October 21, 2026

A Fair Share Tax could rebalance Ohio's tax code

A progressive fix for Ohio's flat income tax

Aditi Srivastava | Arrieonna Derricoatte

policymattersohio.org

For more than 20 years, Ohio legislators have been changing the state's tax policies to favor high-income households while low- and moderate-income Ohioans have seen little to no benefit.[1] As a result, Ohio's tax system is almost entirely regressive, taking larger shares of income from some of those who can least afford it, and smaller shares from the wealthiest.

> ***Regressive taxes*** *take a larger share from those with the lowest incomes relative to their ability to pay.*
>
> ***Progressive taxes*** *require more from those who have more, ensuring the wealthiest contribute a higher share of their income.*

Last year, legislators continued this campaign by enacting a flat income tax. As a result, millionaires now pay the same income-tax rate as teachers, nurses, firefighters, and other working people in Ohio.

The move cut state revenue by nearly $1 billion this fiscal year.[2] That's a billion dollars less funding available for parks, libraries, schools, public transit, and local services — all of which depend on adequate and sustainable tax revenue.

Ohioans need legislators to change course by requiring those with the most resources to do more to support communities throughout our state. Passing a fair share tax is an opportunity for elected officials to represent all Ohioans, not just the well-connected wealthy.

What is a fair share tax?

Fair share taxes are progressive taxes that require high-income households to pay a higher rate on a *portion* of their income, recognizing that those with greater resources are better positioned to contribute more.

Several states have recently passed fair share taxes to raise much-needed revenue and make their tax codes more equitable. This analysis explores other states' fair share taxes and compares their revenue-raising potential in Ohio.

What could a fair share tax in Ohio look like?

The fair share tax proposals outlined in Table 1 would make the income tax system more progressive by creating new tax brackets for the highest-income households. This would generating revenue to strengthen schools, communities, and public services across the state, while focusing tax increases on those households that can afford it most.

---

[1] Policy Matters Ohio. The Great Ohio Tax Shift, 2026. February 19, 2026. The lowest-income 20% of households in Ohio pay more than twice the share of their income in state and local taxes compared to the top 1%.

[2] These figures combine costs to Ohio's General Revenue Fund, Local Government Fund, and Public Library Fund. Ohio Department of Taxation and Ohio Office of Budget and Management. Impact of House Bill 96 (FY 2026-2027 state operating budget): As Enacted, After Vetoes. Page 2. July 29, 2025.

Table 1

Three revenue raising proposals for Ohio

The 80%+ of Ohioans with income under $250,000 would see no tax increase under any of these proposals.

2027 Income	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income range	Below $26,800	$26,800 - $52,000	$52,000 - $87,400	$87,400 - $144,400	$144,400 - $289,500	$289,500 - $783,200	$783,200 and up
Average income	$15,200	$39,500	$68,900	$112,500	$187,700	$428,900	$1,842,200
Add three brackets: $250,000 at 5.99%, $500,000 at 6.99%, and $1 million at 8.99%							
Estimated revenue from change: $4.15 Billion Average income of residents receiving tax increase: $786,800							
Tax change as % of income	0.00%	0.00%	0.00%	0.00%	0.00%	0.59%	2.98%
Average tax change	$0	$0	$0	$0	$1	$2,537	$54,919
Add two brackets: $250,000 at 5.99% and $500,000 at 7.99%							
Estimated revenue from change: $3.99 Billion Average income of residents receiving tax increase: $786,800							
Tax change as % of income	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	2.83%
Average tax change	$0	$0	$0	$0	$1	$2,604	$52,101
Add two brackets: $250,000 at 5.99% and $1 million at 8.99%							
Estimated revenue from change: $3.95 Billion Average income of residents receiving tax increase: $786,800							
Tax change as % of income	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%	2.82%
Average tax change	$0	$0	$0	$0	$1	$2,469	$51,958

Source: Institute on Taxation and Economic Policy, 2026.

These three fair-share tax proposals were modeled for Policy Matters Ohio by the Institute on Taxation and Economic Policy (ITEP), a nonpartisan think tank with extensive experience in state tax analysis. Using a detailed model of Ohio's state and local tax system, ITEP estimated the revenue and taxpayer impacts of each proposal.

ITEP estimates that each of these proposals would affect just 3.6% of tax filers in the state. The changes would be concentrated among the state's highest-income households, particularly the top 1% of earners, who have an average income of $1,842,200. The over-80% of Ohio taxpayers with income less than $250,000, would see no tax increase.

- **Proposal 1** would establish tax rates of 5.99% on income over $250,000, 6.99% on income over $500,000, and 8.99% on income over $1 million, generating an estimated $4.15 billion in annual revenue.
- **Proposal 2** would apply a 5.99% rate to income over $250,000 and a 7.99% rate to income over $500,000, raising an estimated $3.99 billion annually.
- **Proposal 3** would set rates at 5.99% for income over $250,000 and 8.99% for income over $1 million, producing an estimated $3.95 billion in annual revenue.

Income distribution in Ohio

Many states' recent fair share tax proposals have focused on creating new tax brackets for millionaires and multimillionaires. These policies can be effective in states with large concentrations of very high-income residents because they target a significant share of total income (or income and wealth combined).

However, income distribution in Ohio looks different. While a millionaire tax would make the state's tax code more progressive, there are simply not enough millionaire households in the state for similar policies to generate adequate revenue for meaningful investments in public services, schools, infrastructure, healthcare, or targeted property tax relief.

As a result, a viable approach to fair share taxes in Ohio would create additional tax for Ohio's highest-income households (rather than applying only to millionaires), with rates increasing along with income.

Historically, when Ohio had a graduated income tax, the state income tax was one of the few parts of tax code that became more progressive as income increased. It helped offset the regressive impact of sales and property taxes. However, the shift to a flat income tax has reduced that progressive element. A graduated income tax structure would both raise more sustainable revenue and restore some of the fairness that Ohio's income tax used to bring to the code by offsetting the regressive effects of sales and property taxes.

To put the scale in perspective, these proposals would generate revenue roughly equivalent to the combined appropriations for the Department of Higher Education and the Department of Developmental Disabilities for fiscal year 2027.[3]

Together, these estimates illustrate the considerable revenue that could be raised by restoring greater tax progressivity at Ohio's highest income levels while leaving households with incomes below $250,000 unaffected.

[3] Ohio Legislative Services Commission. Appropriation spreadsheet: House Bill 96- 136th General Assembly. July 2026.

What fair share taxes have other states passed or proposed?

Several states have recently enacted or are pushing for a more progressive income tax on high-income households. The states outlined below represent a range of tax structures and outcomes that Ohio leaders could draw from. Their efforts reflect specific fiscal needs and an ongoing national conversation around tax equity.

Some states that have passed fair share taxes have seen revenue returns far greater than anticipated. Some proposals have had legal and political challenges. All of these states offer Ohio lessons. This section includes legislation proposed, passed, or still pending from January 2020 to June 2026.

How do marginal tax rates work?

Moving into a higher tax bracket doesn't mean you pay more tax on every dollar you earn. Each bracket's rate only applies to income ***above*** *that bracket threshold.*

For example: Imagine you paid 5% income tax last year and then got a raise — not a big one, just enough to push you one dollar over the threshold of the next tax bracket up. You would pay the same rate as last year on all your income ***except that one dollar.***

A millionaire in the 9% bracket ***wouldn't*** *pay 9% on all their income. Just like the rest of us, they pay no state income tax on the first $26,050 they earn; they pay* ***exactly the same rate as everyone else*** *on most of their income, and would pay higher rates* ***only*** *on income above each bracket threshold.*

Massachusetts

Massachusetts's Fair Share Amendment is a constitutional amendment that was approved by voters by a margin of 52.26% in November of 2022.[4] Taking effect on January 1, 2023, it added a 4% surtax on personal income over $1 million (inflation-adjusted).[5] This brought the effective top tax rate to 9% for income above $1 million, while the state continues to tax income below the $1 million threshold at a flat 5%.[6]

Revenue generated from this surtax significantly exceeded the state's initial annual projections of $1 billion a year, reaching $2.46 billion in FY 2024.[7] As required by the amendment, this revenue was dedicated solely to transportation and education.[8]

Maine

As part of a supplemental budget passed in April 2026, Maine adopted a 2% income tax surcharge[9] on income over $1 million ($1.5 million for joint filers), raising its top tax rate to 9.15%.[10] This new rate took effect on January 1, 2026.[11]

---

[4] Raise Up Massachusetts. About The Fair Share Amendment. Ballotpedia. Massachusetts Question 1, Tax on Income Above $1 Million for Education and Transportation Amendment (2022).
[5] Ibid.
[6] Commonwealth of Massachusetts. Massachusetts Tax Rates.
[7] Commonwealth of Massachusetts. FY 2026 H.1 budget brief.
[8] Commonwealth of Massachusetts. Delivering on Fair share: Impact report.
[9] A tax surcharge is an extra fee charged on top of an existing tax. It is also known as a surtax.
[10] Institute on Taxation and Economic Policy. Maine Passes Millionaires Tax and Pushes Back on Federal Changes.
[11] Ibid.

In 2016, Maine voters approved a referendum that would have added a 3% surcharge on income over $200,000 by a margin of 50.6% to 49.37%.[12] However, the governor repealed the surcharge in the following year's budget.[13]

A decade later, the policy passed, partly in response to state budget pressures created by HR 1,[14] which reduced federal funding for food assistance through SNAP (the Supplemental Nutrition Assistance Program) and healthcare, particularly through hefty cuts to Medicaid. Revenue brought in from this tax will support these programs and expand Maine's property tax circuit breaker.[15]

Washington

Washington state passed a 9.9% excise tax on taxable income over $1 million in March 2026. The governor's office estimates that more than 41% of the revenue raised in the first year (and 47% in year 2) will fund benefits for Washington families and small businesses.[16] These include free breakfast and lunch for K-12 students, an expanded Working Families Tax Credit, a reduced or eliminated Business and Occupation Tax for small businesses, elimination of sales tax on diapers and hygiene products and $320 million invested in affordable childcare in the tax's first two years.[17]

The law will take effect on January 1, 2028,[18] assuming it survives. High-income business owners and interest groups have filed a lawsuit challenging the tax's constitutionality,[19] and anti-tax advocates are gathering signatures for an initiative to put repeal on the ballot.[20]

> ***Context: Capital gains in Washington***
> *Discussions of fair taxation often focus on income taxes, but another way to improve tax fairness is through capital gains taxation. Capital gains are profits from the sale of assets such as stocks, bonds, and business interests, and they are disproportionately received by high-income households.[21]*
>
> *In Ohio, capital gains are currently taxed as ordinary income under the state income tax.[22] As Ohio moves toward a flat income tax, the state's tax system is becoming less progressive and is projected to lose billions in revenue over time.[23] Creating a higher tax rate on large capital gains could help offset some*

[12] Ballotpedia. Maine Tax on Income Exceeding $200,00 for Public Education, Question 2 (2016).
[13] Ibid.
[14] ITEP. Maine Passes Millionaires Tax and Pushes Back on Federal Changes. Policy Matters Ohio. Fallout from Federal Budget Cuts Will Last Years. November 13, 2025.
[15] Ibid. and Policy Matters Ohio. Ohio needs a property tax circuit breaker. January 10, 2024. With a property tax circuit breaker, qualifying households only pay property taxes up to a certain share of their income. Once their bill goes above that share, the state steps in and covers all or part of the amount owed (often up to a capped amount).
[16] Office of Governor Bob Ferguson. Governor Ferguson Signs Millionaires Tax into Law. March 2026.
[17] Ibid.
[18] Washington State Senate Democrats. Millionaires Tax FAQ.
[19] Courthouse News. Washington State Millionaire Tax Faces Legal Challenge.
[20] Washington State Standard. Supreme Court bats down referendum attempt targeting income tax
[21] Internal Revenue Service (IRS). Topic no. 149, capital gains and losses. Policy Matters Ohio. The capital gains tax cut is another handout for the rich. April 10, 2026. Policy Matters Ohio. Capital gains tax cut benefits few Ohioans, harm many more. October 15, 2026.
[22] Ohio Laws & Administrative Rules. Ohio Revised Code: Section 5747.01| Income Taxes. Also Section 718.01| Municipal Income taxes. Income over $26,050 is taxed a base amount of $342 in addition to the flat rate.
[23] Policy Matters Ohio. The Great Ohio Tax Shift, 2026. February 19, 2026.

of those revenue losses while ensuring that households with the greatest investment income contribute more.

Washington State offers one example of this approach. Since 2022, Washington has imposed a 7% tax on annual long-term capital gains above $278,000 (adjusted annually for inflation).[24] On January 1, 2025, the state added a 2.9% surtax on gains exceeding $1 million, bringing the top rate to 9.9%.[25] The tax applies to profits from the sale of assets such as stocks, bonds, and business interests, while gains from real estate (primary residences, rental properties, commercial buildings, and raw land) transactions are exempt.[26]

The tax is expected to generate substantial revenue. For fiscal year 2026, the Washington Department of Revenue expects around $1.5 billion in revenue from the capital gains tax (including the effects of the additional 2.9%).[27] The Economic and Revenue Forecast Council estimates that total capital gains tax collections in FY 2026 will be 178% higher than the FY 2025 collections; the additional 2.9% is estimated to account for 21.6% of that FY 2026 revenue.[28]

While Ohio and Washington have different tax structures, Washington's experience demonstrates how states can raise significant revenue by applying higher tax rates to large capital gains. A similar policy in Ohio could generate new revenue while making the tax code more equitable by increasing taxes on a form of income that is disproportionately received by high-income households.

Minnesota

Minnesota enacted a 1% surtax on net investment income over $1 million in 2023, effective January 1, 2024.[29] (This is layered on top of the state's existing 9.85% top income tax rate, which applies to income over $203,151 for single filers and over $337,931 for married couples filing jointly).[30] Covered income includes interest, dividends, capital gains, and rental and royalty income. The tax makes Minnesota the first state with a broad-based income tax to levy higher rates on wealthy households' investment gains.[31]

The tax, modeled after the federal net investment income tax (NIIT)[32] applies to individuals, estates, and trusts.[33] Minnesota's NIIT is a broad revenue raising measure for

[24] Department of Revenue Washington State. Capital gains tax.
The baseline for this tax was $250,000. Washington's department of revenue adjusts this deduction annually for inflation so as of 2025, the standard deduction is $278,000.
[25] Department of Revenue Washington State. New tiered rates for Washington capital gains tax.
[26] Ibid.
[27] Washington Research Council. What to Make of the High Capital Gains Tax Collections for Tax Year 2025?
Washington State Department of Revenue. Capital Gains Tax - Tax Year 2025 Initial Collections.
[28] Washington Research Council. What to Make of the High Capital Gains Tax Collections for Tax Year 2025?
[29] Minnesota Department of Revenue. Net Investment Income Tax (NIIT).
[30] Minnesota Department of Revenue. Income tax rates and brackets.
[31] Institute on Taxation and Economic Policy. The wealth proceeds tax: A simple way for states to tax the wealthy. October 30, 2025.
[32] The NIIT is a 3.8% tax on investment income that has applied to certain higher-income individuals, estates, and trusts since 2013).
US Congress. The 3.8% Net Investment Income Tax: Overview, data, and policy options. June 30, 2023.
[33] Minnesota House of Representatives. Revenue Estimate. May 12, 2023.

the state's general fund.[34] According to the ITEP tax inequality index, Minnesota has one of the nation's fairest state tax systems.[35]

Rhode Island

The country's most recent millionaire's tax was passed in Rhode Island. On June 12, the legislature passed a 3% income surtax on individuals earning over $1 million.[36] This will be phased in over three years starting in 2027.[37] By 2029, the state's top income rate will rise from 5.99% to 8.99%.[38]

The surtax passed as a broad revenue-raising measure in the state's budget bill. Supporters say this revenue is sorely needed, as families struggle with rising costs and federal cuts threatening Medicaid, SNAP, and other essential programs.[39] Before this change, Rhode Island's lowest-income households paid an effective state and local tax rate more than 1.5 times higher than the top 1% of the state's households.[40]

Hawai'i

Hawai'i now has the highest income tax rate in the country after creating a 13% income tax (boosting the top rate from 11%) on income over $1 million for married couples filing jointly and over $500,000 for single filers, effective January 1, 2027.[41] The revenue is intended to close a state budget gap (widened by HR 1's federal funding cuts to Medicaid and food assistance)[42] while preserving income tax cuts for more than 90% of households (joint filers) in the state earning under $350,000.[43]

Other recent efforts

Illinois

While Illinois has not yet passed a fair share tax, efforts to do so remain very much alive. Illinois's legislature attempted to put a millionaire's tax amendment on the ballot for this November, proposing a 3% income tax surtax on income over $1 million.[44] It would have raised the state's top marginal rate to 7.95%. Revenue from this tax[45] would have gone to K-12 public education and property tax relief, potentially cutting property tax bills by 20% for 3 million homeowners or fully closing the state's $3 billion public school funding gap.[46] The 2026 bill failed to progress this session,[47] but support has grown.

---

[34] ibid.
[35] Institute on Taxation and Economic Policy. Who pays? 7th Edition.
[36] ITEP. Rhode Island budget bets big on tax fairness with millionaire's tax and new child tax credit. June 12, 2026.
[37] Ibid.
[38] State of Rhode Island in General Assembly January session, 2026. H7127 Substitute A: Making appropriations for the support of the state for the fiscal year ending June 30, 2027. Pg. 26-27. January 15, 2026.
[39] Bloomberg Tax. Rhode Island Lawmakers Push Phased-In Millionaire Tax in Budget. June 1, 2026.
[40] ITEP. Rhode Island budget bets big on tax fairness with millionaire's tax and new child tax credit. June 12, 2026.
[41] Hawai'i State Legislature. SB 3125: Relating to income tax.
[42] Hawai'i Appleseed. Millionaire's taxes are having a moment: Here's why that's good for all of us. May 19, 2026
[43] Honolulu Civil Beat. Beth Fukumoto: Hawai'i's New 'Millionaires Tax' Is Good Politics. May 24, 2026.
[44] ABC 7 Chicago. Illinois 'millionaire tax' amendment fails to gain enough support. April 23, 2026.
[45] Illinois's proposal was projected $2.1 billion in annual revenues, with likely variation.
[46] Illinois Economic Policy Institute. Adopting a millionaires' tax in Illinois. April 1, 2026
[47] Capitol News Illinois. Millionaire Tax Amendment Fails to Gain Enough Support from House Democrats.

A ballot initiative is necessary in Illinois, because the state constitution explicitly prohibits a graduated income tax.[48] Before the 2026 bill, a ballot measure to amend the state constitution around this issue failed in 2020.[49] Fully 61% of voters approved a non-binding referendum supporting the tax in 2024,[50] and advocates are now eyeing the 2028 ballot.

Michigan

In Michigan, advocates tried to bring a 5% income surcharge on earnings over $1 million for joint filers (and $500,000 for single filers) to voters as a ballot initiative for November 2026.[51] The campaign suspended its efforts in March 2026,[52] but plans to try again for the 2028 ballot.[53] The state's flat rate is currently 4.25%.[54] As in Illinois, the Michigan state constitution prohibits a graduated income tax,[55] so the surcharge would require a constitutional amendment approved by voters.

Colorado

Colorado is working toward its own fair share tax. In August 2026, the Protect Colorado's Future Coalition turned in more than 157,000 signatures[56] to place Initiative 195 on the November ballot.[57] Initiative 195 would replace the state's flat 4.4% income tax rate with a six-tiered structure (ranging from 3.7% to 8.4%), raising rates on income over $500,000 and lowering them for most other earners.[58] The measure would need a 55% supermajority to pass and is facing competing proposal that would instead lock in the current flat rate.[59]

Table 2 summarizes the estimated and collected revenue from each state's proposal and what the revenue is used for.

See the appendix for more information about the legal differences among the tax structures of states that have enacted a fair share tax.

---

[48] Illinois Economic Policy Institute. Adopting a millionaires' tax in Illinois: Impacts on property taxes, public schools, and the economy. Pg. 1. April 1, 2026
[49] ABC 7 Chicago. Illinois 'millionaire tax' amendment fails to gain enough support. April 23, 2026.
[50] Illinois Economic Policy Institute. Adopting a Millionaires' Tax in Illinois.
[51] Invest in MI kids. Initiative petition to the constitution.
[52] Michigan could have raised about $1.7 billion annually for public education.
[53] Michigan Advance. Millionaire Tax Proposal for Michigan Schools Pulled from 2026 Ballot Plans.
[54] Institute for Taxation and Economic Policy. States Tax Rate Explorer.
[55] Michigan Legislature. MCL- Article IX. § 7.
[56] The required number of signatures for the initiative to make it onto the ballot was 124,238.
[57] Protect Colorado's Future. Initiative 195.
[58] Ibid.
[59] Ballotpedia. Signatures submitted for Colorado graduated income tax measure that competes with proposed income tax cap initiative. August 4, 2026.

Table 2

Fair Share Tax revenue and how states use it

State	Date effective	Revenue estimated	Allocated to
Massachusetts	1/1/2023	$1.2B (annually)* *This tax has generated over $6B since 2023.	Public education and transportation
Maine	1/1/2026	$96M (FY 2027)	Healthcare, food assistance, and a refundable property tax credit for low-income households
Washington	1/1/2028	$3.5B (annually)	K-12 free meals, childcare, a family tax credit, and elimination of sales tax on personal care items
Minnesota	1/1/2024	$79M (annually through FY 2027)	General state revenues
Rhode Island	1/1/2027	$142M (annually when fully implemented)	General state revenues, child tax credit, expanding Social Security income exemption, and decoupling from federal business tax provisions
Hawaii	1/1/2027	$70M (annually)	Closing state budget gap

Tax migration

Creating a fairer, more progressive tax system often requires more from those with the most resources. Opponents of such proposals frequently respond with a familiar question: Won't higher-income taxpayers simply leave the state? The evidence suggests otherwise.

Tax flight accounts for a relatively small share of all moves made in the U.S.: In 2025, only about 16% of moves were between states,[60] and even among those, taxes were rarely the primary motivation. Census survey data from 2025 shows that more than two-thirds of interstate movers relocate for job-related or family-related reasons.[61] The survey categories most likely to capture tax-motivated moves account for only a small share of responses, and even those categories include many non-tax considerations, such as

[60] Nearly 80% of moves that year involved relocating within the same state; 4% were international. Policy Matters analysis of US Census Bureau data. United States Census Bureau. Annual Social and Economic Supplements. 2025.
[61] Policy Matters analysis of US Census Bureau data. United States Census Bureau. Annual Social and Economic Supplements. 2025. Use variables "MIG_MTR3" (types of movers) and "NXTRES" (reason for moving). Set "MIG_MTR3" to 4, 5, and 6 to capture only interstate movers.
Methodology from: Center on Budget and Policy Priorities. State taxes have a minimal impact on people's interstate moves. August 9, 2023.

housing preferences, schools, and caregiving responsibilities.[62] Taken together, the data suggest that taxes do not play a primary role in most relocation decisions.

Actual migration patterns reinforce this conclusion. IRS data show that many residents leaving higher-tax states tend to relocate to places with similar or even higher tax burdens. In 2022 (the most recent year for which IRS migration data is available), more New York taxpayers moved to neighboring New Jersey and Connecticut than to Florida or Texas, while many Washington residents chose California and Oregon despite Washington's lack of a broad-based income tax.[63] These trends suggest that proximity to labor markets, family connections, and other economic opportunities often matter more than state tax rates.

Recent experience in Massachusetts provides a useful real-world test. After voters approved the Fair Share Amendment in 2022, which added an additional tax on income above $1 million, critics predicted an exodus of affluent residents.[64] The data show no such surge. In fact, the out-migration rate among higher-income households actually declined from 2022 to 2023.[65] While a single year cannot settle the question, available evidence does not indicate the wealthy are fleeing the state.

Ohio's own experience further reinforces this data. Since 2005, state policymakers have repeatedly reduced personal income tax rates in the hope of boosting growth and attracting residents.[66] Yet Ohio has remained one of the nation's slower-growing states (ranking 40th for growth from migration between 2010-2025)[67] and has continued to experience net out-migration among higher-income households.[68] If lower taxes were a decisive factor in where people choose to live, Ohio's long-running tax-cut strategy would likely have produced stronger population growth and migration outcomes than it has. Together, these findings suggest that tax policy is only one factor among many influencing migration decisions and rarely the most important one.

Conclusion

A fair share tax offers Ohio a better path forward. By requiring the state's highest-income households to contribute in proportion to their ability to pay, it would restore balance to a tax system that has increasingly favored the wealthiest. Just as importantly, it would generate the revenue needed to make strategic investments that strengthen Ohio's economy and improve quality of life for people across the state.

---

[62] Ibid.
[63] Tax Policy Center. "High-tax to low-tax" headlines miss the complexity of interstate migration. May 18. 2026.
[64] Massachusetts Budget & Policy Center. New IRS data points to affordability and not taxes as the cause of Massachusetts outmigration. April 14, 2026
[65] Policy Matters Analysis of Internal Revenue Service data. SOI tax stats- Migration data 2022-2023.
[66] Policy Matters Ohio. The Great Ohio Tax Shift, 2026.February 19, 2026.
[67] Pew. Most state's population growth slowed in 2025 as international migration declined. May 26, 2026.
[68] Policy Matters Analysis of Internal Revenue Service data. SOI tax stats- Migration data 2018-2019 to 2022-2023. Ohio passed a flat tax in 2025, which took effect in 2026. The most recent Internal Revenue Service Statistics of Income migration data are from 2023, so the effects of this change on high earners likely will not be known for another three years. Still, because Ohio also cut its income tax in 2019, 2021, and 2023, we can already see that these tax cuts have not helped close the outmigration gap so far.

Decades of income tax cuts in Ohio have failed to produce the faster population growth and economic gains their proponents promised. Ohio legislators should change course.

Revenue from a fair share tax could help Ohio fully fund the Fair School Funding Plan, protect access to Medicaid, address the state's childcare crisis by expanding publicly funded childcare, provide targeted tax relief (through policies such as a property tax circuit breaker,[69] a refundable Child Tax Credit, and an expanded Earned Income Tax Credit), and mitigate funding losses from federal budget cuts. These investments would make it easier for families to afford housing, raise children, access healthcare, and participate in the workforce while ensuring that every child has the opportunity to succeed.

Ultimately, the question is not whether Ohio can afford to ask more of its wealthiest residents. The question is whether Ohio can afford not to. A fair share tax would provide the resources needed to build stronger schools, healthier communities, and an economy where working people take home a greater share of the wealth they help create. By investing in the things that people value when deciding where to live, work, and raise a family, Ohio can become not only a fairer state, but a more prosperous and attractive one as well.

Appendix: State-specific conditions

Fair share taxes can work in a variety of state-level tax systems, including those with a flat income tax like Ohio's. For example, by designing its fair share tax as a *surcharge*, Massachusetts was able to retain its nominally flat 5% income tax while increasing the *effective* tax rate on income over $1 million.[70]

States have also successfully implemented fair share taxes despite "marriage penalties," which result from systems (like Ohio's) in which married couples filing jointly often pay more in taxes than they would if unmarried and filing separately.[71] This is the case in Maine, Massachusetts, Minnesota, Rhode Island, and Washington, where fair share taxes are already on the books.[72] Hawai'i eliminated the marriage penalty (and Maine reduces it) with bracket adjustments; Minnesota partially offsets it with tax credits (as does Ohio).[73]

Unlike some states that have enacted or are pursuing a fair share tax, Ohio has a few different pathways it can take for adopting such a policy. In Massachusetts, Michigan, and Illinois, constitutional requirements for uniform taxation or flat tax rates have required advocates to pursue constitutional amendments or defend enacted taxes against legal challenges. A well-crafted fair share tax policy would not face those obstacles here in Ohio.

---

[69] Policy Matters Ohio. Ohio needs a property tax circuit breaker. January 10, 2024
[70] Massachusetts Department of Revenue. Tax Rates.
[71] Tax Policy Center. What are marriage penalties and bonuses?
[72] Niskanen Center. Is your state tax code penalizing marriage. November 12, 2024.
[73] Maine Dept. of Revenue: 2025 income tax table; State of Hawaii Dept. of Taxation: Tax year information 2025; Minnesota Dept. of Revenue: Marriage credit; Ohio Dept. of Taxation: Joint Filing Credit.

How other states design Fair Share Taxes

States with fair share tax proposals or legislation as of June 2026

State	Tax structure	Flat tax	Constitutional barrier	Marriage penalty
Ohio	2.75% flat tax on income over $26,050	X		X
Massachusetts	4% surtax on income over $1M	X	X	X
Maine	2% surcharge on income over $1M ($1.5M for joint filers)			
Washington	9.9% tax on income over $1M		X	X
Minnesota	1% surtax on net investment income over $1M			X
Rhode Island	3% surtax on income over $1M (phased in over 3 years)			X
Hawaii	13% tax on income over $1M (joint) or $500K (single)			
Illinois	Proposed 3% surtax on income over $1M (failed)	X	X	
Michigan	Proposed 5% surcharge on income over $1M (joint) or $500K (single) (suspended)	X	X	

Illinois and Michigan have recently considered fair share tax proposals, but those proposals were not passed or enacted.

Table: Policy Matters Ohio, 2026 • Source: Policy Matters Ohio, 2026 • Created with Datawrapper