

Sub HB 333—Proponent Testimony
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Chairman Schaffer, Vice-Chair Scherer, Ranking member Rogers and members of the House Ways and Means Committee, thank you for allowing me the opportunity to present supporting testimony on Substitute House Bill 333, sponsored by Representatives John Becker and David Leland, which would seek to correct a problem in Ohio's income tax filing laws known commonly as "the marriage penalty".

Ohio's provision that the filing of state income tax forms mirror the same status as the federal filing status has created disparities which have led to married couples in Ohio who both have taxable income being forced to choose between filing jointly or separately. On federal taxes, often the choice of married filing jointly is most advantageous to protecting the income the couple has made from being subject to higher taxation. This has been in place since 2001 when the tax code had some significant changes occur. This benefit has been boosted by the latest round of reforms to the federal tax code.

Ohio's personal income tax structure is different in a significant way. It is usually more financially advantageous for a married, two-income producing couple to file their Ohio returns separately rather than jointly, thus reducing the tax exposure on their incomes.

Thus, this catch-22 situation exists: a couple who files federal taxes jointly to enjoy a tax benefit place themselves in the position, in many cases, of paying higher taxes to the state of Ohio due to the requirement for the filing status mirroring. As sponsors and others have testified previously, this can amount to hundreds of dollars in additional taxation for the nearly 2 million married couples who file Ohio taxes annually.

This legislation seeks to bring more parity, and thus greater retention of hard-earned income for married Ohio taxpayers, by creating an enhanced joint filing credit for those who are married and file jointly, thus seeking to offset or in some cases eliminate the "marriage penalty". This will enable those whose tax filing status is married/joint to be able to avoid the catch-22.

We also strongly believe that a policy that allows hard-working Ohio families to retain more of their income is a net benefit to our state. The LSC fiscal note projects "losses" to state coffers with this policy change. One area that is noted is that the policy will not likely impact school district revenues, and the offset to local governments is minimal.

However, there is not a comparative analysis showing the potential positive economic impacts of having \$700-\$900 million dollars retained by Ohio taxpayers to invest, create further wealth and income, provide savings for future needs, give charitably, or spend on further goods and services. It is our position that these benefits will grow over time, and will lead to greater opportunity for Ohio's families.

We applaud Representatives Becker and Leland for their commitment to strengthening Ohio's economy and it's families by the introduction of Sub HB 333. We would ask the committee to favorably report this legislation. I would be happy to respond to questions of the committee.