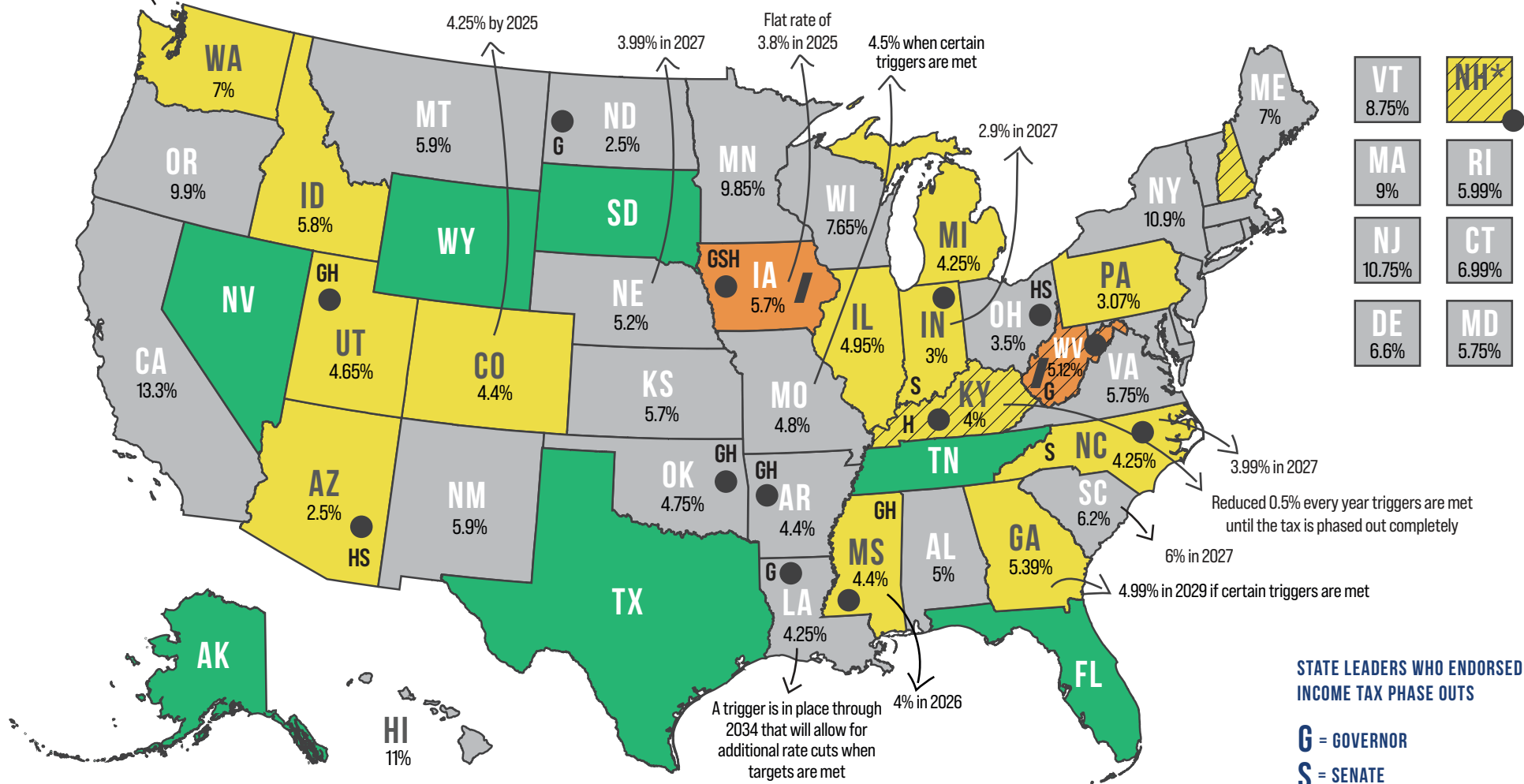


ZERO & FLAT INCOME TAX STATES

Applies to the capital gains tax enacted in 2021

Tax applies to interest and dividends income, but it will be phased out by 2025



■ STATES WITH ZERO INCOME TAX
 ■ STATES WITH A FLAT INCOME TAX
 ■ STATES THAT PASSED LEGISLATION TO MOVE TO A FLAT INCOME TAX
 ■ STATES WITH GRADUATED INCOME TAXES

 STATES THAT PASSED LEGISLATION TO ELIMINATE THEIR INCOME TAX

STATE LEADERS WHO ENDORSED INCOME TAX PHASE OUTS

G = GOVERNOR
S = SENATE
H = HOUSE

NOTE: PERCENTAGES REFLECT CURRENT TOP MARGINAL STATE INDIVIDUAL INCOME TAX RATES AS OF JANUARY 2024.

STATE LEADERS IN 13 STATES ENDORSE INCOME TAX PHASE-OUTS

ARIZONA

- House Speaker Ben Toma: “We should always look for opportunities to phase out and ultimately eliminate obstacles to economic growth — starting with the taxes on labor, savings and investments.”
- Senate Finance Committee Chair J.D. Mesnard: “Using future surplus revenues as a trigger for phasing out the income tax seems a particularly effective way of harnessing fiscal success to propel additional success.”

ARKANSAS

- Governor Sarah Huckabee Sanders: “Arkansas has to compete in the global economy, so one of the first steps is phasing out that income tax.”

INDIANA

- Senate Committee of Tax and Fiscal Policy Chair Travis Holdman: “I think the goal should be for Indiana should be to totally eliminate the individual income tax rate in years to come.”

IOWA

- Governor Kim Reynolds: “My goal is to get to zero individual income tax rate by the end of this second term.”
- Senate Majority Leader Jack Whitver: “Right now, there are about eight states that do not have an income tax. There’s another eight states that have said: ‘We want to get on a path to no income tax.’ And I would like Iowa to be included in those states that say: ‘Ultimately the goal is to get to nothing.’”

KENTUCKY*

- House Budget Committee Chair Jason Pietrie: “We are confident that state revenue will continue to support a 4% rate over time...However, we will see a greater benefit from eliminating personal income tax completely.”
- Majority Whip Jason Nemes: “It’s a conservative approach to a conservative goal to get [the income tax rate] to zero.”

LOUISIANA

- Governor Jeff Landry: The governor’s transition committee on economic development and fiscal policy said Gov. Jeff Landry and state legislators ought to begin phasing out corporate and personal income taxes.

MISSISSIPPI

- Governor Tate Reeves: “Eliminating the income tax does not require cutting expenditures or raising taxes in other areas. Rather, it requires that our government lives within its means and those in power recommit to the economic principles that helped build the greatest country in history.”

NORTH CAROLINA

- North Carolina Senate President Pro Tempore Phil Berger, November 10, 2022: “Those states that seem to weather economic downturns better are states that either have no income tax or very low income taxes...My goal is to continue to make progress in that direction and if we can get to zero, I think that would be a very good thing for the state.”

NORTH DAKOTA

- Governor Doug Burgum: “It is time for us to say goodbye to the state income tax once and for all”

OHIO

- State Senator Lang: SB 216 to phase out the state’s income tax. At the announcement Lang said: “This legislation is critical to making Ohio the most business-friendly state in the nation. To lead the country in advanced manufacturing, Ohio must create a welcoming business environment. This includes cutting taxes and regulations, developing our workforce, providing affordable and reliable energy, and using our access to water to our advantage. Senate Bill 216 is part of the puzzle.
- Representative Adam Matthews: State Representative Adam Matthews drafted a letter addressing the income tax: “Representative Brian Lampton and I introduced legislation to once and for all eliminate the income tax for all Ohioans and the Commercial Activity Tax (CAT) by 2030. Ohio is ready to reclaim our role as the economic engine of the Midwest. This first step ensures Ohio is a destination for businesses to grow and attract people who want to work and live here, rindianaaise a family, and truly thrive”

OKLAHOMA

- Governor Kevin Stitt: “When I stop to think about it, think about what Oklahoma looks like in 20 years, here’s what I see: I see people moving here from all over the country so they can keep more of their hard-earned money thanks to our zero-percent income tax”
- House Speaker Charles McCall: Introduced House Bill 2950, which replaces the bracket system for personal income tax with a 4.75 percent flat tax beginning tax year 2025, and establishes revenue triggers to allow the personal income tax rate to be lowered in future years and fully eliminated over time.

UTAH

- Governor Spencer Cox: “Ultimately what they [the legislature] want to do and what I want to do is get rid of the income tax completely”
- House Speaker Mike Schultz: “I want to focus on continuing to reduce income tax. Let’s also continue to have the discussion on getting rid of the income tax all together”

WEST VIRGINIA*

- Governor Jim Justice: [West Virginia has] “poised itself from an economic standpoint and opportunity standpoint to go right to the elimination of our personal income tax.”

*State has an income tax phase down to zero in law. Timing of phase out in each state varies.