
POLICY MATTERS OHIO

CLEVELAND OFFICE: 3631 PERKINS AVENUE, SUITE 4C-EAST • CLEVELAND, OHIO, 44114 • 216/361-9801
COLUMBUS: 1372 GRANDVIEW AVENUE, SUITE 242, COLUMBUS, OH 43212 • 614/486-4601
[HTTP://WWW.POLICYMATTERSOHIO.ORG](http://www.policymattersohio.org)

For Immediate Release: March 20, 2006
Contact: David Rothstein 216-361-9801

769,000 Ohio families receive federal Earned Income Tax Credit; Report recommends Ohio EITC for working families

In 2003, more than 769,000 Ohio families received the federal Earned Income Tax Credit (EITC), a refundable tax credit for workers in families that make less than \$37,263. The average EITC in Ohio was \$1,720, bringing more than \$1.3 billion into Ohio communities, according to the new report, released today by Policy Matters Ohio.

Adding a 20 percent Ohio EITC to supplement the federal credit, as 19 states have done, would cost Ohio \$264 million, roughly one percent of 2005 state expenditures. This measure would provide an average of \$344 each to eligible working families. The state could use TANF funds to help finance this program.

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

The report also finds:

- With more aggressive outreach, it is reasonable to think that Ohio could expand the number of EITC claimants by more than five percent, or more than 38,000 claimants. While estimates vary, it is likely that more than 100,000 eligible families are currently not claiming the credit, despite being eligible. Better claiming would bring more federal resources into Ohio.
- About 65 percent of Ohioans that received the EITC (more than 500,000 filers) went to a paid tax preparer, costing filers at least \$120 each in preparation fees.
- Of EITC recipients who went to paid preparers, more than 60 percent (300,000) bought high-interest, refund-anticipation loans (RALs). With the cost of paid preparation and RALs, Ohio’s working families lost nearly \$100 million to paid preparers.
- Free tax assistance and filing is available through an IRS volunteer tax program known as Volunteer Income Tax Assistance (VITA) sites. However, these sites are under-funded. Community coalitions, including a vibrant coalition in Cuyahoga County, have formed to increase participation and EITC claims.

The report, *Credit Where It’s Due* is available at www.policymattersohio.org.
The *Cuyahoga EITC Coalition* has information available at www.refundohio.org.