

Could Ohio get rid of income tax?

Governor candidates weigh in

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The crowd cheered when Ohio governor candidate Vivek Ramaswamy announced he wanted to eliminate the state income tax.

"We need to bring down the income tax, eventually down to zero, because you deserve to keep what you earn," [Ramaswamy said during his campaign kick-off in West Chester](#) Township outside Cincinnati. "It is your money, not the government's."

Paying less in taxes is a popular proposal. But could Ohio eliminate a tax that [brings in nearly \\$10 billion](#) – about a third of the state's tax revenue? Not without cuts to state spending or bringing in more money from other sources like sales tax.

[Eight states](#) – Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas and Wyoming – have no income tax. Half of those states have a higher state sales tax than Ohio, [according to the Tax Foundation](#), a Washington D.C. think tank. Another 14 states have a flat income tax, which means everyone pays the same rate regardless of income.

[Ohio has two tax brackets](#), and those earning \$26,050 or less pay no income tax. Higher earners are taxed at 3.5%, and those making less than \$100,000 pay 2.75% in taxes.

Ohio Republicans have slashed income taxes over the past two decades from when the state had nine income tax brackets and a top income [tax rate of nearly 7.2% in 2005](#).

"You take enough bites of the apple, you're going to eat the whole apple, eventually," said state Sen. Kristina Roegner, a Hudson Republican running for state treasurer.

How does Vivek Ramaswamy want to cut Ohio's income tax?

Ramaswamy told the statehouse bureau that "it's not one magic bullet" to eliminate income taxes.

"It's going to be a combination of growth and cutting unnecessary expenditures," Ramaswamy said. "It's not going to be immediate. I haven't promised that it's going to be immediate, but what I've said is we're going to bring it down and put us on a path, on a clear, credible, pro-growth path to zero income tax."

Ramaswamy didn't say how long that path would take, but he pointed to Ohio lawmakers' recent proposals as a good starting point.

Last year, Republican state lawmakers pitched a plan to eliminate income taxes by 2030. Roegner said getting to a flat 2.7% or 3% tax this year would be a "huge step in the right direction" for eliminating it entirely by 2027 or 2029.

Would cutting income tax lead to higher sales tax? Not necessarily, Ramaswamy said. "There are ways to get there that don't necessarily require raising the sales tax particularly."

Roegner said a good place to start would be cuts to Medicaid, which provides health insurance to low-income Ohioans, pregnant women, children, older adults and people with disabilities. "Medicaid is supposed to be a basic safety net. It shouldn't be a Cadillac program," she said.

What does Ohio AG Dave Yost say about income tax cuts?

Ohio Attorney General Dave Yost, who is also running as a Republican to replace term-limited Gov. Mike DeWine, agrees that Ohio should eliminate its income tax, but how the state gets there matters.

"Doing it with a chainsaw, one fell swoop without a plan to actually do it smart is going to create chaos and harm among some of our most vulnerable voters," Yost said. "The difference between bold and reckless is whether you have a plan to do it."

What's Yost's plan? Keep cutting the income tax incrementally, but speed up the process by "being more forceful as a leader" in opposing new spending.

Yost said there's room to eliminate waste in Medicaid, but deep cuts would hurt low-income Ohioans. "We're talking about the working poor and working class folks that don't have all the benefits that a lot of the elites have."

'Irresponsible on several levels:' The case against cutting income tax

Opponents of eliminating the state income tax say the change would slash spending on state health insurance, harm schools, ax after-school programs and eliminate needed safety nets. Ohio lawmakers are already struggling to find money for property tax relief and robust child care options.

"The idea that we'll just go around and cut a third of our state revenue and just abdicate our responsibility as a state government to our citizens is irresponsible on several levels," said Bailey Williams, a tax policy researcher with Policy Matters Ohio, a left-leaning think tank.

States without income taxes often rely on higher sales taxes on tourism (think Florida's Disney World and beaches) or taxes on [oil and gas production \(Alaska, Texas and Wyoming\)](#). Ohio doesn't have the tourism or the oil reserves to make that work, Williams said.

But, even if Ohio could rely on other taxes, the sales and property taxes hit lower-income residents harder than their more affluent neighbors, Williams said. "The income tax is the only tax that takes into consideration your ability to pay."

Income tax cuts most benefit the rich, he said. "If our society wants to have the wealthy and rich pay their fair share, which the majority of Americans want, then you have to have a strong, robust income tax with several brackets."

'It's certainly doable:' The argument for eliminating state income tax

Eliminating the state income tax isn't some pie in the sky idea, said Greg Lawson, a research fellow at The Buckeye Institute, a conservative think tank. "It's certainly doable, but you have to be realistic about how you do it."

To ax the income tax, Ohio could increase the sales tax, cut state spending or close sales tax loopholes to broaden the tax base, Lawson said. Ohio could use circuit breakers to halt tax cuts if the state wasn't bringing in enough money.

"There's a bunch of ways that it can be done," Lawson said. "That's where the rubber meets the road."

Lawson said Ohio could reasonably eliminate its income tax in the next 10 years. That timeline could be shorter if lawmakers slashed spending. "You're going to have to have a degree of budget restraint that has historically been difficult to achieve except in recessions," he said.

A lower income tax would keep Ohio competitive when businesses decide where they want to locate, Lawson said. "If other states start getting to zero and we're not, that could be a challenge."

DeWine, who proposed no income tax cut in his two-year budget rollout, is less convinced.

"We have cut taxes and cut taxes and cut taxes, and we're very, very competitive today," DeWine said in a January interview. "There's really no reason to go beyond this."