

Family Tax Credits

DEFINITION

Family Tax Credits is the number of filers receiving the state Earned Income Tax Credit and the value of state and federal credits received.

SIGNIFICANCE

Tax credits, such as the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), are effective tools for reducing poverty rates by putting money back into the incomes of low- to moderate income working families by reducing taxes owed or issuing a tax refund when taxes are not owed.^{1,2} Several factors determine how much an individual or family receives from the EITC, including household income, marital status, and the number of people in the household.³ Most EITC recipients are parents with children. Many are from households led by working single mothers and Women of Color.⁴

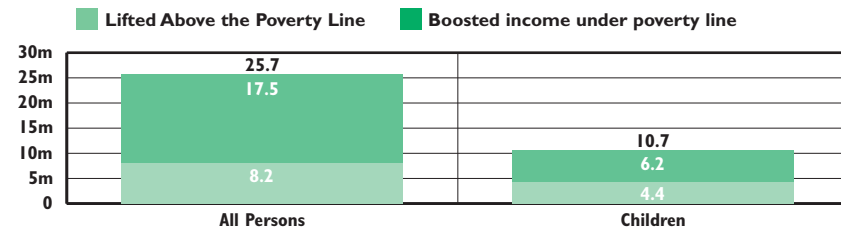
The EITC and CTC help families immediately and can produce lasting benefits for children and families. In 2024 the federal EITC and CTC lifted an estimated 8.2 million people above the poverty level and 17.5 million people out of deep poverty.³ Tax credits like CTC can also reduce material hardship for many families, increasing their ability to purchase food, pay off medical debt, and keep up with

monthly bills.⁵ Improved financial stability can reduce the stress on parents by helping them better provide for their children's basic needs.⁶ Tax credits can also help to improve the overall health and well-being of children, promoting a healthy birthweight, reducing incarceration rates, and reducing the likelihood that a child will experience poverty as an adult.^{5,7} Recipients are more likely to work, and their children do better in school, are more likely to attend college, and earn more as adults.⁸

In 2021, the U.S. child poverty rate fell to a historic low of 5.2%, down from 9.7% in 2020, lifting 2.9 million children out of poverty, largely due to the *American Rescue Plan's* expansion of the federal CTC.^{5,9} Key to this historic reduction in child poverty was the extension of full CTC eligibility to low- and moderate-income families. The expansion increased the benefit from \$2,000 per child to up to \$3,600 for children under age six and \$3,000 for children ages six to 17.¹⁰ Before this change, approximately one in three children nationwide were left out of the full CTC because their family incomes were too low to qualify.¹¹



Impact of Earned Income Tax Credit and Child Tax Credit, United States, 2024



Source: Analyses were conducted by and the graph was created by the Center on Budget and Policy Priorities (2026). These data reflect the Supplemental Poverty Measure threshold which includes non-cash government programs, such as housing and food assistance. The data are from the Census Bureau March 2025 Current Population Survey.

- ◆ In 2024 the federal EITC and CTC lifted an estimated 4.4 million U.S. children above the poverty level and helped 6.2 million children move out of deep poverty.³
- ◆ In 2025, 68,800 Rhode Island filers claimed the federal EITC, bringing \$181.9 million into the state; the average credit for tax year 2024 was \$2,644.¹²
- ◆ In tax year 2024, Providence residents received nearly \$56.8 million in federal EITC, followed by Pawtucket (\$16.7 million), Cranston (\$11.5 million), Woonsocket (\$10.9 million), and Central Falls residents (\$6.9 million), impacting thousands of working families across the state.¹³



State Earned Income Tax and Child Tax Credits

- ◆ Thirty states and the District of Columbia have a state EITC, including Rhode Island.³ In 2023, the Rhode Island General Assembly increased the state's refundable EITC from 15% to 16% of the federal EITC.¹⁴
- ◆ Seventeen states have a state CTC, and 12 of these states have made their CTC refundable, so it helps the lowest income families.¹⁵ In Rhode Island, the Governor's FY 2027 proposed budget includes the state's first permanent, refundable CTC. If this proposal is included in the final budget passed by the General Assembly, families would receive \$325 per dependent child under age 19, as either a tax credit or a refund depending on their income. The proposed CTC would put \$15 million in the pockets of low-income families with children in FY 2027 and over \$30 million in FY 2028 and beyond.¹⁶

Table 8.

Rhode Island Earned Income Tax Credits & Refunds, Tax Year 2024

CITY/TOWN**	# FILERS WITH APPROVED EITC TAX CREDITS/REFUNDS	TOTAL RI STATE EITC TAX CREDIT RECEIVED	TOTAL RI STATE EITC TAX REFUNDS RECEIVED*	ESTIMATED TOTAL FEDERAL EITC TAX CREDITS RECEIVED
Barrington	326	\$117,445.00	\$104,035.00	\$650,218.75
Bristol	668	\$211,677.00	\$187,625.00	\$1,172,656.25
Burrillville	737	\$293,805.00	\$261,269.00	\$1,632,931.25
Central Falls	2,481	\$1,208,003.00	\$1,115,182.00	\$6,969,887.50
Charlestown	316	\$92,558.00	\$83,656.00	\$522,850.00
Coventry	1,468	\$527,416.00	\$468,932.00	\$2,930,825.00
Cranston	5,053	\$2,046,440.00	\$1,840,568.00	\$11,503,550.00
Cumberland	1,243	\$451,933.00	\$394,697.00	\$2,466,856.25
East Greenwich	409	\$129,834.00	\$118,228.00	\$738,925.00
East Providence	2,630	\$993,932.00	\$876,657.00	\$5,479,106.25
Exeter	218	\$71,817.00	\$63,279.00	\$395,493.75
Foster	170	\$61,231.00	\$56,214.00	\$351,337.50
Glocester	243	\$90,128.00	\$82,378.00	\$514,862.50
Hopkinton	182	\$69,375.00	\$65,159.00	\$407,243.75
Jamestown	100	\$24,669.00	\$20,479.00	\$127,993.75
Johnston	1,826	\$717,133.00	\$646,467.00	\$4,040,418.75
Lincoln	927	\$373,349.00	\$336,996.00	\$2,106,225.00
Little Compton	85	\$22,123.00	\$18,125.00	\$113,281.25
Middletown	656	\$264,256.00	\$245,601.00	\$1,535,006.25
Narragansett	297	\$83,415.00	\$75,562.00	\$472,262.50
New Shoreham	69	\$14,794.00	\$13,549.00	\$84,681.25
Newport	1,157	\$482,464.00	\$449,593.00	\$2,809,956.25
North Kingstown	980	\$359,002.00	\$328,641.00	\$2,054,006.25
North Providence	2,017	\$794,583.00	\$710,777.00	\$4,442,356.25
North Smithfield	364	\$124,214.00	\$108,651.00	\$679,068.75
Pawtucket	7,137	\$3,001,362.00	\$2,673,915.00	\$16,711,968.75
Portsmouth	440	\$145,403.00	\$130,495.00	\$815,593.75
Providence	20,872	\$9,860,221.00	\$9,092,700.00	\$56,829,375.00
Richmond	197	\$79,676.00	\$72,350.00	\$452,187.50
Scituate	595	\$206,743.00	\$185,904.00	\$1,161,900.00
Smithfield	554	\$187,964.00	\$167,050.00	\$1,044,062.50
South Kingstown	842	\$273,213.00	\$251,190.00	\$1,569,937.50
Tiverton	550	\$185,259.00	\$163,496.00	\$1,021,850.00
Warren	496	\$174,675.00	\$158,498.00	\$990,612.50
Warwick	3,623	\$1,294,212.00	\$1,140,222.00	\$7,126,387.50
West Greenwich	202	\$61,586.00	\$55,200.00	\$345,000.00
West Warwick	2,047	\$814,337.00	\$731,249.00	\$4,570,306.25
Westerly	1,037	\$357,405.00	\$314,881.00	\$1,968,006.25
Woonsocket	4,008	\$1,897,382.00	\$1,738,035.00	\$10,862,718.75
Five Core Cities	35,655	\$16,449,432.00	\$15,069,425.00	\$94,183,906.25
Remainder of State	31,567	\$11,715,602.00	\$10,478,080.00	\$65,488,000.00
Rhode Island Residents	67,222	\$28,165,034.00	\$25,547,505.00	\$159,671,906.25
Out of State Residents**	7,119	\$1,673,825.00	\$1,507,535.00	\$9,422,093.75

Source of Data for Table/Methodology

Data are from the Rhode Island Department of Revenue, Division of Taxation for the 2024 Tax Year.

*Tax Refunds may be partially attributable to EITC; other factors are likely to contribute to the refund amount.

** State EITC is connected to employment in a state, therefore residents who live in one state and work in another state are eligible for the tax credits available in the state where they work and not where they live.

Estimating the total federal EITC tax credit: In the beginning of 2024, the state tax credit was 16% of the federal tax credit. Therefore, we estimated the total federal EITC tax credit by multiplying the total Rhode Island EITC refunds by 6.25 to get the full 100% federal EITC amount.

Five core cities are Central Falls, Newport, Pawtucket, Providence, and Woonsocket.

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