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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 617
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Young

Mackenzie Damon, Attorney

SUMMARY

- Exempts capital gains from state and municipal income taxes.
- Names the bill the Ohio Capital Gains Tax Repeal Act.

DETAILED ANALYSIS

Capital gains tax exemption

The bill exempts capital gains from both state and municipal income taxes. A capital gain is income from the sale of an asset, such as stocks, bonds, real property, or other investments.

State income tax exemption

Under continuing law, capital gains are generally included in a taxpayer's federal adjusted gross income, which is the starting point for Ohio's state income tax. Currently, beginning in 2026, Ohio law would allow two tax deductions for capital gains – one for capital gains received by investors in certain Ohio-based venture capital companies, and one for capital gains from the sale of an ownership interest in a business. The bill would entirely exempt a taxpayer's net capital gain from the income tax, making these deductions unnecessary, so the bill repeals them.¹

Municipal income tax exemption

Generally, capital gains are already exempt from municipal income taxation, unless the municipality was "grandfathered" into taxing such income because the municipality taxed such income before 1989. The bill would entirely exempt capital gains from municipal income taxes.²

¹ R.C. 5747.01; R.C. 5747.79, repealed by the bill.

² R.C. 718.01.

Report

The bill applies to taxable years ending on or after the bill’s 90-day effective date. Before July 1, 2027, the Director of Budget and Management must issue a report to the General Assembly on the effects of the bill’s exemptions, including its effects on tax revenue and taxpayer behavior.³

HISTORY

Action	Date
Introduced	12-01-25

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³ Section 4.