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H.B. 39
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Skindell and Isaacsohn

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SUMMARY

- Modifies the state's earned income tax credit (EITC) by making the credit partially refundable.

DETAILED ANALYSIS

Earned income tax credit modifications

The bill modifies a personal income tax credit that is based on a taxpayer's federal EITC. Under current law, the state EITC equals 30% of the taxpayer's federal EITC and is nonrefundable, which means that the amount of a taxpayer's credit may not exceed the taxpayer's tax liability.

The bill makes the state EITC partially refundable, such that if the credit amount exceeds the taxpayer's liability, the taxpayer receives 10% of the federal EITC as a refund from the state. The remaining portion of the state EITC, equal to 20% of the federal EITC, remains nonrefundable.¹ The modified credit applies to taxable years ending on or after the bill's 90-day effective date.²

Federal earned income tax credit

The federal EITC is a refundable credit computed as a percentage of a person's earnings (including self-employment income). To qualify for the federal credit, the taxpayer's earned income and adjusted gross income must fall below a specified threshold. For 2023, those thresholds are as follows:

¹ R.C. 5747.71 and 5747.98.

² Section 3.

Children or relatives claimed	Filing as single, head of household, or widowed	Filing as married filing jointly
Zero	\$17,640	\$24,210
One	\$46,560	\$53,120
Two	\$52,918	\$59,478
Three or more	\$56,838	\$63,698

For 2023, the maximum federal earned income credit for a person or couple without qualifying children was \$600, with one qualifying child \$3,995, with two qualifying children \$6,604, and with three or more qualifying children \$7,430. The credit amount is phased out as a person's income increases. In addition to the earned income limits, the taxpayer must also meet various other eligibility requirements, including limits on investment income (\$11,000 for 2023), minimum and maximum ages if qualifying without children (19 to 65 years), and qualifications for qualifying children.³

HISTORY

Action	Date
Introduced	02-15-23

ANHB0039IN-135/ts

³ 26 United States Code 32; see also the EITC Table for Tax Year 2023 on the Internal Revenue Service's [Earned Income and Earned Income Tax Credit \(EITC\) Tables webpage](#), which may be accessed by conducting a keyword "EITC Tables" search on the IRS's website: [irs.gov](https://www.irs.gov).