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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
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Office

**H.B. 39**  
**136<sup>th</sup> General Assembly**

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Fischer and Santucci

Zachary P. Bowerman, Attorney

### SUMMARY

- Authorizes a temporary state income tax deduction for overtime wages.

### DETAILED ANALYSIS

#### State income tax deduction for overtime wages

The bill authorizes a temporary state income tax deduction for overtime wages paid in accordance with applicable state and federal wage and hour laws.<sup>1</sup> Taxpayers can claim the deduction in the first taxable year that ends after the bill's 90-day effective date and for the following seven taxable years. After those eight years, the deduction sunsets.<sup>2</sup>

The bill's deduction is only available for computing a taxpayer's Ohio adjusted gross income (OAGI), which is the basis for the state income tax. The deduction must be added back in calculating modified adjusted gross income (MAGI), which is the basis for school district income taxes and certain means-tested tax credits and programs, such as personal and dependent exemptions and the property tax homestead exemption.<sup>3</sup>

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<sup>1</sup> See R.C. 4111.03, not in the bill; 29 United States Code 207.

<sup>2</sup> R.C. 5747.01(A)(44); Section 3.

<sup>3</sup> R.C. 5747.01(II); see R.C. 323.151(C) (homestead exemption), 5747.025 (personal and dependent exemptions), and 5748.01(E)(1) (school district income tax), not in the bill.

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## HISTORY

Action	Date
Introduced	02-03-25

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