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State Senator Kristina Roegner

Ohio's 27th Senate District

Sponsor Testimony

Senate Bill 210

Senate Finance Committee

November 12, 2019

Chairman Dolan, Vice-Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 210, which erases the marriage penalty in Ohio.

A marriage penalty, as it is called, exists when the tax burden for a married couple exceeds what that same couple would pay if they chose not to marry. For example, LSC research indicates that in Ohio the combined median income for a working married couple in 2017 was slightly less than \$80,000. Based on current Ohio law, this married couple pays about \$1,900 in state income tax. However, if this same couple wanted to avoid Ohio's marriage penalty and chose simply NOT to marry, they could still live together and save slightly less than \$500.¹ Cumulatively, marriage penalties like this example amount to approximately \$650 million in additional tax paid by Ohio married couples annually statewide. In other words, the State of Ohio collects \$650 million each year that it would not collect if Ohio couples opted not to marry.

The cause of the marriage penalty in our state is due to our state using one personal income tax bracket for both married couples and singles. Unlike the federal government, which allows married couples to file based on separate joint filer brackets, Ohio requires married couples to combine their incomes and file using the individual income tax brackets. Due to Ohio's progressive income tax system, the result is that working Ohio couples pay a higher income tax rate on each dollar earned than they would if filing as two singles.

The effect can be particularly pronounced at the lowest income brackets, though it is present for couples at all income levels. Based on research my office received from the Ohio Department of Taxation, unmarried couples where each individual earns a taxable income of \$20,000 (\$10-\$11/hour) in Ohio pay no state income tax when filing individually. However, should this couple marry, their annual income tax due would increase by over \$700. This legislation corrects this inequity to ensure the same tax liability would apply to this couple, regardless of their marital status.

¹ See LSC Research R-133-1756

Ohio is currently one of just fifteen states² that currently have a marriage penalty like this embedded in our tax structure. This bill would correct this inequity in our tax system by upwardly adjusting our state's Joint Filer Credit, which currently partially offsets a portion of the marriage penalty, to instead equal the full difference of what the couple would owe if they filed individually or as an unmarried couple. In doing so, Senate Bill 210 removes the existing disincentive that exists in Ohio tax code that discourages couples in our state from making the commitment of marriage – a commitment that we all know brings needed stability and safety to Ohio families.

This legislation was drafted in a manner that delays the effective date of the bill until January 1, 2021. The purpose of this provision was to ensure that the legislature has the opportunity to plan and budget for the loss of tax revenue that would accompany this bill. Again, I should emphasize that though this bill will cost the state significant revenue annually, these are additional dollars that are unfairly collected from married taxpayers, not on the basis of income, wealth or services rendered, but simply because they are married. Because the institution of marriage is a foundation for strong families in Ohio, discouraging couples from marrying conflicts with our commitment to making Ohio a better place to live, work, and raise a family. For that reason, I would ask for your support for this legislation.

Thank you for the opportunity to testify on Senate Bill 210. I would be happy to answer questions at this time.

² <https://taxfoundation.org/state-marriage-penalty-2018/>