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View the report at: <http://www.policymattersohio.org/DollarsThatMakeSense2009.htm>

Nearly 800,000 Ohio families receive federal Earned Income Tax Credit; Report recommends Ohio EITC program for working families

For the 2005 tax year, more than 800,000 Ohio families received the federal Earned Income Tax Credit (EITC), a refundable tax credit for workers in families that make less than \$42,000. The average EITC in Ohio was \$1,756, bringing more than \$1.4 billion into Ohio communities, according to a report released today by Policy Matters Ohio.

Adding a 5 percent Ohio EITC to supplement the federal credit, as 24 states have done, would cost Ohio \$73 million, less than one percent of 2008 state expenditures. This measure would provide an average of \$92 each to eligible working families.

“Increasing EITC participation will help working families and bring money into local communities,” said David Rothstein, report author, “An Ohio EITC program and tax loan protections could ensure that Ohio was joining other states in helping its low- and moderate-income working families.”

The report also finds:

- More than 15 percent of Ohio families claim the EITC.
- EITC claims were widely spread through demographic and geographic areas in Ohio. The average dollar amount refunded in Ohio House and Senate districts was \$14.6 and \$44 million, respectively.
- The American Recovery and Reinvestment Act (ARRA) expands the EITC for married families and families with three children for tax years 2009 and 2010.
- Most of the benefits of a state EITC would go to working families with children in Ohio, where the parents earn between \$17,001 and \$29,000

The report recommends enacting a state EITC program, limiting tax refund loans, and increasing free tax preparation assistance to working families.

The report, *Dollars that Make Sense* is available at www.policymattersohio.org.

