Policy Matters Ohio

PRESS RELEASE

February 19, 2026
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Legislature continues decades of regressive tax policy

Latest analysis shows impact of shifting state taxes onto everyday Ohioans

By passing a "flat" income tax, slate legislators ensured that in 2026, Ohio's millionaires will pay the same state income tax rate as public school teachers, child care workers, firefighters or any Ohioan with income over $26,050.

The policy, included in the most recent state budget, is the latest step in a decades-long pattern of tax cuts and loopholes that overwhelmingly benefit the wealthiest households while doing little or nothing for everyday Ohioans.

As Policy Matters Ohio notes in this year's *Great Ohio Tax Shift* report, state tax changes since 2005 cost the state $17 billion in lost revenue *each year* — more than enough to fully fund the now-abandoned Fair School Funding Plan.

The report, based on analysis by the Institute on Taxation and Economic Policy (ITEP), highlights how regressive these changes have been: The lowest-income 20% of Ohioans have in fact seen an average tax *increase* in recent decades, while those in the highest-income 1% received an average tax cut of more than $68,000 annually.

"That top 1% has an average annual income of more than $1.8 million," said Aditi Srivastava, tax policy researcher and author of the report. "Ohio legislators have spent decades ensuring they can afford to buy a new luxury car every year, while shifting more and more responsibility for critical services onto the people who can least afford it."

"We're seeing the effects every day — not only in funding cuts and reduced services, but in the ongoing debate over property taxes," Srivastava said. "Ohio cannot equitably fund crucial services and infrastructure because our legislature has chosen to shift the responsibility for funding those resources onto low- to moderate-income Ohioans. If recent property tax changes drive localities to raise sales taxes, those same families will feel the effects most acutely."

The report also notes that long-promised economic benefits of regressive tax changes remain unfulfilled. "Two decades of tax cuts simply have not worked," Srivastava observed. "Not for Ohio families, workers, or communities. They have allowed the wealthiest people and powerful corporations to take more and more from our state while contributing less and less."

Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.