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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 444
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 444's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Williams and Jarrells

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill allows a personal income tax deduction for charitable contributions to churches for taxpayers who elect to itemize deductions on their federal income tax return. Although the estimate relies on limited data, preliminary analysis suggests the statewide revenue loss is likely to be approximately \$30 million annually beginning in FY 2027.

Detailed Analysis

The bill allows a personal income tax (PIT) deduction for charitable contributions to a church or a convention or association of churches, available only to taxpayers who elect to itemize deductions on their federal income tax return. Assuming this provision takes effect beginning in tax year (TY) 2026, it would reduce the PIT revenue by roughly \$30 million annually starting in FY 2027.

Under continuing law, individual taxpayers may choose between the standard deduction or itemizing deductions on their federal tax return. According to Internal Revenue Service (IRS) individual income tax statistics for TY 2022, only 4% of Ohio taxpayers elected to itemize deductions, with total itemized deductions for charity exceeding \$4.2 billion.

Beginning in TY 2026, the One Big Beautiful Bill Act (OBBBA) modifies itemized charitable deductions by imposing a 0.5% floor of federal adjusted gross income (FAGI), such that only contributions exceeding this floor are deductible. Assuming charitable contributions grow over time while the number of itemizers remains similar, the total charitable donations in Ohio are projected to be about \$4.60 billion.

Since the bill limits state PIT deductions to contributions made to churches or conventions/associations of churches, the actual deductible amount is smaller than total charitable contributions reported to the IRS. Assuming 24% of charitable contributions go to

religious organizations,¹ the estimated Ohio PIT deduction would be roughly \$30 million per year beginning in FY 2027 by assuming a 2.75% marginal PIT rate. Of this amount, 1.75% of the PIT revenue loss is projected to be distributed to the Local Government Fund (LGF) and the remainder would be borne by the GRF.

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¹ Based on the Giving USA 2025 report, which estimates that approximately 24% of charitable contributions in the U.S. go to religious organizations ([Giving USA 2025](#)).