

As Introduced

136th General Assembly

Regular Session

2025-2026

S. B. No. 3

Senators Lang, Huffman

**Cosponsors: Senators Roegner, Romanchuk, Brenner, O'Brien, Wilson, Schaffer,
Wilkin**

A BILL

To amend section 5747.02 of the Revised Code to 1
phase-down the state income tax to a flat rate 2
of 2.75% over two years. 3

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 5747.02 of the Revised Code be 4
amended to read as follows: 5

Sec. 5747.02. (A) For the purpose of providing revenue for 6
the support of schools and local government functions, to 7
provide relief to property taxpayers, to provide revenue for the 8
general revenue fund, and to meet the expenses of administering 9
the tax levied by this chapter, there is hereby levied on every 10
individual, trust, and estate residing in or earning or 11
receiving income in this state, on every individual, trust, and 12
estate earning or receiving lottery winnings, prizes, or awards 13
pursuant to Chapter 3770. of the Revised Code, on every 14
individual, trust, and estate earning or receiving winnings on 15
casino or sports gaming, and on every individual, trust, and 16
estate otherwise having nexus with or in this state under the 17
Constitution of the United States, an annual tax measured as 18

prescribed in divisions (A) (1) to (4) of this section. 19

(1) In the case of trusts, the tax imposed by this section 20
shall be measured by modified Ohio taxable income under division 21
(D) of this section and levied in the same amount as the tax is 22
imposed on estates as prescribed in division (A) (2) of this 23
section. 24

(2) In the case of estates, the tax imposed by this 25
section shall be measured by Ohio taxable income. The tax shall 26
be levied at the rate of 1.38462% for the first twenty-six 27
thousand fifty dollars of such income ~~and, for taxable years~~ 28
beginning in 2024, twenty-six thousand seven hundred dollars of 29
such income for taxable years beginning in 2025, and twenty- 30
seven thousand three hundred fifty dollars of such income for 31
taxable years beginning in 2026 and thereafter. For income in 32
excess of that amount, the tax shall be levied at the same rates 33
prescribed in division (A) (3) of this section for individuals. 34

(3) In the case of individuals, the tax imposed by this 35
section on income other than taxable business income shall be 36
measured by Ohio adjusted gross income, less taxable business 37
income and less an exemption for the taxpayer, the taxpayer's 38
spouse, and each dependent as provided in section 5747.025 of 39
the Revised Code. If the balance thus obtained is ~~equal to or~~ 40
~~less not more~~ than twenty-six thousand fifty dollars the 41
applicable dollar amount described in division (A) (2) of this 42
section, no tax shall be imposed on that balance. If the balance 43
thus obtained is greater than ~~twenty-six thousand fifty~~ 44
~~dollars that amount~~, the tax is hereby levied as follows: 45

(a) ~~For taxable years beginning in 2023:-~~ 46

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A ~~OHIO ADJUSTED GROSS INCOME LESS TAX~~
~~TAXABLE BUSINESS INCOME AND EXEMPTIONS~~
~~(INDIVIDUALS) OR MODIFIED OHIO TAXABLE~~
~~INCOME (TRUSTS) OR OHIO TAXABLE INCOME~~
~~(ESTATES)~~

B ~~More than \$26,050 but not more than~~ ~~\$360.69 plus 2.75% of the~~
~~\$100,000~~ ~~amount in excess of \$26,050~~

C ~~More than \$100,000 but not more than~~ ~~\$2,394.32 plus 3.688% of the~~
~~\$115,300~~ ~~amount in excess of \$100,000~~

D ~~More than \$115,300~~ ~~\$2,958.58 plus 3.75% of the~~
~~amount in excess of \$115,300~~

~~(b) For taxable years beginning in 2024 and thereafter:~~ 48

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A OHIO ADJUSTED GROSS INCOME LESS TAXABLE TAX
BUSINESS INCOME AND EXEMPTIONS
(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES)

B More than \$26,050 but not more than \$360.69 plus 2.75% of the
\$100,000 amount in excess of
\$26,050

C More than \$100,000 \$2,394.32 plus 3.5% of

the amount in excess of
\$100,000

(b) For taxable years beginning in 2025: 51

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A OHIO ADJUSTED GROSS INCOME LESS TAX
TAXABLE BUSINESS INCOME AND EXEMPTIONS
(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES)

B More than \$26,700 but not more than \$369.69 plus 2.75% of the
\$102,400 amount in excess of \$26,700

C More than \$102,400 \$2,451.44 plus 3.125% of the
amount in excess of \$102,400

(c) For taxable years beginning in 2026 and thereafter, 53
\$378.69 plus 2.75% of the amount in excess of \$27,350. 54

(4) (a) In the case of individuals, the tax imposed by this 55
section on taxable business income shall equal three per cent of 56
the result obtained by subtracting any amount allowed under 57
division (A) (4) (b) of this section from the individual's taxable 58
business income. 59

(b) If the exemptions allowed to an individual under 60
division (A) (3) of this section exceed the taxpayer's Ohio 61
adjusted gross income less taxable business income, the excess 62
shall be deducted from taxable business income before computing 63
the tax under division (A) (4) (a) of this section. 64

(5) Except as otherwise provided in this division, in 65
August of each year, the tax commissioner shall make a new 66
adjustment to the income amounts prescribed in divisions (A) (2) 67
and (3) of this section by multiplying the percentage increase 68
in the gross domestic product deflator computed that year under 69
section 5747.025 of the Revised Code by each of the income 70
amounts resulting from the adjustment under this division in the 71
preceding year, adding the resulting product to the 72
corresponding income amount resulting from the adjustment in the 73
preceding year, and rounding the resulting sum to the nearest 74
multiple of fifty dollars. The tax commissioner also shall 75
recompute each of the tax dollar amounts to the extent necessary 76
to reflect the new adjustment of the income amounts. To 77
recompute the tax dollar amount corresponding to the lowest tax 78
rate in division (A) (3) of this section, the commissioner shall 79
multiply the tax rate prescribed in division (A) (2) of this 80
section by the income amount specified in that division and as 81
adjusted according to this paragraph. The rates of taxation 82
shall not be adjusted. 83

The adjusted amounts apply to taxable years beginning in 84
the calendar year in which the adjustments are made and to 85
taxable years beginning in each ensuing calendar year until a 86
calendar year in which a new adjustment is made pursuant to this 87
division. The tax commissioner shall not make a new adjustment 88
in any year in which the amount resulting from the adjustment 89
would be less than the amount resulting from the adjustment in 90
the preceding year. 91

(B) If the director of budget and management makes a 92
certification to the tax commissioner under division (B) of 93
section 131.44 of the Revised Code, the amount of tax as 94
determined under divisions (A) (1) to (3) of this section shall 95

be reduced by the percentage prescribed in that certification 96
for taxable years beginning in the calendar year in which that 97
certification is made. 98

(C) (1) The tax imposed by this section on a trust shall be 99
computed by multiplying the Ohio modified taxable income of the 100
trust by the rates prescribed by division (A) of this section. 101

(2) A resident trust may claim a credit against the tax 102
computed under division (C) of this section equal to the lesser 103
of (a) the tax paid to another state or the District of Columbia 104
on the resident trust's modified nonbusiness income, other than 105
the portion of the resident trust's nonbusiness income that is 106
qualifying investment income as defined in section 5747.012 of 107
the Revised Code, or (b) the effective tax rate, based on 108
modified Ohio taxable income, multiplied by the resident trust's 109
modified nonbusiness income other than the portion of the 110
resident trust's nonbusiness income that is qualifying 111
investment income. The credit applies before any other 112
applicable credits. 113

(3) Any credit authorized against the tax imposed by this 114
section applies to a trust subject to division (C) of this 115
section only if the trust otherwise qualifies for the credit. To 116
the extent that the trust distributes income for the taxable 117
year for which a credit is available to the trust, the credit 118
shall be shared by the trust and its beneficiaries. The tax 119
commissioner and the trust shall be guided by applicable 120
regulations of the United States treasury regarding the sharing 121
of credits. 122

(D) For the purposes of this section, "trust" means any 123
trust described in Subchapter J of Chapter 1 of the Internal 124
Revenue Code, excluding trusts that are not irrevocable as 125

defined in division (I) (3) (b) of section 5747.01 of the Revised 126
Code and that have no modified Ohio taxable income for the 127
taxable year, charitable remainder trusts, qualified funeral 128
trusts and preneed funeral contract trusts established pursuant 129
to sections 4717.31 to 4717.38 of the Revised Code that are not 130
qualified funeral trusts, endowment and perpetual care trusts, 131
qualified settlement trusts and funds, designated settlement 132
trusts and funds, and trusts exempted from taxation under 133
section 501(a) of the Internal Revenue Code. 134

(E) Nothing in division (A) (3) of this section shall 135
prohibit an individual with an Ohio adjusted gross income, less 136
taxable business income and exemptions, of ~~twenty-six thousand-~~ 137
~~fifty dollars or less not more than the applicable amount~~ 138
described in division (A) (2) of this section from filing a 139
return under this chapter to receive a refund of taxes withheld 140
or to claim any refundable credit allowed under this chapter. 141

Section 2. That existing section 5747.02 of the Revised 142
Code is hereby repealed. 143

Section 3. The Tax Commissioner shall not make adjustments 144
in 2025 or 2026 to the income amounts in divisions (A) (2) and 145
(3) of section 5747.02 of the Revised Code, as otherwise 146
required by division (A) (5) of that section. 147