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H.B. 903
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Sims and Bryant Bailey

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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 2025, 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	$19,104	$26,214
One	$50,434	$57,554
Two	$57,310	$64,430
Three or more	$61,555	$68,675

For 2025, the maximum federal earned income credit for a person or couple without qualifying children was $649, with one qualifying child $4,328, with two qualifying children $7,152, and with three or more qualifying children $8,046. 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 ($11,950 for 2025), minimum and maximum ages if qualifying without children (19 to 65 years), and qualifications for qualifying children.[3]

HISTORY

Action	Date
Introduced	05-13-26

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[3] 26 United States Code 32; see also the EITC Table for Tax Year 2025 on the Internal Revenue Service's Earned Income and Earned Income Tax Credit (EITC) Tables webpage.