



# Taxation Policy

- State earned-income tax credits help improve the health of working people and their children, and help single mothers [return](#) to work.
- States can hold nonprofit hospitals accountable for their tax exemptions by requiring them to invest in meaningful community health improvement projects.
- States can tax unhealthy behaviors such as [tobacco](#) or excess soda consumption.
- State taxes can incentivize cleaner [air](#), energy [efficiency](#), and other health-related policies.

Resources and policy tools	What state agencies can address taxation
<ul style="list-style-type: none"> <li>• Many <a href="#">states</a> have their own earned-income tax credit.</li> <li>• States can require <a href="#">hospital community benefit</a> investments to align with priorities in <a href="#">State Health Improvement Plans</a>, such as <a href="#">affordable housing</a>, and with <a href="#">Certificate or Determination of Need</a> requirements for hospitals.</li> <li>• State taxes can incentivize cleaner <a href="#">air</a>, energy <a href="#">efficiency</a>, and other health-related policies.</li> </ul>	<ul style="list-style-type: none"> <li>• Department of revenue/taxation</li> <li>• Office of the comptroller</li> <li>• Office of the attorney general (for nonprofits/charities)</li> <li>• State energy office (for efficiency incentives)</li> <li>• Department of public health (for soda/tobacco taxes)</li> </ul>

## State Policy Options

**Earned-Income Tax Credits (EITC):** Many [states](#) have adopted their own earned-income tax credits that residents can receive in addition to the [federal](#) EITC. These tax credits have been [associated](#) with improved health, particularly for children and single mothers, and research [suggests](#) that even slightly expanding the EITC can improve health outcomes. Increasing the amount of the benefit is shown to improve elementary and middle school students’ test scores.

**Hospital community benefits requirements:** Nonprofit hospitals receive [billions](#) in tax exemptions nationwide. In exchange, [states](#) can require these tax-exempt hospitals to invest in the health of the communities they serve in ways that go beyond the federal requirements.

**Incentivizing healthy behaviors:** States can use tax incentives to encourage the construction of energy-efficient homes and businesses and reduce greenhouse gas initiatives. Taxes on [tobacco](#) and [soda](#) can also encourage healthier individual behaviors and provide revenue states can invest in health promotion.

*This document is part of NASHP’s [Upstream Health Priorities for New Governors Toolkit](#). Explore the entire toolkit [here](#). <https://nashp.org/toolkit-upstream-health-priorities-for-new-governors/>*

## Evidence and Resources for State Leaders

Policy	Resources	Notes
Earned- Income Tax Credit (EITC)	Centers for Disease Control and Prevention’s (CDC’s) Health Impact in Five Years Interventions (Hi-5), <a href="#">Improve the health of working people by increasing their income</a>	CDC <a href="#">cites</a> studies showing that “each time EITC increased by 10 percent, infant mortality dropped by 23.2 per 100,000.” In California, the federal EITC helped add nearly 30,000 jobs in the state, and contributed more than \$5 billion in business sales.
	Trust for America’s Health (TFAH), <a href="#">Promoting Health and Cost Control in States</a> , p. 50-53: “Earned Income Tax Credit”	
	Center on Budget and Policy Priorities (CBPP), <a href="#">Policy Basics: State Earned Income Tax Credits</a>	Twenty-nine states and Washington, DC have state EITCs in addition to the federal one. State EITCs have very low administrative costs, so nearly every dollar a state spends on the EITC goes directly to working people in need.
Hospital community benefit policies	NASHP <a href="#">resources</a> analyze state community benefits requirements and <a href="#">compare</a> those in six states.	New <a href="#">community benefits guidelines</a> in Massachusetts include “direction on how to incorporate <a href="#">social factors like education and violence</a> in assessing health needs” and align with state health priorities.
	The Robert Wood Johnson Foundation’s <a href="#">Community Benefits Insight</a> shows how hospitals spend their community benefits dollars.	
Incentivizing healthy behaviors	CDC’s HI-5, <a href="#">Helping people quit tobacco</a>	Increasing the price of tobacco reduces its use and helps prevent young people from starting. <a href="#">Kaiser Family Foundation’s (KFF’s) map shows State Cigarette Excise Tax Rates.</a>
	NJ has a statutory <a href="#">Alcohol Education, Rehabilitation, and Enforcement Fund</a> funded by a tax on alcoholic beverages.	TFAH, <a href="#">Promoting Health and Cost Control in States</a> , p. 27-36: “Promote Healthy Behavior” addresses alcohol and tobacco pricing strategies.
Reducing greenhouse gas emissions	National Conference of State Legislatures (NCSL), <a href="#">State Forest Carbon Incentives and Policies</a> US Government Accountability Office, <a href="#">Reducing Greenhouse Gas Emissions</a>	Many states ( <a href="#">ME</a> , <a href="#">MN</a> , <a href="#">NC</a> , <a href="#">VT</a> ) have adopted tax incentives to keep forested land undeveloped.  States ( <a href="#">KY</a> , <a href="#">MI</a> ) also fund stewardship activities of forested land, and several have conservation easement tax credits.