

DOLLARS THAT MAKE SENSE 2009

A REPORT FROM
POLICY MATTERS OHIO

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POLICY MATTERS OHIO, the publisher of this study, is a nonprofit, nonpartisan research institute dedicated to bridging the gap between research and policy in Ohio. Policy Matters seeks to broaden the debate about economic policy in Ohio by providing quantitative and qualitative analysis of important issues facing working people in the state. Other areas of inquiry have included unemployment compensation, wages, taxes, education, trade and economic development.

INTRODUCTION

The largest national poverty relief program for low- and middle-income families is the Earned Income Tax Credit (EITC). This credit, available only to low- and moderate-income families who work, helps families pay for basic needs. It also makes up for the fact that lower-income families spend a much higher percentage of their incomes on sales and excise taxes. The EITC, enacted in 1975 under President Ford, has received support under Democratic and Republican leadership. Its popularity stems from its emphasis on work, its simplicity, and its ability to assist children in low- and moderate-income families.

In recent years, states have enacted their own EITC programs, which are set percentages of the federal EITC. The first state, Rhode Island, enacted a state EITC program in 1986. Nearly all states rely on state and local taxes that fall more heavily on low- and middle-income taxpayers than they do on the affluent. The EITC became a popular tool to offset the growth of these regressive taxes, utility charges and fees because of its successful history as a national anti-poverty relief program. The EITC is a refundable credit meaning it first reduces or eliminates tax liability, and then provides a cash refund to families, who spend most of the refund in the local economy. A study based in San Antonio found that for every dollar of federal EITC refunded to families, a dollar and fifty cents was circulated in the local economy.¹

Ohio does not currently have a state EITC program. Tax changes enacted over the past several years in Ohio have resulted in extensive reductions in tax payments for higher-earning taxpayers. Previous research from Policy Matters found that the cuts to personal income tax rates would reduce revenues by approximately \$2.22 billion in 2009, with most of the cuts benefiting the top tiers of taxpayers. Among other changes, Policy Matters found that the top one percent of Ohio's taxpayers (making an average of \$890,000) saw 26 percent of the total personal income tax cuts for an average tax change of more than \$10,000 per family. The same income tax reform saw the lowest 20 percent (making an average income of \$20,000 per family) receiving 1 percent of the cut for an average of \$20 per family.² The latter group would substantially benefit from a state EITC program. These reductions in corporate tax payments and in payments for higher-earning households have also reduced the state's ability to assist low- and moderate-income families through social spending.

THE FEDERAL EITC IN OHIO

The federal Earned Income Tax Credit (EITC) also known as the Earned Income Credit (EIC) is a refundable tax credit available to some working individuals and families who earn less than \$42,000 a year. This credit currently does more to bring working families out of poverty than any other government program. An estimated four million families were lifted above the official

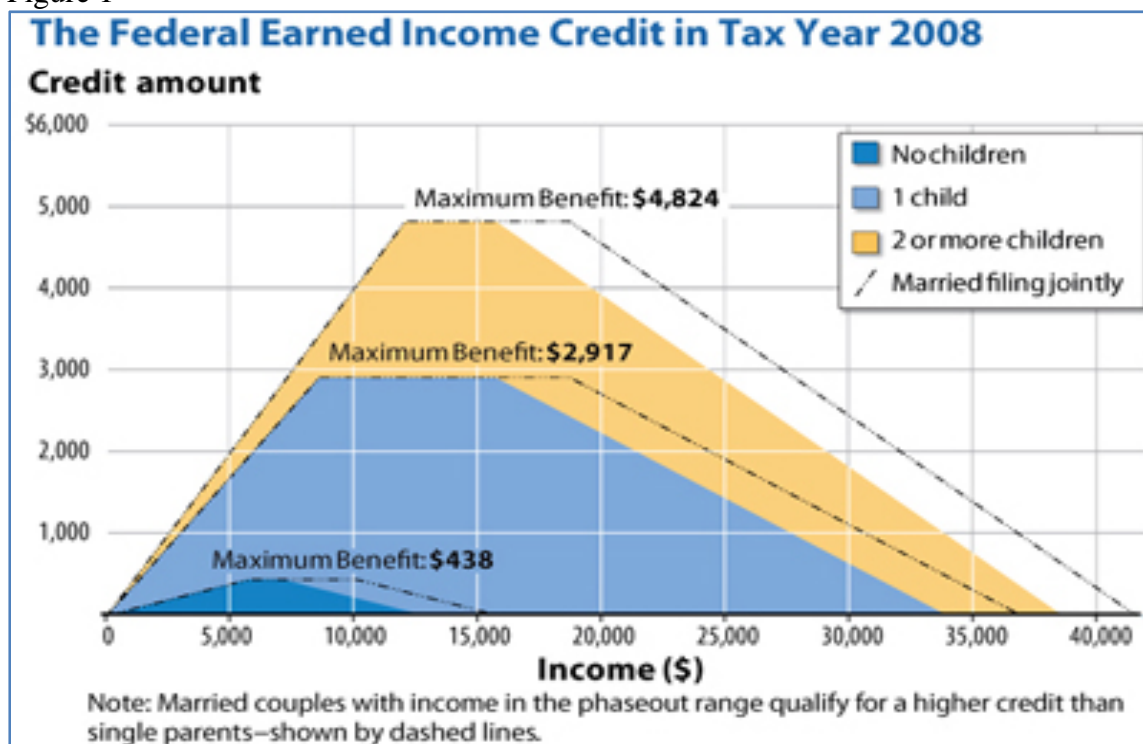
¹ 2004 Update: Increased Participation in the Earned Income Tax Credit in San Antonio." *Texas Perspectives Inc.* (November, 2004). <http://www.sanantonio.gov/comminiti/pdf/112604%20EITC.pdf>

² See Jon Honeck, "A Step Toward Fiscal Balance: Options for Ohio's Income Tax." *Policy Matters Ohio* (April, 2008). http://www.policymattersohio.org/pdf/StepTowardFiscalBalance2008_0423.pdf

poverty level because of the EITC program in 2004.³ The federal EITC, which varies in value according to family size, marital status and income, had a maximum payout of \$4,716 in the 2007 tax year (see Figure 1, below), although most families get smaller credits than that. The main purposes of the EITC are to:

- assist working families,
- assist children in moderate and low-income households,
- support work,
- compensate for the growth in lower-wage jobs,
- compensate for limits imposed on poverty-relief programs in the past decade and a half, and;
- compensate for changes in the tax structure that disproportionately benefit higher-income families and that may disproportionately harm those with modest incomes.

Figure 1



Source: Center on Budget and Policy Priorities

The EITC, as shown in Figure 1 (above), varies depending on marital status, number of qualifying children, and income. The credit phases out very quickly for childless workers (and is extremely small for those without children in any case, never climbing above \$500.) For families with one child, the maximum credit is nearly \$3,000 and families can benefit if their earnings are up to the low \$30,000s. Those with two children can get as much as \$4,700 in tax credits and can

³ See Ami Nagle and Nicholas Johnson “A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006.”(2007) <http://www.cbpp.org/3-8-06sfp.htm>.

continue to get a small credit until their earnings reach nearly \$40,000. The table below, Table 1, displays the phase out rates and maximum EITC credits for different family sizes and incomes.

Table 1: Federal EITC, Tax Year 2008			
Married Families			
<i>Number of Children</i>			
	0	1	2+
Maximum federal EITC	\$428	\$2,853	\$4,716
Top income level before credit becomes zero	\$14,590	\$35,241	\$39,783

In the 2005 tax year (the most recent data available), more than 797,000 Ohio families received the EITC at an average credit of \$1,756, which brought more than \$1.4 billion in federal refunds to Ohio. More EITC dollars come to Ohio than to all but seven other states, and Ohio accounts for approximately 3.5 percent of all the nation's credits.⁴ Table 2 provides some basic information about the EITC in Ohio.

Table 2: Ohio Tax Facts, Tax Year 2005				
Total number of Ohio tax filers	Ohio EITC claims	EITC claims as percentage of filers	Total federal dollars refunded to EITC claimants in Ohio	Average EITC value
5,349,525	797,119	15%	\$1.4 billion	\$1,756

Source: IRS SPEC database.

The EITC reaches across demographic and geographic boundaries in Ohio. Table 3, below, displays the positive impact of the federal EITC for Ohio House and Senate Districts (see Appendix 1 for a full list). The Ohio Senate and House districts have an average of 15 percent of all tax returns with an EITC claim. Every Ohio House and Senate district benefits from the federal EITC with average EITC refunds of \$14.6 million and \$44 million, respectively.

⁴ The states with larger EITC claims than Ohio are: Texas, California, Florida, New York, Georgia, Illinois, and North Carolina. Ohio is the seventh largest populated state. Georgia has fewer people than Ohio but more earn little enough to qualify for the federal credit.

	House	Senate
EITC claims as a percentage of filers	15%	15%
Average number of EITC claimants	8,052	24,155
Average EITC dollar amount refunded in entire district	\$14.6 million	\$44 million
Average EITC claim	\$1,780	\$1,790

Source: IRS SPEC database and Brookings Institution.

CHANGES TO THE EITC

In response to the current recession, President Obama and Congress recently approved a broad stimulus package that included increased eligibility and larger refunds for EITC recipients for tax years 2009 and 2010. For these two years, the American Recovery and Reinvestment Act (ARRA) provides a new category of eligibility for families with three children and expands benefits for married families.⁵ For families with three children, the ARRA will increase the maximum EITC from \$5,028 to \$5,657 for tax year 2009. At each income level, families with three or more children will receive a larger EITC than they would have without the change. In tax year 2009 and 2010, families earning as much as \$48,250 will receive the credit.

For married couples, the ARRA will allow families with slightly higher incomes to qualify for the EITC. The income threshold at which the EITC begins to phase-out for married couples increases to \$5,000 above the amount for unmarried filers (an increase of \$1,880 over tax year 2008 law). For example, the maximum credit in tax year 2009 for a married couple with one child (\$3,043) would have been available up to earnings of \$19,540. Due to the change, the maximum EITC will be available up to earnings of \$21,420 and the credit will not phase-out completely until earnings of \$40,500.

A STATE EITC IN OHIO

Ohio could enact a state EITC at a fairly modest cost to the state budget. Providing a state EITC, as 24 states⁶ and the District of Columbia currently do, would be a very well-targeted way of providing modest additional resources to low-income working families, primarily those with children.⁷ Such a policy would help some working families rise above the official poverty level

⁵ *Tax Policy Center*. "The American Recovery and Reinvestment Tax Act of 2009: Expansion of the Earned Income Tax Credit, Conference Report, Distribution of Federal Tax Change by Cash Income Percentile, 2009." T09-0106: Feb. 2009. (March 13, 2009):

<http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=2152&topic2ID=60&topic3ID=65&DocTypeID>.

⁶ Colorado passed a state EITC but suspended it due to the Taxpayer Bill of Rights Amendment (TABOR). The Colorado Constitution only allows for a state EITC when there is a budget surplus. Colorado is not included in this count because the EITC program has not been active since TABOR passed.

⁷ For more information on state EITC efforts, see The Hatcher Group at www.stateeitc.com and the Center on Budget and Policy Priorities at <http://www.cbpp.org/pubs/eitc.htm>.

and would help other families meet their basic needs. States that have enacted state EITCs have credits ranging from three and a half percent to 45 percent depending on earnings, number of children and other factors. Most states with an EITC have chosen to make those credits refundable, which allows families to receive the full amount of the credit even if the credit is larger than their income tax liability and makes the program much more effective as a poverty-relief tool.⁸ See Appendix 2 for the list of states with state EITC programs.

All of the states with an EITC, with the exception of Minnesota, calculate their credit based on a percentage of the federal credit. For instance, if a state has a ten percent refundable state EITC and a family qualifies for a \$1,800 federal credit, the family would receive \$180 from the state. If the credit is refundable and if the family has any state income tax liability, the credit would cover the portion owed to the state and the rest would be refunded to the family.

While Ohio does not have a state EITC program, one of the provisions of the 2005 income tax changes included a tax credit that eliminates tax liability for filers making under \$10,000 a year. This is helpful for the very poorest families in Ohio, although the taxes they owed had always been extremely small. This provision is non-refundable and is not a deduction but rather a threshold. Specifically, those making \$10,001 and over do not receive any reduction as a result of this provision; they are taxed on their full income. According to the Ohio Department of Taxation, 53 percent of EITC recipients in Ohio make more than \$10,000 a year.⁹ The average federal EITC claimant in Ohio had an annual adjusted gross income of \$15,119.

Working with the Institute on Taxation and Economic Policy (ITEP), a Washington, D.C.-based research institute with a sophisticated model of state and federal taxation systems, Policy Matters analyzed a proposed 5 percent state EITC program in Ohio. A refundable EITC at the state level in Ohio (see Table 4) could eventually benefit nearly 800,000 families. Other states have found that in the first few years of enactment, roughly 10 to 15 percent of eligible families do not claim the state credit even if they claim the federal credit.¹⁰ A five percent Ohio EITC would provide the average family \$92 annually, at a cost to the state of about \$73 million, less than one percent of state expenditures (\$21.9 billion) in 2008.¹¹ A 10 percent Ohio EITC would provide about \$183 to the average family and cost about \$146 million.

⁸ Delaware, Maine, and Virginia have non-refundable credits.

⁹ As calculated by Kenneth Frey, Ohio Department of Taxation (9/29/2006).

¹⁰ Sloan Kuney and Jason Levitis. "How Much Would a State Earned Income Tax Credit Cost in 2008?" *Center on Budget and Policy Priorities* (2007) http://www.cbpp.org/2-7-07sfp.htm#_ftn1.

¹¹ As calculated by the Ohio Legislative Service Commission (2008) at <http://www.lbo.state.oh.us/fiscal/budget/RevenueHistory/HistoricalExpendituresRevenue/WebJan2009AgencyHistoricalExpendituresbyProgramUpdatedJuly2008.pdf>.

	5 % of federal		10% of federal		20% of federal	
Number of claimants	Total cost of an Ohio EITC	Average Ohio EITC	Total cost of an Ohio EITC	Average Ohio EITC	Total cost of an Ohio EITC	Average Ohio EITC
797,119 Families*	\$73 million	\$92	\$146 million	\$183	\$292 million	\$366

* An estimated 10 percent of Ohio EITC-eligible families will likely not claim the credit in its first few years of enactment. This is not reflected in the cost estimates.

Table 5, below, breaks down a potential Ohio EITC program at a more detailed level. The ITEP model separates Ohio families into five groups, or quintiles, based on their level of income. Each quintile contains an equal number of families. The impact of a 5 percent Ohio EITC program is modeled against the current income tax rate structure.¹² The EITC program would affect the middle, second, and lowest 20 percent of families in Ohio.

For families in the lowest quintile, with incomes less than \$17,000, the average credit would be \$76 or 0.2 percent of income. This lowest quintile, with an average income of \$10,000, would receive 34 percent of the state EITC program benefits or \$24.8 million. For families in the second quintile, with incomes between \$17,001 and \$29,000, the average credit would be \$138 per family or 0.2 percent of income. This second quintile, with an average income of \$23,000, would receive the largest portion of the state EITC program (52 percent) or \$38 million and families in this range qualify for credits at the highest level. The final group affected by a state EITC program would be the middle quintile, with an average income of \$38,000, where families have incomes between \$29,000 and \$47,000 a year. This middle group would receive an average credit of \$68 or less than 0.1 percent of income. The EITC begins getting smaller at less than \$20,000 in earnings and phases out completely at \$42,000 a year, so most of the families in this quintile qualify for a small credit and some of the top-earning families in this middle quintile would not qualify at all, resulting in this group receiving 14 percent of the credit or \$10.2 million.

¹² This model does not remove the credit to low-income families making \$10,000 or less.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Fifth 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less Than \$17,000	\$17,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$74,000	\$74,000 – \$134,000	\$134,000 – \$339,000	\$339,000 or More
Avg. Income	\$10,000	\$23,000	\$38,000	\$59,000	\$96,000	\$192,000	\$890,000
Avg. Tax Change as a percent of Family Income	-0.2%	-0.2%	-0.0%	The EITC has a ceiling of \$42,000. Incomes above this would not receive a state EITC.			
Avg. Tax Change for Those Who Qualify	-\$76	-\$138	-\$68				
Percent of Group Receiving an EITC benefit	30%	26%	14%				
Percent of Total EITC Program	34%	52%	14%				
Group Share of Total Tax Change	\$73,000,000						

Source: Institute on Taxation and Economic Policy. All Ohio Families, 2007 income levels. Dollar figures are rounded.

An Ohio EITC program would benefit the same House and Senate districts that receive federal EITC dollars. As shown in Table 6, below, a 5 percent state EITC program would bring an average of more than \$731,000 into each Ohio state house district and an average of more than \$2 million into each Ohio state senate district. Appendix 1 displays how much of the state EITC and the average credit each district would receive.

	House	Senate
Total state EITC refund (at 5%)	\$731,673	\$2,195,018
Average state EITC refund (at 5%)	\$92	\$92

Source: IRS SPEC database and Brookings Institution.

FUNDING AND REVENUE CONSIDERATIONS

Ohio's budget is financially strained. Governor Strickland's recent budget proposal relies on \$4.8 billion in federal stimulus funds, the state's rainy day fund and other one-time sources of revenue, along with cuts in state employee pay and reductions in spending for most agencies. Thus, using the General Revenue Fund to fund the EITC presents financial challenges. Ohio would not be the first to enact a state EITC program amidst a budget crunch. Michigan recently passed a state EITC during challenging times. An approach taken by Michigan and several other states involves phasing-in the full EITC level by starting low and gradually increasing to the full credit level. Several revenue raising solutions, three of which are listed below, could add to Ohio's ability to fund an EITC program.

The Ohio General Assembly reduced taxes by more than \$2 billion a year in its 2005 overhaul of the state and local tax system. There is little evidence the tax cuts have achieved the objective of improving the state's economy.¹³ We recommend that Ohio revisit the tax changes and reverse income- and business-tax cuts that disproportionately favor higher-income earners and help generate the state's fiscal woes.¹⁴ For instance, restoring the top income-tax rate on earnings over \$200,000 would generate roughly \$470 million a year in revenue. A state EITC should be included as part of this "overhaul of the overhaul."

Limiting tax loopholes

In previous reports, Policy Matters identified at least 12 tax loopholes that Ohio provides for narrow groups in Ohio including payday lenders, mortgage brokers, lobbyists, and debt collectors. Together, these 12 loopholes cost up to \$270 million to Ohio's revenue stream.¹⁵ An EITC program would benefit nearly 800,000 working Ohioans, which is more than any of these identified programs and costs less than \$270 million. In closing these loopholes, Ohio's budget situation would be significantly stronger and more equitable. If the proceeds were invested in an Ohio EITC, lower-income Ohio families would emerge with modest additional resources, which would likely be spent in Ohio.

TANF

At least ten states now use a portion of their TANF (Temporary Assistance for Needy Families) funds to help pay for a state EITC. This is appropriate because the EITC is targeted to working families earning less than \$40,000 and the vast majority of the credit goes to those with children and those earning substantially less than this ceiling. However, using TANF funds in Ohio has limitations. The surplus from several years ago is no longer available and TANF funds are currently used to fund other programs important to poor families. Both in Ohio and nationwide, currently funded programs that use TANF funds are facing budget cuts.¹⁶ If TANF funds are

¹³ See Jon Honeck, "The 2005 Tax Overhaul and Ohio's Economy," *Policy Matters Ohio*, (January 2009), available at <http://www.policymattersohio.org/2005TaxOverhaul.htm>.

¹⁴ For more detail, see the Honeck (January 2009) report and Zach Schiller, "Business Tax Revamp: A Deficit in the Making," *Policy Matters Ohio* (January 2009), available at <http://www.policymattersohio.org/BusinessTaxRevamp2009.htm>

¹⁵ See Zach Schiller, "Limiting Loopholes: A Dozen Tax Breaks Ohio Can Do Without," *Policy Matters Ohio* (September 2008). <http://www.policymattersohio.org/pdf/LimitingLoopholes2008.pdf>

¹⁶ Erik Eckholm, "States Slashing Social Programs for Vulnerable," *The New York Times* (April 12, 2009): http://www.nytimes.com/2009/04/12/us/12deficit.html?_r=1&hp=&pagewanted=print.

used for an EITC program, other valuable programs might lose funding, so this approach would have to be examined carefully.

Federal regulations prohibit TANF dollars from being used to void tax liability at the state level, but funds can be used to refund above the tax liability. Thus, TANF funds can only be used for the refundable portion of the EITC. Also, TANF funds cannot be used for childless workers, who represent a small portion of EITC recipients and expenditures. These federal laws are consistent with the intent of TANF – to help very low-income families with children, not to help moderate-income families, and not to help families without children. Approximately 21 percent of Ohio EITC recipients are childless workers and would *not* be eligible for refunds based on TANF regulations. Based on the federal EITC scale, workers with children qualify for larger refunds while workers without children account for less than 2.6 percent of the total EITC refund amount in Ohio.¹⁷ The number of childless workers claiming the EITC in Ohio was 163,025 for \$36 million of the \$1.4 billion in total Ohio EITC refunds.

CHALLENGES TO THE EITC

While thousands of Ohioans claim the EITC, many eligible families do not claim it or pay for costly tax preparation and early loans for their refund. In past reports, Policy Matters used IRS data to note that between five and 20 percent of eligible EITC recipients either file incorrectly or do not claim the credit. Many low- and moderate-income families do not file their taxes or do not file them properly, therefore not receiving the EITC. Assuming a low rate of unclaimed credits (5 percent of the current EITC claimants), Policy Matters estimates that at least 40,000 families could claim the credit, bringing more than \$54 million of EITC dollars to Ohio.

Another challenge to the federal EITC program involves predatory targeting of recipients. More than half of EITC recipients pay for tax preparation and an early refund on their return called a tax refund anticipation loan (RALs). RALs are enabled, partially, by the use of the debt indicator provided by the IRS. The debt indicator, previously discounted by the IRS because of massive increases in fraud, allows paid preparers to know if a taxpayer will receive a full refund or if it will be intercepted by the government because of prior tax debt, delinquent student loans, or other federal obligations.¹⁸ Because paid preparation and RALs carry high fees and interest rates, they dilute the effectiveness of the EITC and reduce the size of low-income families' refunds. Paid preparation costs approximately \$150 and RALs, though they range widely in fees, can add an additional \$140 to the total bill. Other items that add to the cost are audit insurance, e-filing, and other optional fees such as “second look” reviews of tax preparation. In 2006, Policy Matters estimated that Ohio EITC recipients lost at least \$100 million in paid preparation fees and costly loans.

A broad solution to these two challenges has been a nation-wide effort to increase EITC claims and provide free tax assistance for low-income families through an effort known as the Volunteer Income Tax Assistance (VITA) program. VITA is a volunteer-staffed and IRS-directed program,

¹⁷ As calculated by author from the IRS SPEC database, 2008.

¹⁸ Chi Chi Wu. “Corporate Welfare for the RAL Industry: The Debt Indicator, IRS Subsidy, and Tax Fraud.” *National Consumer Law Center* (June 2005):

http://www.consumerlaw.org/news/content/Debt_Indicator_White_Paper.pdf.

where local communities organize efforts to provide free tax assistance for working families who make \$56,000 or less. Ohio has several vibrant VITA coalitions that include partnerships between social service agencies, United Ways, nonprofit groups, city and county governments, and private businesses. Another free tax preparation program is the Ohio Benefit Bank (OBB), developed in partnership with the Ohio Association of Second Harvest Foodbanks and the Governor's Office of Faith-Based and Community Initiatives.¹⁹ The OBB seeks to increase free filing of taxes and the EITC while providing government benefits screening and assistance. The OBB continues to grow and includes some 400 private and nonprofit partners.

POLICY RECOMMENDATIONS

1. Enact a state EITC.

Enacting a state EITC would help working families with children handle monthly expenses and build assets. Even a small refundable state EITC of five percent would help low-income families with basic expenses. State EITCs bring additional money into the community and have increased the number of people filing for and receiving the federal EITC. A phase-in approach would lessen the impact of a new state EITC program on the Ohio budget.

2. Regulate RALs.

Ohio, like most states, does little to regulate paid tax preparation and tax loans. A few states, most recently Maryland, passed RAL disclosure legislation, paid preparer requirements, and other consumer protection legislation that help curtail RAL abuses. Regulating interest rates that banks and paid sites can charge for RALs and requiring that paid preparers disclose the fact that customers can e-file to receive their full refund in approximately ten days are two potential federal reforms that would better regulate RALs. The state is not powerless to curtail RAL abuses and can enact disclosure and fee restrictions. The table below lists important tenets of RAL legislation to ensure a fair and efficient EITC program.

Tenets of Refund Anticipation Loan Legislation

- Federal Legislation
 - Cap RAL fees and interest rates by lenders.
 - Discontinue the use of the debt indicator by the IRS that allows paid preparers to issue RALs.
 - Disallow recipients of Troubled Assets Relief Program (TARP) to provide financing for RALs.
- State Legislation
 - Establish a registration process for any business that offers RALs.
 - Regulate commercial advertising of RALs.
 - Require that lenders provide a clear explanation of all fees and an explanation of how quickly the refund would be delivered without the loan, both in the form of a wall posting and in a contract that must be signed.

¹⁹ The Ohio Benefit Bank can be found on the internet at:
<http://www.governor.ohio.gov/Default.aspx?alias=www.governor.ohio.gov/obb>.

- Require that only businesses whose main operation is to prepare taxes be allowed to sell RALs.
- Prohibit mandatory arbitration clauses.²⁰

3. Increase support to free tax preparation programs.

Federal and state policymakers have the opportunity to increase support for the IRS VITA program. A small percentage of eligible low-income families utilize this service (less than 2% of EITC recipients). More assistance in the form of advertising, staff, and training would greatly benefit the free filing effort. Increased use of e-filing would also increase the speed of refunds to families. Other states and localities have used TANF dollars and other expenditures to train volunteers at VITA sites and operate sites themselves. This type of investment could have tremendous ripple effects across the state, particularly in counties where VITA sites are not available. State support for these efforts, such as the Ohio Commission for the Earned Income Tax Credit co-chaired by U.S. Senator Sherrod Brown, Ohio Attorney General Richard Cordray, and Ohio Treasurer Kevin Boyce, are crucial to the success of expanding free tax preparation and the EITC.

In sum, the federal Earned Income Tax Credit is a powerful tool for helping Ohio's working families. Adding a state component, better regulating lending associated with the credits, and expanding free tax preparation services would all help this program do even more for Ohio families and communities.

²⁰ Mandatory arbitration requires that disputes be resolved through a private arbitrator, rather than in court. It is often more costly to consumers and tends to favor businesses over consumers or employees. Clauses enforcing mandatory arbitration typically prohibit consumers from participating in class action lawsuits and do not allow appeals of arbitrator decisions, even if the decisions are clearly against the law. There have been several class action lawsuits involving RAL clients.

Appendix 1: The EITC in Ohio Legislative Districts

The EITC in Ohio's Legislative Districts: Ohio House of Representatives							State EITC Program at 5% of Federal EITC	
District	Representative	Total returns	EITC returns	EITC amount (\$)	Percent of returns with EITC	Average EITC	State EITC	Average State EITC
District 1	Linda S. Bolon	48,474	8,446	\$15,038,465	17%	\$1,781	\$751,923	\$89
District 2	Kris Jordan	70,903	4,619	\$7,678,073	7%	\$1,662	\$383,904	\$83
District 3	Ron Amstutz	51,874	6,382	\$10,833,417	12%	\$1,697	\$541,671	\$85
District 4	Matt Huffman	47,882	8,305	\$15,215,116	17%	\$1,832	\$760,756	\$92
District 5	Gerald L. Stebelton	64,720	7,805	\$13,852,515	12%	\$1,775	\$692,626	\$89
District 6	Randy Gardner	56,882	5,643	\$9,186,958	10%	\$1,628	\$459,348	\$81
District 7	Kenny Yuko	50,307	10,067	\$19,254,639	20%	\$1,913	\$962,732	\$96
District 8	Armond Budish	52,148	11,112	\$22,151,316	21%	\$1,993	\$1,107,566	\$100
District 9	Barbara Boyd	41,004	10,174	\$20,931,208	25%	\$2,057	\$1,046,560	\$103
District 10	Eugene R. Miller	39,061	13,182	\$27,033,785	34%	\$2,051	\$1,351,689	\$103
District 11	Sandra Williams	39,007	14,835	\$31,401,675	38%	\$2,117	\$1,570,084	\$106
District 12	Michael DeBose	46,874	12,201	\$24,662,804	26%	\$2,021	\$1,233,140	\$101
District 13	Michael Skindell	44,805	10,543	\$20,035,927	24%	\$1,900	\$1,001,796	\$95
District 14	Mike Foley	52,814	8,321	\$15,027,491	16%	\$1,806	\$751,375	\$90
District 15	Timothy J. DeGeeter	56,257	5,931	\$9,439,983	11%	\$1,592	\$471,999	\$80
District 16	Nan Baker	62,612	3,820	\$5,778,672	6%	\$1,513	\$288,934	\$76
District 17	Josh Mandel	63,234	3,444	\$5,190,982	5%	\$1,507	\$259,549	\$75
District 18	Matt Patten	59,349	3,754	\$5,439,866	6%	\$1,449	\$271,993	\$72
District 19	Marian Harris	68,978	9,424	\$17,452,592	14%	\$1,852	\$872,630	\$93
District 20	Nancy Garland	62,848	8,319	\$15,010,808	13%	\$1,804	\$750,540	\$90
District 21	Kevin Bacon	62,491	8,695	\$16,172,970	14%	\$1,860	\$808,648	\$93
District 22	John Patrick Carney	65,825	5,925	\$9,851,652	9%	\$1,663	\$492,583	\$83
District 23	Cheryl Grossman	63,635	7,307	\$13,400,559	11%	\$1,834	\$670,028	\$92
District 24	Ted Celeste	60,351	7,016	\$12,359,779	12%	\$1,762	\$617,989	\$88
District 25	Dan Stewart	52,979	12,196	\$23,645,845	23%	\$1,939	\$1,182,292	\$97
District 26	Tracy Maxwell Heard	54,292	13,814	\$26,244,968	25%	\$1,900	\$1,312,248	\$95
District 27	W. Carlton Weddington	44,341	13,218	\$26,517,824	30%	\$2,006	\$1,325,891	\$100
District 28	Connie Pillich	54,676	6,823	\$12,466,559	12%	\$1,827	\$623,328	\$91

							State EITC Program at 5% of Federal EITC	
District	Representative	Total returns	EITC returns	EITC amount (\$)	Percent of returns with EITC	Average EITC	State EITC	Average State EITC
District 29	Louis W. Blessing, Jr.	57,481	8,232	\$15,488,237	14%	\$1,881	\$774,412	\$94
District 30	Robert Mecklenborg	55,195	5,673	\$10,081,104	10%	\$1,777	\$504,055	\$89
District 31	Denise Driehaus	45,122	11,335	\$22,847,660	25%	\$2,016	\$1,142,383	\$101
District 32	Dale Mallory	43,502	11,180	\$21,923,845	26%	\$1,961	\$1,096,192	\$98
District 33	Tyrone K. Yates	46,272	10,719	\$20,458,208	23%	\$1,909	\$1,022,910	\$95
District 34	Peter Stautberg	55,028	4,822	\$7,838,181	9%	\$1,626	\$391,909	\$81
District 35	Ron Maag	61,383	4,691	\$7,818,249	8%	\$1,667	\$390,912	\$83
District 36	Seth Morgan	55,303	6,161	\$10,594,391	11%	\$1,720	\$529,720	\$86
District 37	Peggy Lehner	56,755	6,197	\$10,384,962	11%	\$1,676	\$519,248	\$84
District 38	Terry Blair	58,588	5,077	\$8,172,386	9%	\$1,610	\$408,619	\$80
District 39	Clayton R. Luckie	38,885	11,289	\$22,782,672	29%	\$2,018	\$1,139,134	\$101
District 40	Roland Winburn	49,352	12,188	\$24,214,522	25%	\$1,987	\$1,210,726	\$99
District 41	Brian G. Williams	62,368	4,661	\$7,510,591	7%	\$1,612	\$375,530	\$81
District 42	Mike Moran	57,292	4,456	\$6,863,009	8%	\$1,540	\$343,150	\$77
District 43	Stephen Dyer	59,534	6,183	\$10,070,960	10%	\$1,629	\$503,548	\$81
District 44	Vernon Sykes	44,409	11,687	\$22,393,704	26%	\$1,916	\$1,119,685	\$96
District 45	John R. Otterman	51,881	11,060	\$20,319,539	21%	\$1,837	\$1,015,977	\$92
District 46	Barbara R. Sears	60,862	4,958	\$8,102,650	8%	\$1,634	\$405,133	\$82
District 47	Peter S. Ujvagi	46,877	10,370	\$19,466,071	22%	\$1,877	\$973,304	\$94
District 48	Edna Brown	41,789	12,094	\$24,230,919	29%	\$2,003	\$1,211,546	\$100
District 49	Matt Szollosi	52,852	7,868	\$13,958,724	15%	\$1,774	\$697,936	\$89
District 50	Todd Snitchler	53,667	6,212	\$10,629,064	12%	\$1,711	\$531,453	\$86
District 51	W. Scott Oelslager	60,694	7,040	\$11,955,486	12%	\$1,698	\$597,774	\$85
District 52	Stephen Slesnick	46,130	10,113	\$19,012,743	22%	\$1,880	\$950,637	\$94
District 53	Timothy Derickson	49,082	6,440	\$11,527,357	13%	\$1,790	\$576,368	\$89
District 54	Courtney Eric Combs	56,409	7,432	\$13,359,819	13%	\$1,798	\$667,991	\$90
District 55	William P. Coley, II	56,338	6,324	\$11,455,971	11%	\$1,812	\$572,799	\$91
District 56	Joseph Koziura	52,038	10,259	\$19,663,635	20%	\$1,917	\$983,182	\$96
District 57	Matt Lundy	64,280	6,753	\$11,803,419	11%	\$1,748	\$590,171	\$87
District 58	Terry Boose	56,742	7,153	\$12,363,524	13%	\$1,729	\$618,176	\$86
District 59	Ronald V. Gerberry	55,829	6,056	\$10,048,417	11%	\$1,659	\$502,421	\$83

							State EITC Program at 5% of Federal EITC	
District	Representative	Total returns	EITC returns	EITC amount (\$)	Percent of returns with EITC	Average EITC	State EITC	Average State EITC
District 60	Robert F. Hagan	43,222	11,009	\$21,461,204	25%	\$1,949	\$1,073,060	\$97
District 61	Mark D. Okey	53,359	8,687	\$15,396,540	16%	\$1,772	\$769,827	\$89
District 62	Lorraine M. Fende	58,252	5,273	\$8,302,748	9%	\$1,575	\$415,137	\$79
District 63	Mark Schneider	59,345	5,809	\$9,699,791	10%	\$1,670	\$484,990	\$83
District 64	Tom Letson	48,744	7,857	\$14,312,474	16%	\$1,822	\$715,624	\$91
District 65	Sandra Stabile Harwood	51,820	7,650	\$13,231,944	15%	\$1,730	\$661,597	\$86
District 66	Joe Uecker	62,578	6,330	\$10,870,794	10%	\$1,717	\$543,540	\$86
District 67	Shannon Jones	59,149	4,927	\$8,504,216	8%	\$1,726	\$425,211	\$86
District 68	Kathleen Chandler	56,615	6,581	\$10,965,372	12%	\$1,666	\$548,269	\$83
District 69	William G. Batchelder	61,792	4,543	\$7,517,688	7%	\$1,655	\$375,884	\$83
District 70	Jarrold Martin	53,279	6,335	\$10,789,419	12%	\$1,703	\$539,471	\$85
District 71	Jay Hottinger	57,048	7,885	\$14,056,257	14%	\$1,783	\$702,813	\$89
District 72	Ross McGregor	47,228	8,703	\$16,405,549	18%	\$1,885	\$820,277	\$94
District 73	Jay P. Goyal	49,435	8,119	\$14,751,124	16%	\$1,817	\$737,556	\$91
District 74	Bruce W. Goodwin	57,906	7,393	\$12,762,033	13%	\$1,726	\$638,102	\$86
District 75	Lynn R. Wachtmann	56,578	6,294	\$10,675,369	11%	\$1,696	\$533,768	\$85
District 76	Cliff Hite	56,541	7,402	\$12,606,468	13%	\$1,703	\$630,323	\$85
District 77	James J. Zehringer	57,439	7,044	\$12,138,801	12%	\$1,723	\$606,940	\$86
District 78	John Adams	58,570	7,377	\$12,703,929	13%	\$1,722	\$635,196	\$86
District 79	Richard Adams	57,769	7,555	\$13,025,361	13%	\$1,724	\$651,268	\$86
District 80	Dennis Murray	56,788	7,471	\$13,007,610	13%	\$1,741	\$650,380	\$87
District 81	Jeff Wagner	57,273	7,995	\$13,607,749	14%	\$1,702	\$680,387	\$85
District 82	Jeffrey McClain	51,843	8,506	\$15,035,966	16%	\$1,768	\$751,798	\$88
District 83	Dave Burke	52,840	6,902	\$12,098,049	13%	\$1,753	\$604,902	\$88
District 84	Robert Hackett	51,539	6,338	\$11,029,594	12%	\$1,740	\$551,480	\$87
District 85	Raymond Pryor	52,034	8,787	\$15,822,893	17%	\$1,801	\$791,145	\$90
District 86	David T. Daniels	51,320	9,669	\$17,711,302	19%	\$1,832	\$885,565	\$92
District 87	Clyde Evans	49,694	11,033	\$20,701,704	22%	\$1,876	\$1,035,085	\$94
District 88	Danny R. Bulp	54,650	9,289	\$17,068,357	17%	\$1,838	\$853,418	\$92
District 89	T. Todd Book	46,404	11,243	\$21,478,568	24%	\$1,910	\$1,073,928	\$96
District 90	Margaret Ruhl	55,128	7,726	\$13,611,492	14%	\$1,762	\$680,575	\$88

							State EITC Program at 5% of Federal EITC	
District	Representative	Total returns	EITC returns	EITC amount (\$)	Percent of returns with EITC	Average EITC	State EITC	Average State EITC
District 91	Dan Dodd	56,179	9,353	\$16,957,970	17%	\$1,813	\$847,898	\$91
District 92	Debbie Phillips	46,273	8,946	\$15,811,157	19%	\$1,767	\$790,558	\$88
District 93	Jennifer Garrison	50,815	9,447	\$16,922,123	19%	\$1,791	\$846,106	\$90
District 94	Troy Balderson	53,772	10,155	\$18,768,519	19%	\$1,848	\$938,426	\$92
District 95	John Domenick	48,378	8,627	\$15,045,649	18%	\$1,744	\$752,282	\$87
District 96	Allan R. Sayre	55,610	8,237	\$13,858,085	15%	\$1,682	\$692,904	\$84
District 97	Dave Hall	55,266	6,466	\$10,494,461	12%	\$1,623	\$524,723	\$81
District 98	Matthew J. Dolan	57,611	3,631	\$5,456,492	6%	\$1,503	\$272,825	\$75
District 99	Deborah Newcomb	48,899	8,530	\$15,430,478	17%	\$1,809	\$771,524	\$90
District Total		5,349,541	797,123	\$1,448,711,769	15%		\$72,435,588	
District Average		54,036	8,052	\$14,633,452	16%	\$1,780	\$731,673	\$89

Source: IRS SPEC Database, Tax Year 2005

The EITC in Ohio's Legislative Districts: Ohio Senate

							State EITC Program at 5% of Federal EITC	
District	Senator	Total returns	EITC returns	EITC amt (\$)	Percent EITC	Average EITC	State EITC	Average State EITC
District 1	Steve Buehrer	171,035	21,089	\$36,045,056	12%	\$1,709	\$1,802,253	\$85
District 2	Mark Wagoner	174,533	18,072	\$30,297,218	10%	\$1,676	\$1,514,861	\$84
District 3	David Goodman	194,296	26,435	\$48,631,874	14%	\$1,840	\$2,431,594	\$92
District 4	Gary Cates	161,830	20,196	\$36,343,655	12%	\$1,800	\$1,817,183	\$90
District 5	Tom Roberts	146,102	31,043	\$60,044,439	21%	\$1,934	\$3,002,222	\$97
District 6	Jon Husted	170,346	17,411	\$29,110,223	10%	\$1,672	\$1,455,511	\$84
District 7	Robert Schuler	175,770	14,452	\$24,181,116	8%	\$1,673	\$1,209,056	\$84
District 8	Bill Seitz	167,352	20,729	\$38,038,214	12%	\$1,835	\$1,901,911	\$92
District 9	Eric H. Kearney	134,889	33,232	\$65,226,662	25%	\$1,963	\$3,261,333	\$98
District 10	Chris Widener	152,018	21,372	\$38,218,865	14%	\$1,788	\$1,910,943	\$89

District 11	Teresa Fedor	141,517	30,332	\$57,655,714	21%	\$1,901	\$2,882,786	\$95
District 12	Keith Faber	163,881	22,724	\$40,056,660	14%	\$1,763	\$2,002,833	\$88
District 13	Sue Morano	173,056	24,164	\$43,829,547	14%	\$1,814	\$2,191,477	\$91
District 14	Tom Niehaus	163,632	26,862	\$49,417,747	16%	\$1,840	\$2,470,887	\$92
District 15	Ray Miller	151,621	39,229	\$76,409,949	26%	\$1,948	\$3,820,497	\$97
District 16	Jim Hughes	189,813	20,247	\$35,611,999	11%	\$1,759	\$1,780,600	\$88
District 17	John Carey	153,072	29,492	\$54,240,960	19%	\$1,839	\$2,712,048	\$92
District 18	Timothy Grendell	175,184	14,711	\$23,456,960	8%	\$1,595	\$1,172,848	\$80
District 19	Bill Harris	175,533	20,474	\$36,056,892	12%	\$1,761	\$1,802,845	\$88
District 20	Jimmy Stewart	150,861	28,549	\$51,502,180	19%	\$1,804	\$2,575,109	\$90
District 21	Shirley Smith	119,069	38,190	\$79,365,792	32%	\$2,078	\$3,968,290	\$104
District 22	Bob Gibbs	168,869	17,383	\$28,831,269	10%	\$1,659	\$1,441,563	\$83
District 23	Dale Miller	153,875	24,794	\$44,503,402	16%	\$1,795	\$2,225,170	\$90
District 24	Thomas F. Patton	185,116	11,012	\$16,399,332	6%	\$1,489	\$819,967	\$74
District 25	Nina Turner	149,435	33,388	\$66,081,895	22%	\$1,979	\$3,304,095	\$99
District 26	Karen Gillmor	161,952	23,402	\$40,740,679	14%	\$1,741	\$2,037,034	\$87
District 27	Kevin Coughlin	171,541	20,176	\$34,693,236	12%	\$1,719	\$1,734,662	\$86
District 28	Tom Sawyer	160,557	24,451	\$43,429,898	15%	\$1,776	\$2,171,495	\$89
District 29	Kirk Schuring	160,492	23,365	\$41,597,468	15%	\$1,780	\$2,079,873	\$89
District 30	Jason H. Wilson	152,398	25,301	\$43,926,211	17%	\$1,736	\$2,196,311	\$87
District 31	Tim Schaffer	177,959	25,045	\$44,869,746	14%	\$1,792	\$2,243,487	\$90
District 32	Capri Cafaro	149,463	24,037	\$42,974,896	16%	\$1,788	\$2,148,745	\$89
District 33	Joseph Schiavoni	152,474	25,761	\$46,922,016	17%	\$1,821	\$2,346,101	\$91
District Total		5,349,541	797,122	\$1,448,711,769	15%		\$72,435,588	
District Average		162,107	24,155	\$43,900,357	15%	\$1,790	\$2,195,018	\$89
Source: IRS SPEC Database, Tax Year 2005								

Appendix 2: States with an EITC Program

STATE	EITC LEVEL	REFUNDABILITY	YEAR ENACTED
Colorado	10% of federal EITC	Refundable ²¹	1999
Delaware	20% of federal EITC	Non-Refundable	2005
District of Columbia	40% of federal EITC	Refundable	2000
Illinois	5% of federal EITC	Refundable	2000
Indiana	6% of federal EITC, increases to 9% in TY2009	Refundable	1999
Iowa	7% of federal EITC	Refundable	1989
Kansas	17% of federal EITC	Refundable	1998
Louisiana	3.5% of federal EITC	Refundable	2007
Maine	5% of federal EITC	Non-Refundable	2000
Maryland	50% of federal EITC non-refundable or 25% of federal EITC refundable	Refundable	1987
Massachusetts	15% of federal EITC	Refundable	1997
Michigan	10% in TY2008, 20% in TY2009 of federal EITC	Refundable	2006
Minnesota	Varies depending on income and children. Average is 33% of federal EITC	Refundable	1991
Nebraska	10% of federal EITC	Refundable	2006
New Jersey	22.5% in TY2008, 25% in TY2009 of federal EITC	Refundable	2000
New Mexico	10% of federal EITC	Refundable	2007
New York	30% of federal EITC	Refundable	1994
North Carolina	3.5 in TY2008, 5% in TY2009 of federal EITC	Refundable	2007
Oklahoma	5% of federal EITC	Refundable	2002
Oregon	6% of federal EITC	Refundable	1997
Rhode Island	25% of federal EITC is non-refundable, 15% of the nonrefundable credit is refundable;	Both	1986
Vermont	32% of federal EITC	Refundable	1988
Virginia	20%	Non-Refundable	2004
Washington ²²	5% in 2009, 10% in 2010	Refundable	2008
Wisconsin	4% of federal if 1 child, 14% 2 children, 43% 3 or more children	Refundable ²³	1989

²¹ Colorado suspended its EITC program due to the Taxpayer Bill of Rights Amendment, which prevents an EITC program unless a budget surplus exists.

²² Washington is the first state to pass a state EITC program without having a state income tax.

²³ Not available to workers without qualifying children.

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