



Refund the Credit

OHIO EARNED INCOME TAX CREDIT TALKING POINTS

FRAMEWORK: Earned Income Tax Credit (EITC) is one piece of an economic recovery strategy, allowing those eligible for the EITC to contribute to the local and statewide economy.

- The federal EITC creates \$1.50 for every \$1 returned.
- Surveys indicate how the refund is spent, infusing dollars into the local community.

1) A refundable Earned Income Tax Credit has national and bipartisan support.

- State EITCs have been enacted by Republican and Democratic legislatures and governors in the Midwest (Indiana, Illinois, Michigan, Iowa, Wisconsin, Minnesota).
- 24 States have EITC programs.
- Enacted in 1975 under President Ford and expanded under Presidents Reagan, Bush and Clinton, the federal EITC has received bi-partisan support in Congress.

2) A refundable Earned Income Tax Credit helps families in all of Ohio's 88 counties – families in rural, suburban and urban communities benefit from the EITC.

- More than 816,000 Ohio households claim the federal EITC.
- Only people who work can claim the EITC. If you don't work, you don't get the credit.
- 15 percent of Ohio working families benefit from the federal EITC.
- 67 percent of Ohio's EITC claimants earn less than \$20,000.
- 15.5 percent of tax filers claimed the EITC in rural communities.
- 23.3 percent of tax filers claimed the EITC in urban communities.

3) A refundable Earned Income Tax Credit is a proven and effective program that lifts more than 4.1 million Americans out of poverty annually.

- Of the 4.1 million people, more than half of them are children.
- It is one of the nation's most effective anti-poverty program for working families--
<http://www.cbpp.org/files/policybasics-eitc.pdf>.

4) A refundable EITC is spent locally and provides an economic boost to communities and helps families during the current economic crisis

- EITC refunds are usually spent locally on food, clothing, utilities and transportation.
- The EITC helps families pay their mortgage or rent.
- The EITC helps families afford the rising cost of food and energy.
- The EITC helps families stay above water when head of household is laid off or when wages are cut.

5) A refundable state Earned Income Tax Credit is simple to administer

- Adding one line to the state income tax form is all that is needed.

6) Earned Income Tax Credit is most effective when it is refundable.

- A non-refundable credit does little to lift families above the poverty line because it only offsets taxes owed rather supplements earnings.

- Most states – 22 of the 24 with a state EITC - make them refundable.
- A refundable credit has a greater impact on local economies.
 - <http://www.policymattersohio.org/pdf/WhoTakesCredit2008.pdf>
 - <http://www.policymattersohio.org/pdf/WhoTakesCredit2007.pdf>