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# POLICY MATTERS OHIO

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CLEVELAND: 3631 PERKINS AVENUE SUITE 4C - EAST • CLEVELAND, OHIO, 44114 • TEL: 216/361-9801 • FAX: 216/361-9810  
COLUMBUS: 1372 GRANDVIEW AVE. SUITE 242 • COLUMBUS, OHIO, 43212 • TEL: 614/486-4601 • FAX: 614/486-4603  
[HTTP://WWW.POLICYMATTERSOHIO.ORG](http://www.policymattersohio.org)

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Contact: David Rothstein, 216-361-9801 or [drothstein@policymattersohio.org](mailto:drothstein@policymattersohio.org)  
Read the report at <http://www.policymattersohio.org/eitc/WhoTakesCredit2007.htm>

## **More Ohio workers get free tax preparation Local coalitions expands access to Earned Income Credit**

More working families in Cuyahoga County and Ohio received free tax preparation at volunteer income tax assistance (VITA) sites in 2006 than in any previous year, according to a new report from Policy Matters Ohio. The Cuyahoga EITC Coalition filed more than 5,600 tax returns, a 60 percent increase over previous years. Other counties in Ohio also dramatically increased their free tax preparation services to working families.

Nearly 40 percent of the filers served in Cuyahoga County qualified for the Earned Income Tax Credit (EITC). The Coalition returned more than \$6.5 million in total refunds to working families, allowing them to keep their tax return dollars rather than losing money to paid preparers.

“More working families in our community are getting the credits they deserve and avoiding expensive fees and high interest loans,” said David Rothstein, Researcher for Policy Matters Ohio.

Policy Matters Ohio distributed a survey to more than 2,000 of the filers at Cuyahoga VITA sites.

Survey findings include:

- Filers said they would use their refunds toward basic needs purchases in the community such as household bills (63%), savings (19%), housing (16%), groceries (12%), and clothing (9%).
- Filers held a variety of jobs in the community including as retail workers (22%), as laborers (16%), and in social service (14%).
- Most filers do not claim government benefits such as food stamps (19%), Medicaid or health benefits (18%), or disability assistance (8%) though some do qualify for these programs.
- VITA sites continue to draw families who previously filed at paid tax preparers (18%) or did not file at all (16%).

“The free tax preparation offered by local coalitions all around Ohio is important to our state, our families, and our overall economy,” said Ohio Treasurer Richard Cordray. “There are millions of federal EITC dollars waiting to be claimed by Ohioans. When families spend this money, they spur economic growth. When they save it, they help to ensure their own financial security. The benefits are far-reaching, but begin with that free tax preparation at the local level.”

The EITC is a federal tax credit available to families earning less than about \$39,000 a year. Credit eligibility and amount vary by family size and income. In Tax Year 2005, some 800,000 Ohio families received \$1.4 billion for an average EITC of approximately \$1,800 per family.

*Policy Matters Ohio is a non-profit, non-partisan policy research institute.*

*The Cuyahoga EITC Coalition member provides low-income taxpayers with quality tax preparation, wealth building opportunities and other services to strengthen our neighborhoods' economies.*

*The full report is available on the web at [www.policymattersohio.org](http://www.policymattersohio.org) and [www.refundohio.org](http://www.refundohio.org).*

