



Representative Tom Young
37th Ohio House District

Sponsor Testimony for HB 617, Ohio Capital Gains Tax Repeal Act

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the House Ways and Means Committee,

Thank you for the opportunity to present House Bill 617, the Ohio Capital Gains Tax Repeal Act.

House Bill 617 exempts net capital gains from both Ohio state income tax and municipal income tax. The purpose is straightforward. Ohio should encourage investment, capital formation, and long-term economic growth rather than discourage it.

This bill recognizes that capital is mobile. Investors, entrepreneurs, and retirees can choose where they live and where they realize gains. If Ohio taxes those gains while other states do not, we disadvantage ourselves in attracting and retaining economic activity.

House Bill 617 does not change wage tax rates. It does not alter municipal income tax structures. It does not modify property tax, sales tax, or the Commercial Activity Tax. It is limited to removing net capital gain from the taxable base.

The legislation uses the existing federal definition of net capital gain. That means no new bureaucracy, no new definitions, and no confusion for taxpayers or tax administrators.

Critics may suggest this benefits only high income taxpayers. In reality, capital gains frequently represent the culmination of years of risk, labor, and reinvestment. When a small business owner sells a business that employed dozens of Ohioans, that reflects economic achievement.

Encouraging reinvestment is critical. When capital remains in Ohio, it can be reinvested into startups, expansions, equipment, housing, and community development.

Revenue discussions must also consider long-term growth. Static analysis does not account for behavioral change, residency decisions, and retained investment.

House Bill 617 strengthens Ohio competitiveness and aligns our tax code with a pro-growth philosophy. I respectfully ask for your favorable consideration.