



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Sam Benham

H.B. 333

132nd General Assembly
(As Introduced)

Reps. Becker and Leland, Vitale, Retherford, Keller, Duffey, Thompson, Brinkman, Hambley, Henne, Dean, Roegner, Hood, Riedel, Goodman, Schaffer, Butler, Wiggam, Koehler, Slaby, Conditt, Brenner, Sweeney, Boggs, Zeltwanger, Miller, Young

BILL SUMMARY

- Allows married taxpayers to file joint or separate state income tax returns regardless of the taxpayers' federal filing status.

CONTENT AND OPERATION

Married income tax filing status

Federal law permits married individuals to file joint or separate federal income tax returns. Under current Ohio law, a married couple must file a joint state income tax return if they file a joint federal income tax return for the taxable year, and separate returns if either spouse files a separate federal return for the taxable year. Under continuing law, if either spouse does not have to file a federal return but at least one of them must file a state return, they may choose to file joint or separate state returns.

The bill allows married taxpayers to file joint or separate state income tax returns regardless of the taxpayers' federal filing status for that taxable year.¹ Married couples may elect to file joint or separate state income tax returns for taxable years beginning in or after 2017.²

¹ R.C. 5747.08(E).

² Section 3.

Continuing Ohio law imposes a single tax rate schedule with graduated tax rates on all tax filers regardless of joint or separate filing status.³ Generally, this feature subjects joint filers' combined income to a higher effective rate than if the same couple filed separately. To compensate for this effect, at least in part, a joint filing credit is provided if each spouse reports at least \$500 in noninvestment, nonrental income. The credit is 20% of net tax due if joint Ohio adjusted gross income (OAGI) does not exceed \$25,000, 15% if joint OAGI is between \$25,000 and \$49,999, 10% if joint OAGI is between \$50,000 and \$75,000, and 5% if joint OAGI exceeds \$75,000. The credit cannot exceed \$650.⁴

HISTORY

ACTION	DATE
Introduced	08-30-17

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³ An exception is made for taxable business income (i.e., business income in excess of \$250,000, or \$125,000 for couples filing separately), which is subject to a 3% flat rate instead of the graduated rates imposed on other forms of income.

⁴ R.C. 5747.05(E), not in the bill. Because the credit amount depends on OAGI, and OAGI by definition does not include business income of \$250,000 or less for joint filers, the first \$250,000 of business income does not count toward these OAGI levels.

