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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 567
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Rogers and Crossman

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SUMMARY

- Authorizes a partially refundable earned income tax credit for taxable years ending in 2019, in lieu of a nonrefundable earned income tax credit under current law.
- Declares an emergency.

DETAILED ANALYSIS

Partially refundable earned income tax credit

The bill authorizes a partially refundable earned income tax (EITC) credit for taxable years ending in 2019. A taxpayer may claim this credit instead of claiming the nonrefundable EITC available under continuing law, which equals 30% of the federal EITC. The amount of a nonrefundable credit may not exceed a taxpayer's tax liability, while, in contrast, if the amount of a refundable credit amount exceeds the taxpayer's liability, the taxpayer receives any excess as a refund from the state.

Like continuing law's nonrefundable EITC, the bill's special 2019 EITC equals 30% of the federal EITC, but makes 50% of that credit – equal to 15% of the federal EITC – refundable. The other 50% of the credit remains nonrefundable.¹

If the taxpayer has already filed their 2019 return before the bill's effective date, the bill expressly authorizes them to file an amended return within 90 days after that date to claim the partially refundable EITC and thus take advantage of any additional refund or reduction in taxes for that taxable year resulting from that credit.²

¹ Section 1(A) and (B).

² Section 1(C).

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 2019, the year for which the bill's partially refundable EITC is available, those thresholds are \$15,570 for taxpayers without qualifying children (\$21,370 if married filing jointly), \$41,094 for taxpayers with one qualifying child (\$46,884 if married filing jointly), \$46,703 for taxpayers with two qualifying children (\$52,493 if married filing jointly), and \$50,162 for taxpayers with three or more qualifying children (\$55,952 if married filing jointly). For 2019, the maximum federal earned income credit for a person or couple without qualifying children is \$529, with one qualifying child \$3,526, with two qualifying children \$5,828, and with three or more qualifying children \$6,557. 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 (\$3,600 for 2019), minimum and maximum ages if qualifying without children (25 to 65 years), and qualifications for qualifying children.³

HISTORY

Action	Date
Introduced	03-23-20

H0567-I-133/ts

³ 26 United States Code 32; Internal Revenue Service, 2019 EITC Income Limits and Maximum Credit Amounts, available at <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-tax-credit-income-limits-and-maximum-credit-amounts>.