



Client Bulletin

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2024-2025 Budget Ushers in Changes to Ohio's Tax Laws

On July 3, 2023, Governor Mike DeWine signed Ohio House Bill 33 ("HB 33"), Ohio's 2024-2025 biennial budget legislation, into law. The nearly \$200 billion budget is packed with changes to laws affecting all Ohioans. Assuming our readers would not want to digest a comprehensive summary of all [9,198 pages](#) of HB 33, we will first focus on a topic that is said to be one of life's certainties: taxes. Without further ado, below are some highlights of various changes to Ohio's tax laws.

Ohio Income Tax Cuts

HB 33 phases down the income tax rates applicable to nonbusiness income over the next two years. For the 2023 taxable year, the bill reduces the number of brackets from four to three, by consolidating the two lowest tax brackets, and reduces the rates of the lowest and highest tax brackets. Beginning with the 2024 taxable year, the bill consolidates the remaining three brackets into two, and further reduces the highest tax rate. Starting in 2024, Ohioans earning less than \$26,050 annually will pay no state income taxes. Those earning between \$26,050 and \$100,000 will now pay a marginal tax rate of 2.75%, and those earning above \$100,000 will pay a marginal tax rate of 3.5%.

Commercial Activity Tax

Since 2005, businesses operating in Ohio - including retailers, service providers, manufacturers, and most other types of businesses - have been subject to the commercial activity tax ("CAT"). The Ohio Department of Taxation ("ODT") refers to CAT as "an annual tax on the privilege of conducting business activities in Ohio."

HB 33 implements the first major changes to CAT since its inception. Currently, a tiered minimum tax is imposed on all businesses with taxable gross receipts of \$150,000 or more. Additionally, the tax is imposed at a rate of 2.6 mills (0.26%) on taxable gross receipts that exceed \$1 million. In future years, Ohio will no longer impose the annual minimum tax, and beginning in 2024, the taxable gross receipt exemptions will be increased to \$3 million and \$6 million in 2025. An estimated 90% of taxpayers could be excused from future CAT liability.

Governor DeWine's line-item veto removed language that would have defined "excluded persons" as those who do not exceed the exclusion amount, instead of those with not more than \$150,000 of taxable gross receipts. In other words, businesses with over \$150,000 of taxable gross receipts are still, as of now, required to register with ODT even if they are exempt from paying CAT. *Check with your accountant for information on how these changes to CAT might affect your business in the future.*

Other Ohio Tax Law Changes

- Effective October 1, 2023, certain baby-related items will be exempt from sales tax, including diapers, wipes, skin creams/ointments, car seats, booster seats, cribs, and strollers designed for newborns to 36 months old.
- As of January 1, 2023, sports gaming (betting) became legal through licensed sports gaming proprietors, such as online sportsbooks and brick-and-mortar establishments. HB 33 increased the sports gaming tax rate paid by these sports gaming proprietors to the state from 10% to 20%, effective July 1, 2023.
- Beginning in 2024, Ohio will encourage home ownership by allowing a tax deduction for contributions made to a home ownership savings account of up to \$5,000 for single filers and \$10,000 for joint filers. There is a maximum lifetime contribution of \$25,000.
- Beginning January 1, 2024, taxpayers under the age of 18 will no longer be required to pay municipal income tax.

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If you have friends or associates whom you think would enjoy receiving a copy of this Client Bulletin, please feel free to forward it on. Thank you.

Let's Come Together for a Good Cause

On Saturday, August 19, our Delaware County community will come together to clean the banks and water of the Olentangy River. The Olentangy River is a well-loved intricate piece of our historic county; however, with that comes the responsibility of preserving her delicate ecosystem. Participants will spend the morning cleaning and removing debris while enjoying the camaraderie of their fellow citizens working together to maintain the environmental integrity of our much-loved river.

To ensure the safety of the volunteers, safety supplies will be provided. These supplies include trash grabbers, gloves, safety vests, and trash bags. Sturdy closed-toed shoes and clothing that can withstand water are essential as the cleaning may involve wading through the river and navigating slippery rocks and slopes.

Date and time: Saturday, August 19, 9 a.m. to 12 p.m.

Location: Cherry Street River Access Point, 225 Cherry Street, Delaware

It takes a community dedicated to preserving all that makes Delaware County a special place to live and to continue the values of all we find special for generations to come.

Cruise-In & Pig Out 2023!

It's that time of year again when the Powell/DT Sertoma Club presents its annual Cruise In. This annual event will be held in the streets of downtown Powell on Sunday, August 20, from 11 a.m. until you leave. All makes, models, and antique vehicles are welcome to enter. Plaques, trophies, and Best of Show awards begin at 3 p.m. with a 50/50 drawing to follow. Manos, Martin & Pergram has been a proud sponsor or a trophy sponsor for most of the prior 30 years of the Sertoma Club's Powell car show. This year, the event benefits Stockhands Horses for Healing, located at 3788 Olentangy River Road, Delaware, Ohio 43015, which provides, among other things, Therapeutic Equine Assisted Therapy and lessons to participants ranging in age from 4 years old to those in their 70s. To date, the Powell Sertoma Club has donated over \$900,000 to charities.

For more information or to register your car, please visit www.powellsertoma.org. There is a 200 car limit, so register soon!

Music, Dancing, Food, Drink, Live Auction, Activities & Costumes?

If this sounds like your kind of fun, join us and put on your boogie shoes to support SourcePoint's 2023 Fall FUNdraiser on September 14. This year's event theme is "Dancing Thru the Decades." Enjoy a fun-filled evening of music and dancing featuring tunes from the 50s, 60s, 70s, and 80s. Professional dancers will perform throughout the night, with guests joining on the dance floor. Tickets for this event are \$85 per person and include hors d'oeuvres, two drink tickets, and a cash bar. Net proceeds benefit programs and services that help Delaware County adults thrive after 55. For further information and tickets, please visit mysourcepoint.org/events/.

So, if you are tired of traveling down *The Long and Winding Road* and want to enjoy some *Good Vibrations* . . . *Shall we Dance?*