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LINK: <http://www.policymattersohio.org/RecoveryActCredits2010.htm>

Ohio families receive \$400 million in Recovery Act tax credits New report finds tax credits for working families well targeted

Thousands of low- and middle-income working Ohioans received larger tax credits in 2009 due to the American Recovery and Reinvestment Act, according to a new report from Policy Matters Ohio. Changes to the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) programs brought an additional \$400 million into Ohio. The report estimates that more than 640,000 children were directly assisted by the changes to these two programs.

The report comes out as Congress considers a series of tax reforms, including EITC and CTC expansions. The report details the changes including coverage of a third child and benefits up to a higher income level for married families under the EITC. The EITC program is the nation's largest poverty relief program for working families, bringing more than \$2.1 billion into Ohio for some 950,000 families. The report also discusses changes to the CTC in which the credit, which is worth \$1,000 per child, became more widely available.

Changes to the EITC program increased refunds to 313,000 families, bringing Ohio more than \$121 million. Some 304,000 families benefited from the child tax credit with an average credit of \$833. The report discusses the household budget impact of these credits. Refund dollars are often spent in the community on housing, food, and education. "The positive changes to these tax credits should be made permanent," said David Rothstein, report author. "They provide working families with children needed dollars during tough economic times."

The report also argues for better service mechanisms for receiving the credits, specifically expanding free tax preparation for low-income families. "Families and communities need these dollars and it is unfortunate when paid preparers siphon money from those who can least afford it," said Rothstein.

