

Ohio Republican wants to end state taxes on tips

By Anna Staver
Cleveland.com

COLUMBUS, Ohio -- Ohio could be joining the national push to stop taxing tips.

[House Bill 209](#) would exempt tips from Ohio's income tax, allowing workers in traditionally tipped industries to treat them more like gifts for good service.

"You know, it's kind of personal for me," said state Rep. Brian Lorenz, a Columbus area Republican. "I put myself through college bartending and waiting tables. I know what it's like to depend on those tips."

The proposal mirrors a move by Republicans in Congress to [fulfill President Donald Trump's campaign pledge](#) to eliminate federal income taxes on tips. Their proposal was added to a sweeping U.S. House tax bill that proposes trillions in cuts.

"We talk about supporting working people. This is one solid way to do it," Lorenz said. "We let people keep more of what they earned, and then trust them to spend it in their communities."

Under current law, income earned from tips is treated just like wages. Employers report it on a worker's W-2, and it's subject to both federal and state income taxes.

If either of these plans become law, that income would no longer be taxed.

Lorenz said estimating how much the state would lose in tax revenues is tricky. He's asking the nonpartisan Legislative Services Commission for their best estimate. But Lorenz said it's not going to be billions of dollars.

In 2023, about 4 million Americans (2.5% of the workforce) have a tipped jobs, according to estimates from [Yale's Budget Lab](#). But not all of them pay income taxes.

About 37% of tipped workers reported incomes low enough that they paid no federal income tax.

HB 209 doesn't have any opposition yet, but the Brookings Institute warns that not paying taxes on tips could mean [smaller retirement benefits](#) from social security.

And they say it could create a “slippery slope” for tax avoidance.

“Giving one type of income preferential treatment automatically creates an incentive for taxpayers to find ways to label their income that way,” according to Brookings.

Lorenz’s bill is scheduled for its first hearing in the House Ways and Means Committee on Wednesday.