



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 615
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Roemer and T. Young

Zachary P. Bowerman, Attorney

SUMMARY

- Modifies the joint filing credit for taxable years beginning in 2024 and after, such that joint filers do not pay more income tax on their state return than they would if they filed separately.

DETAILED ANALYSIS

Income tax: joint filing credit

For taxable years beginning in 2024 and after, the bill modifies the existing nonrefundable joint filing credit using a formula that ensures joint filers do not pay more combined tax on their joint return than they would if they filed separate returns. Continuing law imposes a single tax rate schedule with graduated tax rates on all tax filers regardless of joint or separate filing status.¹ Generally, this feature subjects joint filers' combined income to a higher effective rate than if the same couple filed separately. To compensate for this effect, at least in part, a joint filing credit is provided.

Under current law, the joint filing credit applies only if each spouse reports at least \$500 in noninvestment, nonrental income. The current credit is 20% of net tax due if joint Ohio adjusted gross income (OAGI) does not exceed \$25,000, 15% if joint OAGI is between \$25,000

¹ An exception is made for taxable business income (i.e., business income in excess of \$250,000, or \$125,000 for couples filing separately), which is subject to a 3% flat rate instead of the graduated rates imposed on other forms of income.

and \$49,999, 10% if joint OAGI is between \$50,000 and \$75,000, and 5% if joint OAGI exceeds \$75,000. The credit cannot exceed \$650.²

Under the bill's replacement formula, the joint filing credit equals the difference between the spouses' combined liability on their joint return and the minimum combined amount of tax that would be due on both spouses' separate returns if each spouse claimed all deductions and credits that would be allowed on those separate returns in the manner that results in the least combined amount of tax due. Unlike the current joint filer credit, there is no cap on the credit amount computed under bill's modified formula. Furthermore, there is no minimum OAGI for either spouse.³

HISTORY

Action	Date
Introduced	04-04-22

ANHB0615IN-134/ts

² R.C. 5747.05(E). Because the credit amount depends on OAGI, and OAGI by definition does not include business income of \$250,000 or less for joint filers, the first \$250,000 of business income does not count toward these OAGI levels.

³ R.C. 5747.05.