



AMERICANS FOR PROSPERITY – OHIO – PROPONENT TESTIMONY, HB 386- HOUSE WAYS AND MEANS COMMITTEE – 5.14.24

Chairman Roemer, Vice Chair Lorenz, Ranking Member Troy, and members of the committee, thank you for holding this hearing and for the opportunity to provide testimony.

My name is Donovan O’Neil, and I am the State Director with Americans for Prosperity – Ohio (AFP). As one of the largest grassroots organizations in the country, AFP is driving long-term solutions to some of the country’s biggest problems. Our organization, and its thousands of activists across Ohio, are dedicated to breaking barriers that stand in the way of people realizing their full potential. Removing or reducing these barriers, in whatever forms they take, helps move our society toward one of mutual benefit, where people succeed by helping others improve their lives and by transforming their communities. Accordingly, I urge you to support House Bill 386, transformational tax reform legislation sponsored by Rep. Adam Mathews and Rep. Brian Lampton.

From an economic and demographic standpoint, Ohio has not compared favorably to many other states in recent years. Our state’s population growth is severely lagging that of other states, and its economic growth hasn’t kept pace with many of our regional peers. In the [17th edition of ALEC’s Rich States, Poor States](#) report, Ohio fell six spots in the rankings, moving from 20th in the nation to 26th when it comes to economic outlook.

Restrictive tax and regulatory environments are hindrances to prosperity, innovation, and entrepreneurship. The Ohio General Assembly has made some positive progress over the last several budget cycles by slowly and steadily driving tax rates down and reducing the number of brackets.

We recognize the continuous reduction in brackets and rates on the income tax, but other states are moving faster and pursuing bolder reforms. [There are nine states with no state income tax. Fourteen states with a flat income tax](#) and ten states have committed to moving to zero state income tax. Put simply, states fall behind when they stand still.

Per the sponsors, this bill establishes a six-year gradual phase-down of the state income tax through the remainder of the decade. House Bill 386 aims to ensure that Ohio remains a

destination for businesses to grow and attract people who want to work, raise a family, and truly thrive here. Recognizing that change cannot happen overnight, we build on the progress made by past General Assemblies in reducing the state income tax and continue this trend through the remainder of the decade when Ohio will finally become the tenth state in the country, first in the mid-west, to fully eliminate its state income tax, thereby signaling to the nation that we are and will remain the best state in the country in which to live and build a business.

We know Ohio can eliminate the personal income tax. HB 386 proposes a thoughtful plan to gradually eliminate the personal income tax, but AFP also commissioned a study with our partners at The Buckeye Institute that lays out other proposals to achieve this goal. For example: Phasing out the income tax over ten years along with cutting government spending could generate \$12.9 billion in growth and add over 80,000 jobs. I've also submitted the full study for reference, but the point is that there are several scenarios, including HB 386, that gets Ohio to a 0% income tax. It just takes bold leadership to make this a possibility.

Thank you again for the opportunity to provide testimony and providing thoughtful consideration to HB 386.