



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 3
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Lang and Huffman

Mackenzie Damon, Attorney

SUMMARY

- Phases-down the state income tax applicable to nonbusiness income to a flat rate of 2.75% over two years.

DETAILED ANALYSIS

Income tax reduction

The bill phases-down the state income tax applicable to nonbusiness income to a flat rate of 2.75% over two years. For the 2025 taxable year, the bill reduces the rate of the top bracket, from 3.5% to 3.125%. The rate of the bottom bracket would remain at 2.75%. Beginning with the 2026 taxable year, the bill consolidates the two existing brackets, by further lowering the top tax rate to 2.75%.

The tax table for the 2024 taxable year compared to the 2025 tax table, as modified by the bill, is as follows:

TY 2024		TY 2025, as modified by the bill	
Ohio taxable income	Marginal tax rate	Ohio taxable income	Marginal tax rate
\$26,050 to \$100,000	2.75%	\$26,700 to \$102,400	2.75%
More than \$100,000	3.5%	More than \$102,400	3.125%

For tax year 2026, all taxpayers with more than \$27,350 of taxable income would pay a flat rate of 2.75% on that income.

The bill does not modify continuing law that requires the Tax Commissioner to adjust the income tax brackets for inflation each year. These inflation increases are reflected above. The bill also does not modify the existing flat tax for business income, which will remain at 3%.¹

HISTORY

Action	Date
Introduced	01-22-25

ANSB0003IN-136/ts

¹ R.C. 5747.02; Section 3.