

SUMMARY OF INCOME TAX CHANGES IN THE 2024-25 BUDGET



New Brackets and Rates

New rates and brackets will be fully implemented in tax year 2024

Former Bracket	Former Rates	Future Brackets	Future Rates
Below \$26,050**	0%**	Below \$26,050**	0%**
\$26,050 - \$46,100	2.765%	\$26,050 - \$100,000	2.75%
\$46,100 - \$92,150	3.226%		
\$92,150 - \$115,300	3.688%	Above \$100,000	3.50%
Above \$115,300	3.990%		

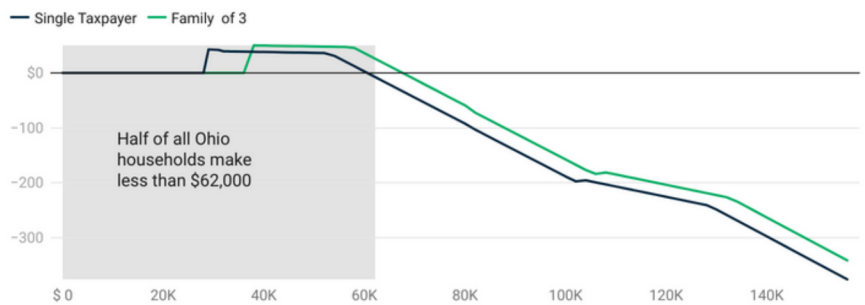
** Those with incomes above \$26,050 pay a rate of 1.385% on their income in this bracket.
Created with Datawrapper

- In addition to the reduction in the number of tax brackets and their rates, the budget ended inflation adjustment for bracket thresholds and exemptions for the next two tax years. This will result in a net tax increase for many taxpayers.
- The full benefit of the income tax cut is only captured by those making more than \$100,000 per year.

- Many Ohio families will see a small tax increase in 2024 under this plan, while the most affluent will receive thousands of dollars in tax cuts.
- Those making below \$26,050 will see no change.
- A family of three with Ohio's median annual income (\$62,000) will see a \$27 increase.

Impact of income tax changes in tax year 2024

Tax liability shift by annual income and family size



Includes exemptions and Earned Income Tax Credit (EITC), no other tax credits. Uses a 7% GDP deflator from the Bureau of Economic Analysis for tax year 2023 and the Congressional Budget Office's estimated annualized GDP Price Index change for tax year 2024, which is 2.5%. Note: some unmarried childless households might see a larger tax increase as a result of being not being eligible for the EITC.

Chart: Policy Matters Ohio • Created with Datawrapper

Budget bill increases taxes on the middle class and give cuts to the wealthy

ITEP estimates of the impact of Budget's income tax changes by household income for tax year 2024

	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Richest 1%
Income range	< \$23,000	\$23,000 - \$47,000	\$47,000 - \$75,000	\$75,000 - \$124,000	\$124,000 - \$250,000	\$250,000 - \$621,000	> \$621,000
Avg income in group	\$ 12,000	\$ 34,000	\$ 61,000	\$ 97,000	\$ 160,000	\$ 351,000	\$ 1,597,000
Average Tax Change	\$0	+\$40	+\$15	-\$88	-\$275	-\$793	-\$4,411
Share of Tax Cut	0.0%	0.0%	0.8%	13.7%	30.0%	23.3%	32.1%

All state residents, 2023 incomes.

Table: Policy Matters Ohio • Source: Institute on Taxation and Economic Policy (ITEP) • Created with Datawrapper

- 85.4% of the nearly \$1 billion income tax cut will go to the 20% of households with the highest incomes.
- The average tax cut for the 1% (those making more than \$621,000 per year) will be more than \$4,400.

\$900M+

total cost of new tax cuts per year, FY24-25

85%

of cuts will go to Ohioans making over \$124K/year

\$4,400

average cut for the top 1%

Direct questions to Zach Schiller, Research Director, at zschiller@policymattersohio.org