



AMERICANS *for* TAX REFORM

March 7, 2023

To: Ohio House Ways and Means Committee
From: Doug Kellogg, Americans for Tax Reform, Ohioans for Tax Reform
Re: Testimony in support of House Bill 1

Chair Roemer and Members of the Committee,

My name is Doug Kellogg, I am State Projects Director with Americans for Tax Reform (ATR), and director of Ohioans for Tax Reform (OTR). ATR was founded in 1985 at the request of President Reagan to ensure tax reform returned money to American taxpayers. Today, we continue to advocate for reducing the tax burden, and sponsor the Taxpayer Protection Pledge, a written commitment made by elected officials to their voters that they will oppose tax increases.

Thank you for the opportunity to testify in support of House Bill 1 (HB 1), legislation that would lower Ohio's income tax to a flat, 2.75% single rate. We are thrilled to see the legislature prioritize reducing the tax burden on Ohioans.

HB 1 would make Ohio's income tax one of the lowest flat rates in the entire nation, behind only Arizona under current law. Especially of note for Ohio, this would be the lowest flat tax in the region, lower than Indiana and Pennsylvania, and lower than the rate under tax reforms that recently passed the West Virginia House.

This legislation would return billions of dollars to Ohio taxpayers, wisely using surplus revenues and limiting spending on local governments to achieve tax reductions. When the state collects more money than needed, the first priority should be returning that money to the taxpayers who earned it, and this legislation achieves that. This will help Ohio's homegrown businesses and families grow and prosper, making it easier for people to stay in the state.

Further, HB 1 sends a clear message to the rest of the country that Ohio is here to compete for jobs, businesses, and families that are fleeing higher tax states. States that have low, or no, income taxes are winning the competition for people, jobs, and economic growth. Meanwhile high-tax states like California and New York are watching people stampede through the exits.

From April 2020 to July 2022, the 15 lowest-tax states gained 2.3 million people, or 2.2% of their population. The 15 highest-tax states lost 1.2 million people or 1% of their population. Texas and Florida increased their populations by 1.6 million people combined.

Ohio, unfortunately, lost population during this period.

A Tax Foundation analysis revealed states lost 1% of their population for every two points of income tax.

Red states are leading on reducing their tax burdens. In 2021, 14 states cut their income taxes, in 2022 we saw eight more state income tax cuts. More than 10 states are considering income tax reductions this year.

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There are currently eight states with no income tax, New Hampshire will soon be the ninth. 10 more states have begun phasing their income taxes to zero.

Tax relief is also an opportunity for the Republican-led legislature to set a contrast with Democrats in Washington D.C. who are taking money out of Ohioans' pockets through new tax hikes, high-cost energy policies, and high inflation.

Ohio can take a massive step toward income tax elimination and make the state one of the most attractive destinations for people and businesses in the nation by passing House Bill 1.

Americans for Tax Reform is available to lend any assistance we can. Further, we encourage you to call on legislators from other states that have worked on state income tax reform in recent sessions. They are willing to share their guidance and their contact information is below:

For Arizona:

House Speaker Ben Toma: BTOMA@azleg.gov

Senate Finance Committee Chairman JD Mesnard: JMESNARD@azleg.gov

For Iowa:

Senate Majority Leader Jack Whitver: jack.whitver@legis.iowa.gov

Senate Ways & Means Chairman Dan Dawson: dan.dawson@legis.iowa.gov

For North Carolina:

North Carolina Senate President Berger's office, Clay Vick: clay.vick@ncleg.gov

North Carolina Speaker Tim Moore's deputy chief of staff, Dan Gurley: dan.gurley@ncleg.gov.

For Kentucky:

House Speaker David Osborne: David.Osborne@lrc.ky.gov

Senate President Robert Stivers: Robert.Stivers@lrc.ky.gov

For Mississippi:

House Speaker Phil Gunn: pgunn@house.ms.gov

House Speaker Pro Tem Jason White: jwhite@house.ms.gov

House Ways & Means Chair Trey Lamar: jlamar@house.ms.gov

Thank you again for your time today and work on this critical effort to improve Ohio's future.