488	\$ 3,354,732
District 25	26,419	3,771	14%	7,137,242	0.91%	\$ 7,878,062	\$ 354,513	\$ 709,026	\$ 1,063,538
District 26	21,777	7,940	36%	17,228,242	2.19%	\$ 19,016,473	\$ 855,741	\$ 1,711,483	\$ 2,567,224
District 27	21,378	9,063	42%	20,439,300	2.59%	\$ 22,560,828	\$ 1,015,237	\$ 2,030,475	\$ 3,045,712
District 28	19,714	10,022	51%	23,117,599	2.93%	\$ 25,517,125	\$ 1,148,271	\$ 2,296,541	\$ 3,444,812
District 29	26,022	7,197	28%	15,191,990	1.93%	\$ 16,768,865	\$ 754,599	\$ 1,509,198	\$ 2,263,797
District 30	25,142	5,288	21%	10,152,492	1.29%	\$ 11,206,285	\$ 504,283	\$ 1,008,566	\$ 1,512,848
District 31	24,173	7,689	32%	16,387,426	2.08%	\$ 18,088,384	\$ 813,977	\$ 1,627,955	\$ 2,441,932
District 32	20,879	8,301	40%	18,234,442	2.31%	\$ 20,127,114	\$ 905,720	\$ 1,811,440	\$ 2,717,160
District 33	20,640	7,099	34%	15,149,030	1.92%	\$ 16,721,447	\$ 752,465	\$ 1,504,930	\$ 2,257,395
District 34	20,696	7,771	38%	16,954,631	2.15%	\$ 18,714,463	\$ 842,151	\$ 1,684,302	\$ 2,526,452
District 35	21,816	6,720	31%	14,334,007	1.82%	\$ 15,821,826	\$ 711,982	\$ 1,423,964	\$ 2,135,947
District 36	18,579	7,964	43%	17,825,951	2.26%	\$ 19,676,222	\$ 885,430	\$ 1,770,860	\$ 2,656,290
District 37	22,288	8,186	37%	17,869,812	2.27%	\$ 19,724,636	\$ 887,609	\$ 1,775,217	\$ 2,662,826
District 38	18,782	8,074	43%	18,339,509	2.33%	\$ 20,243,086	\$ 910,939	\$ 1,821,878	\$ 2,732,817
District 39	22,111	7,189	33%	14,746,244	1.87%	\$ 16,276,853	\$ 732,458	\$ 1,464,917	\$ 2,197,375
District 40	21,544	7,279	34%	16,072,437	2.04%	\$ 17,740,700	\$ 798,332	\$ 1,596,663	\$ 2,394,995
District 41	19,814	7,032	35%	15,362,100	1.95%	\$ 16,956,632	\$ 763,048	\$ 1,526,097	\$ 2,289,145
District 42	21,246	6,704	32%	14,200,007	1.80%	\$ 15,673,918	\$ 705,326	\$ 1,410,653	\$ 2,115,979
District 43	20,293	6,739	33%	14,274,230	1.81%	\$ 15,755,845	\$ 709,013	\$ 1,418,026	\$ 2,127,039
District 44	23,252	5,847	25%	11,800,900	1.50%	\$ 13,025,793	\$ 586,161	\$ 1,172,321	\$ 1,758,482
District 45	22,515	7,150	32%	14,910,292	1.89%	\$ 16,457,928	\$ 740,607	\$ 1,481,214	\$ 2,221,820
District 46	20,518	5,240	26%	10,613,658	1.35%	\$ 11,715,318	\$ 527,189	\$ 1,054,379	\$ 1,581,568
District 47	22,411	7,041	31%	14,925,833	1.89%	\$ 16,475,082	\$ 741,379	\$ 1,482,757	\$ 2,224,136
District 48	20,216	6,185	31%	13,110,900	1.66%	\$ 14,471,766	\$ 651,229	\$ 1,302,459	\$ 1,953,688
District 49	25,165	6,412	25%	12,760,947	1.62%	\$ 14,085,489	\$ 633,847	\$ 1,267,694	\$ 1,901,541
District 50	20,205	5,309	26%	10,397,228	1.32%	\$ 11,476,423	\$ 516,439	\$ 1,032,878	\$ 1,549,317
District 51	23,784	5,546	23%	11,076,813	1.41%	\$ 12,226,548	\$ 550,195	\$ 1,100,389	\$ 1,650,584
District 52	22,905	5,163	23%	10,386,736	1.32%	\$ 11,464,843	\$ 515,918	\$ 1,031,836	\$ 1,547,754
Total	1,132,064	367,104		787,853,555	100.00%	\$ 869,630,000	\$ 39,133,350	\$ 78,266,700	\$ 117,400,050

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