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Interested Party Written Testimony on House Bill 166
Senate Finance Committee
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Chair Dolan, Vice Chair Burke, Ranking Member Sykes, and members of the Committee, I submit written comments from the Ohio Poverty Law Center on HB166 and, specifically, the Earned Income Tax Credit.

The Ohio Poverty Law Center's mission is to reduce poverty and increase justice by protecting and expanding the legal rights of Ohioans living, working, and raising their families in poverty.

A recent survey of legal aid attorneys in Ohio reported that the biggest challenges facing their clients are lack of good employment opportunities and low wages. These working Ohioans struggle everyday at low-wage jobs to make ends meet—they struggle to pay their utilities, to pay for child care, and to feed their families.

Newly released data from the federal Bureau of Labor Statistics shows that in 2018, six of Ohio's 10 most common jobs paid wages so low that a family of three would need to use food assistance to make ends meet.

Recent state and local tax and policy changes have made it even harder for low-income families to stay afloat. Consider that:

- In the last decade, thirty counties have increased their sales tax rates and now 51 are at the maximum rate of 1.5 percent above the state sales tax rate. Another eight counties have transit sales taxes. These taxes disproportionately impact low-income Ohioans who spend more of their income on goods and services than higher income earners.
- Due to cuts in local government funding, many municipalities have been forced to raise their income tax rates. Municipal taxes are usually collected on first dollar earned not allowing for deductions.
- A recent legislative change to the child support guidelines reduced the amount of child support orders for low-income parents—both recognizing the fact that there is not enough money in a low-wage worker's budget to afford higher support orders but also reducing the amount of income going to raising the children.
- An increase in the gas tax—which like any consumption tax disproportionately impacts low-income Ohioans.

In the transportation budget, the Senate took two steps to address the additional burden of the gas tax increase by increasing the state earned income tax credit to 30 percent of the federal credit and by removing the cap on the credit that applied to families earning \$20,000 or more.

We thank the you for proposing and supporting these improvements to Ohio's Earned Income Tax Credit.

But there is more to be done. We ask that as part of HB166, the you take the third step and make the credit refundable. This will put money in the hands of low-income working families and reimburse them for other taxes paid. In turn, these families will spend the money on goods and services in their communities. It is a win-win for families and communities.

In 2018, eight states expanded or improved their credits. Of the 29 states that have implemented credits, 22 are refundable.

The federal earned income tax credit has well-documented long-term positive effects on children and the economy. Making Ohio's credit refundable will increase these positive impacts for low-income Ohioans.