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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

S.B. 9
(1_136_2663)
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 9's Bill Analysis](#)

Version: In House Ways and Means

Primary Sponsor: Sen. Blessing

Local Impact Statement Procedure Required: No

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Highlights

- The bill incorporates into Ohio income tax law changes made to the federal Internal Revenue Code (IRC) since March 7, 2025. This change will affect personal income tax (PIT) receipts beginning in tax year (TY) 2025, resulting in an estimated revenue loss of \$63.3 million in FY 2026 and \$29.5 million in FY 2027.
- The bill declares itself an emergency measure that will go into immediate effect.

Detailed Analysis

The bill incorporates into Ohio income tax law changes to the federal Internal Revenue Code (IRC) made since March 7, 2025, including an act of U.S. Congress, the "One Big Beautiful Bill Act" (OBBBA).

In general, Ohio tax law incorporates by reference parts of the IRC and other federal laws. Periodic amendments to federal law do not become part of Ohio law unless they are incorporated by an act of the General Assembly. OBBBA includes several provisions that modify the definition of federal adjusted gross income (FAGI), which in turn affects the tax base for some Ohio taxpayers. FAGI is the starting point for calculating Ohio adjusted gross income (FAGI with certain additions and deductions), Ohio taxable income, and other elements of the Ohio tax base.

The most significant OBBBA provisions affecting Ohio law include:

- Allowing a deduction for domestic research and experimental expenses.
- Increasing cap on deductible business interest.
- Allowing 100% depreciation of the adjusted basis of qualified production property in the year in which property is placed into service.

Fiscal effect

The Department of Taxation (TAX) estimated OBBBA's impact on state personal income tax (PIT) revenues. Based on TAX's analysis, S.B. 9 would reduce PIT receipts by \$63.3 million in FY 2026 and \$29.5 million in FY 2027. Of this total, the three significant provisions noted above account for an estimated \$63.8 million of revenue loss in FY 2026, and \$23.2 million in FY 2027. The GRF would bear 98.25% of any PIT revenue loss and the Local Government Fund would bear 1.75%.

Synopsis of Fiscal Effect Changes

- The substitute bill (I_136_2663) updates Ohio's conformity with federal law by incorporating more recent Internal Revenue Code (IRC) amendments, including One Big Beautiful Bill Act (OBBBA) provisions that modify federal adjusted gross income (FAGI). Because these newer provisions would be incorporated into Ohio law, the estimated fiscal effect changes from a previously minimal impact in FY 2025 to personal income tax (PIT) revenue losses of \$63.3 million in FY 2026 and \$29.5 million in FY 2027.