Legislative Services Agency
State Capitol, 1007 E. Grand Avenue, Des Moines, Iowa 50319, 515.281.3566

Fiscal Services Division

Fiscal Topic

Tax Credit: Earned Income Tax Credit

November 9, 2026

Purpose and History

The Earned Income Tax Credit (EITC) is available to individual income taxpayers who qualify for the federal Earned Income Tax Credit. The EITC equals 15.0% of the federal Earned Income Tax Credit.

Tax Credit Background

- Enabling Legislation: 1989 Iowa Acts, chapter 268 (State Individual Income Tax Act)
- Iowa Code Citation: Section 422.12B — Individual Income Tax
- Administrative State Agencies: Iowa Department of Revenue (IDR)
- Sunset Date: None
- Transferable: No
- Refundable: Yes
- Carryforward: No
- Tax Review Committee Review Year: None

Legislative History

The EITC became effective January 1, 1990, in the amount of 5.0% of the federal Earned Income Tax Credit and was initially nonrefundable. Effective January 1, 1991, the nonrefundable EITC was increased to 6.5% of the federal Earned Income Tax Credit. Effective January 1, 2007, the amount of the credit was increased to 7.0% and the credit was made refundable.

The EITC was coupled with the federal Earned Income Tax Credit for tax years 2010 through 2012 during the 2011 Legislative Session. For tax years beginning on or after January 1, 2014, the credit was coupled with the increases in the federal Earned Income Tax Credit through tax year 2017. Effective January 1, 2013, the EITC rate was increased to 14.0% of the federal Earned Income Tax Credit and was increased to 15.0% for tax years beginning January 1, 2014. Increases in the federal Earned Income Tax Credit for married households and households with three or more children were made permanent in 2015 for tax years 2018 and later. During the 2018 Legislative Session, the Iowa EITC was coupled with those federal changes.

Tax Credit Review, Usage, and Future Liability

The following is based on the IDR Earned Income Tax Credit Tax Credit Evaluation Study from December 2021:

- In tax year 2019, 207,389 households claimed the EITC. The average claim amount was $331.
- In tax year 2019, single filers accounted for 29.1% of households claiming the EITC and made 10.9% of total claims. Head-of-household filers accounted for 48.2% of households claiming the EITC and made 63.4% of total claims. Married filers accounted for 22.6% of households claiming the EITC and made 25.5% of total claims.

- In tax year 2019, 63.5% of households claiming the EITC had Iowa adjusted gross income of less than $25,000.

The IDR reports on the annual credit usage for the EITC in its periodic Contingent Liabilities Report. Based on Table 8 of the report, **Figure 1** data provides credit redemption history and projections for the EITC on a fiscal year basis. The blue bars of **Figure 2** indicate the actual credit redemptions, while the red bars are the IDR projections of future redemptions.

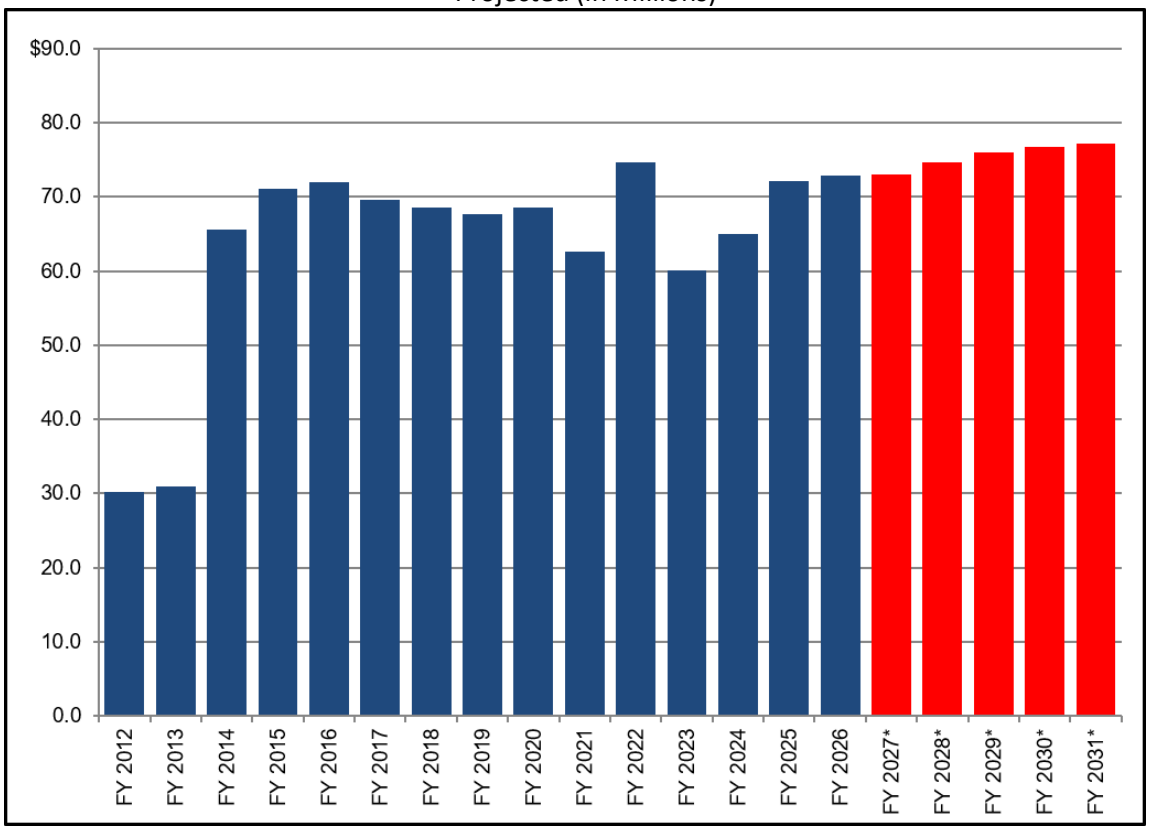
Figure 1 — Earned Income Tax Credit History

* Projected

Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2012	$ 30,258,024	FY 2022	$ 74,603,430
FY 2013	31,031,962	FY 2023	60,177,363
FY 2014	65,570,550	FY 2024	64,958,861
FY 2015	71,094,646	FY 2025	72,117,991
FY 2016	71,931,413	FY 2026	72,948,328
FY 2017	69,582,239	FY 2027*	73,026,009
FY 2018	68,651,800	FY 2028*	74,723,980
FY 2019	67,644,269	FY 2029*	76,018,873
FY 2020	68,638,020	FY 2030*	76,720,746
FY 2021	62,622,352	FY 2031*	77,164,376

Figure 2 — Earned Income Tax Credit Redemptions

* Projected (in Millions)



Additional Information

For additional information, visit:

- Iowa Department of Revenue Contingent Liabilities Report
- Iowa Department of Revenue Tax Credit Users' Manual
- Legislative Services Agency Individual Income Tax Guide
- Iowa Department of Revenue Tax Credit Review

LSA Staff Contact

Eric Richardson
(515.281.6767)
eric.richardson@legis.iowa.gov

Doc ID 1618693