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## Tax policy for the people

### Give Ohio families a break with refundable tax credits

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Targeted refundable tax credits can provide tax relief and financial support to those who need it most. By adding a refundable option to the current state Earned Income Tax Credit (EITC) and creating a Thriving Families Tax Credit (TFTC) for Ohioans with children, Ohio can provide targeted tax relief that will give low- and moderate-income families a tax cut. Unlike the state income-tax cuts in Ohio's recent budget bill, which mainly benefited wealthy Ohioans, these refundable tax credits provide tax relief to Ohioans who need it.

#### Key findings

- Ohio families who receive the TFTC would see a tax cut of \$1,006 on average.
- 97% of the value of the TFTC would go to the bottom 80% of earners in Ohio.
- Over 1.4 million children, roughly 60% of all kids in Ohio, would benefit.
- TFTC provides tax relief and financial support for families of color, as 83.7% of Black families and 79% of Hispanic families would receive the credit.
- A reformed EITC would give tax filers the option of receiving a 10% refundable credit or the existing 30% nonrefundable credit, whichever is more.
- The reformed EITC would provide tax cuts benefitting roughly 1.9 million Ohioans, including 700,000 children.
- Nearly 90% of the total value of the reformed EITC would go to the bottom 40% of earners, with annual income below \$49,700. Over 99% of it goes to the bottom of 80% of earners in Ohio.
- Ohioans who would receive the reformed EITC would see an average tax cut of \$258.
- Black Ohioans who receive the credit would see an average tax cut of \$277. Hispanic Ohioans who get the credit see an average tax cut of \$315.

The cost of these credits could be funded by boosting taxes on the wealthy and big corporations. That could include ending the business income deduction known as the LLC loophole, restoring higher income tax rates on wealthy Ohioans or reinstating a corporate income tax.

Lower- and moderate-income Ohioans have been left behind by recent cuts to the state's income tax. Refundable tax credits with sufficient income caps ensure tax relief is targeted at those who need it most. The TFTC and a 10% refundable EITC are two ways state lawmakers can ensure that everyday Ohioans get some help.