New Analysis Shows EITC Boosts Families across Virginia

New analysis based on latest tax data shows how many working families currently receive the EITC by district and locality

Richmond, VA – The Earned Income Tax Credit (EITC) is one of the most sensible parts of the tax code. The credit supports working people with low incomes and helps them cover the necessities like groceries, utility bills, and other basics. The federal EITC currently helps over 600,000 families in Virginia each year make ends meet, and also gives a boost to our local communities and economies. In general, working families who receive the federal EITC also are eligible for Virginia’s state EITC. The latest data show that families across the state are helped by the credit, according to a new report from The Commonwealth Institute for Fiscal Analysis, an economic and policy research organization in Richmond.

Over the past year, state lawmakers have considered several proposals to strengthen Virginia’s EITC. That’s because, unlike the federal EITC and similar credits in 24 other states, D.C., and Puerto Rico, Virginia’s state-level EITC is not refundable. That restriction means that many families miss out on the full value of their Virginia EITC.

“Virginia’s EITC helps to support working people and their families across our commonwealth,” says Chris Wodicka, primary author of the report. “If we build on the credit and make it stronger, state tax policy can do more to boost families and communities.”

Legislative districts with some of the greatest numbers of families who would likely be boosted by improving the state’s EITC, thereby boosting their communities, can be found in all parts of the state. For example, in central Virginia, Delegate McQuinn’s 70th House District and Delegate Bagby’s 74th House District each have 9,800 and 9,700 families who claim the EITC, respectively.

In the eastern part of the state, Delegate-elect Scott’s 80th House District, which covers Portsmouth, has 10,200 EITC filers, while Delegate Lindsey’s 90th House District, which covers
Norfolk, has 10,000 EITC tax filers. And in Delegate Marshall’s 14th House District on the southside, there are 8,800 EITC tax filers. Covering a larger portion of the Southside is Senator Stanley’s 20th District, where 20,900 families claim the EITC.

In Southwest Virginia, Senator-elect Pillion’s 40th District has 16,900 EITC tax filers. Looking at Northern Virginia, Senator McPike’s 29th District has 17,900 EITC tax filers, and 15,700 families claim the EITC in Senator Surovell’s 36th District.

While the current credit only applies against state income taxes, a stronger state EITC would help to offset the many other state and local taxes paid by working families, including gasoline and other excise taxes -- taxes which, on average, take a larger share of the incomes of working people with low to moderate incomes compared to the highest-income households.

Thirty states, the District of Columbia, and Puerto Rico have passed their own state EITCs, and 26 of these are refundable. During the 2020 legislative session, Virginia lawmakers will have another opportunity to join this group and give working families and their communities a boost.

The full report, *Building on What Works: A Refundable EITC Would Support Families in Every District and Locality*, which uses the most recent IRS data and reflects the court-ordered redistricting from earlier this year, is available online at [www.thecommonwealthinstitute.org](http://www.thecommonwealthinstitute.org).

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The Commonwealth Institute for Fiscal Analysis provides credible, independent, and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole. Visit [www.thecommonwealthinstitute.org](http://www.thecommonwealthinstitute.org) for more information.