



# EXECUTIVE SUMMARY

## January 2023

### Revenue & Budget

#### Setting the foundations for a thriving Ohio with a proactive tax agenda

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Ohioans — no matter where we live or what we look like — want to live in resilient and thriving communities. To build these communities we must pool our resources and embark on projects that ensure prosperity and well-being as widely as possible. Our proactive tax agenda would do exactly that. We propose a series of tax policy options that could be the basis of a fairer state tax system: one that redirects existing resources to the economic well-being of all Ohioans. Crucially, these policies begin to counteract decades of failed tax-cutting experiments that have served only to further enrich the wealthy and undercut social services that are integral to building the types of communities we would all love to live in.

The revenue agenda consists of four main components:

1. **Restoring the personal income tax** to 7.5% on income above \$250,000 and boosting it to 8.99% on income above \$1 million — a move that would provide \$2.7 billion a year.
2. **Reinstating Ohio's corporate income tax** at 8.5%, which corporations would pay if it were higher than their existing commercial activity tax. This policy could raise about \$1 billion a year.
3. **Closing the LLC loophole** — which allows certain business owners to avoid paying taxes on their first \$250,000 of income and to pay a low flat tax rate on income above that. This tax break costs Ohio about \$1 billion a year.
4. **Giving a needed boost to low- and middle-income Ohioans.** The agenda would make the state earned income tax credit refundable, so the people with the lowest incomes benefit from it. It would create a state thriving families tax credit of \$700 per child under the age of 18 for households with incomes below \$65,000, phasing out for those with incomes below \$85,000. Together, these credits would cost about \$1.1 billion a year.

**Our proactive tax agenda could provide more than \$3.6 billion a year in revenue.** We have calculated that bringing back the corporate income tax could raise about \$1 billion of that figure. The rest would derive from a set of proactive tax proposals that would **reduce average taxes for the 80% of Ohioans with household incomes below \$107,000.** The agenda would draw 95% of revenue increases from the wealthiest 5% of Ohioans. Our tax plan benefits all low-income households and, in doing so, helps address longstanding racial inequities. A new state thriving families tax credit and an expanded earned income tax credit are particularly beneficial to low-income Black, Latinx, and multiracial households.