Policy Matters Ohio

PRESS RELEASE

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Fewer than 1 in 5 Ohioans would benefit from cap gains tax cut

Benefits would flow primarily to affluent investors, with consequences for working people, kids, and families

House Bill 617 would eliminate Ohio taxes on capital gains, but fewer than 1 in 5 Ohio tax filers would benefit. Policy Matters analysis of data from the Institute on Taxation and Economic Policy finds:

- Households with income over $753,900 would receive an average cut of $6,424.
- Just over one tenth of the tax benefits would be split among the 80% of Ohioans with income below $140,000.
- The lowest-income 20% would not benefit from the cuts.

The benefits of repeal would flow overwhelmingly to a small number of high-income households while costing the state hundreds of millions of dollars annually. In tax years 2022 and 2023 (the most recent for which data are available), Ohio households with income above $200,000 received 83% of Ohio capital gains income.

“Legislators are proposing to give up more than $600 million a year in state revenue to pay for more tax cuts with massive benefits for the very wealthiest,” said Aditi Srivastava, Tax Policy Researcher at Policy Matters Ohio. “The typical Ohioan earns income from work, not capital gains. Most Ohioans would receive little or no benefit, while the state would have fewer resources available for schools, childcare, healthcare, and other public priorities.”

The analysis also finds that capital gains income is concentrated geographically — and illustrates this finding with two interactive maps. Just 21.7% of Ohio ZIP codes had at least 20% of tax returns reporting capital gains, and those ZIP codes had an average median household income of $91,736, far above the statewide median of $65,720. Some affluent communities derive between 10% and 28% of their total adjusted gross income from capital gains.

“At a time when lawmakers have underfunded public schools by billions of dollars and key programs face growing fiscal pressure, HB 617 would primarily benefit wealthy investors while reducing the state's ability to make the investments Ohioans depend on,” Srivastava said.

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