



# AMERICANS *for* TAX REFORM

May 14, 2024

To: Ohio House Ways & Means Committee  
From: Americans for Tax Reform  
Re: ATR Supports HB 386

Chair Roemer, Vice Chair Lorenz, Ranking Member Troy, Members of the Committee,

My name is Doug Kellogg, I am state projects director for Americans for Tax Reform (ATR), and director of Ohioans for Tax Reform (OTR). **On behalf of our organizations and our supporters across Ohio, I urge you to support the gradual elimination of the state income tax, House Bill 386.**

Ohio has been a leader on flattening and cutting income taxes over the past 20 years. The state has gradually, responsibly reduced a bloated set of income tax rates down to just two rates with a top bracket of 3.5%. The state's tax-cutting efforts have proven successful as each General Assembly picks up the mantle and continues to make progress in reducing rates and brackets.

Now, with Ohio down to two brackets, House Bill 386 would set the state on a final path to eliminating the state income tax. It is vitally important to set the state on the path to zero as the state moves to a flat tax rate.

More than two dozen states have cut taxes since 2020. There are 10 other states currently on the path to zero, on top of the 7 no-income-tax states.

Ohio is among these tax-cutters, as are neighboring Indiana and Kentucky. Indiana's tax reform task force is considering plans for further income tax cuts and eliminating the state income tax. Pennsylvania is gradually, significantly cutting down its previously absurdly high corporate tax rate.

Planning out and scheduling gradual rate reductions allows bold tax reform and conservative budgeting, ensuring no revenue surprises or cuts to core services and obligations. Taxpayers are put first, Ohio taxpayers will know when the state collects more of their hard-earned dollars than necessary, they will be returned through permanent income tax cuts. Yet, the long-term, gradual nature of the rate reductions, which can be paused if there are budget challenges (as cuts were during the great recession), provides predictability.

People and businesses move, stay, and grow in low-tax environments. No-income-tax states grew at double the rate of the national average and their state GDP grew by 56% more ([Tax Foundation](#)). Eight of the top 10 immigration states have no income tax, a flat tax, or are moving toward a flat tax. Meanwhile high-tax states continue to decline: California, New York, and Illinois led the way in population loss since 2020.

Having a flat tax will also make it more difficult to raise taxes in the future, as all voters would know their taxes would go up under any proposal to increase taxes. This is another win for Ohio taxpayers in HB 386.

The next budget cycle will be one of the most important ever for Ohio taxpayers and businesses. HB 386 offers a tremendous opportunity to make reducing tax burdens on Ohio families top priority. **For these reasons, ATR supports HB 386 and urges you to advance the bill.**

Americans for Tax Reform is available to assist in any way we can. More resources are available at [ATR.org](http://ATR.org), including our guide on tax reform pitfalls (<https://www.atr.org/wp-content/uploads/2024/01/10-traps-to-avoid-during-tax-reform.pdf>).

If you have any questions, please do not hesitate to contact State Projects Director Doug Kellogg, at 202-785-0266, or [dkellogg@atr.org](mailto:dkellogg@atr.org).

Thank you.

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