

Senate gives \$1 billion tax cut to wealthy Ohioans in state budget

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COLUMBUS, Ohio -- Senate Republicans released their two-year budget that gives a billion-dollar income tax cut to wealthier Ohioans, removes increases for Medicaid, and takes \$600 million from unclaimed funds to build a new stadium for the Cleveland Browns.

"This is a bold budget," Sen. Jerry Cirino, a Lake County Republican, said. "We are doing fiscally responsible things. We're also making investments to help Ohioans with their property taxes and education."

The 5,000-page proposal outlines how the state will spend \$60.23 billion in state general fund dollars over the next two fiscal years, from July 2025 through June 2027.

The Ohio House passed its version in April, and lawmakers have until June 30 to agree on a final plan.

Here's what it means for you:

Income tax cuts

The Senate's budget includes a \$1.4 billion income tax cut, which comes from eliminating Ohio's top tax bracket of 3.5% and replacing our tiered system with a flat 2.75% tax rate for anyone making over \$26,000.

This idea--a flat tax--has been a long-term goal for many Republicans. They've been narrowed the brackets from nine to two over the last decade, and this budget would finish the job.

"This has been our top priority...," said Donovan O'Neil, state director for Americans for Prosperity-Ohio. "A flat tax rewards growth and keeps Ohio competitive."

But most Ohioans won't see much of a difference in their take-home pay.

Someone earning \$100,000 or more would see their rate drop to 3.1% next year, and then 2.75% the year after. But people earning less won't see their bracket change at all.

According to [analysis from Policy Matters Ohio](#), a left-leaning think tank, more than 98% of the tax benefit would go to the top 20% of earners — those making at least \$139,900 a year.

“Librarians and schoolteachers will pay the same tax rate as professional athletes and corporate CEOs,” Policy Matters Ohio’s Bailey Williams said in March. “A flat tax is a handout to the most well-off among us, and it will devastate Ohio’s ability to provide services that benefit everyone.”

Stadium funding

One of the attention-grabbing parts of the House budget was a proposal to issue [\\$600 million in state bonds](#) for a Cleveland Browns’ stadium in Brook Park.

“We looked at this and said there’s got to be a better way,” Cirino said.

His proposal? Use unclaimed property funds to offer the Browns what is essentially a \$600 million loan.

Unclaimed funds are money Ohio holds from things like forgotten bank accounts, uncashed checks and undelivered refunds. After a set amount of time, the state can take control of those assets through a process called escheatment.

Cirino’s plan would pull \$1.7 billion in escheated funds into a new Sports and Culture Facility Fund, \$600 million of which would go to the Browns project.

“There is no bonding involved. There is no credit risk to the state of Ohio,” Cirino said. “We’re talking about using cash to advance them on this project.”

And any Ohioan with a claim to those dollars could get them back until 2036.

School funding

Another controversial provision in the House budget dealt with how much money school districts could save from one year to the next.

Billed as a [\\$4 billion property tax relief plan](#), the House capped carryover balances at 30% of a district’s annual operating budget.

The Senate budget raises that cap to 50% and lets districts saving for capital projects, like new school buildings, carry over more.

Any district with reserves exceeding 100% of its annual operating revenue couldn't place new levies on the ballot.

That 50% cap is notable, because according to a recent report from the Ohio Auditor to [define Financial Health Indicators for schools](#), districts with 50% in reserves would be given a "cautionary outlook."

"The larger the reserve, the better the entity is able to absorb, in the short term, the impact of sudden revenue loss or significant increases in operating costs," according to the FHI report.

Cirino also incorporated a [newly released House bill](#) to give county budget commissions more authority to lower local property tax rates.

When it comes to funding for Ohio's k-12 public schools, the Senate budget keeps the fair school funding formula but doesn't add more money for inflation.

And, perhaps most importantly, the Senate eliminates something called guarantees. Money given outside the formula that ensure districts don't get less than what they received in fiscal year 2021.

Instead of the guarantees, districts earning top marks on state report cards or showing "significant improvement" would get extra support, and fast-growing areas would receive added help to manage enrollment increases.

No district would get less than they did in FY 2021, Cirino said about 60% would receive more than they do now.

Property taxes

Frustration over rising property taxes has been simmering across Ohio, and it recently boiled over into a proposed constitutional amendment to eliminate them entirely.

"There is simply no excuse for property taxes to make homeownership unaffordable in Ohio," said Senate President Rob McColley, a Henry County Republican.

The House's solution was to cut school carryover balances. The Senate modified that idea and added a few of their own.

"We're eliminating emergency and replacement levies because they've been abused," Cirino said.

And future levies won't appear on the ballot in mills. They will be written in plain language with clear cost breakdowns for a \$100,000 home.

The idea, Cirino said, is to help voters better understand what they're being asked to pay.

It also updates the Homestead Exemption, which shields a portion of a qualifying homeowner's (seniors, disabled persons) property value from taxation. Under the Senate plan:

- The cap goes from \$40,000 to \$42,500
- The deduction increases from \$29,700 to \$32,000
- Both the income limit and the deduction would grow with inflation over time.

The deduction for surviving family members of public safety officers killed in the line of duty would rise from \$56,000 to \$59,000.

The Senate would also invest \$10 million for housing in fast-growing metro areas like central Ohio and set aside \$90 million in loan funds to help rural communities prepare sites and build infrastructure for new housing.

Eliminating exemptions

Ohio must balance its budget, which means Senate Republicans need a way to cover the \$1 billion income tax cut.

To do that, this budget proposes eliminating some longstanding tax exemptions that Cirino said "are no longer serving Ohio's interests."

For example, Ohio exempts newspapers (both individual copies and subscriptions) from sales tax, forgoing about \$22.6 million per year.

The Senate budget eliminates that exemption.

Medicaid

The budget also "reduces the growth" of Ohio's Medicaid program by eliminating inflationary increases proposed in the House and governor's budgets.

“We’ve reduced the rate of growth. Those are not technically cuts,” Cirino said. “There are other places we have made cuts because you can’t do everything in this budget.”

What that translates into is a 1% reduction in fiscal year 2026 and 1.5% in FY 2027.

The Senate budget, like the House and Governor Mike DeWine’s proposals, also includes a trigger that would end Medicaid expansion in Ohio if the federal government reduces its matching rate.

The federal government covers 65% of traditional Medicaid and 90% of costs tied to Medicaid expansion.

But that higher match isn’t guaranteed. A budget proposal [from congressional Republicans](#) includes \$880 billion in Medicaid cuts over the next decade, and scaling back the federal match is one of the options on the table.

The trigger has raised concerns among Democrats, as it could end coverage for more than 700,000 Ohioans.

Marijuana and internet gaming

Two things not in the Senate’s state budget are changes to Ohio’s marijuana laws and the legalization of internet gaming.

When it comes to cannabis, both the House and [Senate](#) have their own ideas on how the state should change, or not change, what voters passed in 2023.

“I think we still have major difference between our views which is why we decided not to address it right now,” Cirino said.