AOF's BUDGET WEBINAR SERIES
The Bottom Line: Tax Cuts, Deductions, and Credits in the Legislature

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Friday, March 10th at 10:30am
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Advocates for Ohio’s Future (AOF) is a nonprofit, nonpartisan coalition of over 500 state and local health and human services policy, advocacy, and provider organizations that promotes health and human service budget and policy solutions so that all Ohioans live better lives.

Our coalition believes in investing in our state’s most valuable resource—our people—to ensure that they are safe, healthy, and can access pathways to prosperity for themselves and their families.
The Bottom Line: Tax Cuts, Deductions and Credits in the Legislature
Our goals

We hope you leave with a better understanding of:

● a brief history of Ohio’s tax code
● current tax change proposals being considered
● what the proposals could mean for health and human services and for our neighbors who are paid low wages
● budget and policy solutions to support the economic security of Ohioans
Ohio’s upside-down tax code benefits few at the expense of many

Impact of Ohio’s major taxation legislation since 2005 by income level

- Lowest 20%: +$164
- Second 20%: +$120
- Middle 20%: +$22
- Fourth 20%: -$376
- Top 20%: -$5,534
- Top 1%: -$50,716
Wealthy Ohioans pay less taxes

State and Local Taxes as a Share of Income
Ohio revenues are growing slower than it may appear

Estimated state-only GRF revenues (in millions)

Inflation adjustment using 2019 dollars.

Chart: Policy Matters Ohio • Source: Legislative Service Commission Historical Revenues, Governor's Blue Book • Created with Datawrapper
New Tax proposals

• Child tax deduction.
• Sales tax exemption for infant care items.
• Tax credit for the development and rehabilitation of low-income housing.
• Tax credit for the development of single-family housing.
• Home ownership savings account.
• Adding to the list of 154 tax expenditures. $11 billion per year.
Gov. DeWine's child deduction

Amount of tax liability decrease by family size

The estimates factor in personal and dependent exemptions but not tax credits such as the earned income tax credit

Chart: Policy Matters Ohio • Created with Datawrapper
FIGURE 2. Middle-Income and Poor Households Pay More in Flat Income Tax States

Average effective state personal income tax rate

- States with flat-rate income taxes
- States with graduated-rate income taxes

Source: Institute on Taxation and Economic Policy (ITEP) • Created with Datawrapper
HB1

- Flat tax to 2.75%
- Repeal of 10% rollback (residential property tax credit)
- Reduction of Property tax assessment rate by 10%
- State aid to some homeowners.
Tax Savings by Household Income

Reduction in Ohio tax liability by taxable nonbusiness income and family size
Chart: Policy Matters Ohio • Created with Datawrapper
### Impact of HB 1

ITEP estimates of the bill’s impact

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Bottom 20%</th>
<th>Second 20%</th>
<th>Middle 20%</th>
<th>Fourth 20%</th>
<th>Next 15%</th>
<th>Next 4%</th>
<th>Richest 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income in Group</td>
<td>$12,000</td>
<td>$34,000</td>
<td>$61,000</td>
<td>$97,000</td>
<td>$159,000</td>
<td>$347,000</td>
<td>$1,534,000</td>
</tr>
<tr>
<td>Tax Change as a % of Income</td>
<td>0%</td>
<td>0%</td>
<td>-.04%</td>
<td>-.16%</td>
<td>-0.4%</td>
<td>-0.57%</td>
<td>-0.73%</td>
</tr>
<tr>
<td>Average Tax Change</td>
<td>$0</td>
<td>-$1</td>
<td>-$24</td>
<td>-$155</td>
<td>-$628</td>
<td>-$1,974</td>
<td>-$11,166</td>
</tr>
</tbody>
</table>

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Let’s rewrite the tax code to provide a boost to families who have been left out.

**A Thriving Families Tax Credit would:**

- Help families pay for the basics
- Provide more opportunity to families of color and families in Appalachia
## The Ohio Thriving Families Tax Credit

### A New Proposal

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum annual tax credit amount per child</td>
<td>$1,000 for children under 6; $500 for children age 6-17</td>
</tr>
<tr>
<td>Average tax refund per eligible household</td>
<td>$991</td>
</tr>
<tr>
<td>Number of children benefitting</td>
<td>1,822,262</td>
</tr>
<tr>
<td>Number of households benefiting</td>
<td>985,969</td>
</tr>
<tr>
<td>Eligibility by income</td>
<td>Less than $85,000 *</td>
</tr>
<tr>
<td>Eligibility by age</td>
<td>All children under 18</td>
</tr>
</tbody>
</table>

Source: Institute on Taxation and Economic Policy, October 2022.

*Tax filers who make $65,000 or less with a dependent child (or children) are eligible for the maximum annual tax credit amount per child. Tax filers who make over $65,000 will receive less than the full amount until the credit phases out at $85,000.
More than 55% of families in Appalachian counties would benefit

Interactive Map at: https://datawrapper.dwcdn.net/9R4d6/5/
### 3 tax proposals - and the impact on 3 different families

<table>
<thead>
<tr>
<th></th>
<th>Child tax deduction in HB 33 (annual tax savings)</th>
<th>HB 1 (annual tax savings)</th>
<th>Thriving Families Tax Credit (annual tax credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family with 2 kids, age 2 and 4, with annual income of $25,000</td>
<td>$0</td>
<td>$0</td>
<td>$2,000</td>
</tr>
<tr>
<td>Family with 2 kids, age 2 and 4, with the median income of $62,000</td>
<td>$161</td>
<td>$38</td>
<td>$2,000</td>
</tr>
<tr>
<td>Family with 2 kids, age 2 and 4, with annual income of $200,000</td>
<td>$200</td>
<td>$1,395</td>
<td>$0</td>
</tr>
</tbody>
</table>

*The estimated tax savings is based only on the changes to the income tax from a graduated income tax to a flat tax of 2.75% on income over $26,050.*
Polling: Ohio Voters Support a State Child Tax Credit

- 77% percent of voters support enacting a state Child Tax Credit in Ohio
- At least 74% of urban, suburban, and rural voters in support a state Child Tax Credit
Polling: Ohio Voters Support Taxing the rich

- 71% percent of likely voters support new tax rates on households earning more than $250,000 and $500,000.
Take Action

- Help families pay for the basics by including a Thriving Families Tax Credit in the budget
- Increase economic stability of Ohioans with low wages by making Ohio’s Earned Income Tax Credit (EITC) refundable
- Speak out against more tax cuts for the wealthy
Contact Us

Please reach out with any questions and requests.

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Our Budget Webinar Series Will Continue!

Home and Community Based Services 101
- Friday, March 24th @ 10:30am
- Register to join us HERE.

Recording and slides will be sent out to all registrants by this afternoon
- Recording and slides will also be available at https://www.advocatesforohio.org/webinars