Ohio

#36

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
36 ▲ 2	45 –	33 ▲ 5	44 –	5 –	15 ▼ 4

IN THE 2027 *Index*

Ohio moved from a graduated-rate individual income tax to a flat individual income tax at a lower rate of 2.75 percent, improving its individual income tax ranking five places, from 38th to 33rd, while helping improve the state's overall ranking from 38th to 36th.

Ohio is an outlier in its reliance on a gross receipts tax, the Commercial Activity Tax (CAT), as its primary business tax. Gross receipts taxes are generally more economically harmful than corporate income taxes because they apply to firms regardless of whether they earn a profit in a given year, and they cause harmful tax pyramiding, because this results in the same final good or service being taxed at multiple points during the course of production.

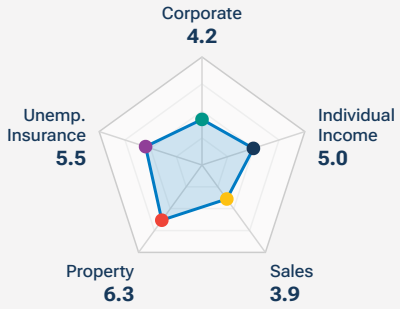
Notably, however, Ohio's CAT was adopted as a replacement for a corporate income tax, a capital stock tax, and the tangible personal property tax and is imposed at a relatively low 0.26 percent rate with a $6 million exclusion. Despite its structural shortcomings, its adoption represented a meaningful tax cut for many businesses.

Ohio ranks well on the property tax component, bolstered by its uniform assessment of different classes of property, its lack of tangible personal property taxes, and its lack of an estate or inheritance tax. In late 2025, Ohio adopted inflation-based property tax revenue limits to constrain school and county property tax collections in response to rising property valuations. These limits took effect in 2026.

In recent years, Ohio has adopted significant individual income tax relief, lowering the top rate to 2.75 percent as of 2026. This has helped the state's individual tax component score, but high-rate income taxes levied at the local level increase tax costs and compliance burdens for residents and nonresidents, especially since nonresident filing and withholding are required for many individuals who work even a single day in the state.

Component scores

out of 10



Ohio and its neighbors

Overall rank, 2027 Index, with change from 2026

Indiana	#14	▼ 3
Michigan	#25	▼ 9
Kentucky	#26	▼ 1
West Virginia	#29	▲ 6
Pennsylvania	#30	–
Ohio	**#36**	▲ 2