



Ohio Legislative Service Commission

Bill Analysis

Joseph D. Heller

S.B. 25

128th General Assembly
(As Introduced)

Sens. Schaffer, Wagoner, Gibbs, Buehrer, Schuring

BILL SUMMARY

- Increases the amount of unreimbursed medical care expenses an individual taxpayer may claim as an income tax deduction.

CONTENT AND OPERATION

Tax deduction for medical expenses

(R.C. 5747.01(A)(11))

Current law allows an income tax deduction for the expenses a taxpayer pays during a taxable year for medical care of the taxpayer and the taxpayer's spouse and dependents, to the extent the expenses exceed 7.5% of the taxpayer's federal adjusted gross income (FAGI).¹ (Federal law also authorizes a medical expense deduction for expenses that exceed 7.5% of FAGI.) To be eligible for the deduction, the expenses cannot have been otherwise deducted or excluded in computing federal or Ohio AGI during the taxable year, and the taxpayer cannot have been compensated for the expenses by insurance or otherwise.

The bill decreases from 7.5% to 1% the percentage of FAGI that triggers the deduction, thus increasing the deduction and making it available to more taxpayers. Under current law, a taxpayer with FAGI of \$40,000 and medical care expenses of

¹ The starting point for computing Ohio taxable income is an individual's federal adjusted gross income, as reported on line 37 of federal form 1040, line 21 of federal form 1040A, or line 4 of federal form 1040EZ.

\$3,400 could deduct \$400. Under the bill, that same taxpayer could deduct \$3,000 of medical care expenses.

The types of medical care expenses a taxpayer may claim include the same that may be claimed for federal tax purposes--e.g., unreimbursed costs for medical or dental insurance premiums, long-term care insurance premiums, prescription drugs or insulin, medical examinations, hospital stays, nursing care, eyeglasses, hearing aids, braces, crutches, and wheelchairs.

Effective date

(Section 3)

The deduction applies to taxable years beginning on or after January 1, 2009.

HISTORY

ACTION	DATE
Introduced	02-10-09

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