



PRESS RELEASE

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HB 33: More cuts for the wealthy

The budget introduced by the House majority would create more tax cuts for the wealthy, and temporary tax increases for some middle-class households.

The full benefit of the proposed tax cut is only available to households with incomes upwards of \$98,600, putting them roughly in the top third of Ohio in terms of income. Because the bill suspends inflation adjustments to offset the cost of the cuts for the next two years, some middle-income households will end up paying more during that time.

By itself, the removal of one tax bracket and reduction in rates called for in the bill would provide permanent tax cuts (starting in 2023) of \$238 to the vast majority of those making more than \$100,000, but zero to anyone with income under \$28,000. That permanent tax cut would cost more than \$400 million a year over the long term, according to the Legislative Service Commission. This is not the flat tax of House Bill 1 but **the people of Ohio deserve better than a “less bad” tax plan.**

The suspension of inflation indexing for tax brackets and exemptions leads to tax increases for all tax-paying households. For wealthy households, these increases do not outweigh the cuts. But, in the case of many middle-income households, they do, leading to small net tax increases.

According to new estimates provided by the Institute on Taxation and Economic Policy (ITEP)—a nonprofit with a sophisticated model of state and local taxation:

- More than half the value of the tax cut (50.7%) benefits the wealthiest 20% of Ohio households (who make more than \$124,000 per year).
- Only about 5.3% of the value of the cut will go to the bottom 60% of Ohio households.
- On average, people making between \$23,000 and \$75,000 per year will see a small temporary tax increase.

For further explanation of how Ohio’s income tax works and how HB 33 would change it, see [this explainer](#).

Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.