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Senate Bill 35 improves Ohio EITC

The reforms would lift more Ohio workers out of poverty

Ohio is one of 26 states with an Earned Income Tax Credit (EITC), but it doesn't go far enough. Senate Bill 35 would reform the state's EITC and provide a much-needed boost to Ohio's working poor. Today, Policy Matters Ohio Policy Liaison Kalitha Williams [testified](#) before the Ohio Senate Ways and Means committee in support of the legislation.

Ohio launched its EITC in 2013 and expanded it, but Williams said it is one of the weakest in the nation because it is not refundable and recipients do not receive their full credit. Ohio's EITC also has an income cap for families that earn more than \$20,000.

"Of the 26 states that have EITCs, Ohio is one of only four states with a nonrefundable credit," Williams said. "Studies have shown families use their EITC refunds for childcare, car repairs and other expenses that keep them working."

The federal EITC has a gradual phase out, Williams told the committee, but Ohio's EITC creates a benefit cliff for any family earning more than \$20,000 and "significantly limits the benefit to families as they work to reach the middle-class."

"While Ohio has made progress by implementing a state EITC and then expanding the credit, it is still weak and does little to help the states' poorest working families," Williams said. "Senate Bill 35 would put the Ohio EITC in line with the federal credit and majority of the other states."

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
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