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Adam Mathews
State Representative

Sponsor Testimony for House Bill 1: Modify the law regarding property taxation and income tax rates

Sponsor: Rep. Adam Mathews (R-Lebanon), District 56

Chairman Roemer, Vice Chair Merrin, Ranking Member Troy, and all honorable members of the Ways and Means Committee, it is my pleasure today to present sponsor testimony on House Bill 1 which includes an income tax cut for all Ohioans currently paying taxes, a flat income tax system, and simple property taxes both now and in the future.

This legislation empowers our families and businesses to thrive as well as restart Ohio as the economic engine of the Midwest. Our four goals are to lower all our income taxes to a flat rate of 2.75%, disentangle our property taxes from our income taxes, protect homeowners both now and in the future, and ensure our local communities receive the quality services they expect.

Firstly a flat tax system encourages families and businesses to move to and stay in our great state. Many of our neighboring states have moved to a flat tax, and a rate of 2.75% would be the lowest from here to either Tennessee or South Dakota. We intend to help our lower-income households by increasing the minimum income threshold, so families making \$26,000 a year would newly be free of any state income tax. On the other end, higher-income families are increasingly mobile. Whether they are doctors, engineers, or athletes, we want those with the ability to pick up and move to stay here in Ohio. By helping those starting out and encouraging those already successful, Ohio can grow its tax base and set us all up for success.

Secondly, to simplify the tax code, we should disentangle our property and income taxes by removing the 10% rollback and giving more local control over tax policy. Third, to protect homeowners, we adjust our valuation coefficient from 35% of appraised value to 31.5% with an inflation-neutralizing factor, thereby protecting homeowners as values fluctuate. These two steps finally realize the property tax cut offered in 1983 when income taxes were raised to a point where we have been cutting ever since. We again keep our focus on those at the margins, bolstering our homestead protections for our seniors while also shifting our 2.5% reduction credit to a flat \$125, benefiting smaller homes and those entering the market.

Fourth, and crucially, we want to ensure our local communities relying on these property taxes can provide for their people. They have budgeted based on the state shielding property owners from the full cost of their property taxes for the last 40 years, and it would be unfair not to help these local taxing entities as we transition to a simpler and more accountable model.

56th House District

Warren County, Ohio

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Since 2020, more than 20 other states have cut their rates. Ohio now is in a position to lead, with a flat tax lower than our neighbors along with needed reforms that will benefit all Ohioans. This will promote economic growth, simplify the tax code, and keep more money where it belongs: in the pockets of hardworking Ohioans and the communities in which they live. I urge you to support these important changes and help make Ohio a more prosperous and vibrant state. Thank you.