NISKANEN CENTER

THE STATE OF OUR FAMILIES

Child and dependent tax benefits in the states

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Contents

Key Takeaways

- Thirty-eight states now have some sort of family tax benefit to help with the cost of raising children or caring for adult family members.
- Income eligibility, dependent eligibility, and benefit amount vary widely across the states. This brief provides a comprehensive "state of the states" overview describing these benefits.
- Policymakers should embrace three principles when designing or reforming family tax benefits: including as many families as possible, targeting based on age, and converting existing dependent exemptions and other child-related tax benefits into streamlined credits for children and dependents.

Introduction

A quiet revolution is taking place in statehouses across the country as policymakers rethink their approach to supporting families in state tax codes. Tax credits for children and other dependents, once rare, are increasingly common across the states. Two major federal reforms have spurred states into action.

First, the Tax Cuts and Jobs Act of 2017 eliminated personal exemptions for dependents and redirected the savings to a larger Child Tax Credit (CTC) and a new Credit for Other Dependents. Many states had previously tied their personal exemptions to the federal code. With the elimination of federal exemptions, some states, such as Arizona and Idaho, followed the federal lead and replaced exemptions with nonrefundable tax credits for children and dependents.

Second, the American Rescue Plan Act of 2021 built on these reforms by temporarily making the federal CTC more generous and "fully refundable," which made it available to all families regardless of income for the first time. Once again, several states, such as Massachusetts and Vermont, followed the federal lead by introducing or converting existing exemptions into fully refundable credits for children and dependents.

Twenty states now have tax credits for children and dependents to help with the cost of raising children or caring for disabled and elderly family members. Another 26 (some overlapping) still have similar exemptions or deductions. These family tax benefits vary widely in terms of eligibility, structure, and benefit amounts. This brief provides state advocates and policymakers with a comprehensive overview of these family tax benefits across the 50 states.

In addition, it elevates three principles for reform to guide state policymakers as they rethink their approaches to supporting families. All policymakers support families, but they must balance concerns about poverty, work, marriage, complexity, and cost when deciding how to best structure any reform. This section will highlight several state case studies to showcase potential pathways and pitfalls.

A primer on child and dependent tax benefits

Several common policies fall under the banner of family tax benefits. This primer is focused on state-level child and dependent tax benefits. These are relatively broad-based exemptions/deductions and credits meant to help with the cost of supporting children, disabled adults, and elderly family members in the household.[1] Child and dependent tax benefits vary in terms of four essential components: the type of benefit, income eligibility, dependent eligibility, and the benefit amounts. These determine who gets what and how much.

Types of tax benefits. There are two types of tax benefits. Tax exemptions/deductions reduce the amount of income that is subject to taxation. The amount of the benefit is the amount of additional

1. This general support distinguishes them from similar state tax credits that have more specific goals. This includes state earned income tax credits aimed at "making work pay" for low-income working families and child and dependent care tax credits aimed at offsetting expenses related to center-based care arrangements. Appendix B provides an overview of these other family tax benefits.

income that would otherwise be taxed at the highest marginal tax rate. The effective value of the exemption depends on the tax rates facing the family. Massachusetts's dependent exemption, for example, allows families to exempt $1,000 of income for each dependent. Under Massachusetts' flat 5 percent personal income tax, it would be worth up to $50 ($1,000 x 5%) for each eligible dependent.

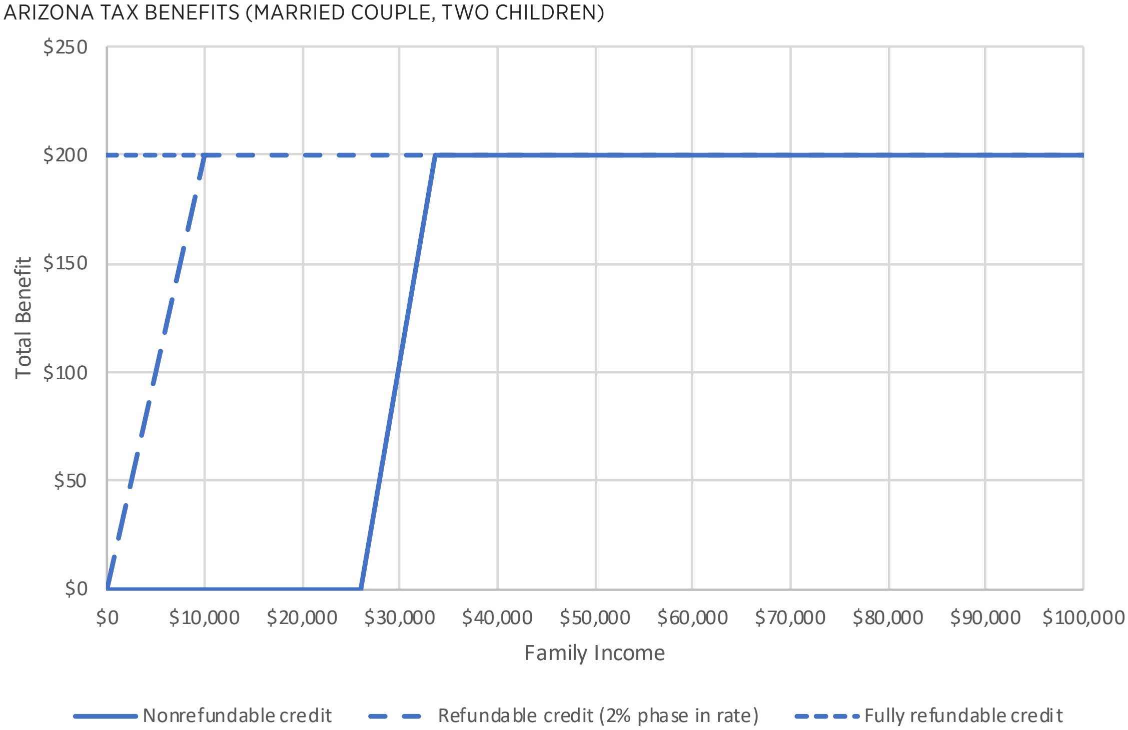
Tax credits can be nonrefundable or refundable. Nonrefundable credits offer a dollar-for-dollar reduction in taxes owed. Idaho's child tax credit, for example, allows families to reduce their income tax liability by up to $205 per child. Nonrefundable credits are similar to exemptions/deductions insofar as families must have sufficient tax liabilities to realize their total value. They differ from exemptions/deductions insofar as the value of the benefit does not vary based on the family's tax bracket. In states with generous standard deductions, many families may have no taxable income. This can result in lower or no child/dependent benefits for lower-income families. For a married couple with two children earning $25,000, Arizona's $25,900 standard deduction would reduce the value of their $100 nonrefundable credit to $0 because they would not have any tax liability after claiming the standard deduction.

Refundable credits, in contrast, allow families to receive refunds without regard to their income tax liability. Depending on how it was structured, that same Arizona family could receive the full $100 credit for each of their children if it was converted from a nonrefundable to a refundable credit. Indeed, many states have opted for refundable credits in recent years precisely because of their ability to reach lower-income families.

Income eligibility. Tax benefits can be structured so they phase in or out based on income, or as flat benefits. Exemptions/deductions and nonrefundable credits all phase in by virtue of their require-

Figure 1: Impact of refundability on distribution

ARIZONA TAX BENEFITS (MARRIED COUPLE, TWO CHILDREN)



ment that families have some income tax liability to receive them. The threshold and phase-in rate depend on when families become subject to income taxes and their tax bracket.
States have more leeway to determine income eligibility with refundable credits. State Earned Income Tax Credits (EITCs), for example, phase in at a set rate until reaching the maximum amount. States can also eliminate the phase-in altogether by making the credit "fully refundable" so that families receive the full credit regardless of income. Figure 1 illustrates the impact this has on lower-income families using a hypothetical household with two children in Arizona.

The state's standard deduction means the family does not incur any income tax liability until they earn more than $25,900. As they begin paying taxes on income earned above that amount, a nonrefundable credit becomes more valuable. They would receive the full credit once they earned $33,622 because that is when they would have at least $200 in income tax liability. Under a refundable credit with a 2 percent phase-in rate, the family's refund would increase by 2 cents for each dollar they earned up to $100 for each child. Thus, they would receive the full credit once they earned $10,000. Under a "fully refundable" credit, any family meeting the qualifying child requirements would receive the full credit. It effectively drops income requirements altogether.

In some cases, states also set thresholds at which tax benefits begin to phase out or are eliminated altogether. Following federal practice, Arizona phases out its tax credit for single parents making more than $200,000 and married couples earning more than $400,000, but at a lower 0.05 percent rate.

Dependent eligibility. Families come in all shapes and sizes. Eligibility for family tax benefits varies according to the dependent's age and relationship to the head of household. Many states rely on the federal definition of dependent, which includes children under 19 years old as well as financially dependent adult relatives (typically disabled or elderly family members) living in the same household. This more inclusive definition reflects the reality that many families care for adult children and elderly parents at some point in their lives. Over half of all states use this broader definition of dependents for their exemptions or credits.

Benefits can be more narrowly tailored to help families with the cost of raising children. Many states limit benefits to children under 17 years old, often using the federal definition of "qualifying children" for this purpose. New Mexico, for instance, uses the federal definition of qualifying child to determine eligibility for its fully refundable child tax credit. States are also increasingly recognizing the additional costs associated with raising young children and taking steps to reflect this in new benefits. Massachusetts, for example, provides a fully refundable credit for children under 12 years old (as well as disabled and elderly adult dependents) while Vermont and New Jersey do so for children under six years old. New York's Empire State Child Credit is unique insofar as it is limited to children aged 4-16 years old.

There is no cap on the number of eligible dependents across states, with three exceptions: Kentucky's Family Size Tax Credit is limited to three dependents, Massachusetts' Household Dependent Tax Credit is limited to two, and California's Young Child Tax Credit is limited to one per household.

Benefit amounts. The amount of support that a tax benefit actually delivers to families depends not only on its face value but on its structure. Fully refundable tax credits are the easiest to calculate because their value doesn't depend on families' tax bracket or income tax liability. A married couple with one child under 12 years old in Massachusetts receives the full value of the $180 Household Dependent Tax Credit regardless of their tax liability. These credit amounts range from $175 in New Mexico to $1,000 in Vermont.

Phased-in refundable and nonrefundable credits are similarly straightforward insofar as their potential value corresponds to the credit amount but families may receive less if they do not have enough income (in the case of phase-ins) or tax liability to offset (in the case of nonrefundable credits). Arizona's $100 child tax credit, for example, is worth up to $100 to families who owe at least $100 in income taxes. Nonrefundable credits range from up to $29 in Arkansas to up to $300 in Maine. Colorado's refundable credit is worth up to $1,200.

Tax exemptions look larger at first glance, ranging from $700 in Wisconsin to $5,000 in Michigan, but their value depends on the household's marginal tax rate. West Virginia, for example, has a $2,000 exemption. Under its graduated income tax system, tax rates range from 3 percent to 6.5 percent depending on the household's income bracket. The exemption will be worth $60 to a family in the lowest bracket ($2,000 x 3%) versus $130 to a similar family in the top bracket ($2,000 x 6.5%). As with nonrefundable credits, the value of the exemption is effectively $0 in cases where a family's income is less than the standard deduction.

State of the states

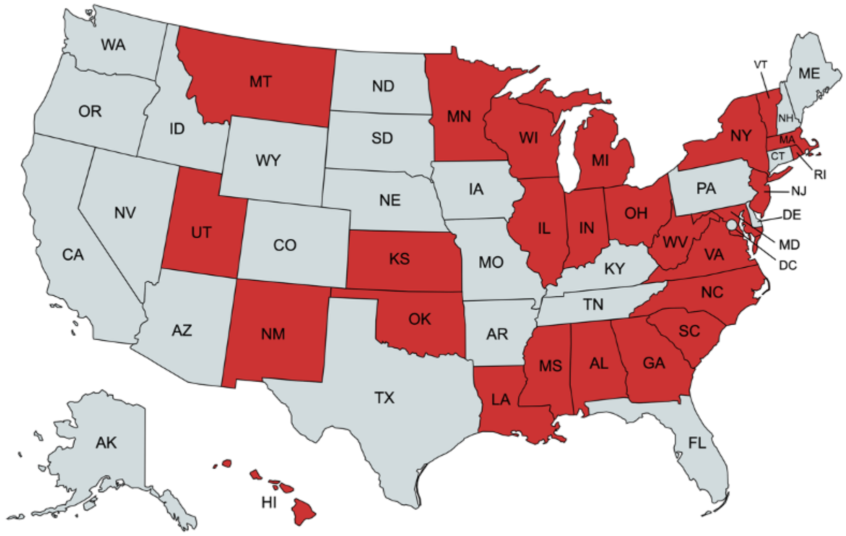
The recent flurry of state changes to child and dependent tax benefits provides the impetus to take stock of how states are supporting families in their tax codes. Appendix A provides comprehensive details on the types of benefits, income eligibility, dependent eligibility, and benefit amounts in each state. Readers interested in the details for a particular state should consult the appendices. This section provides a brief overview and highlights some stylized trends across the states.[2]

The figures below map out which states have exemptions, nonrefundable credits, and refundable credits for children and/or dependents. There is some overlap since several states have exemptions as well as credits.

Figure 2 identifies the states with tax exemptions (shown in red). Most of these states rely on the federal definition of dependent (or some slight variation thereof), which includes children under 19 as well as adult dependents. Several states offer additional exemptions with more limited eligibility for children. In addition to a general dependent exemption, Indiana offers one for qualifying children under 17 years old. South Carolina offers an additional exemption for children under six years old.

2. One functional prerequisite for family tax benefits, as defined here, is a state personal income tax. Forty-one states levy personal income taxes. Nine states (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming) do not have personal income taxes, precluding the introduction of these benefits under most circumstances. Refundable tax credits may be the exception since they are effectively divorced from the need to offset income tax liability. Washington, for example, has a state-level earned income tax credit administered as a proportion of the federal earned income tax credit. While it is theoretically possible for states without a personal income tax to provide a refundable child tax credit, none have done so yet.

Figure 2: States with tax exemptions for children and/or dependents

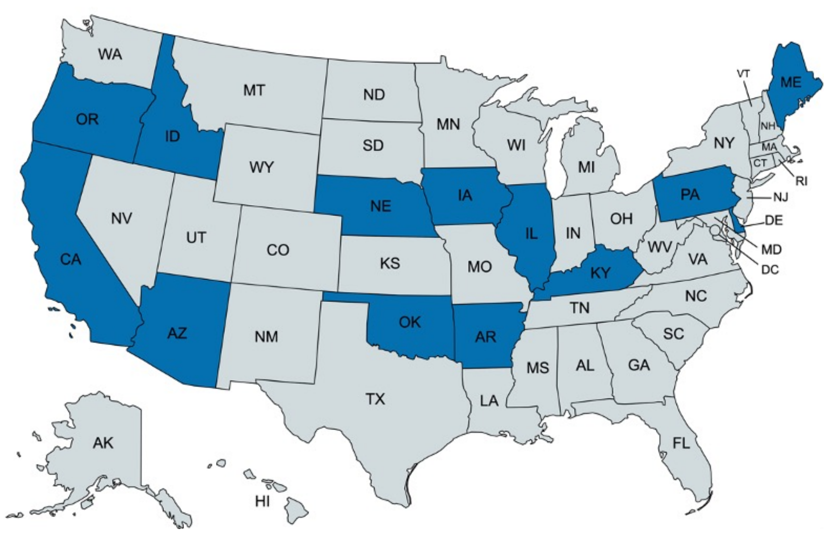


Most states do not phase out their exemptions. Those that do are split between higher initial-threshold states – Illinois begins to phase it out at $500,000 for married couples – and lower initial-threshold states – Alabama begins to phase it out at $20,000 for all households.

Exemptions still dominate, but the number of states converting exemptions into nonrefundable credits grew in the wake of Congress' 2017 tax reforms that eliminated personal exemptions in the federal code. Figure 3 maps out the states with nonrefundable tax credits (shown in blue). Eligibility for these credits is split between those states that kept using the federal definition of dependents and those that shifted to a narrower definition of qualifying children. Some states, like Arizona, followed the federal lead and created a more generous credit for children and a less generous credit for other dependents. Others, like Illinois, retained their dependent exemption alongside their child tax credit.

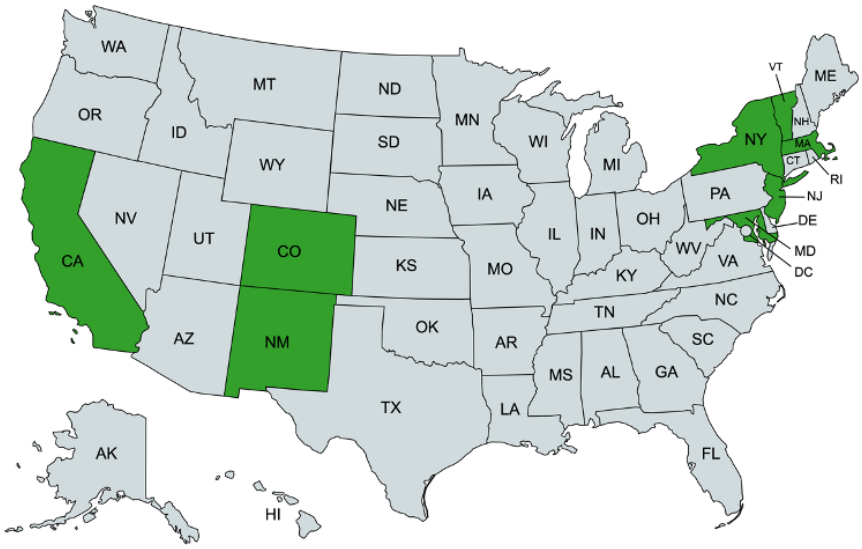
Nonrefundable credits are more likely to be split between those with and without any phaseout. Most have phaseout thresholds in the $200,000 range but some, like Kentucky's Family Size Tax Credit, are meant to only shield those near or below the federal poverty line from higher taxes.

Figure 3: States with nonrefundable tax credits for children and/or dependents



Refundable tax credits are a relatively new state innovation. Figure 4 maps out the states with refundable tax credits (shown in green). New York introduced the first fully refundable child tax credit in 2006 with the Empire State Child Credit. The remaining seven states adopted them in the last two years. In contrast to tax exemptions and nonrefundable tax credits, there is much more variation across states with refundable tax credits.

Figure 4: States with refundable tax credits for children and/or dependents



Except for Massachusetts, where disabled and elderly dependents are also eligible, these states limit eligibility to children. Children under 17 years old are eligible in New Mexico and Maryland – but only if they are disabled in the latter. New York limits the credit to children under 17 but excludes children under 4 years old. Children under 12 are eligible in Massachusetts. Several states, including California, Colorado, New Jersey, and Vermont, followed the federal lead in focusing on younger children by setting eligibility at children under six years old.

These tax credits are fully refundable in California, Maryland, Massachusetts, New Jersey, New Mexico, New York, and Vermont. No phase-in means all low-income families are eligible for the full credit. Colorado has the only refundable tax credit that phases in the benefit.

States are more likely to phase out refundable credits as well — the only exception is Massachusetts. Thresholds range from $6,000 in Maryland to $175,000 in Vermont. Lastly, these states are more likely to cap the number of eligible dependents. California's Young Child Tax Credit is limited to one per household while Massachusetts' Household Dependent Tax Credit is capped at two per household.

The sheer diversity of family tax benefits across several components can make it hard to figure out which models offer the best way forward for supporting families and which ones are kludges to be avoided if possible. There are several principles that can help guide state policymakers and stakeholders interested in reform.

Principles for reform

Each state is different in terms of resources, priorities, and appetite for reform, but there are three broad principles that should guide policymakers as they begin the process.

1. Child and dependent tax benefits should include as many families as possible.

Tax exemptions are the most popular type of family tax benefit, but they are also the least effective at providing support to the families who most need it. Because the value of exemptions is based on a family's tax bracket, they provide the most generous benefits to higher-income families while providing little or no benefit to lower-income families. If the goal is to support families with the cost of raising children or caring for elderly parents, tax credits are better suited for the task.

Fully refundable tax credits, in particular, can provide a flat universal benefit that reaches all families facing similar costs. By including lower-income families, these credits reduce poverty and hardship. They are a good alternative to spending on more targeted measures that are more administratively complicated and potentially penalize work efforts.[3]

2. The best means for targeting benefits is by age.

State policymakers working within tight budget constraints must often look for ways to "get the most bang for the buck" in the design of tax credits. There is a potential tradeoff between cost, generosity, and reach. There are several reasons why prioritizing by age is more effective than doing so by income or using family caps.

Parental investment in children's development is most important when they are young. At the same time, children face the highest risk of poverty when they are young because their parents tend to earn less at this point in their life cycle. As children grow older, parental income tends to increase and stabilize, and the risk of falling into poverty declines. Under these circumstances, setting benefit levels higher for children under six or lower for teenagers is a good and simple way to target policies more toward those who are more likely to benefit from additional support.[4]

Income-testing benefits, or phasing them out with income, has become popular in several states. It looks like a good way to keep costs down by targeting benefits toward low-income families, but the reality is that states are more likely than not to structure income tests poorly, in several ways.

States that set low phaseout thresholds with higher phaseout rates can afford to provide more generous benefits or keep total costs down but risk penalizing work and marriage for low- and middle-income families. California's fully refundable $1,000 Young Child Tax Credit demonstrates both problems. The phaseout begins at $25,000 and the credit disappears completely by $30,000. Neither threshold is adjusted for single or married filing status. If a family increases their earnings from $25,000 to $30,000, they would lose 20 cents for every $1 they earned. Similarly, if a single parent making $15,000 married someone making $15,000, they would lose the entire $1,000 tax credit.

Other states, such as New Mexico and New Jersey, have gone further and created benefit cliffs that cause families to lose some amount of the benefit altogether if they cross a specific income threshold. Because benefit amounts are set for broad income brackets (e.g., $500 for incomes between $0 and $29,999; $400 for incomes between $30,000 and $49,999; etc.) earning an additional dollar can result in families losing $25 to $100 in benefits.

3. Nonrefundable and refundable tax credits that phase in are marked improvements relative to tax exemptions insofar as they shift benefits downward to include more families. But they still exclude many low-income families.

4. Benefits for adult dependents should be considered in the context of other available benefits that may be better suited for their needs.

Setting a high phaseout threshold that adjusts based on whether the head of household is single or married and a lower phaseout rate can substantially reduce work and marriage penalties, but doing so substantially reduces any cost savings that come with income-testing.

Similarly, family caps are unlikely to save a substantial amount but penalize larger families and multi-generational households. They should be avoided altogether.

3. The best route for states is to convert exemptions into credits and/or consolidate existing child-related tax benefits.

Most states already have a solid foundation for reform in their existing exemptions and credits. Layering a whole new system of tax credits on top of the existing infrastructure is both expensive and unnecessary. Instead, states can modify what they already have and build on it by converting exemptions into credits and consolidating overlapping exemptions and credits into a single more generous credit. Maine and Massachusetts provide good models for this.

Following the elimination of personal exemptions at the federal level in 2017, Maine had a choice to make about what to do with its $4,050 dependent exemption. The exemption was worth about $290 per dependent to families in the top tax bracket but only worth about $235 to families in the lowest tax bracket. Legislators converted it into a nonrefundable $300 tax credit, effectively shifting the benefits toward more middle- and lower-income families.

Massachusetts took it a step further in 2021. The state had a $3,600 exemption for dependents that are under 12 years old, disabled, or elderly. This was worth $180 to middle- and upper-income families but excluded the lowest-income families. The state converted it into a fully refundable tax credit, effectively making it universal to cover all families with eligible dependents.

In doing so, both states expanded the reach of family tax benefits while reducing complexity and minimizing fiscal costs. This approach stands in contrast to other states, such as New Jersey, New Mexico, and Vermont, that recently adopted fully refundable tax credits but layered them on top of existing tax exemptions. In those states, families must potentially navigate a system where their fully refundable tax credit phases out and their tax exemption phases in as their income rises.

In these states, the best approach is to focus on consolidating overlapping benefits. Combining fragmented tax exemptions and tax credits into a single simplified and more generous tax credit would get states back on the right track.

Innovative states might take it one step further by considering whether families would benefit from broader consolidations of other overlapping tax benefits. For example, low take-up rates for state child and dependent *care* tax credits, or CDCTCs — which offset certain recorded expenses such as day care — could make it worthwhile to shift the value of those benefits entirely into a larger child and dependent tax credit that drops qualifying expense requirements. States should also explore whether it makes sense to shrink more complicated state EITCs and shift those benefits over to a more generous flat CTC. Appendix B lists these additional family-related tax benefits.

A smarter way to support families

As families look ahead to 2023, they find themselves struggling to keep up with the cost of living after a pandemic-induced economic downturn followed by a year of the highest inflation we have seen in decades. State policymakers have the tools at their disposal to support families with the cost of raising children and caring for disabled or elderly relatives – if they know how to maximize their impact. This brief provides a blueprint for state policymakers interested in fiscally responsible reforms that expand the scope, generosity, and simplicity of family tax benefits in their states.

Appendix A surveys the infrastructure that already exists and thus serves as a starting point for these reforms. By focusing on converting and consolidating existing exemptions and credits into broad-based refundable tax credits for children and dependents, states can make meaningful changes to support families.

About the author

Joshua McCabe is a senior family economic security analyst, who works on issues related to child poverty and household stability. McCabe previously worked as an Assistant Professor of Sociology and Assistant Dean for Social Sciences at Endicott College. McCabe's work has been featured in the Washington Post, the National Review, the Hill, and more.

McCabe has received his B.A. in Political Science from Emmanuel College, his M.A. in Regional Economic and Social Development from the University of Massachusetts, Lowell, and his Ph.D. in Sociology from the State University of New York at Albany.

Appendix A: Child and dependent tax benefits

State	Exemption/credit	Maximum amount	Dependent eligibility	Income eligibility****	Additional exemption/credit
Alabama	Exemption	$1,000	All ages***	$1,000 under $20,000; $500 for $20,000-$100,000; $300 for $100,000+	
Alaska	None				
Arizona	Nonrefundable credit	$100	Under 17	$200,000/$400,000 threshold with 0.05% phaseout rate	$25 nonrefundable credit for dependents over 17
Arkansas	Nonrefundable credit	$29	Under 19*	No phaseout	
California	Fully refundable credit	$1,000[1]	Under 6	$25,000 threshold with 20% phaseout rate	$400 nonrefundable credit for dependents
Colorado	Refundable credit	$1,200	Under 6	$1,200 under $25,000/$35,000; $600 for $25,001-$50,000/ $35,001-$60,000; $200 for $50,001-$75,000/ $60,001-$85,000	
Connecticut	None				
Delaware	Nonrefundable credit	$110	Under 19*	No phaseout	
Florida	None				
Georgia	Exemption	$3,000	Under 19*	No phaseout	
Hawaii	Exemption	$1,144	Under 19*	No phaseout	
Idaho	Nonrefundable credit	$205	Under 17**	No phaseout	
Illinois	Nonrefundable credit	$100	Under 17	$40,000/$60,000 threshold with 0.25% phaseout rate	$2,375 exemption for dependents
Indiana	Exemption	$1,000	Under 19*	No phaseout	$1,500 exemption for qualifying children
Iowa	Nonrefundable credit	$40	Under 19*	No phaseout	
Kansas	Exemption	$2,250	Under 19*	No phaseout	
Kentucky	Nonrefundable credit	$236[2]	Under 19*	Phases out between 100% of 133% of the household size-adjusted federal poverty line	
Louisiana	Exemption	$1,000	Under 19*	No phaseout	
Maine	Nonrefundable credit	$300	Under 17**	$200,000/$400,000 threshold with 0.75% phaseout rate	
Maryland	Fully refundable credit	$500	Under 17 & disabled	$6,000 threshold with 100% phaseout rate	$3,200 exemption for dependents
Massachusetts	Fully refundable credit	$180[3]	Under 12	No phaseout	$1,000 exemption for dependents
Michigan	Exemption	$5,000	Under 19*	No phaseout	
Minnesota	Exemption	$4,450	Under 19*	$249,800/$299,750 threshold with 2% phaseout rate	
Mississippi	Exemption	$1,500	Under 19*	No phaseout	
Missouri	None				
Montana	Exemption	$2,710	Under 19*	No phaseout	
Nebraska	Nonrefundable credit	$146	Under 19*	No phaseout	

Nevada	None				
New Hampshire	None				
New Jersey	Fully refundable credit	$500	Under 6	$500 under $30,000; $400 for $30,001-$40,000; $300 for $40,001-$50,0000; $200 for $50,001-$60,000; $100 for $60,001-$80,000	$1,500 exemption for dependents
New Mexico	Fully refundable credit	$175	Under 17	$175 under $25,000; $150 for $25,001-$50,000; $125 for $50,001-$75,000; $100 for $75,001-$100,000; $75 for $100,001-$200,000; $50 for $200,001-$350,000; $25 for over $350,000	$4,000 exemption for dependents (excluding the first)
New York	Fully refundable credit	$333	Ages 4-16	$75,000/$120,000 threshold with 5% phaseout rate	$1,000 exemption for dependents
North Carolina	Deduction	$2,500	Under 17**	$2,500 under $30,000/$40,000; $2,000 for $30,001-$45,000/ $40,001-$60,000; $1,500 for $45,001-$60,000/ $60,001-$80,000; $1,000 for $60,001-$75,000/ $80,001-$100,000; $500 for $75,001-$90,000/ $100,001-$120,000; $0 for over $90,000/$120,000	
North Dakota	None				
Ohio	Exemption	$2,400	Under 19*	$2,400 under $40,000; $2,150 for $40,001-$80,000; $1,900 for over $80,000	
Oklahoma	Nonrefundable credit	$100	Under 17**	$100,000 threshold with 100% phaseout rate	
Oregon	Nonrefundable credit	$219	Under 19*	$200,000 threshold with 100% phaseout rate	
Pennsylvania	Nonrefundable credit	$291	Under 19*	Complex “tax forgiveness” schedule	
Rhode Island	Exemption	$4,350	Under 18	No phaseout	
South Carolina	Exemption	$4,300	Under 19*	No phaseout	$4,300 exemption for children under 6
South Dakota	None				
Tennessee	None				
Texas	None				
Utah	Exemption	$1,750	Under 19*	No phaseout	
Vermont	Fully refundable credit	$1,000	Under 6	$125,000 threshold with 2% phaseout rate	$4,350 exemption for dependents
Virginia	Exemption	$930	Under 19*	No phaseout	
Washington	N/A				
West Virginia	Exemption	$2,000	Under 19*	No phaseout	
Wisconsin	Exemption	$700	Under 19*	No phaseout	
Wyoming	N/A				

*Federal definition of dependent also includes disabled and elderly relatives

**Federal definition of qualifying child

***Dependent defined as anyone in household receiving more than 50% of support from taxpayer

****Single/married thresholds separated by “/”

[1] Per family

[2] Capped at three dependents

[3] Capped at two dependents

Appendix B: Additional family tax benefits

State	EITC	EITC rate(s)	CDCTC	CDCTC rate(s)
Alabama	No		No	
Alaska	No		No	
Arizona	No		No	
Arkansas	No		Yes, refundable	20% of federal; for children under 6
California	Yes, refundable	85% of federal for those earning less than $30,000	Yes, nonrefundable	34%-50% of federal depending on income
Colorado	Yes, refundable	20% of federal	Yes, refundable	10%-50% of federal depending on income
Connecticut	Yes, refundable	30.5% of federal	No	
Delaware	Yes, refundable or nonrefundable	4.5% of federal (refundable) or 20% of federal (nonrefundable)	Yes, nonrefundable	50% of federal
Florida	No		No	
Georgia	No		Yes, nonrefundable	30% of federal
Hawaii	Yes, nonrefundable	20% of federal	Yes, refundable	15%-25% of qualifying expenses up to $2,400/$4,800 depending on income
Idaho	No		Yes, as a deduction	Deduct up to $3,000/$6,000 in expenses
Illinois	Yes, refundable	18% of federal	No	
Indiana	Yes, refundable	10% of federal	No	
Iowa	Yes, refundable	15% of federal	Yes, refundable	30%-75% of federal depending on income
Kansas	Yes, refundable	17% of federal	Yes, nonrefundable	25% of federal
Kentucky	No		Yes, nonrefundable	20% of federal
Louisiana	Yes, refundable	5% of federal	Yes, refundable and nonrefundable	Refundable and 50% of federal or nonrefundable and 10%-30% of federal depending on income
Maine	Yes, refundable	25% of federal without children or 12% with children	Yes, partially refundable	25% of federal, up to $500 of which is refundable
Maryland	Yes, refundable	100% of federal without children or 45% with children	Yes, refundable	20.16%-32% of federal depending on income
Massachusetts	Yes, refundable	30% of federal	Yes, refundable	Fully refundable credit worth $240-$480
Michigan	Yes, refundable	6% of federal	No	
Minnesota	Yes, refundable	3.9%-12.5% of earned income depending on family size and income	Yes, refundable	Up to 35% of federal depending on income
Mississippi	No		No	
Missouri	Yes, nonrefundable	10% of federal	No	
Montana	Yes, refundable	3% of federal	Yes, as a deduction	Deduct up to $2,400-$4,800 in expenses depending on income
Nebraska	Yes, refundable	10% of federal	Yes, refundable and nonrefundable	Refundable and 30%-90% of federal or nonrefundable and 25% of federal depending on income
Nevada	No		No	
New Hampshire	No		No	
New Jersey	Yes, refundable	40% of federal	Yes, refundable	10%-50% of federal depending on income

New Mexico	Yes, refundable	20% of federal	Yes, refundable	Up to 40% of federal depending on income
New York	Yes, refundable	30% of federal	Yes, refundable	20%-110% of federal depending on income
North Carolina	No		No	
North Dakota	No		No	
Ohio	Yes, nonrefundable	30% of federal	Yes, nonrefundable	25%-100% of federal depending on income
Oklahoma	Yes, refundable	5% of federal	Yes, nonrefundable	20% of federal
Oregon	Yes, refundable	12% of federal for children under 3 or 9% otherwise	Yes, refundable	4%-75% of qualifying expenses depending on income
Pennsylvania	No		Yes, refundable	30% of federal depending on income
Rhode Island	Yes, refundable	15% of federal	Yes, nonrefundable	25% of federal
South Carolina	Yes, nonrefundable	125% of federal	Yes, refundable	7% of federal
South Dakota	No		No	
Tennessee	No		No	
Texas	No		No	
Utah	Yes, nonrefundable	15% of federal	No	
Vermont	Yes, refundable	36% of federal	Yes, refundable and nonrefundable	Refundable and 50% of federal or nonrefundable and 24% of federal depending on income
Virginia	Yes, nonrefundable	20% of federal	Yes, as a deduction	Deduct up to $3,000-$6,000 in expenses depending on income
Washington	Yes, refundable	$300-$1,200 depending on family size and income	No	
West Virginia	No		No	
Wisconsin	Yes, refundable	4% of federal for 1 child, 11% for 2, 34% for 3	No	
Wyoming	No		No	