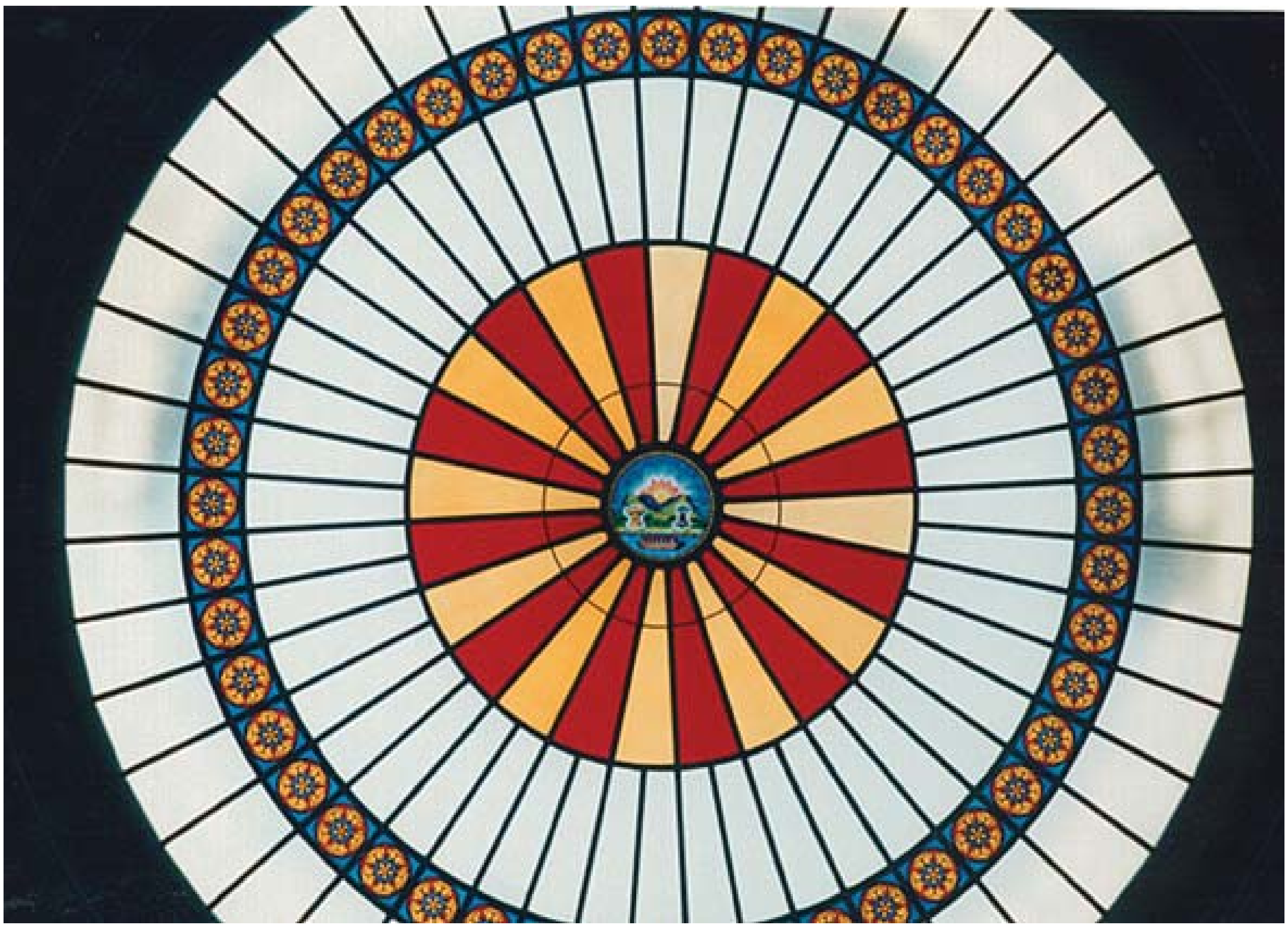
Ohio

Department Of Taxation
2015 Annual Report



John R. Kasich
Governor

Joseph W. Testa
Tax Commissioner

Ohio | Department of Taxation

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The Honorable John R. Kasich
Governor of Ohio

Members of the Ohio General Assembly

Dear Governor, Senators and Representatives,

It is my responsibility and privilege to provide you the Fiscal Year 2015 Annual Report of the Ohio Department of Taxation.

This report highlights the department's activities during the year in compliance with Ohio Revised Code 5703.42. It provides a complete description of the base, rates and provisions of each of the 20 taxes administered by the department, two taxes not administered by the department, four revenue sharing funds administered by the department and 13 locally administered taxes. The 2015 Annual Report also provides detailed statistical data concerning each tax and an accounting of department activities during the fiscal year.

My hope is that the contents of this report will be of value and interest to you, the General Assembly, and the people of Ohio.

Respectfully,

Joseph W. Testa
Tax Commissioner

Ohio Department of Taxation 2015 Annual Report

Prepared by the
Communications Office and the Tax Analysis Division
of the Ohio Department of Taxation

Joseph W. Testa
Ohio Tax Commissioner

Cover image courtesy of the Capitol Square Review and Advisory Board

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Part I: Year in Review

Year in Review

The Ohio Department of Taxation (ODT) began fiscal year 2015 implementing tax reductions, accelerated tax cuts and additional tax relief for low- and middle-income Ohioans, while administering a state tax system geared to promoting economic growth and job creation. The department ended the fiscal year continuing the fight to protect the state treasury against the unprecedented incidence of tax fraud driven by digital thieves trying to steal hundreds of millions of dollars from Ohio taxpayers.

Implementing the Provisions of the Mid-Biennium Budget Review (HB 483)

This second mid-biennium budget review continued a practice initiated by Governor John Kasich when he took office in 2011 and produced legislation which capitalized on the efficient management of state government and strengthening state revenues to cut state taxes $443 million for fiscal year 2015.

Included in the reductions enacted in tax year 2014 was an expansion of the small business income tax deduction from 50 percent to 75 percent of the first $250,000 in business income, and an increase in the personal exemption for individual income tax from $1,700 to $2,200 for incomes less than $40,000 and to $1,950 for incomes between $40,000 and $80,000. To help lower-income taxpayers, the legislation increased the earned income tax credit (EITC) from five percent to 10 percent of the amount claimed for the federal EITC. An income tax cut of one percent scheduled for 2015 was made retroactive to January 1, 2014. An employer withholding table change reflecting that cut was also accelerated to allow Ohioans to immediately keep more of their money. The legislation also contained a number of tax system improvements, including:

- Addressing the issue of when payments and documents are considered to have been filed, which is especially important given the increase in electronic payments and requirements for more returns to be filed electronically. This provision clarifies that the time stamp assigned by the first electronic system receiving the payment or document determines the point at which the filing occurred. For documents and payments that are mailed, the postmark date will continue to serve as the filing date.
- Allowing ODT to more expeditiously share information with the Development Services Agency (DSA) relating to taxpayers that are applying for tax credits as part of an agreement with DSA. The change facilitates this important process to ensure that a tax credit applicant is in good standing with regard to their tax obligations before a tax benefit is extended.
- Carrying the job creation and job retention tax credits (JCTC and JRTC) from the Commercial Activity Tax (CAT) to the new Petroleum Activity Tax (PAT). The biennial budget bill (HB 59) carved motor fuel tax receipts out of the CAT base and placed them into the PAT. During that shift, the JCTC and JRTC were not carried over from the CAT to the PAT. This change is a matter of fairness to those taxpayers that previously entered into JCTC or JRTC agreements. The new PAT impacts suppliers of motor fuel and is an excise tax measured by a supplier's gross receipts from the sale, transfer, exchange, or other disposition of motor fuel in this state.
- Moving the sale of cigarette tax stamps from the Treasurer's Office to ODT to be more in step with online-filing capabilities and ODT's tobacco enforcement responsibilities and to provide a one-stop-shop for cigarette wholesalers.
- Allowing ODT to pay interest on refunds, and not just charge interest on delinquent billings, for kilowatt-hour and natural gas distribution taxes, and the replacement tire fee.

Fighting ID Theft and Tax Fraud

Identity (ID) theft and tax fraud are the significant problems plaguing the IRS, Ohio and all other states with an income tax. By Dec. 31, 2014, ODT had intercepted more than 64,000 fraudulent tax returns that, in total, meant to steal more than $277 million of income tax refunds. The department also had to absorb higher than normal levels of calls, walk-ins and emails from taxpayers seeking assistance in regard to fraud. Anticipating the problem would continue into 2015, the department deployed numerous additional security measures, most prominently an Identity Confirmation Quiz designed to ensure that the taxpayer requesting a refund is legitimately due a refund. The I.D. Quiz employs a small number of multiple choice questions that are meant to be answerable only by that individual. At least seven other states adopted similar security measures. Ohio taxpayers whose tax returns were flagged for additional screening had to pass the quiz in order to receive their refunds. More than 1.5 million taxpayers took the quiz with more than 99 percent passing.

Target: Tax Reform; Tax Reduction

For much of fiscal year 2015, ODT worked to develop a substantial tax reform package that would build on the efforts of Governor Kasich and the Ohio General Assembly to stimulate economic and job growth in Ohio.

As fiscal year 2015 closed, the Governor signed a two-year budget bill that is estimated to cut taxes more than $1.9 billion, with individual taxpayers enjoying a 6.3% reduction in income tax rates, and eliminate tax on business income for nearly all small businesses owners in tax year 2016. The budget also increased Ohio's tax on cigarettes by $.35 a pack.

Changes to Ohio's CAUV

In response to concerns expressed by farm organizations, the department incorporated several changes in the Current Agricultural Use Value (CAUV) formula used in establishing property tax amounts on farmland and qualifying woodlands. The formula is a complex and respected appraisal method that values land based on its 'agricultural use' and typically provides a substantial reduction in property tax on agricultural land. The formula also has been in place as a part of Ohio's Constitution since 1974. In 2014, the average property tax reduction from CAUV was 48 percent below what it would have been if assigned a market value.

That benefit was reduced in fiscal year 2015 for many farmers who experienced lower crop prices and property tax increases resulting from changes to some of the five factors that directly impact the income producing potential of farmland: crop prices, crop yields, interest (capitalization) rates, cropping patterns and non-land production costs.

In consultation with numerous public and private sector agricultural interests, ODT adopted several changes to the CAUV calculation, formula components, capitalization rate, and woodland values. The changes, which are all based upon accepted appraisal methods, updated the formula and also resulted in some moderate additional property tax relief for farmers. The CAUV system will continue to change gradually over time due to market conditions, but is designed to guard against short-term fluctuations.

Ohio Virtual Tax Academy

ODT continued its educational outreach with its innovative and free Ohio Virtual Tax Academy webinars as the department endeavors to provide tax-related information to help small business owners succeed. Developed and presented by ODT staff members, the webinars also provide free continuing professional and legal education credits. Three OVTA's were held in fiscal year 2015, with 1,887 attendees.

STARS Success

ODT continued the transition and building of its highly successful, state-of-the art computer system, the State Taxation Accounting and Revenue System (STARS). Once fully implemented, STARS will integrate all tax information into one database encompassing all state-administered taxes. In fiscal year 2015, several additional taxes were added to STARS including severance, horse racing, kilowatt hour, gross casino revenue, alcoholic beverage and the International Fuel Tax Agreement. Not only has STARS made ODT more efficient, it is also simplifying processes at other levels of government. For example, county auditor's offices can now issue sales tax vendor's licenses more efficiently.

Cutting Costs / Increasing Efficiency

ODT continued its efforts to cut costs and to increase efficiency, adding to a four-year history of processing more revenue with a continually smaller general revenue fund budget. The department modernized its Walk-In Center at the Northland building, completed a project which cut leasing costs by half at its downtown offices, and made enhancements and updates to its web-site to promote self-service. The department also supported the County Auditor Web Portal and provided support to the 88 counties that utilize the portal. This portal has fostered a partnership between the county auditor offices and the Ohio Department of Taxation. The department also launched its second mobile application with the release of its Sales Tax Rate Finder mobile app in December 2014. The first mobile app, 'Check My Refund,' went live in spring, 2014. Both work with Android and Apple devices.

Ohio Department of Taxation Overview

ODT, under the Ohio Tax Commissioner, is responsible for administering and collecting most state and several local taxes as well as supervising the real property tax. These responsibilities include making tax assessments, valuations, findings and determinations; promulgating rules and regulations; auditing tax returns; issuing and overseeing certain licenses; and distributing revenues from certain taxes to various units of local government.

In fiscal year 2015, ODT collected approximately $30.0 billion in state and local taxes. ODT's actual expenditures totaled approximately $116.8 million, a 7.7 percent decrease from fiscal year 2014 when expenditures totaled approximately $126.6 million. At the end of fiscal year 2015, the department had 999 full-time employees, down from 1,064 at the end of fiscal year 2014.

Table 1

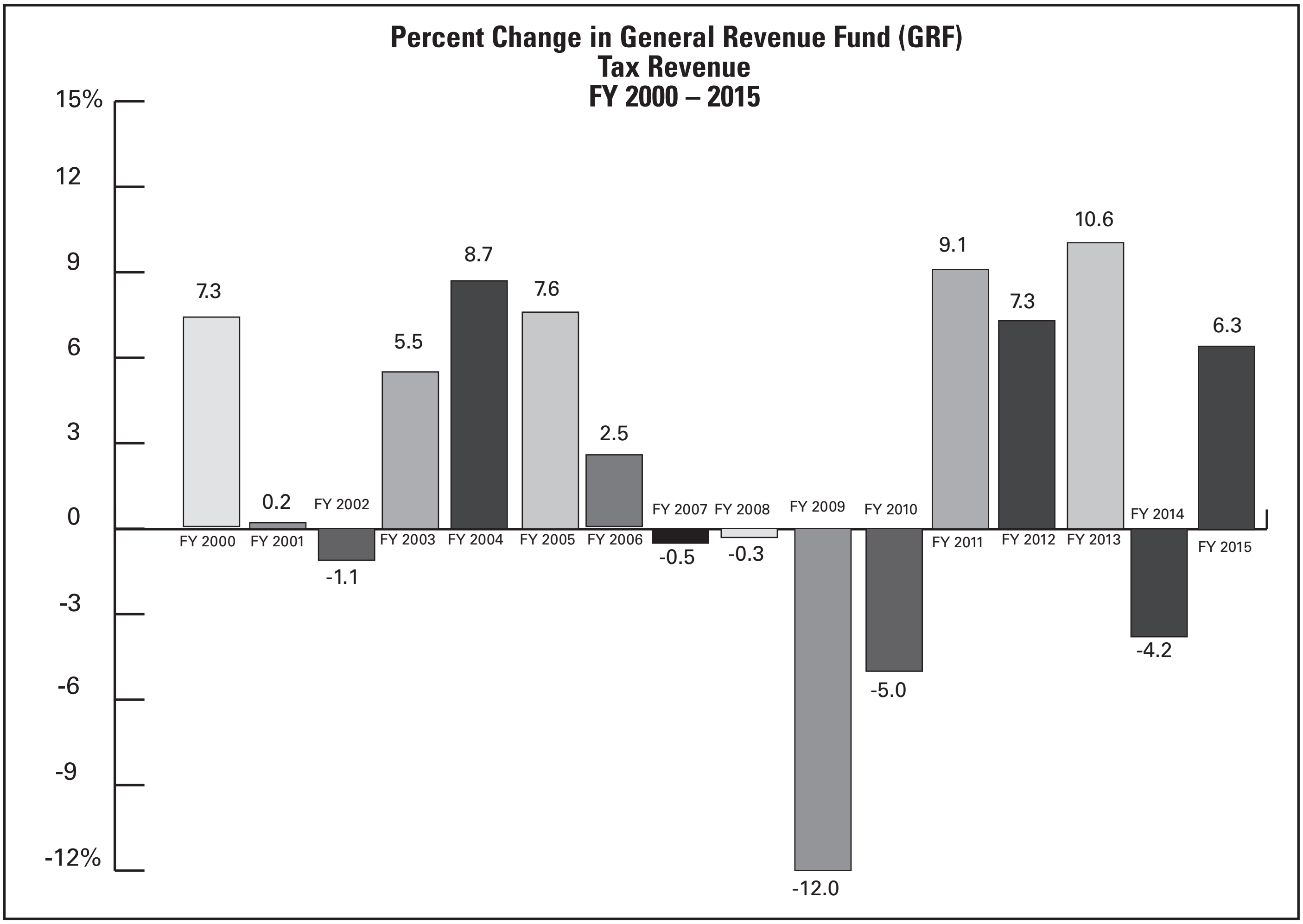


Table 2

GRF Tax Revenue, 2008 - 2015 (figures in millions)		
Fiscal Year	Revenue	% Change
2008	$19,419.5	-0.3%
2009	$17,093.7	-12.0%
2010	$16,233.6	-5.0%
2011	$17,706.1	9.1%
2012	$19,005.2	7.3%
2013	$21,015.7	10.6%
2014	$20,134.4	-4.2%
2015	$21,405.8	6.3%

Table 3

Collections for Taxes Administered by the Ohio Tax Commissioner

This table shows both gross and net tax collections for state-collected and locally-collected taxes. For state collected taxes, gross tax collections are equal to total taxes collected, including taxes which were later refunded. Net tax collections are equal to gross collections, less all refunds. Note: because the data for state-collected taxes is from the state accounting system contained within the Ohio Administrative Knowledge System (OAKS), the figures will differ slightly from data shown elsewhere in the report. Other tables in this report frequently represent taxes reported as shown on tax returns filed during the fiscal year, rather than actual collections during the fiscal year or for specific funds (like the state's General Revenue Fund). For locally-collected taxes, collections are shown on a calendar year basis, rather than a fiscal year basis.

	Gross Tax Collections		Net Tax Collections		Percent Change 14-15
State-Collected Taxes	**FY 2014**	**FY 2015**	**FY 2014**	**FY 2015**	
State Sales and Use	$9,465,531,587	$10,259,953,396	$9,344,575,216	$10,147,622,647	8.6%
Local Sales and Use	2,134,302,887	2,369,561,219	2,134,302,887	2,369,561,219	11.0%
Resort Area Excise	1,165,978	1,297,968	1,165,978	1,297,968	11.3%
State Personal Income	10,116,735,182	10,397,087,510	8,425,116,548	8,883,191,155	5.4%
Municipal Income Tax for Electric Light Companies	8,796,853	7,441,677	8,796,853	7,441,677	-15.4%
School District Income	408,357,723	424,832,679	386,666,212	403,218,588	4.3%
Corporation Franchise[1]	72,629,614	49,586,568	(11,171,983)	2,587,272	-123.2%
Commercial Activity Tax	1,829,164,711	1,849,869,661	1,685,787,403	1,751,695,838	3.9%
Financial Institutions Tax	197,931,125	214,969,339	197,837,292	182,133,802	-7.9%
Petroleum Activity Tax[6]	0	72,525,791	0	72,231,928	N/A
Dealer in Intangibles[1]	480,388	55,409	475,979	55,409	-88.4%
Motor Vehicle Fuel	1,844,815,403	1,822,139,893	1,825,528,042	1,800,636,910	-1.4%
Motor Fuel Use	35,183,140	35,870,916	34,673,973	35,103,443	1.2%
Public Utility Excise	106,050,399	114,493,593	106,011,927	97,472,863	-8.1%
Kilowatt-Hour Excise	544,779,979	539,921,878	544,630,705	539,837,424	-0.9%
Natural Gas Consumption	76,109,967	74,735,821	76,109,967	74,735,452	-1.8%
Cigarette Excise	815,722,596	810,184,382	813,983,559	808,163,723	-0.7%
Local Cigarette Excise[3]	18,937,553	18,417,008	18,859,778	18,369,781	-2.6%
Alcoholic Beverage Excise[2]	56,697,412	57,797,047	56,564,921	57,725,019	2.1%
Local Alcoholic Beverage[2,3]	5,499,710	5,634,714	5,434,788	5,634,548	3.7%
Replacement Tire Fee	7,668,409	7,350,931	7,649,409	7,348,806	-3.9%
Horse Racing	5,526,549	5,818,281	5,526,549	5,818,281	5.3%
Severance	15,037,950	26,891,833	15,037,950	26,891,833	78.8%
Estate Tax[1]	39,391,459	3,372,354	39,391,459	3,071,079	-92.2%
Casino Gross Revenue Tax	273,393,331	266,014,462	273,393,331	266,014,462	-2.7%
Wireless 9-1-1	15,760,376	25,585,678	15,752,244	25,579,996	62.4%
Total State-Collected Taxes	**$28,095,670,279**	**$29,461,410,008**	**$26,012,100,987**	**$27,593,441,123**	**6.1%**
Locally-Collected Taxes	**CY 2014**	**CY 2015**		**Percent Change 14-15**	
Public Utility Property[4]	$934,646,188	$1,013,193,975		8.40%	
Estate[1,5]	167,496,346	14,539,086		-91.32%	
Total Locally-Collected Taxes	**$1,102,142,534**	**$1,027,733,061**		**-6.75%**	

[1] This tax is no longer in effect. Tax Year 2013 was the last for the Corporate Franchise Tax (taxpayers began paying Financial Insitutions Tax); Estate Tax was repealed for estates with dates of death on or after January 1, 2013; Dealers in Intangibles Tax ceased on Jan. 1, 2013 (most taxpayers began paying the Commercial Activity Tax). Only residual revenues and refunds are applicable going forward.

[2] Excludes tax on liquor since it is administered by the Ohio Department of Commerce, Division of Liquor Control.

[3] Collected for Cuyahoga County.

[4] Consists of taxes levied on the tangible personal property of public utilities in 2014 and collected in 2015.

[5] CY 2014 data is from County Auditor estate tax settlements for the August 2013 and February 2014 periods; CY 2015 data is from the settlements for the August 2014 and February 2015 periods.

[6] New tax administered by the Tax Commissioner.

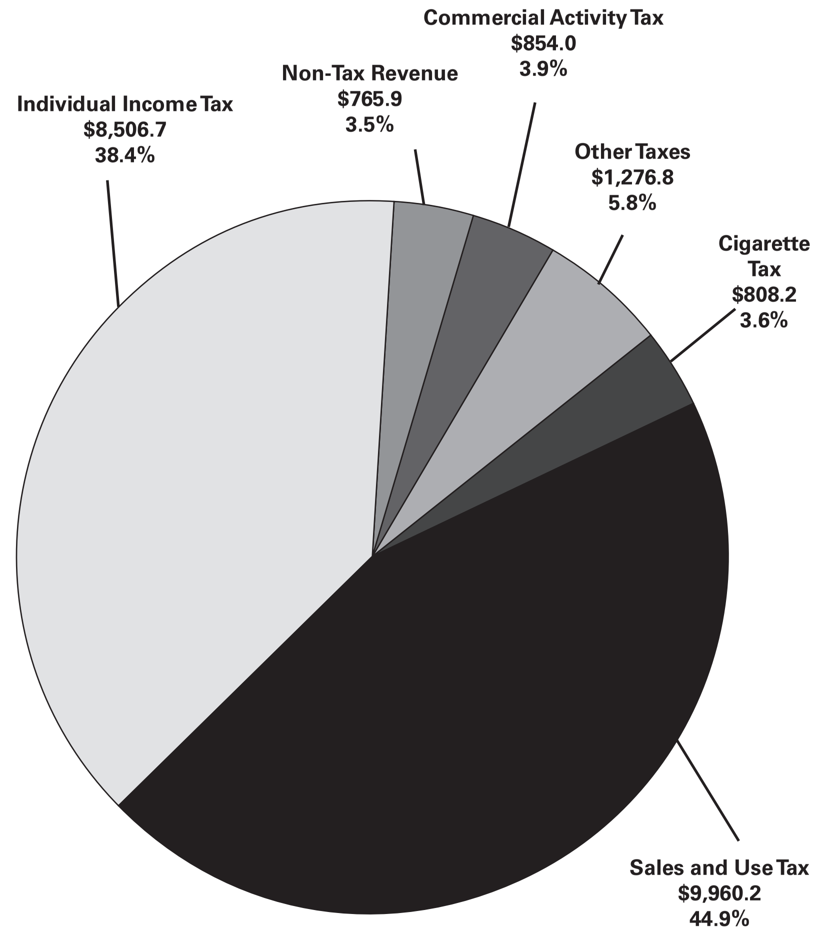
Sources: Fiscal Year 2014 and 2015 data on state-collected taxes comes from the state accounting system (OAKS). Data on locally-collected taxes is based on Department of Taxation's data sources.

General Revenue Fund Sources, Fiscal Year 2015*

(excluding federal aid)
(dollars in millions)

Chart 1

Major Taxes	**Collections**	**Percent of Total**
Sales and Use Tax	$9,960.2	44.9%
Individual Income Tax	$8,506.7	38.4%
Cigarette Tax	$808.2	3.6%
Commercial Activity Tax	$854.0	3.9%
Total Major Taxes	**$20,129.0**	**90.8%**
Other Taxes		
Kilowatt-Hour Excise Tax	$292.3	
Foreign Insurance Tax	$266.6	
Domestic Insurance Tax	$251.6	
Financial Institutions Tax	$182.1	
Alcoholic Beverage Taxes (including liquor gallonage)	$99.9	
Public Utility Excise Tax	$97.5	
Natural Gas Distribution Tax	$74.7	
Petroleum Activity Tax	$5.5	
Estate Tax	$3.1	
Corporation Franchise Tax	$2.5	
Other Business and Property	$0.8	
Total Other Taxes	**$1,276.8**	**5.8%**
Total Tax Revenue	**$21,405.8**	**96.5%**
Non-Tax Revenue:		
Earnings on Investment	$23.1	
Liquor Profits	$0.0	
Miscellaneous[1]	$742.8	
Total Non-Tax Revenue	**$765.9**	**3.5%**
All Revenue	**$22,171.8**	**100.0%**
Source: Ohio Office of Budget and Management.		
[1] Includes certain transfers into the general revenue fund, licenses and fees, and other income.		



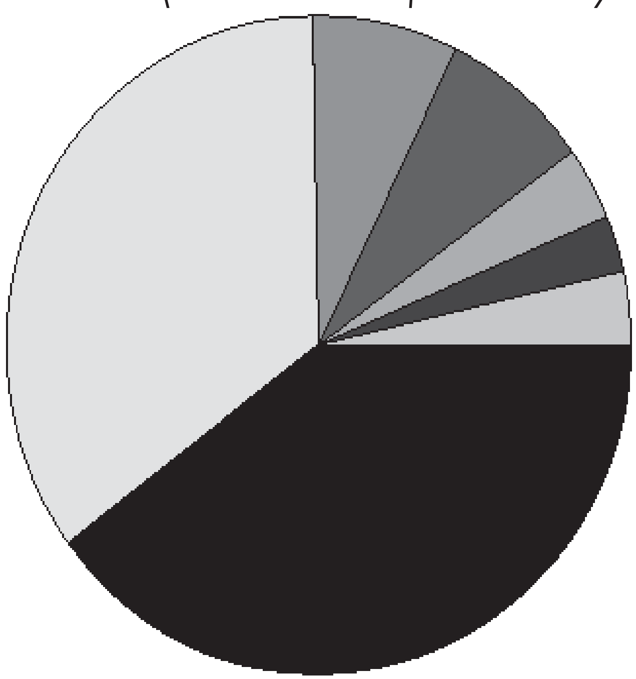
* Percentage totals do not add to 100% because of rounding.

All State Tax Sources, Fiscal Year 2015

(excluding federal aid)

(dollars in millions)

Chart 2



Major Taxes	Collections	Percent of Total
Sales and Use Tax	$10,147.6	40.0%
Personal Income Tax	$8,883.2	35.0%
Motor Vehicle Fuel and Fuel Use Tax	$1,835.7	7.2%
Commercial Activity, Financial Institutions, and Petroleum Activity Taxes	$2,006.0	7.9%
Cigarette and Alcoholic Beverage Taxes[1]	$909.3	3.6%
Natural Gas, Kilowatt Hour, and Public Utility Excise	$712.0	2.8%
All Other Taxes	$882.5	3.5%
	$25,376.2	100.0%
Other Taxes		
Foreign Insurance Tax	$287.3	
Casino Gross Revenue Tax	$266.0	
Domestic Insurance Tax	$257.2	
Severance	$26.9	
Wireless 9-1-1	$25.6	
Estate Tax	$3.1	
Corporation Franchise Tax	$2.5	
Other Business and Property	$0.8	
Horse Racing	$5.8	
Replacement Tire	$7.3	
Other Taxes Total	$882.5	

Source: Ohio Office of Budget and Management and Department of Taxation Records.

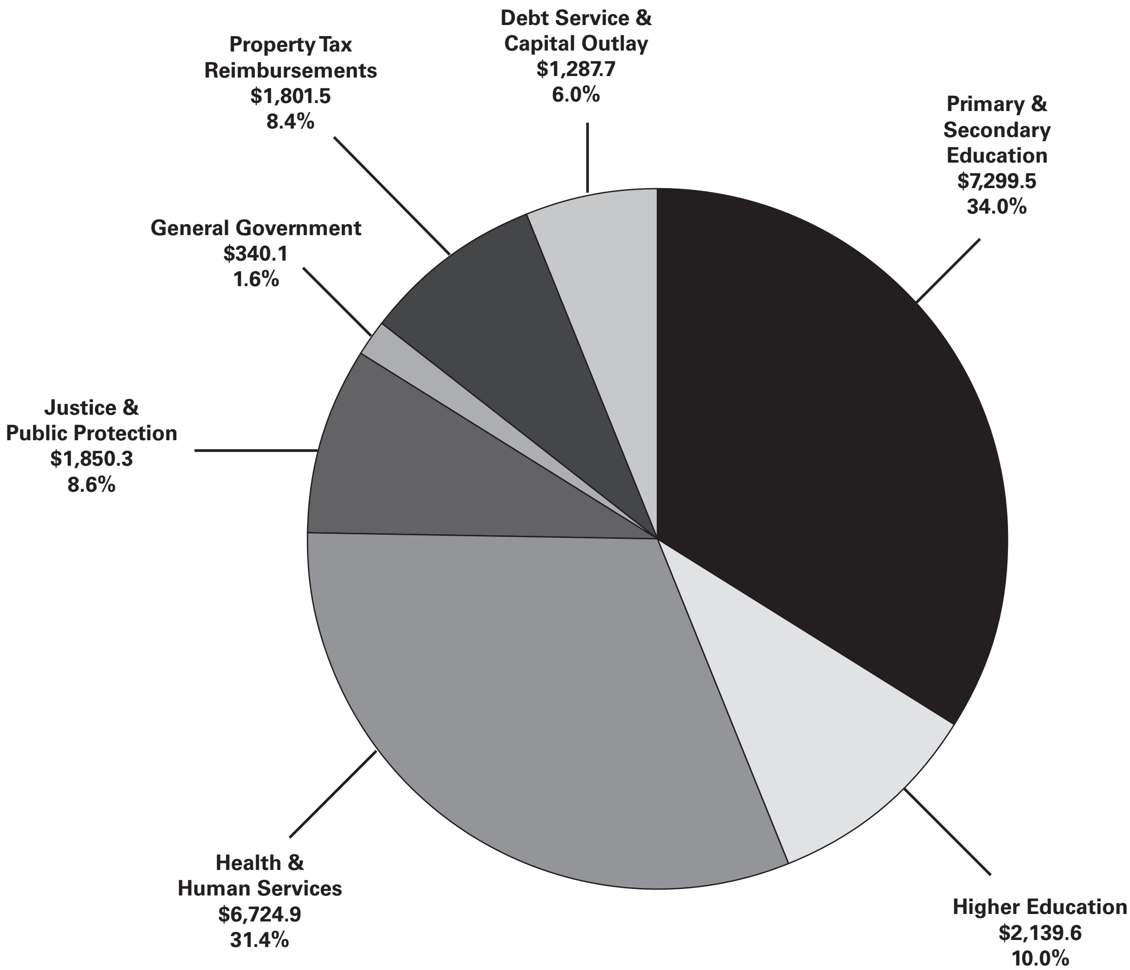
[1]Includes tax collections on liquor, which is administered by the Department of Commerce

General Revenue Fund Expenditures Fiscal Year 2015

(excluding federal aid)

(dollars in millions)

Chart 3



Category	FY 2015 Expenditures	Percentage of Total
Primary, Secondary and Other Education	$7,299.5	34.0%
Higher Education	$2,139.6	10.0%
Health and Human Services (including Medicaid)	$6,724.9	31.4%
Justice and Public Protection	$1,850.3	8.6%
General Government	$340.1	1.6%
Property Tax Reimbursements	$1,801.5	8.4%
Debt Service & Capital Outlay	$1,287.7	6.0%
Total	**$21,443.4**	**100.0%**
Source: Office of Budget and Management financial reports and Ohio Department of Taxation calculations		

Tax Burden Comparisons Among the States

This table compares the overall state and local tax burden in Ohio to that of nine other states. The comparisons rely on data compiled by the U.S. Census Bureau documenting tax collections during fiscal year 2012. Tax burdens are compared both on a per capita basis and as a percentage of income. The rankings – 1 through 51 – indicate the states' standing in comparison to all other 50 states as well as the District of Columbia.

States were included in this table either because they neighbor Ohio or because, like Ohio, they are large, economically important states. The same nine states are used for comparisons throughout this book.

Table 4

State and Local Tax Burdens: Ohio and Comparison States

	Taxes per capita		Taxes as % of Personal Income	
State	**Total**	**Rank**	**Percentage**	**Rank**
Georgia	$3,336	47	9%	42
Indiana	$3,802	34	10%	29
Kentucky	$3,514	41	10%	31
Michigan	$3,753	35	10%	34
North Carolina	$3,627	38	9%	35
Ohio	**$4,278**	**25**	**11%**	**17**
Pennsylvania	$4,629	20	10%	26
Tennessee	$3,116	50	8%	50
Texas	$3,893	31	9%	43
West Virginia	$3,895	30	11%	16

Source: U.S. Dept. of Commerce: U.S. Census Bureau, Bureau of Economic Analysis

Responsibilities and Organization of the Department

The Tax Commissioner

Section 5703.05 of the Ohio Revised Code vests all powers, duties and functions of the Department of Taxation in the Tax Commissioner. The Tax Commissioner is appointed by the Governor, is subject to confirmation by the Ohio Senate and serves at the pleasure of the Governor.

In general, the Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes as well as supervision of the real property tax. Broadly speaking, the principal powers and duties of the Tax Commissioner include:

- making all tax assessments, valuations, findings, determinations, computations and orders;
- reviewing, re-determining or correcting previous assessments, valuations or findings;
- promulgating rules and regulations and preparing and distributing tax return forms and other reporting tools;
- auditing returns, levying assessments and penalties, and granting or denying tax refunds; and
- issuing, revoking or suspending certain licenses and permits.

In addition, the Tax Commissioner has certain specific duties. These include:

- the actual collection of Ohio casino, individual income, school district income, horse racing, sales and commercial activity taxes as well as certain excise taxes;
- the operation of a central collection and reporting system for municipal income taxes on electric companies and telephone companies;
- the maintenance of a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of legislation introduced to change existing laws, and proposed measures providing for other forms of taxation; and
- revenue distribution to local governments, including shares of motor fuel tax revenue, property tax relief reimbursements, and distributions from the Local Government Fund, the Public Library Fund, and certain other funds.

To efficiently perform these functions, the Tax Commissioner is authorized by law to create divisions and sections of employees and organize the work of the department in a manner that, in the commissioner's judgment, will result in an efficient and economical administration of tax laws. The organization chart contained in this chapter indicates the current structure of the department as of June 30, 2015. The department had five deputy tax commissioners, one also serving as chief legal counsel and as the department's chief ethics officer. Senior management also includes a number of executive administrators who oversee various divisions within the department.

The department also has a problem resolution officer who provides additional assurance to taxpayers that their rights are being protected. To serve those in other states that have a business or residential nexus with Ohio, the department maintained regional audit centers near Los Angeles and Chicago in fiscal year 2015. The department closed its Chicago office in October, 2015.

At the close of fiscal year 2015, the department had 999 permanent employees. During the fiscal year, the department spent about $116.4 million to fulfill the various functions and responsibilities. Further details on department staffing levels and expenditures are shown in tables 3 and 4 and chart 1, in this chapter.

Further details on the organization of the department are included in the pages that follow. For purposes of this report, the divisions are grouped into four main areas: customer services, compliance services, tax administration services and support services.

Customer Services

The vast majority of Ohio taxpayers make an honest effort to meet their responsibilities under the law. When they need help, they usually turn to the Department of Taxation's customer service divisions.

Taxpayer Services Division

For many taxpayers, the Taxpayer Services Division is the first stop – a single point of contact for taxpayers with questions about individual income, school district income, sales and use, employer withholding, employer school district withholding, commercial activity, corporation franchise, pass-through entity and trust taxes.

This division serves as a multi-channel contact center that responds to taxpayer inquiries by letter, telephone, e-mail, and fax machine. This division strives for "first call resolution" to taxpayer inquiries, which range from general and technical taxability issues, tax return issues, filing requirements, business registrations, billings and assessments. The division also serves as the help desk for the Ohio Business Gateway, fields requests for forms, handles inquiries about refunds and answers questions from tax practitioners.

During fiscal year 2015, the Taxpayer Services Division received 1,162,725 phone calls and 80,500 emails. Agents also assisted 14,216 walk-in taxpayers with completing returns, making payments or answering general tax questions. The division also has a small central registration unit dedicated to answering business registration-related telephone calls and entering business registrations into the system for employer withholding, school district withholding and some sales tax vendor's licenses. Other responsibilities include maintaining the cumulative vendor accounts, updating of demographic information, maintaining vendor registration for liquor permit holders and safekeeping information and data purification.

When time permits, Taxpayer Services assists several other divisions with their workload to avoid backlog, which in turn decreases the need for taxpayers to contact the department.

Problem Resolution Officer

The problem resolution officer is a special resource for taxpayers. This individual serves as a liaison between the Ohio Department of Taxation and taxpayers when the normal lines of communication break down. Revised Code section 5703.52 states that the officer or additional persons designated for the office is to "receive and review inquiries and complaints concerning matters that have been pending before the department for an unreasonable length of time or matters to which a taxpayer has been unable to obtain a satisfactory response after several attempts to communicate with the employee of the department assigned to the taxpayer's case or the employee's immediate supervisor."

The problem resolution officer works with the appropriate employees and the taxpayer to determine the precise circumstances of his or her issue and to arrive at the appropriate resolution. Education and explanation regarding the applicable laws and rules is a key part of this process. Most tax situations can be reviewed by the problem resolution officer, except for appeals of final determinations of the Tax Commissioner or cases certified to the Ohio Attorney General for collection. The officer is available to assist taxpayers by mail, telephone or through e-mail received through the department's website.

Compliance Services

While most people voluntarily comply with Ohio's tax laws, there are exceptions. For these exceptions – and to fairly ensure that compliance is applied equally to all taxpayers – the department bills for unpaid taxes and operates a system of appeals that can either reduce liability or lead to collection for unpaid tax debts.

Compliance Division

The primary role of the Compliance Division is issuing bills and assessments as part of the Department's major compliance programs. These major compliance programs address a range of tax-types, including individual income, school district income, employer withholding, school district employer withholding, corporation franchise, sales and use, commercial activity, and pass-through entity tax.

Examples of major compliance programs run by this division include sending billing notices when taxpayers fail to file a tax return, fail to pay the balance due shown on a filed tax return and make an error in filing their tax return (e.g. fail to report all taxable income, compute tax liability incorrectly, etc.).

When taxpayers do not respond to a billing notice asking them to resolve a tax-due matter, the Compliance Division issues an assessment. Assessments are the Tax Commissioner's final notice to a taxpayer of a tax deficiency or delinquency. An assessment informs a taxpayer of his or her legal rights if the assessment is not timely resolved or an appeal is not timely filed. If the assessment is not timely resolved or no appeal is timely filed, the division certifies this debt for collection to the Ohio Attorney General and serves as the department's liaison to the Ohio Attorney General's office on issues concerning the collection of tax deficiencies and delinquencies.

In fiscal year 2015, the Compliance Division certified 138,872 individual income tax and 80,323 school district income tax assessments to the Ohio Attorney General's Office for total certified amounts of $247,532,361 and $27,879,774, respectively.

The Compliance Division is also responsible for responding to all taxpayer billing, assessment and certification correspondence and reviewing appeals of assessments that did not begin with an audit. This enables taxpayers to resolve certain issues in an informal manner that supports the department's focus on timely, quality customer service.

While most compliance efforts concern the amounts of tax that should be paid by individuals and businesses that are already well known to the department, in contrast, the Tax Discovery Section of the Compliance Division is responsible for identifying tax liability legally owed by individuals and businesses that may not be known to the department, at least in the context of a specific tax-type. The Tax Discovery Section, with the help of the department's Business Intelligence Service Center, creates new tax programs that identify potential unregistered businesses and non-filing individuals that likely should be filing and paying Ohio taxes. In addition, Tax Discovery will administer special programs as requested by the Tax Commissioner's office.

Through the identification of additional tax liability by

Tax Discovery, the department's cash collections were $20.9 million in fiscal year 2015, primarily in the individual income, pass-through entity, trust, commercial activity, employer withholding, and sales and use tax areas.

Office of Chief Counsel

The Office of Chief Counsel is responsible for the tax-related legal affairs of the Department of Taxation. It is divided into four areas, described below:

Tax Appeals Division

The Tax Appeals Division conducts most of the administrative appeal hearings within the department and issues the Tax Commissioner's final determination in these tax matters, which serves as the department's final assessment of the taxpayer. The Tax Appeals Division had 15 hearing officers and supervisors and one support staff as of June 30, 2015, matching the head count of the prior year. Fiscal year 2014 ended with a balance of approximately 2,682 cases. Of those cases, approximately half were challenges to sales and use tax assessments and/or refunds. Sales and use tax assessments, as of the current fiscal year, are processed through the department's new tax management system, which came online during the first half of fiscal year 2015. The sales and use tax group started the fiscal year with approximately 1,300 cases and ended the year with approximately 1,278 cases. Final determinations and assessments issued during the year totaled 962. Of the remaining tax types, the division began the year with 1,242 cases, received an additional 656 cases, issued 835 final determinations, and ended the year with a balance of 1,063 cases.

Appeals Management/Bankruptcy Division

The Appeals Management/Bankruptcy Division serves as a liaison with the Attorney General's office for all litigation that involves the Department of Taxation except personnel actions. The two divisions were combined during the fiscal year in order to better utilize department resources facilitating bankruptcies through the federal courts, substantive tax cases at the Ohio Board of Tax Appeals and Ohio Supreme Court, offers in compromise, and certified claim settlements. The division has 20 employees.

As of June 30, 2015 there were 407 cases on appeal at the Board of Tax Appeals, five in the state appeals court system and 34 at the Ohio Supreme Court. These numbers compare to fiscal year 2014, when the division had 1,067 cases on appeal at the Board of Tax Appeals; 12 in the state appeals court system and 26 at the Ohio Supreme Court.

In fiscal year 2015, the division received 9,831 notices of bankruptcies filed. It processed a total of 3,192 proofs of claim. During fiscal year 2014, 10,736 notices of bankruptcy were received and 3,658 proofs of claim were processed.

Legal Counsels

The Office of Chief Counsel also has legal counsels assigned to other department divisions, where they are responsible for drafting and reviewing legislation, rules, and information releases. The counsels also draft formal and informal tax opinions.

Audit Division

The Audit Division conducts audits relating to most of Ohio's business taxes, which include sales and use, commercial activity, corporation franchise, financial institutions tax, pass-through entity, employer withholding, school district withholding, tangible personal property taxes, international fuel tax agreement (IFTA) and international registration plan (IRP) and master settlement agreement (MSA). During the fiscal year ending June 30, 2015, the Audit Division completed the following number of audits for each of these tax types:

Table 1

Tax Type	Total Audits for FY 2015
Sales and Use	1,334
Personal Property	0
Corporation Franchise	99
Financial Institutions	3
Pass-Through Entity	507
Employer Withholding	151
School District Withholding	2
Commercial Activity	494
International Fuel Tax Agreement	401
International Registration Plan	587
Master Settlement Agreement	56
Total	**3,634**

Criminal Investigations Division

The Criminal Investigations Division (CID) is comprised of 28 sworn police officers and 4 civilian employees who enforce the criminal provisions of Ohio tax laws. The division is expanding to a total of 32 officers and a total of 36 CID personnel. The division was created in 1971, primarily to combat cigarette smuggling and organized crime. Since that time, the division has grown in size and responsibility. The division now enforces most of the taxes administered by the department, including the cigarette tax, other tobacco products tax, motor fuel tax, income tax, employer withholding taxes and the sales and use tax.

The Criminal Investigations Division through its activities also generates revenue for state services. In fiscal year 2015, the division brought in approximately $12 million in revenue that normally would not be recovered through audits or assessments.

Tax Administration Services

Other divisions are less visible to taxpayers, but still vital to the administration of state taxes in Ohio.

A number of these divisions oversee one or several specific taxes. This oversight includes developing rules and procedures for one or more taxes, prescribing forms, processing returns that have been suspended for some reason and interpreting law and policy to resolve taxpayer issues.

These divisions are:

- Business Tax, which is responsible for the corporation franchise tax, the pass-through entity and trust withholding tax, and the municipal income tax for electric light companies and telephone companies.
- Commercial Activity Tax.
- Excise & Energy, which oversees the taxes on alcoholic beverages, cigarettes and other tobacco products, horse racing, kilowatt-hour, motor fuel, natural gas distribution and severance. Because of the specialized nature of these taxes, the division processes returns, handles taxpayer calls, issues variances and assessments, and conducts audits on its own. This division also oversees the public utility property and public utility excise taxes as well as some responsibilities associated with the personal property tax.
- Individual Income and School District Income Tax.
- Sales and Use, which monitors sales and use tax compliance by out-of-state businesses and handles tax matters pertaining to liquor permits.
- Tax Equalization, which oversees the appraisal of real property for tax purposes by Ohio's county auditors.

Other divisions are responsible for one or more aspects of taxation that apply to many of Ohio's specific taxes. They are described below.

Forms Unit (Support Processing)

First founded in 1998 as the Forms and Noticing Division with three full-time employees, the objective of the division was to centralize the production and ordering of hundreds of forms utilized by tax practitioners and taxpayers, to bring consistency to the layout and editing of tax forms and instructions, and to develop scanning guidelines for third-party software vendors and payroll processing companies.

In 2013, the section was renamed the Forms Unit and moved under the Revenue Processing Division. Over 15 years, the unit has:

- created scannable forms for the IT 1040, IT 1040EZ and SD 100 and promoted 2D barcoding, which allow the forms to be quickly and accurately scanned as opposed to being processed by hand;
- developed fill-in versions of many forms, which allow taxpayers to fill out tax forms using their computer;
- reduced the department's printed materials by more than 70 percent;
- consolidated individual income and school district income taxes into one income tax publication;
- streamlined the forms portion of the agency's website to allow taxpayers to more easily look up tax forms and instructions.
- recently created scannable forms for the IT 1041, IT 1140 and IT 4708.

The unit is currently responsible for composing forms and instructions, distributing forms and maintaining an inventory. The distribution of forms includes both individual (taxpayers and tax practitioners) and bulk fulfillments. The bulk fulfillments include:

- other divisions and sections within the department (i.e., Taxpayer Services and Communications)
- libraries
- post offices
- banks
- senior centers
- Volunteer Income Tax Assistance
- American Association of Retired Persons
- Internal Revenue Service
- other governmental agencies and tax practitioners.

The unit works directly with the business and technical divisions to determine the content of forms and instructions, though it has latitude to edit for readability, consistency and grammatical errors. The unit generally works on an individual basis with divisions to update and edit their forms and instructions on an as-needed basis. However, in regard to the IT 1040 and school district income tax forms, a yearly review committee is formed that represents several sections within the agency.

In addition, the unit also acts as a forms liaison with third-party software vendors and payroll processing companies. The unit receives recreations of the department's tax forms from vendors and then reviews them for accuracy. If vendors submit payment coupons, those are sent to data entry to be tested. In recent years, the unit has revised forms and promoted 2D barcoding to be scanned and imaged by a full-page scanner for more efficient data capture.

The unit ultimately is responsible for making sure that the most up-to-date forms and instructions are available on the department's website. The forms section is one of the most visited sections of the agency's website.

Revenue Accounting

The Revenue Accounting Division ensures that tax dollars are properly deposited and distributed in accordance with the law.

In fiscal year 2015, Revenue Accounting distributed approximately $5.1 billion, including:

- revenue into the Local Government Fund and the Public Library Fund;
- revenue from locally-enacted taxes, including county sales and use taxes, school district income taxes, resort area taxes, municipal income tax receipts from electric light companies and telephone companies, and Cuyahoga County beer, wine, cigarette and liquor taxes;
- revenue from casinos;
- revenue from 9-1-1 fees;
- revenue shared from specific state taxes such as motor fuel and horse racing taxes;
- property and manufactured home tax relief efforts from the non-business credit, the owner occupancy credit and the homestead exemption;
- property tax replacement fund distributions, including those associated with kilowatt-hour, natural gas distribution and commercial activity taxes;
- revenue from income tax check-off programs, including the political party check-off and the following refund donation check-offs: Non-game and Endangered Wildlife, Natural Areas and Preserves, Injured Military and Historical Society.

In addition, Revenue Accounting records most of the revenue receipts and refund deposits for the department for the individual income tax, employer withholding tax, sales and use tax, corporation franchise tax, school district income tax, motor fuel and use tax, the International Fuel Tax Agreement, the commercial activity tax and the municipal income tax for electric light companies and telephone companies. The division is also responsible for exception processing for most of the refunds released by the department.

The division also handles the accounting and reversals for all tax payment errors. This includes checks, electronic funds transfers (EFTs), payments made through the Ohio Business Gateway (OBG), and Treasurer of State debits and credits.

Revenue Accounting also has a Central Payment Unit that is responsible for researching payments that need processing for all taxes. Revenue Accounting reconciles EFT payments, OBG payments, and credit card payments. Revenue Accounting has the additional responsibility of assisting the Office of Budget and Management with the state Comprehensive Annual Financial Report.

Revenue Processing

The Revenue Processing Division is the central processing unit for the majority of the business and individual tax paper tax returns filed with the Department of Taxation. The primary function of our division is to facilitate voluntary compliance. This is accomplished through:

- receiving, extracting, batching, scanning and capturing tax returns, documents and remittances;
- storing and retrieving tax documents; and
- depositing taxpayer payments to the bank so that funds are available for distribution to state and local governments.

Every fiscal year, the Revenue Processing Division extensively tests data capture software and software vendor paper returns for both 1D and 2D barcoding.

The division processed over 2.2 million paper returns and 2.6 million check payments in fiscal year 2015. Listed below are volumes by tax type:

Table 2	
Tax Type	**Volume**
CAT	2,646
Corporation Franchise	2,610
Ohio Employer Withholding / School District Employer Withholding	818,170
Personal& School District	115,867
Income Tax	1,123,408
Pass-Through Entity	87,141
Sales	36,748
Tax Equalization	56,811
Excise	38,957
Other Business Taxes	1,621
Assessments	48,793
Other	377

Tax Analysis Division

The Tax Analysis Division serves as the research arm of the Ohio Department of Taxation, providing packaged data, quantitative analysis, revenue forecasts, policy analysis, and other information to internal and external customers. The division supplies this information upon request from the Governor's office, members of the General Assembly, other divisions of the department, all levels of local government, and to a wide variety of academic and private researchers. Each session of the Ohio General Assembly, the division provides revenue estimates for scores of bills that have proposed tax law changes and many proposals that never reach bill form. This activity is augmented by analyses of federal legislation that may impact Ohio state or local government finances.

Tax Analysis assists the Office of Budget and Management (OBM) with forecasting tax revenues, tracking revenue on a monthly basis, and making updates to OBM forecasts. The division also provides estimates of the Governor's tax proposals in the executive budget and the Tax Expenditure Report, traditionally "Book Two" of the executive budget.

Tax Analysis produces the tax data series that appears on the department's website – a statistical compilation series that puts Ohio in the forefront when it comes to data scope and quality. The division produces similar data for other publications, including "Property Taxation and School Funding," which is an educational aid for decision makers. The division also assembles the statistics, tables, graphs, and interstate comparison data for departmental publications, including this annual report.

Tax Analysis provides a number of services to local governments, including dozens of estimates of School District Income Tax revenues each year and, in conjunction with the Revenue Accounting Division, estimates of the distributions to the two local government funds. The division's employees frequently make presentations to state and local governmental officials, public school officials, and other organizations on a variety of topics.

Support Services

Other divisions of the Department of Taxation serve in more of a support role.

Budget and Fiscal Division

The Budget and Fiscal Division performs internal financial operations that help the department run its day-to-day operations. The division prepares and monitors the department's operating budget and is responsible for centralized purchasing, invoice payment, travel expense reimbursement, asset management and financial reporting. The division also administers the department's payment cards, petty cash funds and contracts.

Communications Office

The Communications Office supports the department's mission of helping taxpayers understand their responsibilities through the timely delivery of information to external and internal audiences. The office is the first point of contact for news media with questions about the department or requests for interviews. The office also:

- issues news releases and coordinates other events with state and local media to highlight significant events and policy changes at the department.
- manages the department's website, tax.Ohio.gov, with support from Information Services and liaisons throughout the agency.
- oversees several periodic publications, including this annual report and certain brochures.
- manages content on the department's internal website and develops other informational resources for department employees, including a monthly employee newsletter.

Office of Agency Performance

The Office of Agency Performance consists of Human Resources, Organizational Development, Internal Audit and Facilities Management.

Human Resources Division

The mission of the Human Resources Division is to develop and maintain the effective workforce needed to complete the department's mission.

Human Resources places a primary concern on helping leaders within the department build competent, effective and efficient work teams and units. The goal is accomplished by development of plans, policies, implementation strategies, and evaluative and strategic reviews.

The division also creates, implements, and assesses a wide range of human resource actions in the areas of recruitment, employment, compensation, labor and employee relations, performance management, employee development, and executive resources.

Organizational Development

Organizational Development coordinates and provides practical and applied professional skills and career development opportunities for all Taxation employees. The division works with the department's tax and administrative divisions to assess their ongoing organizational and staff development needs and then presents or assists with the development and delivery of appropriate and timely training.

Organizational Development coordinates, facilitates and participates in both process improvement initiatives and Kaizen events in-house and for other agencies. Results from these events save taxpayer dollars, reduce errors, decrease wait times, increase productivity and ensure standardization throughout the enterprise. The division also coordinates the department's involvement in the statewide Public Practice Continuing Legal Education (CLE) Coalition, including presenting a minimum of two Public Practice CLE seminars per year. The division has also launched a new initiative that allows business owners, accountants, attorneys and practitioners the option to participate in virtual tax academy sessions in which the most current information pertaining to small business owners is discussed in great detail. The accountants and attorneys who attend are also able to receive free continuing education credits. Organizational Development also coordinates special projects, conferences, department-wide health and wellness initiatives, corporate citizenship programs and employee recognition programs.

Internal Audit

The mission of the department's Internal Audit Division is to independently examine and evaluate the ongoing control processes of the department and to provide counsel and recommendations for improvements whenever needed. The division also investigates areas with a high potential for risk and offers suggestions and recommendations to minimize the department's exposure. The Internal Audit Division reports to the executive administrator of the Office of Agency Performance and has open access to discuss matters directly with the Tax Commissioner's deputies. The Internal Audit Division is free of all operational and management responsibilities that might impair an ability to make independent reviews of all aspects of the department's operations. Additionally, the division has been authorized to have free and unrestricted access to all departmental records, functions, property, and personnel in order to investigate and/or maintain sound internal controls. The division serves as the contact and liaison for representatives from the Auditor of State and Office of Budget and Management's Internal Audit offices.

Facilities Management

This section is responsible for managing, equipping and maintaining the department's office facilities, including safety and security. This section also administers mail operations, disposal of all fixed assets, central supply services and vehicle fleet program.

Information Services Division

The Information Services Division (ISD) supports the department's business divisions through the development and support of the tax administration systems, databases and information systems. This division works with the state's Office of Information Technology (OIT) to provide a secure architecture for the exchange of information with internal and external customers.

During fiscal year 2015, ISD worked on various legislated initiatives, including capturing and verifying dependent information to provide for a graduated personal dependent exemption based on OAGI. Additionally, the division implemented a solution to enable electronic filing of pass-through entity tax forms through the Modernized efile (MeF) system and enhanced its mobile application – Check My Refund – during this time frame. ISD also added an additional mobile application for a Sales Tax Rate Finder and continued to provide taxpayer self-services using Taxation's website and the state's Ohio Business Gateway.

The STARS project continued to make progress in fiscal year 2015, with three releases: severance tax in October 2014, horse racing tax in January 2015 and casino, international fuel, kilowatt and alcohol taxes in June 2015.

ISD continued its focus on the security of internal and external facing systems and applications, as well as working with OIT to ensure the infrastructure was available and reliable.

Legislation Division

The Legislation Division is the legislative coordinating unit for the Department of Taxation. It monitors state tax-related legislation and federal tax legislation that could affect Ohio or its tax laws, and it coordinates the department's program for compliance with legislative lobbying laws. The division also works with the Governor's Office and members of the Ohio General Assembly to provide legislative services including:

- analyzing and reviewing proposed tax-related legislation;
- assisting with constituent inquiries or problems; and
- providing briefings or background information concerning tax issues.

The division's employees attend committee hearings of the Ohio General Assembly and prepare and present testimony on tax policy issues. The division also provides information to the general public, state agencies, and elected officials about tax policy and the department's policies and procedures.

Ohio Department of Taxation's Partners

The Ohio Department of Taxation accomplishes many of its goals through collaborative partnerships with other governmental agencies.

The Internal Revenue Service provides data from federal returns which is used to check the accuracy of Ohio income tax returns. For example, the adjusted gross income reported by taxpayers on their federal returns is routinely compared with the adjusted gross income as reported on the Ohio returns. Discrepancies are researched by the department and taxpayers are contacted, if necessary, to verify their correct income.

Two sections of the Office of the Ohio Attorney General play key roles in the administration of Ohio taxes. The Taxation Section litigates cases for the Tax Commissioner at the Ohio Board of Tax Appeals and the Ohio Supreme Court, as well as at other state and federal courts. The Collections Enforcement Section performs collection activities on delinquent tax accounts.

The state Office of Budget and Management (OBM) receives all revenue collected by the department. Income tax and other refund checks, as well as electronic deposits to taxpayers' accounts, are generated by OBM based on data provided by the Department of Taxation.

The Ohio Development Services Agency certifies to the Department of Taxation certain credits available to Ohio taxpayers, such as the job creation tax credit, the job retention tax credit, the research and development investment tax credit, the technology investment tax credit, and the Ohio historic preservation tax credit.

The Ohio Department of Taxation also withholds income tax refunds from parents who are delinquent in their child support. Those amounts are forwarded to the Ohio Department of Job and Family Services which, in turn, disburses the money to the county child support enforcement agencies.

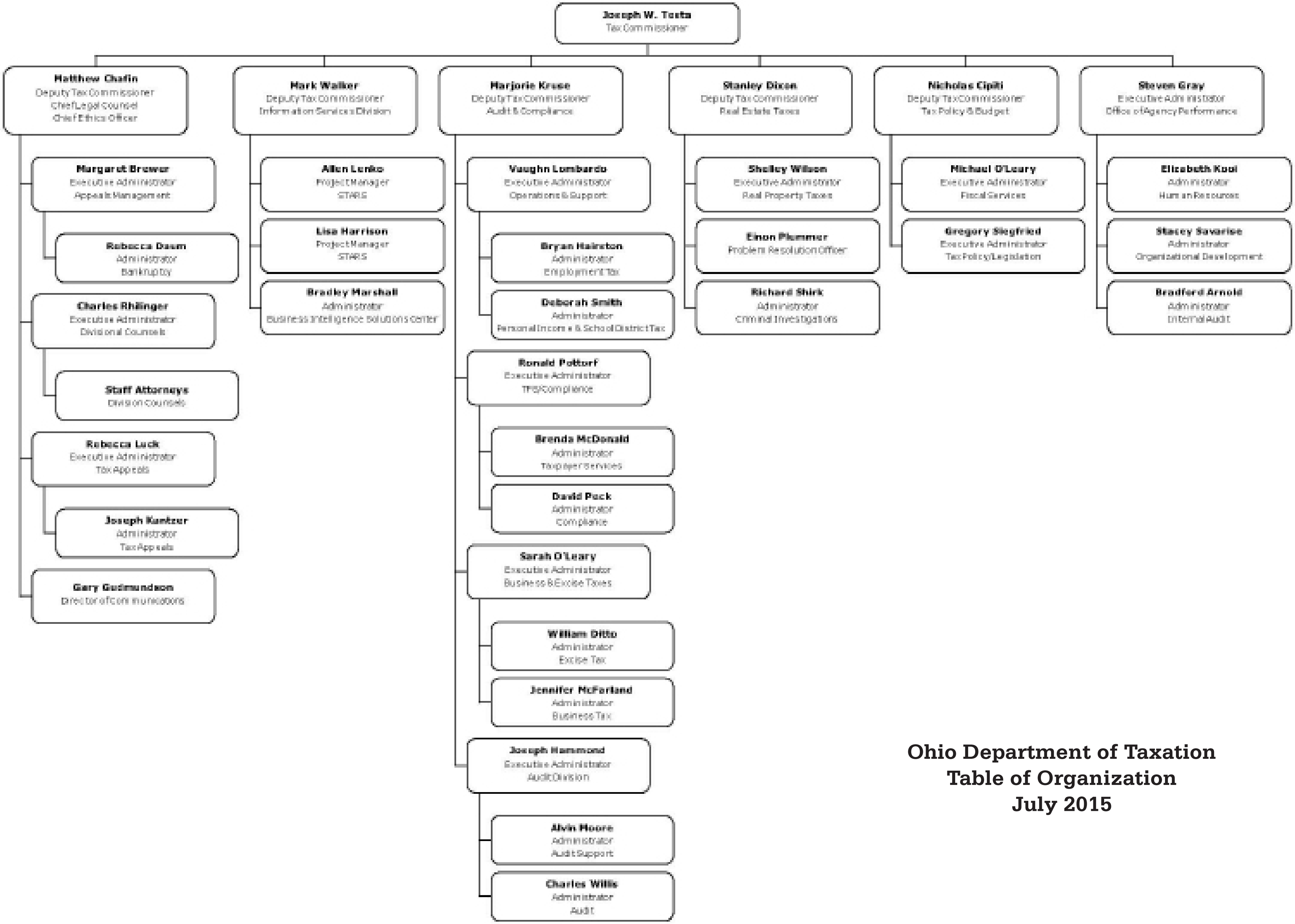
The Department of Taxation and the Ohio Department of Commerce share information on businesses with liquor permits according to procedures spelled out in the Ohio Revised Code. The agencies work to ensure that holders of liquor permits remain current in their sales tax and employer withholding tax filings and payments.

Administrative Tables

The tables that follow illustrate various aspects of the Department of Taxation's structure and mission, including its organization, expenditures and staffing. The tables also document the growth of electronic filing and the number of assessments recorded through the department's compliance programs. A final table provides totals of cash collected through these compliance programs in the most current fiscal year.

Ohio Tax Commissioners, 1939 to present

Tax Commissioner	Began service	Ended service	Appointed by
William S. Evatt	June 3, 1939	Dec. 31, 1944	John W. Bricker
C. Emory Glander	Jan. 1, 1945	Jan. 31, 1951	Frank J. Lausche
John W. Peck	Feb. 1, 1951	Jan. 31, 1954	Frank J. Lausche
Stanley J. Bowers	Feb. 1, 1954	April 14, 1963	Frank J. Lausche
Louis J. Schneider	April 15, 1963	Dec. 29, 1964	James A. Rhodes
Gerald A. Donahue	Jan. 4, 1965	March 12, 1966	James A. Rhodes
Gail W. Porterfield	March 13, 1966	Jan. 10, 1971	James A. Rhodes
Robert J. Kosydar	Jan. 11, 1971	Jan. 12, 1975	John J. Gilligan
Gerald S. Collins	Jan. 13, 1975	Sept. 10, 1975	James A. Rhodes
Edgar L. Lindley	Sept. 11, 1975	Jan. 9, 1983	James A. Rhodes
Joanne Limbach	Jan. 10, 1983	Jan. 13, 1991	Richard F. Celeste
Roger W. Tracy	Jan. 14, 1991	Jan. 11, 1999	George V. Voinovich
James J. Lawrence	Jan. 11, 1999	June 30, 1999	Bob Taft
Thomas M. Zaino	July 1, 1999	Oct. 31, 2003	Bob Taft
J. Patrick McAndrew	Nov. 1, 2003	Jan. 11, 2004	Bob Taft
William W. Wilkins	Jan. 12, 2004	Jan. 7, 2007	Bob Taft
Richard A. Levin	Jan. 8, 2007	Jan. 9, 2011	Ted Strickland
Joseph W. Testa	Jan. 10, 2011		John R. Kasich



Ohio Department of Taxation
Table of Organization
July 2015

Table 3

Ohio Department of Taxation Staff Structure & Number of Employees: Fiscal Year 2015

Unit of Organization	Number of Employees June 30, 2015
Administrative Divisions	
Tax Commissioner	9
Human Resources	10
Tax Analysis	8
Organizational Development	9
Legislation	2
Communications	3
Divisions Total	**41**
Audit	
Ohio	222
Chicago	5
Los Angeles	12
Division Total	**239**
Fiscal Services	
Administration, Budget & Fiscal	8
Revenue Accounting & Support Staff	71
Criminal Investigations	**33**
Facilities Management	**18**
Information Services	**100**
Internal Audit	**4**
Tax Equalization	**14**
Taxpayer Services	**106**
Compliance	**102**
Business & Excise Taxes Divisions	
Business Taxes	55
Excise Taxes	29
Divisions Total	**84**
Individual Income & School District, Business & Sales & Use Tax Divisions	
Individual Income & School District Tax	76
Employment Tax	52
Divisions Total	**128**
Total Permanent Employees	**999**

Chart 1

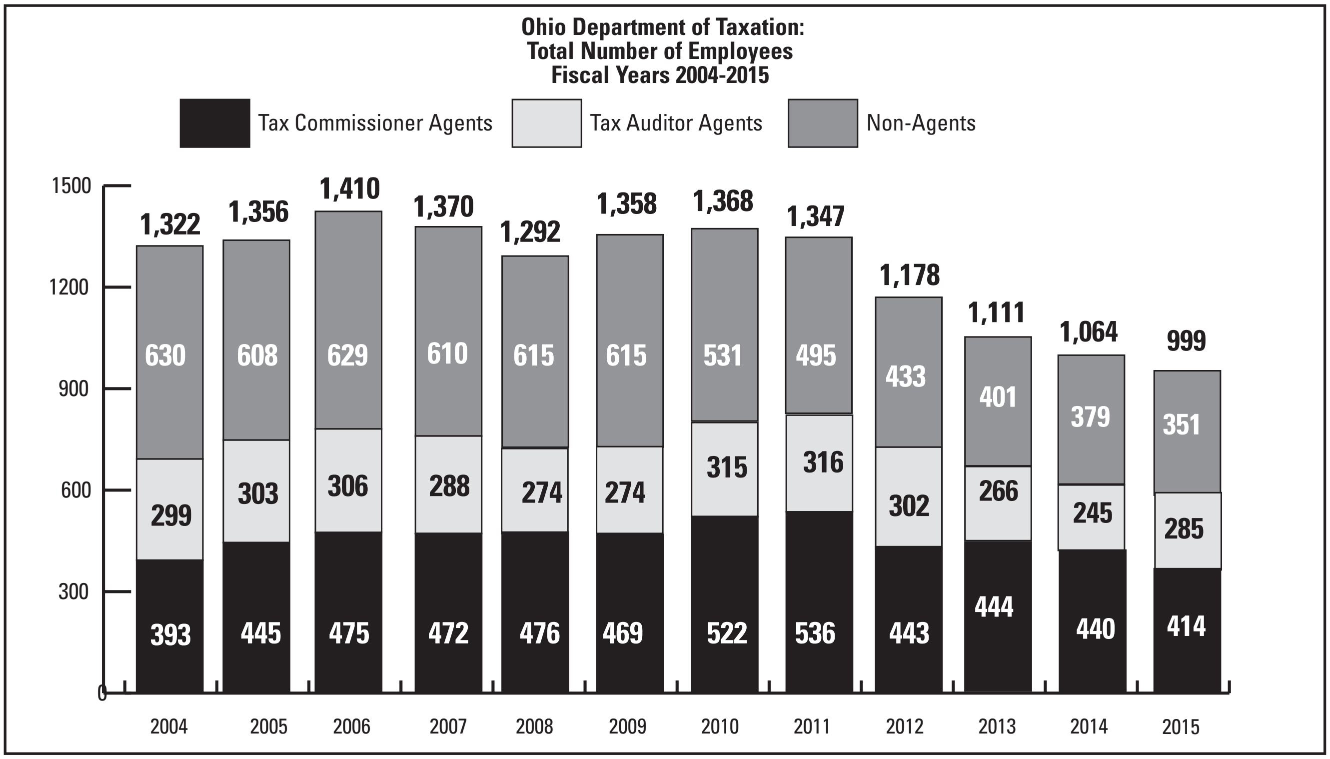


Table 4				
Expenditures of the Ohio Department of Taxation by Division Fiscal Year 2015				
Division	**Personal Service**	**Total Maintenance**	**Equipment**	**Total**
Administration	$7,288,611	$4,933,990	$37,653	$12,260,254
Chief Counsel	4,725,586	370,064	-	5,095,650
Criminal Investigations	2,795,758	366,877	78,890	3,241,525
Information Services	17,216,171	7,992,610	407,617	25,616,398
Audit	21,481,414	1,840,475	-	23,321,889
Fiscal Services	5,983,770	1,801,819	10,010	7,795,599
Taxpayer Services	7,511,635	487,228	-	7,998,863
Compliance	8,133,369	657,232	-	8,790,601
Tax Equalization	1,553,580	161,481	-	1,715,061
Business & Excise	6,890,211	2,394,244	-	9,284,455
PIT/SDIT/Employment Tax	9,869,147	1,381,628	-	11,250,775
Total	**$93,449,252**	**$22,387,648**	**$534,170**	**$116,371,070**

Table 5

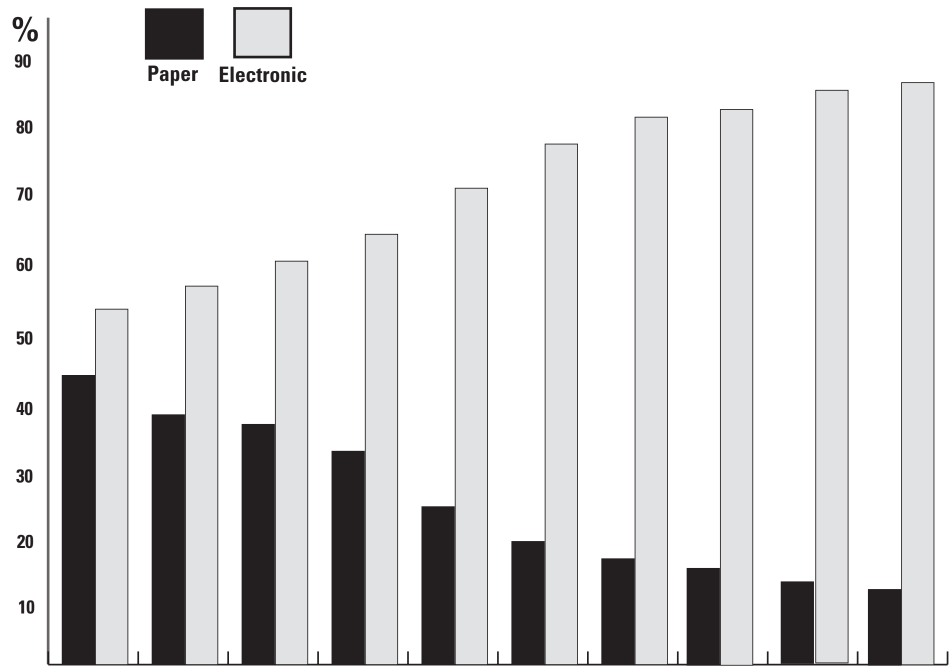
Ohio Individual Income & School District Income Tax Return Filing: Tax Years 2005 - 2014

State Returns	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Form IT 1040 (Paper)	1,742,348	1,523,984	1,602,623	1,397,111	1,060,834	829,241	752,607	297,908	625,939	256,293
Form IT 1040 EZ (Paper)	678,362	683,055	520,271	462,551	393,498	307,231	241,881	212,725	180,270	131,513
IT 10 (Paper)						662	5,033	3,354	3,495	3,713
1040 2D Barcode								399,312	0	387,350
Total Paper	**2,420,710**	**2,207,039**	**2,122,894**	**1,859,662**	**1,454,332**	**1,137,134**	**997,950**	**913,299**	**809,704**	**778,869**
IRS e-file program	2,348,393	2,575,570	2,838,958	2,953,002	3,224,727	3,565,617	3,809,166	3,904,374	**4,124,370**	**4,368,183**
ELF IT 10	n/a	n/a	n/a	n/a	n/a	n/a	62	1,082	1,104	1,179
ELF ITDA	n/a	n/a	n/a	n/a	n/a	n/a	3	19,288	n/a	n/a
Telefile	292,217	227,173	142,087	98,220	67,499	48,710	35,262	32,771	30,468	0
I-File	346,302	405,071	413,833	494,013	489,156	504,092	533,175	528,694	560,817	409,023
I-File IT 10	n/a	n/a	n/a	n/a	n/a	n/a	528	322	348	355
eForm IT 1040	n/a	n/a	20,601	21,350	16,622	20,258	n/a	n/a	n/a	n/a
eForm IT 1040 EZ	n/a	n/a	24,078	20,787	14,178	21,554	n/a	n/a	n/a	n/a
Total Electronic	**2,986,912**	**3,207,814**	**3,439,557**	**3,587,372**	**3,812,182**	**4,160,231**	**4,378,196**	**4,522,531**	**4,717,107**	**4,778,740**
Total State Returns	**5,047,622**	**5,414,853**	**5,562,451**	**5,447,034**	**5,266,514**	**5,297,365**	**5,376,146**	**5,435,830**	**5,526,811**	**5,557,609**
% filed on paper	44.8%	40.8%	38.2%	34.0%	27.6%	21.5%	18.6%	16.8%	14.6%	14.0%
% filed electronically	55.2%	59.2%	61.8%	66.0%	72.4%	78.5%	81.4%	83.2%	85.4%	86.0%
School District Returns										
SD 100 2d Barcode	n/a	n/a	n/a	n/a	n/a	n/a	0	64,202	0	50,697
Form SD 100 (paper)	321,717	307,221	324,053	293,600	213,468	173,496	152,397	71,995	121,206	66,546
Total Paper	**321,717**	**307,221**	**324,053**	**293,600**	**213,468**	**173,496**	**152,397**	**136,197**	121,206	117,243
IRS w/SDIT	224,825	266,247	318,190	366,276	443,999	488,467	526,736	568,267	598,685	635,527
I-File	41,142	56,171	66,077	77,187	82,095	86,223	88,306	87,320	93,782	78,813
eForm SD 100	n/a	n/a	5,023	4,937	4,322	5,041	n/a	n/a	n/a	n/a
Total Electronic	**265,967**	**322,418**	**389,290**	**448,400**	**530,416**	**579,731**	**615,042**	**655,587**	**692,467**	**714,340**
Total School Returns	**587,684**	**629,639**	**713,343**	**742,000**	**743,884**	**753,227**	**767,725**	**791,784**	**813,673**	**831,583**
% filed on paper	**54.7%**	**48.8%**	**45.4%**	**39.5%**	**28.7%**	**23.0%**	**19.8%**	**17.2%**	**14.9%**	**14.1%**
% filed electronically	**45.3%**	**51.2%**	**54.6%**	**60.5%**	**71.3%**	**77.0%**	**80.2%**	**82.8%**	**85.1%**	**85.9%**
All Returns										
Grand Total	**5,995,306**	**6,044,492**	**6,275,794**	**6,189,034**	**6,010,398**	**6,039,864**	**6,143,737**	**6,227,614**	**6,340,484**	**6,389,192**
Grand Total Paper	**2,742,427**	**2,514,260**	**2,446,947**	**2,153,262**	**1,667,800**	**1,310,630**	**1,150,499**	**1,049,496**	**930,910**	**896,112**
Grand Total Electronic	**3,252,879**	**3,530,232**	**3,828,847**	**4,035,772**	**4,342,598**	**4,739,962**	**4,993,238**	**5,178,118**	**5,409,574**	**5,493,080**
% filed on paper	**45.7%**	**41.6%**	**39.0%**	**34.8%**	**27.7%**	**21.5%**	**18.8%**	**16.9%**	**14.7%**	**14.0%**
% filed electronically	**54.3%**	**58.4%**	**61.0%**	**65.2%**	**72.3%**	**78.5%**	**81.2%**	**83.1%**	**85.3%**	**86.0%**

Source: Ohio Department of Taxation

Chart 2

Paper vs. Electronic Returns
Tax Years 2005-2014
(includes individual and school district income tax returns)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Paper Total	2,742,427	2,514,260	2,446,947	2,153,262	1,667,800	1,310,630	1,150,499	1,049,496	930,910	896,112
Electronic Total	3,252,879	3,530,232	3,828,847	4,035,772	4,342,598	4,739,962	4,993,238	5,178,118	5,409,574	5,493,080
Paper %	45.7%	41.6%	39%	34.8%	27.7%	21.5%	18.8%	16.9%	14.7%	14.0%
Electronic %	54.3%	58.4%	61%	65.2%	72.3%	78.5%	81.2%	83.1%	85.3%	86.0%

Table 6

Sales and Excise Tax Assessments Levied and Unpaid Assessments Certified for Collection: Fiscal Years 2014 - 2015

This table shows tax assessments levied against taxpayers for the fiscal years indicated, but not assessments collected. The number of assessments certified for collection in a fiscal year include assessments levied in a prior year, after taxpayers have exhausted all avenues of appeal.

	Assessments Levied				Unpaid Assessments Certified for Collection	
	FY 2014		FY 2015		FY 2014	FY 2015
Tax Category	Amount	Number	Amount	Number	Amount	Amount
Sales and Use	$457,736,819	137,212	$602,858,282	158,031	$223,507,054	$282,210,294
Commercial Activity	280,871,565	40,848	163,207,314	43,733	173,789,961	130,942,775
Motor Vehicle Use	3,124,297	29	190,210	2	11,520,858	0
Cigarette	50,285	13	1,440,806	11	175,431	135
Other Tobacco Products	1,342,865	111	996,305	113	1,476,336	208,883
Alcoholic Beverage	120,755	137	2,335,930	168	101,710	32,750
Severance	1,464,733	203	12,400,922	751	754,791	4,498
Horse Racing	0	0	0	0	0	0
Replacement Tire Fee	1,911	3	14,100	3	0	33,101
IFTA	42,967	48	44,998	14	71,725	0
Kilowatt-Hour	147,469	73	109,619	27	45,284	16,796
Master Settlement Agreement	18,500	67	21,500	81	41,500	4,000
MCF	5,806	2	9,160	17	0	16,797
Public Utlity Excise	0	0	0	0	0	0
Gross Casino Revenue	0	0	0	0	0	0
Total	**$744,927,972**	**178,746**	**$783,629,146**	**202,951**	**$411,484,650**	**$413,470,029**

Table 7

Individual Income Tax and Corporation Franchise Tax Assessments Levied: Fiscal Years 2014 - 2015

	Fiscal Year 2014		Fiscal Year 2015	
Tax	Amount	Number	Amount	Number
Corporation Franchise	$45,498,515	258	$16,937,844	99
Individual Income	268,997,270	150,896	98,427,838	82,774
Total	**$314,495,785**	**151,154**	**$115,365,682**	**82,873**

Table 8									
Cash Collections from Audit and Compliance Programs, FY 2015 (figures in millions)									
Tax	**Delinquent Programs**	**Automated Billing Programs**	**Assessment Collections**	**Audit Collections**	**Desk Exams**	**Discovery/ Nexus**	**Discovery**	**Total**	**% of Total**
Sales & Use	$61.3	$13.0	$63.1	$29.8	n/a	n/a	$0.7	**$167.9**	31.5
Corporation Franchise	0	1.3	2.0	34.2	n/a	n/a	n/a	**37.5**	7.0
Personal Income	1.3	30.3	109.5	n/a	n/a	n/a	16.4	**157.5**	29.5
Employer Withholding	0.5	4.8	9.4	0.4	n/a	n/a	0.8	**15.9**	3.0
Commercial Activity	55.5	10.7	19.7	22.5	n/a	n/a	0.4	**108.8**	20.4
Excise	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	n/a
Pass-Through Entity	n/a	n/a	n/a	8.8	n/a	n/a	2.5	**11.3**	2.1
School District Income	0.3	4.2	24.4	n/a	n/a	n/a	>0	**28.9**	5.4
Financial Institutions	n/a	n/a	n/a	0.7	n/a	n/a	n/a	**0.7**	>0.0
IFTA	n/a	n/a	n/a	> 0.0	n/a	n/a	n/a	**>0.0**	>0.0
Energy	0.3	2.5	2.4	0	$< 0.1	$> 0.0	n/a	**5.2**	1.0
Total	**$119.2**	**$66.8**	**$230.5**	**$96.4**	**$< 0.1**	**$> 0.0**	**$20.9**	**$533.7**	**100%***
* adds up to 99.9% due to rounding.									

Part II: State Taxes Administered by the Tax Commissioner

Alcoholic Beverage Taxes

Responsibility for administering Ohio's taxes on alcoholic beverages is split between the Department of Taxation and the Department of Commerce's Division of Liquor Control. This chapter covers only the role of the Department of Taxation, which administers taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume (ABV).

Tax payments from excise taxes on beer, wine, cider and mixed beverages totaled approximately $57.7 million in fiscal year 2015. Of this amount, approximately $56.6 million was distributed to the General Revenue Fund. Approximately $1.2 million from five cents per gallon of the excise tax on wine (including sparkling wine and vermouth) was distributed to the Ohio Grape Industries Fund. Two cents of the five cents is temporary and is scheduled to end on June 30, 2015.

The Department of Taxation also administers county permissive taxes on beer, wine, cider and mixed beverages. Cuyahoga County is the only county that levies such taxes. In 2008, the General Assembly prohibited new local taxes on alcohol. See the **Local Government Taxes** section for details.

Taxpayer

Excise taxes on alcoholic beverages are paid by the manufacturers, importers and wholesale distributors that sell and distribute in Ohio, as shown in the table below.

Type of Product	Code Section	Taxpayer
Bottle and canned beer	4301.42	Manufacturer, bottler, canner or wholesale dealer
Wine	4301.43	Manufacturer, wholesale dealer or retail dealer
Mixed beverages	4301.43	Manufacturer, wholesale dealer or retail dealer
Beer in barrels	4305.01	Manufacturer or consignee

Tax Base

(Ohio Revised Code 4301.01)

The tax base is comprised of beer, wine, cider and mixed beverages up to 21 percent ABV. These beverages are defined in law as follows:

- Beer is brewed or fermented from malt products. It contains at least 0.5 percent but not more than 12 percent ABV.
- Mixed beverages are mixtures of wine or distilled spirits with carbonated or noncarbonated flavoring materials. They contain at least 0.5 percent and not more than 21 percent ABV.
- Wine, including sparkling wine and vermouth, consists of fermented juices of grapes, fruits or other agricultural products. It contains at least 0.5 percent and not more than 21 percent ABV. By law, wine with less than four percent ABV is not subject to the alcoholic beverage excise tax.
- Cider consists of fermented juices of apples, including flavored, sparkling or carbonated cider. It contains at least 0.5 percent and not more than six percent ABV.

A separate tax on liquor gallonage is administered by the Division of Liquor Control.

Rates

Excise tax rates on each alcoholic beverage vary by type and alcohol content. The state tax rates are as follows:

Type of Product	Code Section	Measure	Rate
Beer in bottles or cans	4301.42	6 oz. or fractional part thereof	0.84 cent(s)[1]
Wine (containing 4% - 14% ABV[2])	4301.43 - .432	Gallon	32 cents
Wine (containing 14% - 21% ABV by volume)	4301.43 - .432	Gallon	$1.00
Vermouth	4301.43 - .432	Gallon	$1.10
Sparkling, carbonated wine & champagne	4301.43 - .432	Gallon	$1.50
Cider	4301.43	Gallon	24 cents
Mixed Beverages	4301.43	Gallon	$1.20
Beer in barrels	4305.01	31 gallons	$5.58
[1] The rate on bottles and cans having less than 12 ounces is 0.14 cent(s) per ounce.			
[2] Alcohol by volume.			

Exemptions and Refunds

(R.C. 4301.23, 4303.332, 4303.333, 4307.05)

Exemptions

The alcoholic beverage tax does not apply to:

- sacramental wine used in religious rites.
- sales to the federal government.
- sales for resale outside Ohio.

Small breweries

Any Ohio A-1-C permit holder (i.e., a manufacturer of beer with total production not to exceed 31 million gallons in a calendar year) will receive a credit against their excise tax the following year, and a refund on any excise tax paid during the current year, on up to 9.3 million gallons of beer distributed in Ohio.

Small wineries

Any licensed Ohio wine producer whose total production does not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax for such year and a refund of any excise tax paid.

Filing and Payment Dates

(R.C. 4303.33, 4301.422)

Filing and payment schedules vary according to the type of permit.

Beer permit holders

Advance payments are due on or before the 18th day of each month for that month's estimated tax liability. Monthly payments are due on or before the 10th day of the month for the previous month's liability.

Wine and mixed beverage permit holders

Monthly payments are due on or before the 18th day of each month for the previous month's liability.

Discounts and Additional Credits

(R.C. 4303.33, 4301.422)

Discounts and additional credits are available for collection and timely payment of tax liability by permit holders.

Beer permit holders

An advance pay credit is available equal to three percent of the amount of tax received by the 18th day of the month for which the tax is paid. Also, a discount is offered on the balance of tax due (after the advance payment) if received by the 10th day of the following month. This additional discount is the smaller of the following: three percent of 10 percent of the advance payment or three percent of the net amount of tax due after deducting the advance payment.

Wine and mixed beverage permit holders

A three percent discount is available on the amount of monthly payment if the payment is received on or before the 18th day of the month for the previous month's tax liability.

Disposition of Revenue

(R.C. 924.51-.55, 4301.43, 4301.432, 4301.46, 4305.01, 4301.423)

State levies

All of the excise tax is distributed to the General Revenue Fund, except for five cents per gallon of the excise tax on wine (including sparkling wine and vermouth), which is distributed to the Ohio Grape Industries Fund.

Administration

(R.C. 4307.04)

The Tax Commissioner administers alcoholic beverage taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume. The Division of Liquor Control, in the Ohio Department of Commerce, administers the liquor gallonage tax. The Division of Liquor Control is also responsible for issuing, suspending, and revoking all permits to manufacture, distribute, and sell alcoholic beverages.

Ohio Revised Code Citations

Chapters 924, 4301, 4303, 4305, 4307.

History of Major Changes

1805	General Assembly enacts first saloon license law, permitting counties to charge annual fees of between $4 and $12.
1851	New Ohio constitution prohibits the licensing of liquor traffic, but permits the legislature to "provide against evils resulting therefrom."
1886	After two previous taxes are struck down, the General Assembly enacts the Dow Law, a $200 annual tax on the traffic of liquor and $100 annual tax on the traffic of "malt or vinous" alcohol. Generally, the tax applies to saloons; manufacturers are exempted. Initially, proceeds are split between county treasuries and county poor funds. The Dow Law, framed as an "act providing against the evils" of liquor traffic, withstands constitutional scrutiny.
1888	Dow tax is raised to $250, regardless of type of alcohol. One-fifth of proceeds is directed to the state general revenue fund.
1896	Dow tax is raised to $350; 30 percent of revenue is dedicated to state general revenue fund.
1906	Dow tax is raised to $1,000.
1920	Prohibition begins.

History of Major Changes - continued

1933	Prohibition ends; the modern taxation of alcohol begins. Beer and malt beverages are taxed at $1 per barrel. Wine is taxed at 10 percent of retail price.
1934	Liquor is taxed at $1 per gallon. Tax on bottled beer and malt beverages is set at 0.75 cents per each six ounces or fractional share thereof.
1935	Mixed beverages are taxed at 10 percent of retail price. Malt beverage tax is increased to $2.50 per barrel.
1939	Mixed beverages are taxed at 40 cents per gallon. Wine tax is revised as follows: • Wine (less than 14 percent ABV.) • Wine (14 percent to 21 percent ABV: 30 cents per gallon). • Vermouth: 60 cents per gallon. • Sparkling wine and champagne: $1 per gallon.
1959	Sales of wine and mixed beverages are subjected to sales tax. Beer tax is increased to $2.50 per barrel.
1967	Beer and malt beverages are subjected to sales tax.
1969	New rates are enacted as follows: • Liquor gallonage: $2.25 per gallon. • Mixed beverages: 80 cents per gallon. • Wine (less than 14 percent ABV): 24 cents per gallon. • Wine (14 to 21 percent ABV): 60 cents per gallon. • Vermouth: 75 cents per gallon. • Sparkling wine and champagne: $1.25 per gallon.
1981	Temporary tax increases on beer, malt beverages, wine and mixed beverages take effect from January to June.
1982	Credit against taxes is enacted for Ohio brewers and wine producers. Also, wine tax is increased 2 cents per gallon, with 3 cents per gallon earmarked for grape industries. Distinction between "beer" and "malt" beverages is repealed. Tax on beer in containers of 12 ounces or less is changed to 0.125 cents per ounce.
1989	Tax on barreled beer is increased to $3.50 per barrel.
1992	Tax on beer is increased to 0.14 cents per ounce bottled and $5.58 per barrel. Mixed beverage tax is increased to $1.20 per gallon. Wine taxes are increased to the following rates: • Less than 14 percent alcohol: 32 cents per gallon. • Between 14 and 21 percent alcohol: $1 per gallon. • Sparkling wine: $1.50 per gallon. • Vermouth: $1.10 per gallon.
1995	Additional 2 cents of the excise tax on wine is temporarily allocated to the Ohio grape industry special account until July 1, 1999.
1997	Department of Liquor Control is renamed Division of Liquor Control and placed within the Department of Commerce.
1999	Temporary two cents per gallon tax on wine for the Ohio Grape Industries Fund is extended until July 1, 2001 (and extended for an additional two years in 2001, 2003, 2005, 2007, 2009, 2011, 2013 and 2015).
2007	General Assembly creates two new permit types, B-2A and S, to allow for the direct shipment of wine by small wineries to retailers and consumers in Ohio.
2008	General Assembly exempts holders of B-2A and S permits from 30 cents of the 32 cents per gallon wine tax and allows for a refund of all but two cents per gallon of the total tax paid by these permit holders, retroactive to Oct. 1, 2007. Also raises the threshold at which wine manufacturers are eligible for these permits from 150,000 gallons to 250,000 gallons.
2011	General Assembly allows an "S" permit holder direct shipment of beer by brand owner, or United States importer, to consumers in Ohio.
2013	Carved the A-1-c permit holders out of the A-1 permit holders. A-1-c permit holders are those manufacturers whose total production of beer, wherever produced, will not exceed 31 million gallons of beer in a calendar year.

Comparisons with Other States

(As of July 1, 2015)

Unless otherwise noted, the percentages in this listing refer to alcohol content measured by volume. One barrel equals 31 gallons. Conversions to gallons and barrels were done for comparison sake.

Georgia[1]	• Beer: $10 per barrel. • Wine (14 percent or less): Up to $1.51 per gallon. • Wine (over 14 and up to 21 percent): Up to $2.54 per gallon. • Wine (21 percent and greater): $3.79 per gallon. • Distilled spirits (less than 190 proof): $3.79 per gallon. • Alcohol (190 proof and greater): $5.30 per gallon.
Indiana	• Beer, malt beverages and cider: $3.57 per barrel. • Wine (less than 21 percent): 47 cents per gallon. • Mixed beverages (15 percent or less): 47 cents per gallon. • Liquor (21 percent and greater): $2.68 per gallon.

Comparisons with Other States - continued

Kentucky	• Beer, malt beverages, and weak cider: $2.50 per barrel. • Wine and cider: 50 cents per gallon. • Distilled spirits (less than 6 percent): 25 cents per gallon. • Distilled spirits (6 percent and greater): $1.92 per gallon.
Michigan	• Beer: $6.30 per barrel. • Wine (16 percent or less): 51 cents per gallon. • Wine (greater than 16 percent): 75.7 cents per gallon. • Mixed drinks (10 percent or less) $1.82 per gallon. • Distilled spirits (including wine 21 percent and greater): 12 percent of selling price.
North Carolina	• Beer: $19.13 per barrel. • Wine (less than 17 percent): $1.00 per gallon. • Wine (17 to 24 percent): $1.11 per gallon. • Liquor: 30 percent of selling price.
Pennsylvania	• Brewed or malt beverages, including cider: $2.48 per barrel. • Alcoholic beverages other than brewed or malt beverages: 18 percent of selling price.
Tennessee	• Beer and all other beverages (less than 5 percent): $35.60 per barrel. • Beer and all other beverages (5 to 7 percent) $1.10 per gallon. • Beer and all other beverages (7 to 21 percent): $1.21 per gallon. • Distilled spirits: $4.40 per gallon.
Texas	• Beer (4 percent alcohol by weight or less): $6.00 per barrel. • Ale and malt liquor (over 4 percent alcohol by weight): $6.14 per barrel. • Wine (14 percent or less): 20.4 cents per gallon. • Wine (over 14 percent): 40.8 cents per gallon. • Sparkling wine: 51.6 cents per gallon. • Distilled spirits: $2.40 per gallon. • Mixed beverages: 6.7 percent of gross receipts.
West Virginia	• Beer and similar products (less than 12 percent): $5.50 per barrel. • Wine: $1.00 per gallon. • Liquor: 5 percent of retail price.

[1]Inclusive of import tax.

Recent Legislation

House Bill 64, 131st General Assembly (FY 2016-2017 biennial budget bill; budget provisions effective July 1, 2015)

Extends through June 30, 2017, the two cents per gallon wine tax revenue that is credited to the Ohio Grape Industries Fund.

Table 1

Alcoholic Beverage Tax Revenue
Fiscal Years 2011 - 2015
(dollars in millions)

Fiscal Year	Beer	Wine & Mixed Beverages	Liquor	Total
2011	$44.9	$11.5	$37.6	$94.0
2012	46.5	12.2	39.4	98.1
2013	44.7	12.9	40.7	98.3
2014	44.0	12.6	41.8	98.4
2015	43.9	13.8	43.4	101.1

Source: Office of Budget and Management financial reports

Table 2			
Alcoholic Beverage Taxes, Reported Payments and Credits Fiscal Year 2015			
Type of Beverage	**Gross Tax**	**Credits and Discounts**	**Net Tax Receipts**
Beer			
Advance tax payments	$33.9	$1.1	$32.8
Payment with return	11.5	0.1	11.4
Sub-total	45.3	1.1	44.2
Wine and Mixed Beverages			
Payment with return	12.7	0.4	12.3
Total	**$58.0**	**$1.5**	**$56.5**
Source: Ohio Department of Taxation, as reported on tax returns.			

Table 3			
Alcoholic Beverage Taxes Liability Fiscal Years 2013 - 2015 (dollars in millions)			
Type of Beverage	**2013**	**2014**	**2015**
Beer	$48.9	$45.2	$45.4
Wine 14% or less ABV	5.9	5.6	5.5
Wine > 14-21% ABV	1.5	1.5	1.4
Mixed Beverages	3.8	3.7	3.7
Vermouth	0.1	0.1	0.1
Sparkling Wine	1.0	1.0	1.0
Cider	0.3	0.7	0.5
Total	**$61.6**	**$57.8**	**$57.6**
Note: Amounts represent tax liability as opposed to tax payments reported on Table 2.			
Source: Ohio Department of Taxation, as reported on tax returns.			

Cigarette and Other Tobacco Products Tax

Ohio has levied an excise tax on cigarettes since 1931. In fiscal year 2015, the cigarette excise tax rate was $1.25 per pack. The rate was increased to $1.60 per pack, effective July 1, 2015 (HB 64, 131st General Assembly). The tax is paid primarily by wholesale dealers through the purchase of stamps (tax indicia) that are affixed to packs of cigarettes. Individual consumers are responsible for paying the tax on cigarettes that are not taxed at the wholesale dealer level.

In fiscal year 2015, total state revenue from the sale of cigarettes amounted to $746 million, an amount that does not include revenue from taxes on other tobacco products. This amount was credited to the state General Revenue Fund.

An excise tax on other tobacco products (OTP) – including cigars, chewing tobacco, snuff, smoking tobacco and other tobacco products – was enacted effective Feb. 1, 1993. The 17 percent tax is levied on the wholesale price of other tobacco products manufactured in Ohio or imported into Ohio. The excise tax on "little cigars" was raised to 37 percent in 2013. In fiscal year 2015, total revenue was over $62.2 million. This amount was credited to the state General Revenue Fund.

The Department of Taxation administers and collects both the state tax and the permissive tax. For the permissive taxes, collection is made through sales of tax indicia for cigarettes to be sold in Cuyahoga County. See the **Local Cigarette Tax** chapter for details.

Taxpayer

(Ohio Revised Code 5743.01)

The cigarette tax is paid by:

- wholesale dealers, meaning those who purchase cigarettes directly from manufacturers, producers, importers or other wholesalers and then sell cigarettes to retailers for the purpose of resale.
- persons or companies who have cigarettes in their possession on which the excise tax has not been paid.

The tax on other tobacco products is paid by:

- distributors, meaning all manufacturers, wholesalers or retailers who are licensed as other tobacco product distributors.
- any person who receives other tobacco products in this state on which the excise tax has not been paid.

Tax Base

(R.C. 5743.02, 5743.021, 5743.32, 5743.62, 5743.63)

The base of the taxes discussed in this chapter includes:

- the sale of cigarettes in Ohio.
- the use, consumption or storage for consumption of cigarettes in Ohio.
- the receipt or import of other tobacco products for resale.

Rates

(R.C. 5743.02, 5743.32, 5743.51, 5743.63)

The state tax rate on the sales, use, or consumption of cigarettes is $1.25 per pack of 20 or 6.25 cents per cigarette.

The state tax rate on other tobacco products is 17 percent of the wholesale price.

The tax rate for "little cigars" is 37 percent of the wholesale price. Little cigars are defined as any roll for smoking, other than cigarettes, made wholly or in part of tobacco that uses an integrated cellulose acetate filter or other filter and is wrapped in any substance containing tobacco, other than natural leaf tobacco.

Exemptions

Cigarettes sold in interstate or foreign commerce or to the U.S. government or its agencies are exempt (R.C. 5743.05).

Special Provisions

Discounts (R.C. 5743.05, 5743.52, 5743.62)

As a consideration for affixing and canceling cigarette stamps, wholesale dealers receive a discount of 1.8 percent of the face value of stamps. Other tobacco products taxpayers receive a 2.5 percent discount for timely payment of the tax.

Monthly reports (R.C. 5743.072, 5743.15 and 5743.66)

Manufacturers and importers shipping cigarettes and other tobacco products into Ohio are required to register and file monthly reports with the Tax Commissioner.

Authorized sales (R.C. 5743.20)

The identities of all entities authorized to make cigarette and other tobacco products sales – including registered manufacturers and importers of cigarettes and other tobacco products, as well as all licensed cigarette wholesalers and distributors of other tobacco products – are subject to public disclosure. As required by law, the Tax Commissioner maintains this list at **tax.Ohio.gov.**

Unstamped cigarette prohibitions (R.C. 5743.10, 5743.99, 5743.111, and 5743.112)

It is a crime to possess packs of cigarettes not bearing the stamps required to be affixed thereto. It is a felony for any person to possess packs of cigarettes not bearing the stamps required or bearing stamps that have been affixed in violation of the law when the total number of cigarettes exceeds 1,200. Any such person also is liable for the excise tax due plus any applicable penalties and interest.

Authorized recipients of cigarettes (R.C. 2927.023)

All cigarettes coming into Ohio can only be transported or shipped to an "authorized recipient of tobacco products," such as a licensed cigarette dealer. All other exchanges of cigarettes must be made in "face-to-face" transactions. It is an offense, punishable by a fine of up to $1,000, to transport, or cause to be shipped, cigarettes to a person other than an "authorized recipient of tobacco products."

Cigarettes legal for sale in Ohio (R.C. 1346.04 – 1346.10)

The office of the Ohio Attorney General maintains a list on its web site of all cigarette brands that may be sold in Ohio. This list represents brands that are produced by manufacturers that are certified to be in compliance with the tobacco Master Settlement Agreement. It is illegal to sell in Ohio any brand of cigarette not on this list.

Master Settlement Agreement reports (R.C. 5743.03)

Persons who pay the cigarette or other tobacco products excise taxes are required to report the quantity of all cigarettes and roll-your-own cigarette tobacco sold in Ohio for each brand not covered by a manufacturer participating in the tobacco Master Settlement Agreement. A penalty of up to $250 per month may be imposed for failing to file this report.

Local Permissive Cigarette Tax levies are described in the **Local Taxes** section.

Filing and Payment Dates

Method of tax payment

All cigarette wholesale dealers are required to purchase stamps from the Treasurer of State. Dealers are required to pay for stamps at the time of purchase unless they have been authorized to make purchases on credit. The Tax Commissioner may authorize wholesale dealers to purchase stamps on credit, payable within 30 days. Credit sales are allowed during the months of July through April of each fiscal year.

Any person in possession of unstamped cigarettes (for example, a consumer who makes an out-of-state purchase) is required to pay the tax by direct payment to the Department of Taxation.

Filing Dates

(R.C. 5743.03, 5743.33, 5743.52)

Wholesale dealers file semi-annual returns on July 31 for the January to June period and on January 31 for the preceding July through December. The returns are required even though such dealers may have paid all their tax through the purchase of stamps. Any payment due on cigarettes not previously taxed is included.

Persons with untaxed cigarettes file monthly by the 15th day of each month for the preceding month.

Distributors or importers of other tobacco products file monthly reports by the last day of each month for the preceding month. Distributors with minimal sales activity may, upon authorization by the Tax Commissioner, file quarterly returns for the previous quarter's liability. Effective Sept. 12, 2014, distributors or importers of other tobacco products file monthly reports by the 23rd day of each month for the preceding month.

Disposition of Revenue

(R.C. 5743.02, 5743.51)

Revenue from the state cigarette and other tobacco products taxes is deposited in the state General Revenue Fund.

Administration

The state cigarette tax, the county cigarette tax and the tax on other tobacco products are administered by the Tax Commissioner.

Ohio Revised Code Citations

Chapter 5743.

Recent Legislation

House Bill 64, 131st General Assembly (FY 2016-2017 biennial budget bill; budget provisions effective July 1, 2015)

Cigarette and OTP related provisions include an increase, effective July 1, 2015, of the cigarette excise tax from $1.25 per pack to $1.60 per pack, and a requirement that the Tax Commissioner submit a quarterly report on tobacco-tax enforcement activities to the chairpersons of the House and Senate standing committees normally responsible for tax legislation.

House Bill 59, 130th General Assembly, (FY 2014-2015 biennial budget bill; budget provisions effective July 1, 2013)

Amends R.C. 5743.51 effective for invoices dated Oct. 1, 2014, to raise the other tobacco products tax on little cigars from 17 percent to 37 percent. A "little cigar" is "any roll for smoking, other than cigarettes, made wholly or in part of tobacco that uses an integrated cellulose acetate filter or other filter and is wrapped in any substance containing tobacco, other than natural leaf tobacco."

House Bill 492, 130th General Assembly

Items concerning cigarette and OTP taxes include: changing the due date for other tobacco products tax returns and payments to the 23rd of the month (both for monthly and quarterly filers) from the last day of the month; moving the selling of tax stamps from the Treasurer of State to the Ohio Department of Taxation; and eliminating the Tobacco Settlement Enforcement Fund. These provisions became effective Sept. 17, 2014.

History of Major Changes

Year	Item	Rate (Cigarettes per pack of 20)
1893	Legislature enacts annual tax of $300 on wholesalers and $100 on retailers.	---
1894	Annual tax is lowered to $30 for wholesalers and $15 for retailers.	---
1920	Annual tax is hiked to $200 for wholesalers and $50 for retailers.	---
1931	Legislature enacts cigarette tax, including the use of stamps. Wholesale and retail license fees fall to $100 and $25, respectively.	2 cents
1956	Rate increases by one cent.	3 cents
1959	Rate increases by two cents.	5 cents
1969	Rate increases by five cents.	10 cents
1971	Rate increases by five cents; cigarettes are exempted from sales tax.	15 cents
1981	Rate is cut by one cent; cigarettes again become subject to sales tax.	14 cents
1983	Tax is modified to a per-cigarette rate of 0.7 cents.	14 cents
1987	Rate increases by 0.2 cents per cigarette.	18 cents
1991	All cigarette tax revenues are allocated to the General Revenue Fund when capital improvement bonds retired in 1992.	18 cents
1992	Legislature enacts tax on other tobacco products at 17 percent of the wholesale price; cigarette rate increases by 0.3 cents per cigarette.	Cigarettes - 24 cents, OTP - 17%
2001	Minimum stamp discount rate is lowered from 3.6 percent to 1.8 percent.	Cigarettes - 24 cents, OTP - 17%
2002	Legislature increases cigarette tax by 1.55 cents per cigarette.	Cigarettes - 55 cents, OTP - 17%
2005	House Bill 66 increases the cigarette tax by 3.5 cents.	Cigarettes - $1.25, OTP - 17%
2009	House Bill 1 increases the annual license fee for cigarette wholesalers and tobacco distributors to $1,000 and for retailers to $125 per place of business. The Cigarette Tax Enforcement Fund receives 100 percent of cigarette wholesale license fees. Sixty percent of revenue from retail license fees is allocated for enforcement and 30 percent to the political subdivision where the business is located and 10 percent to the county.	Cigarettes - $1.25, OTP - 17%
2013	House Bill 59 increases the tax on "little cigars" from the 17 percent OTP rate on wholesale price to 37 percent.	Cigarettes - $1.25; OTP - 17%, Little Cigars - 37%
2014	House Bill 492 moved the selling of stamps and collection of revenue from the Treasurer of State to the Ohio Department of Taxation.	Cigarettes - $1.25; OTP - 17%, Little Cigars - 37%
2015	House Bill 64 increases the cigarette excise tax by 0.0175 cents per cigarette effective July 1, 2015.	Cigarettes - $1.60, OTP – 17%, Little Cigars – 37%

Comparison with Other States

(As of July 1, 2015)

In the table below, the cigarette tax rates are applied per pack of 20 and rounded to the nearest cent. Taxes on other tobacco products are expressed as a percentage of wholesale cost, unless specifically noted (Texas, for example). Some states apply special tax rates to specific tobacco products like cigars, moist snuff tobacco, and loose tobacco that are not shown here.

State	Cigarette Rate Per Pack	Other Tobacco Products Rate
Georgia	$0.37	23%
Indiana	$0.995	24%
Kentucky	$0.60	15%
Michigan	$2.00	32%
North Carolina	$0.45	12.8%
Pennsylvania	$1.60	none
Tennessee	$0.62	6.60%
Texas	$1.41	$1.22 per ounce
West Virginia	$0.55	7%

Table 1			
Cigarette and Other Tobacco Products Tax Revenue: Fiscal Years 2011 - 2015 (in millions rounded)			
Fiscal Year	**Cigarette**	**Other Tobacco Products**	**Total**
2011	$803.8	$51.9	$855.7
2012	789.8	53.4	843.2
2013	773.3	54.1	827.4
2014	757.0	57.0	814.0
2015	746.0	62.2	808.2
Source: Office of Budget and Management fiscal reports.			

Table 2			
Cigarette Tax Receipts: Fiscal Years 2011 - 2015 (in millions rounded)			
Fiscal Year	**Gross Stamp Tax**	**Discount**	**Net Tax Collected**
2011	$818.4	$14.7	$803.7
2012	786.0	14.1	771.9
2013	788.4	14.2	774.2
2014	771.6	13.9	757.7
2015	765.1	13.8	751.4
Source: Department of Taxation records			

Table 3			
Other Tobacco Products Tax Receipts: Fiscal Years 2011 - 2015 (in millions rounded)			
Fiscal Year	**Gross Tax**	**Discount**	**Net Tax Collected**
2011	$53.5	$1.3	$52.2
2012	54.8	1.4	53.4
2013	55.5	1.4	54.1
2014[1]	58.5	1.5	57.0
2015	63.8	1.6	62.2
[1]Reflects correction to prior year.			
Source: Office of Budget and Management fiscal reports			

Commercial Activity Tax

The commercial activity tax (CAT) is a tax imposed on the privilege of doing business in Ohio, measured by gross receipts. The CAT is paid either quarterly or annually and applies to most business types that operate in Ohio. The General Assembly enacted the tax in 2005 as part of House Bill 66, which also gradually phased out the tangible personal property tax and corporation franchise tax for most Ohio businesses. In fiscal year 2015, total CAT revenue was about $1,751.7 million.

Of the amount remaining after 0.85 percent was deposited in the revenue enhancement fund, about $854.0 million was deposited in the General Revenue Fund, about $597.8 million was deposited in the School District Tangible Property Tax Replacement Fund, and $256.2 million in the Local Government Tangible Property Tax Replacement Fund. About $28.8 million was deposited in the Commercial Activity Tax (CAT) motor fuel fund representing CAT revenues measured by receipts from the sale of motor fuel used to propel vehicles on the highways. Smaller amounts were deposited into the Attorney General claims fund, revenue enhancement fund and amounts remaining in the CAT hold fund at the end of the fiscal year.

Returns due and filed in fiscal year 2015 show that manufacturing taxpayers accounted for the largest share of tax liability or about $443.6 million and 26.1 percent of the total while accounting for 10.5 percent of all filers. The retail sector was the largest group of filers (12 percent), paying about $346.3 million or 20.3 percent of total liability. Filers with taxable gross receipts of $100 million or greater accounted for more than half (54.2 percent) of total CAT liability and just above 0.6 percent of the overall filer population. In contrast, taxpayers whose receipts were under $1 million represented about 0.5 percent of total tax liability but made up 66.3 percent of all taxpayers.

Taxpayer

(Ohio Revised Code 5751.01)

Generally, the CAT is paid by any person with more than $150,000 in taxable gross receipts in a calendar year. The term "person" includes sole proprietors, partnerships and corporations. It also applies to service providers such as medical professionals, attorneys and accountants. The tax also applies to all businesses that either:

- have at least $500,000 in taxable gross receipts in Ohio;
- have at least $50,000 in property in Ohio;
- expend at least $50,000 of payroll in Ohio;
- have at least 25 percent of their total property, payroll or gross receipts in Ohio; or
- are domiciled in Ohio.

The tax does not apply to entities that are deemed "excluded persons" such as nonprofit organizations or certain types of entities that are liable for another Ohio tax, including:

- financial institutions and certain affiliates of financial institutions, which, depending on the privilege year, pay the financial institutions tax;
- insurance companies, which pay the Ohio insurance premiums tax.

The tax also does not apply to certain receipts of public utilities that are subject to the public utility excise tax.

Tax Base

(R.C. 5751.01)

The CAT is a business privilege tax measured by gross receipts sitused to Ohio. "Gross receipts" means the total amount realized, without deduction for the cost of goods sold or other expenses incurred, that contributes to the production of gross income. Examples of gross receipts include sales, performance of services and rentals or leases. The CAT is measured by gross receipts sitused to Ohio in accordance with rules that are primarily destination based. The method of accounting for gross receipts for the CAT is the same as for federal income tax purposes (that is, accrual or cash basis).

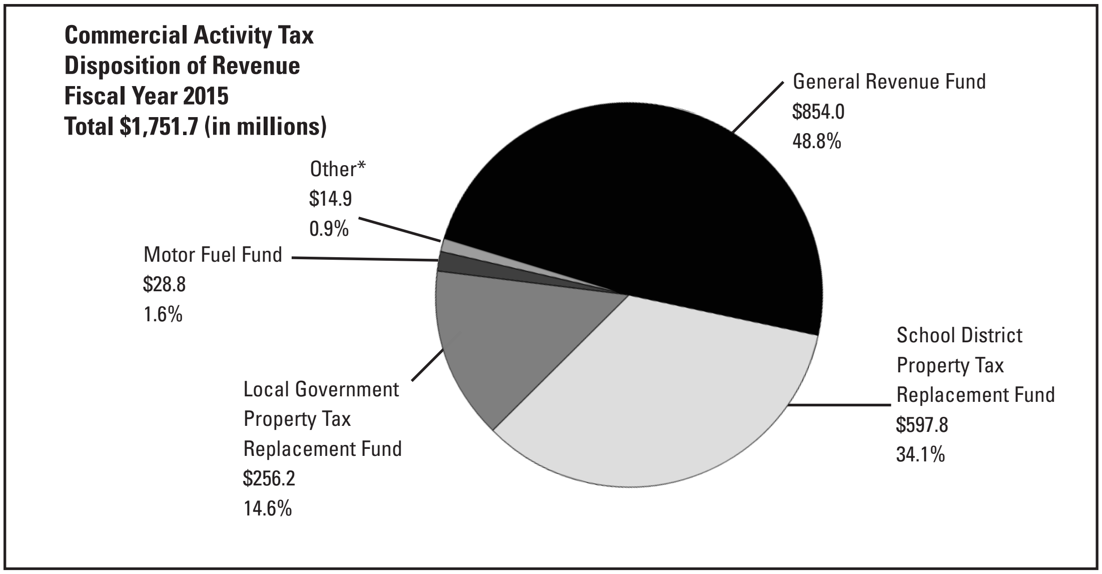
Annual Minimum Tax

(R.C. 5751.03)

Generally, filers with annual taxable gross receipts of $150,000 or less are not subject to the CAT. Filers with annual taxable gross receipts of more than $150,000 are subject to an annual minimum tax. For tax periods beginning on or after Jan. 1, 2014, the amount of annual minimum tax that a CAT filer pays for the calendar year is determined from a schedule of fixed dollar amounts that corresponds to their overall commercial activity in Ohio in the previous calendar year.

- $150 for filers with more than $150,000 but less than or equal to $1 million taxable gross receipts in the previous calendar year.

Chart 1



*Other Includes: Revenue Enhancement Fund, AG Claims Fund, CAT Registration Fund and CAT Tax Receipts Fund.
Source: Office of Budget and Management financial reports.

- $800 for filers with more than $1 million but less than or equal to $2 million taxable gross receipts in the previous calendar year.
- $2,100 for filers with more than $2 million but less than or equal to $4 million taxable gross receipts in the previous calendar year.
- $2,600 for filers with more than $4 million taxable gross receipts in the previous calendar year.

Businesses with annual taxable gross receipts in excess of $1 million pay the annual minimum tax plus the product of a tax rate of 0.26% multiplied by taxable gross receipts for the tax period after subtracting the exclusion amount as provided for in the law. Each taxpayer may exclude the first $1 million of taxable gross receipts for a calendar year. Calendar quarter taxpayers apply the full exclusion amount to the first calendar quarter return the taxpayer files that calendar year and may carry forward and apply any unused exclusion amount to subsequent calendar quarters within that same calendar year.

Rates

(R.C. 5751.03)

Businesses with annual taxable gross receipts in excess of $1 million pay the annual minimum tax plus the product of a tax rate of 0.26% multiplied by taxable gross receipts for the tax period after subtracting the exclusion amount as provided for in the law. Each taxpayer may exclude the first $1 million of taxable gross receipts for a calendar year. Calendar quarter taxpayers apply the full exclusion amount to the first calendar quarter return the taxpayer files that calendar year and may carry forward and apply any unused exclusion amount to subsequent calendar quarters within that same calendar year.

Major Exemptions and Exclusions

(R.C 5751.01)

The CAT does not apply to:

- nonprofit organizations;
- financial institutions and certain affiliates of financial institutions, which pay the financial institutions tax;
- insurance companies that pay the Ohio premiums tax;
- certain receipts of public utilities that are subject to the public utility excise tax.

There are certain kinds of receipts that are excluded from the definition of "gross receipts" under R.C. 5751.01. Effective July 1, 2014, R.C. 5751.01 excludes receipts from the sale or exchange of motor fuel from the definition of "gross receipts" for CAT purposes.

Credits

(R.C. 5751.51 – 5751.53, 5751.98)

Eligible taxpayers began accumulating one or all of the following credits against their CAT liabilities beginning Jan. 1, 2008, and were able to claim these credits beginning July 1, 2008 (on the return due Nov. 9, 2008):

- jobs creation tax credit;
- jobs retention tax credit;
- credit for qualified research expenses; and
- credit for research and development loan payments.

Credit for unused franchise tax net operating loss deductions became available starting with the 2010 calendar year. Additionally, beginning in March 2013, a refundable motion picture tax credit became available against the CAT. Temporarily, the historic preservation tax credit may be claimed against the CAT.

For more information about these credits, see the **Business Tax Credits** chapter.

Filing and Payment Dates

(R.C. 5751.051)

All businesses liable for the CAT must register prior to filing a return. All taxpayers are subject to the annual minimum tax due by May 10 of each year.

Taxpayers with taxable gross receipts greater than $1 million must file quarterly returns. Quarterly returns must be filed electronically through the Ohio Business Gateway. Quarterly returns are due by the 10th day of the second month after the end of each calendar quarter (May 10, Aug. 10, Nov. 10, and Feb. 10).

Taxpayers with taxable gross receipts less than $1 million may file annual returns. The annual return must also be filed electronically, by using the Ohio Business Gateway or the department's TeleFile system. The annual return is due on or before May 10 each year. The annual return reports the prior year's taxable gross receipts and pays the annual minimum tax for the current (privilege) year.

Disposition of Revenue

(R.C. 5751.20)

All collections from the CAT are deposited in the commercial activity tax receipts fund. From that fund, 0.85 percent is dedicated to the revenue enhancement fund and is used to defray the costs incurred by the department in administering the tax and in implementing tax reform measures. The remainder is first credited to the commercial activity tax motor fuel receipts fund in accordance with R.C. 5751.20(B)(2) and then to the general revenue fund, to the school district tangible property tax replacement fund, and to the local government tangible property tax replacement fund in the following percentages:

- 50 percent of the revenue to the General Revenue Fund.
- 35 percent of the revenue to the School District Property Tax Replacement Fund.
- 15 percent of the revenue to the Local Government Property Tax Replacement Fund.

Table 1: Commercial Activity Tax Revenue (all funds)

Fiscal Year	Total (in millions)
2011	$1,451.6
2012	1,656.3
2013	1,595.1
2014	1,685.8
2015	1,751.7

Source: Office of Budget and Management financial reports

Administration

The Tax Commissioner administers the CAT and distributes the revenue to the various funds.

Ohio Revised Code Citations

Chapter 5751.

Recent Court Decisions

Beaver Excavating Co. v. Testa, 2012-Ohio-5776, 134 Ohio St. 3d 565, 566, 983 N.E.2d 1317, 1320 (2012).

The Ohio Supreme Court reversed the decision made by the Tenth District Court of Appeals. The issue raised in this case is the constitutionality of the commercial activity tax as applied to gross receipts from motor vehicle fuel sales. The decision was issued on Dec. 7, 2012 and is given prospective application. The Court held that the statutory allocation of CAT revenues derived from the sale of motor-vehicle fuel violates the Section 5a clause of the Ohio Constitution because the funds are not dedicated to highway expenditures.

Recent Legislation

Amended Substitute House Bill 64, 131st General Assembly (FY 2016-2017 biennial budget bill; budget provisions effective July 1, 2015)

The Act amended 5751.01(F)(2)(jj) to clarify the definition of gross receipts. The Act excluded qualifying integrated supply chain receipts from the definition of gross receipts for CAT purposes. Qualifying supply chain receipts, qualified property, qualified integrated supply chain vendor, and qualified integrated supply chain district, were defined in the Act. This provision was made retroactive to 2011.

The Act amended 5751.20 and 5751.02 to change the allocation of CAT revenue, effective July 1, 2015. The changes to allocation occur after crediting to the commercial activity tax motor fuel receipts fund in accordance with R.C. 5751.02(C)(2), as amended by Am. Sub. H.B. 64, 131st G.A. The percent allocation to the general revenue fund, to the school district tangible property tax replacement fund, and to the local government tangible property tax replacement fund was changed to:

- 75 percent of the revenue to the General Revenue Fund,
- 20 percent of the revenue to the School District Tangible Property Tax Replacement Fund, and
- 5 percent of the revenue to the Local Government Tangible Property Tax Replacement Fund.

Amended Substitute House Bill 59,130th General Assembly (effective July 1, 2013)

Beginning on July 1, 2014, receipts from the sale, transfer, exchange, or other disposition of motor fuel are excluded from the definition of taxable gross receipts for purposes of the CAT. Beginning on July 1, 2014, the Petroleum Activity Tax (PAT) is levied on suppliers of motor fuel, and is measured by a supplier's gross receipts from the first sale, transfer, exchange or other disposition of motor fuel in Ohio to a point outside of the distribution system.

History of Major Changes

2005	The CAT is enacted as part of HB 66.
2006	Legislation allows for certain corporations to claim an unused tax credit that was previously available against corporation franchise tax. Beginning in 2007, an existing exemption for amounts derived from shipments into or out of a qualified foreign trade zone was replaced with an exemption for certain receipts from the sale of tangible personal property delivered to a "qualified distribution center."
2007	Legislation devoted 70 percent of CAT revenue to the School District Tangible Property Tax Replacement Fund. The same legislation authorized an alternative method for situsing receipts from services that must be applied in a reasonable, consistent and uniform manner that is supported by the taxpayer's records as they existed when the service was performed or within a reasonable time thereafter.
2009	In Ohio Grocers Assn. v. Levin, the Ohio Supreme Court reversed the decision made by the Tenth District Court of Appeals and upheld that the CAT "is not a tax on the sale or purchase of food and therefore does not violate the Ohio Constitution." Beginning in 2010, the due date for the annual minimum tax was moved from February to May. Additionally, the quarterly due dates for the CAT returns were moved to the tenth day of the second month following each tax period. Previously, the due date floated based on the calculation of forty days following each tax period.
2010	A legislative change allows a person (in certain situations) who, after completion of the calendar year, was not subject to the CAT because the person's taxable gross receipts were $150,000 or less, to apply for a refund of the previously paid annual minimum tax.
2012	In Beaver Excavating Co. v. Testa, the Ohio Supreme Court held that the statutory allocation of the CAT revenues derived from the sale of motor-vehicle fuel violates the Section 5a clause of the Ohio Constitution because the funds are not dedicated to highway expenditures.
2013	HB 59 modifies the method of collecting the tax due. It excludes from the CAT base receipts of licensed agricultural commodity handlers from the sale of agricultural commodities. Beginning July 1, 2014, it excludes from the CAT base receipts from the sale or exchange of motor fuel. The bill also replaces a fixed minimum tax with a variable rate minimum tax, beginning Jan. 1, 2014.

Comparisons with Other States

(As of June 30, 2015)

None of the states selected for comparison in this publication impose a tax which is exclusively measured by gross receipts. However, the following states impose corporate income taxes: Georgia (6%), Kentucky (4% - 6%), Michigan (6%), North Carolina (5%), Pennsylvania (9.99%), Tennessee (6.5%) and West Virginia (6.5%). Texas imposes a franchise tax ("margin tax") which is based on the lesser of three alternative computations: total receipts less costs of goods sold; total receipts less compensation paid; or total receipts multiplied by 70 percent, and the rate is 0.95 percent of taxable margin. Some of these comparison states levy additional taxes paid by businesses that are not described here (e.g., tax on business personal property).

Table 2

Fiscal Year 2015 Commercial Activity Tax Returns, Number of Returns and Reported Financial Data, by Industrial Classification[1] (dollar amounts are in thousands)

Industrial Sector	NAICS Code Ranges	Number of Filers	Taxable Gross Receipts	Exclusion[2,5]	Net Taxable Gross Receipts	Tax at 0.26% Rate	Annual Minimum Tax[3]	Tax at 0.26% rate plus Minimum Tax, before all credits[5]	Non-refundable Tax Credits[4]	Refundable Tax Credits[4]	Total Tax Due: 0.26% Tax and Minimum Tax, after all credits
Agriculture, Forestry, and Fishing	111100-115310	7,319	$7,966,650	$3,874,234	$4,092,416	$10,631	$2,898	$13,530	$95	$33	$13,396
Mining	211110-213110	900	11,869,239	546,086	11,323,153	29,442	798	30,240	294	110	29,833
Utilities (excluding telecommunications)	221100-221300	175	17,314,270	131,647	17,182,623	44,675	221	44,896	1,462	0	43,434
Construction	236110-238900	16,111	42,991,948	9,898,893	33,093,055	86,045	11,191	97,235	829	2,211	94,109
Manufacturing	311110-339900	16,700	219,342,089	12,280,257	207,061,832	538,327	18,079	556,406	70,180	46,484	443,610
Wholesale Trade	423100-425120	9,760	92,348,874	6,950,787	85,398,087	222,008	10,463	232,471	2,870	10,981	218,607
Retail Trade	441110-454390	19,099	144,012,042	11,912,893	132,099,149	343,458	13,867	357,325	1,603	10,235	346,256
Transportation and Warehousing	481000-493100	4,869	21,005,180	3,044,045	17,961,136	46,694	3,700	50,395	98	441	49,835
Information (including telecommunications)	511110-519100	1,713	30,178,794	1,042,825	29,135,969	75,741	1,386	77,127	1,884	7,243	68,005
Finance and Insurance	522110-525990	6,019	15,497,351	2,767,593	12,729,758	33,101	2,698	35,799	1	7,087	28,684
Real Estate, and Rental & Leasing of Property	531110-533110	15,166	21,073,071	7,519,624	13,553,447	35,234	6,446	41,680	84	270	41,377
Professional, Scientific and Technical Services	541110-541990	16,492	40,396,473	9,044,665	31,351,808	81,505	9,279	90,784	1,726	4,801	84,489
Management of Companies (Holding Companies)	551111-551112	855	36,979,005	685,060	36,293,946	94,365	1,396	95,761	3,555	8,062	84,205
Administrative & Support Services, and Waste Management & Remediation Services	561110-562000	4,568	12,515,185	2,614,670	9,900,515	25,742	2,810	28,552	253	769	27,617
Education, Health Care and Social Assistance	611000-624410	12,317	27,213,490	7,901,608	19,311,882	50,211	7,710	57,920	38	66	57,810
Arts, Entertainment, and Recreation	711100-713900	1,842	4,430,434	968,700	3,461,734	9,001	813	9,813	0	2,905	6,912
Accommodation and Food Services	721110-722515	9,953	19,449,992	6,160,279	13,289,713	34,553	5,486	40,040	202	81	39,758
Other Services	811110-812990	8,911	9,247,461	4,559,526	4,687,935	12,189	3,488	15,677	1	22	15,648
Unclassified	n/a	6,784	5,635,135	3,015,167	2,619,968	6,812	2,368	9,179	42	11	9,124
TOTAL		**159,553**	**$779,466,686**	**$94,918,559**	**$684,548,126**	**$1,779,733**	**$105,097**	**$1,884,830**	**$85,218**	**$101,811**	**$1,702,710**

Source: Department of Taxation

[1] The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2015. The table reflects reported tax liability, not actual payments made. In addition the table reflects information from tax returns processed by the Department of Taxation on or after July 1, 2014 to on or before September 30, 2015, and includes quarterly returns for the 2nd, 3rd, 4th calendar quarters of 2014, the 1st calendar quarter of 2015, and annual returns for calendar year 2014. The quarterly CAT returns for these time periods are due in August 2014, November 2014, February 2015 and May 2015, respectively, and the annual returns are due May 2015. Each of these due dates fall within fiscal year ending June 30, 2015. Any original or amended returns filed after September 30, 2015 are not reflected in this table.

[2] For each filer, the entire annual exclusion of $1,000,000 may be taken on the first quarter return, up to the amount of total gross receipts. Any unused exclusion is carried forward to subsequent quarters.

[3] The annual minimum tax is $150 for filers with more than $150,000 but less than or equal to $1 million taxable gross receipts in the previous calendar year. The annual minimum tax is $800 for filers with more than $1 million but less than or equal to $2 million taxable gross receipts in the previous calendar year. The annual minimum tax is $2,100 for filers with more than $2 million but less than or equal to $4 million taxable gross receipts in the previous calendar year. The annual minimum tax is $2,600 for filers with more than $4 million taxable gross receipts in the previous calendar year. All taxpayers (annual taxpayers and quarterly taxpayers alike) are required to pay the annual minimum tax. In general, persons with annual gross receipts of $150,000 or less are not subject to the commercial activity tax.

[4] Nonrefundable credits and refundable credits listed on this table were filed according to the time schedule described in footnote (1), and were reviewed and verified by the Department of Taxation, Commercial Activities Tax Division, as of September 30, 2015. Any credits filed, reviewed, or verified after September 30, 2015 are not reflected in this table.

[5] Two fields, "Exclusion" and"Tax at 0.26% rate plus Minimum Tax, before all credits" do not exist as lines on CAT returns. Each of these fields was, therefore, calculated. The "Exclusion" field was calculated by subtracting "Net Taxable Gross Receipts" from "Taxable Gross Receipts" for each filer. The "Tax at 0.26% rate plus Minimum Tax, before all credits", field was calculated by summing "Tax at 0.26% Rate", and "Annual Minimum Tax" for each filer.

Table 3

Fiscal Year 2015 Commercial Activity Tax Returns,
Number of Returns and Reported Financial Data, by Size of Taxable Gross Receipts[1]
(Dollar amounts are in thousands)

Size Range of Taxable Gross Receipts[2]	Number of Filers	Taxable Gross Receipts	Exclusion[3,6]	Net Taxable Gross Receipts	Tax at 0.26% Rate	Annual Minimum Tax[4]	Tax at 0.26% rate plus Minimum Tax, before all credits[6]	Non-refundable Tax Credits[5]	Refundable Tax Credits[5]	Total Tax Due: 0.26% Tax and Minimum Tax, after all credits
Less than $1,000,000	105,734	$41,491,918	$41,142,835	$349,084	$907	$16,023	$16,929	$44	$8,504	$8,426
$1,000,000 - $1,999,999	22,087	31,374,551	21,885,284	9,489,267	24,670	17,521	42,191	428	963	41,163
$2,000,000 - $2,999,999	8,941	21,848,422	9,056,530	12,791,892	33,254	16,862	50,115	282	969	49,006
$3,000,000 - $3,999,999	4,832	16,723,672	4,959,045	11,764,627	30,589	9,967	40,556	1,327	1,113	39,255
$4,000,000 - $4,999,999	3,029	13,502,342	3,070,146	10,432,196	27,124	7,351	34,475	3,026	162	34,205
$5,000,000 - $9,999,999	6,570	45,993,032	6,563,207	39,429,825	102,518	16,332	118,850	888	1,830	116,198
$10,000,000 - $24,999,999	4,603	70,737,454	4,549,838	66,187,615	172,087	11,542	183,629	1,961	2,725	179,398
$25,000,000 - $49,999,999	1,733	60,937,148	1,704,718	59,232,430	154,002	4,382	158,384	1,434	7,374	149,572
$50,000,000 - $99,999,999	1,006	69,828,878	986,957	68,841,921	178,986	2,536	181,522	3,271	15,587	162,576
$100,000,000 - $499,999,999	853	174,621,657	835,000	173,786,657	451,795	2,151	453,946	15,083	22,146	416,612
$500,000,000 - $999,999,999	97	66,562,420	97,000	66,465,420	172,775	252	173,027	10,849	6,107	156,051
$1 billion and above	68	165,845,192	68,000	165,777,192	431,027	177	431,203	46,626	34,331	350,247
TOTAL	**159,553**	**$779,466,686**	**$94,918,559**	**$684,548,126**	**$1,779,733**	**$105,097**	**$1,884,830**	**$85,218**	**$101,811**	**$1,702,710**

Source: Department of Taxation

[1] The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2015. The table reflects reported tax liability, not actual payments made. In addition the table reflects information from tax returns processed by the Department of Taxation on or after July 1, 2014 to on or before September 30, 2015, and includes quarterly returns for the 2nd, 3rd, 4th calendar quarters of 2014, the 1st calendar quarter of 2014, and annual returns for calendar year 2014. The quarterly CAT returns for these time periods are due in August 2014, November 2014, February 2015 and May 2015, respectively, and the annual returns are due May 2015. Each of these due dates fall within fiscal year ending June 30, 2015. Any original or amended returns filed after September 30, 2015 are not reflected in this table.

[2] These categories reflect aggregate taxable gross receipts (before exclusion) as reported by taxpayers on returns that were due during fiscal year 2015 and processed by the Department of Taxation on or after July 1, 2014 to on or before September 30, 2015. For example, a taxpayer whose taxable gross receipts were $5 million, $6 million, $4 million, and $7 million, on returns filed in August 2014, November 2014, February 2015 and May 2015, respectively, would have total fiscal year 2015 taxable gross receipts of $22 million, and thereby would be included within the $10 - $25 million category.

[3]For each filer, the entire annual exclusion of $1,000,000 may be taken on the first quarter return, up to the amount of total gross receipts. Any unused exclusion is carried forward to subsequent quarters.

[4] The annual minimum tax is $150 for filers with more than $150,000 but less than or equal to $1 million taxable gross receipts in the previous calendar year. The annual minimum tax is $800 for filers with more than $1 million but less than or equal to $2 million taxable gross receipts in the previous calendar year. The annual minimum tax is $2,100 for filers with more than $2 million but less than or equal to $4 million taxable gross receipts in the previous calendar year. The annual minimum tax is $2,600 for filers with more than $4 million taxable gross receipts in the previous calendar year. All taxpayers (annual taxpayers and quarterly taxpayers alike) are required to pay the annual minimum tax. In general, persons with annual gross receipts of $150,000 or less are not subject to the commercial activity tax.

[5] Nonrefundable credits and refundable credits listed on this table were filed according to the time schedule described in footnote [1], and were reviewed and verified by the Department of Taxation, Commercial Activities Tax Division, as of September 30, 2015. Any credits filed, reviewed, or verified after September 30, 2015 are not reflected in this table.

[6] Two fields, "Exclusion", and "Tax at 0.26% rate plus Minimum Tax, before all credits", do not exist as lines on CAT returns. Each of these fields was, therefore, calculated. The "Exclusion" field was calculated by subtracting "Net Taxable Gross Receipts" from "Taxable Gross Receipts" for each filer. The "Tax at 0.26% rate plus Minimum Tax, before all credits", field was calculated by summing "Tax at 0.26% Rate", and "Annual Minimum Tax" for each filer.

Corporation Franchise Tax

The corporation franchise tax only applies to tax years prior to 2014 (see amended substitute House Bill 510, 129th General Assembly). Therefore, this Annual Report does not contain detailed information or data on this tax, other than a revenue table.

As the three year statute of limitations period has not expired, revenue collected comes from audits, billings, amended returns, and late returns, offset by refunds.

Table 1

Corporation Franchise Tax Collections
Fiscal Years 2011 - 2015

Fiscal Year	Gross Tax Collections*	Refunds	Net Tax Collections
2011	$311,944,936	$75,311,473	$236,633,463
2012	266,931,480	149,852,306	117,079,174
2013	341,480,337	79,575,762	261,904,575
2014	72,629,614	83,801,596	(11,171,983)
2015	49,586,569	46,999,297	2,587,272

*Includes Attorney General Claims

Source: Office of Budget & Management

Dealers in Intangibles Tax

House Bill (HB) 510 of the 129th General Assembly repealed the Dealers in Intangibles for tax periods beginning on or after Jan. 1, 2014. Most taxpayers became subject to the newly created Financial Institutions Tax or the Commercial Activity Tax. Accordingly, the 2013 Annual Report was the last report of detailed information on this tax. Reported here is a revenue table displaying only actual revenues received, regardless of the type of dealer. As the tax is repealed, the only revenues collected will be from late payments, amended returns, audit payments, and similar items along with refunds for the next few years.

Table 1	
FY 2011-2015 Dealers in Intangibles Tax Revenue (dollars in millions)	
Fiscal Year	**State General Revenue Fund**
2011	$39.6
2012	20.2
2013	38.4
2014	0.5
2015	< 0.1
Source: Office of Budget and Management financial reports.	

Estate Tax

The Ohio Estate Tax has been repealed for estates of individuals dying on or after Jan. 1, 2013 (see House Bill 153, 129th General Assembly). Because this tax was repealed, the Annual Report for 2013 was the last report that contains detailed information on the Ohio Estate Tax. Residual revenue is reported below in the revenue table and the allocation by county table. Refunds are expected to continue for the next several years.

Table 1

Estate Tax Collections[1]
Fiscal Years 2011 - 2015 (figures in millions)

Fiscal Year	Total Collections	State General Revenue[2]	Local Governments[2]
2011	$374.2	$72.1	$302.1
2012	351.8	66.5	285.3
2013	445.7	105.2	340.5
2014	206.8	39.4	167.4
2015	17.6	3.1	14.5

[1] Total state GRF estate tax collections for a given fiscal year, presented here in Table 1, do not match with settlement data presented in Table 2 of this section. The figures reflect two different measures: Table 1 reflects the state GRF amounts actually received during FY 2015 and the state share in Table 2 is what was certified on the August 2014 and February 2015 settlements.

[2] State General Revenue Fund figures are based on actual receipts reported by the Office of Budget and Management. Local government figures represent the certified local share of the estate tax (including fees) from the semi-annual settlements that occur each year. Effective Jan. 1, 2002, the state share of the estate tax became 20 percent and the local share became 80 percent.

Table 2: Fiscal Year 2015 Estate Tax Settlement Certifications							
County	**Total Collections**	**Amount due to the State[1]**	**Local Share including Expenses**	**County**	**Total Collections**	**Amount due to the State[1]**	**Local Share including Expenses**
Adams	$4,564.92	$368.21	$4,196.72	Logan	$351,005.00	$67,509.27	$283,495.73
Allen	89,175.90	15,902.72	73,273.18	Lorain	316,972.62	59,984.99	256,987.63
Ashland	35,822.22	6,662.93	29,159.29	Lucas	287,906.88	54,394.22	233,512.66
Ashtabula	16,410.97	2,469.23	13,941.74	Madison	145,175.49	26,942.26	118,233.23
Athens	84,384.80	14,981.82	69,402.98	Mahoning	387,513.27	81,000.66	306,512.61
Auglaize	146,490.19	27,510.91	118,979.28	Marion	38,926.92	6,665.85	32,261.07
Belmont	42,263.04	7,267.42	34,995.62	Medina	147,170.93	26,865.81	120,305.12
Brown	257,426.16	49,062.19	208,363.97	Meigs[2]	-	(378.48)	378.48
Butler	94,549.49	16,902.25	77,647.24	Mercer	76,709.46	14,039.97	62,669.49
Carroll	27,146.14	4,848.54	22,297.60	Miami	46,406.75	7,971.67	38,435.08
Champaign	181,567.14	34,050.85	147,516.29	Monroe[2]	-	(264.00)	264.00
Clark	21,868.57	4,142.04	17,726.53	Montgomery	521,658.86	99,900.53	421,758.33
Clermont	72,192.24	12,743.76	59,448.48	Morgan	15,401.43	2,591.07	12,810.36
Clinton	58,426.87	12,826.96	45,599.91	Morrow	12,563.34	1,908.19	10,655.15
Columbiana	110,238.62	19,820.38	90,418.24	Muskingum	160,345.68	29,263.79	131,081.89
Coshocton	59,083.32	10,172.19	48,911.13	Noble	6,389.00	914.75	5,474.25
Crawford	103,010.61	18,731.76	84,278.85	Ottawa	243,294.55	46,212.63	197,081.92
Cuyahoga	2,340,300.96	461,753.96	1,878,547.00	Paulding	28,160.67	4,891.32	23,269.35
Darke	29,994.80	5,068.32	24,926.48	Perry	-	0.00	0.00
Defiance[2]	-	(437.29)	437.29	Pickaway	7,405.69	849.86	6,555.83
Delaware	152,804.83	28,459.81	124,345.02	Pike	100,212.86	18,247.03	81,965.83
Erie	26,511.92	4,317.43	22,194.49	Portage	330,893.81	62,057.95	268,835.86
Fairfield	134,777.03	24,384.53	110,392.50	Preble	16,473.07	2,598.88	13,874.19
Fayette	92,972.51	16,900.75	76,071.76	Putnam	30,001.43	5,365.96	24,635.47
Franklin	1,857,004.55	369,958.00	1,487,046.55	Richland	55,904.83	9,718.46	46,186.37
Fulton	59,378.73	11,044.44	48,334.29	Ross	91,093.47	16,314.11	74,779.36
Gallia	31,810.42	5,506.35	26,304.07	Sandusky	4,809.41	663.37	4,146.04
Geauga	549,940.36	106,874.74	443,065.62	Scioto	7,840.37	824.47	7,015.90
Greene	103,139.80	18,500.00	84,639.80	Seneca	55,170.84	9,732.84	45,438.00
Guernsey[2]	-	(456.39)	456.39	Shelby	10,918.76	2,030.89	8,887.87
Hamilton	3,386,327.67	666,793.87	2,719,533.80	Stark	871,647.88	170,027.28	701,620.60
Hancock	29,510.04	4,910.20	24,599.84	Summit	388,975.75	73,900.01	315,075.74
Hardin	65,301.61	11,726.81	53,574.80	Trumbull	441,554.75	84,256.65	357,298.10
Harrison[2]	-	(273.32)	273.32	Tuscarawas	31,174.33	5,114.43	26,059.90
Henry	9,631.33	1,404.24	8,227.09	Union	45,402.60	7,934.19	37,468.41
Highland	10,390.07	2,354.29	8,035.78	Van Wert	54,471.21	10,846.74	43,624.47
Hocking[2]	554.58	(288.98)	843.56	Vinton[2]	-	(273.24)	273.24
Holmes	10,414.20	3,138.19	7,276.01	Warren	199,369.68	36,852.04	162,517.64
Huron	48,936.40	8,580.34	40,356.06	Washington	66,201.82	11,760.51	54,441.31
Jackson	13,276.00	2,265.15	11,010.85	Wayne	100,488.84	18,006.89	82,481.95
Jefferson	37,244.75	6,969.51	30,275.24	Williams	12,270.90	2,280.30	9,990.60
Knox	120,955.00	22,683.08	98,271.92	Wood	92,206.12	16,468.19	75,737.93
Lake	159,132.61	29,178.30	129,954.31	Wyandot	12,179.07	1,891.39	10,287.68
Lawrence	50,838.61	8,899.65	41,938.96				
Licking	172,970.21	31,631.82	141,338.39	**Totals**	**$16,711,008.53**	**$3,208,195.67**	**$13,502,812.86**

[1] Total state GRF estate tax collections for a given fiscal year, presented here in Table 2, do not match with settlement data presented in Table 1 of this section. The figures reflect two different measures: Table 1 reflects state GRF amounts actually received during FY 2015 and the state share in Table 2 is what was certified on the August 2014 and February 2015 settlements.

[2] Negative dollar amounts in this table are due to repeal of the estate tax, and expenses.

Source: August 2014 and February 2015 estate tax settlements.

Financial Institutions Tax

The financial institutions that were subject to the now repealed corporation franchise tax became subject to the financial institutions tax (FIT) for tax years commencing on or after Jan. 1, 2014. Nonbank financial organizations that were subject to the commercial activity tax (CAT) also became subject to the FIT, but are now excluded persons for purposes of the CAT. In fiscal year 2015, a total of $182.1 million of FIT revenue was deposited into the state's general revenue fund, as shown in Table 1 below.

Table 1

Financial Institutions Tax Revenue for Fiscal Years 2014-2015 (dollars in millions)

Fiscal Year	Gross Revenue	Refunds	Total GRF
2014	$197.8	$0.1	$197.9
2015	182.1	32.8	215.0

Source: Office of Budget and Management fiscal reports.

Taxpayer

(Ohio Revised Code 5726.01, 5726.02)

The FIT is imposed on financial institutions for the privilege of doing business in the state. For purposes of the FIT, a financial institution is a bank organization, a holding company of a bank organization, or a nonbank financial organization except when one of the following applies: if two or more such entities are consolidated for purposes of filing a FR Y-9, then the financial institution means the group consisting of all entities that are included in the FR Y-9. If two or more such entities are not included in such a group but are consolidated for the purposes of filing a call report, financial institution means the group of all entities that are included in the call report. If a bank organization is owned directly by a grandfathered unitary savings and loan holding company or directly or indirectly by an entity that was a grandfathered unitary savings and loan holding company on Jan. 1, 2012, the financial institution consists only of that bank organization and the entities included in that bank organization's call report.

Tax Base

(R.C. 5726.01, 5726.04, 5726.05)

The amount of tax due is equal to the greater of the minimum tax, equal to $1,000, or the amount by which the calculated tax exceeds any credits allowed against the tax. The calculated tax is determined by multiplying total Ohio equity capital of the financial institution by the appropriate tax rate. Total Ohio equity capital is equal to the product of multiplying total equity capital of the financial institution by an Ohio apportionment factor. Total equity capital means the sum of the common stock at par value, perpetual preferred stock and related surplus, other surplus not related to perpetual preferred stock, retained earnings, accumulated other comprehensive income, treasury stock, unearned employee stock ownership plan shares, and other equity components of a financial institution. Total equity capital excludes any non-controlling (minority) interests as reported on an FRY-9 or call report, unless such interests are in a bank organization or a bank holding company.

Apportionment factor (R.C. 5726.05)

The apportionment factor is a fraction, the numerator of which is the total gross receipts of the financial institution in Ohio during the taxable year and the denominator of which is the total gross receipts of the financial institution everywhere during the taxable year. Gross receipts generated by a financial institution are sitused to Ohio in the proportion that the customers' benefit in Ohio with respect to the services received bears to the customers' benefit everywhere with respect to the services received. The physical location where the customer ultimately uses or receives the benefit of what was received shall be paramount in determining the proportion of the benefit in Ohio to the benefit everywhere. The method of calculating gross receipts for purposes of the denominator shall be the same as the method used in determining gross receipts for purposes of the numerator. A few examples of gross receipts to be included in the numerator are as follows: receipts from the lease/sub-lease/rental/sub-rental of real property or tangible property to the extent such property is used in Ohio; interest, fees, penalties, or any other charge received from loans secured by real property located within Ohio or if the borrower is located in Ohio, and loan servicing fees derived from loans secured by real property or borrowers located in Ohio.

Ohio-qualified real estate investment trusts (R.C. 5726.041)

In computing total Ohio equity capital, a temporary deduction is allowed for an Ohio-qualified real estate investment trust. When computing total equity capital, a financial institution may deduct the following:

- tax year 2014: 80 percent of the amount that was invested in an Ohio-qualified real estate investment trust as of Jan. 1, 2012.
- tax year 2015: 60 percent.
- tax year 2016: 40 percent.
- tax year 2017: 20 percent.
- tax year 2018 and thereafter: No deduction.

For purposes of calculating the financial institution's apportionment factor for tax years 2014-2017, the act requires a similar phase-in for the institution's gross receipts from an Ohio-qualified real estate investment trust.

Rates

(R.C. 5726.04)

The tax has a three-tiered rate structure:

- 8 mills on the first $200 million of total Ohio equity capital.
- 4 mills for each dollar of total Ohio equity capital of greater than $200 million and less than $1.3 billion.
- 2.5 mills for each dollar of total Ohio equity capital equal to or greater than $1.3 billion.

A minimum tax of $1,000 applies.

Exemptions

(R.C. 5726.01, Ohio Adm. Code 5703-33-04)

A financial institution does not include a diversified savings and loan holding company, a grandfathered unitary savings and loan holding company, any entity that was a grandfathered unitary savings and loan holding company on Jan. 1, 2012, or any entity that is not a bank organization or owned by a bank organization and that is owned directly or indirectly by an entity that was a grandfathered unitary savings and loan holding company on Jan. 1, 2012.

A bank organization does not include an institution organized under the "Federal Farm Loan Act," 39 Stat. 360 (1916), or a successor of such an institution, a company chartered under the "Farm Credit Act of 1933," 48 Stat. 257, or a successor of such a company, an association formed pursuant to 12 U.S.C. 2279c-1, an insurance company, or a credit union.

A nonbank financial organization does not include an institution organized under the "Federal Farm Loan Act," 39 Stat. 360 (1916), or a successor of such an institution, an insurance company, a captive finance company, a credit union, an institution organized and operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or a person that facilitates or services one or more securitizations for a bank organization, a holding company of a bank organization, a captive finance company, or any member of the person's affiliated group.

A financial institution does not include pawn shops or pawnbrokers.

Also see the **Tax Base** section regarding the phase-in of the tax on Ohio-qualified real estate investment trusts.

Credits

(R.C. 5726.50 et seq.)

A number of business tax credits may be claimed against more than one tax (e.g., job creation and retention tax credits, historic building rehabilitation tax credits, Ohio venture capital tax credits, qualified equity investments tax credits, motion picture tax credits, qualified research expense tax credits). Information about these credits has been consolidated in the **Business Tax Credits** chapter of the Annual Report. Several business tax credits that remained unused under the corporate franchise tax for FIT taxpayers are allowed to be carried forward and claimed under the FIT.

Other credits that may be taken against this tax only are:

Tax Credit for Regulatory Assessments (R.C. 5726.51)

A nonrefundable credit equal to the sum of the annual assessments and the schedule of fees the bank organization paid during the taxable year to the Division of Financial Institutions under Title XI of the Revised Code.

Tax Credit for Qualifying Dealers in Intangibles (R.C. 5726.57)

For tax year 2014 only, a nonrefundable dealers in intangibles credit could be claimed against the FIT. The amount of the credit was the lesser of (a) the amount of the dealers in intangibles tax the dealer paid in the preceding calendar year minus refunds (but the amount may not be reduced below zero) or (b) the product of the following amounts: (i) the cost of the financial institution's direct investment in stock of the qualifying dealer calculated on the last day of the financial institution's taxable year immediately preceding the tax year, (ii) the ratio of capital employed by the dealer in Ohio (as measured under the now repealed dealers in intangibles tax),and (iii) the dealers in intangibles tax rate of 0.8%.

Special Provisions

Rate adjustment (R.C. 5726.04)

A rate adjustment may apply to the FIT tax rates if the amount of taxes collected in designated years fails to meet target tax amounts.

The tax rates for tax year 2015 and 2016 were not subject to a rate adjustment because tax year 2014 collections were within the target range of 90%-110% of the first target tax amount ($200 million).

The tax rates for tax year 2017 and thereafter will be subject to a rate adjustment if the amount of taxes collected for tax year 2016 is greater than 110% or less than 90% of the second target tax amount ($212 million).

Municipal Taxation (R.C. 715.013)

Municipal corporations may not levy a tax that is the same as or similar to the FIT.

Offsetting Personal Income Tax Credit (R.C. 5747.65)

An individual, estate, or trust that owns an interest in a financial institution that is a pass-through entity is allowed to claim a refundable credit against the personal income tax that offsets the owner's share of the financial institu tion's FIT tax due or paid by the pass-through entity for the pass-through entity's taxable year ending in the taxpayer's taxable year.

Filing and Payment Dates

(R.C.5726.03, 5726.06, Ohio Adm. Code 5703-33-01)

The FIT is reported on a calendar year basis with the annual report due on or before the 15th of each October. Taxpayers are required to file electronically and pay using electronic funds transfer through the Ohio Business Gateway or the Treasurer of State. The tax commissioner may excuse a taxpayer from this requirement for good cause.

Annual and estimated report and tax due dates are:

- By January 31: Taxpayers remit the greater of the minimum tax or one-third of the estimated liability for the tax year.
- By March 31: One-half of the amount by which the estimated tax exceeds the payment amount remitted in January.
- By May 31: The remaining one-half of the amount by which the estimated tax exceeds the payment amount remitted in January.
- By October 15: Each reporting person is to submit the annual report to the Tax Commissioner and remit any remaining payments.

Disposition of Revenue

(R.C. 5726.04)

All FIT revenue is deposited in the state's General Revenue Fund.

Administration

(R.C. 5726.10)

The tax commissioner administers the FIT.

Ohio Revised Code Citations

Chapter 5726.

Recent Legislation

Am.Sub.HB 64 (131st General Assembly)

The bill specifies that production credit associations and agricultural credit associations are not subject to the FIT, but rather to the commercial activity tax (CAT). This change applied retroactively to tax years beginning on and after Jan. 1, 2014.

Am.Sub. SB No. 243 (130th General Assembly)

The bill made clarifying and corrective changes to the FIT rate recalibration method. The method generally directs the tax commissioner to adjust FIT rates in 2015 and 2017 in cases where revenues in the prior year exceed or fall short of a target revenue amount by plus or minus 10%. The bill modified the definition of "amount of taxes collected" to include (add-back) the amount of the non-refundable dealers in intangibles credits claimed in 2014, and modified the definition of "financial institution" to exclude entities that were grandfathered unitary savings and loan holding companies on Jan. 1, 2012 and certain entities owned by such holding companies.

History of Major Changes

2012	The 129th General Assembly, enacts HB 510, replacing the corporation franchise tax on financial institutions with a new business privilege tax on financial institutions commencing with tax year 2014.
2015	The 131st General Assembly enacts HB 64, the budget bill, which includes a retroactive provision exempting production credit associations and agricultural credit associations from the FIT, and subjecting them to the commercial activity tax (CAT).

Comparison With Other States

Georgia	Georgia imposes a banking franchise tax on banks and savings associations measured by the gross receipts of depository financial institutions allocated and apportioned to Georgia at the rate of 0.25%. Georgia financial institutions also are subject to its corporate income and net worth taxes.
Indiana	Indiana imposes a financial institutions tax on any corporation transacting the business of a financial institution in Indiana measured by adjusted gross income or apportioned income at the rate of 8% in 2014 and 7.5% in 2015.
Kentucky	Kentucky imposes a financial institutions tax on any financial institution regularly engaged in business in Kentucky on net capital after allocation and apportionment to Kentucky at the rate of 1.1%.

Comparison With Other States - cont.

Michigan	In lieu of the corporate income and gross receipts taxes, financial institutions including subsidiaries are subject to a franchise tax on their net capital at the rate of 0.235%.
North Carolina	North Carolina levies a Bank Annual Privilege Tax on financial institutions equal to $30 per $1 million in total assets. Asset amounts are determined by averaging assets reported on quarterly reports in the prior year. The state also subjects financial institutions to a corporate franchise tax and a corporate income tax.
Pennsylvania	Pennsylvania levies a bank and trust company shares tax of 0.89% on bank equity capital as of each January 1. The tax is levied on banks that generate at least $100,000 in gross receipts that are apportionable to the state, even if the financial institution has no physical presence in the state. Pennsylvania also imposes a gross receipts tax on private bankers at a rate of 1% on gross receipts from commissions from loans; banking services; interest from bonds, mortgages, premiums and dividends; profits from the purchases and sales of securities; and many other related services.
Tennessee	Tennessee does not impose a tax specifically limited to financial institutions. Tennessee imposes a franchise and an excise tax on businesses organized or doing business in Tennessee. The franchise tax rate is 0.25% of the greater of net worth or real and tangible property, and the excise tax rate is 6.5% of Tennessee net earnings.
Texas	Texas does not impose a tax specifically limited to financial institutions. Texas imposes a franchise margin tax on each entity that does business in Texas or that is chartered or organized in Texas measured by taxable margin and taxed at a rate of 0.95% for most entities.
West Virginia	West Virginia does not impose a tax specifically limited to financial institutions. West Virginia imposes a corporate income tax with special income apportionment rules for financial organizations. The rate is 6.5% effective for tax years starting on or after Jan. 1, 2014.

Table 2

Tax Year 2014 Financial Institutions Tax Return Summary Data (dollars in millions, rounded[1])

Ohio Equity Capital Tier	Total	Tier 1 (above $1,300 million)	Tier 2 (above $200 million to $1,300 million)	Tier 3 ($200 million or less)
Number of filers	501	12	15	474
Total Equity Capital	$1,781,531.1	$958,891.1	$317,479.5	$505,160.5
REIT Deduction	($12,959.4)	($12,959.4)	0.0	0.0
Adjusted Total Equity Capital	$1,768,571.6	$945,931.7	$317,479.5	$505,160.5
Total Ohio Gross Receipts	$23,654.4	$14,435.1	$4,463.8	$4,755.5
Total Gross Receipts Everywhere	$985,317.4	$508,921.3	$226,989.3	$249,406.8
Apportionment Factor (aggregated)	2.40%	2.84%	1.97%	1.91%
Total Ohio Equity Capital	$42,149.3	$26,936.5	$6,304.3	$8,908.5
Total Tax Liability	$208.9	$100.3	$37.2	$71.3
Total Nonrefundable Credits	($25.0)	($14.9)	($3.7)	($6.5)
Total Refundable Credits	($10.1)	($9.8)	($0.1)	($0.1)
Total Tax Liability After Credits	$173.8	$75.6	$33.4	$64.7

[1]Figures may not add up due to rounding.

Source: Department of Taxation; Tax Year 2014 return data as of July 14, 2015.

Gross Casino Revenue Tax

Ohio voters passed a constitutional amendment in 2009 that provided for four casino facilities to be located in this state: Cleveland, Toledo, Columbus, and Cincinnati. Three casinos opened in calendar year 2012. Cincinnati's opened in February 2013.

The Ohio Department of Taxation is responsible for administering the gross casino revenue tax and for ensuring casino operators' compliance with all pertinent state tax laws and administrative rules. The Ohio Casino Control Commission is responsible for licensing and regulating casino operators, their employees, and gaming-related vendors.

The gross casino revenue tax is imposed on licensed casino operators at the rate of 33% of gross casino revenue at the casino facility. In fiscal year 2015, total collections were $266.0 million.

Table 1	
Gross Casino Tax Receipts	
Fiscal Year	Tax Revenue
FY 2012	$19,760,134
FY 2013	225,438,259
FY 2014	273,393,331
FY 2015	266,014,462
Source: Office of Budget & Management	

Taxpayer

(Ohio Revised Code 5753.02)

The tax is paid by each casino operator of the four casino facilities authorized under the Ohio Constitution.

Tax Base

(R.C. 5753.01 and 5753.02)

The tax applies to all gross casino revenue received by each casino operator. "Gross casino revenue" means the total amount of money exchanged for the purchase of chips, tokens, tickets, electronic cards, or similar objects by casino patrons, less winnings paid to wagerers.

Rates

(R.C. 5753.02)

The tax rate is equal to 33 percent of an operator's gross casino revenue at the casino facility.

Major Exemptions

(R.C. 5753.01)

Promotional gaming credits issued to casino patrons are excluded from "gross casino revenue." However, if the issuance of the promotional gaming credit requires money exchanged as a match from a patron, the excludable portion does not include the portion of the wager purchased by the patron.

Revenue

Fiscal year 2015 tax collections totaled $266.0 million, a 2.7 percent decrease from fiscal year 2014 revenues of $273.4 million. Fiscal year 2014 was the first full year that all four casinos in the state were operational.

Disposition of Revenue

(Ohio Constitution, Article XV, Section 6(C), R.C. 5753.03 and 5753.11)

Revenue from the tax is distributed as follows:

- 51 percent to the Gross Casino Revenue County Fund, which is distributed among all 88 counties in proportion to each county's respective population at the time of distribution. If a county's most populous city, as of the 2000 U.S. census, had a population greater than 80,000, then 50 percent of that county's distribution will go to said city. In other counties, all revenue is directed to county government;
- 34 percent to the Gross Casino Revenue County Student Fund, which is distributed among all 88 counties in proportion to each county's respective public school district population of students at the time of distribution. Each distribution received by a county is distributed among all public school districts located (in whole or in part) within the county in proportion to each school district's respective student population who reside in the county at the time of the distribution. Funds are transferred to districts semi-annually by the last day of August and January;
- 5 percent to the Gross Casino Revenue Host City Fund, which is distributed to each host city where a casino is located;

- 3 percent to the Ohio State Racing Commission. Of this amount, 5 percent may be retained by the commission for operating expenses necessary for the administration of the fund;
- 3 percent to the Ohio Casino Control Commission. Of this amount, one percent is reserved for the tax commissioner to defray the costs incurred in administering the tax;
- 2 percent to the Problem Casino Gambling and Addiction Fund to assist efforts to lessen problem gambling and substance abuse and related research;
- 2 percent to the Ohio Law Enforcement Training Fund. Of this amount, 85 percent is directed to the Ohio Peace Officer Training Academy. The rest goes to the Department of Public Safety's Office of Criminal Justice Services.

Payment Dates

(R.C. 5753.01, 5753.02 and 5753.04)

The operators of each casino facility are required to electronically file returns and remit payments for the related tax liabilities, not later than noon, each day banks are open for business. Each return includes the amount of the casino operator's gross casino revenue for a 24-hour period and the amount of tax due.

Sections of the Revised Code

Chapter 5753.

Responsibility for Administration

(R.C. 5753.09)

The Tax Commissioner administers and enforces the tax.

History of Major Changes

2009	Voters approve constitutional amendment authorizing a casino each in Cincinnati, Cleveland, Columbus and Toledo, requiring a 33 percent tax on gross casino revenue and providing for the disposition of the revenue.
2010	HB 519 established casino gaming statutes in accordance with the constitutional amendment, created the Ohio Casino Control Commission and implemented the gross casino revenue tax.
2012	HB 386 made regulatory changes to Ohio's gambling laws, mainly affecting Ohio's Casino Control Commission, Racing Commission and Lottery Commission. Related provisions were included for the Inspector General, Attorney General, Development Services Agency and Department of Taxation. Also addressed were video lottery terminals, gambling addiction services, charitable gaming activities and sweepstakes terminal devices.

Comparison with Other States

There are no casinos in Georgia and Tennessee. There are only Native American (or "Tribal") casinos in Texas and North Carolina.

State	Casinos	Tax
Indiana	Riverboats[1] and racetrack casinos; 13 total operating	For riverboat casinos, a 22.5% tax or a graduated tax ranging from 5% to 40% applies to adjusted gross receipts.[2] A $3 admissions tax is levied on the owner or operating agent.[3] For racetrack casinos, a graduated slot tax ranges from 25% to 35% and applies to 91.5% of the adjusted gross receipts.[4]
Michigan	Land-based casinos; 3 total operating (non- tribal)	A 19% total tax applies to gross gaming revenue.[5] Of this, 8.1% is distributed to the state school aid fund and 10.9% is distributed to the city of Detroit.
Pennsylvania	Land-based and racetrack casinos with slots and table games; 11 total operating (non-tribal)	A 34% tax[6] applies to gross gaming revenue from slot machines, and a 12% tax applies to daily gross table game revenue.[7]
West Virginia	Four racetrack casinos and a resort casino with table games (and VLTs)	A 35% tax applies to adjusted gross receipts from table games.[8]

1 Indiana law defines "riverboat" to be a self-propelled excursion boat, a casino located in a historic hotel district, a permanently moored craft operating from a county, and an inland casino operating under statute. I.C. § 4-33-2-17.
2 I.C. § § 4-33-13-1; 4-33-13-1.5.
3 I.C. § 4-33-12-1.
4 I.C. § 4-35-8-1.
5 M.C.L.A. § 432.212.
6 This rate does not include a local share assessment, a Race Horse Development Fund assessment, or a gaming economic development and tourism fund assessment. For more information, see 4 Pa.C.S. § § 1403, 1405, 1407.
7 This rate does not include a local share assessment and is the rate levied after the period of two years following commencement of table games at the facility. 4 Pa.C.S. § §; 13A63(f); 13A62. In addition to the tax payable under 4 Pa.C.S. § 13A62(a)(1), a 34% tax is levied on daily gross gaming revenue from each table game played on a fully automated electronic gaming table. 4 Pa.C.S. § 13A62(a)(2).
8 W.Va. Code § § 29-22C-26; 29-25-21.

Table 2		
Gross Casino Tax Distributions FY 2015		
Fund	**Distributions**	**% Share**
Gross Casino Revenue County Fund	$137,699,091	51.0
Gross Casino Revenue Student Fund	91,799,394	34.0
Gross Casino Revenue Host City Fund	13,499,911	5.0
Casino Control Commission Fund	8,099,947	3.0
Ohio State Racing Commission Fund	8,099,947	3.0
Ohio Law Enforcement Training Fund	5,399,964	2.0
Problem Casino Gambling & Addictions Fund	5,399,964	2.0
Total Deposits	**$269,998,217**	**100.0**
Source: Ohio Dept. of Taxation records		

Table 3

Ohio's Gross Casino Revenue Tax FY 2015 Distributions to Counties

County	Distributions	County	Distributions	County	Distributions
Adams	$334,366	Hamilton[3]	$9,575,712	Muskingum	$1,015,552
Allen	$1,251,681	Hancock	$899,959	Noble	$173,190
Ashland	$630,893	Hardin	$376,821	Ottawa	$489,495
Ashtabula	$1,185,273	Harrison	$185,576	Paulding	$228,214
Athens	$769,442	Henry	$333,670	Perry	$427,605
Auglaize	$545,954	Highland	$514,249	Pickaway	$671,436
Belmont	$827,176	Hocking	$341,136	Pike	$337,074
Brown	$526,048	Holmes	$519,438	Portage	$1,943,057
Butler	$4,424,810	Huron	$699,923	Preble	$495,937
Carroll	$336,049	Jackson	$389,830	Putnam	$405,709
Champaign	$468,306	Jefferson	$807,577	Richland	$1,448,934
Clark	$1,620,803	Knox	$724,382	Ross	$924,424
Clermont	$2,385,544	Lake	$2,732,126	Sandusky	$715,078
Clinton	$498,580	Lawrence	$735,579	Scioto	$926,879
Columbiana	$1,258,913	Licking	$2,005,800	Seneca	$664,325
Coshocton	$436,502	Logan	$541,050	Shelby	$584,383
Crawford	$508,185	Lorain	$3,606,164	Stark[7]	$4,466,478
Cuyahoga[1]	$15,014,459	Lucas[4]	$5,187,305	Summit[8]	$6,445,059
Darke	$622,439	Madison	$516,696	Trumbull	$2,451,680
Defiance	$458,250	Mahoning[5]	$2,779,731	Tuscarawas	$1,102,634
Delaware	$2,212,734	Marion	$783,344	Union	$635,468
Erie	$903,884	Medina	$2,083,889	Van Wert	$338,513
Fairfield	$1,775,273	Meigs	$278,973	Vinton	$157,784
Fayette	$342,560	Mercer	$485,246	Warren	$2,614,430
Franklin[2]	$14,477,094	Miami	$1,231,745	Washington	$728,955
Fulton	$505,650	Monroe	$173,117	Wayne	$1,370,117
Gallia	$363,542	Montgomery[6]	$6,365,333	Williams	$445,410
Geauga	$1,118,723	Morgan	$177,090	Wood	$1,538,511
Greene	$1,943,086	Morrow	$417,058	Wyandot	$266,710
Guernsey	$471,309			**Total Distributions**	**$137,699,091**

[1] Includes $7,507,230 in distributions for the most populated city: Cleveland.

[2] Includes $7,238,547 in distributions for the most populated city: Columbus.

[3] Includes $4,787,856 in distributions for the most populated city: Cincinnati.

[4] Includes $2,593,653 in distributions for the most populated city: Toledo.

[5] Includes $1,389,866 in distributions for the most populated city: Youngstown.

[6] Includes $3,182,666 in distributions for the most populated city: Dayton.

[7] Includes $2,233,239 in distributions for the most populated city: Canton.

[8] Includes $3,222,530 in distributions for the most populated city: Akron.

Source: Ohio Department of Taxation records.

Horse Racing Tax

Ohio's horse racing tax applies to both pari-mutuel and "exotic" wagering. During fiscal year 2015, the tax generated about $5.8 million in revenue for horse racing development, home health care and other services for senior citizens, and other purposes.

Ohio has taxed pari-mutuel wagering on horse racing since 1933. In 1981, the horse racing tax was expanded to include "exotic" wagering – meaning all bets made on placements other than win, place or show. An additional tax on pari-mutuel wagering is also levied for the municipal corporation or township in which racing takes place, intended as a reimbursement for expenses incurred due to racing meets.

Taxpayer

(Ohio Revised Code 3769.08)

The tax is paid by holders of racing permits issued by the Ohio State Racing Commission.

Tax Base

(R.C. 3769.08, 3769.28, 3769.087)

The base of the tax includes the:

- amount wagered each day on all pari-mutuel racing.
- amount wagered each day on exotic bets.
- total amount wagered at each horse race meeting of a permit holder.

Rates

Pari-mutuel wagering tax (R.C. 3769.08)

The tax rates on daily pari-mutuel wagering are as follows:

Amount wagered daily	Rate
First $200,000	1.0%
Next $100,000	2.0%
Next $100,000	3.0%
Over $400,000	4.0%

Exotic wagering tax (R.C. 3769.087)

In addition to the pari-mutuel wagering tax, a special tax of 3.5 percent applies to daily wagering on wagering pools other than win, place and show. Such "exotic wagering" includes the daily double, perfecta, quinella and trifecta.

Additional pari-mutuel wagering tax (R.C. 3769.28 and 3769.102)

The tax is levied as follows:

Total wagering per meet	Rate
Less than $5 million	0.10%
$5 million or more	0.15%

Revenue from the additional pari-mutuel wagering tax is distributed to the municipal corporation or township in which racing takes place. It is intended to reimburse these areas for expenses incurred due to racing meets. The municipal corporations and townships receiving the money may reimburse an adjoining political subdivision which also had expenses because of racing meets. The maximum tax liability is $15,000 from each horse racing meet.

Exemptions

(R.C. 3769.28)

Agricultural societies are not subject to the additional pari-mutuel wagering tax.

Credits

Major capital improvement credit (R.C. 3769.20 and 3769.08)

Large projects may qualify a racing permit holder for a major capital improvement credit. Permit holders renovating, reconstructing or remodeling an existing race track facility at a cost of $6 million or more can reduce their tax liability by 1 percent of the amount wagered until the cost of the project plus debt service is reached. If the reduction exceeds the tax on wagering, the abatement may be carried forward and applied against future tax liability. The tax reduction is in addition to the 0.75 percent capital improvement credit.

Special Provisions

Simulcasting (R.C. 3769.089)

Permit holders may, at their facilities, conduct televised simulcasts of horse races at other facilities in or outside of Ohio and conduct taxable pari-mutuel wagering on these races.

Off-track betting (R.C. 3769.26)

Off-track betting on races simulcast at a satellite facility operated by a racing permit holder is also permitted in Ohio. Such wagers are taxable. Currently there is one such facility in operation in Sandusky.

Filing and Payment Dates

(R.C. 3769.08, 3769.28)

Each day of racing

Permit holder remits to the Tax Commissioner by the following day the pari-mutuel wagering and exotic wagering taxes collected.

Close of horse race meeting

Within 10 days, the additional pari-mutuel wagering tax is remitted to the Tax Commissioner.

Disposition of Revenue

(R.C. 3769.08, 3769.087, 3769.26)

The Nursing Home Franchise Permit Fee fund receives 25 percent of gross tax revenue from taxpayers other than county and independent fairs and agricultural societies, plus all tax revenue from off-track betting parlors.

The Ohio State Racing Commission's Operating Fund receives the final 0.5 point of the 3.5 percentage tax on exotic wagering and 16.7 percent of the base 3 percentage point tax on exotic wagering. Other distributions are made by the Tax Commissioner as shown in Table 2.

The revenue that remains from each racing day after distribution to the Nursing Home Franchise Permit Fee Fund is usually insufficient to pay the percentages of pari-mutuel wagering described in Table 2. In such cases, contributions to each fund are prorated on a proportional basis.

Administration

The Department of Taxation administers the horse racing tax.

Ohio Revised Code Citations

Sections 3769.08 and 3769.087.

Recent Legislation

House Bill 64, 131st General Assembly.

Eliminates the Ohio Quarter Horse Development Fund on Jan. 1, 2016. Funds currently paid into this fund must be paid into the Ohio Thoroughbred Race Fund to support quarter horse development and purses.

History of Major Changes

1933	Tax is enacted with rates ranging from 10 percent on the first $1,000 of daily wagers to 30 percent on wagers in excess of $20,000.
1953	Rates are reduced. New schedule ranges from 2 percent to 6 percent on wagering in excess of $400,000.
1955	For thoroughbred racing, an additional 0.75 percent is added to each bracket. Rates are unchanged for harness racing.
1959	Rates increased. New rates range from 4.25 percent and 3 percent on the first $10,000 wagered daily on thoroughbred and harness races, respectively, to 8.25 and 7 percent, respectively, on amounts in excess of $400,000.
1975	Flat tax rates are adopted for thoroughbred racing: 7 percent through the end of 1976, 6.75 percent for 1977 and 6.5 percent starting in 1978. Rates on harness racing are reduced: new schedule ranges from 3 percent to 6.5 percent on the excess over $550,000. Also, a 0.5-percent credit for qualifying capital improvements is established.
1981	A 2.5 percent tax on exotic wagering is established and the value of the capital improvement credit is increased to 0.75 percent. Lawmakers enact a gradual reduction of the thoroughbred tax rate to 5.25 percent by mid-1983. Harness rates are phased downward. By mid-1983, rates range from 1.5 percent to 4.5 percent.
1984	House Bill 639 consolidates all rates into a single schedule for live racing. New rates range from 1 percent to 4 percent. Also, a 1.5 percent major capital improvements credit is enacted.
1989	Effective July 1, exotic wagering rate is increased from 2.5 percent to 3 percent.
1994	Legislature permits wagering on simulcast events. Revenues not going to horse racing funds go to the PASSPORT program, reduced the major capital improvements tax credit to 1 percent of wagering.
1996	PASSPORT receives 25 percent of gross revenues.
2001	Exotic wagering tax increased to 3.25 percent.
2003	Temporary additional tax of 0.25 percent placed on exotic wagering, from July 1, 2003 until July 1, 2005.
2006	Reinstatement of 0.25 percent additional tax on exotic wagering for 2007 fiscal year.
2007	Additional 0.25 percent tax on exotic wagering made permanent.
2012	Ohio PASSPORT Fund changed to Nursing Home Franchise Permit Fee Fund.

Table 1					
Revenue from Horse Racing Tax Fiscal Years 2011 - 2015 (dollars in millions)					
Fiscal Year	**Nursing Home Fund**	**Thorough-bred Fund**	**Standard-bred Fund**	**Other Funds**	**Total**
2011	$2.0	$1.5	$1.0	$3.1	$7.6
2012	1.8	1.4	1.0	2.9	7.1
2013	1.6	1.1	1.0	2.5	6.2
2014	1.2	0.8	0.9	2.6	5.5
2015	1.4	0.9	1.0	2.5	5.8

Comparisons with Other States

(as of July 1, 2015)

Georgia and North Carolina	No tax
Indiana	
All horse and harness	2.0% - 2.5%
Kentucky	
All horse and harness	1.5% - 3.5%
Michigan	
Simulcast horse and harness	3.5%
Pennsylvania	
All horse and harness	1.5% - 10%
Tennessee	
All horse and harness	1.0%-2.0%
Texas	
Live Events	1.0% - 5.0%
Simulcast Events	1.0%
West Virginia	
Thoroughbred	0.4% - 1.4%
Harness	3.0% - 5.75%

Table 2		
Recipient	**Source of Receipts**	**Share of Receipts**
County agricultural societies	Permit holders for racing at an agricultural exposition or fair	25% of pari-mutuel wagering
Ohio Fairs Fund	All permit holders	0.50% of total pari-mutuel wagering and 8.3% from the base 3 percentage point tax on exotic wagering
Ohio Quarter Horse Development Fund	Quarter horse racing permit holders	0.625% of pari-mutuel wagering and 8.3% from the base 3 percentage point tax on exotic wagering
Ohio Standardbred Development Fund	Harness racing permit holders	0.625% of pari-mutuel wagering and 8.3% from the base 3 percentage point tax on exotic wagering
Ohio Standardbred Development Fund	Harness racing permit holders (except county and independent fairs and agricultural societies)	0.50% of total pari-mutuel wagering
Ohio Thoroughbred Race Fund	Harness racing permit holders (except county and independent fairs and agricultural societies)	0.28% of pari-mutuel wagering
Ohio Thoroughbred Race Fund	Thoroughbred racing permit holders	1.125% of total pari-mutuel wagering and 8.3% from the base 3 percentage point tax on exotic wagering
State Racing Commission Operating Fund	All permit holders (except county and independent fairs and agricultural societies)	0.25% of total pari-mutuel wagering

Individual Income Tax – Ohio

Ohio's individual income tax traces back to 1912, when voters approved a constitutional amendment specifically authorizing the General Assembly to levy such a tax. Legislative action did not follow until December 1971 when the tax was enacted. It became effective Jan. 1, 1972 for individuals and estates. In 2002, the General Assembly expanded the income tax to include trusts.

The individual income tax is state government's second largest source of revenue. During fiscal year 2015, total net collections were close to $8.9 billion. Of that amount, about $8.5 billion was directed to the General Revenue Fund, where it comprised about 38.4 percent of General Revenue Fund tax revenue.

Table 1				
Income Tax Revenue (in millions), Fiscal Years 2011 - 2015				
Fiscal year	General Revenue Fund	Local Government Fund	Other*	Total
2011	$8,120.3	$686.7	$13.0	$8,820.0
2012	$8,432.9	$584.3	$12.5	$9,029.7
2013	$9,507.8	$348.7	$13.3	$9,869.8
2014	$8,064.9	$347.3	$12.9	$8,425.1
2015	$8,506.7	$365.5	$11.1	$8,883.2
Source: Office of Budget and Management OAKS financial report				
* This column includes distributions to the Political Party Fund and the Attorney General Claims Fund				

Ohio's income tax rates have been gradually falling since 2005, when the 126th General Assembly enacted House Bill (HB) 66, scheduling five annual across-the-board income tax rate reductions of 4.2 percent each. In 2009, state law was revised to temporarily postpone the fifth and final income tax rate reduction, which was finally instituted for taxable year 2011. As such, tax rates in 2011 and 2012 were 21 percent lower than they were for 2004.

In July 2013, the 130th General Assembly enacted HB 59, which included several income tax changes, notably an across-the-board income tax rate reduction from tax year 2012 levels of 8.5 percent for tax year 2013, 9 percent for tax year 2014 and 10 percent for tax year 2015 and beyond. In June 2014, the 130th General Assembly enacted HB 483 as part of the mid-biennium budget review, accelerating the final incremental income tax reduction by one year, so that in tax year 2014 taxpayers received the full 10-percent reduction.

In June 2015, HB 64, the biennial appropriations bill for fiscal years 2016-2017, was enacted. HB 64 separated business income from non-business income for purposes of the individual income tax. It allowed a deduction of 75 percent of the first $250,000 of business income ($125,000 for married filing separately) in tax year 2015 and 100 percent of those amounts in tax year 2016 and beyond.

In October 2015, Senate Bill (SB) 208 was enacted, which made adjustments to the changes made by HB 64. The tax calculations described below take the SB 208 changes into account.

For the 2015 taxable year, Ohio's individual income tax liability before credits is the sum of the taxes levied on business income and non-business income. The tax rate on non-business income is one of nine graduated rates, ranging from 0.495 percent on the first $5,200 of taxable income to 4.997 percent on taxable income in excess of $208,500 (see table 3A). Individual taxpayers whose taxable income is less than or equal to $10,000 are effectively exempt from the tax since they receive a full credit against the tax otherwise due. The tax on business income is one of six graduated rates of no more than 3.0 percent of the amount of taxable business income – that is, the amount of business income in excess of the business income deduction and after deduction of any excess personal or dependent exemptions that were unused after calculating the tax due on non-business income. See table 3B for rates and chart 1 for a flowchart depicting the calculation of the Ohio Individual Income tax for tax year 2015.

This chapter includes 12 tables presenting information compiled from Ohio individual income tax returns for taxable year 2013 (filed in 2014). Taxable year 2013 data is the latest data available. The data shows that more than 5.4 million taxpayers filed tax returns, reporting total federal adjusted gross income of approximately $384.4 billion. More than 1.5 million returns indicated $0 tax liability.

Taxpayer

(Ohio Revised Code 5747.01 and 5747.02)

The state individual income tax is levied on every individual, trust and estate residing in Ohio, earning or receiving income in Ohio, or otherwise having nexus with Ohio. The tax also applies to winners of Ohio lottery prizes and casino gaming winnings. Withholding responsibilities apply to employers who pay wages and salaries to employees who work in Ohio.

Tax Base

(R.C. 5747.01 et seq.)

The tax base for individuals on income other than business income is federal adjusted gross income, plus or minus Ohio adjustments, less an exemption for the taxpayer, the taxpayer's spouse and each dependent. The tax base for the business income of individuals is taxable business income. In the case of estates, the tax is measured by Ohio taxable income. In the case of trusts, the tax base is modified Ohio taxable income. Calculating net liability for the individual income tax is summarized in the following five steps:

1. Calculate Ohio adjusted gross income (OAGI) by applying Ohio additions and deductions to federal adjusted gross income (FAGI) as reported on the federal form 1040.

2. Calculate the Ohio individual income tax base by subtracting the income-based exemptions from OAGI. For taxable year 2015, each taxpayer receives personal and dependency exemptions equal to the product of the number of exemptions claimed on his or her federal income tax return times the personal exemption amount for the taxpayer, as listed below:

Table 2

Ohio Adjusted Gross Income	Deduction Per Exemption
$40,000 or less	$2,200
$40,001 to $80,000	$1,950
$80,001 or more	$1,700

3. Determine the amount of taxable business income and calculate the tax on it. Taxable business income is the amount of business income included in FAGI minus the business income deduction and less any excess personal or dependent exemptions that were unused after calculating the tax due on non-business income. The tax is found by multiplying that amount by the rates presented in table 3B.

4. Calculate non-business income by subtracting business income from the Ohio income tax base. Apply the graduated tax rates in table 3A to Ohio taxable non-business income. Add this to the tax on business income to calculate gross tax liability.

5. Calculate net tax liability by subtracting applicable credits and grants from gross tax liability.

Table 3A - Ohio Taxable Non-Business Income – Tax Year 2015

Ohio Taxable Income	Tax Calculation
0-$5,200	0.495%
$5,200- $10,400	$25.74 + .990% of excess over $5,200
$10,400-$15,650	$77.22 + 1.980% of excess over $10,400
$15,650-$20,900	$181.17 + 2.476% of excess over $15,650
$20,900-$41,700	$311.16 + 2.969% of excess over $20,900
$41,700-$83,350	$928.71 + 3.465% of excess over $41,700
$83,350- $104,250	$2,371.88 + 3.960% of excess over $83,350
$104,250-$208,500	$3,199.52 + 4.597% of excess over $104,250
More than $208,500	$7,991.90 + 4.997% of excess over $208,500

Table 3B - Ohio Taxable Business Income – Tax Year 2015

Ohio Taxable Income	Tax Calculation
0-$5,200	0.495%
$5,200- $10,400	$25.74 + .990% of excess over $5,200
$10,400-$15,650	$77.22 + 1.980% of excess over $10,400
$15,650-$20,900	$181.17 + 2.476% of excess over $15,650
$20,900-$41,700	$311.16 + 2.969% of excess over $20,900
More than $41,700	$928.71 + 3% of excess over $41,700

Rates

(R.C. 5747.02)

See table 3A for individual income tax rates on non-business income for the 2015 taxable year. In 2010, the law required the Tax Commissioner to begin annually adjusting the size of each bracket for inflation each July under R.C.5747.02(A). The tax rates do not change as part of this adjustment. However, HB 59 of the 130th General Assembly froze brackets at the tax year 2012 level from tax year 2013 to tax year 2015. The adjustment is scheduled to resume beginning with tax year 2016.

Division (8) of this same code section requires tax rates to be temporarily adjusted downward in any year in which the director of the Ohio Office of Budget and Management determines that the budget stabilization fund (or "Rainy Day" fund) is equal to 8.5 percent of the general revenue fund revenues of the preceding fiscal year, and that the percentage of the balance in the income tax reduction fund exceeds thirty-five one hundredths of one per cent of the amount of revenue that the director estimates will be received from the income tax in the current fiscal year without regard to any reduction under division (8) and certifies that percentage to the Tax Commissioner.

See table 3B for Individual income tax rates on business income for the 2015 taxable year.

Additions, Deductions and Exemptions

The starting point for the Ohio individual income tax return is federal adjusted gross income (FAGI). Additions and deductions are applied to FAGI to calculate Ohio adjusted gross income (OAGI) (R.C. 5747.01(A)). Tax on taxable business income is calculated using a special schedule (2015 Ohio IT BUS – Business Income Schedule).

Personal and dependent exemptions (R.C. 5747.025 and 5747.02(A)()

For tax year 2015 (returns filed in 2016), individuals may claim an amount for personal and dependent exemptions equal to the product of the number of exemptions claimed on their federal income tax return multiplied by the amount per exemption for the taxpayer. The amount per exemption, the total of which is subtracted from OAGI before tax rates are applied, is determined based on the OAGI shown on the annual Ohio income tax return. Any excess is deducted from taxable business income before computing the tax on taxable business income.

The personal exemption amount is typically adjusted for inflation each year. However, by law the Tax Commissioner does not make such adjustments for taxable years 2013, 2014 or 2015. For taxable years beginning in 2016 and thereafter, adjustments resume in accordance with R.C. 5747.025(C).

Major additions for individuals

Major additions for individuals, to the extent not already included in FAGI, include:

- non-Ohio state or local government interest and dividends.
- a pass-through entity add back.
- add back of five-sixths of the depreciation for Internal Revenue Code sections 168(k) and 179.

Major deductions for individuals

Major deductions for individuals, to the extent not excluded from FAGI (other than business income), include:

- certain federal interest and dividends.
- reciprocity income (income tax paid to other states - for details, see **Special Provisions**).
- state or municipal income tax overpayments deducted on a prior year's federal income tax return.
- business income deduction.
- qualified disability and survivorship benefits.
- Social Security and some railroad retirement benefits.
- certain unsubsidized health insurance, long-term care insurance and excess medical expenses.
- funds deposited into, and earnings on, an Ohio Medical Savings Account.
- interest income from Ohio public and Ohio purchase obligations and gains from the sale or other disposition of Ohio public obligations.
- repayment of income reported in a prior year.
- one-fifth of the depreciation added back in each of the previous five years.
- military pay received while the resident service member is stationed outside Ohio.
- retired military personnel pay.
- Ohio college opportunity or federal Pell grant amounts received and used to pay room or board.

For a complete listing and explanation of the adjust ments to federal adjusted gross income, please see form IT 1040,Ohio Income Tax Return and Instructions Booklet.

Adjustments to federal taxable income for estates and trusts

For a complete listing and explanation of the adjustments, please see form IT 1041, Ohio Fiduciary Income Tax Return and Instructions.

Major Credits

(R.C. 5747.98, credits are nonrefundable unless otherwise noted)

Personal and dependent exemption credit (R.C. 5747.022) - For taxable years beginning on or after Jan. 1, 2013, the $20 personal and dependent exemption credit is only allowed for taxpayers with Ohio adjusted gross income less applicable exemptions of less than $30,000.

Adoption credit (R.C. 5747.37) - Individual taxpayers may claim a credit for adoption expenses of either $1,500 per child or the total amount of qualified expenses incurred to adopt a child up to $10,000, whichever is greater. Adoption of stepchildren does not qualify for this credit. The credit is nonrefundable, but the excess may be carried forward for the ensuing five taxable years with each year's credit claimed deducted from the carry-forward balance.

Child and dependent care credit (R.C. 5747.054) - Individual and estate taxpayers with an adjusted gross income of less than $40,000 may claim a credit equal to 25 percent of the federal dependent care credit for which the taxpayer is eligible. If the taxpayer's adjusted gross income is less than $20,000, the credit is equal to the federal credit for which the taxpayer is eligible.

Displaced worker training credit (R.C. 5747.27) - An individual taxpayer may claim a credit for training expenses incurred within 12 months of losing or leaving a job due to the closing or moving of a facility at which the individual was employed or the abolishment of the individual's position or shift at that facility and who has not obtained another job at which the individual works more than 20 hours a week.The maximum credit is the lesser of 50 percent of the training expenses or $500.

Earned Income Credit (R.C. 5747.71) - Taxpayers who qualify for the federal earned income tax credit (EITC) may take an Ohio earned income credit equal to ten percent of the taxpayers federal EITC subject to limitations.

Financial Institutions Tax (FIT) Refundable Credit (R.C.5747.65) - A refundable credit is allowed equal to the taxpayer's proportionate share of the lesser of either FIT tax due or paid by a pass-through entity for the entity's taxable year ending in the taxpayer's taxable year.

Invest Ohio Credit (5747.81) - The credit equals the taxpayer's qualifying investment as indicated on the investor's small business investment certificate multiplied by 10 percent.

Joint filing credit (R.C. 5747.05(E)) - A husband and wife who file jointly are allowed a tax credit if each spouse has qualifying Ohio adjusted gross income of $500 or more. Qualifying income does not include interest, dividends and distributions, royalties, rent, and capital gains. The credit is a percentage of the tax due after all credits are claimed other than the resident, nonresident, part-year resident, and business credits, but the maximum credit amount is $650.

Low income taxpayer credit (R.C. 5747.056) - Individual taxpayers whose Ohio adjusted gross income less exemptions is is $10,000 or less receive a full credit against the tax otherwise due.

Nonresident credit (R.C. 5747.05(A)) - Nonresident individuals may calculate a tax credit of the tax otherwise due on such portion of the combined adjusted gross income and business income of any nonresident taxpayer that is not allocable or apportionable to Ohio.

Resident credit (R.C. 5747.05(B))- Resident individuals may calculate a tax credit when part or all of their income is taxed in another state or the District of Columbia.

Retirement income credit (R.C. 5747.055) - Individuals receiving retirement benefits, annuities or distributions from a pension, retirement, or profit-sharing plan that are included in adjusted gross income are allowed a credit that depends upon the amount of retirement income received during the taxable year if their adjusted gross income less applicable exemptions is less than $100,000. The maximum credit is $200.

Senior citizen credit (R.C. 5747.055(F)) - Individuals who are 65 years of age or older on or before December 31 of the taxable year may claim a $50 credit per return if their adjusted gross income less applicable exemptions is less than $100,000.

Pass-through entity (PTE) credit (R.C. 5747.059) - Investors in PTEs are eligible for a refundable credit equal to the taxpayer's proportionate share of the lesser of either the tax due or the tax paid by any qualifying entity for the qualifying taxable year of the qualifying entity which ends in the taxable year of the taxpayer. A number of other business credits also may be claimed against personal income tax liabilities. For more information, please see the Business Tax Credits chapter of this annual report.

Special Provisions

Military pay and income of military spouses

For taxable years on and after Jan. 1, 2007, under R.C. 5747.01(A)(24), deduct active duty military pay and allowances included in federal adjusted gross income and not otherwise allowable as a deduction or exclusion if those amounts were received for active duty service while the service member is stationed outside Ohio.

Reciprocity (R.C. 5747.05(A)(3)

Because of agreements Ohio has with bordering states (i.e., Indiana, Kentucky, West Virginia, Michigan and Pennsylvania), an individual does not have to file an Ohio income tax return when:

- the taxpayer was a full-year resident of one of the listed states for the taxable year, and
- the taxpayer's only source of income within Ohio was from wages, salaries, tips or commissions generally received from employers unrelated to the taxpayer.

These reciprocal agreements do not apply to nonresidents who directly or indirectly own at least 20 percent of the stock or other equity of Ohio pass-through entities (R.C. 5733.40(A)(7)). These nonresidents must include this compensation in Ohio taxable income but can treat this compensation as business income, which must be apportioned for purposes of computing the nonresident credit.

Residency (R.C. 5747.24)

For details, see information release IT 2015-02.

Filing and Payment Dates

(R.C. 574707-5747.09)

For individuals, estates, and trusts

Annual return -The annual return is due by April 15 for calendar year taxpayers without an extension. Fiscal year returns are due by the 15th day of the fourth month after the end of the fiscal year.

Quarterly -Taxpayers must file quarterly declarations when they expect their tax to be under-withheld by more than $500. Such taxpayers must make estimated payments by April 15, June 15 and Sept. 15 of the current year and by January 15 of the following year.

Electronic filing - Beginning with tax returns filed on or after Jan. 1, 2010, tax return preparers who file more than a certain number of original income tax returns, reports or other tax payment documents must file electronically. Effective Jan. 1, 2013 tax return preparers who file more than 11 original income tax returns, reports or other tax payment documents must file electronically.

For employers

An employer accumulating undeposited taxes of $100,000 or more is required to make payment within one banking day by electronic funds transfer (EFT). Otherwise, the following rules apply:

- if an employer withheld no more than $2,000 during the 12 months ending on June 30 of the preceding year, pay-

ments are due within 30 days after the quarter ending in March, June, September and December.
• if an employer withheld more than $2,000 and less than $84,000 during the 12 months ending on June 30 of the preceding year, payments are due within 15 days after the end of the month.
• if an employer withheld at least $84,000 during the 12 months ending on June 30 of the preceding year, payments are due within three banking days after the end of the partial weekly period and must be made by electronic funds transfer.

Disposition of Revenue

During fiscal year 2015, about 95.8 percent of revenue from the state income tax or about $8,506.7 million was distributed to the General Revenue Fund. The rest (about 4.2 percent or $376.5 million) was distributed to the Local Government Fund and two much smaller funds.

Article XII, Section 9 of the Ohio Constitution requires that at least 50 percent of the income tax collections be returned to the county of origin. This provision is met primarily through General Revenue Fund allocations to education, Local Government Fund distributions and local property tax relief (the non-business tax credit, owner-occupied tax credit and the homestead exemption for senior citizen and certain disabled homeowners).

Administration

The Department of Taxation administers the Ohio income tax on individuals, estates and trusts.

Ohio Revised Code Citations

Chapter 5747.

Recent Legislation

Substitute Senate Bill Number 208, 131st General Assembly (effective November 15, 2015)

The act provided that for tax year 2015, only in the case of individuals, that tax on business income is measured by taxable business income less any excess personal or dependent exemptions. Taxable business income is subject to one of six graduated rates with a top marginal rate of 3.0 percent. In tax year 2016 and thereafter, when the business income deduction is increased to 100 percent of $125,000 in the case of spouses filing separately or $250,000 for all other taxpayers, taxable business income is subject to a flat rate of 3.0. The act also allowed credits to be taken against the taxpayer's aggregate liabilities and removed references in the income tax code to certain expired credits.

Amended Substitute House Bill Number 64, 131st General Assembly (effective July 1, 2015)

The act allowed a business income deduction of 75 percent of $125,000 in the case of married filing separately or $250,000 for all other taxpayers. The remaining taxable business income was to be taxed at a flat three percent rate. The act deducted business income to reach adjusted gross income and retained the existing nine-bracket progressive-rate structure. Tax rates on non-business income were reduced by 6.3 percent starting in tax year 2015. The act also established means testing for the retirement and senior credits (including the lump sum alternatives) and it allowed a refund donation for Wishes for Sick Children.

Substitute Senate Bill Number 250,130th General Assembly (effective March 23, 2015)

The act increased the adoption income tax credit from $1,500 per child to the greater of either $1,500 per child or the total amount of qualified adoption expenses incurred to adopt a child up to $10,000.

Amended House Bill Number 112,130th General Assembly (effective October 11, 2013)

The act allows taxpayers to contribute a portion of their income tax refunds to the Ohio Breast and Cervical Cancer Project and requires each income tax refund contribution category to generate $150,000 annually or be canceled.

Amended Substitute House Bill Number 483,130th General Assembly (effective September 15, 2014)

The act accelerated the phase-in of a 10-percent income tax rate reduction to taxable year 2014 from taxable year 2015. Personal exemption amounts were increased to $2,200 for taxpayers with OAGI of $40,000 or less and to $1,950 for taxpayers with OAGI of $40,001 to $80,000. The EITC was increased to 10 percent from 5 percent of the federal EITC beginning in 2014.

Amended Substitute House Bill Number 59,130th General Assembly (effective July 1,2013)

The law cut taxes, including:

• A 10-percent personal income tax cut phased in over three years. In 2013, rates were reduced 8.5 percent; in 2014, the rate cut was 9 percent; in 2015, the full 10-percent reduction was to be reached.

• Ohio small businesses received a 50-percent tax deduction on the first $250,000 of business income. This deduction became available to owners/investors of all companies structured as pass-through entities.

• A new Earned Income Tax Credit provided assistance for lower income households.

The act also suspended inflation indexing of income tax brackets and personal/dependent exemption amounts for three years beginning in 2013; made the $20 personal exemption credit available only to households with Ohio taxable income under $30,000, added the retirement pay of NOAA and PHS uniformed services to the deduction for military personnel; and repealed the income tax deduction for gambling losses.

History of Major Changes

1912	Ohio voters approve a constitutional amendment that permits the taxation of income on a uniform or graduated basis.
1971	General Assembly enacts the individual income tax, effective for 1972.
1972	Ohio voters reject a constitutional amendment that would have repealed the new income tax and prohibited future graduated income taxes.
1973	Voters approve a constitutional amendment that eliminates a $3,000 cap on personal exemptions. Also, the legislature enacts a joint filer credit.
1982	The General Assembly imposes a temporary 25 percent across-the-board tax hike for 1982 and a temporary, 12.5 percent tax hike for 1983. Additional rate hikes are imposed on high-income individuals for 1982 and 1983 through the creation of new brackets for income in excess of $80,000 and $100,000.
1983	The new brackets are made permanent. The legislature also increases the temporary, across-the-board rate hikes to 83.3 percent for 1983 and to 90 percent for 1984, when the increases become permanent. The legislature also increases the value of the senior citizen credit, the joint filer credit and the personal exemption. In November, Ohio voters sustain these changes by rejecting a constitutional amendment that would have repealed all tax changes enacted since 1982.
1984	The legislature enacts a one-time special tax refund. For most taxpayers, the refund is 2.03 percent of 1983 tax liability or $7, whichever is greater. Taxpayers who had less than $7 tax due in 1983 receive a full refund. Lawmakers also exempt certain Social Security and railroad retirement benefits from taxation.
1985	General Assembly enacts a three-year, 15 percent across-the-board rate cut. Rates are scheduled to fall (from 1984 levels) by 5 percent in 1985, 5 percent in 1986 and 5 percent in 1987.
1986	The legislature lowers the top marginal rate (on income in excess of $100,000) from 8.55 percent to 6.9 percent, effective 1987. Legislators also lower other rates by an additional 7 percent in 1987 and an additional 1 percent in 1988 and thereafter.
1992	General Assembly creates a new bracket for income in excess of $200,000, effective starting in 1993. The tax rate associated with this new bracket is 7.5 percent.
1996	General Assembly enacts a new mechanism to temporarily lower statutory rates in any year where a budget surplus exists. As a result, tax rates are temporarily reduced for 1996 by 6.609 percent. This provision later leads to temporary rate reductions in 1997, 1998, 1999 and 2000.
1997	The legislature enacts the pass-through entity withholding tax and indexes personal exemptions to inflation starting in 2000.
2002	SB 261 broadens individual income tax to include trusts between June 4, 2002 and Dec. 31, 2004. SB 261 also indexes tax brackets to inflation starting in 2005 (later delayed until 2010) and decouples Ohio from federal accelerated depreciation law, requiring a bonus depreciation adjustment.
2005	HB 66 launches a five-year, 21 percent across-the-board reduction in income tax rates. Rates are scheduled to fall by 4.2 percent for 2005, 2006, 2007, 2008 and 2009. HB 66 also includes a credit that effectively shields all taxpayers whose taxable income is $10,000 or less from all state income tax liability. The bill also makes permanent the extension of the tax to trusts and postpones the annual adjustment of tax brackets for inflation until 2010.
2006	Legislature permits resident service members to deduct military pay and allowances received while stationed out of state, effective Jan. 1, 2007.
2007	Legislature exempts military retirement pay from Ohio income and school district income taxes effective Jan. 1, 2008.
2008	Tax preparers who filed more than 75 original income tax returns in 2008 required by law to file electronically as of Jan. 1, 2010.

History of Major Changes - continued

2009	HB 318 postpones fifth income tax rate reduction for two years, until 2011. HB 1 creates a motion picture production credit.
2010	Tax Commissioner adjusts tax brackets for inflation for the first time, effective for the 2010 taxable year.
2011	Enactment of fifth and final year of income tax rate reductions. HB153 creates new donation for the Ohio Historical Society. HB 167 creates a new income tax deduction for Pell Grant recipients.
2013	HB 59 launches a 10-percent reduction in income tax rates over three years. Rates are scheduled to fall 8.5 percent for the 2013 tax year filing, another 0.5 percent for the 2014 tax year and the final 1 percent with the 2015 tax year filing. HB 59 also freezes the indexing of income brackets and the personal/dependent exemption during the three-year period of time. The bill also makes the $20 personal/dependent credit income-based. HB 59 introduces two new credits: the nonrefundable Earned Income Credit and the 50 percent Small Business Investor Income Credit. HB 365 allows business owners who claim an enhanced federal income tax depreciation deduction and who increase payroll to claim more of the deduction that the business owner otherwise must add back for Ohio income tax purposes.
2014	HB 483 accelerated the phase-in of a 10 percent income tax rate reduction to taxable year 2014 from taxable year 2015. Personal exemption amounts were increased to $2,200 for taxpayers with OAGI of $40,000 or less and to $1,950 for taxpayers with OAGI of $40,001 to $80,000. The state EITC was increased to 10 percent from 5 percent of the federal EITC beginning in 2014.
2015	HB 64 created separate tax bases for business or non-business and established a flat 3 percent tax on business income after accounting for the small business deduction. It reduced the tax rates on non-business income by 6.3 percent starting in TY 2015 and it established means testing of the senior and retirement income and lump sum credits.

Comparisons with Other States

(As of June 30, 2015)

The tax rates listed in this section are for taxable year 2015 for individuals. In some states, rate schedules vary according to filing status.

Georgia	Rates range from 1 percent on net taxable income not over $750.00 to 6 percent on net taxable income over $7,000.
Indiana	Indiana imposes a flat tax at a 3.4 percent rate. Some Indiana counties also levy income taxes.
Kentucky	Rates range from 2 percent on the first $3,000 of taxable net income to 6 percent of the amount of taxable net income over $75,000.
Michigan	Michigan imposes a flat tax at a 4.25 percent rate.
North Carolina	North Carolina imposes a flat tax a 5.8 percent rate.
Ohio	See the income tax table under the “Rates” section, above.
Pennsylvania	Pennsylvania imposes a flat tax of 3.07 percent rate.
Tennessee	Tennessee taxes only dividend and interest income at the rate of 6 percent.
Texas	None.
West Virginia	Rates range from 3 percent on taxable income not over $10,000 to 6.5 percent on taxable income in excess of $60,000.

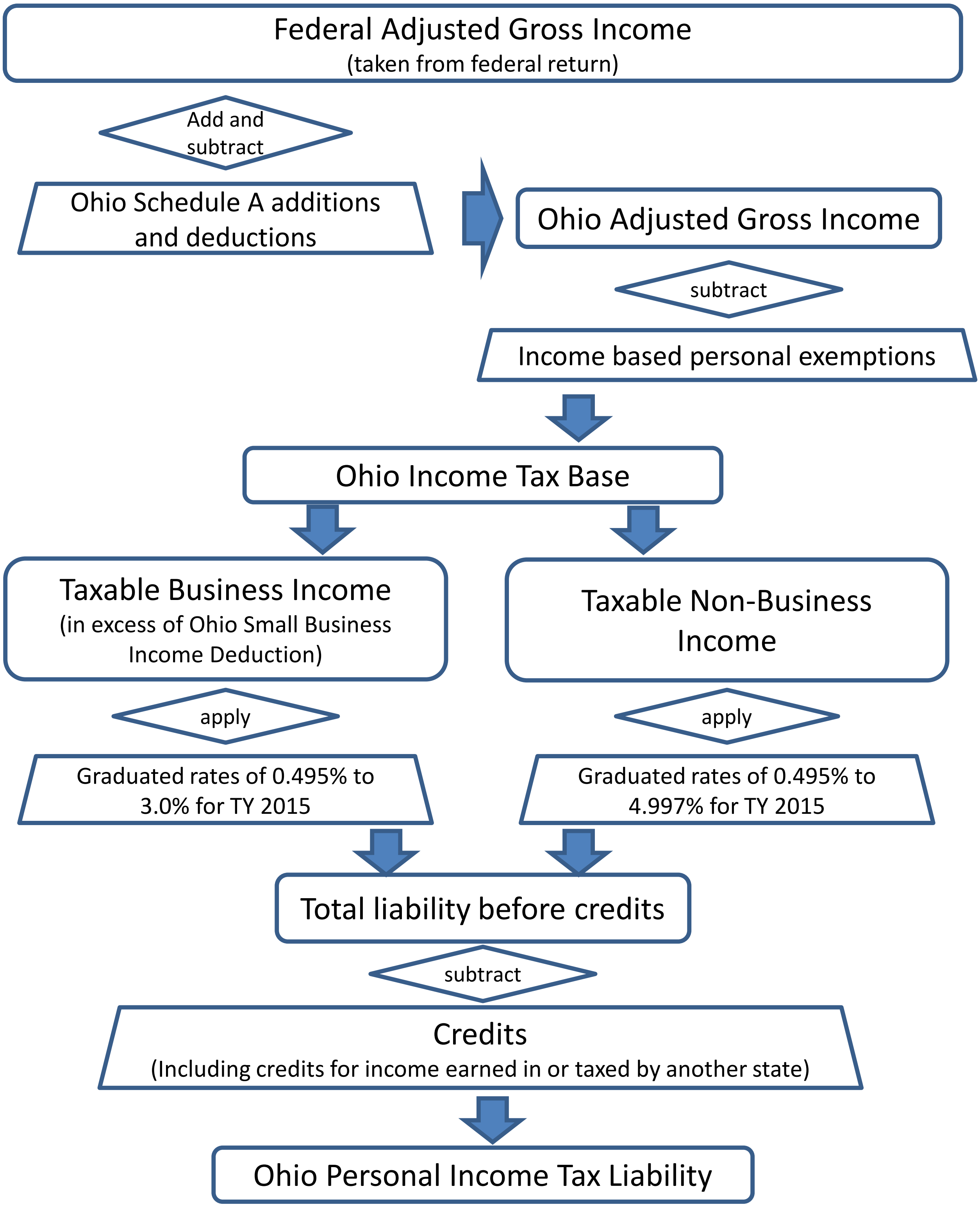
Tables and Charts

The following tables provide a wide variety of statistical information from Ohio individual income tax returns. Please note the following cautions about this data.

The tables reflect all tax returns filed to date by taxpayers for the taxable year noted. The tables include tax returns that indicate tax liability as well as returns with no tax liability. For example, taxpayers with Ohio taxable income below $10,000 receive a tax credit that results in no tax liability.

The income of Ohio residents, part-year residents and nonresidents who filed an Ohio individual income tax return has not been reduced to exclude income earned or received outside of Ohio. This is because Ohio law uses tax credits – rather than income exclusions – to prevent income earned or received outside this state from being taxed by Ohio. As a result, income figures in these tables (such as federal adjusted gross income, Ohio adjusted gross income and Ohio taxable income) include non-Ohio income. Also, amounts labeled as “Ohio income tax” are after subtraction of the resident credit, part-year resident

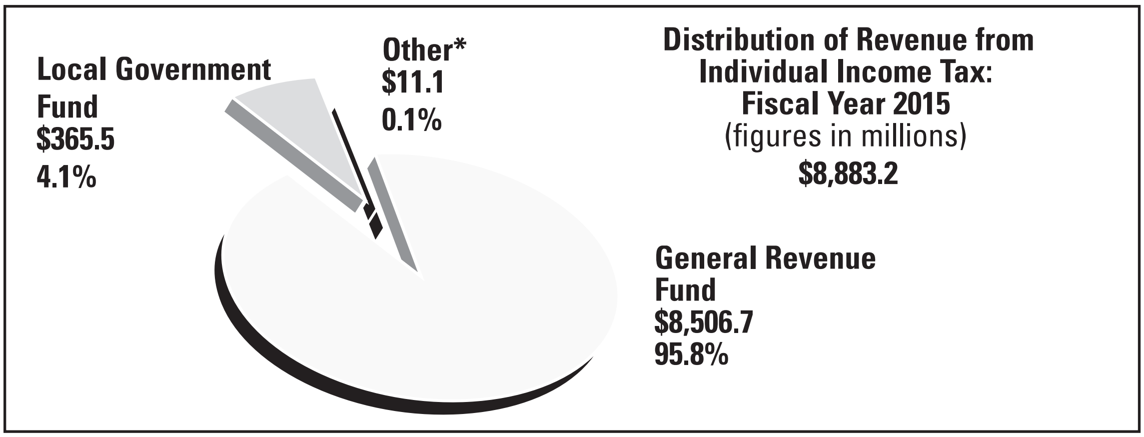
Chart 1: General Computation of Ohio Individual Income Tax Liability for TY 2015



credit, nonresident credit and all other tax credits applicable under Ohio law.

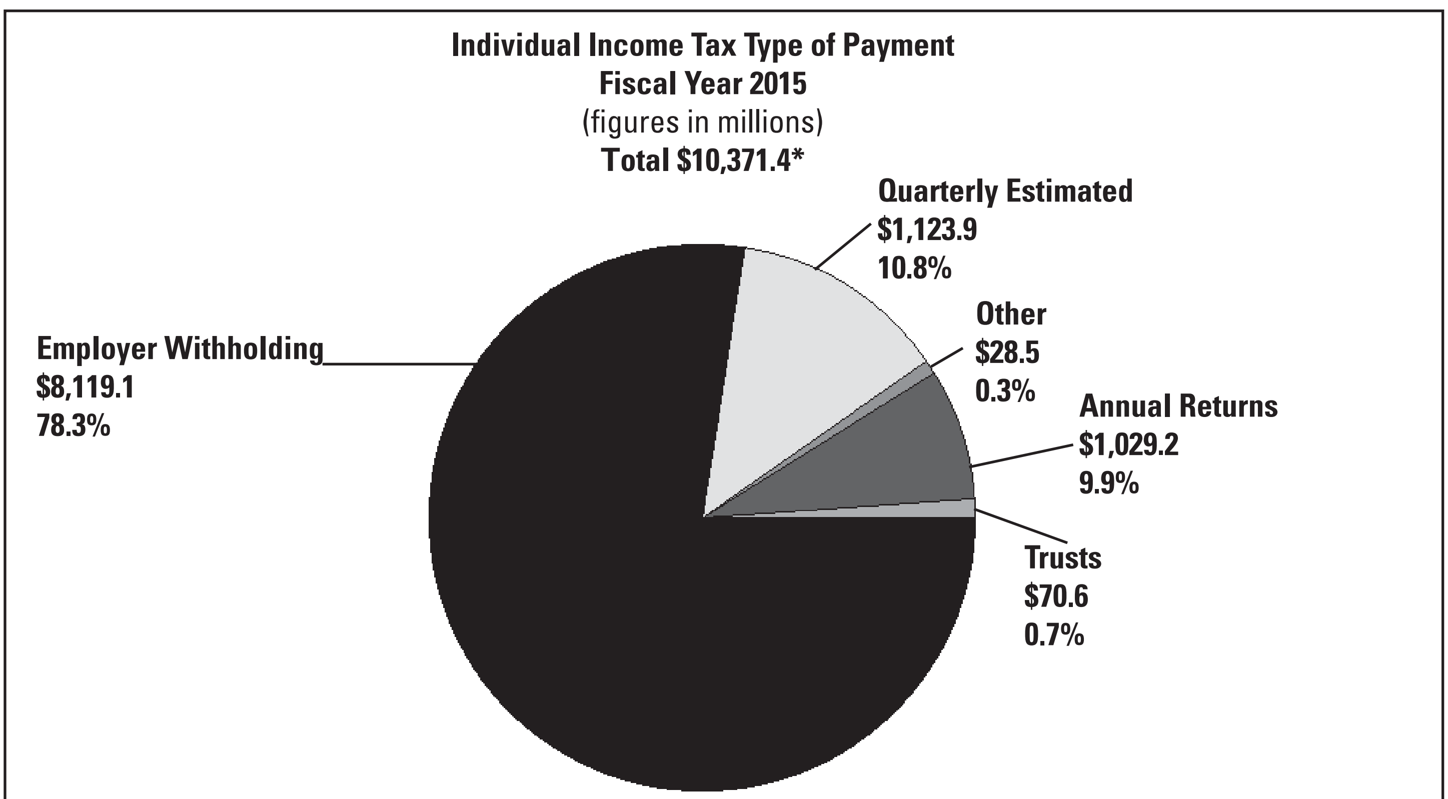
Also, note that the income of residents of states adjacent to Ohio is reported in a somewhat different manner from that income described above. Under a reciprocity agreement with those states, the wage and salary income earned in Ohio by residents of one of those states is not taxed by Ohio. For those residents, such income is excluded from Ohio adjusted gross income and Ohio taxable income.

Chart 2



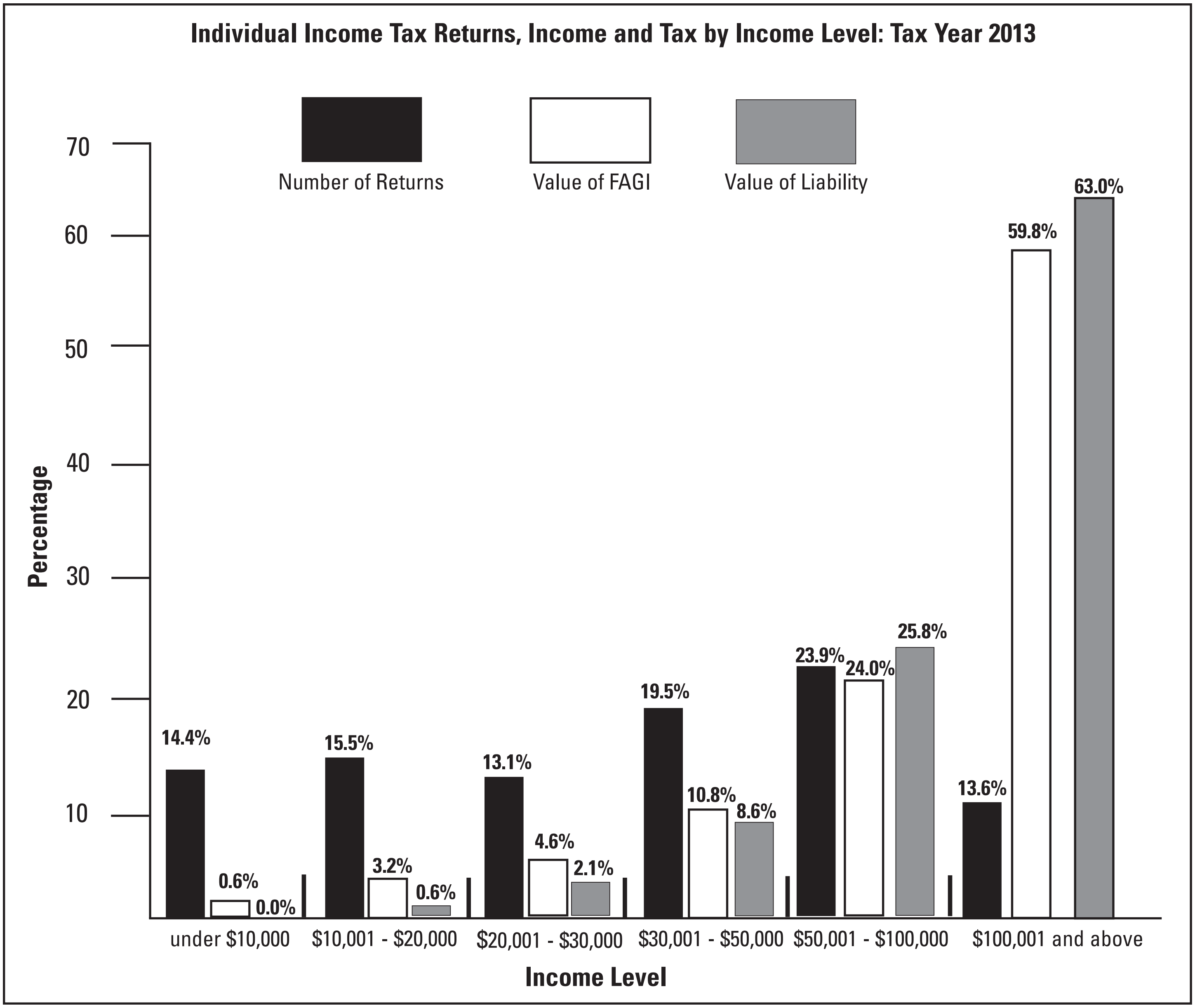
* Includes Attorney General collections and political party contributions which amount to $11.1 million.
Source: Office of Budget & Management OAKS financial report.

Chart 3



*Includes $1,513.9 million refunded back to taxpayers
Source: Ohio Department of Taxation

Chart 4



Source: Ohio Department of Taxation.

Table 4

2013 Ohio Individual Income Tax Returns, by Income Level[1]

Income Level	Number of Returns	FAGI	OAGI	Reported Value of Personal Exemptions	Ohio Taxable Income	Tax Before Credits	Value of Joint Filer Credit	Total Income Tax Liability[2]
Under $5,000	367,014	$(807,114,980)	$(832,045,696)	$743,955,700	$459,071,669	$6,704,954	$7,571	$850,717
$5,000-$10,000	416,251	$3,141,316,524	$2,875,719,850	$970,791,800	$2,019,551,080	$12,480,490	$1,794	$169,164
$10,000-$15,000	434,518	$5,437,600,784	$5,031,413,111	$1,186,074,700	$3,935,842,175	$33,038,975	$11,582	$11,601,736
$15,000-$20,000	403,670	$7,045,612,234	$6,545,636,069	$1,164,275,600	$5,456,779,429	$64,600,622	$130,645	$35,474,212
$20,000-$25,000	369,883	$8,307,789,746	$7,659,103,408	$1,089,455,200	$6,633,147,162	$99,995,739	$483,164	$63,339,058
$25,000-$30,000	338,903	$9,309,421,209	$8,584,848,852	$1,017,723,700	$7,622,823,482	$136,862,978	$1,109,715	$100,345,353
$30,000-$35,000	310,153	$10,067,411,245	$9,299,435,243	$945,363,200	$8,397,234,802	$169,696,648	$1,854,432	$137,800,244
$35,000-$40,000	276,787	$10,366,885,086	$9,545,196,401	$857,056,700	$8,737,097,236	$190,982,112	$2,968,279	$166,006,949
$40,000-$45,000	249,454	$10,589,852,684	$9,737,223,063	$788,572,200	$8,984,876,857	$207,694,937	$4,374,551	$185,714,979
$45,000-$50,000	221,656	$10,518,343,739	$9,320,244,220	$719,601,500	$8,965,277,854	$218,273,218	$5,887,960	$196,692,864
$50,000-$55,000	196,633	$10,313,599,787	$9,360,637,388	$666,825,000	$8,782,970,590	$223,882,823	$7,390,929	$201,514,986
$55,000-$60,000	175,493	$10,081,666,800	$9,194,913,854	$619,585,400	$8,597,389,778	$227,631,669	$7,524,101	$205,072,049
$60,000-$65,000	156,379	$9,766,169,161	$8,890,007,614	$573,962,500	$8,334,779,468	$227,775,827	$8,122,485	$205,137,940
$65,000-$70,000	142,296	$9,599,994,161	$8,749,650,931	$540,900,900	$8,223,525,257	$231,027,401	$9,284,365	$207,392,978
$70,000-$75,000	129,976	$9,418,330,034	$8,607,627,075	$510,402,900	$8,110,311,016	$233,327,235	$10,460,869	$208,867,431
$75,000-$80,000	119,143	$9,229,273,608	$8,445,124,002	$483,072,000	$7,973,098,984	$234,010,336	$11,016,488	$209,250,651
$80,000-$85,000	108,828	$8,974,161,488	$8,224,588,663	$451,768,200	$7,783,090,722	$232,472,018	$8,481,167	$210,175,324
$85,000-$90,000	98,309	$8,598,664,070	$7,829,775,111	$418,075,900	$7,491,524,495	$227,526,575	$7,585,609	$206,796,048
$90,000-$95,000	89,567	$8,281,460,626	$7,621,696,946	$389,422,400	$7,238,075,953	$224,037,895	$7,622,175	$203,545,268
$95,000-$100,000	80,280	$7,824,606,823	$7,225,439,404	$357,108,800	$6,877,212,172	$216,992,737	$7,433,516	$197,373,008
$100,000-$125,000	277,439	$30,837,207,200	$28,589,180,854	$1,288,668,000	$27,320,734,786	$905,466,026	$31,207,353	$818,807,599
$125,000-$150,000	140,862	$19,189,202,502	$17,775,312,919	$676,651,000	$17,111,228,523	$615,154,808	$21,183,767	$548,832,081
$150,000-$175,000	82,896	$13,388,473,704	$12,367,554,911	$403,782,300	$11,967,536,590	$455,609,403	$15,534,510	$399,073,719
$175,000-$200,000	51,957	$9,697,679,071	$8,933,203,463	$252,652,300	$8,683,535,256	$344,119,438	$11,380,316	$297,750,700
$200,000-$250,000	59,393	$13,188,652,454	$12,081,958,909	$289,912,900	$11,795,250,707	$488,177,604	$15,684,785	$411,875,072
$250,000-$300,000	32,885	$8,999,174,312	$8,247,671,631	$155,726,800	$8,093,118,473	$353,476,568	$9,723,638	$294,278,187
$300,000-$350,000	19,807	$6,387,606,687	$5,857,670,435	$94,933,100	$5,766,510,708	$260,852,805	$6,474,648	$210,105,181
$350,000-$400,000	12,862	$4,805,638,372	$4,402,161,782	$63,875,800	$4,338,666,549	$201,467,957	$4,339,221	$156,511,196
$400,000-$450,000	9,250	$3,914,976,586	$3,603,381,045	$45,983,300	$3,558,081,617	$168,596,378	$3,116,974	$127,509,725
$450,000-$500,000	7,081	$3,357,519,226	$3,119,114,668	$35,548,700	$3,086,639,758	$148,740,122	$2,339,216	$111,442,601
$500,000-$750,000	19,070	$11,507,557,270	$10,798,676,327	$95,317,300	$10,707,933,362	$530,409,573	$6,388,675	$375,607,753
$750,000-$1,000,000	7,601	$6,538,212,158	$6,241,712,558	$37,690,700	$6,205,538,118	$316,431,745	$2,406,883	$203,740,178
$1,000,000-$1,500,000	6,327	$7,646,122,134	$7,411,510,599	$30,832,900	$7,381,137,886	$383,502,614	$1,837,933	$217,388,535
$1,500,000-$2,000,000	2,776	$4,794,432,327	$4,693,488,050	$13,351,800	$4,680,603,346	$246,444,539	$780,650	$118,849,158
$2,000,000-$3,000,000	2,829	$6,876,100,601	$6,797,338,469	$12,918,300	$6,786,272,926	$360,462,686	$703,950	$163,281,500
$3,000,000-$4,000,000	1,428	$4,932,383,065	$4,901,682,283	$6,813,600	$4,894,877,183	$261,599,214	$347,750	$86,962,356
$4,000,000-$5,000,000	802	$3,580,299,795	$3,551,275,955	$3,806,300	$3,547,473,055	$190,201,780	$197,600	$59,296,728
$5,000,000-$10,000,000	1,574	$10,933,560,335	$10,903,695,823	$7,435,800	$10,896,265,123	$586,552,229	$325,650	$140,148,476
Over $10,000,000	1,351	$47,719,797,027	$47,422,601,838	$6,448,100	$47,416,170,519	$2,566,880,136	$282,750	$282,639,684
Totals	**5,423,383**	**$384,359,639,655**	**$359,615,428,028**	**$18,016,343,300**	**$344,861,254,666**	**$12,803,160,815**	**$236,007,665**	**$7,977,221,387**

Source: Ohio Department of Taxation

[1]As reported on returns due April 15, 2014.

[2] This represents tax liability after all tax credits. Although the joint filer credit is presented in this table, it is not the largest income tax credit. The combined resident and nonresident, non-refundable business tax credits account for the largest amount of credit value, totalling $4.3 billion.

Table 5

Comparison of 2012 and 2013 Individual Income Tax Returns

Income Level	Number of Returns		Federal Adjusted Gross Income		Ohio Taxable Income		Joint Filer Credit		Ohio Income Tax Liability	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Under $5,000	365,655	367,014	$(620,462,728)	$(807,114,980)	$420,511,617	$459,071,669	$10,827	$7,571	$1,845,048	$850,717
$5,001-$10,000	414,649	416,251	$3,129,724,929	$3,141,316,524	$2,039,565,976	$2,019,551,080	$3,644	$1,794	$268,323	$169,164
$10,001-$15,000	433,910	434,518	$5,427,027,425	$5,437,600,784	$3,985,016,148	$3,935,842,175	$15,683	$11,582	$14,293,506	$11,601,736
$15,001-$20,000	403,748	403,670	$7,044,317,290	$7,045,612,234	$5,514,815,288	$5,456,779,429	$186,778	$130,645	$47,362,467	$35,474,212
$20,001-$40,000	1,279,522	1,295,726	$37,553,397,164	$38,051,507,286	$31,336,587,790	$31,390,302,682	$7,916,959	$6,415,591	$541,063,682	$467,491,605
$40,001-$80,000	1,370,844	1,391,030	$78,329,977,156	$79,517,229,973	$68,019,068,445	$67,972,229,803	$70,888,891	$64,061,747	$1,741,057,750	$1,619,643,878
$80,001-$100,000	362,980	376,984	$32,409,406,628	$33,678,893,007	$28,838,681,291	$29,389,903,342	$32,550,624	$31,122,467	$868,487,806	$817,889,648
$100,001-$200,000	518,722	553,154	$68,402,454,162	$73,112,562,477	$62,918,285,975	$65,083,035,155	$83,263,732	$79,305,946	$2,184,918,721	$2,064,464,099
$200,000 & above	172,328	185,036	$171,513,114,635	$145,182,032,349	$169,862,421,548	$139,154,539,331	$56,994,302	$54,950,323	$3,640,002,235	$2,959,636,329
Totals	**5,322,358**	**5,423,383**	**$403,188,956,660**	**$384,359,639,655**	**$372,934,954,076**	**$344,861,254,666**	**$251,831,440**	**$236,007,665**	**$9,039,299,539**	**$7,977,221,387**

Source: Ohio Department of Taxation

Table 6

Comparison of 2012 and 2013 Individual Income Tax Returns with Tax Liability

Income Level	Number of Returns with Tax Liability		Ohio Income Tax	
	2012	2013	2012	2013
Under $5,000	391	357	$1,845,048	$850,717
$5,001-$10,000	461	277	$268,323	$169,164
$10,001-$15,000	154,007	137,675	$14,293,506	$11,601,736
$15,001-$20,000	300,203	224,583	$47,362,467	$35,474,212
$20,001-$40,000	1,176,184	1,112,103	$541,063,682	$467,491,605
$40,001-$80,000	1,333,761	1,347,943	$1,741,057,750	$1,619,643,878
$80,001-$100,000	355,568	368,779	$868,487,806	$817,889,648
$100,001-$200,000	507,284	540,100	$2,184,918,721	$2,064,464,099
$200,000 & above	164,627	176,468	$3,640,002,235	$2,959,636,329
Totals	**3,992,486**	**3,908,285**	**$9,039,299,539**	**$7,977,221,387**

Source: Ohio Department of Taxation

Table 7						
2013 All Ohio Individual Income Tax Returns						
Income Level	**Number of Returns**	**FAGI**	**Ohio Taxable Income**	**Joint Filer Credit**	**Ohio Income Tax**	**Effective Tax Rate[1]**
Under $5,000	367,014	$(807,114,980)	$459,071,669	$7,571	$850,717	-0.11%
$5,001-$10,000	416,251	$3,141,316,524	$2,019,551,080	$1,794	$169,164	0.01%
$10,001-$15,000	434,518	$5,437,600,784	$3,935,842,175	$11,582	$11,601,736	0.21%
$15,001-$20,000	403,670	$7,045,612,234	$5,456,779,429	$130,645	$35,474,212	0.50%
$20,001-$40,000	1,295,726	$38,051,507,286	$31,390,302,682	$6,415,591	$467,491,605	1.23%
$40,001-$80,000	1,391,030	$79,517,229,973	$67,972,229,803	$64,061,747	$1,619,643,878	2.04%
$80,001-$100,000	376,984	$33,678,893,007	$29,389,903,342	$31,122,467	$817,889,648	2.43%
$100,001-$200,000	553,154	$73,112,562,477	$65,083,035,155	$79,305,946	$2,064,464,099	2.82%
$200,000 & above	185,036	$145,182,032,349	$139,154,539,331	$54,950,323	$2,959,636,329	2.04%
Totals	**5,423,383**	**$384,359,639,655**	**$344,861,254,666**	**$236,007,665**	**$7,977,221,387**	**2.08%**
Source: Ohio Department of Taxation						
[1] Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.						

Table 8					
2013 Ohio Individual Income Tax Returns Claiming Married Filing Joint Status					
Income Level	**Number of Returns**	**FAGI**	**Ohio Taxable Income**	**Ohio Income Tax Liability**	**Effective Tax Rate[1]**
Under $5,000	19,431	$(1,568,077,590)	$87,201,085	$601,598	-0.04%
$5,001-$10,000	32,405	$250,705,804	$78,756,327	$75,436	0.03%
$10,001-$15,000	52,742	$668,978,835	$339,792,910	$166,375	0.02%
$15,001-$20,000	64,484	$1,130,413,979	$691,318,940	$1,348,488	0.12%
$20,001-$40,000	289,324	$8,723,511,271	$6,089,024,781	$57,752,160	0.66%
$40,001-$80,000	619,716	$37,259,189,853	$30,082,425,807	$675,614,620	1.81%
$80,001-$100,000	275,153	$24,656,439,643	$21,184,375,678	$581,318,823	2.36%
$100,001-$200,000	452,586	$60,068,203,229	$53,247,422,027	$1,683,704,687	2.80%
$200,000 & above	153,000	$117,589,113,483	$112,418,859,476	$2,455,780,616	2.09%
Totals	**1,958,841**	**$248,778,478,507**	**$224,219,177,029**	**$5,456,362,804**	**2.19%**
Source: Ohio Department of Taxation					
[1] Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.					

Table 9					
2013 Ohio Individual Income Tax Returns Claiming Single Filing Status					
Income Level	**Number of Returns**	**FAGI**	**Ohio Taxable Income**	**Ohio Income Tax Liability**	**Effective Tax Rate[1]**
Under $5,000	19,431	$(1,568,077,590)	$87,201,085	$601,598	-0.04%
$5,001-$10,000	32,405	$250,705,804	$78,756,327	$75,436	0.03%
$10,001-$15,000	52,742	$668,978,835	$339,792,910	$166,375	0.02%
$15,001-$20,000	64,484	$1,130,413,979	$691,318,940	$1,348,488	0.12%
$20,001-$40,000	289,324	$8,723,511,271	$6,089,024,781	$57,752,160	0.66%
$40,001-$80,000	619,716	$37,259,189,853	$30,082,425,807	$675,614,620	1.81%
$80,001-$100,000	275,153	$24,656,439,643	$21,184,375,678	$581,318,823	2.36%
$100,001-$200,000	452,586	$60,068,203,229	$53,247,422,027	$1,683,704,687	2.80%
$200,000 & above	153,000	$117,589,113,483	$112,418,859,476	$2,455,780,616	2.09%
Totals	**1,958,841**	**$248,778,478,507**	**$224,219,177,029**	**$5,456,362,804**	**2.19%**
Source: Ohio Department of Taxation					
[1] Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.					

Table 10					
2013 Ohio Individual Income Tax Returns Claiming Married Filing Separate Status					
Income Level	**Number of Returns**	**FAGI**	**Ohio Taxable Income**	**Ohio Income Tax Liability**	**Effective Tax Rate[1]**
Under $5,000	3,989	$9,341,026	$5,009,655	$30,837	0.33%
$5,001-$10,000	6,277	$47,944,795	$28,830,166	$4,069	0.01%
$10,001-$15,000	8,665	$109,209,464	$79,819,891	$371,010	0.34%
$15,001-$20,000	14,336	$254,350,727	$205,289,901	$2,066,767	0.81%
$20,001-$40,000	108,774	$3,346,686,495	$2,911,403,922	$53,478,878	1.60%
$40,001-$80,000	157,284	$8,706,474,337	$7,918,751,205	$203,103,174	2.33%
$80,001-$100,000	25,870	$2,297,606,851	$2,141,824,327	$64,706,326	2.82%
$100,001-$200,000	23,705	$2,995,796,342	$2,778,883,521	$94,837,509	3.17%
$200,000 & above	4,600	$6,667,933,344	$6,553,657,405	$69,046,957	1.04%
Totals	**353,500**	**$24,435,343,381**	**$22,623,469,993**	**$487,645,527**	**2.00%**
Source: Ohio Department of Taxation					
[1] Ohio income tax divided by FAGI. Resident and non-resident tax credits have been subtracted in calculating income tax, but FAGI includes all resident and non-resident income.					

Table 11				
2013 Ohio Individual Income Tax Returns by Ohio Taxable Income Level				
Income Level	**Number of Returns**	**$20 Exemption Credit**	**Joint Filer Credit**	**Ohio Income Tax**
Under $5,000	367,014	$8,744,100	$7,571	$850,717
$5,001-$10,000	416,251	$11,418,700	$1,794	$169,164
$10,001-$15,000	434,518	$13,950,340	$11,582	$11,601,736
$15,001-$20,000	403,670	$13,692,300	$130,645	$35,474,212
$20,001-$40,000	1,295,726	$37,035,040	$6,415,591	$467,491,605
$40,001-$80,000	1,391,030	$4,358,420	$64,061,747	$1,619,643,878
$80,001-$100,000	376,984	$311,540	$31,122,467	$817,889,648
$100,001-$200,000	553,154	$242,380	$79,305,946	$2,064,464,099
$200,000 & above	185,036	$24,060	$54,950,323	$2,959,636,329
Totals	**5,423,383**	**$89,776,880**	**$236,007,665**	**$7,977,221,387**
Source: Ohio Department of Taxation				

Table 12					
2013 Ohio Individual Income Tax Returns Claiming the Joint Filer Credit, by Income Level					
Income Level	**Number of Returns**	**FAGI**	**Ohio Taxable Income**	**Ohio Income Tax Liability**	**Effective Tax Rate***
Under $5,000	38	$(2,561,658)	$5,824,243	$177,929	-6.95%
$5,001-$10,000	17	$142,730	$678,730	$15,053	10.55%
$10,001-$15,000	799	$11,324,084	$9,891,832	$54,227	0.48%
$15,001-$20,000	7,505	$134,371,001	$101,275,615	$382,728	0.28%
$20,001-$40,000	109,938	$3,494,969,745	$2,712,716,650	$27,064,864	0.77%
$40,001-$80,000	423,874	$25,953,100,763	$21,770,691,246	$484,350,783	1.87%
$80,001-$100,000	220,841	$19,809,592,382	$17,417,574,517	$478,671,176	2.42%
$100,001-$200,000	369,872	$48,932,888,877	$44,085,630,932	$1,399,323,992	2.86%
$200,000 & above	103,402	$63,034,615,290	$59,586,012,803	$1,493,186,986	2.37%
Totals	**1,236,286**	**$161,368,443,214**	**$145,690,296,569**	**$3,883,227,739**	**2.41%**

Source: Ohio Department of Taxation

* Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.

Table 13						
2013 Ohio Individual Income Tax Returns Claiming the Senior Citizen Credit, by Income Level						
Income Level	**Number of Returns**	**FAGI**	**Ohio Taxable Income**	**Senior Citizen Credit**	**Retirement Income Credit**	**Ohio Income Tax Liability**
Under $5,000	32,195	$(1,245,448,522)	$68,686,862	$1,609,632	$1,177,889	$137,140
$5,001-$10,000	52,695	$405,783,360	$205,481,469	$2,634,604	$5,003,120	$37,685
$10,001-$15,000	78,122	$982,760,466	$635,645,234	$3,905,920	$10,699,667	$182,222
$15,001-$20,000	70,674	$1,229,437,743	$844,560,143	$3,533,531	$10,473,351	$860,827
$20,001-$40,000	205,020	$5,988,130,750	$4,025,493,653	$10,250,553	$31,652,131	$26,367,823
$40,001-$80,000	240,798	$13,891,546,844	$9,425,431,312	$12,039,597	$37,441,285	$170,297,069
$80,001-$100,000	67,727	$6,042,649,620	$4,302,441,054	$3,386,294	$10,431,265	$102,660,106
$100,001-$200,000	92,342	$12,251,014,505	$9,402,366,262	$4,616,980	$13,601,263	$274,197,106
$200,000 & above	34,324	$35,164,873,737	$33,464,650,249	$1,716,200	$3,992,550	$545,060,808
Totals	**873,897**	**$74,710,748,503**	**$62,374,756,238**	**$43,693,311**	**$124,472,521**	**$1,119,800,785**

Source: Ohio Department of Taxation

Table 14

2013 Ohio Individual Income Tax Returns, by County

County	Number of Returns	FAGI	Ohio Income Tax Liability	County	Number of Returns	FAGI	Ohio Income Tax Liability
Adams	11,104	$459,950,010	$9,039,532	Lorain	137,868	$7,711,395,443	$192,748,448
Allen	48,447	$2,410,357,284	$56,425,631	Lucas	187,243	$9,922,301,591	$248,045,941
Ashland	21,638	$1,013,916,627	$22,394,343	Madison	19,344	$1,141,668,625	$29,397,472
Ashtabula	42,807	$1,825,146,129	$37,834,772	Mahoning	107,649	$5,338,158,050	$125,922,977
Athens	22,324	$1,031,707,921	$23,089,386	Marion	26,733	$1,195,242,749	$25,828,965
Auglaize	22,885	$1,205,190,791	$27,629,946	Medina	89,343	$5,814,598,347	$156,100,356
Belmont	28,176	$1,592,340,557	$41,415,265	Meigs	8,131	$345,541,115	$6,952,558
Brown	18,434	$803,525,678	$16,634,161	Mercer	21,391	$1,118,384,981	$26,467,181
Butler	162,766	$9,497,744,190	$242,229,131	Miami	49,741	$2,667,232,316	$63,762,373
Carroll	9,844	$533,303,323	$11,772,722	Monroe	7,540	$552,456,708	$16,868,438
Champaign	19,534	$937,489,003	$20,686,673	Montgomery	237,175	$12,543,280,573	$302,494,653
Clark	60,902	$2,846,800,925	$62,231,826	Morgan	5,489	$215,953,598	$4,240,799
Clermont	85,940	$4,878,329,745	$120,935,605	Morrow	14,042	$659,495,132	$14,686,481
Clinton	20,975	$1,059,135,056	$22,951,277	Muskingum	40,462	$1,868,775,763	$42,790,253
Columbiana	43,220	$1,965,379,208	$42,982,210	Noble	5,345	$303,263,104	$7,752,763
Coshocton	15,211	$650,619,955	$13,638,228	Ottawa	19,203	$1,031,349,696	$23,749,813
Crawford	21,476	$896,349,065	$18,158,170	Paulding	8,869	$412,643,459	$8,696,339
Cuyahoga	586,714	$35,335,192,712	$956,580,229	Perry	14,230	$632,652,614	$13,722,441
Darke	23,397	$1,078,974,195	$23,702,751	Pickaway	24,517	$1,254,317,162	$29,005,528
Defiance	18,597	$892,766,914	$19,952,136	Pike	11,117	$483,561,105	$10,254,221
Delaware	69,861	$6,576,992,035	$205,729,112	Portage	72,293	$3,969,948,710	$99,229,633
Erie	40,173	$2,019,785,078	$47,566,757	Preble	19,197	$875,042,752	$18,494,594
Fairfield	63,896	$3,655,423,067	$91,258,798	Putnam	17,269	$1,004,468,184	$24,842,769
Fayette	13,230	$570,091,665	$12,156,154	Richland	56,112	$2,559,626,820	$56,446,978
Franklin	588,238	$36,509,544,869	$997,610,505	Ross	29,596	$1,379,262,427	$30,634,454
Fulton	22,492	$1,169,345,895	$27,081,933	Sandusky	29,667	$1,374,826,001	$30,222,349
Gallia	11,531	$533,636,222	$11,846,793	Scioto	27,211	$1,262,726,902	$28,022,691
Geauga	42,754	$3,465,358,604	$102,103,618	Seneca	23,391	$998,929,556	$20,661,504
Greene	73,420	$4,675,828,253	$114,955,181	Shelby	23,177	$1,198,153,318	$29,048,210
Guernsey	15,261	$707,630,561	$16,401,725	Stark	180,554	$9,325,100,840	$225,211,694
Hamilton	382,613	$26,491,558,753	$764,130,560	Summit	254,727	$15,267,308,721	$409,372,272
Hancock	34,419	$2,001,472,756	$51,978,416	Trumbull	96,321	$4,411,628,028	$95,219,199
Hardin	14,646	$676,751,994	$14,658,670	Tuscarawas	42,693	$2,057,307,452	$47,200,343
Harrison	6,984	$350,935,537	$8,350,792	Union	20,739	$1,224,198,658	$30,429,641
Henry	13,599	$678,430,188	$14,816,909	Van Wert	10,928	$522,239,651	$11,139,733
Highland	18,221	$746,142,036	$14,973,352	Vinton	4,876	$194,171,663	$3,835,081
Hocking	10,077	$436,396,220	$9,115,712	Warren	98,784	$7,765,328,348	$226,033,219
Holmes	16,564	$776,461,191	$16,718,244	Washington	28,057	$1,473,203,348	$34,501,456
Huron	30,282	$1,386,171,134	$30,140,948	Wayne	52,857	$2,667,793,220	$61,989,483
Jackson	12,768	$559,661,048	$11,977,782	Williams	17,898	$800,954,763	$17,257,424
Jefferson	29,896	$1,388,485,818	$30,415,930	Wood	56,901	$3,390,530,644	$86,284,783
Knox	24,884	$1,341,524,898	$33,737,850	Wyandot	11,074	$534,740,600	$12,166,575
Lake	117,032	$6,711,126,786	$170,064,712	County total	5,271,028	$300,333,368,399	$7,691,685,779
Lawrence	24,398	$1,125,088,820	$24,537,507	**Other ***	**152,355**	**$84,026,271,256**	**$285,535,608**
Licking	79,660	$4,422,168,128	$109,196,380				
Logan	19,984	$973,374,819	$22,145,360	**State total**	**5,423,383**	**$384,359,639,655**	**$7,977,221,387**

Source: Ohio Department of Taxation

*Includes non-resident returns.

Table 15

Rank of Counties by Average Income as Reported on 2013 Ohio Individual Income Tax Returns

County	FAGI	Percentage of State Average	Rank	County	FAGI	Percentage of State Average	Rank
Adams	$41,422	72.7%	85	Logan	$48,708	85.5%	45
Allen	$49,752	87.3%	43	Lorain	$55,933	98.2%	22
Ashland	$46,858	82.2%	53	Lucas	$52,992	93.0%	29
Ashtabula	$42,637	74.8%	82	Madison	$59,019	103.6%	13
Athens	$46,215	81.1%	62	Mahoning	$49,589	87.0%	44
Auglaize	$52,663	92.4%	31	Marion	$44,710	78.5%	73
Belmont	$56,514	99.2%	21	Medina	$65,082	114.2%	6
Brown	$43,589	76.5%	76	Meigs	$42,497	74.6%	83
Butler	$58,352	102.4%	14	Mercer	$52,283	91.8%	33
Carroll	$54,175	95.1%	25	Miami	$53,622	94.1%	28
Champaign	$47,993	84.2%	49	Monroe	$73,270	128.6%	4
Clark	$46,744	82.0%	54	Montgomery	$52,886	92.8%	30
Clermont	$56,764	99.6%	19	Morgan	$39,343	69.0%	88
Clinton	$50,495	88.6%	38	Morrow	$46,966	82.4%	51
Columbiana	$45,474	79.8%	71	Muskingum	$46,186	81.1%	64
Coshocton	$42,773	75.1%	80	Noble	$56,738	99.6%	20
Crawford	$41,737	73.3%	84	Ottawa	$53,708	94.3%	27
Cuyahoga	$60,226	105.7%	9	Paulding	$46,526	81.7%	56
Darke	$46,116	80.9%	65	Perry	$44,459	78.0%	74
Defiance	$48,006	84.3%	48	Pickaway	$51,161	89.8%	37
Delaware	$94,144	165.2%	1	Pike	$43,497	76.3%	77
Erie	$50,277	88.2%	40	Portage	$54,915	96.4%	24
Fairfield	$57,209	100.4%	18	Preble	$45,582	80.0%	70
Fayette	$43,091	75.6%	79	Putnam	$58,166	102.1%	15
Franklin	$62,066	108.9%	8	Richland	$45,616	80.1%	69
Fulton	$51,989	91.2%	34	Ross	$46,603	81.8%	55
Gallia	$46,278	81.2%	61	Sandusky	$46,342	81.3%	60
Geauga	$81,053	142.3%	2	Scioto	$46,405	81.4%	58
Greene	$63,686	111.8%	7	Seneca	$42,706	75.0%	81
Guernsey	$46,369	81.4%	59	Shelby	$51,696	90.7%	35
Hamilton	$69,239	121.5%	5	Stark	$51,647	90.6%	36
Hancock	$58,150	102.1%	16	Summit	$59,936	105.2%	10
Hardin	$46,207	81.1%	63	Trumbull	$45,801	80.4%	67
Harrison	$50,249	88.2%	41	Tuscarawas	$48,188	84.6%	47
Henry	$49,888	87.6%	42	Union	$59,029	103.6%	12
Highland	$40,950	71.9%	86	Van Wert	$47,789	83.9%	50
Hocking	$43,306	76.0%	78	Vinton	$39,822	69.9%	87
Holmes	$46,876	82.3%	52	Warren	$78,609	138.0%	3
Huron	$45,775	80.3%	68	Washington	$52,508	92.2%	32
Jackson	$43,833	76.9%	75	Wayne	$50,472	88.6%	39
Jefferson	$46,444	81.5%	57	Williams	$44,751	78.5%	72
Knox	$53,911	94.6%	26	Wood	$59,586	104.6%	11
Lake	$57,344	100.6%	17	Wyandot	$48,288	84.7%	46
Lawrence	$46,114	80.9%	66				
Licking	$55,513	97.4%	23	**AVERAGE**	**$56,978**	**100.0%**	

Source: Ohio Department of Taxation

Kilowatt-Hour Tax

The kilowatt-hour tax (kWh) was created by the Ohio General Assembly in 2001 as part of a broader legislative effort to deregulate electric utilities. The tax, effective May 1, 2001, replaced the public utility excise tax on electric and rural electric companies. It was also designed to replace revenues lost from the reduction of assessment rates on electric and rural electric tangible personal property.

The kilowatt-hour tax is levied on electric distribution companies with end users in this state. The tax has tiered rates that vary according to the kilowatt-hour consumption of individual end users of electricity. For certain large consumers of electricity, a self-assessor option exists that is partially based on price and partially based on consumption. Companies that provide both electric and other services must separate the charges for electricity from the other services they provide.

The tax is paid monthly. During fiscal year 2015, the tax generated approximately $539.8 million in total revenue.

Taxpayer

(Ohio Revised Code 5727.80, 5727.81)

Electric distribution companies with end users in Ohio are subject to the kilowatt-hour tax. The tax is also paid by certain large commercial and industrial end users (self-assessing purchasers) that consume more than 45 million kilowatt-hours of electricity during a calendar year. Self-assessing purchasers must qualify and register to self-assess the tax.

Tax Base

(R.C. 5727.81)

The kilowatt-hour tax has two bases with payment determined by the number of kilowatt hours (kWh) distributed to end users in Ohio.

Rates

(R.C. 5727.81)

Electric distribution companies pay rates based on their monthly distribution to each end user. The rates are tiered according to the amount of kilowatt-hours the individual end user consumes, as shown in the following schedule:

Monthly Distribution	Rate per kWh
The first 0 – 2,000 kWh	0.465 cents
The next 2,001 – 15,000 kWh	0.419 cents
For 15,001 kWh and above	0.363 cents

End users above 45 million kWh in annual consumption may register to self-assess the tax.

Self-assessors pay 0.257 cents per kWh on the first 500 million kWh and 0.1832 cents per kWh for each kWh in excess of 500 million.

Exemptions

(R.C.5727.80, 5727.81)

The kWh tax does not apply to:

- the federal government;
- end users located at a federal facility that uses electricity for the enrichment of uranium;
- qualified use of electricity by qualified end users in qualified manufacturing processes; and
- qualified regeneration meters.

Credits

None.

Special Provisions

(R.C.5727.81)

In cases where self-assessing purchasers are served by a municipal electric utility and are located within that municipality, the tax is remitted to the municipality rather than the state.

Filing and Payment Dates

(R.C. 5727.82)

For kilowatt-hour and self-assessing taxpayers, the filing date is the 20th day of each month. Payments reflect the amount of electricity distributed to the end users during the preceding month. To register as a sell-assessing purchaser, end users must submit an application and pay a $500 fee before May 1. The registration year begins on May 1 and ends on the following April 30.

Disposition of Revenue
(R.C. 5727.84)

General Revenue Fund	88%
School District Property Tax Replacement Fund	9%
Local Government Property Tax Replacement Fund	3%
Total Distribution	**100%**

Administration
The Tax Commissioner administers the kilowatt-hour tax.

Ohio Revised Code Citations
R.C. 5727.80.

Recent Legislation
House Bill 492, 130th General Assembly, interest on refund claims, effective Sept. 17, 2014.

Amended R.C. 5727.91 to require the payment of interest on all kWh tax refunds. Under prior law, interest was only authorized on refunds of taxes paid on an illegal or erroneous assessment.

House Bill 64, 131st General Assembly (FY 2016-2017 Biennal Budget Bill; budget provisions effective July 1, 2015).

Amended R.C. 5727 so that the disposition of revenue is in R.C. 5727.81. All revenue arising from the tax shall be credited to the General Revenue Fund.

Comparisons with Other States
(As of July 1, 2015)

Georgia, Indiana, Kentucky, Michigan, North Carolina, Pennsylvania, Tennessee, Texas and West Virginia do not have specific taxes on the volume of electricity consumed or distributed. In these states, electric companies may be subject to public utilities gross receipts taxes or general business taxes.

History of Major Changes

1999	SB 3 established the kilowatt-hour tax effective May 1, 2001.
2000	SB 287 enacted the following changes: • lowers the self-assessor tax threshold from 120 million kWh of annual consumption to 45 million kWh. • caps the consumption portion of the self-assessor tax formula to 504 million kWh of annual consumption. • establishes an exemption for "qualified regeneration facilities." • allows businesses to declare that they will have enough electricity consumption in the upcoming year to self-assess and provides for a "recapture" tax if the taxpayer fails to meet the self-assessor threshold. • requires self-assessors served by a municipal electric company and located within the municipal boundary to remit the self-assessor tax to the municipality.
2002	Effective June 2, 2002, HB 129 reduced the School District Property Tax Replacement Fund's share from 25.9 percent to 25.4 percent and increased the Local Government Property Tax Replacement Fund's share from 11.1 percent to 11.6 percent.
2007	Under HB 119, the General Revenue Fund's share of the kilowatt-hour tax is changed to 63 percent. Also, the General Assembly reduced the price component for the tax paid by self-assessing purchasers from 4.0 percent to 3.5 percent effective July 1, 2008.
2009	HB 1 eliminated the price-based component of the self-assessment calculation effective Jan. 1, 2011 in favor of a flat rate of 0.257 cents per kWh on the first 500 million kWh and 0.1832 cents per kWh for each kWh in excess of 500 million.
2011	HB 153 changed the percentage of distribution to 88 percent to the General Revenue Fund, 9 percent to the School District Property Tax Replacement Fund and 3 percent to the Local Government Property Tax Replacement Fund.

Table 1					
Kilowatt-Hour Tax Collections and Distributions: Fiscal Years 2011-2015					
Fiscal Year	Total Collections	State General Revenue Fund	Public Library Fund	School District Property Tax Replacement Fund	Local Government Property Tax Replacement Fund
2011	$535,988,378	$153,874,661	$183,798,018	$136,141,048	$62,174,652
2012	537,948,994	294,828,747	178,565,617	48,415,333	16,139,298
2013	547,544,113	307,230,703	174,608,117	49,278,970	16,426,323
2014	544,630,705	306,293,706	172,981,314	49,016,763	16,338,921
2015	539,837,424	292,327,323	182,729,611	48,585,368	16,195,123
Source: Office of Budget and Management monthly accounting report (GL070).					

Motor Vehicle Fuel and Use Tax

An excise tax applies to all dealers of motor vehicle fuel on the use, distribution or sale within Ohio of fuel used to generate power for the operation of motor vehicles.

The motor fuel excise tax rate has been 28 cents per gallon since July 1, 2005. This 28 cents per gallon rate is composed of five separate levies, each subject to a different distribution formula. The Ohio Constitution requires that revenue from the tax be used only for highway construction, traffic enforcement and certain other activities.

Motor vehicle fuel wholesale dealers remit the tax. In FY 2015, the reported net motor fuel tax collections totaled approximately $1,800.6 million after refunds. In addition, a motor fuel use tax is imposed on operators of motor vehicles with three or more axles, or weighing more than 26,000 pounds gross vehicle weight, for fuel purchased outside the state and consumed in Ohio. The use tax rate in FY 2015 was 28 cents per gallon with collections after refunds of approximately $35.1 million.

Taxpayer

(Ohio Revised Code 5735.01)

The excise tax applies to dealers who:

- import motor fuel from another state or foreign country or acquire motor fuel by any means into a terminal in this state;
- import motor fuel from another state or foreign country in bulk lot vehicles for subsequent sale and distribution in this state from bulk lot vehicles;
- refine motor fuel in this state;
- acquire motor fuel from a motor fuel dealer for subsequent sale and distribution in this state from bulk lot vehicles; or
- possess an unrevoked permissive motor fuel dealer's license.

The motor fuel use tax applies to operators of motor vehicles with three or more axles or weighing more than 26,000 pounds gross vehicle weight.

Tax Base

(R.C. 5735.06)

The base of the tax is gallons of motor vehicle fuel sold, used or distributed in Ohio.

Rates

The overall rate of 28 cents per gallon is composed of five separate levies. All are measured in cents per gallon, but one levy in particular – the largest at 15 cents – is specifically identified as the "cents per gallon rate" in Ohio law because it was once adjusted annually for inflation by the Tax Commissioner. All five levies are as follows:

R.C. Section	Rate per gallon
5735.30	1 cent
5735.05	2 cents
5735.25	2 cents
5735.29	8 cents
5735.05	15 cents
Total	**28 cents**

Deductions, Refunds, and Credits

Deductions (R.C. 5735.05 and 5735.06)

Dealers may deduct the following from their total gallons sold:

- motor fuel – other than gasoline and clear diesel fuel – sold for uses other than operating motor vehicles on public highways or on waters within Ohio;
- motor fuel sold by licensed wholesale dealers to other licensed wholesale dealers;
- motor fuel exported to other states or foreign countries;
- motor fuel sold for exclusive use by the U.S. government or its agencies;
- motor fuel being transported as part of an export sale;
- motor fuel sold exclusively for the propulsion of aircraft; and
- motor fuel sold for use in vessels if such use would otherwise qualify for a refund under R.C. 5735.14.

Shrinkage allowance (R.C. 5735.06)

Licensed motor fuel dealers receive a discount intended to cover "evaporation, shrinkage or other unaccounted for losses." An uncodified provision of House Bill 119, enacted in mid-2007 by the 127th General Assembly, set this "shrinkage allowance" at the following levels for fiscal years 2008-09, which has been extended through fiscal year 2015 by House Bill 51 of the 130th General Assembly:

• licensed distributors received a 1 percent discount on total gallons of fuel received, minus 0.5 percent on gallons sold to retailers, for fuel lost through shrinkage and evaporation.
• retailers received a 0.5 percent discount on gallons of fuel purchased from licensed distributors for fuel lost through shrinkage and evaporation. This discount is received in the form of a refund.

Refunds (R.C. 5735.13, 5735.14, 5735.141, 5735.142, 5735.18 and 5734.29)

Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund when:

- the motor fuel was used to operate or propel stationary gasoline engines, tractors used for off-highway purposes or unlicensed motor vehicles used exclusively in intra-plant operations;
- the motor fuel was used by watercraft devoted entirely to commercial purposes such as trade or fishing; by vessels used in Boy Scout training; by vessels used or owned by railroad car ferry companies; or by vessels used or owned by federal, state or local governments;
- the motor fuel was used for cleaning or dyeing;
- the motor fuel was used by local transit systems[1];
- the motor fuel was used in aircraft;
- the motor fuel was lost or destroyed through fire, explosion, lightning or other natural disasters; or
- any person, other than a dealer, sells the fuel or uses the fuel outside Ohio, or who sells the fuel to the U.S. government or any of its agencies.

Also, a city, exempted village, joint vocational or local school district, an educational service center or a county board of developmental disabilities may be reimbursed for 6 cents per gallon of the total Ohio motor fuel tax paid on fuel.

Special Provision

Fuel Use Tax (Chapter 5728)

The Ohio motor vehicle fuel use tax of 28 cents per gallon is imposed on heavy trucks on the amount of motor fuel consumed in Ohio that was purchased outside of Ohio. A refund or credit is allowed for the tax on fuel purchased in Ohio for use in another state, provided the other state imposes a tax on such fuel and allows a similar credit or refund. During fiscal year 2015, $35.1 million was collected from the fuel use tax and dedicated to the Highway Operating Fund.

Liquid Natural Gas (R.C. 5735.013)

Unlike other forms of motor fuel that are taxed on a per-gallon basis, the tax on liquid natural gas is measured in pounds. A conversion method of finding a gallon-equivalent standard is set to either (a) the diesel gallon-equivalent standard for liquid natural gas adopted by the National Conference on Weights and Measurers or (b) if no such standard has been adopted, 6.06 pounds of liquid natural gas.

Filing and Payment Dates

(R.C. 5735.06)

Taxpayers must submit returns to the Department of Taxation by the last day of each month for the preceding month's tax liability.

Disposition of Revenue

The motor vehicle fuel tax is composed of five separate levies, with revenue for each distributed by the Department of Taxation monthly in a different manner.

Before any other distributions are made, the Treasurer of State deposits the first 2 percent of the motor fuel tax received for the preceding calendar month to the state Highway Operating Fund. After the Highway Operating Fund distribution and applicable refunds to taxpayers, the following distributions are made from all five levies:

- the Waterways Safety Fund receives 0.875 percent (R.C. 5735.051).
- the Wildlife Boater Angler Fund receives 0.125 percent (R.C. 5735.051).
- the amount needed to ensure that there are sufficient funds to meet all payments for highway bond retirement is transferred.
- five cents for each gallon sold at stations operated by the Ohio Turnpike Commission is transferred to the commission (R.C. 5735.23).
- the Motor Fuel Tax Administrative Fund receives 0.275 percent.

The remainder of each of the state's five motor fuel tax levies is distributed as described below:

2 cents per gallon (R.C. 5735.05, 5735.23) – Revenue is distributed as follows:

- $100,000 is transferred monthly to the Grade Crossing Fund; this levy contributes 2/17 of the monthly $100,000. The remaining revenue is distributed as follows:
- 30 percent to municipal corporations in proportion to their motor vehicle registrations[2];
- 25 percent to all counties in equal amounts[2];
- 45 percent to the state.

[1] Revenue from the one-cent per gallon levy used in part to retire highway bonds is not refunded to transit systems.
[2] Proceeds are deposited by the state in the Gasoline Excise Tax Fund and distributed monthly to counties, townships and municipalities.

2 cents per gallon (R.C. 5735.25, 5735.26, 5735.27) – Revenue is distributed as follows:

- 67.5 percent to the state;
- 7.5 percent to all counties in equal amounts[2];
- 17.5 percent to all townships in equal amounts[2];
- 7.5 percent to municipalities in proportion to their motor vehicle registrations[2].

8 cents per gallon (R.C. 5735.29, 5735.291) – Some 81.25 percent of this levy is to the State Highway Operating Fund. The remaining 18.75 percent is distributed to the Gasoline Excise Tax Fund. From this fund:

- 42.86 percent distributed to municipalities in proportion to their share of motor vehicle registrations;
- 37.14 percent distributed to all counties in equal amounts; and
- 20.0 percent distributed to all townships by the greater of either the equal share of the total amount allocated to all townships or a proportionate share based on township lane miles and the township's proportion of motor vehicle registrations.

1 cent per gallon (R.C. 5735.30) – All revenue is distributed to the state for highway bond retirement funds, as long as this funding is required. Thereafter, all revenue is directed to the State Highway Operating Fund.

15 cents per gallon ("cents per gallon tax"; R.C. 5735.05, 5735.23) – One cent from each gallon is transferred to the Local Transportation Improvement Program Fund. Revenue from this levy and the first 2 cents per gallon levy together make up the $100,000 that is transferred monthly to the Grade Crossing Fund; this levy contributes 15/17 of $100,000. The balance is distributed as follows:

- 75.0 percent to the state;
- 10.7 percent to municipalities in proportion to their motor vehicle registrations[1];
- 9.3 percent to all counties in equal amounts[1];
- 5.0 percent to all townships in equal amounts[1].

Administration

The Tax Commissioner administers the motor vehicle fuel excise tax and the motor fuel use tax.

Ohio Revised Code Citations

Chapters 5728 and 5735.

Recent Legislation

House Bill 51, 130th General Assembly

Shrinkage Allowance – Extends through the FY 2014–15 biennium the existing reductions in motor fuel dealers prompt payment and shrinkage allowances that applied during FY 2008-FY 2013. (Temporary Law Sec. 757.10)

House Bill 59, 130th General Assembly

Motor Fuel Excise Tax on Liquid Natural Gas – Previously, the tax on liquid natural gas was measured in gallons (like all other motor fuel). Effective from Jan. 1, 2014, the tax on liquid natural gas must be measured in pounds. The law provides for a conversion process.

Township Use of Motor Fuel Tax Revenue – Allowed townships receiving motor fuel distributions to use the revenue to pay debt service on bonds issued to finance the purchase of road machinery and equipment, the planning, construction and maintenance of buildings that house such machinery and equipment and any highway improvement project for which the township is authorized to issue bonds.

Electronic Filing - Required electronic payments and provided for penalties for failure to do so.

Exporter License - Consolidated the two different types of exporters' licenses.

History of Major Changes

1925	2 cents per gallon tax enacted.	2 cents
1927	1 cent increase	3 cents
1929	1 cent increase	4 cents
1933	1 cent decrease	3 cents
1947	1 cent increase	4 cents
1953	1 cent increase	5 cents
1959	2 cent increase	7 cents
1981	3.3 cent increase, Ohio Motor Vehicle Use Tax becomes effective July 1, 1980.	10.3 cents
1982	1.4 cent increase	11.7 cents
1983	0.3 cent increase	12 cents
1987	2.7 cent increase	14.7 cents
1988	0.1 cent increase	14.8 cents
1989	3.2 cent increase	18 cents
1990	2 cent increase	20 cents
1991	1 cent increase	21 cents
1993	1 cent increase	22 cents
1995	Ohio joins the International Fuel Tax Agreement (IFTA)[1]	
2003	2 cent increase	24 cents
2004	2 cent increase	26 cents
2005	2 cent increase	28 cents

[1] IFTA is a pact between the lower 48 states and Canadian provinces that simplifies the reporting of fuel taxes by carriers operating in more than one of these jurisdictions. IFTA is administered by the International Fuel Tax Association, an Arizona non-profit corporation. IFTA audits are conducted for Ohio by the Ohio Department of Taxation.

Comparisons with Other States

(As of July 1, 2015)

Unless noted, the motor vehicle fuel tax rates listed in this table do not reflect the application of sales tax or local permissive motor fuel taxes. Rates listed include all other applicable state taxes, fees and levies.

Tax Rates (cents per gallon)			
State	**Gasoline**	**Diesel**	**Sales Tax Applicable?**
Georgia	26	29	No
Indiana	18	16[1]	Yes
Kentucky	26	24.6	No
Michigan	19	15	Yes
North Carolina	36.25	36.25	No
Pennsylvania	50.5	64.2	No
Tennessee	21.4	18.4	No
Texas	20	20	No
West Virginia	34.6	34.6	No

[1] An 11 cents per gallon surcharge applies to the in-state consumption of motor fuel by commercial carriers.

Table 1

Motor Vehicle Fuel Tax Collections (dollars in millions), Fiscal Years 2011-2015			
Fiscal Year	**Gross Collections**	**Refunds**	**Net Tax After Refunds**
2011	$1,775.8	$18.6	$1,757.2
2012	1,702.2	18.0	1,684.2
2013	1,742.7	17.7	1,725.0
2014	1,844.8	19.3	1,825.5
2015	1,822.1	21.5	1,800.6

Source: Ohio Office of Budget and Management financial reports.

Table 2

Motor Vehicle Fuel Use Tax Collections (dollars in millions) Fiscal Years 2011-2015			
Fiscal Year	**Gross Collections**	**Refunds**	**Net Tax After Refunds**
2011	$32.9	$0.5	$32.4
2012	31.7	0.5	31.2
2013	32.7	0.6	32.1
2014	35.2	0.5	34.7
2015	35.9	0.8	35.1

Source: Ohio Department of Taxation records. Table reflects revisions to prior year data.

Table 3					
Taxable Gallons of Motor Vehicle Fuel, Fiscal Years 2011-2015					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Gasoline	4,988,781,906	4,969,895,959	4,949,476,989	4,947,722,865	5,064,778,689
Diesel[1]			1,526,316,825	1,564,749,514	1,602,376,815
Special Fuels[2]	1,491,098,136	1,533,844,630	4,386,730	6,648,367	11,508,854
Totals	**6,479,880,042**	**6,503,740,589**	**6,480,180,544**	**6,519,120,746**	**6,678,664,358**
Source: Ohio Department of Taxation records.Table reflects revisions to prior year data.					
[1] Diesel reported as special fuels prior to FY 2013.					
[2] Includes kerosene, biodiesel, and propane fuel used to operate motor vehicles on public highways and waterways.					

Table 4

Amounts of Motor Vehicle Fuel Tax Revenue Distributed to Local Governments by County
Calendar Year 2014

County Name	County	Municipalities	Townships	Total	County Name	County	Municipalities	Townships	Total
ADAMS	$2,334,894	$276,895	$1,300,707	$3,912,496	LOGAN	$2,334,894	$793,266	$1,474,836	$4,602,996
ALLEN	2,334,894	1,653,811	1,157,577	5,146,282	LORAIN	2,334,894	7,622,085	1,583,948	11,540,927
ASHLAND	2,334,894	923,204	1,300,707	4,558,805	LUCAS	2,334,894	10,491,432	1,211,746	14,038,072
ASHTABULA	2,334,894	1,637,992	2,348,986	6,321,871	MADISON	2,334,894	701,079	1,213,994	4,249,966
ATHENS	2,334,894	614,003	1,224,120	4,173,017	MAHONING	2,334,894	3,151,206	1,627,315	7,113,414
AUGLAIZE	2,334,894	1,080,455	1,213,994	4,629,343	MARION	2,334,894	1,194,862	1,304,412	4,834,168
BELMONT	2,334,894	1,133,036	1,423,878	4,891,807	MEDINA	2,334,894	3,069,919	1,559,962	6,964,774
BROWN	2,334,894	460,273	1,387,421	4,182,588	MEIGS	2,334,894	197,905	1,040,566	3,573,365
BUTLER	2,334,894	6,137,497	1,714,137	10,186,528	MERCER	2,334,894	849,023	1,213,994	4,397,910
CARROLL	2,334,894	198,382	1,221,165	3,754,441	MIAMI	2,334,894	2,397,539	1,047,022	5,779,454
CHAMPAIGN	2,334,894	602,960	1,040,566	3,978,419	MONROE	2,334,894	151,866	1,560,849	4,047,608
CLARK	2,334,894	2,118,381	1,020,450	5,473,725	MONTGOMERY	2,334,894	13,657,574	1,141,015	17,133,482
CLERMONT	2,334,894	791,380	1,760,398	4,886,672	MORGAN	2,334,894	102,625	1,213,994	3,651,512
CLINTON	2,334,894	696,159	1,127,280	4,158,332	MORROW	2,334,894	248,052	1,387,421	3,970,367
COLUMBIANA	2,334,894	1,591,808	1,616,862	5,543,563	MUSKINGUM	2,334,894	1,108,916	2,202,139	5,645,949
COSHOCTON	2,334,894	533,354	1,907,704	4,775,952	NOBLE	2,334,894	103,088	1,300,707	3,738,689
CRAWFORD	2,334,894	961,899	1,387,421	4,684,214	OTTAWA	2,334,894	583,720	1,040,566	3,959,180
CUYAHOGA	2,334,894	36,420,480	190,853	38,946,226	PAULDING	2,334,894	302,271	1,040,566	3,677,731
DARKE	2,334,894	939,788	1,742,076	5,016,757	PERRY	2,334,894	394,827	1,213,994	3,943,714
DEFIANCE	2,334,894	746,838	1,040,566	4,122,297	PICKAWAY	2,334,894	802,090	1,300,707	4,437,691
DELAWARE	2,334,894	1,795,967	1,823,128	5,953,988	PIKE	2,334,894	218,386	1,213,994	3,767,273
ERIE	2,334,894	1,707,155	813,272	4,855,320	PORTAGE	2,334,894	2,309,998	1,609,358	6,254,250
FAIRFIELD	2,334,894	2,247,771	1,282,928	5,865,592	PREBLE	2,334,894	657,778	1,040,566	4,033,238
FAYETTE	2,334,894	534,437	867,138	3,736,469	PUTNAM	2,334,894	653,920	1,300,707	4,289,521
FRANKLIN	2,334,894	36,019,656	1,584,652	39,939,202	RICHLAND	2,334,894	2,524,296	1,613,372	6,472,561
FULTON	2,334,894	785,146	1,051,621	4,171,660	ROSS	2,334,894	932,502	1,418,347	4,685,742
GALLIA	2,334,894	169,920	1,301,762	3,806,576	SANDUSKY	2,334,894	1,021,063	1,052,585	4,408,542
GEAUGA	2,334,894	888,340	1,519,052	4,742,286	SCIOTO	2,334,894	683,868	1,417,802	4,436,564
GREENE	2,334,894	4,063,662	1,070,808	7,469,364	SENECA	2,334,894	1,217,823	1,300,707	4,853,423
GUERNSEY	2,334,894	529,033	1,648,498	4,512,424	SHELBY	2,334,894	1,045,952	1,213,994	4,594,839
HAMILTON	2,334,894	16,177,052	1,991,707	20,503,652	STARK	2,334,894	5,631,944	2,341,729	10,308,567
HANCOCK	2,334,894	1,769,884	1,486,989	5,591,766	SUMMIT	2,334,894	14,754,123	956,612	18,045,628
HARDIN	2,334,894	553,858	1,300,707	4,189,459	TRUMBULL	2,334,894	3,319,250	2,260,138	7,914,281
HARRISON	2,334,894	265,725	1,300,707	3,901,326	TUSCARAWAS	2,334,894	2,051,353	1,916,698	6,302,945
HENRY	2,334,894	544,851	1,127,280	4,007,024	UNION	2,334,894	823,088	1,213,994	4,371,975
HIGHLAND	2,334,894	461,729	1,477,958	4,274,581	VAN WERT	2,334,894	511,015	1,040,566	3,886,475
HOCKING	2,334,894	287,374	961,939	3,584,206	VINTON	2,334,894	106,635	1,040,566	3,482,095
HOLMES	2,334,894	177,998	1,213,994	3,726,885	WARREN	2,334,894	3,352,282	1,316,749	7,003,925
HURON	2,334,894	1,355,617	1,647,563	5,338,073	WASHINGTON	2,334,894	836,088	1,919,120	5,090,101
JACKSON	2,334,894	467,252	1,040,566	3,842,712	WAYNE	2,334,894	1,931,109	1,408,545	5,674,548
JEFFERSON	2,334,894	1,242,951	1,229,556	4,807,400	WILLIAMS	2,334,894	736,974	1,040,566	4,112,434
KNOX	2,334,894	712,990	1,918,699	4,966,583	WOOD	2,334,894	2,638,039	1,726,482	6,699,415
LAKE	2,334,894	6,024,229	579,695	8,938,817	WYANDOT	2,334,894	497,108	1,127,280	3,959,282
LAWRENCE	2,334,894	700,770	1,255,700	4,291,364					
LICKING	2,334,894	3,181,309	2,214,714	7,730,916	**TOTALS**	**$205,470,628**	**$238,561,214**	**$120,007,731**	**$564,039,573**

Natural Gas Distribution Tax

The natural gas distribution tax was enacted by the Ohio General Assembly effective July 1, 2001 as part of a larger series of tax changes involving the natural gas industry. The tax was designed to replace the revenue lost by school districts and local governments when the assessment rate on the personal property of natural gas distribution companies was reduced from 88 percent to 25 percent. Effective July 1, 2011, HB 153 (129th General Assembly) established that all revenue from the natural gas distribution tax is to be credited to the General Revenue Fund. During fiscal year 2015, the tax generated approximately $74.7 million in total revenue.

Taxpayer

(Ohio Revised Code 5727.811)

The tax is paid by companies that distribute natural gas in Ohio.

Tax Base

(R.C. 5727.811)

The base of the tax is the amount of natural gas distributed through the meter of an end user in this state.

Rates

(R.C. 5727.811)

In most cases, a three-bracket rate schedule applies to the amount of natural gas distributed to each end user, as measured in 1,000 cubic feet (Mcf):

Distribution to end user	Rate per Mcf
First 100 Mcf per month	15.93 cents
Next 101 to 2,000 Mcf per month	8.77 cents
2,001 or more Mcf per month	4.11 cents

Small distribution companies

A natural gas distribution company with 70,000 or fewer customers may elect to apply the standard rate schedule outlined above to the total amount of natural gas distributed to all its Ohio customers, as if all distribution was made to a single customer. This results in a lower tax rate for the distribution company.

Flex customers

The rate on natural gas distributed to flex customers is 2 cents per Mcf. A flex customer is an industrial or commercial facility that consumed more than one billion cubic feet of natural gas a year at a single location during any of the previous five years, or that purchases natural gas distribution services at a discount as part of:

- a special arrangement subject to review and regulation by the Ohio Public Utilities Commission under R.C. 4905.31;
- a special arrangement with a natural gas distribution company pursuant to a municipal ordinance; or
- a variable rate schedule that permits rates to vary between defined amounts, provided that the schedule is on file with the Public Utilities Commission.

Exemptions

(R.C. 5727.811)

The natural gas distribution tax does not apply to:

- the distribution of natural gas to the federal government;
- natural gas produced by an end user, consumed by that end user or its affiliates, and not distributed through the facilities of a natural gas company.

Filing and Payment Dates

(R.C. 5727.82)

Returns and payments are due according to the following schedule:

Quarterly Returns	Due Date
January - March	May 20
April - June	August 20
July - September	November 20
October - December	February 20

Disposition of Revenue

(R.C. 5727.811)

The General Revenue Fund receives 100 percent of revenue.

Administration

The Tax Commissioner administers the tax and is responsible for the distribution of revenue.

Ohio Revised Code Citations

Chapter 5727.

Recent Legislation

House Bill 492, 130th General Assembly, interest on refund claims – HB 492, effective on Sept.17, 2014, amended R.C. 5727.91 to require the payment of interest on all Mcf refund claims. Under prior law, interest was only authorized on refunds of taxes paid on an illegal or erroneous assessment.

History of Major Changes

2000	Legislature enacts HB 287, creating the tax effective July 1, 2001. The tax is designed to replace local tax revenue that will be lost from a reduction in natural gas utility personal property tax assessment percentages.
2002	The distribution formula is changed. The share to the School District Property Tax Replacment Fund falls from 70 percent to 68.7 percent; the share to the Local Government Property Tax Replacement Fund is increased from 30 percent to 31.3 percent.
2011	The 129th General Assembly enacts HB 153, allocating 100 percent of the revenue to the state General Revenue Fund (effective July 1, 2011).

Comparisions with Other States

(As of July 1, 2015)

Georgia, Kentucky, Indiana, Michigan, North Carolina, Pennsylvania, Tennessee, Texas and West Virginia do not have comparable natural gas distribution-based taxes.

Table 1

Natural Gas Distribution Tax Collections and Distributions
Fiscal Years 2011 - 2015

Fiscal Year	Total Collections	School District Property Tax Replacement Fund	Local Government Property Tax Replacement Fund	General Revenue Fund
2011	$67,141,739	$46,126,375	$21,015,364	-
2012	60,190,655	-	-	$60,190,655
2013	57,804,017	-	-	57,804,017
2014	76,109,967	-	-	76,109,967
2015	74,735,452	-	-	74,735,452

Source: Office of Budget & Management OAKS financial report

Pass-Through Entity and Trust Withholding Tax

The pass-through entity and trust withholding tax, enacted in 1998, is not so much a separate tax as it is a mechanism designed to collect individual income tax that is otherwise due and payable by equity investors in qualifying pass-through entities. All of the revenue collected from pass-through entities is included in the income tax revenue amounts reported by the Office of Budget and Management (OBM) and shown in Table 1 in the **Individual Income Tax** section of this report. The income tax liability associated with pass-through entity withholding is included in statistical tables 4 through 15 only to the extent that the individual investors subject to withholding file an Ohio individual income tax return.

A pass-through entity is an S corporation, a partnership or a limited liability company (LLC) treated for federal income tax purposes as either a partnership or an S corporation. Each qualifying pass-through entity doing business in Ohio or otherwise having nexus with Ohio is subject to the pass-through entity withholding tax. Qualifying trusts are also subject to the withholding tax. See the **Special Provisions** section in this chapter for details.

Many pass-through entities are not "qualifying pass-through entities" and therefore are not subject to this withholding tax. Pass-through entities not subject to the withholding tax include entities whose investors are limited to full-year Ohio resident individuals or Ohio resident estates, for example. A more complete listing of exempt pass-through entities is available in the Exemptions and Exclusions section of this chapter.

The withholding tax is primarily collected through the use of two forms: form IT 1140 and form IT 4708. An explanation of each follows:

- **IT 1140** – The IT 1140 is a withholding form that the qualifying pass-through entity completes and files with the Department of Taxation. Through the IT 1140, a tax of five percent is withheld from the income of all qualifying individual investors, and an entity tax is calculated on the income of qualifying investors that are not individuals. The entity tax, historically 8.5 percent, was phased out for most corporate investors as part of the phase-out of the corporation franchise tax, but still applies to most investors who are themselves a pass-through entity (see Entity Tax Phase-Out for Qualifying Investors). When completing their own tax returns (IT 1040), a qualifying investor may claim an income tax credit based on the investors' proportionate shares of the pass-through withholding and entity tax reported on the IT 1140.
- **IT 4708** – This form is a composite return completed and filed by the pass-through entity on behalf of one or more of the entity's investors for whom income tax has not been previously withheld. This form is somewhat analogous to an IT 1040; by being included in form IT 4708, nonresident non-corporate investors meet their filing and payment obligation with respect to that income and need not file a separate individual income tax return unless they have other Ohio-source income. On the IT 4708, the tax is calculated at the highest individual income tax rate for the taxable year for which the return is filed.

The most recent data for tax collections from qualifying pass-through entities is from taxable year 2014 and fiscal year 2015. During taxable year 2014,14,038 pass-through entity taxpayers filed returns on form IT 1140. The total taxable year 2014 pass-through entity tax liability was approximately $241.4 million. In addition, 14,863 entities filed returns on the IT 4708 form for the composite income tax paid on behalf of nonresident investors in pass-through entities in taxable year 2014. Revenue from these returns amounted to about $199.8 million during fiscal year 2015.

Entity Tax Phase-Out for Qualifying Investors
(Ohio Revised Code 5733.41)

The entity tax that a qualifying pass-through entity must withhold was phased out for qualifying investors that were also subject to the phase-out of the corporation franchise tax.

Certain investors were not subject to the phase-out rates. For these qualifying investors, the pass-through entity must continue to compute the entity tax at the rate of 8.5 percent. These investors include:

- certain financial holding companies, bank holding companies and savings and loan holding companies;
- certain affiliates of these holding companies and certain affiliates of financial institutions;
- certain affiliates of insurance companies; and
- securitization companies.

The 8.5 percent entity tax rate also continues to apply to investors that are estates, trusts and other pass-through entities.

Taxpayer
(R.C. 5733.40, 5747.08)

A qualifying pass-through entity is generally an S corporation, a partnership or an LLC treated for federal income tax purposes as a partnership or S corporation. See the **Exemptions and Exclusions** section of this chapter for a list of pass-through entities excluded from the definition of a qualifying pass-through entity.

Tax Base

(R.C. 5733.40, 5747.02, 5747.08, 5747.40, 5747.401)

Form IT 1140

The tax base is the net sum of qualifying investors' distributive shares of the pass-through entity's income, gain, expense and loss apportioned to Ohio. This net sum is known as the "adjusted qualifying amount."

Form IT 4708

The tax base is the distributive shares of the pass-through entity's taxable income to qualifying noncorporate investors, to the extent that such income was not reported on form IT 1140.

Rates

(R.C. 5733.41, 5747.02, 5747.08, 5747.41)

Form IT 1140

A five percent withholding tax rate applies to adjusted qualifying amounts for those qualifying equity investors who are individuals. Before 2005, an 8.5 percent entity tax rate was uniformly applied to adjusted qualifying amounts for those qualifying equity investors that are not individuals. However, this entity tax is 0 percent on those "adjusted qualifying amounts" that pertain to qualifying investors subject to the phase-out of the corporate franchise tax.

No tax is due if the total adjusted qualifying amount is $1,000 or less.

Form IT 4708

The applicable rate is the highest marginal individual income tax rate, which was 4.997 percent for the 2015 taxable year and 5.333 percent for the 2014 taxable year.

Exemptions and Exclusions

(R.C. 5733.40, 5733.401, 5733.402, 5747.08(D), 5747.401)

Form IT 1140

The following are not qualifying pass-through entities:

- disregarded entities and qualifying subchapter S subsidiaries if the owner is filing, or is exempt from filing, with the Ohio Department of Taxation the appropriate income or franchise tax returns;
- entities having no qualifying investors (see below for a list of investors that do not qualify);
- pension plans and charities;
- publicly-traded partnerships;
- real estate investment trusts, regulated investment companies, and real estate mortgage investment conduits;

The following investors are not qualifying investors:

- pension plans or charities;
- publicly-traded partnerships;
- colleges or universities;
- investors that are public utilities in Ohio and are required to pay the Ohio public utility excise tax;
- investors that are insurance companies, fraternal corporations, beneficial corporations, bond investment corporations, health maintenance organizations or any other corporation required to file an annual report with the Ohio superintendent of insurance;
- investors that are dealers in intangibles as defined in R.C.5725.01(B);
- real estate investment trusts, regulated investment companies and real estate mortgage investment conduits;
- non-resident individuals on whose behalf, and non resident estates on whose behalf, the qualifying pass through entity files Ohio form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-through Entity, for the taxable year;
- investors that are financial institutions required to pay the Ohio corporation franchise tax;
- investors that are themselves qualifying pass-through entities if the qualifying pass-through entities' investors during the three-year period beginning 12 months before the first day of the investee entity's taxable year are limited to those investors set forth in any of the items, above (or any combination thereof);
- all subchapter C corporations, except for the relatively small number described in R.C. 5733.01(G)(1)(b);
- investors that are themselves pass-through entities, but only if the owners of those other pass-through entities are limited to (i) individuals who are full-year residents of Ohio, (ii) estates domiciled in Ohio, (iii) nonresident individuals on whose behalf those other pass-through entities file Ohio form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-through Entity, and/or (iv) nonresident estates on whose behalf those other pass-through entities file Ohio form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-through Entity, for the taxable year;
- investors that satisfy all the following:

– the investor submits a written statement to the qualifying pass-through entity stating that the investor agrees that the investor has nexus with Ohio and is liable for corporation franchise tax with respect to the investor's distributive share of income attributable to the pass-through entity;

– the investor makes a good faith and reasonable effort to comply with the corporation franchise tax reporting and payment requirements; and

– neither the investor nor the qualifying pass-through entity carries out any transactions either with any related members of the investor or with any related member of the entity where such transactions would result in a reduction or deferral of corporation franchise tax.

Investors that are either trusts or funds whose beneficiaries are limited to the following during the taxable year of the qualifying pass-through entity:

- beneficiaries of a pension plan trust, profit-sharing trust, a stock bonus plan trust or similar retirement trust;
- beneficiaries of or the recipients of payments from a trust or fund that is a nuclear decommissioning reserve fund, a designated settlement fund, or any other similar trust or fund established to resolve and satisfy injury claims; or
- beneficiaries of a complex trust, but only if the trust irrevocably agrees in writing that, for the taxable year during or for which the trust distributes any of its income to any of its beneficiaries who are individuals residing outside Ohio, the trust will withhold tax as required under R.C. 5747.41 through 5747.453.

Investors that are "investment pass-through entities" (defined below), but only if the investment pass-through entity provides to the qualifying pass-through entity the name, address and Social Security number or federal employer identification number (FEIN) of each person who has an equity investment in the investment pass-through entity.

Special Provisions

(R.C. 5747.08)

Form IT 1140

Qualifying trusts – Qualifying trusts are also subject to the 5 percent withholding tax. A qualifying trust is generally any trust that meets all four of the following tests:

- files the IRS form 1041, U.S. Income Tax Return, for Estates and Trusts;
- has at least one beneficiary who is neither a full-year Ohio resident individual nor an Ohio resident estate;
- makes a distribution to a nonresident beneficiary; and
- makes a distribution to a nonresident beneficiary, and the distribution directly or indirectly relates either to real estate located in Ohio or to tangible personal property located in Ohio. If an entity is a trust whose beneficiaries are limited to full-year Ohio resident individuals or Ohio resident estates, then it is not a qualifying trust and is not subject to the pass-through entity tax. The filing, payment, and credit provisions that apply to qualifying pass-through entities and investors also apply to qualifying trusts and beneficiaries.

Pass-through to Pass-through – The 8.5 percent entity withholding tax does not apply to any pass-through entity to the extent that the pass-through entity's distributive shares of income and gains pass through from that entity to another pass-through entity (referred to as the "investing entity"), as long as four conditions are met by the investing entity:

- is not an "investment pass-through entity" (see below);
- acknowledges that it has nexus with Ohio during the taxable year;
- makes a good faith effort to comply with the 8.5 percent entity tax or the 5 percent withholding tax, as applicable; and
- includes in its apportionment factors its proportionate share of each lower-tiered pass-through entity's property, payroll and sales.

Investment pass-through entities – Neither the 8.5 percent entity tax nor the 5 percent withholding tax applies to the items and income, listed below, that are earned by an "investment pass-through entity." An investment pass-through entity is a pass-through entity having at least 90 percent of its assets represented by intangible assets and having at least 90 percent of its gross income from one or more of the following sources:

- transaction fees earned in connection with the acquisition, ownership or disposition of intangible property;
- loan fees;
- financing fees;
- consent fees;
- waiver fees;
- application fees;
- net management fees (management fees that the pass-through entity earns or receives from all sources reduced by the management fees that the pass-through entity incurs or pays to any person), but only if such net management fees do not exceed 5 percent of the pass-through entity's profit;
- dividend income;
- interest income;
- net capital gains from the sale or exchange of intangible property;
- all types and classifications of income and gain attributable to distributive shares of income and gain from other pass-through entities.

Investment pass-through entity investors – An equity investor in an investment pass-through entity is deemed to be an equity investor in any other qualifying pass-through entity in which the investment pass-through entity is a direct investor. Each deemed investor's portion of such qualifying pass-through entity's adjusted qualifying amount is the product of the adjusted qualifying amount that would otherwise pass-through to the investment pass-through entity, multiplied by the percentage of the deemed investor's direct ownership in the investment pass-through entity.

Form IT 4708

A pass-through entity cannot claim nonbusiness exemptions or nonbusiness credits, such as the personal exemption credit. However, the pass-through entity can claim a proportionate share amount of business credits (such as the job training credit) for those investors that are included on the pass-through entity's return.

Also, the election to file a composite IT 4708 return applies only to the taxable year for which the election is made. Unless the Tax Commissioner provides otherwise, this election is binding and irrevocable for the taxable year for which the election is made.

Filing and Payment Dates

(R.C. 5747.08, 5747.09, 5747.42, 5747.43, 5747.44, and Ohio Administrative Code 5703-7-01)

Form IT 1140

Qualifying pass-through entities whose total "adjusted qualifying amounts" exceed $10,000 must make estimated quarterly tax payments on Form IT 1140 ES.

The IT 1140 must be filed by the 15th day of the fourth month following the end of the entity's taxable year. For taxpayers with a January 1 through December 31 taxable year, the return is due on April 15. If the entity has sought an extension of time to file its federal tax return (IRS form 1065 or 1120S), then the qualifying pass-through entity has the same extended time to file the Ohio tax return. The payment deadline, however, will not be extended.

Form IT 4708

The pass-through entity must make estimated tax payments on Form IT 4708 ES if the pass-through entity's tax due for the current year is more than $500.

The return is generally due by April 15 of the calendar year immediately following the calendar year in which the pass-through entity's taxable year ends. If the pass-through entity has sought an extension of time to file its federal tax return, then the pass-through entity has the same extended time to file the Ohio return on form IT 4708.

Disposition of Revenue

The revenue collected from the IT 1140 withholding tax and the form IT 4708 tax is treated as individual income tax revenue.

Administration

The Tax Commissioner administers the tax and the distribution of revenue.

Ohio Revised Code Citations

Chapters 5733 and 5747.

Recent Legislation

House Bill 19, 131st General Assembly, Internal Revenue Code (IRC) conformity.

The bill adopted IRC amendments enacted by Congress from March 22, 2013 (the effective date of SB 28's amendment to R.C. 5701.11) through April 1, 2015 (the effective date of HB 19's amendment of R.C. 5701.11).

Senate Bill 28, 130th General Assembly, Internal Revenue Code (IRC) conformity and federal law changes.

The bill adopted IRC amendments enacted by Congress from Dec. 20, 2012 (the effective date of H.B. 472's amendment to R.C. 5701.11) through March 22, 2013 (the effective date of SB 28's amendment of R.C. 5701.11).

The bill incorporated into Ohio's tax laws all IRC changes made between March 22, 2013 and April 1, 2015.

History of Major Changes

1998	General Assembly enacts tax at a rate of 5 percent on individual qualifying investors and 8.5 percent on non-individual qualifying investors.
2002	Ohio decouples from federal accelerated depreciation laws, requiring a 5/6 add-back for bonus depreciation.
2003	House Bill 127 revises Ohio's method of situsing sales in Ohio as part of the sales factor for apportioning corporation and trust income. In determining the situs of sales in Ohio for sales factor apportionment, the "cost of performance" standard is replaced with a "market-theory" approach based on where the taxpayer's customer enjoys the benefit of the taxpayer's sale.
2005	House Bill 66 launches a gradual phase-out of the 8.5 percent entity withholding tax rate for that portion of adjusted qualifying amounts pertaining to investors subject to the phase-out of the corporation franchise tax. The phase-out is complete in 2009.

Comparisons with Other States

(as of July, 2015)

The Ohio pass-through entity tax is a withholding tax on the distributive shares of income of qualifying investors.

The states with a tax most closely approximating the Ohio pass-through entity tax are those requiring withholding tax on the pass-through entity income of nonresident investors.

These states include **Georgia, Indiana, Kentucky, Michigan, North Carolina, Pennsylvania,** and **West Virginia.** This listing does not reflect taxes imposed by many states on certain types of income, such as the capital gains, built-in gains, and excess net passive income of "S" corporations, or any other type of entity-level tax.

Table 1

Pass-Through Entity Tax Liability (Form IT-1140), Tax Years 2010-2014 (in millions)

Tax Year	Total Pass-Through Entity Tax Liability
2010	$126.2
2011	139.6
2012	190.5
2013	185.3
2014	241.4

Source: Ohio Department of Taxation records

Table 2

Collections from Composite Income Tax Paid on Behalf of Nonresident Investors in Pass-Through Entities (Form IT-4708) Fiscal Years 2010-2015 (figures in millions)

Fiscal Year	Revenue Collected
2010	$114.5
2011	156.9
2012	155.6
2013	205.6
2014	168.2
2015	199.8

Source: Ohio Department of Taxation records

Petroleum Activity Tax

For tax periods commencing on or after July 1, 2014, receipts from the sale, transfer, exchange, or other disposition of motor fuel became excluded from the definition of gross receipts for purposes of the commercial activity tax (CAT). At that time, suppliers of motor fuel began to pay the replacement motor fuel receipts tax, or petroleum activity tax (PAT), measured by the supplier's gross receipts derived from the first sale of motor fuel within this state or "actual gross receipts." Beginning with tax periods commencing on or after July 1, 2015, the PAT statute was amended to change the tax base from "actual gross receipts" to "calculated gross receipts." Calculated gross receipts are the products of taxable gallons sold multiplied by a statewide wholesale price per gallon.

In fiscal year 2015, total PAT revenue was about $72.2 million. Of the amount remaining after 1 percent ($0.7 million) was deposited in the PAT Administration Fund, about $66 million was deposited in the Petroleum Activity Tax Public Highways Fund, and $5.5 million was deposited in the General Revenue Fund. A small amount remained in a hold account for later distribution.

In fiscal year 2015, filers with taxable gross receipts over $100 million accounted for the largest share of taxable gross receipts, approximately $12 billion and 93 percent of the total while accounting for 9 percent of taxpayers. In contrast, taxpayers whose receipts were under $1 million represented less than 0.25 percent of total PAT liability but made up 39 percent of all taxpayers. Non-highway gross receipts were reported by 85 taxpayers and made up 8 percent of taxable gross receipts.

Taxpayer

(Ohio Revised Code 5736.01)

The PAT is imposed on each "supplier" of motor fuel. A "supplier" is any person that meets any of the following:

(1) sells, transfers, or otherwise distributes motor fuel from a terminal or refinery rack to a location in this state and that point is outside of a distribution system;

(2) imports or causes the importation of motor fuel for sale, exchange, transfer, or other distribution by the person to location in this state and that point is outside of a distribution system;

(3) knowingly purchases motor fuel from an unlicensed supplier.

Tax Base

(R.C. 5736.01, 5735.01)

For all sales of motor fuel, calculated gross receipts are the product of the total number of gallons first sold within this state by a supplier during the tax period multiplied by an average statewide wholesale price per gallon, by motor fuel type, for the calendar quarter that begins six months before the upcoming calendar quarter. With respect to sales of gasoline, the statewide average wholesale price of unleaded regular gasoline is utilized. For sales of all motor fuel that is not gasoline, the statewide wholesale price of diesel fuel is utilized.

Motor fuel means gasoline, diesel fuel, K-1 kerosene, or any other liquid motor fuel, including, but not limited to liquid petroleum gas or liquid natural gas, but excluding substances prepackaged and sold in containers of five gallons or less.

Rates

(R.C. 5736.02)

The PAT is levied at a rate of 0.65 percent (equivalent to 2.5 times the CAT rate of 0.26 percent).

Exclusions

(R.C. 5736.01)

Any fuel sold by a supplier to a point outside of Ohio is not included in the supplier's tax base for purposes of the PAT. Additionally, motor fuel exchanges and the sale of fuel on which the supplier may claim a bad debt are also excluded from the tax base.

Credits

(R.C. 5736.50)

Two tax credits are available for PAT taxpayers. These are the refundable and non-refundable job retention tax credits. Information about these credits has been consolidated in the **Business Tax Credits** chapter of the Annual Report.

Special Provisions

Publication of Average Wholesale Prices (R.C. 5736.02 (C))

The Tax Commissioner shall determine and publish, on the website of the Department of Taxation, the statewide average wholesale prices of a gallon of unleaded regular gasoline and of a gallon of diesel fuel for each calendar quarter. The figure shall be published at least fifteen days before the beginning of the calendar quarter. The commissioner shall base the average wholesale price on pricing information available from the United States Energy Information Administration or, if such information is not available from that agency, from another publicly available source selected by the commissioner. The commissioner shall first make reasonable efforts to obtain data specific to this state before using national data to determine average wholesale price. The price shall not include any federal or state excise taxes on the gasoline or diesel fuel, or the tax imposed by this chapter. The price shall be rounded up to the nearest one-tenth of one cent.

Licensing (R.C. 5736.06)

All motor fuel suppliers subject to the PAT must apply for a license with the Tax Commissioner. All suppliers are required to renew their licenses annually on or before March 1. Importers, applicants that solely import or cause the importation of motor fuel for sale, exchange, or transfer in this state are subject to a $300 license fee. Distributors, applicants that sell, transfer, exchange, or otherwise dispose of motor fuel to a point outside the distribution system, are subject to a $1,000 license fee. Applicants operating as both an importer and a distributor are subject to a $1,000 license fee.

Filing and Payment Dates

(R.C. 5736.04)

Taxpayers must file quarterly electronic returns through the Ohio Business Gateway. Quarterly returns are due by the 10th day of the second month after the end of each calendar quarter (May 10, August 10, November 10, and February 10).

Disposition of Revenue

(R.C. 5736.02(A), 5736.13 (D) (1))

All collections from the PAT are deposited in the petroleum activity tax fund. From that fund, 1 percent is dedicated to the petroleum activity tax administration fund. The portion of the remainder derived from the sale of motor fuel used for propelling vehicles on public highways and waterways is deposited in the Petroleum Activity Tax Public Highways Fund and shall be used for the purposes of maintaining the state highway system, funding the enforcement of traffic laws, and covering the costs of hospitalization of indigent persons injured on public highways. All other revenue is deposited in the state General Revenue Fund.

Table 1

Petroleum Activity Tax Revenue
Fiscal Year 2015 (in millions)

Fiscal Year	PAT Public Highways Fund	General Revenue Fund	PAT Administrative Fund	Total
2015	$66.0	$5.5	$0.7	$72.2

Source: Office of Budget and Management fiscal reports.

Administration

The Tax Commissioner administers the PAT.

Ohio Revised Code Citations

Chapter 5736.

Comparisons with Other States

(As of July 1, 2015)

None of the states selected for comparison in this publication impose a tax measured by gross receipts from the sale or exchange of motor fuel.

Recent Legislation

Amended Substitute House Bill 64, 131st General Assembly (effective July 1, 2015)

Allows a motor fuel supplier to exclude from calculated gross receipts any receipts from the sale of blend stocks or additives used for blending with motor fuel, if the supplier's PAT liability has already been paid with respect to the blend of stocks or additives.

Changes the base upon which the PAT is imposed in the case of liquid petroleum gas, also known as propane, by using the average market price of propane, instead of diesel, to calculate gross receipts.

Amended Substitute House Bill 59, 130th General Assembly (effective July 1, 2013)

Beginning on July 1, 2014, the motor fuel receipts tax is levied on suppliers of motor fuel, and is measured by a supplier's gross receipts from the first sale, transfer, exchange or other disposition of motor fuel in Ohio to a point outside of the distribution system.

Amended Substitute House Bill 492, 130th General Assembly (effective July 1, 2013)

Renamed the motor fuel receipts tax to the petroleum activity tax (PAT), changes the basis of the tax on which the tax is computed from actual gross receipts to a per-gallon, average price-per-gallon basis, explicitly permits taxpayers to bill PAT to purchasers, exempts receipts from certain exchanges where no money is paid for fuel, and requires those knowingly acquiring fuel from an unlicensed taxpayer to pay PAT on fuel received into Ohio. Additionally, prescribed a rebuttable presumption that fuel is used on highways or waterways, and required the Tax Commissioner to prepare a monthly list of suppliers holding a PAT license and allowing for public inspection of that list.

Allowed taxpayers to claim the refundable and non-refundable job retention tax credits. Allowed taxpayers the ability to claim unused refundable job retention tax credits that were applicable when the taxpayers were subject to the commercial activity tax to claim the unused credits against the PAT.

History of Major Changes

2013	House Bill 59 enacts the motor fuel receipts tax (MFRT) and replaces the Commercial Activities Tax as it applies to receipts from the sale or exchange of motor fuel. MFRT began July 1, 2014.
2014	House Bill 492 renamed the MFRT the Petroleum Activity Tax (PAT) and changed the basis of the tax from actual gross receipts to a per-gallon, average price-per-gallon basis.
2015	House Bill 64 changes the base upon which the tax is imposed in the case of propane by using the average market price of propane, instead of diesel, to calculate a taxpayer's gross receipts.

Table 2

Fiscal Year 2015 Petroleum Activity Tax Returns
Number of Returns and Reported Financial Data by Size of Taxable Gross Receipts (in millions)

	Number of Filers	Total Gross Receipts	Gross Receipts Highway	Gross Receipts Non-Highway	Non-Refundable Credits	Refundable Credits	Total Tax Due
Less than $100,000	22	$0.7	$0.3	$0.4	$0.0	$0.0	<$0.1
$100,000 - $499,999	17	4.0	2.7	1.3	0.0	0.0	<0.1
$500,000 - $1,999,999	22	22.3	13.3	9.1	0.0	0.0	0.1
$2,000,000 - $4,999,999	22	69.4	30.5	38.9	0.0	0.0	0.5
$5,000,000 - $9,999,999	12	93.8	66.1	27.7	<0.1	0.0	0.6
$10,000,000 - $99,999,999	25	690.7	431.4	259.3	0.0	0.0	4.5
$100 million and above	11	11,602.6	10,963.3	639.2	4.8	4.1	66.5
Total	**131**	**$12,483.5**	**$11,507.6**	**$975.8**	**$4.8**	**$4.1**	**$72.2**

Source: Ohio Department of Taxation

Public Utility Excise Tax

Ohio's public utility excise tax is a tax on the privilege of doing business in Ohio, measured by gross receipts, which dates back to 1894.

Classes of public utilities liable for the tax include natural gas, heating, pipeline, telegraph, water transportation and water works companies. Companies liable for this excise tax do not pay the commercial activity tax.

Gross receipts comprise the tax base for the utility classes, with rates of 6.75 percent for pipeline companies and 4.75 percent for all other taxpayers.

Close to $112.3 million in public utility excise tax liabilities were reported during the 2014 tax year. Of this, natural gas companies accounted for about 92 percent of total tax reported.

Total net revenue collected from the public utility tax amounted to almost $97.5 million in fiscal year 2015, all of which went to the General Revenue Fund.

Taxpayer

(Ohio Revised Code 5727.01, 5727.02)

Taxpayers include heating, pipeline (excluding businesses primarily consisting of producing or gathering natural gas or producing, refining, or marketing petroleum products), water transportation, water works and natural gas companies.

Tax Base

(R.C. 5727.01, 5727.24, 5727.30)

The tax is measured by taxable gross receipts.

Rates

(R.C. 5727.24, 5727.25, and 5727.38)

The tax rate is 6.75 percent for pipeline companies and 4.75 percent for all other taxpayers. A minimum tax of $50 applies each tax year.

Exemptions and Deductions

(R.C. 5727.05, 5727.33)

Public utilities owned by municipal corporations are exempt from the tax. Also exempt are all telephone companies, inter-exchange telecommunications companies, electric companies, rural electric companies, nonprofit water companies, and railroads.

All companies receive a standard annual deduction of $25,000. Natural gas companies paying quarterly receive a $6,250 deduction on each return.

Additionally, the following gross receipts are exempt from the tax:

- receipts derived wholly from interstate business.
- receipts from business done for the federal government.
- receipts from the sale of merchandise.
- receipts from sales to other public utilities for resale.
- receipts billed on behalf of other entities by natural gas companies.

Credits

(R.C. 5727.29, 5727.241)

Natural gas and combined electric and natural gas companies are entitled to a refundable credit equal to the sum of the three estimated payments under the old public utility excise tax made on or before Oct. 15, 1999, and on or before the first day of March and June 2000. For such combined companies, the sum of the three estimated payments is multiplied by an apportionment factor, the numerator of which is taxable gross receipts from operating as a natural gas company and the denominator of which is entire taxable gross receipts, for the period ending April 30, 2000. One-sixtieth of the credit must be claimed on each quarterly tax return filed until the full amount of the credit is claimed. This credit could first be claimed on the return due on or before Nov. 15, 2001.

Also, natural gas and combined electric and natural gas companies may claim a refundable venture capital investment credit against the tax imposed. The credit amount and tax year in which the credit may be claimed must be listed on a tax credit certificate issued by the Ohio Venture Capital Authority.

Filing and Payment Dates

(R.C. 5727.25, 5727.31, 5727.38, 5727.42, 5727.48)

Annual statements - Company annual statements (returns) are due to the tax commissioner by August 1 for the tax year ending April 30. Taxpayers may request an extension of up to 60 days.

Tax certifications - By the first Monday in November, the tax commissioner assesses the amount of tax due for the year and certifies that amount both to the company and to the treasurer of state.

Advance payments - Companies with a tax liability of $1,000 or more during the preceding year are required to make three advance payments, each in an amount equal to one-third of the previous year's certified tax liability. These advance payments are due to the treasurer of state on Oct. 15, March 1 and June 1.

Final payments - When the current year's total tax liability exceeds the sum of the three advance payments, there is a deficiency. Tax bills are generally issued in November, within 20 days of certification by the tax commissioner, and are due 30 days after mailing by the treasurer of state. A refund is issued when advance payments exceed the total liability certified by the tax commissioner.

Natural gas and combined electric and gas companies - Beginning May 1, 2000, companies that exceeded $325,000 in annual liability pay the excise tax quarterly. Quarterly payments are due 45 days after the end of each calendar quarter.

Companies below the $325,000 threshold for the preceding calendar year pay 45 days after the thirty-first day of December.

Disposition of Revenue

(R.C. 5727.45)

All revenues from the public utility excise tax are deposited into the General Revenue Fund.

Administration

The Tax Commissioner administers the tax and certifies to the treasurer of state the amounts to be collected.

Ohio Revised Code Citations

Chapters 5703 and 5727.

History of Major Changes

1894	Legislature enacts public utility excise tax.
1911	Current tax structure is established.
1935	A 1 percent rate increase is applied to certain utilities.
1938	Rates increased for certain utilities.
1963	Advance payment systems begin.
1966	Starting July 1, 1966, all revenue is allocated to the state's general revenue fund. Previously, close to half of the revenue was distributed to counties and cities for poor relief and other welfare programs.
1971	Rates are increased from 3 percent to 4 percent for most utilities.
1980	For 1981, rates are temporarily increased from 4 percent to 5 percent for most utilities.
1981	For 1982, rates are temporarily increased from 4 percent to 4.5 percent for most utilities. In addition, a 5.55 percent surtax is imposed on utilities' 1982 liability.
1982	For 1983, rates are temporarily increased from 4.25 percent to 4.5 percent for most utilities. In addition, a 5.55 percent surtax is imposed on utilities 1983 liability.
1983	For 1983, rates are temporarily increased from 4.5 percent to 5 percent for most utilities. For 1984 and thereafter, rates are permanently increased from 4.25 percent to 4.75 percent for most utilities.
1987	Long-distance telephone companies are exempted from the public utility excise tax.
1991	In response to a 1987 federal court decision (General American Transportation Corp. v. Limbach), the legislature repealed the tax for freightline and equipment companies as well as interstate toll bridge, artificial gas, union depot, cooling, express and messenger companies, starting with the 1990 tax year.
1999	Electric and rural electric companies shifted to the kilowatt-hour tax, effective May 1, 2001. Final public utility excise tax payments for such companies are due June 2001.
2000	Large natural gas companies required to begin paying the excise tax on a quarterly basis.
2003	Telephone companies shifted from the public utilities excise tax to the corporation franchise tax, effective after the 2004 tax year.

Comparisons with Other States

(as of July 1, 2015)

Indiana	A 1.4% tax is imposed on gross receipts from the sale of electricity, natural gas, water, steam, sewage, or telecommunications services within the state. A 1.4% use tax is imposed on the retail consumption of utility services purchased from out-of-state providers. Public utilities also are generally subject to the Indiana adjusted gross income tax.
Georgia	All electric, railroad, water, steam and natural gas companies are subject to the state's corporate income tax and franchise tax in the same manner as other non-utility corporations.
Kentucky	Public utility corporations are subject to the Kentucky corporation income tax, except for rural electric and rural telephone cooperative corporations. Public utilities pay a utility gross receipts license tax of up to 3% of the gross receipts from furnishing utility services within a school district. In addition, a 3% tax is levied on the retail purchase of multichannel video programming (MVP) services, a 2.4% gross revenue tax on MVP services provided to a person whose place of primary use is in Kentucky, and a 1.3% gross revenue tax for the provision of communications services.[1]
Michigan	The state does not levy a specific public utility excise tax. Utilities organized as C corporations are subject to Michigan's corporate income tax. Cities with a population of 600,000 or more may levy a "utility users tax." Detroit levies such a tax at a 5% rate.
North Carolina	Major changes to the state's utility taxes became effective on July 1, 2014. The state repealed its franchise taxes on electric power, water and public sewerage companies, as well as piped natural gas. Sales of electricity and piped natural gas in the state are subject to the state sales tax (4.75%) and local sales taxes (in most counties, the combined rates amount to 6.75% or 7%). Telecommunication, railroad, transportation and water and sewerage companies are subject to the state's corporate income tax and general business franchise tax.
Pennsylvania	Electric companies pay a combined rate of 4.4% on gross receipts, plus a "revenue neutral reconciliation" rate of 1.5%, for a combined rate of 5.9%.Transportation and telecommunications companies pay a combined rate of 5% on gross receipts comprised of a base rate of 4.5% and a surtax of 0.5%. All corporations, including public utilities, are subject to the Pennsylvania corporate net income tax unless specifically exempt.
Tennessee	Public generally utilities pay a utility gross receipts tax at the rate of 3%. Companies that manufacture or distribute manufactured or natural gas pay a rate of 1.5% on gross receipts. Public utilities are subject to the Tennessee corporate excise/franchise tax, and a credit is allowed against liability for utility gross receipts taxes paid.
Texas	Three utility classes (gas works, electric and water) pay tax rates ranging from 0.581% to 1.997% of gross receipts from business done in incorporated cities or towns, depending upon the population of the incorporated city or town in which the utility is located. Public utilities also are generally subject to Texas excise/franchise taxes like other non-public utility companies.
West Virginia	West Virginia levies business and occupation taxes measured by gross receipts. Water companies pay at a rate of 4.4%. Natural gas companies and toll bridges pay tax at a rate of 4.29%. Street, interurban and electric railways pay at a rate of 1.4%. Other public utilities pay tax a rate of 2.86%. Certain entities may be exempt. Electric power companies (producers) pay a rate based on the generating capacity of their electric generating facilities. Public utilities also may be subject to the West Virginia corporate license tax, corporate net income tax, and business franchise tax.

[1] The telecommunications tax is being challenged in Kentucky's court system on state constitutional grounds.

Table 1			
Public Utility Excise Tax Revenue Fiscal Years 2011 - 2015.			
Fiscal Year	**General Revenue Fund**	**Refunds**	**Total**
2011	$124.8	$0.3	$125.1
2012	113.9	2.6	116.5
2013	96.7	0.2	96.9
2014	106.0	< 0.1	106.0
2015	97.5	17.0	114.5
Source: Office of Budget and Management state financial report (GL070).			

Table 2							
Public Utility Excise Tax Levied by Class of Utility Tax Years 2010 - 2014							
Class of Utility	**Number of Taxpayers**	**Tax Rate**	**2010**	**2011**	**2012**	**2013**	**2014**
Natural Gas	33	4.75%	$127,582,454	$117,578,649	$92,037,145	$93,148,668	$103,355,955
Waterworks	13	4.75%	2,076,123	1.312,944	3,944,237	4,048,664	6,279,007
Pipeline	19	6.75%	1,000,979	123,570	380,200	246,087	1,154,568
Other[1]	3	4.75%	959,161	537,328	1,537,402	1,305,216	1,481,935
Totals	**68**		**$131,618,718**	**$119,552,491**	**$97,898,984**	**$98,748,636**	**$112,271,465**
Source: Treasurer of State							
[1] Includes water transportation and heating.							

Replacement Tire Fee

The replacement tire fee generates revenue intended to defray the cost of regulating scrap tire facilities and to abate accumulations of scrap tires. Revenue from the fee also funds grants to promote research regarding alternative methods of recycling scrap tires and loans to promote the recycling or recovery of energy from scrap tires. The fee was enacted by the Ohio General Assembly effective Dec. 1, 1993. In fiscal year 2015, approximately $7.2 million was collected for the state's Scrap Tire Management and the Soil and Water Conservation District Assistance funds.

Taxpayer

(Ohio Revised Code 3734.903)

The fee is paid by any wholesale distributor of replacement tires or by any retail dealer acquiring tires on which the fee has not been paid.

Tax Base

(R.C. 3734.90, 3734.901)

The fee applies to the sale of new tires with rims of 13 inches or more designed for use on a motor vehicle and sold as replacements. Tires that are used, or retreaded, or tires on a new motor vehicle are not subject to the fee.

Rate

(R.C. 3734.901)

The fee is $1 per tire.

Special Provisions

(R.C. 3734.904)

If the return and total fees due are filed and paid on time, then the taxpayer is entitled to a discount of four percent on the total amount owed.

Filing and Payment Dates

(R.C. 3734.904)

Returns and payments are due on the 20th day of each month.

Disposition of Revenue

(R.C. 3734.901, 3734.9010)

The Tire Fee Administration Fund receives two percent for appropriation to the Department of Taxation to cover the costs of administering the fee. The remaining 98 percent of the revenue is distributed evenly between the Scrap Tire Management Fund and the Soil and Water Conservation District Assistance Fund.

Administration

The fee and its distribution are administered by the Tax Commissioner.

Ohio Revised Code Citations

R.C. 3734.90.

Table 1

Replacement Tire Fee Revenue: Fiscal Years 2011 – 2015

Fiscal Year	Scrap Tire Management Fund	Soil & Water Conservation Fund	Administrative Fund	Total
2011	$3,300,576	$3,300,576	$134,717	$6,735,870
2012	3,562,850	3,562,850	145,422	7,271 ,123
2013	3,453,222	3,453,378	140,954	7,047,554
2014	3,748,210	3,748,210	152,988	7,649,409
2015	3,600,867	3,600,791	147,148	7,348,806

Source: Office of Budget and Management monthly accounting report (OH GL070).

History of Major Changes

1993	Senate Bill 165 created the fee effective Dec. 1, 1993 with a sunset date of June 30, 2002.
1999	House Bill 283 extended the fee through June 30, 2006.
2001	House Bill 94 increased the fee from 50 cents to $1 per tire.
2005	House Bill 66 extended the tire fee through June 30, 2011. The percentage of revenue distributed to the Tire Fee Administration Fund is reduced from 4 percent to 2 percent. The percentage to the Scrap Tire Management Fund rises to 98 percent.
2011	House Bill 153 extended the tire fee through June 30, 2013 and stipulated that a portion of the revenue be distributed to the Soil & Water Conservation District Conservation Fund.
2013	House Bill 59 extended the tire fee through June 30, 2016.

Comparisons with Other States

(as of June 30, 2015)

State	Fee
Georgia	$1 per tire
Indiana	25 cents per tire on new tires
Kentucky	$1 per tire on new tires
Michigan	$1.50 tire disposal surcharge assessed on vehicle title transfers
North Carolina	2 percent privilege tax on all tires sold that are less than 20 inches in bead diameter; 1 percent for tires with a bead diameter at least 20 inches.
Ohio	$1 per tire on new replacement tires.
Pennsylvania	$1 per tire on new replacement tires.
Tennessee	$1.35 per tire on new replacement tires.
Texas[1]	No state fee.
West Virginia	$5.00 imposed on each car registration.

[1]Texas: Generators (tire dealers, junkyards and others that scrap tires) may charge customers a fee for transportation and storage of scrap tires.

Sales and Use Tax

The sales and use tax is the state's primary source of revenue. It is also an important revenue source for county governments and regional transit authorities, which are authorized to levy sales and use taxes that "piggyback" on the state sales and use tax. The department administers both the state sales and use tax and local piggyback taxes.

The Ohio sales tax dates back to 1934, when the General Assembly enacted a three percent sales tax effective January 1935. The use tax followed a year later. In 1967, the legislature adopted a four percent state rate and, for the first time, authorized county governments to levy piggyback taxes, subject to repeal by a majority vote of the county electorate. In 1974, transit authorities were also granted the authority, with voter approval, to levy piggyback taxes.

The current state sales and use tax rate, 5.75 percent, was established on Sept. 1, 2013. During fiscal year 2015, the tax generated more than $10.1 billion in revenue. Of that amount approximately 98.2 percent or about $10.0 billion was distributed to the General Revenue Fund. The balance was distributed to the Public Library Fund and Attorney General Claims Fund.

The department collects the combined state and local piggback taxes and then distributes the local share of revenue directly to the counties and transit authorities. The same exemptions and exceptions, credits and payment dates apply to the permissive taxes as to the state tax. See **Sales and Use Tax - Counties and Transit Authorities** for a discussion of piggyback taxes.

Ohio is a full member of the Streamlined Sales Tax Project (SSTP). SSTP member states are in compliance with all provisions of the Streamlined Sales and Use Tax Agree ment. The Agreement simplifies and modernizes sales tax administration to substantially reduce the burden of tax compliance. Membership makes it easier for persons making sales in multiple states to voluntarily collect and remit sales tax to member states.

Taxpayer

(Ohio Revised Code 5739.01, 5739.03, 5739.031, 5739.17, 5741.01)

With limited exceptions, the general rule is the sales tax imposed is paid by the consumer to the vendor who collects the tax as a trustee for the State of Ohio. Any person who makes a retail sale subject to tax, or stores, uses, or consumes tangible personal property, or realizes a benefit in this state of any taxable service on which sales tax has not been paid is required to file a return and remit the sales or use tax due. See **Exhibit 1** for a description of taxpayers and applicable vendor's licenses.

Tax Base

(R.C. 5739.01, 5741.01)

State, county and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempt. The tax also applies to the rental of tangible personal property, the rental of hotel rooms by transient guests and the sales of the following specified services:

- repair of tangible personal property;
- installation of tangible personal property;
- washing, cleaning, waxing, polishing and painting of a motor vehicle;
- laundry and dry cleaning services;
- automatic data processing, computer services and electronic information services used in business;
- telecommunications services;
- lawn care and landscaping services;
- private investigation and security services;
- building maintenance and janitorial services;
- employment services and employment placement services;
- exterminating services;
- physical fitness facility services;
- recreation and sports club services;
- mobile telecommunications services;
- satellite broadcasting services;
- personal care services;
- transportation of persons by motor vehicle or aircraft entirely within this state;
- motor vehicle towing services;
- snow removal services; and
- electronic publishing services.

The tax also applies to all transactions by which:

- a warranty, maintenance or service contract is, or is to be, provided; and all transactions by which tangible personal property is, or is to be, stored;
- health care services are paid for or reimbursed, provided, delivered, arranged for, or otherwise made available by a Medicaid health insuring corporation

Exhibit 1

Sales and Use Taxpayers and License, Permit or Account Types

Taxpayer	Cost of License	Description
Vendor	$25	Each person or business establishment located in Ohio making retail sales.
Transient vendor	$25	Retailer who makes sales in any county in which they have no fixed place of business. The license is valid statewide.
Seller	No fee	Retailer located outside of Ohio who makes retail sales of property or services for storage, use or consumption in Ohio.
Direct pay permit holder	No fee	Consumers authorized by the tax commissioner to remit tax directly to the state instead of to the vendor. This authority can only be issued upon application if the commissioner determines that granting the authority would improve compliance and increase the efficiency of the administration of the tax.
Clerks of court	No fee	Dealers remit taxes collected on sales of motor vehicles, watercraft, and outboard motors to county clerks of court when a title is issued. Clerks of court also collect the tax on casual sales of motor vehicles, and sales of watercraft and outboard motors required to be titled. Clerks of court remit these receipts to the state.
JobsOhio Beverage System	No fee	Collects and remits sales tax paid on state-controlled spiritous liquor sold in state-contracted liquor agencies.
Consumers' use tax account	No fee	Purchasers who have not paid the tax to a vendor or seller (in most cases for out-of-state transactions) make payments directly to the state.
Streamlined sales and streamlined use tax accounts	No fee	Remote sellers in any other state that has passed laws conforming to the Strealined Sales Tax Agreement and that sell their products to customers in Ohio, using the Internet, mail order or telephone, without having a physical presence in Oho, collect and remit tax on such sales.

pursuant to the corporation's contract with the state, on and after Oct. 1, 2009;

- a specified digital product is provided for permanent use or less than permanent use, regardless of whether continued payment is required.

The use tax base is identical to that of the sales tax. Use tax applies to the storage, use or other consumption in this state of taxable tangible personal property and the benefit realized in this state of any taxable service providedif the vendor did not charge sales tax. For additional information on the use tax, see the discussion in **Rates**, below, under **Sourcing**.

Rates

(R.C. 5739.02, 5739.021, 5739.023, 5739.025, 5739.026, 5741.02, 5741.021-5741.023)

State rate

The state sales and use tax rate has been 5.75 percent since Sept. 1, 2013.

Local rates

Please see the section of this report entitled **Sales and Use Tax – Counties and Transit Authorities** for a discussion of permissive sales and use taxes.

Rate schedule

A combined sales tax schedule that includes local levies is codified at R.C. 5739.025.

Sourcing

For taxable sales made by Ohio vendors and delivered to an Ohio consumer, the sales tax rate is based on the location where the vendor receives the order. Sales made by out-of-state vendors are generally sourced to the location where the consumer receives the tangible personal property.

Exceptions include services where the rate is based on the location where the service is received.

Special sourcing rules are in place for certain sales of electronic information services, electronic publishing services and software delivered electronically that are concurrently available for use by the consumer in multiple locations, for certain types of direct mail, for telecommunications services, and for leases.

Generally, the applicable use tax rate for all taxable sales on which no sales tax was paid to the vendor is based on the location of the purchaser.

Effective Jan. 1, 2010, a consumer has no additional use tax liability on the purchase of tangible personal property if the consumer paid sales tax to a vendor, regardless of whether the amount of sales tax invoiced is calculated at the rate where the consumer receives the property or the rate where the vendor received the order. Consumers do, however, have a liability on purchases made out-of-state, by catalog or via the Internet on which no sales tax has been paid. Taxpayers with an annual consumer's use tax liability exceeding $1,000 must register for a consumer's use tax account and file returns. Other taxpayers can remit consumer use tax either on state income tax returns or by filing a use tax voluntary payment form.

Exemptions and Exceptions

(R.C. 5709.25, 5739.01, 5739.011, 5739.02, 5741.02, 6121.16, 6123.041)

The sales and use tax does not apply to:

- copyrighted motion picture films unless solely used for advertising;
- service transactions in which tangible personal property is an inconsequential element for which no separate charge is made except for the services that are specifically taxable (see **Tax Base**);
- the value of motor vehicles traded in on new motor vehicles sold by licensed new motor vehicle dealers;
- tangible personal property or the benefit of a taxable service to be resold in the form received;
- the refundable deposit paid on returnable beverage containers, cartons and cases;
- tangible personal property used or consumed in commercial fishing;
- sales to U.S. government agencies;
- sales to the state or any of its political subdivisions;
- food for human consumption off the premises where sold;
- food sold to students in a dormitory, cafeteria, fraternity or sorority;
- newspapers;
- magazine subscriptions or magazines distributed as controlled circulation publications (exemption for magazine subscriptions repealed as of Jan. 1, 2014);
- motor vehicle fuel subject to the state motor fuel excise tax;
- gas, water and steam delivered through pipes or conduits by a utility company and electricity delivered through wires;
- communications services provided by telegraph companies;
- casual sales except for motor vehicles, titled watercraft and outboard motors, snowmobiles and all-purpose-vehicles;
- sales by churches and nonprofit organizations (except for the sale of motor vehicles) provided that the number of sales does not exceed six days each year;
- transportation of persons or property, except the transportation of persons specifically taxed as a service;
- sales to churches, nonprofit organizations included under Internal Revenue Code (I.R.C.) 501(c)(3), nonprofit scientific research organizations, and to other nonprofit charitable organizations;
- sales to nonprofit hospitals and to those privately held homes for the aged and hospital facilities that are financed with public hospital bonds;
- building and construction material sold to contractors for incorporation into real property constructed for federal, state or local governments; for religious and certain other nonprofit charitable institutions; for horticulture and livestock structures; and for other specified organizations and industries;
- ships and rail rolling stock used in interstate or foreign commerce and material used for the repair, alteration, or propelling of such vessels;
- material, machinery, equipment and other items used in packaging property to be sold at retail;
- all drugs for a human dispensed by prescription; urine and blood testing materials used by diabetics or persons with hypoglycemia; medical oxygen and medical oxygen equipment for personal use; hospital beds for personal use; and epoetin alfa for persons with a medical disease;
- prosthetic devices, durable medical equipment for home use, or mobility enhancing equipment sold by prescription for use by a human;
- emergency and fire protection vehicles used exclusively by nonprofit organizations in providing emergency and fire protection services for political subdivisions;
- sales to nonprofit community centers and to producers offering presentations in music, dramatics, the arts, and related fields to foster public interest and education;
- motor vehicles sold in Ohio to nonresidents for titling and use in most other states and Canada, provided that the other state or province does not collect sales tax from Ohio residents for motor vehicles purchased there or provided that the state offers a credit to their residents for vehicles purchased in Ohio;
- property used in the preparation of eggs for sale;
- sales of property for use in agricultural production;
- property manufactured in Ohio and immediately shipped outside the state for use in retail business, if sold by the manufacturer to the retailer and shipped in vehicles owned by the retailer;
- sales to non-commercial, educational broadcasting stations;
- sales of animals by nonprofit animal shelters and county humane societies;
- items used in preserving, preparing, or serving food, or material used in maintaining or cleaning these items in a commercial food service operation;
- tangible personal property used by holders of exempt facility certificates issued by the tax commissioner in air, noise, or water pollution control facilities or in energy conversion, solid waste energy conversion, or thermal efficiency improvement facilities;

- bulk water for residential use;
- sales of equipment used in qualified research and development;
- sales and installation of agricultural land tile and the sale and installation of portable grain bins to farmers;
- fees paid for the inspection of emission control equipment on motor vehicles;
- sales, leases, repairs and maintenance of motor vehicles used primarily in providing highway transportation for hire;
- sales to state headquarters of veterans' organizations chartered by Congress or recognized by the U.S. Department of Veterans Affairs;
- as defined by federal law, normally taxable food items, such as soft drinks, sold to persons using food stamps;
- sales of tangible personal property and services used directly in providing a telecommunications service, mobile telecommunications service, or satellite broadcasting service;
- trade-ins on purchases of new or used watercraft or outboard motors sold by licensed boat dealers;
- property and labor used to fulfill a warranty or service contract;
- property used to store and handle purchased sales inventory in a warehouse or similar facility, when the inventory is primarily distributed outside Ohio to retail stores of the person who owns or controls the warehouse, to retail stores of an affiliated group of which the owner of the warehouse is a member, or by means of direct marketing;
- sales of computer equipment made to qualifying certified teachers and used for educational purposes;
- sales of certain tangible personal property made to qualified motor racing teams;
- sales of used manufactured and mobile homes;
- sales of coin-operated car washes;
- the provision of self-service laundry or dry cleaning facilities;
- intrastate transportation of persons by transit bus or ambulance or by a person that holds a Certificate of Public Convenience and Necessity under 49 United States Code 41102;
- sales of telecommunications services used directly and primarily to perform the functions of a call center;
- sales of personal property and services used directly and primarily in providing taxable intrastate transportation of persons;
- repair and replacement parts and repair and maintenance services for aircraft used primarily in a fractional aircraft ownership program;
- items used in acquiring, formatting, editing, storing and disseminating data or information by electronic publishing;
- items used in the repair and maintenance of aircraft and avionics systems for aircraft;
- repair, remodeling, replacement or maintenance services performed on aircraft or on an aircraft's engine, avionics, or component materials or parts;
- sales of full flight simulators that are used for pilot or flight-crew training and repair and replacement parts or components for such full flight simulators; and repair and maintenance services for full flight simulators.
- sales to or by a cable service provider, video service provider or radio or television broadcast station regulated by the federal government of cable service or programming, video service or programming, audio service or programming, or electronically transferred digital audiovisual or audio work;

Also, Ohio law:

- permits a 25 percent sales tax refund for qualified computer purchases for providers of electronic information services;
- caps at $800 the sales or use tax on any aircraft sold as a fractional share aircraft; and
- exempts from the use tax items that are held by a person, but not for that person's own use, and donated to a charitable organization or to the state or its political subdivisions for exclusively public purposes.

Ohio law also includes direct use and primary use exemptions. The direct use exemption applies to:

- material incorporated as a component part of tangible personal property produced for sale by manufacturing, assembling, processing or refining;
- material used or consumed directly in the production of tangible personal property by mining, farming, agriculture, horticulture, floriculture, or used in the production of and exploration for crude oil and natural gas;
- tangible personal property used directly in rendering a public utility service;
- tangible personal property used or consumed in the preparation for sale of printed and other reproduced material and magazines distributed as controlled circulation publications; and
- certain property used in making retail sales including: advertising material or catalogs used or consumed in making retail sales that price and describe property; preliminary materials sold to direct marketing vendors that will be used in printing advertising material; printed matter that offers free merchandise or chances to win sweepstakes prizes and includes advertising material; equipment primarily used to

accept orders for direct marketing retail sales; and certain automatic food vending machines.

The primary use exemption refers to tangible personal property used primarily in a manufacturing operation to produce a product for sale. The primary use exemption includes, but is not necessarily limited to, the following items:

- production machinery and equipment that act upon the product being produced;
- handling and transportation equipment (except licensed motor vehicles) used in moving property in or between plants during the production process;
- property used in producing property that is used or consumed in the production of a final product (use on use);
- coke, gas, water, steam and similar substances used in the manufacturing operation;
- catalysts, solvents, water, acids, oil and similar consumables that interact with the product and are an integral part of the manufacturing operation;
- property that is used to control, physically support, or is otherwise necessary for functioning of machinery and equipment and continuation of the manufacturing operation; and
- machinery and equipment, detergents, supplies, solvents and any other tangible personal property located at a manufacturing facility that are used in the process of removing soil, dirt or other contaminants from, or otherwise preparing in a suitable condition for use, towels, linens, articles of clothing, floor mats, mop heads or other similar items, to be supplied to a consumer as part of laundry and dry cleaning services, only when the towels, linens, articles of clothing, floor mats, mop heads or other similar items belong to the provider of the services.
- ORC section 122.175, allows a taxpayer that proposes a capital improvement project for an eligible computer data center in this state to apply to the tax credit authority to enter into an agreement for a complete or partial sales and use tax exemption on computer data center equipment used at the eligible computer data center.

Special Provisions

Cumulative filing (R.C. 5739.12 and Rule 5703-9-09)

The Tax Commissioner may require a vendor that operates from multiple locations or has multiple vendors' licenses to report all liabilities on one consolidated return. Vendors who have two or more places of business in Ohio may, upon approval by the tax commissioner, file a single monthly consolidated return reporting on one form the information that normally is required to be reported from each location.

Pre-arranged agreements (R.C. 5739.05 and Rule 5703-9-08)

Vendors, such as fast food outlets, whose business is of a nature that keeping records of which sales are taxable and which are exempt would impose an unreasonable burden, may be authorized by the tax commissioner to pay an amount based on a test check conducted to determine the proportion of taxable sales to total sales. Businesses electing this method of payment still collect the tax from customers at the time of purchase.

Pre-determined agreements (R.C. 5739.05 and Rule 5703-9-08)

Vendors, such as coin-operated vending machine operators, whose business is of a nature that the collection of the tax from consumers would impose an unreasonable burden, may be authorized by the tax commissioner to pay the tax at a pre-determined rate based on an analysis of sales and prices.

Construction contractors (R.C. 5739.01 and Rule 5703-9-14)

Construction contractors are considered to be the consumers of property incorporated into the construction of or improvement to real property and, thus, are responsible for paying the tax on such property.

Payment by EFT (R.C. 5739.032, 5739.122, 5741.121)

Vendors are required to remit payment by electronic funds transfer (EFT) in cases where annual liability exceeds $75,000 per calendar year. Taxpayers required to use this payment method will be notified by the department. Vendors that do not meet the $75,000 threshold may request authorization by the treasurer of state to remit tax payments by EFT.

Accelerated tax payment (R.C. 5739.032, 5739.122, 5741.121)

Vendors required to remit tax by EFT are required to make advance payment of 75 percent of each month's anticipated tax by the 23rd day of that month. These vendors are still required to file a return by the 23rd of the next month and pay the balance of their tax due, along with that month's accelerated payment.

Filing and Payment Dates

(R.C. 5739.031, 5739.12, 5739.17, 5741.12, Rule 5703-9-10)

See **Exhibit 2** for a summary of filing and payment dates.

Discount

(R.C. 5739.12, 5741.12)

Payments made on or before the due date entitle the vendor to a discount of 0.75 percent of the amount due. (Example: $5,000 tax due – $37.50 discount = $4,962.50 net tax due.)

Exhibit 2

Type of Sales Tax Returns and Filing Payment Dates

Type of Return	Taxpayer	Payment Date
Weekly	Clerks of court	Payment on Friday for taxes collected during the preceding week on motor vehicles, and on watercraft and outboard motors titled.
Semi-monthly	JobsOhio Beverage System	By the 15th day of the month for the tax collected during the last 15 days of the previous month, and by the last day of the month for the tax collected during the first 15 days of the month, on spiritous liquor sold in state-contracted liquor agency stores.
Monthly	Vendors, sellers, transient vendors, direct pay permit holders, consumer use tax accounts, streamlined sales tax accounts, streamlined use tax accounts, delivery vendors	By the 23rd day of the month following the close of the reporting period, which is the previous month. Taxpayers whose annual liability in a prior year exceeded $75,000 are required to pay by EFT. These same taxpayers are required to make accelerated payments during each month.
Quarterly	Direct pay permit holders, consumer use tax accounts	By the 23rd day of January, April, July, and October for their tax liability during the preceding three months; this method of payment may be authorized for accounts with less than $5,000 in quarterly tax liability.
Semi-annual	Vendors, sellers, transient vendors delivery vendors	By the 23rd day of the month following the close of each semi-annual period (pre-determined by filing schedule) for the tax collected during the preceding six-month period; this method of payment may be authorized for vendors and sellers whose tax liability is less than $1,200 per six-month period.

Disposition of Revenue

State sales and use tax (R.C. 5739.21, 5741.03)

See **Chart 1** for a summary of revenue disposition. During fiscal year 2015, the General Revenue Fund (GRF) received approximately 98.2 percent of sales and use tax revenues, and the Public Library Fund (PLF) received approximately 1.8 percent. The amount of state sales tax revenue credited to the PLF varies from year to year based on a fixed percentage of all tax collections into the GRF. One half of each monthly transfer from the GRF to the PLF is credited against the state sales tax portion of GRF revenues.

Administration

The Tax Commissioner administers the sales and use tax for the state.

Ohio Revised Code Citations

Chapters 306, 307, 351, 5709, 5739, 5741 and 6111.

Recent Legislation

Am. Sub. H.B. 64, 131st General Assembly

The Act amended ORC 5739.02(B)(42)(p) to state that sales tax does not apply to sales in which the purpose is to provide a rented motor vehicle to the owner or lessee of a motor vehicle that is being repaired or serviced, if the purchaser is reimbursed for the cost of the rented motor vehicle.

The Act amended ORC 5739.01(II) to specify that taxable building maintenance and janitorial services do not include sanitation services necessary for an establishment described in 21 U.S.Code 608, including slaughtering, meat canning, or similar establishments, for services to comply with that section of the U.S. Code.

The Act amended ORC 5741.01(I) to redefine and expand conditions under which substantial nexus is presumed, and to provide a mechanism whereby a seller may rebut the presumption of substantial nexus. One of the expansions of conditions under which substantial nexus is presumed includes "click-through" nexus, in which the seller enters into an agreement with one or more residents of the state under which the resident, for a commission or other consideration, directly or indirectly refers potential customers to the seller. This referral may occur by a link on a web site, an in-person oral presentation, telemarketing, or otherwise, provided the cumulative gross receipts from sales to consumers referred to the seller by all such residents exceeded ten thousand dollars during the preceding twelve months.

Am. Sub. S.B. 243, 130th General Assembly

Section 3 of the Act established a sales tax holiday in which sales and use taxes do not apply to the sale or storage, use, or other consumption of any of the following items occurring on August 7, 8 or 9, 2015: an item of clothing, the price of which is $75 or less; an item of school supplies, the price of which is $20 or less; or an item of school instructional material, the price of which is $20 or less.

Am. Sub. H.B. 483, 130th General Assembly

The Act amended ORC 5739.05 to state that, upon application, the commissioner may authorize a vendor to remit sales tax on the basis of a prearranged agreement. The proportions and ratios in a prearranged agreement shall be determined either by a test check conducted by the commissioner under terms and conditions agreed to by the commissioner and the vendor, or by any other method agreed upon by the vendor and the commissioner.

Am. Sub. H.B. 59, 130th General Assembly

The Act amended ORC 5739.01(B) to make all transactions by which a specified digital product is provided for permanent use or less than permanent use, included in the definition of "sale" and "selling", and therefore subject to the sales and use tax. The Act goes on to define a specified digital product in ORC 5739.01(QQQ) as an electronically transferred digital audiovisual work, digital audio work or digital book.

The Act amended ORC 5739.01(B) to exempt sales to or by a cable service provider, video service provider, or radio or television broadcast station regulated by the federal government of cable service or programming, video service or programming, audio service or programming, or electronically transferred digital audiovisual or audio work.

The Act amended ORC 5739.01(B) to exempt sales of investment metal bullion and investment coins.

The Act amended ORC 5739.02(B) to repeal the exemption of magazine subscriptions from the sales and use tax.

The Act amended ORC section 122.175 to alter the definition of an eligible computer data center, for the purposes of an application to the tax credit authority to enter into an agreement for complete or partial sales and use tax exemption on equipment used at an eligible computer data center.

Am. Sub. H.B. 153, 129th General Assembly

The Act created ORC section 122.175, which allows a taxpayer that proposes a capital improvement project for an eligible computer data center in this state to apply to the tax credit authority to enter into an agreement for a complete or partial sales and use tax exemption on computer data center equipment used at the eligible computer data center.

Recent Court Decisions

Brown v. Levin, 2012-Ohio-5768

This was a class action suit seeking a refund of sales tax paid on the amount received on motor vehicles traded in as part of the federal "Cash for Clunkers" program. The amount of consideration received from a third party, such as "Cash for Clunkers," is part of the tax base under Ohio law. The taxpayer asserted that the amount received was not part of the taxable price and he was due a refund of sales tax paid on that amount. The tax commissioner challenged the complaint on jurisdictional grounds, asserting that the taxpayer must first seek a refund of illegally or erroneously paid sales tax from the Department of Taxation using the statutory procedure provided in R.C. 5739.07. The Tenth District Court of Appeals agreed with the tax commissioner and remanded the case to the Common Pleas Court with instructions to dismiss Brown's complaint.

Bay Mechanical & Electrical Corp. v. Testa, 2012-Ohio-4312

Bay Mechanical, a construction contractor, provided plumbing, piping, HVAC, electrical wiring and other services. In addition to its core employees, it relied on labor provided by employees of Tradesmen International, Inc. and Construction Labor Contractors. The tax commissioner assessed use tax on these purchases finding that the services were taxable employment services. Both the tax commissioner and BTA rejected Bay Mechanical's claim that the services were not employment services under R.C. 5739.01(JJ)(3).

On appeal to the Supreme Court, Bay Mechanical claimed that the contract language alone was sufficient to establish the exception. In essence, Bay Mechanical's view was that the mere presence of the words "permanent" and "indefinite" in the contracts established qualification for the exception. Bay Mechanical did not provide any documentation regarding the actual performance of the contract during the audit process. The Court found that the presence of "magic" words does not establish exception. Rather, the Court reiterated the rules it set forth in H.R. Options and Moore Personnel Services, and found that the tax commissioner must review the facts and circumstances to determine if the laborers were in fact permanently assigned. The Court affirmed the BTA's finding that the summary evidence provided by Bay Mechanical did not support permanent assignment stating, at ¶38:

Given that H.R. Options calls for the consideration of facts-and-circumstances evidence, that the documentation was completely withheld on audit, and that it was not offered as an exhibit at the BTA hearing, we conclude that the BTA did not act unreasonably, arbitrarily, or unconscionably when it disregarded the summary exhibits in spite of the controller's foundational testimony.

Gallenstein v. Testa, 2014-Ohio-98

This case involved the tax commissioner's assessment of use tax on a 44–foot Sea Ray Sundancer Gallenstein purchased from a private owner in Indiana. The Board of Tax Appeals affirmed the assessment and Gallenstein appealed to the Supreme Court of Ohio asserting that her registration of the boat in Ohio was not sufficient to create a taxable nexus and she met all the requirements of the transient use exception in R.C. 5741.02(C)(4).

The Court agreed with Gallenstein and reversed the assessment holding that:

Registering a boat in Ohio is not the same as being required to register a boat in Ohio because R.C. 1547.531(B)(3) exempts from registration watercraft that have been documented by the United States Coast Guard or its successor as "temporarily transitting." Id. at ¶ 21. (emphasis in original).

In so holding, the Court noted that from 2002 through 2004, Gallenstein, a Kentucky resident, operated her boat in Ohio waters fewer than a dozen times, her principal use was not on Ohio waters and the boat was docked in Indiana.

Hoffman Properties Limited Partnership v. Testa, BTA Case No. 2011-1372 (April 29, 2014) 2014 WL 2708161

In this case, the tax commissioner assessed use tax on an irrigation system installed in a golf course. Hoffman asserted that the irrigation system was real property and not subject to use tax. The Board of Tax Appeals (BTA) found that "such specialized irrigation system was designed and installed to address the unique needs associated with the operation of a golf course and to primarily benefit the ongoing business conducted on the land, i.e., the golf course." Therefore, the BTA affirmed the assessment holding "that the irrigation system purchased by Hoffman does not constitute real property, but is personal property, i.e., a business fixture, and, as such, is subject to tax, pursuant to R.C. 5701.03(B)."

Refuse Transfer Systems, Inc. v. Levin, BTA Case No. 2009-1710 (Oct. 2, 2013), 2013 WL 6833199

The tax commissioner assessed use tax on 'tippers' used in Refuse Transfer's business of hauling solid waste. Refuse Transfer appealed to the BTA contending that "[a] tipper is an integral component of the semi-tractor vehicles in this case. Refuse trailers either have a built-in hydraulic lift, or otherwise must be assisted by a tipper machine. Without the tipper, the trailer does not serve the purpose of hauling and delivery [of] the waste." The BTA rejected Refuse Transfer's claim holding that "the tipper is used to unload the waste being transported, a function that occurs after the transportation takes place, and as such, remains subject to use tax."

History of Major Changes

1934	General Assembly enacts a 3 percent sales tax effective Jan. 1, 1935.
1935	Legislature enacts a companion use tax effective Jan. 1, 1936.
1936	Ohio voters approve a constitutional amendment exempting food for human consumption off the premises where sold.
1962	The use of sales tax stamps is discontinued.
1967	Legislature increases rate to 4 percent and broadens the tax base to include cigarettes and beer.
1971	Cigarettes again become exempt.
1980	State sales tax rate temporarily increased to 5 percent from Jan. 1 through June 30, 1981.
1981	HB 694 increased the state sales tax rate from 4 percent to 5.1 percent. Some vendors claimed the new rate was incompatible with their registers. Subsequently, HB 552 lowered the state rate to 5 percent. Other provisions of HB 694 stand, including broadening the base to again include cigarettes, as well as repairs and other selected services. Other legislation establishes a credit for trade-ins on new motor vehicles.
1983	Tax base broadened to include business data processing services.
1987	Purchases made with food stamps exempted from the tax; long distance telecommunications service made taxable.
1990	Tangible personal property primarily used in manufacturing operations exempted from the tax, replacing a direct use exemption for manufacturers. Also, a credit is established for trade-ins on new or used watercraft.
1991	Tax base broadened to include lawn care, landscaping, private investigation and security services.
1993	Legislature broadens tax base to include building cleaning and maintenance, exterminating, employment agency and personnel supply services as well as memberships in physical fitness facilities and recreation and sports clubs. Exemptions established for qualified property used in research and development and for nonprofit scientific organizations. Vendor discount lowered from 1.5 percent to 0.75 percent of tax collections.
1994	Purchases made by organizations defined under Internal Revenue Code 501(c)(3) exempted.
1997	Sale of personal computers and qualified equipment to licensed and certified teachers exempted.
1999	Sale of used manufactured and mobile homes exempted, effective Jan. 1, 2000.
2000	For the purposes of the sales and use tax, sales of new manufactured or mobile homes are no longer considered motor vehicle sales.
2000	Transient vendor's license fee reduced from $100 to $25. Definition of an exempt casual sale is changed to include items that had been subject to the taxing jurisdiction of another state.

History of Major Changes - continued

2001	The application of the sales and use tax on certain leased motor vehicles, watercraft, aircraft, and on the lease of tangible personal property by businesses is changed so that the tax is paid upon consummation of the lease.
2002	Refunds allowed to be issued directly to consumers in cases where the consumer illegally or erroneously paid tax to the vendor.
2003	State sales tax rate temporarily increased from 5 percent to 6 percent from July 1, 2003 to June 30, 2005. Vendor discount temporarily increased from 0.75 percent to 0.9 percent during the same period. Also: • tax base expanded to laundry and dry cleaning, satellite broadcasting service, personal care services, intrastate transportation of persons by motor vehicle or aircraft, towing service, snow removal and the storage of tangible personal property. • threshold increased for mandatory payment by electronic funds transfer from $60,000 annual tax liability to $75,000, and such taxpayers begin paying on an accelerated schedule. • some definitions of food, beverages and medical supplies changed to conform to the provisions of the multistate Streamlined Sales Tax Project.
2005	State sales tax rate reset to 5.5 percent and temporary vendor discount rate of 0.9 percent extended through June 30, 2007.
2006	Property withdrawn from inventory and donated to a charitable organization exempted from the use tax.
2008	General Assembly enacts HB 429, which allows Ohio to retain origin sourcing for most sales of tangible personal property made by Ohio vendors to Ohio consumers effective Jan. 1, 2010.
2009	Electronic filing of sales tax returns becomes mandatory. General Assembly, in HB 1, applies sales tax to monthly Medicaid premiums received by health insuring corporations in lieu of a former 5.5 percent franchise fee.
2013	State sales and use tax rate increased to 5.75 percent, effective Sept. 1, 2013.
2014	Ohio became a full member of the Streamlined Sales Tax Project.
2015	HB 64 redefines and expands conditions under which substantial nexus is presumed, and provides a mechanism whereby a seller may rebut the presumption of substantial nexus.

Comparisons with Other States

(As of June 30, 2015)

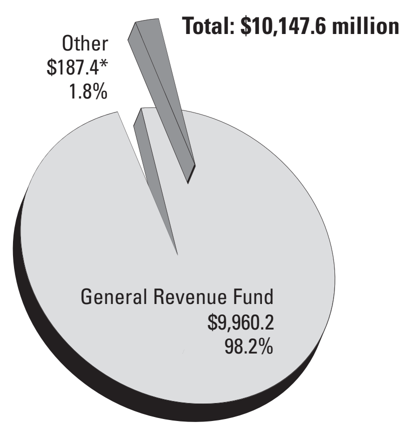
This table shows state sales tax rates, the maximum combination of local sales tax rates in effect for each state, and the highest combined state and local sales tax rate in effect for each state.

State	State Rate	Max. Local Rate	Max. Total Rate
Georgia	4.00%	4.00%	8.00%
Indiana	7.00	----	7.00
Kentucky	6.00	----	6.00
Michigan	6.00	----	6.00
North Carolina	4.75	2.75	7.50
Ohio	5.75	2.25	8.00
Pennsylvania	6.00	2.00	8.00
Tennessee	7.00	2.75	9.75
Texas	6.25	2.00	8.25
West Virginia	6.00	1.00	7.00

Chart

Distribution of Revenue from Sales & Use Tax Fiscal Year 2015

(figures in millions)



* Includes Public Library Fund and Attorney General Claims Fund.

Source: OAKS State Financial Accounting

Table 1

State and Permissive (Local) Sales and Use Tax Collections, by Industrial Classification: July 2014 through June 2015 period[1]

Industrial Classification (North American Industry Classfication System)		NAICs codes	Number of Business Entities, Jan. - June 2015[2]	July-Dec. 2014 collections	Jan.-June 2015 collections	Total FY 2015 collections
Agriculture, Forestry, and Fishing		111100-115310	1,033	$2,534,050	$4,835,981	$7,370,031
Mining		211110-213110	210	11,588,491	10,307,695	21,896,186
Utilities (excluding telecommunications)		221100-221300	134	28,014,968	106,323,889	134,338,857
Construction		236110-238900	2,751	34,897,754	29,983,293	64,881,047
Manufacturing		311110-339900	11,919	217,056,410	209,781,448	426,837,858
Wholesale Trade		423100-425120	5,348	177,758,981	179,164,174	356,923,154
Retail Trade:						
	Motor Vehicle and Parts Dealers[3]	441110-441300	5,563	214,772,077	219,133,458	433,905,535
	Furniture and Home Furnishings Stores	442110-442299	3,391	101,964,681	104,552,703	206,517,384
	Electronic and Appliance Stores	443111-443130	2,454	165,258,443	174,161,746	339,420,189
	Building Material and Garden Equipment & Supplies	444110-444200	6,756	443,000,102	396,182,718	839,182,820
	Food and Beverage Stores	445110-445310	6,863	253,532,340	263,313,108	516,845,448
	Health and Personal Care Stores	446110-446190	7,071	116,837,395	129,241,605	246,079,000
	Gasoline Stations	447100	1,406	86,911,946	84,264,690	171,176,636
	Clothing and Clothing Accessories Stores	448110-448320	4,993	186,728,351	203,100,196	389,828,547
	Sporting Goods, Hobby, Book, and Music Stores	451110-451220	5,988	105,963,724	111,441,054	217,404,778
	General Merchandise Stores	452110-452900	4,463	597,074,299	611,232,750	1,208,307,049
	Miscellaneous Store Retailers	453110-453990	24,476	420,041,048	440,871,173	860,912,221
	Nonstore Retailers	454110-454390	6,017	92,268,682	111,997,336	204,266,018
Transportation and Warehousing		481000-493100	2,046	16,568,649	39,875,370	56,444,020
Information (including telecommunications)		511110-519100	3,452	405,614,433	417,492,568	823,107,001
Finance and Insurance		522110-525990	498	471,339,281	510,833,339	982,172,619
Real Estate, and Rental & Leasing of Property		531110-533110	3,971	127,487,879	142,051,737	269,539,616
Professional, Scientific and Technical Services		541110-541990	8,341	104,155,402	106,863,476	211,018,878
Management of Companies (Holding Companies)		551111-551112	81	7,121,020	9,343,074	16,464,095
Administrative & Support Services, and Waste Mgmt. & Remediation Services		561110-562000	11,565	219,799,308	208,392,307	428,191,615
Education, Health Care and Social Assistance		611000-624410	3,700	14,578,157	14,991,611	29,569,767
Arts, Entertainment, and Recreation		711100-713900	3,999	38,903,309	32,551,644	71,454,953
Accommodation and Food Services		721110-722515	19,971	468,056,448	450,594,254	918,650,702
Other Services		811110-812990	19,874	144,838,489	149,429,369	294,267,858
Unclassified		n/a	13,809	22,684,855	21,641,615	44,326,470
Total[4]			**192,143**	**$5,297,350,974**	**$5,493,949,380**	**$10,791,300,353**
Collections from Clerks of Court [3]				**July - Dec. 2014 Collections**	**Jan. - June 2015 Collections**	**Total FY 2015 Collections**
Collections from sales of motor vehicles				$809,702,147	$800,517,649	$1,610,219,796
Collections from sales of watercraft				7,093,718	8,654,212	$15,747,930
Subtotal				$816,795,864	$809,171,860	$1,625,967,724
Grand Total				**$6,114,146,838**	**$6,303,121,240**	**$12,417,268,078**

Source: Ohio Department of Taxation

[1]Industrial classification data reflects the principal business activity of each business entity, generally based on the industrial (NAICs) code indicated on the entity's sales or use tax registration form. In addition, the tax collection data reflected in this table primarily emanates from businesses that operate as vendors or sellers, who collect sales or use taxes from customers and remit such collections to the state. However, some businesses (such as manufacturers) remit the sales or use tax on their taxable purchases directly to the state instead of to their vendors and sellers, usually by means of a direct payment or consumer use tax account. Amounts remitted by entities that have these types of accounts are also included in this table.

[2] Indicates the number of separate legal entities (not the number of separate locations) that filed and remitted sales or use tax at any time during the January through June 2015 period.

[3]Tax collections from automobile and watercraft sales are listed separately, and are not assigned an Industrial Category. Such taxes are collected by the county clerks of court and then remitted to the state. Since the information does not come from the remitting entities directly, there is no Industry Category information, or an entity count, associated with the values.

[4]The data in this table is extracted from sales and use tax returns. The totals in this table do not match actual collections because this table does not include clerks of courts tax collections and because the table does not reflect subsequent adjustments made to tax returns, as well as revenue generated from audit activity.

Table 2	
Total Sales and Use Tax Collections attributed to membership in Streamlined Sales Tax[1] (Includes State and Permissive Sales and Use Tax Collections) Fiscal Years 2011 - 2015	
Fiscal Year	**Total collections attributed to membership in Streamlined Sales Tax[2]**
2011	$33,978,942
2012	37,198,356
2013	43,811,607
2014	69,861,947
2015	66,992,782
Source: Ohio Department of Taxation	
[1] The state of Ohio became an associate member of Streamlined Sales Tax on October 1, 2005, and became a full member on Jan. 1, 2014.	
[2] Total collections attributed to Ohio's membership in Streamlined Sales Tax are remitted under a variety of account types. Collections from all known accounts associated with Streamlined Sales Tax are summarized here. However, taxpayers may remit sales and use tax due to Ohio's membership with Streamlined Sales Tax without notifying the Department of Taxation of this distinction.	

Table 3				
Sales & Use Tax Number of Accounts by Type and Payment Schedule (As of June 30, 2015)				
	Payment Schedule			
Accounts	**Semi-Annual**	**Monthly**	**Quarterly**	**Total**
Vendor's	77,696	72,904	0	150,600
Master (accounts issued by the state)	1,113	4,898	0	6,011
Transient[1]	40,180	12,550	0	52,730
Consumers'	0	2,072	18,646	20,718
Direct Pay	0	316	119	435
Out-of-State	7,351	9,835	0	17,186
Streamlined Sales[2]	0	643	0	643
Streamlined Use[2]	0	0	0	0
Totals	**126,340**	**103,218**	**18,765**	**248,323**
Source: Ohio Department of Taxation				
[1] Service and delivery are no longer separate categories and are included in the transient category. [2] A subset of total collections attributed to Ohio's membership in Streamlined Sales Tax are remitted under Streamline Sales and Streamline Use accounts. The remainder of total collections attributed to Ohio's membership in Streamlined Sales Tax are remitted under other account types.				

Severance Tax

The severance tax, enacted by the Ohio General Assembly effective in 1972, is paid by persons or firms that extract, or sever, certain natural resources from the soil or waters of Ohio. The tax produced $26.9 million during fiscal year 2015. Severers are licensed by the Tax Commissioner and other designated state agencies.

Taxpayer

(Ohio Revised Code 5749.02)

The tax is paid by holders of severance permits.

Tax Base

(R.C. 5749.02)

The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

Rates

(R.C. 5749.02)

The tax rates on the severance of most natural resources are as follows:

Resource	Tax Rate
Clay, sandstone, shale, conglomerate, gypsum and quartzite	1 cent per ton
Dolomite, gravel, sand and limestone	2 cents per ton
Natural gas	2.5 cents per Mcf[1]
Oil	10 cents per barrel
Salt	4 cents per ton

Coal: The base tax rate on coal is 10 cents per ton. This does not include two additional levies that have applied since April 1, 2007:

- an additional 1.2 cents per ton on surface mining operations.
- an additional 12, 14 or 16 cents per ton reclamation tax on operations without a full cost bond, depending on the amount. This rate varies based on the amount remaining in the state Reclamation Forfeiture Fund at the end of each state budget biennium. The rate is 12 cents if the balance of the fund is $10 million or more; 14 cents if it is between $10 million and $5 million; and 16 cents if it is $5 million or less.

Exemptions and Credits

(R.C. 5749.03)

An annual exemption applies to natural resources used on the land from which they are taken by the severer, as part of the improvement of or use in the severer's homestead. The exemption is limited to resources with a yearly cumulative market value of $1,000 or less.

Special Provisions

The chief of the Division of Mineral Resources Management certified on June 30, 2013 that the balance of the Reclamation Forfeiture Fund was greater than $10 million. As a result, the reclamation tax rate on coal mining operations without a full cost bond is 12 cents per ton effective Jan. 1, 2014.

Although not part of the severance tax, oil and gas well owners are subject to an oil and gas regulatory cost recovery assessment effective July 1, 2010. The assessment is based on a formula that takes into consideration the number of wells owned, the production of those wells, and the amount of severance tax paid. This assessment is in addition to the 2.5 cents per Mcf tax paid on natural gas and 10 cents per barrel paid on oil. The assessment is reported on the severance tax return by either the owner or severer.

Filing and Payment Dates

(R.C. 5749.06)

Payments are due May 15, August 14, November 14, and February 14 for the quarterly periods ending the last day of March, June, September and December, respectively. Annual returns are due February 14. Electronic filing and payment are required.

Disposition of Revenue

(R.C. 5749.02)

The Geological Mapping Fund receives:

- 4.76 percent of the 10 cent per ton base tax on coal;
- all salt severance revenue;

[1] Mcf means 1,000 cubic feet.

- 7.5 percent of limestone, dolomite, sand and gravel severance tax collections; and
- 10 percent of oil and gas severance tax collections.

The Unreclaimed Lands Fund receives:

- 14.29 percent of the 10-cent tax on coal;
- 42.5 percent of limestone, dolomite, sand and gravel severance tax collections;
- all of the 1.2 cent-tax on coal mined using surface mining methods.

The Oil and Gas Well Fund receives 90 percent of the oil and gas severance tax collections.

The Coal Mining Administration Fund receives 80.95 percent of the 10-cent tax on coal. The Reclamation Forfeiture Fund receives all of the revenue from the tax on coal operations without a full cost bond, which may vary from 12 cents to 16 cents depending on the amount in the fund.

The Surface Mining Administrative Fund receives:

- 50 percent of limestone, dolomite, sand and gravel severance tax collections;
- All clay, sandstone, conglomerate, shale, gypsum and quartzite severance tax collections.

Table 1	
Severance Tax Revenues (rounded in millions)	
Fiscal Year	**Total**
2011	$11.6
2012	10.2
2013	12.3
2014	15.0
2015	26.9
Source: Office of Budget and Management fiscal reports	

Administration

The tax is administered by the Tax Commissioner, who also makes distribution to the various funds.

Ohio Revised Code Citations

Chapter 5749.

Recent Legislation

Amended Substitute HB 59, (130th General Assembly, FY 2014-2015 biennial budget bill)

This bill requires the electronic filing and payment of all severance tax returns and payments.

History of Major Changes

1971	Legislature enacts HB 475, creating the tax effective Jan. 1, 1972.
1981	HB 1051 enacts a temporary 1 cent per ton additional tax on coal, to be collected depending on the balance in the Defaulted Areas Fund.
1983	Effective July 1, 1983, HB 291 increases rates from 3 cents to 10 cents per barrel of oil and from 1 cent to 2.5 cents per Mcf of natural gas.
1985	HB 238 increases the permanent rate on coal from 4 cents to 7 cents per ton, and includes a second 1 cent per ton temporary tax on coal, also conditioned on the balance in the Defaulted Areas Fund. On July 1, 1985, collection begins on both temporary levies.
1989	Effective July 1, 1989, HB 111 increases the rate on limestone, dolomite, sand and gravel by 1 cent per ton. The bill also levies a 1 cent per ton tax on clay, sandstone, shale, conglomerate, gypsum and quartzite.
1998	The 122nd General Assembly enacts SB 187, making one of the temporary 1 cent per ton of coal levies permanent effective the following year.
2006	Effective April 1, 2007, HB 443 changes the base rate on coal to 10 cents per ton, eliminating the old temporary levy. The bill also adds an additional levy of 1.2 cents per ton for surface mining operations and an additional levy of up to 16 cents per ton on operations without a full cost bond.
2009	HB 1 directs all revenue from the salt component of the tax to the Geological Mapping Fund; previously the fund received only 15 percent of this revenue.
2010	SB 165 creates an oil and gas “regulatory cost recovery assessment” effective July 1, 2010. While not part of the severance tax, the assessment is reported on severance tax returns.
2013	HB 59 required electronic filing and payment of the tax.

Comparisons with Other States

(As of July 1, 2015)

Georgia and Pennsylvania do not levy severance taxes. Pennsylvania levies impact fees on unconventional gas fees (horizontal wells) ranging from $50,300 in the first year of production to $20,100 in the fourth year of production, varying with the price of natural gas; the fee for a vertical unconventional well is 20 percent of the fee for a horizontal unconventional well. Pennsylvania's impact fee does not apply to stripper or marginal wells. Rates in other comparison states are listed below.

State	Commodity	Tax
Indiana	Oil, natural gas	Greater of either 1% of the petroleum value or 3 cents per mcf for natural gas and 24 cents per barrel of oil.
Kentucky	Oil	4.5% of the market value of all crude petroleum produced.
Kentucky	Gas, coal, rock and all forms of minerals	4.5% of gross value of natural resource severed, with a minimum tax of 50 cents per ton on coal.
Michigan	Natural Gas	5.82% of the gross cash market value[1]
Michigan	Oil	7.42% of gross cash market value.[2]
Michigan	Nonferrous metallic minerals	2.75% of the taxable mineral value.
North Carolina	Oil and condensate	2% of gross price paid.
North Carolina	Gas	0.9% of market value.
Tennessee	Coal	$1 per ton.
Tennessee	Mineral	Any county may tax sand, gravel, sandstone, chert, and limestone up to $0.15 per ton.
Tennessee	Crude Oil and natural gas	3% of sales price.
Texas	Oil and condensate	Greater of 4.6% of the market value or $0.046 per barrel plus 1/15th of 1 cent per 1,000 cubic feet of natural gas; 2.3% rate applies to recovered oil.
Texas	Crude Petroleum	In addition to tax on oil, 13/16ths of 1 cent per barrel.
Texas	Natural gas other than condensate	7.5% of market value plus 1/15th of 1 cent per mcf.
Texas	Sulphur	$1.03 per long ton.
West Virginia	Coal[3]	5% of gross value plus $0.56 per ton of clean coal.
West Virginia	Natural gas	5% of gross value at wellhead plus $0.047 per Mcf of natural gas.
West Virginia	Oil, coalbed methane, natural gas liquids, sandstone, limestone, and other natural resources	5% of gross value at wellhead or immediately upon severance.
West Virginia	Timber	2.78% of gross value.

[1] Carbon dioxide secondary or enhanced recovery project production taxes at 4.82% of gross cash market value.

[2] Production from a marginal or stripper well taxed at 4.82%.

[3] Reduced rates apply to certain mines based on seam thickness, additional taxes apply to clean coal.

Table 2: Severance Tax Collections[1] Fiscal Years 2010 - 2015							
Natural Resource	**Tax Rate**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Coal[2]	25.2 cents per ton	$6,269,174	$6,792,419	$5,626,852	$7,427,496	$4,461,153	$4,910,033
Natural Gas	2.5 cents per 1,000 cubic feet	2,067,986	2,108,546	2,049,023	2,270,199	3,320,113	14,377,618
Limestone	2 cents per ton	883,334	1,004,210	1,186,194	1,119,296	1,023,849	1,164,495
Oil	10 cents per barrel	487,165	474,886	467,111	567,887	652,574	1,538,696
Gravel	2 cents per ton	256,826	255,360	260,370	298,933	252,366	303,702
Sand	2 cents per ton	293,012	330,431	329,857	368,858	302,094	328,112
Dolomite	2 cents per ton	9,006	18,714	21,173	46,933	10,586	16,858
Salt	4 cents per ton	233,521	224,192	195,626	152,771	139,478	221,198
Clay	1 cent per ton	11,501	8,830	12,247	13,912	7,974	6,512
Sandstone	1 cent per ton	8,928	9,244	9,642	19,019	15,128	13,447
Shale	1 cent per ton	27,752	20,451	20,631	19,574	8,306	9,611
Gypsum	1 cent per ton	-	-	-	229	-	-
Quartzite	1 cent per ton	2,155	2,012	3,464	2,487	943	1,532
Severance Tax Receipts Fund[3]						4,843,386	4,000,019
Total		**$10,550,359**	**$11,249,295**	**$10,182,190**	**$12,307,593**	**$15,037,950**	**$26,891,833**

Source: Office of Budget and Management financial reports.

[1] Excludes revenue from Oil and Natural Gas Regulatory Cost Recovery assessments. FY15 cost recovery assessments were $1.8 million.

[2] Includes all coal levies

[3] Severance taxes are initially paid into a hold account and then subsequently allocated by using tax returns. This figure represents amounts remaining in the hold fund that will be subsequently transferred into the proper accounts/funds.

Wireless 9-1-1 Charge

Wireless 9-1-1 charges provide state level funding for local wireless 9-1-1 services. Current law imposes a wireless 9-1-1 charge on each wireless phone number of a wireless service subscriber who has a billing address in Ohio at the rate of 25 cents per month and on the purchase of prepaid wireless services occurring in Ohio at the rate of 0.005% of the purchase price. Revenues from the wireless 9-1-1 charges are distributed as follows:

- ninety-seven percent to the wireless 9-1-1 government assistance fund. The tax commissioner disburses moneys from this fund to the counties.
- two percent to the wireless 9-1-1 program fund to defray the Steering Committee's cost of administering the 9-1-1 system.
- one percent to the wireless administration fund to defray the Ohio Department of Taxation's (ODT) cost of collecting and administering the 9-1-1 charge.

Any excess remaining in the administrative funds is transferred to the next generation 9-1-1 fund. At the direction of the steering committee, the tax commissioner transfers the funds remaining in the wireless 9-1-1 government assistance fund to the credit of the next generation 9-1-1 fund. The tax commissioner also disburses money from the next generation 9-1-1 fund in accordance with guidelines established by the Steering Committee.

In fiscal year 2015, approximately $25.6 million was deposited into the three funds associated with this charge: $24.8 million to the wireless 9-1-1 government assistance fund; $0.5 million to the 9-1-1 program fund and $0.3 million for the wireless 9-1-1 administrative fund.

Taxpayer

(Ohio Revised Code 128.42)

A 25 cents charge is imposed on each wireless telephone number of a wireless service subscriber who has a billing address in Ohio. There is imposed on each retail sale of a prepaid wireless calling service occurring in Ohio, a wireless 9-1-1 charge of five-tenths of one per cent of the sale price. The charge is collected by the retailer at the point of sale for prepaid wireless service.

Tax Base

(R.C. 128.42)

For prepaid wireless service, it is the sale price. For post-paid wireless service, it is each wireless phone number with an Ohio billing address.

Rates

(R.C. 128.42)

For prepaid wireless service, the charge is 0.005% of the sale price. The charge is 25 cents per month on each wireless telephone number of a wireless service subscriber who has a billing address in this state.

Special Provisions

(R.C. 128.44, 128.46)

A wireless service provider, reseller and seller may retain three percent of the wireless 9-1-1 charges as a collection fee. Returns and payments must be remitted electronically, except upon a showing of good cause to the Tax Commissioner. The tax commissioner must provide not less than 30 days advance notice to known wireless service providers, resellers and sellers of prepaid wireless calling services of any increase or decrease in wireless 9-1-1 charges imposed under R.C. 128.46.

Filing and Payment Dates

(R.C. 128.46)

Returns and payments are due on the 23rd day of each month.

Disposition of Revenue

(R.C. 128.54, 128.55, 128.57)

The revenue from the charge is allocated as follows:

- 97 percent to the Wireless 9-1-1 Government Assistance Fund.
- 2 percent to the 9-1-1 Program Fund (Steering Committee's administration fund).
- 1 percent to the Wireless 9-1-1 Administration Fund (Department of Taxation's administration fund).

Counties receive a monthly distribution from the Wireless 9-1-1 Government Assistance Fund. The distribution is to occur by the end of each month. The counties receive the same amount as they did in the corresponding month during CY 2013. In the event of insufficient moneys to make the month's distributions, each county receives a distribution in proportion to the county's share during the corresponding month in CY 2013. The Next Generation 9-1-1 Fund is to receive from the Wireless 9-1-1 Government Assistance Fund any money in excess of amounts necessary to make monthly distributions to counties. Additionally, at the end of each fiscal year, any remainder in the administration funds is transferred to the Next Generation 9-1-1 Fund.

Administration

(R.C. 128.02, 128.022, 128.40, 128.55)

The Statewide Steering Committee administers the 9-1-1 service law. A program office in the Department of Administrative Services oversees administration of the wireless 9-1-1 government assistance fund, program fund and next Generation 9-1-1 fund. ODT administers the collection of wireless 9-1-1 charges.

Ohio Revised Code Citations

Chapter 128

Recent Legislation

Am. Sub. HB 64,131st General Assembly.

The bill clarified that the tax commissioner transfers funds remaining in the wireless 9-1-1 government assistance fund to the next generation 9-1-1 fund at the direction of the steering committee. Additionally, any shortfall in monthly distributions from the wireless 9-1-1 government assistance fund to counties from insufficient funds from a previous month shall be remedied in the following month.

Am. Sub. HB 483,130th General Assembly (Sept.15, 2014).

The bill permitted refunds of erroneously or illegally paid 9-1-1 wireless charges under RC 5703.052.

Am. Sub. HB 59,130th General Assembly (Effective June 30, 2013).

The bill vested collection and disbursement responsibilities for the wireless 9-1-1 charge in ODT effective Jan. 1, 2014. The act codified 9-1-1 service law in Chapter 128 of the Ohio Revised Code.

History of Major Changes

2004	Am. Sub. HB 361 (125th General Assembly) established a service charge of 32 cents per month to be billed on each wireless number of a subscriber with a billing address in the state.
2008	Am. Sub. SB 129 (127th General Assembly) reduced the wireless 9-1-1 charge from 32 cents per month to 28 cents.
2012	Sub. HB 360 (129th General Assembly) decreased the post-paid monthly wireless 9-1-1 charge from 28 cents to 25 cents. The bill required the prepaid wireless charge to be 0.005% of the retail price imposed at the point of sale.
2012	Sub. HB 472 (129th General Assembly) required the monthly wireless 9-1-1 charge to be continuously imposed on prepaid subscribers until the new prepaid charge imposed at the point of sale took effect on January 1, 2014.
2013	Am. Sub. HB 59 (130th General Assembly) codified 9-1-1 service law into Chapter 128 of the Ohio Revised Code.
2015	Am. Sub. HB 64 (131st General Assembly) clarified that the tax commissioner transfers funds remaining in the wireless 9-1-1 government assistance fund to the next generation 9-1-1 fund at the direction of the steering committee. Additionally, any shortfall in monthly distributions from the wireless 9-1-1 government assistance fund to counties from insufficient funds from a previous month shall be remedied in the following month.

Comparisons with Other States

(As of June 30, 2015)

State	Charge
Georgia	prepaid $0.75; post-paid $1.00-$1.50.
Indiana	prepaid $0.50; post-paid $0.90.
Kentucky	$0.70 pre- and post-paid.
Michigan	prepaid 1.92 percent of sale price; Post-paid $0.19 state fee and county fee ranges from $0.00-$3.00.
North Carolina	$0.60 for pre- and post-paid.
Pennsylvania	$1.00 pre- and post-paid.
Tennessee	$1.16 pre- and post-paid
Texas	prepaid 2 percent of sale price; post-paid $0.50.
West Virginia	prepaid 6 percent of sale price; post-paid $3.00

Table 1				
Wireless 9-1-1 Charge Revenues (dollars in millions)				
Fiscal Year	Wireless 9-1-1 Government Assistance Fund	9-1-1 Program Fund	Wireless 9-1-1 Adminstrative Fund	Total
2014	$15.3	$0.3	$0.2	$15.8
2015	24.8	0.5	0.3	25.6
Source: Ohio Office of Budget and Management financial reports.				

Table 2					
Wireless 9-1-1 Government Assistance Fund distributions for FY 2015					
County	Amount	County	Amount	County	Amount
Adams	$90,000	Guernsey	$90,476	Muskingum	$176,447
Allen	$228,858	Hamilton	$2,245,169	Noble	$90,000
Ashland	$104,182	Hancock	$164,443	Ottawa	$91,556
Ashtabula	$216,515	Hardin	$90,000	Paulding	$90,000
Athens	$106,792	Harrison	$90,000	Perry	$90,000
Auglaize	$98,821	Henry	$90,000	Pickaway	$108,076
Belmont	$131,075	Highland	$90,199	Pike	$90,000
Brown	$90,000	Hocking	$90,000	Portage	$306,712
Butler	$716,485	Holmes	$90,000	Preble	$90,000
Carroll	$90,000	Huron	$128,329	Putnam	$90,000
Champaign	$90,000	Jackson	$90,000	Richland	$247,081
Clark	$278,102	Jefferson	$131,231	Ross	$148,107
Clermont	$382,893	Knox	$120,177	Sandusky	$122,882
Clinton	$95,966	Lake	$480,106	Scioto	$139,323.56
Columbiana	$210,417	Lawrence	$115,910	Seneca	$115,981
Coshocton	$90,000	Licking	$333,249	Shelby	$99,191
Crawford	$92,528	Logan	$97,934	Stark	$799,808
Cuyahoga	$2,841,552	Lorain	$615,538	Summit	$1,180,419
Darke	$102,620	Lucas	$948,174	Trumbull	$417,792
Defiance	$90,000	Madison	$90,000	Tuscarawas	$183,049
Delaware	$602,464	Mahoning	$513,233	Union	$123,473
Erie	$162,184	Marion	$139,815	Van Wert	$90,000
Fairfield	$292,661	Medina	$349,589	Vinton	$90,000
Fayette	$90,000	Meigs	$90,000	Warren	$435,272
Franklin	$2,492,425	Mercer	$90,000	Washington	$128,742
Fulton	$91,575	Miami	$203,079	Wayne	$216,172
Gallia	$90,000	Monroe	$90,000	Williams	$90,000
Geauga	$177,273	Montgomery	$1,197,228	Wood	$250,434
Greene	$309,512	Morgan	$90,000	Wyandot	$90,000
		Morrow	$90,000	**Total**	**$25,689,296**
Source: Ohio Department of Taxation					

Part III: Other State Taxes

Domestic Insurance Premium Tax

The state has imposed an annual franchise tax on insurance companies since the 1830s. A domestic insurance company is every insurance company organized and existing under Ohio law. The tax is administered by the Ohio Department of Insurance. In fiscal year 2015, total domestic insurance premium taxes were approximately $257.2 million, with $251.6 million going to the state's General Revenue Fund and the remaining $5.6 million to the state's Fire Marshal Fund.

Table 1			
Domestic Insurance Premium Tax Revenues (dollars in millions)			
Fiscal Year	General Revenue Fund	Fire Marshal Fund	Total
2011	$189.4	$4.9	$194.3
2012	189.1	5.0	194.1
2013	206.4	5.0	211.6
2014	196.8	5.4	202.3
2015	251.6	5.6	257.2

Taxpayer

(Ohio Revised Code 5725.01, 5725.18)

The tax is paid by domestic insurance companies organized and existing under Ohio law.

Tax Base

(R.C.5725.18)

The tax applies to the gross amount of premiums received from policies covering risks in Ohio.

Rate

(R.C. 5725.18, 3737.71)

The tax rate is 1.4 percent for domestic insurance companies that are not health insuring corporations. The minimum tax is $250.

Exemptions

(R.C.5725.03)

The tax does not apply to annuities, deposit-type life insurance contracts, Medicare payments, small employer health care alliance premiums or federal crop insurance premiums.

Credits

Credit for Smaller Insurance Companies or Groups (R.C. 5729.031): Insurance companies or insurance company groups with less than $75 million in total U.S. premiums are eligible for a credit of up to $200,000 against their annual tax liability. The closer insurers get to the $75 million mark, the lower the value of this credit.

Ohio Life and Health Guaranty Association Credit (R.C. 3956.20): Insurance companies receive a tax credit for the full amount of assessments paid into the Ohio Life and Health Guaranty Association. By law, insurance companies are required to be members of the association, a not-for-profit association created by Ohio law, as a condition of transacting business in Ohio. If a member became impaired or insolvent, the other members would be assessed by the association at a rate of up to 2 percent of gross premiums to protect policy holders of the impaired or insolvent insurer.

The following credits are also applicable to the domestic insurance premium tax and are described in detail in the **Business Tax Credits** chapter: Job Retention, Job Creation, Venture Capital Loan Loss, New Markets, Job Training and the Historic Building Rehabilitation credits.

Special Provisions

Health Insuring Corporations (R.C. 5725.18, 1731.07): Domestic insurers that are health insuring corporations are taxed at the rate of 1 percent of all premium payments, excluding Medicare payments and small employer health care alliance premiums.

Fire Insurance tax (R.C. 3737.71): An additional 0.75 percent tax is levied on the gross premiums from fire insurance and that portion of the premium reasonably allocable to fire insurance included in other insurance coverages.

Filing and Payment Dates

(R.C. 5725.18, 5725.20, 5725.22)

The director of the Ohio Department of Insurance certifies the tax liability of each insurance company to the Ohio treasurer of state by the first Monday of May. Within 20 days, the treasurer issues a tax bill with payment due on June 15. The tax year is defined as the year in which the tax returns are due. Tax liabilities are based upon the previous year's business activity.

Disposition of Revenue

(R.C. 5725.24, 3737.71)

Revenue is distributed to the state's General Revenue Fund, except for revenue from the additional tax on fire insurance (see **Special Provisions**), which is distributed to the Fire Marshal Fund.

Administration

Director, Ohio Department of Insurance.

Ohio Revised Code Citations

R.C. Chapters 5725 and 5729, R.C. 1731.07, 3737.71, 3956.20.

Recent Legislation

Amended Substitute House Bill Number 64, 131st General Assembly (effective Oct. 1, 2015)

The act amended R.C. 5725.22(C) to change the payment date for domestic insurance premium tax such that the last day on which payment may be made without penalty shall be the 15th day of June.

History of Major Changes

1830	Legislature enacts a 4 percent tax on dividends paid by insurance companies with a $50 minimum tax.
1831	The 4 percent tax is repealed; legislature enacts a 5 percent tax on the dividends of "bank, insurance and bridge companies.
1852	New Ohio Constitution requires the taxation of all real and personal property according to uniform rule and subjects corporation property to taxation, same as for individuals. Requires all insurance companies to list real property, tangible property, money and credits for taxation as property.
1900	Legislature enacts a 0.5 percent tax on the gross premiums of all insurance companies to support the state fire marshal office. Two years later, lawmakers limit this tax to fire insurance companies.
1933	Legislature replaces tax on the personal property of insurance companies with a franchise tax on either 0.2 percent of capital and surplus or 1.67 percent on gross premiums, whichever is less.
1971	Legislature increases rates to either 0.3 percent of capital and surplus or 2.5 percent on gross premiums, whichever is less.
1979	Legislature increases the 0.5 percent tax on fire insurance gross premiums to 0.75 percent.
1981	Legislature increases the tax rate on capital and surplus to 0.6 percent.
1989	The Ohio Life and Health Guaranty Association is established, along with a 100 percent tax credit for assessments paid by participating members.
1997	Legislature enacts HB 215, which phased in the following changes between 1999 and 2003: • gradual reduction in the gross premium tax rate from 2.5 percent to 1.4 percent. • gradual elimination of the capital and surplus tax. • minimum tax of $250 (instead of $200). • expansion of the tax credit for smaller insurer groups to include those with less than $75 million in U.S. premiums (previously, the limit was $50 million).

Comparisons with Other States

(as of July 1, 2015)

State	Fee
Georgia	In general, the tax rate is 2.25 percent of gross direct premiums. Rate may be abated or reduced based upon percentage of total assets invested in qualified Georgia property.
Indiana	1.3 percent on gross premiums. Fire insurance tax is 0.5 percent of gross premiums received from Indiana-based policies for fire risks.
Kentucky	In general, the rate is 2 percent of all amounts paid. Additionally, a 1.8 percent surcharge applies on premiums for Kentucky risks. Fire insurers pay an additional 0.75 percent on premiums. Life insurance companies may make an irrevocable election to pay a tax on taxable capital and a reduced tax on premium receipts, in lieu of the gross premiums tax of 1.5 percent.
Michigan	The rate is equal to 1.25 percent of gross direct premiums.
North Carolina	1.9 percent of gross premiums. There is an additional 0.74 percent on property coverage contracts.
Ohio	1.4 percent of gross premiums. Fire insurers pay an additional 0.75 percent on premiums derived from fire insurance.
Pennsylvania	2 percent on gross premiums.
Tennessee	2.5 percent of gross premiums, with a 1.75 percent rate for life insurance companies. Companies writing fire insurance pay an additional 0.75 percent.
Texas	1.6 percent of taxable gross premiums for property and casualty insurance; 1.75 percent for life, health and accident insurance. A half tax rate of 0.875 percent is due on the first $450,000 of life insurance or HMO premiums.
West Virginia	3 percent of gross premiums. An additional 1 percent applies generally on taxable premiums for casualty and fire insurance policies.

Foreign Insurance Premium Tax

The state has imposed a tax on insurance companies since the 1830s. A foreign insurance company is every insurance company not organized under Ohio law. The tax is administered by the Ohio Department of Insurance. In fiscal year 2015, total foreign insurance premium taxes were $287.3 million, with $266.6 million going to the state's General Revenue Fund and the remaining $20.7 million to the state's Fire Marshal Fund.

Table 1			
Foreign Insurance Premium Tax Revenues (dollars in millions)			
Fiscal Year	**General Revenue Fund**	**Fire Marshal Fund**	**Total**
2011	$256.3	$16.7	$273.0
2012	266.5	17.4	283.9
2013	274.6	17.9	292.5
2014	286.5	21.5	308.0
2015	266.6	20.7	287.3

Taxpayer

(Ohio Revised Code 5725.01, 5729.01, 5729.03)

The tax is paid by foreign insurance companies—insurance companies not organized under Ohio law.

Tax Base

(R.C.5725.03)

The tax applies to the gross amount of premiums from policies for Ohio risks received by foreign insurance companies.

Rates

(R.C. 5729.03)

The tax rate is 1.4 percent of gross premiums for insurance companies that are not health insuring corporations. The minimum tax is $250.

Exemptions

(R.C.5729.03, 1731.07, 7 C.F.R. 400.352)

The tax does not apply to annuities, deposit-type life insurance contracts, Medicare payments, small employer health care alliance premiums or federal crop insurance premiums.

Credits

Credit for Smaller Insurance Groups (R.C. 5729.031): Credit for Smaller Insurance Companies or Groups: Insurance companies or insurance company groups with less than $75 million in total U.S. premiums are eligible for a credit of up to $200,000 against their annual tax liability. The closer groups get to the $75 million mark, the lower the value of this credit.

The following credits are also applicable to the foreign insurance premium tax and are described in detail in the **Business Tax Credits** chapter: Job Retention, Job Creation, Venture Capital Loan Loss, New Markets, Job Training and the Historic Building Rehabilitation credits.

Special Provisions

Retaliatory provisions (R.C. 5729.06): Foreign insurers are subject to retaliatory provisions. If taxes imposed by another state on an insurance company organized in Ohio and doing business in that state exceed Ohio's insurance taxes, like amounts are charged against that state's insurance companies doing business in Ohio.

Health Insuring Corporations (R.C. 5729.03, 1731.07): Foreign insurers that are health insuring corporations are taxed at the rate of 1 percent of all premium payments, excluding Medicare payments and small employer health care alliances premiums.

Fire Insurance tax (R.C. 3737.71): An additional 0.75 percent tax is levied on the gross premiums from fire insurance and that portion of the premium reasonably allocable to fire insurance included in other insurance coverages.

Filing and Payment Dates

(R.C. 5729.05, 3909.10, 3929.30, 1751.32, 3931.06)

The tax year is the year in which the tax returns are due. Tax liabilities are based upon the previous year's business activity. Filing and payment dates are as follows:

• October 15: advance payment of an amount equal to half of the previous year's tax liability before credits.

• March 1: payment of balance of taxes for the current year, and annual statement or report due.

• June 15: final payment or refund.

Disposition of Revenue

(R.C. 5729.03, 3737.71)

Revenue is distributed to the state's General Revenue Fund, except for revenue from the additional tax on fire insurance (see Special Provisions), which is distributed to the Fire Marshal Fund.

Administration

Director, Ohio Department of Insurance

Ohio Revised Code Citations

R.C. Chapters 5725, 5729, R.C. 3737.71.

Recent Legislation

House Bill 59, 130th General Assembly

Authorizes a mutual or stock insurance company to exclude from its taxable gross premiums any workers' compensation insurance premium deposits, if (1) the company distributes a portion of the premiums it collects during a policy year back to its policyholders, (2) the deposits exceed the net cost of the insurance to the insured, and (3) the excess is returned ratably to the company's policyholders at the end of the policy year

History of Major Changes

1830	Legislature enacts a 4 percent tax on dividends paid by insurance companies with a $50 minimum tax.
1831	The 4 percent tax is repealed; legislature enacts a 6 percent tax on the profit from premiums received in Ohio by foreign insurance companies.
1852	The value of gross premiums collected by foreign insurance companies becomes subject to the property tax.
1888	Legislature enacts a supplemental tax on gross premiums that, when added to the property tax, would equal 2.5 percent of gross premiums. The law includes a retaliatory tax on companies from states that charge higher tax rates on insurance companies organized in Ohio.
1902	Legislature converts the existing taxes on foreign insurance companies to a direct 2.5 percent tax on gross premiums.
1971	Legislature increases rates to either 0.3 percent of capital and surplus or 2.5 percent on gross premiums, whichever is less.
1997	Legislature enacts HB 215, which phased in the following changes between 1999 and 2003: • gradual reduction in the gross premium tax rate from 2.5 percent to 1.4 percent. • gradual elimination of the capital and surplus tax. • minimum tax of $250 (instead of $200). • expansion of the tax credit for smaller insurer groups to include those with less than $75 million in U.S. premiums (previously, the limit was $50 million).

Comparisons with Other States

(as of July 1, 2015)

In Georgia, Indiana, Kentucky, Michigan, North Carolina, Pennsylvania, Tennessee, Texas and West Virginia, retaliatory taxes apply to foreign insurance companies.

Part IV: Revenue Sharing

Local Government Fund

The Local Government Fund (LGF) dates back to Jan. 1, 1935, when the state sales tax was established. The fund has undergone many changes in ensuing decades, but the basic elements remain: a designated portion of state revenues is deposited into the LGF, a statutory formula is used to allocate revenue monthly to the undivided LGFs of each of Ohio's 88 counties, and county budget commissions determine the distribution of the undivided fund moneys to local subdivisions.

Before January 2008, permanent law called for the state LGF to receive a portion of collections from four major taxes: sales and use, individual income, corporation franchise, and public utility excise taxes. Permanent law also called for the state Local Government Revenue Assistance Fund (LGRAF) to receive a portion of the four major taxes and the kilowatt hour tax.

Between mid-2001 and mid-2007, the 124th, 125th and 126th General Assemblies set aside the statutory revenue sharing formulas for both funds as part of a series of temporary "freezes." The LGRAF was eliminated as a separate fund by consolidation into the LGF effective Jan.1, 2008, as part of a broader overhaul of revenue sharing enacted by House Bill 119 (127th General Assembly). Starting with the 2008 calendar year, the newly consolidated LGF received a 3.68 percent share of all general revenue tax collections.

Then, beginning in July 2011, amounts credited to the LGF were based upon percentages of amounts credited during FY 2011 per House Bill 153 (129th General Assembly). From July 2011 to June 2012, the LGF was funded at 75 percent of the FY 2011 distributions (with an additional $49.27 million allocated to the LGF in FY 2012 only), and from July 2012 to June 2013, the LGF was funded at 50 percent of the FY 2011 distributions.

Under HB 59 (the main operating bill for FY 2014 and FY 2015), beginning in August 2013, the fund received 1.66 percent of all GRF tax revenue collections of the previous month.

During the 2014 calendar year, approximately $322.1 million was distributed to counties and approximately $28.0 million was distributed directly to municipalities from the Local Government Fund.

Revenue Source

(Ohio Revised Code 131.44, 5727.45, 5727.84, 5733.12, 5739.21, 5741.03, 5747.03)

Beginning with the August 2013 distribution, the fund receives 1.66 percent of all GRF tax revenue collections of the previous month.

Distributions

(R.C. 5747.50, 5747.501)

Distributions are made to each county as follows:

- Subject to available resources, each county's undivided LGF fund receives a percentage share equal to what it received in combined distributions from the LGF and LGRAF during the 2007 calendar year;
- Subject to available resources, each of the more than 500 municipalities that received a direct distribution from the LGF in 2007 receives an equal percentage share in subsequent calendar years.
- If additional revenue is available once these distributions have been made, it is distributed to the 88 county undivided LGFs based on each county's proportionate share of the state population, using U.S. Census Bureau estimates from the previous year. No additional revenue is allocated directly to municipalities.

Counties are guaranteed an amount not less than $750,000 or the amount they received during FY 2013. Any additional money needed to bring the counties onto the guarantee is contributed by counties that received more than the $750,000 amount in proportion to their FY 2013 distributions.

Distribution Procedure

(R.C. 5747.50)

Distributions from the state LGF to counties and municipal corporations are made on or before the tenth day of each month.

Use of Funds

(R.C. 5747.50- 5747.53)

The amount that each county receives from the state LGF is expressly designated for deposit into the county's undivided LGF. The amount received by a municipal corporation directly from the state LGF is paid into the municipality's general fund to be used for any lawful purpose.

Recent Legislation

House Bill 59,130th General Assembly (FY 2014-2015 biennial budget bill; budget provisions effective July 1, 2013)

- set the July 2013 distribution equal to the July 2012 distribution.
- beginning with the August 2013 distribution, the fund receives 1.66 percent of all GRF tax revenue collections of the previous month.
- codifies that counties are guaranteed an amount not less than $750,000 or the amount they received during FY 2013. Any additional monies needed to bring the counties onto the guarantee are contributed by counties that received more than the $750,000 amount in proportion to their FY 2013 distributions.

House Bill 64, 131st General Assembly (FY 2016-2017 biennial budget bill; budget provisions effective July 1, 2015)

- reduces the total amount available for direct distribution to municipal corporations by $5 million over FY 2016 and $10 million over FY 2017. These amounts are to be deposited into the state's Law Enforcement Assistance Fund (Fund 5L50) to reimburse appointing authorities for costs associated with continuing professional education programs for appointed peace officers and troopers.
- reduces direct distribution to municipalities by $1 million in each month of FY 2016 and FY 2017. Of this amount, the bill specifies that $833,333 in each month shall be provided as a supplement to small townships and $166,667 in each month shall be provided as a supplement to villages with populations under 1,000 residents in the 2010 federal decennial census.
- requires local governments that operated traffic cameras between March 23, 2015, and June 30, 2015 to file reports with the Auditor of State (AOS). For a local government that files a report and is noncompliant with state traffic camera law or delinquent in filing, the bill requires the Department of Taxation to reduce that jurisdiction's direct municipal payments from the LGF or the jurisdiction's distribution from the county undivided local government fund.

History of Major Changes

1934	Local Government Fund was created in December 1934. Revenue from the new 3 percent state sales tax was used for a county poor relief excise fund and a state public school fund, with remaining revenue to be used for the new "Local Government Fund." State LGF was distributed to 88 county undivided LGFs based on each county's proportionate share of municipal valuation.
1939	The earmarking concept was replaced by annual appropriations.
1945	LGF was distributed 75 percent based on each county's share of municipal valuation and 25 percent based on population.
1972	Municipalities imposing an income tax receive 1/12th of the LGF.
1973	Fixed-dollar LGF allocations were replaced by revenue sharing concept; 3.5 percent of the state income tax, sales tax and corporate franchise tax were dedicated to the LGF. Minimum annual county undivided LGF distribution of $150,000.
1982	The portion of the corporate franchise tax earmarked for the LGF was increased: 3.5 percent of franchise tax was earmarked for state LGF and 7.75 percent of the franchise tax was distributed to counties based on their share of 1981 intangibles tax revenues. Minimum LGF distribution increased to $225,000.
1983	HB 291 repealed the special contribution schedule for the franchise tax; 14.5 percent of the franchise tax was dedicated to the LGF with no special allocations to counties based on historical intangibles tax. SB 293 remedied distributional inequalities and increased the fund by changing the corporate franchise tax share from 14.5 to 15.4 percent.
1987	HB 171 created the Local Government Revenue Assistance Fund (LGRAF). The percentage earmarked for the LGF increased to 4.5 percent in February 1988 and to 4.6 percent in July 1989. The LGRAF and LGF received monies from two additional state revenue sources: the use tax and the public utility excise tax.
1989	Funding for the LGRAF began in July 1989, comprised of 0.3 percent of the same major tax sources that fund the LGF; this share was scheduled to increase to 0.6 percent in FY 1991, 0.65 percent in FY 1992, and 0.70 percent in FY 1993. HB 111 stipulated that the LGRAF would be distributed based on population.
1991	HB 298 and HB 904 temporarily suspended the LGF and LGRAF funding percentages from January 1992 through July 1993, constituting a "freeze" on distributions.
1994	The "freeze" was lifted beginning in FY 1994, and the respective LGF and LGRAF funding percentages were reduced to 4.2 percent and 0.6 percent.

History of Major Changes - continued

2001	SB 3 enacted a kilowatt hour tax with a portion of revenues earmarked for the LGF (2.464 percent) and the LGRAF (0.378 percent). HB 94 enacted a "freeze" in which each county undivided LGF (as well as each municipality receiving a direct LGF distribution) and each county undivided LGRAF would receive the same amount that it received in FY 2001. The 125th and 126th General Assemblies continued the freeze.
2007	HB 119 extended the freeze through the end of calendar year 2007 and restructured LGF and LGRAF; LGRAF was consolidated into the LGF. LGF is funded based on 3.68 percent of all general revenue tax collections.
2012	HB 153 funded LGF at a percentage of prior year distributions in FY 2012 and FY 2013 with an additional apropriation in FY 2012. Beginning with the August 2013 distribution, the LGF receives 1.66 percent of all GRF tax revenue collections of the prior month. Guarantee that no county that received less $750,000 in FY 2011 would have zero reduction in FY 2012 and FY 2013. Any county that received over $750,000 after the "freeze" would receive no less than $750,000.
2013	HB 59 codified that counties are guaranteed an amount not less than $750,000 or the amount received in FY 2013.
2015	Reduces the amount available for direct distribution to municipal corporations by $5 million over FY 2016 and $10 million over FY 2017. These amounts are to be deposited into the state's Law Enforcement Assistance Fund to reimburse appointing authorities for costs associated with continuing professional education programs for appointed peace officers and troopers. Reduces direct distribution to municipalities by $1 million in each month of FY 2016 and FY 2017. Of this amount, the bill specifies that $833,333 in each month shall be provided as a supplement to small townships and $166,667 in each month shall be provided as a supplement to villages with populations under 1,000 residents in the 2010 Census of Population. Requires local governments that operated traffic cameras between March 23, 2015 and June 30, 2015 to file reports with the state auditor. For a local government that files a report and is noncompliant with state traffic camera law or delinquent in filing, the bill requires the department to reduce that jurisdiction's direct municipal payments from the LGF or the jurisdiction's distribution from the county undivided local government fund.

Table 1

Local Government Fund and Dealers in Intangibles Distributions, Calendar Years 2010-2014

Calendar Year	Local Government Fund		Dealers in Intangibles Tax		LGF and Intangibles Tax Combined	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2010	$649,981,842		$13,534,972		$663,516,814	
2011	648,162,293	-0.3	13,751,305	1.6	661,913,598	1.40
2012	464,967,126	-28.3	6,619	-100.0	464,973,745	-0.2
2013	357,452,112	-23.1	0	-100.0	357,452,112	-29.8
2014	350,096,602	-2.1	0	N/A	350,096,602	-2.1

Source: Ohio Department of Taxation

Table 2

State Local Government Fund - Amounts Distributed to Counties and Municipalities, by County: Calendar Year 2014

County	To Counties	To Municipalities	Total	County	To Counties	To Municipalities	Total
ADAMS	$750,000	$407	$750,407	LOGAN	$960,238	$56,915	$1,017,153
ALLEN	$2,411,045	$152,439	$2,563,484	LORAIN	$8,551,982	$539,576	$9,091,558
ASHLAND	$1,124,492	$79,492	$1,203,984	LUCAS	$12,990,276	$1,698,827	$14,689,103
ASHTABULA	$2,130,799	$112,622	$2,243,421	MADISON	$763,842	$37,380	$801,221
ATHENS	$1,085,040	$68,206	$1,153,246	MAHONING	$5,308,286	$358,126	$5,666,412
AUGLAIZE	$1,216,965	$84,645	$1,301,610	MARION	$1,404,954	$95,927	$1,500,881
BELMONT	$1,504,091	$11,328	$1,515,419	MEDINA	$3,614,870	$153,885	$3,768,755
BROWN	$750,000	$7,949	$757,949	MEIGS	$686,137	$4,831	$690,968
BUTLER	$7,661,848	$538,959	$8,200,807	MERCER	$986,003	$33,910	$1,019,914
CARROLL	$750,000	$7,399	$757,399	MIAMI	$2,716,747	$204,207	$2,920,954
CHAMPAIGN	$764,338	$41,706	$806,044	MONROE	$440,232	$2,793	$443,025
CLARK	$3,016,729	$250,296	$3,267,025	MONTGOMERY	$16,510,109	$1,917,551	$18,427,660
CLERMONT	$2,310,120	$25,683	$2,335,804	MORGAN	$442,257	$4,516	$446,774
CLINTON	$855,807	$29,853	$885,660	MORROW	$750,000	$10,074	$760,074
COLUMBIANA1	$2,180,169	$93,205	$2,273,374	MUSKINGUM	$1,617,565	$104,577	$1,722,143
COSHOCTON	$760,659	$28,008	$788,667	NOBLE	$401,561	$0	$401,561
CRAWFORD	$1,114,072	$65,986	$1,180,058	OTTAWA	$884,450	$30,481	$914,931
CUYAHOGA	$56,900,554	$6,287,206	$63,187,760	PAULDING	$713,525	$938	$714,463
DARKE	$1,259,698	$49,636	$1,309,333	PERRY	$750,000	$9,148	$759,148
DEFIANCE	$947,534	$54,339	$1,001,873	PICKAWAY	$971,962	$40,818	$1,012,780
DELAWARE	$2,565,760	$103,022	$2,668,782	PIKE	$750,000	$8,342	$758,342
ERIE	$1,976,176	$84,597	$2,060,773	PORTAGE	$3,308,369	$225,406	$3,533,775
FAIRFIELD	$2,644,078	$125,119	$2,769,197	PREBLE	$801,945	$34,461	$836,407
FAYETTE	$750,000	$30,850	$780,850	PUTNAM	$770,448	$28,785	$799,233
FRANKLIN	$39,156,316	$4,966,406	$44,122,722	RICHLAND	$3,229,201	$267,007	$3,496,209
FULTON	$1,047,953	$76,185	$1,124,138	ROSS	$1,508,572	$79,573	$1,588,145
GALLIA	$750,000	$13,878	$763,878	SANDUSKY	$1,517,024	$85,399	$1,602,423
GEAUGA	$1,448,851	$52,648	$1,501,499	SCIOTO	$1,347,299	$55,765	$1,403,064
GREENE	$4,298,831	$131,773	$4,430,603	SENECA	$1,446,671	$104,577	$1,551,248
GUERNSEY	$788,842	$29,439	$818,281	SHELBY	$1,269,266	$109,460	$1,378,727
HAMILTON	$27,072,008	$3,260,660	$30,332,667	STARK	$8,265,041	$630,756	$8,895,797
HANCOCK	$2,070,454	$117,969	$2,188,423	SUMMIT	$18,038,815	$1,680,601	$19,719,416
HARDIN	$750,000	$30,055	$780,055	TRUMBULL	$4,814,817	$257,114	$5,071,931
HARRISON	$593,998	$7,024	$601,022	TUSCARAWAS	$2,281,136	$99,777	$2,380,913
HENRY	$750,000	$28,421	$778,421	UNION	$814,071	$38,455	$852,525
HIGHLAND	$750,000	$33,745	$783,745	VAN WERT	$750,000	$42,938	$792,938
HOCKING	$750,000	$19,244	$769,244	VINTON	$356,348	$0	$356,348
HOLMES	$750,000	$6,877	$756,877	WARREN	$3,603,091	$206,536	$3,809,627
HURON	$1,432,509	$122,195	$1,554,703	WASHINGTON	$1,242,112	$65,650	$1,307,762
JACKSON	$750,000	$0	$750,000	WAYNE	$2,611,891	$130,030	$2,741,921
JEFFERSON	$2,055,485	$101,585	$2,157,070	WILLIAMS	$1,023,478	$72,348	$1,095,826
KNOX	$1,054,658	$60,295	$1,114,953	WOOD	$2,982,860	$233,522	$3,216,382
LAKE	$8,958,760	$634,972	$9,593,733	WYANDOT	$750,000	$28,239	$778,239
LAWRENCE	$997,752	$19,076	$1,016,827				
LICKING	$3,485,027	$173,111	$3,658,138	**Total**	**$322,088,873**	**$28,007,728**	**$350,096,602**

Source: Ohio Department of Taxation

[1] Includes $1.1 million redirected from Columbiana County to its fiscal agent.

Public Library Fund

The Public Library Fund (PLF), formerly known as the Library and Local Government Support Fund, was created by the General Assembly in 1985 as part of a broader effort to phase out the intangible personal property tax. The fund was designed to offset the loss of revenue from the intangibles tax, then a key source of revenue for local libraries, by directing a share of state income tax collections to a fund established in each county. In turn, county officials distribute the revenue from that county fund to libraries and local governments.

The PLF was reorganized and renamed under the 127th General Assembly, the name of the state fund was changed from the Library and Local Government Support Fund to the Public Library Fund.

During the 2014 calendar year, counties received approximately $345.1 million from the PLF.

Revenue Sources

(Ohio Revised Code 131.44, 5747.03)

The PLF receives 1.66 percent of all General Revenue Fund (GRF) tax revenue collections of the previous month.

Distributions

(R.C. 5747.47)

In July of each year, the Ohio Department of Taxation certifies an estimate of each county's total entitlement for the following calendar year. Estimates reflect the best projection of state tax revenues for the subsequent calendar year and incorporate updated county population estimates and an inflation factor. Each December, the department certifies (1) the amounts that each county was entitled to receive under the distribution formula during the current calendar year, (2) the amount each county received, and (3) the difference between the two. The amount of PLF to which a county is entitled is not known until the end of each year when the total amount of revenue into the PLF is known. During the first six months of the following year, each county's distribution is adjusted for any overpayment or underpayment received in the preceding year. Each June, the estimates for the current calendar year distributions are revised to account for recent actual state tax revenues and any revised projections of tax revenues.

In addition, recent budget bills have specified transfers from the PLF to Ohio Public Library Information Network technology fund (OPLIN) and the Library for the Blind fund on a fiscal year basis. These transfers are made before calculations are made for PLF distributions to counties. House Bill 59 (130th General Assembly) provided for transfers of $3,689,788 to OPLIN and $1,274,194 to the Library for the Blind.

Distribution Procedure

(R.C. 5747.47)

Distributions from the state PLF to counties are made on or before the tenth day of each month.

Use of Funds

(R.C. 3375.05, 3375.121, 3375.40, 3375.403, 3375.82, 3375.85, 5705.32)

County budget commissions determine the amounts to be allocated to all libraries. The amount is given to each library based on its needs for building construction and improvement, operations, maintenance, and other expenses required by the library and its branches. By law, libraries collectively may never receive a smaller share of county PLF distributions than the average percentage of the county's intangible property taxes that were distributed to all libraries in 1982, 1983, and 1984.

After fixing the amount to be distributed to libraries within the county, the county budget commission fixes an amount to distribute to municipal corporations in the county. By law, each municipal corporation receives a percentage of the remainder equal to the percentage share of all classified, or intangible, property taxes originating from that municipality in 1984.

Generally speaking, the vast majority of revenue distributed from the PLF is provided to libraries, with the remainder provided to other local governments.

Recent Legislation

House Bill 59, 130th General Assembly (FY 2014-FY 2015 biennial budget bill; budget provisions effective July 1, 2013)

- Beginning with the July 2013 distribution, the percentage-of-revenue method is reinstated: the PLF receives 1.66 percent of state GRF tax revenues of the previous month.
- Specifies transfers from the PLF in each fiscal year of the biennium: $3,689,788 to OPLIN and $1,274,194 to the Library for the Blind.

- Moved the July 20th certification date of the upcoming calendar year estimates of the county auditors to July 25th.

House Bill 64, 131st General Assembly (FY 2016-FY 2017 biennial budget bill; budget provisions effective July 1, 2015)

- For FY 2016 and FY 2017, specifies that the PLF is to receive 1.70 percent of state GRF tax revenues of the previous month.
- Specifies transfers from the PLF in each fiscal year of the biennium: $3,689,788 to OPLIN and $1,274,194 to the Library for the Blind.

History of Major Changes

1933	Local situs intangible tax was levied on the intangible property of individuals, unincorporated businesses and single-county corporations. Revenues went to libraries and local governments.
1984	HB 291 eliminated the local situs intangible tax and established the Library and Local Government Support Fund (LLGSF)
1986	Funding for LLGSF began consisting of 6.3 percent of the state income tax.
1991	HB 298 and HB 904 temporarily suspended the LLGSF funding percentage from January 1992 through July 1993, creating a "freeze" on distributions.
1993	"Freeze" lifted beginning in FY 1994, funding percentage reduced to 5.7 percent.
2001	HB 94 enacted a "freeze" in which each county undivided LLGSF received the same amount received in FY 2001. The 125th and 126th General Assemblies continued the freeze.
2007	HB 119 funded public libraries with 2.22 percent of the state's total general revenue tax collections.
2008	SB 185 changed the name of the LLGSF to the Public Library Fund (PLF).
2009	HB 1 temporarily reduced the fixed percentage of GRF to the PLF to 1.97 percent from August 2009 through June 2011.
2011	HB 153 reduced the amount credited to the PLF to 95 percent of the monthly amount received during July 2010 through June 2011.
2012	Beginning with the August 2013 distribution, the PLF receives 1.66 percent of all GRF tax revenue collections of the prior month.
2015	Beginning with the August 2015 distribution, the PLF receives 1.70 percent of all GRF tax revenue collections of the prior month for fiscal years 2016-2017

Table 1

Public Library Fund
Total Amounts Distributed to Counties:
Calendar Years 2010 - 2014

Calendar Year Distribution	Total Distribution	Percentage Change in Total Distribution
2010	$347,952,236	-6.1%
2011	364,671,108	4.8%
2012	344,026,827	-5.7%
2013	351,913,895	2.3%
2014	345,132,620	-1.9%

Source: Ohio Department of Taxation

Table 2			
Transfers from the Public Library Fund to the Ohio Public Library Information Network (OPLIN) and Library for the Blind, FY 2010 - FY 2015			
Fiscal Year	OPLIN (Fund 4S40)	Library for the Blind (Fund 5GB0)	Total Transfers
2010	$3,702,150	$1,274,194	$4,976,344
2011	$3,702,150	$1,274,194	$4,976,344
2012	$3,689,401	$1,274,194	$4,963,595
2013	$3,689,788	$1,274,194	$4,963,982
2014	$3,689,788	$1,274,194	$4,963,982
2015	$3,689,788	$1,274,194	$4,963,982

Table 3							
Public Library Fund: Amounts Distributed to Individual Counties, Calendar Year 2014							
County	Amount		County	Amount		County	Amount
Adams	$757,586.46		Hamilton	$35,617,884.90		Noble	$353,093.34
Allen	$3,158,724.80		Hancock	$2,249,357.29		Ottawa	$1,181,952.87
Ashland	$1,468,825.13		Hardin	$879,210.24		Paulding	$566,198.16
Ashtabula	$2,856,409.44		Harrison	$512,336.07		Perry	$927,211.57
Athens	$1,680,188.88		Henry	$820,414.87		Pickaway	$1,415,590.75
Auglaize	$1,339,510.95		Highland	$1,079,796.49		Pike	$737,005.70
Belmont	$2,033,693.86		Hocking	$763,736.26		Portage	$4,176,018.94
Brown	$1,075,494.85		Holmes	$997,426.75		Preble	$1,158,507.90
Butler	$8,888,047.59		Huron	$1,667,551.56		Putnam	$966,336.13
Carroll	$785,784.66		Jackson	$907,634.20		Richland	$3,776,982.65
Champaign	$1,033,464.23		Jefferson	$2,209,646.86		Ross	$2,036,246.61
Clark	$4,142,285.05		Knox	$1,456,070.05		Sandusky	$1,769,238.82
Clermont	$4,629,113.89		Lake	$6,626,447.15		Scioto	$2,258,822.87
Clinton	$1,110,122.14		Lawrence	$1,767,947.34		Seneca	$1,733,208.13
Columbiana	$3,113,048.49		Licking	$3,861,727.06		Shelby	$1,350,053.88
Coshocton	$1,042,329.34		Logan	$1,243,477.14		Stark	$11,238,903.35
Crawford	$1,369,137.83		Lorain	$7,883,046.25		Summit	$16,151,522.17
Cuyahoga	$48,311,300.21		Lucas	$14,020,602.28		Trumbull	$6,506,330.91
Darke	$1,528,442.84		Madison	$1,104,893.97		Tuscarawas	$2,473,675.59
Defiance	$1,122,639.75		Mahoning	$7,599,330.15		Union	$1,054,339.89
Delaware	$2,605,497.78		Marion	$1,850,022.22		Van Wert	$858,849.42
Erie	$2,380,521.56		Medina	$3,877,904.97		Vinton	$332,401.60
Fairfield	$3,314,044.47		Meigs	$659,476.78		Warren	$3,889,748.11
Fayette	$793,894.52		Mercer	$1,153,793.59		Washington	$1,785,794.34
Franklin	$31,456,158.73		Miami	$2,836,065.16		Wayne	$3,188,672.84
Fulton	$1,169,909.22		Monroe	$426,885.08		Williams	$1,105,429.24
Gallia	$894,283.53		Montgomery	$17,863,565.59		Wood	$3,732,025.55
Geauga	$2,918,696.70		Morgan	$400,630.43		Wyandot	$644,153.38
Greene	$4,105,427.13		Morrow	$837,195.18			
Guernsey	$1,123,962.35		Muskingum	$2,381,682.61		**Total**	**$345,132,620**
Source: Ohio Department of Taxation							

Public Utility Property Tax Replacement Fund

This chapter deals with two revenue-sharing funds, the School District Property Tax Replacement Fund and the Local Government Property Tax Replacement Fund. These public utility property tax replacement funds were created by the 123rd General Assembly in 1999 as part of Senate Bill (SB) 3, which was amended by Senate Bill 287. SB 3 restructured the regulation of energy prices in Ohio by permitting supplier competition. SBs 3 and 287 reduced public utility personal property taxes for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. SB 3 reduced to 25% from 88% the percentage of true value used to determine the assessed value of all tangible personal property of an electric company or a rural electric company, except transmission and distribution property, beginning in tax year 2001. Also for tax year 2001, SB 287 reduced the assessment percentage for all natural gas company personal property from 88% of true value to 25%.

State consumption taxes were enacted to replace reduced personal property tax revenue, a kilowatt-hour tax (kWh tax) on electricity and a thousand cubic foot tax on natural gas (Mcf tax). With the enactment of House Bill (HB) 66, effective June 30, 2005, the listing percentages were changed to those currently in use. Beginning with tax year 2006, the percentage of true value used to determine assessed value of taxable personal property of electric companies was reduced to 85% for transmission and distribution property and to 24% for all other property. For rural electric companies, the percentage of true value was reduced to 25% for all non-transmission and distribution property.

Public utility personal property tax was a source of local government revenue. Reimbursement to schools and local governments were established to replace local revenue loss attributed to the reduced assessment rate on certain property. Local revenue reductions were calculated as the product of the applicable tax rate and value. For electric utilities, the loss was determined by calculating the difference between the actual valuations for 1998 and what the valuations would have been in 1998 had the 2001 property tax structure been in effect. For gas utilities, the same calculation was done but for 1999. The tax rates used are generally from the same years as the valuation losses, but with some adjustments. For electric property the tax rates in effect for 1998 are used, except that the 1999 rates are used if they are higher than the 1998 rates (not including levies passed after June 30, 1999). For gas property, the higher of the 1999 and 2000 tax rates are used, regardless of the dates of elections.

The fiscal year 2012-2013 biennial budget bill, HB 153 of the 129th General Assembly, made significant changes to the phase-out of reimbursement payments in August 2011 and thereafter. The changes implemented a measure of relative need in determining the level of reimbursement for school districts and local governments.

During fiscal year 2015, approximately $27.94 million was distributed to schools and joint vocational districts from the School District Property Tax Replacement Fund. Approximately $9.56 million was distributed to counties, municipalities, townships and special districts from the Local Government Property Tax Replacement Fund in calendar year 2014.

Revenue Sources

(Ohio Revised Code 5727.84 (B) & 5727.01 et seq.)

Nine percent of kilowatt-hour receipts are to be deposited in the School District Property Tax Replacement Fund and three percent in the Local Government Property Tax Replacement Fund. A transfer from the General Revenue Fund will be made if the replacement funds are insufficient to make the calculated reimbursement payments. Any balance in the replacement funds, after reimbursements are distributed, is allocated to the General Revenue Fund.

Distributions to Schools & Local Governments

(R.C. 5727.85 & 5727.86)

Local government replacement payments are calculated on a calendar year basis and school district replacement payments are calculated on a fiscal year basis. Original qualifying levies must be charged and payable to remain eligible for reimbursement.

In calendar year 2014, replacement payments for the fixed-rate levies of counties, townships and special districts as well as municipal operating levies were equal to the sum of 2011 reimbursement less six percent of the local government's calculated 2011 total resources. Reimbursement for municipal non-operating levies, including pension and capital improvement levies, for calendar year 2015 was equal to 25 percent of the levy's 2011 reimbursement.

In fiscal year 2015, replacement payments to schools and joint vocational districts for fixed-rate operating levies were equal to fiscal year 2011 reimbursement less four percent of the district's total resources. Reimbursement for non-operating fixed-rate levies, including permanent improvement and classroom facilities levies, was equal to 50 percent of the fiscal year 2011 reimbursement. Reimbursement for fixed-sum levies (including emergency and voted bond levies) is not subject to phase out; final reimbursement for emergency levies is to be made in 2017.

Distribution Procedure

(R.C. 5727.85 C (3))

Distributions are made from the state to counties on or before the 28th day of February and 31st day of August. The county treasurer/auditor then distributes payments to the appropriate local government within 30 days.

Direct payments from the Ohio Department of Education are made to school and joint vocational districts on or before the 28th day of February and 31st day of August.

Use of Funds

Reimbursements to schools and local governments are to be utilized for the purpose of the originally qualifying levy.

Recent Legislation

House Bill 64, 131st General Assembly (FY 2016-2017 biennial budget bill; budget provisions effective July 1, 2015)

- Combines calculation and distribution of payments to schools and local governments related to the loss of local tax revenue from the phase-out of the tax on general business tangible personal property and reductions in the tax on public utility tangible personal property.
- Resumes a reliance based phase-out for reimbursement of fixed-rate operating levies.
- Ends reimbursement of municipal non-operating levies in FY 2015 and school and joint vocational school non-operating levies in FY 2016.
- Extends reimbursement of school district fixed-sum operating levies.
- Effective July 1, 2015, eliminates School District Property Tax Replacement Fund and Local Government Property Tax Replacement Fund.
- In FY 2016 and thereafter, distributions to schools and joint vocation distributions are funded by 20 percent of Commercial Activity Tax revenue. Distributions to local governments are funded by 5 percent of CAT revenue.

Table 1

Public Utility Personal Property Tax Replacement Payments by County, Fiscal Year 2015

County	Tax Replacement Payments [1,2]	County	Tax Replacement Payments [1,2]
Adams	$4,093,773	Licking	$1,155
Allen	$34,189	Logan	$10,277
Ashland	$9,707	Lorain	$584,081
Ashtabula	$28,624	Lucas	$59,664
Athens	$8,658	Madison	$2,256
Auglaize	$126	Mahoning	$90,243
Belmont	$117,540	Marion	$2,952
Brown	$4,045	Medina	$17,250
Butler	$278,672	Meigs	$84,425
Carroll	$240	Mercer	$194
Champaign	$232	Miami	$16,931
Clark	$3,936	Monroe	$12
Clermont	$9,605,006	Montgomery	$217,188
Clinton	$1,357	Morgan	$95,234
Columbiana	$15,002	Morrow	$51
Coshocton	$313,498	Muskingum	$3,077
Crawford	$1,128	Noble	$189
Cuyahoga	$1,122,050	Ottawa	$5,325,990
Darke	$703	Paulding	$152
Defiance	$671	Perry	$307
Delaware	$7,136	Pickaway	$2,503
Erie	$22,478	Pike	$2,636
Fairfield	$7,135	Portage	$3,921
Fayette	$3,718	Preble	$305
Franklin	$74,401	Putnam	$454
Fulton	$11,461	Richland	$1,329
Gallia	$299,196	Ross	$686
Geauga	$3,922	Sandusky	$265
Greene	$49,750	Scioto	$4,801
Guernsey	$23,581	Seneca	$2,932
Hamilton	$1,011,859	Shelby	$14,404
Hancock	$12,253	Stark	$19,069
Hardin	$124	Summit	$69,479
Harrison	$24,494	Trumbull	$54,014
Henry	$4,564	Tuscarawas	$56,372
Highland	$593	Union	$569
Hocking	$201	Van Wert	$3,584
Holmes	$120	Vinton	$249
Huron	$397	Warren	$15,632
Jackson	$244	Washington	$136,313
Jefferson	$1,704,514	Wayne	$523
Knox	$276	Williams	$2,204
Lake	$11,663,594	Wood	$11,751
Lawrence	$9,338	Wyandot	$251
		Grand Total	**$37,490,378**

[1] Consists of payments made to school districts, joint vocational schools and local governments.

[2] Schools represent approximately $27.94 million and local governments represent approximately $9.56 million of the total and is reported on a calendar year basis (2014).

Source: Ohio Department of Taxation

Tangible Property Tax Replacement Fund

This chapter deals with two revenue-sharing funds, the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund. The tangible property tax replacement funds were created by the 126th General Assembly in 2005 as part of House Bill (HB) 66, the biennial budget bill for fiscal years 2006-07. HB 66 phased out the tangible personal property tax, and made a number of other tax code changes including the enactment of the commercial activity tax (CAT).

The tangible personal property (TPP) tax, which applied to property used in business in Ohio, was a noteworthy source of local property tax revenue. Reimbursements to schools and local governments were established to replace local revenue losses attributed to the phase-out of the tax on TPP. Reimbursements were based on the product of millage, levied as of Sept. 1, 2005 and 2004 tangible personal property tax values. Reimbursement payments increased as local revenues decreased due to the phase-out, with full reimbursement provided in 2010. The biennial budget bill for fiscal years 2012-2013 (HB 153 of the 129th General Assembly) made significant changes to the phase-out of reimbursement payments in November 2011 and thereafter. The changes implemented a measure of relative need in determining the level of reimbursement for school districts and local governments.

During fiscal year 2015, approximately $481.5 million was distributed to schools and joint vocational districts from the school district tangible property tax replacement fund. Approximately $122.7 million was distributed to counties, municipalities, townships and special districts from the Local Government Tangible Property Tax Replacement Fund in calendar year 2014.

Revenue Sources

(Ohio Revised Code 5751.20)

Thirty-five percent of commercial activity tax receipts are to be deposited in the School District Tangible Property Tax Replacement Fund and 15 percent in the Local Government Tangible Property Tax Replacement Fund. A transfer from the General Revenue Fund will be made if the replacement funds are insufficient to make the calculated reimbursement payments. Any balance in the replacement funds, after reimbursements are distributed, will be allocated to the General Revenue Fund.

Distributions to Schools & Local Governments

(R.C. 5751.21 & 5751.22)

Local government replacement payments are calculated on a calendar year basis and school district replacement payments are calculated on a fiscal year basis. All levies must be charged and payable to remain eligible for reimbursement.

In calendar year 2014, replacement payments for the fixed-rate levies of counties, townships and special districts as well as municipal operating levies were equal to the sum of 2011 reimbursement less six percent of the local government's calculated 2011 total resources. Reimbursement for municipal non-operating levies, including pension and capital improvement levies, for calendar year 2013 was equal to 25 percent of the levy's 2011 reimbursement.

In fiscal year 2015, replacement payments to schools and joint vocational districts for fixed-rate operating levies were equal to fiscal year 2011 reimbursement less four percent of the district's total resources. Reimbursement for non-operating fixed-rate levies, including permanent improvement and classroom facilities levies, was equal to 50 percent of the fiscal year 2011 reimbursement. Reimbursement for fixed-sum levies (including emergency and voted bond levies) is not subject to phase out; final reimbursement for emergency levies is to be made in 2017.

Distribution Procedure

(R.C. 5751.21 & 5751.22)

Distributions are made from the state to counties on or before the 30th day of November and 31st day of May. The county treasurer/auditor then distributes payments to the appropriate local government within 30 days.

Direct payments from the Ohio Department of Education are made to school and joint vocational districts on or before the 20th day of November and the last day of May.

Use of funds

Reimbursements to schools and local governments are to be utilized for the purpose of the originally qualifying levy.

Recent Legislation

House Bill 64, 131st General Assembly (FY 2016-2017 biennial budget bill; budget provisions effective July 1, 2015)

- Combines calculation and distribution of payments to schools and local governments related to the loss of local tax revenue from the phase-out of the tax on general business tangible personal property and reductions in the tax on public utility tangible personal property.
- Resumes a reliance based phase-out for reimbursement of fixed-rate operating levies.
- Ends reimbursement of municipal non-operating levies in FY 2015 and school and joint vocational school non-operating levies in FY 2016.
- Extends reimbursement of school district fixed-sum operating levies.
- Effective July 1, 2015, eliminates School District Property Tax Replacement Fund and Local Government Property Tax Replacement Fund.
- In FY 2016 and thereafter, distributions to schools and joint vocation distributions are funded by 20 percent of CAT revenue. Distributions to local governments are funded by 5 percent of CAT revenue.

Table 1				
Tangible Personal Property Tax Replacement Payments by County, Fiscal Year 2015				
County	**Tax Replacement Payments[1]**		**County**	**Tax Replacement Payments[1]**
Adams	$34,134		Licking	$3,658,982
Allen	10,057,544		Logan	4,306,675
Ashland	2,414,744		Lorain	7,209,080
Ashtabula	6,271,021		Lucas	25,797,882
Athens	253,010		Madison	1,620,496
Auglaize	3,005,939		Mahoning	6,334,785
Belmont	1,121,758		Marion	2,561,873
Brown	25,649		Medina	7,888,455
Butler	12,204,461		Meigs	4,636
Carroll	60,213		Mercer	349,646
Champaign	1,971,848		Miami	6,506,725
Clark	2,636,516		Monroe	791,038
Clermont	3,112,530		Montgomery	29,054,646
Clinton	1,600,429		Morgan	19,514
Columbiana	1,929,073		Morrow	117,831
Coshocton	988,514		Muskingum	1,433,651
Crawford	2,721,575		Noble	40,354
Cuyahoga	81,594,673		Ottawa	1,425,880
Darke	815,152		Paulding	188,818
Defiance	2,025,226		Perry	131,882
Delaware	1,805,585		Pickaway	1,491,957
Erie	10,561,350		Pike	2,457,506
Fairfield	1,837,083		Portage	9,217,634
Fayette	500,638		Preble	781,783
Franklin	75,874,981		Putnam	613,204
Fulton	4,081,738		Richland	9,123,642
Gallia	51,800		Ross	4,262,993
Geauga	6,092,285		Sandusky	3,599,260
Greene	1,306,753		Scioto	625,455
Guernsey	1,236,045		Seneca	2,274,654
Hamilton	70,524,240		Shelby	4,902,459
Hancock	7,865,553		Stark	17,663,774
Hardin	962,251		Summit	30,253,921
Harrison	129,203		Trumbull	12,265,786
Henry	3,293,317		Tuscarawas	4,105,596
Highland	120,665		Union	10,636,013
Hocking	51,170		Van Wert	538,634
Holmes	1,321,679		Vinton	44,815
Huron	1,865,601		Warren	16,258,187
Jackson	266,726		Washington	4,983,677
Jefferson	1,433,398		Wayne	9,072,366
Knox	1,155,035		Williams	3,015,609
Lake	16,277,138		Wood	11,698,170
Lawrence	47,641		Wyandot	465,491
			Total	**$603,301,318[2]**
[1] Consists of payments made to school districts and local governments.				
[2] Schools received approximately $481.5 million and local governments received approximately $122.7 million.				
Source: Ohio Department of Taxation and Ohio Department of Education records				

Part V: Local Taxes

Admissions Tax

Municipal corporations are permitted to levy a tax on admissions to places of amusement or entertainment such as movies, theme parks and professional sporting events. The tax is generally charged as a percent of the cost of entrance, though one municipality charges a nominal flat rate per ticket. The tax cannot be imposed on admissions charged to events sponsored by public institutions such as college or high school sporting events.

According to surveys completed by local governments, in calendar year 2013, the latest year for which survey responses are available, admissions tax revenues totaled $26.3 million.

Table 1	
Revenue to Municipal Corporations from Admissions Tax CY 2009-2013 (dollars in millions)	
Calendar Year	Total
2009	$22.2
2010	$22.7
2011	$24.2
2012	$22.9
2013	$26.3
Source: Surveys received from local governments; data compiled by Department of Taxation.	

Taxpayer

(Ohio Revised Code 715.013)

The tax applies to operators of movie theaters, theme parks, professional sporting events and other activities for which there is an admissions charge.

Tax Base

(R.C. 715.013)

The base of the tax varies from community to community, but may include admissions to theaters, sporting events, and other places of amusement, as well as country club dues. State and local sales taxes generally do not apply to admissions.

Rates

Admissions tax rates vary among municipalities. In 2013, the most recent year for which data is available, a total of 63 municipalities levied an admissions tax. The majority of municipalities had rates of either 3.0 percent (43) or 5.0 percent (12). Seven municipalities had other rates that ranged from 1.5 percent to 8.0 percent and the remaining municipality charged a flat rate per ticket.

Disposition of Revenue

All revenue is kept by the municipality. Cleveland, with the highest tax rate of 8.0 percent, collected revenues of about $14.4 million, or 55 percent of statewide collections from admissions taxes. Collections from three municipalities - Cleveland, Cincinnati, and Sandusky - accounted for 83 percent of statewide collections. (See **Table 2** in this section.)

Payment Dates, Special Provisions/ Credits

For information on filing and payment of admissions taxes, as well as information on any special provisions or credits that may apply, contact the city or village in which an activity subject to the taxes is located.

Responsibility for Administration

Responsibility for administrating admissions taxes is determined by the legislative authority of the municipality imposing the tax.

Ohio Revised Code Citations

R.C. 715.013.

History of Major Changes

1998	General Assembly enacts Ohio Revised Code section 715.013, which explicitly permits municipalities to levy taxes on admissions; though some municipalities had been taxing admissions for decades.

Table 2			
Ten Municipalities with Highest Revenues from Admissions Tax, Calendar Year 2013			
Municipality (County)	**Tax Rate**	**Collections**	**Percentage of Total**
Cleveland (Cuyahoga)	8.0%	$14,352,881	54.5%
Cincinnati (Hamilton)	3.0%	4,666,490	17.7%
Sandusky (Erie)	3.0%	2,858,730	10.9%
Valley View (Cuyahoga)	5.0%	444,210	1.7%
Cuyahoga Falls (Summit)	3.0%	361,258	1.4%
Beachwood (Cuyahoga)	3.0%	358,871	1.4%
Aurora (Portage)	5.0%	317,375	1.2%
Pepper Pike (Cuyahoga)	3.0%	258,819	1.0%
Willoughby (Lake)	3.0%	244,129	0.9%
Springdale (Hamilton)	3.0%	219,864	0.8%
Remaining 53 all with collections of under $200,000*	various rates	2,246,298	8.5%
Total Collections		**$26,328,924**	

Source: Surveys received from local governments; data compiled by Department of Taxation.
* Seventeen jurisdictions with an admissions tax reported no revenue for 2013. Eleven jurisdictions did not report data for 2013, so the most current data available was used as a proxy.

Alcoholic Beverage Taxes – County

Cuyahoga County is the only county in the state that levies a separate local tax on alcoholic beverages. In 2008, the General Assembly prohibited localities from levying any new taxes on alcoholic beverages. However, in 2013, the General Assembly authorized Cuyahoga County to extend its current levy. Cuyahoga County levies the maximum rates specified in state law on gallons of beer, wine, mixed drinks, cider and liquor. Revenues from these taxes (along with a portion of the county's revenues from cigarette taxes) are used for construction and renovation costs for professional sports facilities in the county along with related economic development projects.

Alcoholic beverage taxes must be levied pursuant to a resolution adopted by the Board of County Commissioners* and approved by a majority of voters in the county. Cuyahoga County voters last approved an extension of their alcoholic beverage taxes (along with cigarette taxes) in May 2014, for a 20-year period. In fiscal year 2015, a total of $11.9 million was collected in the permissive alcohol taxes, with $0.1 million deposited into the Department of Taxation's administration fund and the remainder to be distributed to Cuyahoga County.

Taxpayer

(Ohio Revised Code 4301.422)

The tax is paid by manufacturers, importers and wholesale distributors of beer, wine, cider and mixed beverages (up to 21 percent alcohol by volume or ABV). The tax is also paid by the Ohio Department of Commerce's Division of Liquor Control, the state's sole purchaser and distributor of liquor containing more than 21 percent ABV.

Tax Base

(R.C. 4301.421 and 4301.01)

The tax applies to beer, wine, mixed beverages, cider and liquor, defined as follows:

- Beer is brewed or fermented from malt products and contains at least 0.5 percent but not more than 12 percent ABV.
- Wine, including sparkling wine and vermouth but excluding cider, consists of fermented juices of grapes, fruits or other agricultural products. It contains at least 0.5 percent and not more than 21 percent ABV. By law, wine with less than 4 percent alcohol is not subject to the alcoholic beverage excise tax.
- Mixed beverages are mixtures of wine or distilled spirits with carbonated or noncarbonated flavoring materials. They contain at least 0.5 percent and not more than 21 percent ABV.
- Cider consists of fermented juices of apples, including flavored, sparkling or carbonated cider. It contains at least 0.5 percent and not more than 6 percent alcohol by weight.
- Liquor or "spirituous liquor" includes all intoxicating liquors that contain more than 21 percent ABV.

Rates

(R.C. 4301.421)

Cuyahoga County levies the maximum tax rates permitted under state law, as shown in the table below.

Maximum Rates Established in State Law for County Alcoholic Beverage Taxes	
Beverage	**Rate per gallon**
Beer	$0.16
Wine and mixed drinks	$0.32
Cider	$0.24
Liquor	$3.00

Exemptions

(R.C. 4301.421)

The tax does not apply to sacramental wine or to sales made to the federal government.

Disposition of Revenue

(R.C. 4301.423)

The county receives 98 percent of revenues the month after the revenues are collected by the Department of Taxation. Two percent of beer, wine and mixed beverage tax revenues are allocated to the Department of Taxation to administer the tax.

*Cuyahoga County has an 11-member County Council

Payment Dates

(R.C. 4301.422)

Returns and payments must be received by the last day of the month following the reporting period.

Special Provisions/Credits

(R.C. 4301.422)

Taxpayers receive a 2.5 percent discount for timely payment of taxes.

Administration

(R.C. 4307.04)

The Tax Commissioner administers the taxes for beer, wine and mixed beverages. The Division of Liquor Control in the Department of Commerce administers the taxes for liquor.

Ohio Revised Code Citations

Sections 307.696, 307.697, 351.26, 4301.102, 4301.421, 4301.422, 4301.423, 4301.424, and 4307.04

History of Major Changes

1986	General Assembly authorizes county sports facility liquor taxes.
1990	General Assembly authorizes county sports facility taxes on beer, wine and mixed beverages and amends law on county sports facility liquor taxes. Later, Cuyahoga County voters enact taxes on beer, wine and liquor at the maximum rate through July 31, 2004.
1995	General Assembly permits counties to enact alcoholic beverage taxes that do not take effect until a current levy expires. Cuyahoga County voters approve a 10-year extension of beer, wine and liquor taxes.
2008	House Bill 562 prohibits future local taxes on alcoholic beverages.
2013	House Bill 59 specifically authorizes Cuyahoga County to renew the county alcoholic beverage (and cigarette) taxes for up to 20 years, by adopting a resolution to do so by Sept. 15, 2015, subject to voter approval.
2014	Cuyahoga County voters extend alcoholic beverages (and cigarette) taxes at current rates for 20 years.

Table 1

Cuyahoga County Alcoholic Beverage Tax Revenue
Fiscal years 2013-2015
($ in millions)

Fiscal Year	Beer	Wine and Mixed Beverages	Liquor	State Adminis-trative Fee	Total
2013	$4.0	$1.3	$5.5	$0.1	$10.9
2014	4.0	1.3	5.7	0.1	11.2
2015	4.1	1.4	6.3	0.1	11.9

Source: Ohio Office of Budget and Management fiscal reports.

Table 2

Cuyahoga County Beer & Wine Liabilities Reported on Returns,
Fiscal Years 2013-2015
($ in millions)

Beverage	2013	2014	2015
Beer	$4.1	$4.0	$4.1
Wine	1.3	1.3	1.4
Total	**$5.5**	**$5.2**	**$5.5**

Note: Amounts represent tax liability as opposed to tax payments reported in Table 1.

Source: Department of Taxation, as reported on tax returns.

Cigarette Tax – County

In 1990, Cuyahoga County became the first and only county in the state that levies a local tax on cigarettes. In 2008, the General Assembly prohibited localities from levying any new taxes on cigarettes. However, in 2013, the General Assembly authorized Cuyahoga County to extend its current levy. Cuyahoga County levies the maximum rates specified in state law. Revenues from these taxes are mainly used for funding a regional arts and cultural district; some revenues are used for the construction and renovation costs for professional sports facilities in the county along with related economic development projects.

The taxes must be levied pursuant to a resolution adopted by the Board of County Commissioners* and approved by a majority of voters in the county. Cuyahoga County voters approved cigarette taxes (along with alcohol taxes) in May 2014 for a 20-year period.

Taxpayer

(Ohio Revised Code 5743.025)

The tax is paid by cigarette dealers (primarily wholesalers), who must be licensed and who pay the tax by purchasing tax indicia (stamps or impressions). The indicia must be affixed to all packs of cigarettes before sale at retail in a county that levies such taxes.

Tax Base

(R.C. 5743.026)

The tax is assessed per each cigarette sold.

Rates

(R.C. 5743.021 and 5743.026)

Cuyahoga County levies two separate cigarette taxes at the maximum rates permitted under state law:

- Up to 1.5 cents per cigarette (30 cents per pack of 20 cigarettes) for the purpose of funding a regional arts and cultural district.
- Up to 0.225 cents per cigarette (4.5 cents per pack of 20 cigarettes) for construction of a sports facility.

For one pack of 20 cigarettes purchased, a total of 34.5 cents is assessed.

Exemptions

No exemptions.

Disposition of Revenue

(R.C. 5743.021, 5743.024)

The county receives 98 percent of revenues from each tax to use for the specified purposes listed above. The remaining two percent of revenue is allocated to the Department of Taxation to administer the tax.

Payment Dates

See the **Cigarette and Other Tobacco Products Tax** chapter in the **State Taxes** section.

Special Provisions/Credits

See the **Cigarette and Other Tobacco Products Tax** chapter in the **State Taxes** section.

Responsibility for Administration

The Tax Commissioner administers the tax and is reponsible for the distribution of revenue.

Ohio Revised Code Citations

Sections 307.696, 307.697, 351.26, 3381.04, 5743.021, 5743.024, 5743.025 and 5743.026.

History of Major Changes

1986	General Assembly authorizes county sports facility cigarette taxes.
1990	Cuyahoga County voters approve a 4.5 cents per pack cigarette tax through July 31, 2005, with revenue designated to finance sports facilities for the Cleveland Indians and Cavaliers.
1995	General Assembly permits counties to extend cigarette taxes that have not yet expired. Later, Cuyahoga County voters extend the cigarette tax for 10 years to support facility improvements for the Cleveland Browns.

*In 2009, Cuyahoga County adopted a County Charter form of government with a County Executive/County Council.

History of Major Changes - continued

2006	General Assembly permits counties with a population of 1.2 million or more to levy a cigarette tax to fund a regional arts and cultural district. Cuyahoga County voters approve the tax at a rate of $0.30 per pack (effective February 2007).
2008	HB 562 includes a provision that prohibits future local taxes on cigarettes (and alcoholic beverages).
2013	HB 59 specifically authorizes Cuyahoga County to renew the county cigarette and alcoholic beverage taxes for up to 20 years, by adopting a resolution to do so, subject to voter approval.
2014	Cuyahoga County voters extend the cigarette and alcoholic beverages taxes for 20 years.

Table 1

Revenue from Cigarette Taxes in Cuyahoga County, Fiscal Years 2011 - 2015

Fiscal Year	Net Revenue	Arts District Allocation[1]	Sports Facilities Allocation[1]	State Admin. Fee	Total Revenue
2011	$19,882,266	$17,288,927	$2,593,339	$406,078	$20,288,344
2012	19,687,486	17,119,553	2,567,933	402,357	20,089,843
2013	19,411,367	16,879,450	2,531,917	396,666	19,808,033
2014	18,482,584	16,071,812	2,410,772	377,194	18,859,778
2015	18,002,387	15,654,250	2,348,137	367,394	18,369,781

Source: Ohio Office of Budget and Management fiscal reports, calculations by the Ohio Department of Taxation.

[1]Allocations by purpose calculated by the Ohio Department of Taxation based on proportion of respective tax rates.

Table 2

Cuyahoga County Cigarette Tax Receipts, Fiscal Years 2011 - 2015

Fiscal Year	Gross Stamp Tax	Discount	Net Tax Collected
2011	$20,246,705	$364,440	$19,882,265
2012	19,763,236	355,738	19,407,498
2013	20,187,170	363,369	19,823,801
2014	18,449,161	332,085	18,117,076
2015	19,706,581	354,718	19,351,863

Source: Treasurer of State, Ohio Department of Taxation.

Individual Income Tax – School District

The ability of school districts to levy an income tax dates back to 1979 when the Ohio General Assembly permitted such a tax solely to repay a state loan. Two years later, lawmakers repealed this law, which had not been used, and enacted Chapter 5748, granting broader authority for school districts to levy an income tax, subject to voter approval. In 1983, after voters in six districts approved such taxes, the legislature blocked other districts from enacting new income taxes by repealing most of the chapter. The ability of a school district to enact an income tax was restored in 1989. Unlike state or municipal income taxes, school district income taxes may be levied only on the income of residents of the school district.

Effective calendar year 2015, 190 of Ohio's 614 school districts levied the tax. In most districts, the tax applies to Ohio adjusted gross income less the exemptions provided by R.C. 5747.02 plus any amount deducted under R.C. 5747.01(A)(31); this base is known as the "traditional" tax base, which includes income to estates and taxable income for the taxable year in the case of the estates of persons who, at the time of their death, were domiciled in the school district. In certain other districts, the tax applies only to earned income, such as wages, salaries, tips and other employee compensation and net earnings from self-employment, to the extent they are included in Ohio adjusted gross income; this base is known as the "earned income" tax base.

The Department of Taxation administers the school district income tax, including collections through employer withholding, individual quarterly estimated payments, and annual returns. During fiscal year 2015, school district income tax revenue collections totaled about $403.2 million.

During fiscal year 2015, net distributions to all districts totaled slightly more than $393.0 million. These distributions are based on collections of approximately $419.6 million for the April 2014 through March 2015 period.

Taxpayer

(Ohio Revised Code 5748.01)

The tax applies to every individual residing in a taxing school district. In districts that use the traditional tax base, the tax is also paid by the estates of persons who, at the time of their death, were domiciled in such taxing school district.

Tax Base

(R.C. 5748.01)

"Traditional base" school districts

The "traditional base" of the tax is Ohio adjusted gross income less the exemptions provided by R.C. 5747.02 plus any amount deducted under R.C. 5747.01(A)(31). In the case of the estate of a decedent who was domiciled in the school district, the base is taxable income for the taxable year as defined in R.C. 5747.01(S).

"Earned income only" school districts

As of the end of fiscal year 2015, voters in 45 school districts had approved income taxes that only apply to the earned income tax base. Earned income includes wages, salaries, tips and other employee compensation as well as net earnings from self-employment, to the extent they are included in Ohio adjusted gross income. Earned income does not include retirement income, unemployment compensation, workers' compensation, lottery winnings, interest, dividends, capital gains, profit from rental activities, distributive shares of profit from S corporations, alimony received, distributions from trusts and estates, and all other types of income that are not earned income but that are part of Ohio adjusted gross income.

Most exemptions and deductions permitted for the federal income taxes - such as those claimed on the front page of IRS form 1040 - are not permitted for the "earned income only" version of the school district income tax. Importantly, military pay and allowances received by the taxpayer while stationed outside Ohio for active duty service in the U.S. Army, Air Force, Navy, Marine Corps, Coast Guard or Reserve components thereof, or the National Guard are exempt from the tax.

Rates

(R.C. 5748.02)

Rates are proposed by the school district board of education and must be approved by voters in the school district. Rates are set in increments of 0.25 percent. During fiscal year 2015, rates ranged from 0.25 percent to 2 percent.

Special Provisions

Senior citizen credit (R.C.5748.06)

A taxpayer 65 years of age or older during the taxable year receives a $50 credit against the amount of school district income tax due. Only one credit is allowed for each return.

Filing and Payment Dates

(R.C. 5747.06 - 5747.09)

Individuals and estates

Most taxpayers file their annual return by April 15 of the calendar year immediately following the end of the taxpayer's taxable year.

Taxpayers must make quarterly estimated payments if they expect to be under withheld by more than $500 on the combined school district and state individual income taxes. For calendar year taxpayers, quarterly payments of the tax must typically be made on or before April 15, June 15 and September 15 of the current year and January 15 of the next year. For fiscal year taxpayers, quarterly payments of tax must be made on the 15th day of the fourth, sixth and ninth months of the fiscal year and on the 15th day following the end of the fiscal year.

Employers

If the employer remits on a quarterly basis for state income tax purposes, payment is due for both the state and school district income taxes by the last day of the month following March, June, September and December.

If the employer remits on a monthly basis or by electronic funds transfer for state income tax purposes, remittances of school district income taxes withheld are made within 15 days after the end of each month.

Disposition of Revenue

(R.C. 5747.03)

Collections are deposited into the School District Income Tax Fund for distribution to school districts, less 1.5 percent retained for state administrative purposes. Deposited amounts accrue interest. Distributions are made to school districts on the last day of April, July, October and January. Payments are for the net amount in each school district's account, after refunds and administrative fees, as of the end of the prior calendar quarter.

Administration

The Department of Taxation collects and administers the tax for school districts and makes quarterly distributions of revenue.

Ohio Revised Code Citations

Chapters 5747 and 5748.

History of Major Changes

1979	General Assembly grants school districts authority to levy an income tax solely for repaying a state loan.
1981	General Assembly repeals 1979 law and enacts Chapter 5748 of the Ohio Revised Code, authorizing school districts to enact a school district income tax based on Ohio taxable income (meaning Ohio adjusted gross income, less personal and dependent exemptions claimed on the Ohio individual income tax return).
1983	General Assembly blocks additional school districts from enacting the tax by repealing most of Chapter 5748, but permits the six districts that had enacted the tax before Aug. 3, 1983 to continue doing so.
1989	The General Assembly reinstates portions of Chapter 5748, allowing additional school districts to levy the tax. Lawmakers also enact a $50 senior citizen credit.
1991	For the first time, school districts are permitted to seek voter approval for income taxes for finite periods of time. Previously, all levies had to be continuing levies.
1992	General Assembly permits districts to submit to voters an income tax levy and a property tax reduction with a single ballot issue.
2000	Personal exemptions indexed to inflation.
2005	General Assembly gives districts the option of levying the tax on earned income – meaning, only wages and self- employment income – instead of on the traditional base of Ohio taxable income.
2009	The Congressional "Military Spouses Residency Relief Act of 2009" extended the principle of domicile that applies to service members to their spouses.

Table 1			
School District Income Tax Revenue Fiscal Years 2010 - 2015 (dollars in millions)			
Fiscal Year	**School District Income Tax Fund**	**School District Income Tax Administration Fund_**	**Total Revenue**
2010	$297.0	$4.9	$301.9
2011	320.3	5.2	325.5
2012	342.2	5.5	347.7
2013	362.7	5.9	368.6
2014	380.8	5.8	386.6
2015	397.2	6.0	403.2
Source: Office of Budget and Management fiscal reports			

Table 2						
School District Income Tax Distributions, Fiscal Years 2010-2015						
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
"Traditional base" districts	153	151	149	147	147	145
"Earned income only" districts	25	30	33	37	41	45
Total districts levying the tax	**178**	**181**	**182**	**184**	**188**	**190**
Individual returns	$110,540,423	$120,507,956	$126,365,263	$125,973,187	$130,689,250	$123,950,781
Employer withholding	214,902,468	227,107,845	240,897,206	249,855,690	264,454,245	277,900,235
Individual Assessment Collections					14,437,750	17,704,447
Withholding Assessment Collections					142,705	43,426
Total collections*	**$325,442,891**	**$347,615,801**	**$367,262,470**	**$375,828,877**	**$409,723,950**	**$419,598,890**
Interest earned	438,513	178,906	143,483	149,503	198,134	294,894
Expired net levy adjustment					18,635	68,834
Less refunds and administration	28,638,291	27,112,439	25,067,822	25,502,190	29,086,850	26,930,134
Net to school districts	**$297,243,112**	**$320,682,268**	**$342,338,131**	**$350,476,190**	**$380,853,869**	**$393,032,484**
Source: Ohio Department of Taxation records; data is reported in a different manner beginning in FY 2014 due to changes in the accounting system.						
*The table shows distributions made in a fiscal year. However, collections of the tax for each distribution occur in the quarter prior to the quarter of distribution; therefore, the figures shown in this table represent collections from April through March of each calendar year. During fiscal year 2015, school district income tax collections totaled about $403.2 million.						

Lodging Tax

Local governments may levy a tax on lodging furnished to transient guests by hotels and motels. Municipalities or townships may levy a lodging tax of up to 3.0 percent, plus an additional tax of up to 3.0 percent if they are located (wholly or partly) in a county that has not levied a lodging tax. Counties may levy a lodging tax of up to 3.0 percent, but may not levy such a tax in any municipality or township that has already levied the additional lodging tax. State law also permits local governments to levy special lodging taxes for designated purposes or specified projects (such as for convention centers). In 2013 (latest year available), approximately $159.8 million was collected by local governments for the lodging tax.

Table 1

Lodging Tax Collections by Local Governments, 2009-2013 (dollars in millions)

Calendar Year	Total Local Collections
2009	$118.5
2010	124.4
2011	134.3
2012	150.4
2013	159.8

Source: Amounts reported by counties, townships, and municipalities in surveys sent out by the Department of Taxation.

Taxpayer

(Ohio Revised Code 505.56 and 5739.08)

This tax is paid by operators of hotels, motels, rooming houses and other facilities providing lodging accommodations for transient guests.

Tax Base

(R.C. 307.672, 505.56, and 5739.08)

The tax applies to all transactions by which lodging in a hotel, motel, rooming house, and other lodging accommodations are furnished to transient guests. These transactions are also subject to sales tax.

Rates

(R.C. 307.672, 5739.08, and 5739.09)

The maximum combined tax rate permitted in most locations is 6 percent. However, due to the enactment of special lodging taxes in some jurisdictions, the maximum combined tax rate might exceed 6 percent. Table 2 shows the highest combined tax rates, as of Dec. 31, 2013, of counties where jurisdictions have enacted a special lodging tax.

Table 2

Highest Combined Lodging Tax Rates, 2013

Rate	Counties	Rate	Counties
13.0%	Lucas	8.5%	Summit
10.5%	Cuyahoga and Hamilton	8.0%	Ashtabula and Trumbull
10.0%	Franklin and Muskingum	7.5%	Fairfield
9.0%	Guernsey	7.25%	Ross

Source: Reported by counties, townships, and municipalities in surveys sent out by the Department of Taxation.

In 2013, 67 counties (including convention facility authorities), 139 townships, and 204 municipalities – a total of 410 local jurisdictions – levied a lodging tax. Excluding the 11 counties with special lodging taxes, as listed in Table 2, rates ranged from 1.0 percent to 6.0 percent. About 80 percent of the localities with a lodging tax were levied at a 3.0 percent rate.

Municipalities and Townships

Under House Bill (HB) 519 enacted in 1967, municipalities and townships are permitted to enact a lodging tax of up to 3 percent. Under HB 355 enacted in 1980, municipalities and townships may levy an additional lodging tax of up to 3 percent – but only if the county in which the municipality or township is located has not already imposed a tax under this same law. Therefore, with one exception, noted below, municipal and township lodging taxes have a maximum 6 percent rate.

In 2002, the legislature enacted HB 518, which permitted a municipality to levy an additional 1 percent tax for funding a convention center, contingent on the county in which the municipality is located also enacting a special lodging tax for funding a convention center. Cincinnati enacted a 1.0 percent tax under this law, bringing its total rate to 4.0 percent.

Counties

Under HB 355 enacted in1980, counties may levy a lodging tax of up to 3.0 percent except in those townships and municipalities that already enacted their own lodging tax under the same law.

In addition, various special county lodging taxes have been authorized under state law. Most of these special taxes could only be adopted by a board of county commissioners during a limited time period. Furthermore, revenue produced from these special taxes may only be used for specified purposes. Most of the special county lodging taxes have been restricted to a narrow class of counties, such as counties meeting certain population levels and counties that already had an existing lodging tax imposed for specific purposes.

County Convention Facility Authorities

In HB 772 enacted in 1988, the General Assembly permitted convention facility authorities to enact an additional lodging tax of up to 4.0 percent only during a designated six-month period of that calendar year. The legislature also permitted an additional 0.9 percent rate during this time period as long as this tax and the municipal or township tax authorized by the 1967 law did not exceed 3.0 percent.

Also, in 2005, HB 66 allowed convention facility authorities located in certain Appalachian counties with populations of less than 80,000 and which did not already levy a lodging tax were authorized, for a limited time, to enact a tax of up to 3.0 percent to pay the cost of constructing, equipping or operating a convention, entertainment, or sports facility.

Major Exemptions

None.

Disposition of Revenue

(R.C. 5739.09)

Under the lodging tax authorized in 1967, all tax collections are deposited in the general revenue fund of the municipality or township.

Under the lodging tax authorized in 1980, counties are required to return to municipalities and townships that do not levy any hotel/motel tax a uniform percentage (not to exceed one-third) of revenue generated within the municipality and township. The remainder of the revenue is to be deposited in a separate fund to be used for county convention and visitor bureau expenses.

Municipalities and townships are required to allocate at least one-half of the revenues from the lodging tax authorized in 1980 for convention and visitors bureaus located within the county. Remaining revenues are retained by the municipality or township and deposited into the local general revenue fund.

All revenue from a convention facility authority lodging tax levy is for constructing, equipping, and operating a convention or sports center. Revenue from a special county or municipal lodging tax is to be used for the purpose designated for that tax levy in state law.

Special Provisions/Credits

(R.C. 505.56 and 5739.09)

The General Assembly has permitted certain special lodging taxes for various projects and durations. Usually, the General Assembly specifies a time period of weeks or months within which a local jurisdiction may authorize a special levy. Recent ones are listed below.

- Allen County – in 2014, the General Assembly permitted the county to levy a lodging tax of up to 3.0 percent for the purpose of expanding, maintaining, or operating a soldiers' memorial (the Veterans Memorial, Civic and Convention Center in Lima).
- Stark County – beginning in 2014, the General Assembly permitted the county convention and visitors' bureau to use up to $500,000 from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.

Sections of the Revised Code

Sections 307.672, 307.695, 351.021, 353.06, 505.56, 505.57, 5739.08, and 5739.09.

Responsibility for Administration

County commissioners, township trustees, legislative authority of a municipality, and/or convention facilities authorities.

Recent Legislation

HB 59, of the 130th General Assembly

Lake Facilities Authority – The bill establishes a Lake Facilities Authority (LFA) to rehabilitate, improve or promote an impacted lake district in the state. Such a district includes municipalities and townships with territory within watersheds of an impacted lake (effectively, Grand Lake St. Marys). The LFA is permitted to levy a lodging tax with voter approval, as long as the rate would not cause the aggregate rate of lodging taxes applicable in the impacted district to exceed 5.0 percent.

County Allocation – The bill permits convention facilities authorities in counties with a population between 80,000 and 90,000, according to the 2010 Census (Muskingum County) to allocate a portion of lodging tax revenue (up to 15 percent of the preceding year's tax revenue) to county and municipal tourism facilities and programs, the improvement and maintenance of county fairgrounds, and other purposes associated with use of a county fairground.

Convention and Visitors' Bureaus – The bill requires that lodging tax revenues distributed by a county to a convention and visitors' bureau be used solely for tourism sales, marketing and promotion, and their associated costs. Such costs include operational and administrative costs of the bureau, sales and marketing, and maintenance of the physical bureau structure.

HB 483, of the 130th General Assembly

Stadium in Stark County – The bill permits a county with a population of between 375,000 and 400,000 in the most recent federal decennial census (Stark County), and a convention and visitors' bureau located in that county, to use up to $500,000 per year from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.

Soldiers' Memorial in Allen County – The bill permits the county commissioners of a county with a population between 103,000 and 107,000 (Allen County), within six months after the effective date of HB 483, to levy a tax on hotel lodging transactions of up to 3.0 percent for the purpose of expanding, maintaining, or operating a soldiers' memorial (the Veterans Memorial Civic and Convention Center in Lima).

HB 64, of the 131st General Assembly

Sports Park (Erie County) – The bill authorizes a county with a population between 75,000 and 78,000 to increase its rate by 1.0 percent for the purposes described in R.C. 307.679 or promoting travel and tourism in the county. The bill also allows Erie County to pledge any lodging tax it levies towards financing a sports park, not just the 1.0 percent increase.

Agricultural Society (Delaware County) – The bill authorizes a county with an agriculture society hosting an annual harness horse race with at least 40,000 per-day attendees to levy a lodging tax of up to 3.0 percent. The tax is subject to approval of county voters and may be levied for no more than five years. The bill requires that tax revenue be used for permanent improvements at sites where the society conducts events, paying costs of maintaining or operating such permanent improvements, and paying the costs of administering the tax.

Lake Erie Shoreline Improvements – The bill authorizes the counties on the Lake Erie shore to levy a lodging tax of up to 2.0 percent to fund shoreline improvements including the payment of debt charges on any securities issued. The bill authorizes the port authority to issue bonds backed by revenue from the lodging tax. The improvements must be carried out by a port authority. An eligible county must have a territory that includes a part of the lake's shoreline of which represents at least 50 percent of the linear length of the county's border with other counties in the state. All projects must be located within one mile of Lake Erie's shoreline.

Sports Facilities (Warren County) – The bill authorizes a county with a population between 175,000 and 225,000 that has an amusement park with an average annual attendance of over two million (Warren County) to levy an additional 1.0 percent lodging tax for constructing and maintaining county-owned sports facilities and for promoting travel and tourism with respect to the sports facilities.

Permanent Improvements (Defiance and Hancock Counties) – Authorizes a county with a population between 39,000 and 40,000 that does not currently levy a lodging tax (Defiance County) and a county with a population between 71,000 and 75,000 that currently levies a 3.0 percent lodging tax for a convention and visitors bureau (Hancock County) to levy a lodging tax of up to 3.0 percent for the purpose of acquiring, constructing, equipping, or repairing permanent improvements, as defined in R.C. 133.01. The bill specifies that the tax would apply throughout the county, including in any township, city, or village that levies its own lodging tax.

History of Major Changes

1967	General Assembly authorizes municipalities and townships to levy a lodging tax of up to 3.0 percent.
1980	General Assembly permits counties to levy a lodging tax of up to 3.0 percent, but only if no municipality or township located wholly or partly within the county already enacted a tax under the same law. Also, municipalities and townships are authorized to enact an additional tax of up to 3.0 percent if a county lodging tax is not in effect.
1994	General Assembly revises 1980 law so that counties may enact a lodging tax of up to 3.0 percent in those areas of the county where a municipal or township tax had not been levied under the 1980 law.
2001	General Assembly permits counties, cities, villages and townships to broaden their lodging taxes to include establishments with fewer than five rooms, and also permits the assessment of penalties and interest for late payments.
2013	General Assembly requires that lodging tax revenues distributed by a county to a convention and visitors' bureau be used solely for tourism sales, marketing and promotion, and their associated costs.

Manufactured Home Tax

State law establishes a tax on manufactured homes (mobile homes or house trailers). The tax is computed and assessed by the county auditor where the manufactured home is located and is paid to and collected by the treasurer of the same county. The manufactured home tax is applied when the home is used as a residence. Manufactured homes used in a business other than for lease or rental as a residence are not subject to the manufactured home tax.

In calendar year 2014, about $30.4 million of taxes were levied on 197,410 manufactured homes in the state. Clermont County had the most manufactured homes (5,542), followed by Portage County (5,360) and Athens County (5,129) while Fayette County had the fewest (503). The average number of manufactured homes per county was about 2,243.

Taxpayer

(Ohio Revised Code 4503.06 & 4503.061)

The tax is paid by all owners of manufactured or mobile homes that are sitused in Ohio and are not otherwise exempt. Homes acquire situs when they are located in Ohio through their placement on real property in the state, except when part of the inventory of a dealer in manufactured or mobile homes.

Tax Base

(R.C. 4503.06)

The tax is calculated based on one of two methods depending on when the manufactured home was first sitused in Ohio.

For manufactured homes sitused in Ohio before Jan. 1, 2000, the assessed value is 40% of the amount derived by multiplying the greater of either the home's cost or market value at the time of purchase by a depreciation percentage (from one of two alternative schedules).

For manufactured homes first sitused in Ohio or had ownership transferred on or after Jan. 1, 2000, the assessed value is 35% of true value, which is like the base for real property. Also, owners of manufactured homes sitused in Ohio before Jan. 1, 2000, may elect to have the home taxed in this manner and not under the depreciation method.

In cases where the owner converts a manufactured home to real property status (which requires the home to be affixed to real property owned by the homeowner on a permanent foundation), then the home is subject to the real property tax.

Rates

(R.C. 4503.06)

Rates vary according to the property tax levies in effect where the manufactured home is located. The effective rate also varies according to how the property is assessed for tax purposes:

- For homes assessed at 35% of true value (like real property), the manufactured home tax is based on the same credits and effective tax rates that apply to real property.
- For homes assessed at 40% of depreciated cost or market value, the tax is based on the full (or gross) local tax rate. A minimum tax of $36 per year applies to homes assessed with the depreciation schedules, unless the home owner qualifies for the homestead exemption, in which case no minimum exists.

Exemptions, Deductions, Credits

(R.C. 4503.06)

The tax does not apply when a manufactured or mobile home is:

- part of the inventory of a new motor vehicle dealer or the inventory of a manufacturer, remanufacturer or distributor of manufactured or mobile homes.
- a travel trailer (not exceeding 35 feet in length) or a park trailer meeting certain conditions.
- licensed in another state, unless it is located in Ohio for more than 30 days in any calendar year.
- taxed as real property.
- exempt from taxation under Chapter 5709 of the Ohio Revised Code.

Filing and Payment Dates

(R.C. 4503.06)

If the manufactured or mobile home is located in the state on January 1 of a given year, one-half of the tax is due by March 1 of that year with the balance due by July 31. If the home is not located in Ohio on January 1, then no tax is due for that year. The Tax Commissioner may grant extensions of these due dates upon application by a county treasurer or by a county auditor and a county treasurer together.

Disposition of Revenue

(R.C. 4503.06)

Revenue is distributed to the taxing subdivisions of each county in the same manner as other real estate and public utility taxes are distributed. However, 4.0 percent goes to the county auditor and 2.0 percent goes to the county treasurer as reimbursement for administrative costs.

Special Provisions

The homestead exemption for qualified senior citizens and disabled home owners is also available to owners of manufactured homes. See the **Property Tax – Real Property** chapter for details on the homestead exemption.

Administration

County auditors, county treasurers and the Tax Commissioner.

Ohio Revised Code Citations

Sections 4501.01 and 4503.06 – 4503.0611

Recent Legislation

HB 85 of the 130th General Assembly (effective September 11, 2014)

The bill increases the amount of the Homestead Exemption, from $25,000 to $50,000, to homesteads that are owned and occupied by veterans of the U.S. armed services (including the National Guard) who received a permanent total disability rating or a total disability rating for service-connected disability. The exemption, in addition, to homesteads, applies to manufactured or mobile homes taxed under the manufactured home tax.

History of Major Changes

1920	Separate license taxes enacted for motorcycles, passenger cars and commercial vehicles. Trailers are taxed as commercial vehicles, at 20 cents per 100 lbs. of gross weight or fractional part thereof.
1949	General Assembly distinguishes “house trailers” from other trailers and levies an $18 annual license tax on them effective March 1, 1951. Revenue is distributed to local political subdivisions.
1961	House trailer tax enacted as an ad valorem tax. Starting in 1962, house trailers were to be valued at 40 percent of its cost or market value at the time of purchase, whichever is greater, less a depreciation percentage. A minimum tax of $18 applies.
1963	Legislature enacts a second depreciation schedule for house trailers that are purchased unfurnished.
1969	Depreciation schedule allowances increase.
1980	Legislature requires that the taxes owed are collected before a certificate of title is transferred.
1984	“House trailers” are renamed “manufactured homes” in the Revised Code.
1986	Legislature extends homestead exemption to certain owners of manufactured homes, effective tax year 1988.
1999	General Assembly requires that manufactured homes be taxed like (but not as) real property when first located in Ohio on or after Jan. 1, 2000 or when ownership is transferred on or after that date. Such homes remain on the manufactured home tax list, but the same tax rates and credits apply as apply to residential real property. Manufactured or mobile homes sitused in Ohio prior to Jan. 1, 2000 remain subject to depreciation method of taxation, unless the owner elects to have the home taxed like real property. The legislature also: • subjects used manufactured and mobile homes to transfer fees and taxes beginning Jan. 1, 2000. • requires owners who wish to move a manufactured or mobile home to first obtain a relocation notice from the county auditor and pay the outstanding taxes charged against the home.
2003	Manufactured home park operators are permitted to remove an abandoned home from the park for sale or destruction.
2004	Ohio Manufactured Homes Commission established to regulate the installation of manufactured housing in Ohio. Commission charged with setting a statewide standard for a permanent foundation, to which a manufactured or mobile home must be affixed before it can be converted to real property.
2007	Expansion of the homestead exemption (see Property Tax – Real Property chapter) extended to qualified manufactured home owners, regardless of how the manufactured home is taxed.
2013	Homestead exemption restricted for homeowners who do not receive the exemption for tax year 2014 to owners with an Ohio adjusted gross income of $30,000 or less (adjusted annually for inflation).
2014	HB 85 creates an enhanced homestead exemption for qualifying veterans.

Table 1					
Manufactured Home Valuation and Taxes, 2009-2014*					
Calendar Year	**Number of Manufactured Homes**	**Taxable Value**	**Current Taxes Levied**		
			Depreciation Basis	**Like Real Property**	**Total Tax**
2009	215,187	$741,410,761	$9,424,732	$24,295,134	$33,719,866
2010	207,442	731,457,508	8,241,063	24,495,409	32,736,472
2011	205,028	721,099,212	7,726,520	23,333,502	31,060,022
2012	201,650	701,130,275	7,699,112	23,004,564	30,703,676
2013	199,226	687,531,892	6,687,740	23,774,879	30,462,619
2014	197,410	681,030,305	6,049,709	24,395,774	30,445,484
Source: Surveys received from local governments; data compiled by Department of Taxation (Table MH-1).					
* This table includes data on manufactured homes that are subject to the depreciated cost-based manufactured home tax as well as manufactured homes that are subject to the manufactured home tax that is like the real property tax. Manufactured homes that are taxed as real property (as well as manufactured homes not used for residential purposes) are not included in this table.					

Table 2

Manufactured Home Valuation and Taxes, Calendar Year 2014

			Current Taxes Levied			Delinquencies			
County	**Number of Manufac-tured Homes**	**Taxable Value**	**Depreciation Schedule Tax**	**Taxed like Real Property**	**Total Taxes**	**Depreciation Schedule Tax**	**Taxed like Real Property**	**Total Delinquen-cies**	**Total Current Taxes & Delinquencies**
Totals	**197,410**	**$681,030,305**	**$6,049,709**	**$24,395,774**	**$30,445,484**	**$24,995,146**	**$25,932,757**	**$50,927,902**	**$81,373,386**
Adams	4,480	$6,656,810	$90,593	$150,210	$240,803	$706,374	$223,875	$930,249	$1,171,052
Allen	2,010	$6,769,950	$43,181	$183,286	$226,468	$66,959	$116,037	$182,996	$409,464
Ashland	1,199	$3,399,190	$37,398	$96,884	$134,282	$44,265	$92,952	$137,217	$271,498
Ashtabula	3,684	$12,102,304	$92,591	$395,112	$487,703	$88,032	$244,933	$332,965	$820,667
Athens	5,129	$15,680,934	$193,127	$538,857	$731,985	$1,191,725	$977,903	$2,169,628	$2,901,613
Auglaize	648	$1,408,860	$7,129	$39,739	$46,868	$3,156	$6,900	$10,056	$56,924
Belmont	2,104	$8,100,890	$54,702	$239,768	$294,470	$47,247	$89,573	$136,820	$431,290
Brown	3,506	$10,992,380	$135,891	$262,558	$398,449	$679,644	$467,138	$1,146,783	$1,545,231
Butler	4,690	$15,770,915	$96,910	$592,470	$689,380	$396,837	$997,066	$1,393,903	$2,083,283
Carroll	1,919	$6,877,910	$81,326	$192,792	$274,118	$223,732	$210,248	$433,980	$708,098
Champaign	1,148	$2,664,600	$-	$93,462	$93,462	$-	$395,382	$395,382	$488,843
Clark	2,554	$9,436,798	$76,594	$283,096	$359,690	$223,993	$255,256	$479,249	$838,939
Clermont	5,542	$14,664,701	$285,966	$835,937	$1,121,903	$616,699	$622,121	$1,238,820	$2,360,723
Clinton	1,244	$5,142,860	$81,453	$123,290	$204,743	$331,443	$137,046	$468,490	$673,233
Columbiana	4,549	$17,995,191	$153,486	$527,707	$681,193	$1,431,321	$945,010	$2,376,332	$3,057,525
Coshocton	2,309	$6,503,982	$31,904	$316,428	$348,331	$238,619	$148,611	$387,230	$735,562
Crawford	783	$1,794,740	$15,452	$66,347	$81,800	$33,513	$37,074	$70,587	$152,387
Cuyahoga	2,493	$11,519,380	$231,635	$1,395,058	$1,626,693	$134,041	$317,457	$451,498	$2,078,191
Darke	896	$2,872,090	$17,679	$76,548	$94,226	$11,834	$32,073	$43,907	$138,133
Defiance	1,148	$3,649,870	$24,690	$105,132	$129,822	$32,327	$88,142	$120,469	$250,291
Delaware	1,293	$5,132,590	$44,512	$211,093	$255,606	$277,508	$237,583	$515,091	$770,697
Erie	1,210	$3,409,790	$27,084	$108,337	$135,421	$106,960	$181,378	$288,338	$423,759
Fairfield	899	$3,493,267	$23,534	$91,905	$115,438	$37,968	$185,789	$223,757	$339,195
Fayette *	503	$2,191,497	$35,154	$57,033	$92,187	$35,090	$71,078	$106,168	$198,355
Franklin	3,721	$14,908,911	$151,795	$733,813	$885,608	$1,125,083	$890,430	$2,015,513	$2,901,120
Fulton	1,332	$5,204,090	$48,412	$186,671	$235,082	$72,652	$138,980	$211,632	$446,714
Gallia	4,224	$11,036,623	$90,804	$281,610	$372,414	$331,179	$324,726	$655,904	$1,028,319
Geauga	1,392	$9,665,220	$58,741	$311,855	$370,597	$82,560	$121,543	$204,103	$574,700
Greene	798	$4,556,112	$29,768	$331,761	$361,529	$102,108	$121,862	$223,971	$585,500
Guernsey	2,432	$7,586,080	$82,188	$230,781	$312,969	$604,008	$371,845	$975,853	$1,288,822
Hamilton	2,624	$10,108,240	$92,085	$326,459	$418,544	$325,830	$360,635	$686,465	$1,105,009
Hancock	2,026	$7,852,770	$50,484	$259,242	$309,727	$20,264	$107,015	$127,279	$437,006
Hardin	967	$1,516,090	$6,366	$51,209	$57,575	$3,078	$26,116	$29,194	$86,769
Harrison	1,043	$3,470,820	$33,229	$98,435	$131,664	$107,761	$150,898	$258,658	$390,322
Henry	922	$2,967,850	$38,576	$93,652	$132,228	$43,202	$71,988	$115,190	$247,418
Highland	2,562	$8,683,370	$112,838	$211,688	$324,525	$282,728	$266,332	$549,059	$873,585
Hocking	2,161	$7,281,480	$73,107	$219,855	$292,962	$148,257	$168,724	$316,981	$609,943
Holmes	1,416	$3,913,290	$57,496	$113,573	$171,069	$24,945	$30,979	$55,923	$226,992
Huron	1,834	$6,744,620	$49,192	$187,977	$237,169	$216,049	$421,977	$638,026	$875,195
Jackson	2,736	$10,320,724	$80,190	$297,460	$377,650	$1,079,920	$685,369	$1,765,289	$2,142,939
Jefferson	2,734	$7,577,485	$90,281	$202,841	$293,122	$1,055,012	$319,589	$1,374,602	$1,667,723
Knox	1,000	$4,749,790	$32,451	$158,564	$191,015	$87,747	$119,155	$206,902	$397,918
Lake	2,164	$8,141,490	$82,613	$253,496	$336,109	$313,359	$354,482	$667,841	$1,003,950
Lawrence	4,931	$21,513,320	$131,011	$470,369	$601,380	$754,684	$933,166	$1,687,850	$2,289,230
Licking	2,922	$12,247,300	$91,992	$475,315	$567,307	$200,430	$540,823	$741,254	$1,308,561
Logan	2,139	$6,896,580	$41,121	$235,176	$276,297	$181,243	$327,085	$508,328	$784,625

Manufactured Home Valuation and Taxes, Calendar Year 2014 (continued)									
			Current Taxes Levied			Delinquencies			
County	Number of Manufac-tured Homes	Taxable Value	Depreciation Schedule Tax	Taxed like Real Property	Total Taxes	Depreciation Schedule Tax	Taxed like Real Property	Total Delinquen-cies	Total Current Taxes & Delinquencies
Lorain	2,537	$13,677,810	$38,908	$525,372	$564,280	$83,667	$389,713	$473,380	$1,037,660
Lucas	4,433	$12,548,959	$116,764	$632,105	$748,869	$621,380	$568,109	$1,189,489	$1,938,358
Madison	941	$2,761,680	$24,695	$84,028	$108,723	$40,654	$90,143	$130,797	$239,520
Mahoning	1,505	$4,256,750	$37,257	$138,463	$175,721	$218,449	$195,600	$414,049	$589,770
Marion	1,136	$4,795,060	$22,782	$125,957	$148,739	$18,621	$98,863	$117,484	$266,224
Medina	641	$2,455,290	$14,613	$87,372	$101,985	$80,217	$89,236	$169,454	$271,439
Meigs	2,580	$8,255,580	$55,659	$268,968	$324,627	$348,105	$442,832	$790,937	$1,115,564
Mercer	1,397	$3,136,050	$24,292	$118,404	$142,695	$32,761	$57,521	$90,282	$232,977
Miami	704	$1,032,150	$17,576	$23,726	$41,302	$57,273	$27,439	$84,712	$126,014
Monroe	1,170	$3,775,300	$30,444	$99,781	$130,225	$53,687	$26,356	$80,043	$210,268
Montgomery	3,234	$10,630,484	$99,607	$1,041,106	$1,140,713	$143,351	$57,824	$201,174	$1,341,887
Morgan	1,447	$3,504,314	$37,815	$86,954	$124,769	$261,771	$195,167	$456,938	$581,707
Morrow	1,755	$7,416,370	$69,478	$212,182	$281,660	$227,626	$285,739	$513,365	$795,025
Muskingum	3,672	$14,135,460	$107,121	$435,710	$542,830	$367,703	$557,252	$924,956	$1,467,786
Noble	830	$2,990,890	$20,861	$81,576	$102,437	$21,853	$23,253	$45,106	$147,543
Ottawa	3,959	$16,709,247	$72,349	$542,535	$614,884	$156,505	$284,444	$440,949	$1,055,833
Paulding	798	$1,820,600	$22,430	$52,960	$75,390	$18,041	$38,636	$56,677	$132,067
Perry	2,609	$7,886,340	$96,529	$214,255	$310,784	$1,180,192	$554,231	$1,734,423	$2,045,207
Pickaway	1,967	$6,582,749	$52,430	$350,499	$402,929	$395,533	$708,619	$1,104,152	$1,507,081
Pike *	3,299	$10,073,870	$90,084	$268,201	$358,285	$1,092,587	$653,350	$1,745,936	$2,104,222
Portage	5,360	$28,221,730	$152,082	$1,002,044	$1,154,126	$598,722	$991,348	$1,590,070	$2,744,196
Preble	714	$2,475,452	$8,842	$47,114	$55,956	$64,217	$50,034	$114,251	$170,207
Putnam	681	$2,203,600	$18,322	$56,318	$74,640	$8,769	$30,372	$39,141	$113,781
Richland	2,162	$5,819,903	$68,670	$423,558	$492,228	$602,300	$373,842	$976,142	$1,468,370
Ross	4,364	$13,464,850	$166,167	$338,784	$504,951	$361,273	$377,896	$739,168	$1,244,119
Sandusky	1,691	$5,751,870	$47,021	$155,745	$202,765	$258,389	$175,931	$434,320	$637,085
Scioto	5,014	$18,665,200	$150,304	$565,438	$715,742	$727,862	$1,271,958	$1,999,821	$2,715,563
Seneca	1,336	$4,269,546	$43,601	$203,698	$247,299	$358,433	$215,958	$574,391	$821,690
Shelby	882	$3,096,840	$29,461	$85,167	$114,628	$31,653	$63,147	$94,800	$209,428
Stark	3,129	$9,609,920	$60,330	$295,668	$355,998	$270,706	$279,795	$550,501	$906,499
Summit	1,976	$5,518,013	$50,115	$271,657	$321,771	$273,509	$277,050	$550,559	$872,330
Trumbull	3,843	$7,805,510	$86,120	$243,940	$330,060	$233,652	$268,543	$502,194	$832,254
Tuscarawas	3,774	$16,969,720	$113,138	$508,459	$621,597	$250,909	$426,081	$676,990	$1,298,587
Union	863	$2,832,650	$37,994	$118,116	$156,111	$41,458	$154,090	$195,549	$351,659
Van Wert	675	$2,002,150	$14,270	$51,113	$65,383	$7,718	$44,759	$52,477	$117,859
Vinton	1,882	$6,184,020	$78,848	$206,423	$285,271	$393,587	$307,623	$701,211	$986,481
Warren	977	$2,812,644	$22,752	$120,520	$143,271	$170,542	$305,108	$475,650	$618,921
Washington	4,440	$15,099,400	$137,295	$424,899	$562,194	$412,150	$460,900	$873,050	$1,435,244
Wayne	3,526	$13,488,740	$131,379	$403,337	$534,715	$105,314	$200,483	$305,797	$840,512
Williams	1,010	$3,113,030	$25,724	$100,906	$126,630	$60,976	$63,035	$124,011	$250,641
Wood	3,931	$16,933,320	$140,873	$642,556	$783,430	$216,298	$295,075	$511,373	$1,294,803
Wyandot	546	$1,073,490	$7,976	$25,317	$33,293	$5,345	$21,055	$26,400	$59,693
* Did not submit 2014 data; previous year's data shown									
Source: Surveys completed by county auditors and conducted by the Ohio Department of Taxation.									

Municipal Income Tax

The Ohio Constitution gives municipalities (cities and villages) the authority to exercise all powers of local self-government and to adopt and enforce within their limits such local police, sanitary and other similar regulations, as are not in conflict with general laws. The Ohio Constitution requires the General Assembly to restrict their power of taxation, so as to prevent the abuse of such power. The Ohio Constitution allows laws to be passed to limit their power to levy taxes.

State law permits municipalities to levy income taxes. Municipal income taxes are generally flat "wage" or "earned income" taxes imposed on wages, salaries and other compensation earned by residents and nonresidents who work in the municipality. Most municipalities allow a partial or full credit to resident individuals for municipal income taxes paid to another municipality where they are employed. The taxes are also generally applied to businesses' net profits attributable to activities in the municipality, including the net profits of businesses not organized as C corporations.

In 2013, the latest year for which data are available, municipal income tax revenue totaled $4.7 billion statewide. Revenues to Ohio's three largest cities (Columbus, Cleveland, and Cincinnati) accounted for almost a third of statewide municipal income tax revenue in that year.

Taxpayer

(Ohio Revised Code 718.01, 718.03, and municipal ordinances)

The tax is paid by residents of a city or village that has imposed a municipal income tax as well as nonresidents who work in such a municipality. The tax also applies to businesses that have net profits within the municipality. Withholding responsibilities generally apply to employers located within municipalities that have enacted a tax.

Tax Base

(R.C. 718.01, 718.02, 718.14, and municipal ordinances)

The tax generally applies to:

- wages, salaries and other compensation earned by residents of the municipality and by nonresidents working in the municipality.
- net profits of business (both incorporated and unincorporated) attributable to activities in the municipality. Net profits are apportioned using equal weighting of property, payroll and sales inside the municipal corporation relative to those factors for the business everywhere.
- net profits from rental activities.

Subject to various restrictions in the Revised Code, municipalities may currently specify other types of income that are subject to the tax in their local ordinances. House Bill 5 of the 130th General Assembly greatly limited this ability effective Jan. 1, 2016.

Rates

(R.C. 718.01 and municipal ordinances)

State law requires a flat rate within a municipality. The rate is determined locally. The maximum rate permitted to be levied without voter approval is 1.0 percent.

In 2013, the most recent year for which data are available, 609 municipalities (240 cities and 369 villages) levied an income tax. Rates ranged from 0.5 percent to 3.0 percent. The following rates were the most common:

- 252 municipalities (41.9 percent) levied a tax of 1.0 percent;
- 127 municipalities (20.9 percent) levied a tax of 1.5 percent;
- 111 municipalities (18.2 percent) levied a tax of 2.0 percent.

These municipalities accounted for about 80 percent of all taxing municipalities. Of the remaining, 76 municipalities (12.5 percent) levied taxes at various rates from 0.5 percent to 2.0 percent, and 41 municipalities (6.8 percent) levied taxes at various rates from 2.0 percent to 3.0 percent. Ohio's largest municipalities levied income tax rates at or above 2.0 percent.

Exemptions, Deductions, Credits

(R.C. 718.01, 718.15, 718.151 and municipal ordinances)

State law requires the exemption of:

- military pay or allowances.
- income of religious, charitable or educational institutions to the extent derived from tax-exempt property or activities.
- interest and dividends.
- pensions and disability benefits.
- capital gains and losses.
- compensation paid to certain employees of transit authorities (this exemption expires on Jan. 1, 2016, but

in many cases may be covered under the expanded treatment of "casual entrants").
- public utilities that are subject to the public utilities excise tax. This does not include telephone companies and electric light companies, which are subject to the municipal tax under Ohio Revised Code Chapter 5745; see the **Municipal Income Tax for Electric Light Companies and Telephone Companies** chapter for details.

Personal exemptions are not granted.

Under current law, municipalities have discretion to provide other exemptions and deductions. For example, some municipalities tax lottery and gambling winnings, while others do not, and still others tax winnings above a specified minimum threshold. Also, some municipalities exempt income earned by individuals under 18 years old, while other municipalities do not specify a minimum age. Municipalities also differ on the number of years they allow businesses to carry forward a net operating loss, generally up to no more than five years. Municipalities' exemptions, deductions and credits are typically detailed in their municipal ordinances and administrative rules. This discretion is greatly reduced after Jan. 1, 2016, to establish a more uniform tax base.

Municipalities may grant a refundable or nonrefundable credit to foster job creation or job retention in that particular municipality. Before passing such an ordinance, the municipality and taxpayer must enter into an agreement specifying the conditions of the credit. Credits cannot last for more than 15 years.

Filing and Payment Dates

(R.C. 718.03, 718.05, 718.051, and municipal ordinances)

Annual returns are due from taxpayers on the same date as federal and state returns, normally April 15. The annual municipal return reconciles tax liability with the amount remitted through withholding and quarterly estimated payments.

Revenue

Compiled from a Department of Taxation survey, in 2013, the latest year for which data is available, municipal income tax revenue totaled $4.71 billion statewide. Revenues were highest in Ohio's three largest cities, accounting for almost a third of total statewide municipal income tax revenue:

- Columbus, $767.5 million (16.3 percent)
- Cleveland, $345.3 million (7.3 percent)
- Cincinnati, $334.4 million (7.1 percent)

After these, three other cities had revenues over $100 million:

- Toledo, $158.5 million (3.4 percent)
- Akron, $139.5 million (3.0 percent)
- Dayton, $101.9 million (2.2 percent)

Revenue to these six cities accounted for 39.2 percent of total statewide municipal income tax revenue in 2013.

All remaining 603 municipalities had revenues of less than $100 million. According to survey responses from municipalities:

- 97 municipalities had revenues ranging from $10 million to $100 million,
- 222 municipalities had revenues from $1 million to $10 million, and
- the remaining 284 municipalities had revenues of less than $1 million.

Disposition of Revenue

(Municipal ordinances)

Collections are usually placed into the general fund of the municipality imposing the tax. Some municipalities earmark portions of revenue for capital improvements, bond retirement, and administration of the tax.

Special State Law Provisions

(R.C. 715.691 et seq., 718.04, 718.09, 718.50)

Municipalities may offer partial or full credit to residents who pay municipal income taxes to a different municipality where they are employed.

Members and employees of the Ohio General Assembly and the lieutenant governor pay municipal income tax to the municipality of residence, not to the municipalities where their services are rendered.

Before 2001, if a school district was at least 95 percent coterminous with one or more municipalities, a municipal income tax could be enacted for which revenue is shared with the school district. Although the Ohio legislature revoked this authority for all other communities beginning in 2001, it has since re-enacted this authority under the condition that only residents would be subject to the municipal income tax.

State law allows Joint Economic Development Districts (JEDDs) and Municipal Utility Districts (MUDs) to levy income taxes for economic development purposes, subject to voter approval.

Responsibility for Administration

(R.C. 718.01, 718.23, 718.24, and municipal ordinances)

Municipal income taxes are administered either by the city or village that imposed the tax or a central collection agency representing various municipalities. About 248 municipalities, mainly smaller municipalities, contract with the Regional Income Tax Agency (RITA). In the northeast, the Central Collection Agency (CCA) administers collections for Cleveland and 38 surrounding municipalities as well as 10 JEDDs. The City of Columbus administers Columbus income taxes as well as the income taxes of six other municipalities and three JEDDs. Smaller municipalities also administer multiple communities. For example, the City of St. Marys in northwest Ohio is the administrative agent for income taxes from eleven surrounding villages.

Ohio Revised Code Citations

Chapters 715 and 718.

Recent Legislation

HB 64, 131st General Assembly

Clarifies provisions on the treatment of a business's net operating losses and the taxation of an individual's foreign income and allowing municipal income tax sharing with school districts for certain municipalities in central Ohio.

HB 289, 130th General Assembly

Terminated authority to create new alternative joint economic development zones (JEDZ) or substantially modify existing JEDZ, eliminated municipal-only JEDZs, authorized municipal corporations to create MUDs and allowed existing municipal-only JEDZs to continue operating as MUDs.

HB 5, 130th General Assembly

Established a uniform tax base for all municipal corporations that levy an income tax by further defining the types of income that cannot be taxed and requiring that all businesses be allowed to deduct new net operating losses with a 5-year carryforward of such losses. Prescribed standards for determining an individual's domicile for municipal income tax purposes and expanded prohibitions on taxation of occasional entrants. Made changes to apportionment methods and withholding requirements and established tax administration, assessment, collection, and enforcement procedures.

History of Major Changes

1946	Toledo enacts first municipal income tax.
1957	General Assembly enacts Uniform Municipal Income Tax Law establishing broad regulations.
1987	General Assembly prohibits municipalities from taxing income from intangibles, unless voters in municipalities that already tax such income approve continuing to do beyond the 1988 tax year. Residents in two municipalities, Wyoming and Indian Hill, vote to continue to tax intangible income.
1992	Municipalities authorized to grant job creation credits.
1993	Legislature allows municipal income tax revenue to be shared with a school district.
1997	Municipalities are permitted to exempt stock options from taxation.
1999	Beginning in 2001, a nonresident working 12 or fewer days in a municipality is not subject to its municipal income tax, except for professional athletes, entertainers or their promoters. Also, beginning in 2003, a municipality that taxes pass-through entities is required to grant resident taxpayers a credit for taxes paid by a pass-through entity to another municipality if the pass-through entity does not conduct business in the municipality where the taxpayer resides
2000	General Assembly prohibits new joint municipal/school district taxes
2004	Certain single member limited liability companies can elect to be separate taxpayers from their single members. Also, businesses are required to add-back tax exempt stock options in the apportionment of their net profits.
2007	General Assembly (HB 24) permits municipalities to allow an income tax deduction to self-employed taxpayers for amounts paid for medical care insurance for themselves, their spouses and dependents.
2014	Effective Jan. 1, 2016, General Assembly (HB 5) adopts a uniform tax base, establishing a uniform 5-year carryforward of net operating losses (with some variations allowed due to grandfather clauses). Provides specific criteria for determining domicile.

Comparisons with Other States

Georgia, North Carolina, Tennessee, Texas and West Virginia do not have local governments that impose income taxes. Similar taxes in other states are described below.

Indiana	Until June 30, 2016, a county may levy either a "county adjusted gross income tax" or a "county option income tax." Counties are also permitted to levy a "county economic development income tax." The total of a county's economic development tax and the adjusted gross income tax cannot exceed 3.75 percent. The economic development tax combined with the county option income tax cannot exceed 3.5 percent. The economic development tax levied alone cannot exceed 0.75 percent. All these taxes are to be replaced by a consolidated income tax by Jan. 1, 2017.
Kentucky	Cities, counties, transit districts and school districts may levy a license tax on the net profits of businesses located in the district and the salaries and wages of employees earned in the jurisdiction. Rates can vary between the two types of occupational license taxes.

Comparisons with Other States - continued

Michigan	Cities may impose a tax up to the rate of 2 percent on residents and 1 percent on non-residents. Detroit may impose rates of up to 2.4 percent for residents and 1.2 percent for nonresidents.
Pennsylvania	Municipalities may impose an earned income tax on wages and net profits. The tax may be imposed on either residents only or both residents and nonresidents. Most municipalities have a 1% cap. Home rule municipalities (such as Philadelphia, Pittsburgh, and Scranton) are not subject to the cap. If the local school district also imposes an earned income tax, the tax revenue must be shared between the school district and the municipality. • Pittsburgh: The city imposes an earned income and net profits tax at the rate of 1 percent. Additionally, the city levies a flat $52 local services tax that is withheld in equal amounts from employee payrolls and a 0.55 percent tax on payroll amounts generated as a result of employers conducting business in the city. • Philadelphia: The city imposes an earned income tax on salaries, wages, commissions, and net profits. The resident tax rate is 3.9102 percent. The nonresident tax rate is 3.4828 percent.

Table 1

Municipal Income Taxes Collected, 2009 - 2013

Calendar Year	All Municipalities (609)	Cities (240)	Villages (369)
2009	$3,937,145,231	$3,629,743,888	$307,401,343
2010	$4,052,605,606	$3,749,316,357	$303,289,248
2011	$4,309,421,010	$3,975,423,750	$333,997,259
2012	$4,528,544,397	$4,178,641,914	$349,902,483
2013	$4,712,043,367	$4,349,844,065	$362,199,303

Source: Data submitted to the Ohio Department of Taxation.

Table 2						
Municipal Income Taxes Tax Amounts Collected, Aggregated by County, Calendar Year 2013						
County	**Tax Revenue for Cities**	**Number of Cities**	**Tax Revenue for Villages**	**Number of Villages**	**Total Tax Revenue**	**Total Number of Taxing Municipalities**
Adams	$0	0	$733,583	2	$733,583	2
Allen	$18,490,198	2	$3,303,995	6	$21,794,193	8
Ashland	$8,732,624	1	$1,224,756	3	$9,957,380	4
Ashtabula	$11,620,725	3	$3,483,954	6	$15,104,680	9
Athens	$12,862,129	2	$0	0	$12,862,129	2
Auglaize	$6,673,276	2	$7,142,697	6	$13,815,973	8
Belmont	$2,948,540	3	$943,931	2	$3,892,471	5
Brown	$0	0	$1,829,093	5	$1,829,093	5
Butler	$78,356,283	5	$6,793,162	2	$85,149,445	7
Carroll	$0	0	$1,232,992	3	$1,232,992	3
Champaign	$5,754,191	1	$889,404	4	$6,643,595	5
Clark	$31,838,337	2	$626,661	3	$32,464,998	5
Clermont	$2,988,382	1	$2,446,066	6	$5,434,448	7
Clinton	$3,987,048	1	$288,909	1	$4,275,957	2
Columbiana	$8,379,718	3	$4,579,458	6	$12,959,176	9
Coshocton	$4,195,644	1	$343,148	1	$4,538,792	2
Crawford	$8,876,395	2	$1,453,170	3	$10,329,565	5
Cuyahoga	$895,522,528	38	$73,209,912	18	$968,732,440	56
Darke	$6,188,319	1	$3,148,227	7	$9,336,546	8
Defiance	$6,800,962	1	$1,179,561	2	$7,980,523	3
Delaware	$20,557,766	1	$7,635,450	4	$28,193,217	5
Erie	$12,272,928	3	$493,130	1	$12,766,058	4
Fairfield	$22,304,749	2	$1,623,584	7	$23,928,333	9
Fayette	$5,209,660	1	$252,919	2	$5,462,580	3
Franklin	$1,045,686,788	13	$37,596,601	10	$1,083,283,389	23
Fulton	$3,511,217	1	$6,402,262	5	$9,913,479	6
Gallia	$1,660,582	1	$160,782	1	$1,821,364	2
Greene	$23,202,447	2	$10,670,932	7	$33,873,379	9
Guernsey	$7,420,599	1	$345,220	1	$7,765,819	2
Hamilton	$476,665,663	19	$31,947,368	13	$508,613,031	32
Hancock	$24,982,165	1	$899,827	2	$25,881,992	3
Hardin	$2,861,347	1	$2,073,782	7	$4,935,129	8
Harrison	$0	0	$1,480,402	6	$1,480,402	6
Henry	$3,766,944	1	$911,646	7	$4,678,590	8
Highland	$4,593,600	2	$375,091	1	$4,968,691	3
Hocking	$2,696,897	1	$0	0	$2,696,897	1
Holmes	$0	0	$1,720,947	2	$1,720,947	2
Huron	$12,938,015	3	$1,404,231	4	$14,342,245	7
Jackson	$1,160,290	1	$0	0	$1,160,290	1
Jefferson	$12,236,858	2	$2,186,122	4	$14,422,980	6
Knox	$11,210,717	1	$1,773,792	4	$12,984,509	5
Lake	$88,171,333	9	$3,968,598	7	$92,139,931	16
Lawrence	$2,205,791	1	$255,268	1	$2,461,059	2
Lawrence	$2,205,791	1	$255,268	1	$2,461,059	2

Table 2 (continued)						
Municipal Income Taxes Tax Amounts Collected, Aggregated by County, Calendar Year 2013 (continued)						
County	**Tax Revenue for Cities**	**Number of Cities**	**Tax Revenue for Villages**	**Number of Villages**	**Total Tax Revenue**	**Total Number of Taxing Municipalities**
Licking	$29,663,939	3	$6,584,901	4	$36,248,840	7
Logan	$6,013,107	1	$966,261	9	$6,979,368	10
Lorain	$89,283,231	8	$7,206,786	5	$96,490,017	13
Lucas	$220,872,778	4	$12,034,679	4	$232,907,458	8
Madison	$3,786,434	1	$4,087,896	4	$7,874,330	5
Mahoning	$51,570,806	4	$2,069,808	2	$53,640,614	6
Marion	$14,123,960	1	$32,150	2	$14,156,110	3
Medina	$36,239,727	3	$1,947,551	2	$38,187,278	5
Meigs	$0	0	$591,847	2	$591,847	2
Mercer	$5,006,263	1	$3,645,799	4	$8,652,062	5
Miami	$30,075,751	3	$1,954,892	4	$32,030,644	7
Monroe	$0	0	$546,300	1	$546,300	1
Montgomery	$241,549,761	14	$5,101,266	5	$246,651,026	19
Morgan	$0	0	$452,599	2	$452,599	2
Morrow	$0	0	$1,521,189	3	$1,521,189	3
Muskingum	$15,498,005	1	$1,279,729	4	$16,777,734	5
Ottawa	$2,380,049	1	$2,268,015	4	$4,648,064	5
Paulding	$0	0	$819,235	5	$819,235	5
Perry	$768,950	1	$687,843	2	$1,456,794	3
Pickaway	$4,760,280	1	$1,692,099	3	$6,452,379	4
Pike	$1,407,985	1	$443,504	1	$1,851,489	2
Portage	$42,946,471	4	$2,600,555	5	$45,547,027	9
Preble	$4,195,462	1	$1,207,903	4	$5,403,365	5
Putnam	$0	0	$6,658,498	10	$6,658,498	10
Richland	$26,781,699	2	$7,116,924	5	$33,898,622	7
Ross	$11,184,543	1	$24,704	1	$11,209,247	2
Sandusky	$12,440,563	2	$615,402	1	$13,055,965	3
Scioto	$10,223,100	1	$1,529,824	1	$11,752,923	2
Seneca	$12,061,872	2	$475,378	3	$12,537,250	5
Shelby	$14,074,908	1	$3,607,715	6	$17,682,623	7
Stark	$84,064,306	5	$7,774,463	8	$91,838,769	13
Summit	$285,644,952	13	$17,032,668	9	$302,677,620	22
Trumbull	$27,909,664	4	$7,517,026	3	$35,426,690	7
Tuscarawas	$15,712,438	3	$4,927,660	13	$20,640,098	16
Union	$14,094,212	1	$636,797	2	$14,731,009	3
Van Wert	$6,263,437	1	$361,982	4	$6,625,419	5
Warren	$49,903,247	4	$2,970,401	6	$52,873,648	10
Washington	$10,523,950	2	$284,175	1	$10,808,125	3
Wayne	$17,353,618	3	$2,988,264	10	$20,341,883	13
Williams	$7,251,079	1	$4,040,465	6	$11,291,544	7
Wood	$41,855,161	4	$3,441,367	14	$45,296,528	18
Wyandot	$2,826,700	1	$1,422,146	3	$4,248,847	4
Totals	**$4,349,844,065**	**240**	**$362,199,303**	**369**	**$4,712,043,367**	**609**
Source: Data submitted to the Ohio Department of Taxation.						
Fifty-five municipalities did not submit calendar year 2013 data. For these municipalities, revenues from the previous year were used.						

Municipal Income Tax for Electric Light Companies and Local Exchange Telephone Companies

The municipal income tax for electric light companies and local exchange telephone companies, set forth in Chapter 5745 of the Ohio Revised Code, was enacted by the Ohio General Assembly in 2000. This tax is sometimes referred to as the "Chapter 5745 municipal income tax" to distinguish it from the conventional municipal income tax, which may be levied and administered by various Ohio cities and villages pursuant to Chapter 718 of the Revised Code. The Chapter 5745 municipal income tax applies only to electric light companies and local exchange telephone companies. It is administered by the Ohio Department of Taxation.

"Electric light companies" – meaning, electric companies and certain marketers and brokers of electricity – were first subject to the Chapter 5745 tax for their taxable year that included Jan. 1, 2002. The tax began to apply to local exchange telephone companies two years later, starting with the taxable year that included Jan.1, 2004.

Before the enactment of Chapter 5745, only certain marketers and brokers of electricity – defined by the Revised Code as "an electric light company that is not an electric company" – were subject to traditional municipal income taxes. Such marketers and brokers of electricity may elect to be subject to the state-administered tax (Chapter 5745). Otherwise, they remain subject to any conventional municipal income tax levied by a municipality to which the entity has taxable nexus (Chapter 718). For details, see **Special Provisions**.

The municipal income tax for electric light companies and local exchange telephone companies generated $7.4 million in revenue in fiscal year 2015 on returns filed for taxable year 2014, the last year for which such information is available. During calendar year 2014, the Ohio Department of Taxation distributed approximately $8.3 million to municipalities.

Taxpayer

(Ohio Revised Code 5745.01)

Chapter 5745 taxpayers include:

- Electric companies engaged in the business of generating, transmitting or distributing electricity within Ohio for use by others. This definition does not include rural electric companies (R.C. 5727.01(D)(3));
- Combined companies engaged in the activity of an electric company or rural electric company that is also engaged in the activity of a heating company or a natural gas company, or any combination thereof (R.C. 5727.01(L));
- Certain marketers or brokers of electricity that meet the requirements and make the election set out in R.C. 5745.031; and
- Telephone companies primarily engaged in the business of providing local exchange telephone service, excluding cellular radio service, in Ohio (R.C. 5727.01(D) (2)).

Tax Base

(R.C. 5745.01 and 5745.02)

The "starting point" for Chapter 5745 municipal income taxpayers is federal taxable income. After making certain adjustments to federal taxable income (described below), the taxpayer computes Ohio net income by multiplying the taxpayer's adjusted federal taxable income by the taxpayer's Ohio apportionment ratio. Then, municipal income is computed for each municipality that has enacted an income tax and where the company has taxable nexus by multiplying Ohio net income by the taxpayer's apportionment ratio for that municipality. Finally, municipal income tax liability is determined by multiplying the income apportioned to each municipality by the municipality's income tax rate.

Ohio Apportionment Ratio (R.C. 5745.02)

The Chapter 5745 Ohio apportionment formula is generally the Uniform Division of Income for Tax Purposes Act (UDITPA) three-factor formula, where the property, payroll and sales factors are equally weighted.

Municipal Apportionment Ratio (R.C. 5745.02)

For purposes of determining the taxpayer's apportionment ratio for each municipality, the taxpayer's property, payroll and sales are generally sitused consistent with the UDITPA tax situsing provisions. However, for purposes of the municipal payroll factor, compensation is sitused based upon the amount of compensation that is earned in the municipality for services performed for the taxpayer by the taxpayer's employees and that is subject to income tax withholding by the municipality.

Taxable Year (R.C. 5745.01)

A taxpayer's taxable year is the same as the taxpayer's taxable year for federal income tax purposes.

Adjustments to Federal Taxable Income (R.C. 5745.01)

Net intangible income (R.C. 5745.01(G)(1) and (G)(2)) – Taxpayers may deduct intangible income as defined in R.C. 718.01, adding back expenses incurred in the production of such intangible income. Intangible income is generally not part of the municipal income tax base under R.C. 718.01(CH)(3).

Book-tax difference – Both electric companies and telephone companies must compute a book-tax difference adjustment which is either added to or subtracted from federal taxable income. For details, see the Ohio Municipal Income Tax Instructions for Electric Light Companies and Local Exchange Telephone Companies on the department's web site at www.tax.ohio.gov.

Tax Rates

(R.C. 5745.03)

Tax rates are the rates levied locally by the municipality. The rate that applies is the rate that was in effect as of January 1 of the taxable year. If a taxpayer's taxable year is for a period of less than 12 months and does not include January 1, then the rate that applies is the rate that was in effect on January 1 of the preceding taxable year.

Credits

(R.C. 5745.06)

If the taxpayer has an interest in a pass-through entity that is also subject to and has paid the Chapter 5745 municipal income tax, then the taxpayer may claim a credit against its own Chapter 5745 liability. The credit equals the taxpayer's proportionate share of the tax due from, or paid by, the qualifying pass-through entity, whichever is less.

Special Provisions

(R.C. 5745.01, 5745.031, and 5745.02)

Taxpayer elections – An "electric light company that is not an electric company" may elect to be a taxpayer under Chapter 5745 if, during the company's most recently concluded taxable year, at least 50 percent of the company's total sales in Ohio, as determined under R.C. 5733.059, consist of sales of electricity and other energy commodities. The election is effective for five consecutive taxable years and, once made, is irrevocable for those five years. An "electric light company that is not an electric company" that does not make this election remains subject to the conventional municipal income tax as enacted by the municipalities with which the entity has taxable nexus (Chapter 718).

Qualified subchapter S subsidiaries – If an electric company or a telephone company is a qualified subchapter S subsidiary as defined in Internal Revenue Code (I.R.C.) section 1361 or a disregarded entity, the company's parent S corporation or owner is the taxpayer for the purposes of the municipal income tax.

Combined companies (R.C. 1701.18(F)(6)) – If the taxpayer is a "combined company", it must adjust the numerator of its municipal property, payroll and sales factors (but not the numerator of its Ohio property, payroll and sales factors) to include only the company's activity as an electric company. This is so because only a combined company's income from its activity as an electric company is subject to taxation by a municipal corporation.

Alternative apportionment methods – If the standard provisions for apportioning adjusted federal taxable income to Ohio or for apportioning Ohio net income to an Ohio municipality do not fairly represent the extent of a taxpayer's business activity in Ohio or Ohio's municipalities, the taxpayer may request, or the tax commissioner may require, that the taxpayer's adjusted federal taxable income or Ohio net income be determined by an alternative method, including any of the alternative methods set out in R.C. 5733.05(B)(2)(d).

Municipality cannot require tax return (R.C. 5745.03(E), R.C. 718.02)) – A municipality that has enacted a Chapter 718 municipal income tax cannot require a Chapter 5745 municipal income taxpayer to file a Chapter 718 municipal income tax return for that municipality. The Chapter 718 municipal income tax does not apply to taxpayers that are required to file Chapter 5745 municipal income tax. However, to the extent necessary for a municipality to compute a taxpayer's property, payroll and sales factors for that municipality, the municipality may require the taxpayer to report to the municipality the value of the taxpayer's real and tangible personal property situated in the municipality, the taxpayer's compensation paid to its employees in the municipality and the taxpayer's sales made in the municipality.

Filing and Payment Dates

(R.C. 5745.03 and 5745.04)

Estimated payment requirements

For each taxable year, each taxpayer must file a declaration of estimated tax report and make payment as follows:

- Not later than the 15th day of the fourth month after the end of the preceding taxable year, the taxpayer must pay at least 25 percent of the combined tax liability for the preceding taxable year or 20 percent of the combined tax liability for the current taxable year.
- Not later than the 15th day of the sixth month after the end of the preceding taxable year, the taxpayer must pay at least 50 percent of the combined tax liability for the preceding taxable year or 40 percent of the combined tax liability for the current taxable year.
- Not later than the 15th day of the ninth month after the end of the preceding taxable year, the taxpayer must pay at least 75 percent of the combined tax liability for the preceding taxable year or 60 percent of the combined tax liability for the current taxable year.

- Not later than the 15th day of the 12th month after the end of the preceding taxable year, the taxpayer must pay at least 100 percent of the combined tax liability for the preceding taxable year or 80 percent of the combined tax liability for the current taxable year. The term "combined tax liability" means the total of the taxpayer's income tax liabilities to all Ohio municipalities for a taxable year.

Returns and extensions

(R.C. 5745.03)

Returns are due by the 15th day of the fourth month following the end of the taxpayer's taxable year. An extension will be granted if, by that date, the taxpayer filed with the tax commissioner a copy of the taxpayer's federal extension. The granting of an extension does not extend the last day for paying taxes without penalty unless the tax commissioner extends the payment date.

Payment by electronic funds transfer

(R.C. 5745.041)

If any remittance of estimated Chapter 5745 municipal income tax is for $1,000 or more or the amount payable with the report exceeds $1,000, the taxpayer must make the remittance by electronic funds transfer (EFT).

Disposition of Revenue

(R.C. 5745.05)

Revenue from the Municipal Income Tax Fund is distributed to municipal corporations quarterly, by the first day of March, June, September and December. The Department of Taxation certifies the amount distributed to each municipality and, to defray the costs of administering the tax, receives 1.5 percent of collections.

Administration

(R.C. 5745.15)

The municipal income tax for electric light companies and local exchange telephone companies is administered and enforced by the Department of Taxation, rather than by the various Ohio municipalities that levy a municipal income tax.

Ohio Revised Code Citations

Chapters 5745, 113, 718, 4928, 5703, 5727, and 5733.

Recent Legislation

House Bill 19, 131st General Assembly, Internal Revenue Code (IRC) Conformity.

Adopted the I.R.C. amendments enacted by Congress from March 22, 2013 through April 1, 2015.

House Bill 59, 130th General Assembly, Interest on Assessments.

Changed the calculation of interest on assessments.

Senate Bill 28,130th General Assembly, Internal Revenue Code (I.R.C.) Conformity.

Adopted the IRC amendments enacted by Congress from Dec. 20, 2012 through March 22, 2013.

History of Major Changes

2000	HB 483 creates a uniform municipal income tax for electric light companies in Chapter 5745 effective Jan. 1, 2002. Later that year, SB 287 clarified uniform procedures for computing and apportioning municipal taxable income.
2003	HB 95 places local exchange telephone companies in the Chapter 5745 municipal income tax for taxable years beginning on or after Jan. 1, 2004.
2007	Ohio Revised Code section 5745.13 is amended to clarify that the Department of Taxation is required to notify a municipality of the department's adjustment to a particular taxpayer's tax for that municipality only if the adjustment increases or decreases the taxpayer's tax for that municipality for the taxable year by more than $500.

Comparisons with Other States

(as of July 1, 2015)

No comparison state levies a similar tax for local tax jurisdictions.

Table 1

Revenue from Municipal Income Tax for Electric Light & Telephone Companies for Fiscal Years 2011 - 2015 (figures in millions)

Fiscal Year	Municipal Income Tax	Municipal Income Tax Administration Fund	Total
2011	$23.9	$0.3	$24.2
2012	10.7	0.1	10.8
2013	9.9	<0.1	9.9
2014	8.7	0.1	8.8
2015	7.4	<0.1	7.4

Source: Office of Budget and Management & OAKS Financial Reports

Table 2

Distributions to Local Governments of Municipal Income Tax for Electric Light & Telephone Companies for Calendar Years 2010 - 2014 (figures in millions)

Calendar Year	Total Distributions
2010	$19.3
2011	22.0
2012	10.1
2013	8.9
2014	8.3

Source: Ohio Department of Taxation

Property Tax – Public Utility Property

This chapter deals largely with property taxes levied on the tangible personal property of public utilities. Public utility personal property is the only personal property that is subject to property taxation now that changes enacted by the Ohio General Assembly in 2005 are fully phased in. Some of these tax changes also apply to the taxation of public utility property and will, over time, decrease property tax revenue from some utilities.

This chapter also touches on the taxation of public utility real property, since the Department of Taxation has a role in assessing the real property of railroads. However, tables showing the taxes paid on public utility real property are located in the **Property Tax - Real Property** chapter.

The assessed value of public utility personal property was approximately $12.65 billion in tax year 2014. Electric utilities accounted for 71.7 percent of total public utility personal property value in 2014 and the pipeline industry (i.e., transporting natural gas, oil, or coal or its derivatives) accounted for 12.8 percent. Revenue from the public utility property tax amounted to about $1,013.2 million in calendar year 2014. This revenue was distributed to counties, municipalities, townships, school districts, and special districts, according to the individual millage levied locally, less local administrative deductions. See R.C. 5701.03(A) for the definition of personal property.

Taxpayer

(Ohio Revised Code 5727.06)

Public utilities subject to taxation on their tangible personal property include electric, rural electric, energy, natural gas, pipeline, water works, water transportation, heating and telegraph companies. (R.C. 5727.06)

Railroads formerly paid tax on tangible personal property, but saw the tax eliminated as part of a three-year phase-out that also applied to general business taxpayers. The assessment rate on railroad personal property was reduced by 6.25 percentage points per year from 25 percent of true value in 2005 to zero percent for 2009 and thereafter.

The tax on tangible personal property was phased out for telephone companies and inter-exchange telecommunications companies, which were reclassified as general business taxpayers as of Jan. 1, 2007. The assessment rate for telephone companies and inter-exchange telecommunications companies was reduced by 5 percentage points per year from 20 percent of true value for 2007 to zero percent in 2011 and thereafter.

House Bill 153 of the 129th General Assembly extended until Jan. 1, 2014 the deadline by when construction of a renewable energy facility must begin in order to qualify as a "qualified energy project"; and extended until Jan. 1, 2015 (or Jan. 1, 2019 for nuclear, clean coal and cogeneration projects) the deadline by when energy must be produced.

Renewable energy facilities that are not financed through the Ohio Air Quality Development Authority can be exempt from the tangible personal property tax if certified by the Director of the Development Services Agency as a "qualified energy project." Such a facility will require a payment in lieu of taxes on the basis of each megawatt of production capacity. In order to be certified as a "qualified energy project," among other requirements, construction must begin before Jan. 1, 2012, energy produced by 2013 (or 2017 for nuclear, clean coal and cogeneration projects) and Ohio jobs created. (R.C. 5727.75)

Beginning in 2009, any person or entity that is not a public utility or an inter-exchange telecommunications company and that leases its personal property to a public utility is considered a "public utility lessor" and is required to report and pay tax on its property in the same manner as the utility to which it leases its property. This treatment applies to all such leased property that would otherwise be subject to public utility property tax if it were owned and used directly by the utility except property leased to a public utility in a sale and leaseback transaction and property leased to a railroad, water transportation, telephone or telegraph company (R.C. 5727.01(M)).

Also, beginning in 2009, a taxpayer that produces electricity for its own (non-utility) business and sells excess electricity to others is treated as an electric company for property taxation purposes. Those taxpayers are required to report and pay the tax on a percentage of the true value of their eligible equipment based on the amount of electricity generated in the preceding year that was sold to other parties (R.C. 5727.031).

Tax Base

(R.C. 5715.01, 5727.01, 5727.06, 5727.10, 5727.11, 5727.111, 5727.12, 5727.14, 5727.15)

For most public utilities, the personal property tax base consists of all tangible personal property owned and located in Ohio on December 31 of the preceding year. The exceptions:

- For water transportation companies, the tax base consists of all tangible personal property, except watercraft owned or operated in Ohio on Dec. 31 of the preceding year and all watercraft owned or operated by the water company in Ohio during the preceding calendar year.
- Railroad property, both real and personal, is valued according to the unitary method described under **Determining true value**, below.

Listing percentages

The percentage of true value at which personal property is listed for taxation varies according to the type of public utility. The percentages are as follows:

Electric and Energy Companies	
Production personal property	24%
Transmission and distribution personal property	85%
All other tangible personal property	24%
Rural electric companies	
Transmission and distribution personal property	50%
All other tangible personal property[1]	25%
Natural gas companies	25%
Heating, pipeline and water works companies	88%
Water transportation companies	25%
[1] Including production equipment.	

The table above does not include the listing percentages for the personal property of railroads and telephone companies and inter-exchange telecommunications companies, whose rates fell to zero in 2009 and 2011, respectively, according to schedules described in the **Taxpayer** section.

The above table also does not apply to real property. All public utilities also pay tax on real property, which is uniformly listed at 35 percent of true value in Ohio. Real property includes land and improvements. Personal property includes all plant and equipment either owned or leased by the utility under a sale-lease back agreement, and not classified as real property or intangible property.

Determining true value

For most public utility personal property, true value is the capitalized cost less the composite annual allowances, which vary according to the actual age and expected life of the property. Exceptions:

The true value of electric company production equipment and all taxable property of a rural electric company is 50 percent of capitalized cost, except for the production equipment of electric or rural electric companies purchased, transferred or sold after July 6, 1999, the date when the electric deregulation legislation known as Senate Bill 3 became effective. The true value of production equipment purchased, transferred or sold after this date is the capitalized cost on the books and records, less composite annual allowances.

The true value of current gas (gas available for market) stored underground is the monthly average value of such gas in the preceding tax year. The true value of non-current gas (gas not available for market that provides pressure for cycling current gas) stored underground is 35 percent of the cost of that gas shown on the books and records of the public utility on the 31st day of December of the preceding year.

To determine the true value of railroad real and personal property used in railroad operations, the unitary method is used to value the company's entire railroad system property as a whole. The value is apportioned to Ohio in the proportion that the length of track in this state bears to the whole length of track. The value of railroad personal property not used in operations is assessed by the tax commissioner, while real property not used in operations is assessed by county auditors, both using the normal means of valuing each type of property.

Apportionment of value

Real property values of all utilities except railroads are assigned to local taxing districts throughout Ohio according to the physical location of the property.

The taxable personal property values of all utilities are apportioned among the taxing districts as described below:

- Natural gas, heating, pipeline, water works, rural electric, and water transportation companies: taxable value is apportioned according to the cost of all taxable personal property physically located in each taxing district as a proportion of the total cost of all such taxable personal property physically located in the state.
- Electric companies: for production equipment, the total taxable value is apportioned to the taxing district in which the property is physically located. For all other property, the taxable value is apportioned according to the cost of this property physically located in each taxing district as a proportion of the total cost of all such taxable personal property physically located in the state.

Rates

(R.C. 319.30, 319.301, 5705.02 – .05, 5705.19)

Tax rates vary by taxing jurisdiction. The total tax rate is the sum of all levies enacted by legislative authority or approved by voters for all taxing jurisdictions in which the property is located or to which it is apportioned. Examples of taxing jurisdictions include counties, townships, municipal corporations, school districts, joint vocational school districts and special service districts.

These total rates, or gross tax rates, apply to personal property. For real property, the application of tax reduction factors according to R.C. 319.301, commonly known as "House Bill 920," results in lower "effective" tax rates. For details on tax reduction factors, see the section on credits in the **Property Tax – Real Property** chapter.

Exemptions and Credits

(R.C. 319.302, 5701.03, 5709.111, 5709.25, 5709.61, 5727.01, 5727.05, 6111.31)

The following types of public utility property are exempt:

- municipally-owned utilities.
- certified air, water and noise pollution control facilities.
- licensed motor vehicles.
- tangible personal property under construction.
- real and personal property of nonprofit corporations and political subdivisions used exclusively in the treatment, distribution and sale of water to consumers.

An allowance is available for funds used during construction and interest used during construction. This does not apply to electric company and rural electric company property, except transmission and distribution property first placed into service after Dec. 31, 2000. It also does not apply to the taxable property a person purchases, which includes transfers, if that property was used in business by the seller prior to the purchase.

Also, qualified electric generating property may qualify for a property tax reduction if placed in an enterprise zone.

Reporting, Certification, and Payment Dates

Annual reports are due by March 1, but the Tax Commissioner may grant an extension of up to 60 days (R.C. 5727.08 and 5727.48).

The Tax Commissioner notifies utilities and county auditors of values on or before the first Monday in October (R.C. 5727.10 and 5727.23).

Tax payments, which are made to the county auditor, are due according to the same first- and second-half due dates for real property taxes. According to statute, at least one half of a real property tax bill is due by December 31, with the balance due by June 20. In practice, these deadlines may be extended by 45 days, or even longer in certain circumstances, on a county-by-county basis (R.C. 323.12 and 323.17).

Disposition of Revenue

(R.C. 319.54, 321.24, 321.26, 321.261, 321.31, 321.34)

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts and special districts according to the taxable values and total millage levied by each.

Table 1

Public Utility Property Taxes Levied, Tax Years 2010-2014 (in millions)

Calendar Year	Total
2010	$747.2
2011	784.5
2012	862.1
2013	934.6
2014	1,013.2

Administration

(R.C. 5713.01, 5727.06)

The Tax Commissioner assesses the tangible personal property of all public utilities and the real estate of railroads. County auditors assess all other public utility real estate.

Ohio Revised Code Citations

Chapters 319, 321, 323, 5701, 5705, 5709, 5715, 5719, 5727 and 6111.

History of Major Changes

1910	The newly-created Tax Commission of Ohio is charged with the assessment of public utility property.
1939	Responsibility for assessing public utility property shifts to the Ohio Department of Taxation, which replaces the state Tax Commission.
1941	The assessment level for personal property of rural electric companies is reduced from 100 percent to 50 percent of true value. All other public utility property continues to be assessed at 100 percent.
1963	Certified air pollution control facilities are exempted.
1965	Certified water pollution control facilities are exempted.
1973	Certified noise pollution control facilities are exempted.
1979	Personal property of railroads begins to be assessed annually at the same percentage of true value as the tangible personal property of general businesses, which at the time was 42 percent of true value.

History of Major Changes (continued)

1985	General Assembly changes apportionment of electric company production plant equipment so that 70 percent is apportioned to the taxing district in which the property is physically located. The remaining 30 percent is apportioned to each taxing district according to the distribution base, meaning the percentage of the total cost of transmission and distribution property located in each district. Previously, production plant equipment had been apportioned entirely according to the value of overhead and underground lines.
1989	General Assembly enacts legislation that: • Bases the true value of most public utility personal property on the cost as capitalized on the utility's books less composite annual allowances as prescribed by the tax commissioner. • Reduces the taxable value of most public utilities from 100 percent to 88 percent of true value. • Defines the true value of electric company production equipment as 50 percent of original cost, while maintaining the 100 percent assessment rate on such property. • Revises the apportionment of production equipment at an electric utility plant with a cost exceeding $1 billion so that all of the cost in excess of $420 million is apportioned according to the distribution base. Previously, 70 percent of the amount above $420 million would have been apportioned to the taxing district in which the property is physically located.
1995	All inter-exchange telecommunications company personal property begins to be assessed at 25 percent of true value. Local telephone company personal property is added to the tax rolls during tax year 1995 and is thereafter assessed at 25 percent of true value.
1999	Beginning Jan. 1, 2001, all electric and rural electric utility personal property – except for transmission and distribution property – is assessed at 25 percent of true value. Also, electric production equipment is sitused 100 percent in the taxing district in which property is located.
2000	Beginning Jan. 1, 2001, the assessment percentage of natural gas personal property is lowered from 88 percent to 25 percent of true value.
2003	Beginning Jan. 1, 2005, the assessment rate of telephone personal property acquired before 1994 is phased down from 88 percent to 25 percent of true value over a three-year period.
2005	House Bill 66 includes the following changes effective Jan. 1, 2006: • lowered the assessment percentage on electric transmission and distribution personal property from 88 percent to 85 percent and on electric production personal property from 25 to 24 percent. • began phase-out over three years of the tax on railroad personal property according to the same schedule that applies to general business tangible personal property: listing percentages of 18.75 for 2006, 12.5 for 2007, 6.25 for 2008 and zero thereafter. • railroad real property in a single county and not used in operations is valued and assessed by the county auditor. • included the cost of patterns, jigs, dies and drawings in the taxable personal property of an electric company. Also: • beginning Jan. 1, 2007, classified telephone companies and inter-exchange telecommunications companies as general business taxpayers, with the personal property for these companies to be phased out according to a four-year schedule. • beginning Jan. 1, 2009, defined persons that lease personal property to some public utilities as public utility personal property lessors and required the filing of returns listing this property. • beginning Jan. 1, 2009, required persons that generate electricity and supply some of it to others, but whose primary business is not supplying electricity, to report their electricity-related property as an electric company does.

Table 2						
Public Utility Personal Property: Certified Assessed Value by Class of Utility and Total Taxes Levied, Tax Years 2010-2014						
Class of Utility	**Number of Taxpayers**	**Assessed Values**	**Assessed Values**	**Assessed Values**	**Assessed Values**	**Assessed Values**
	2014	**2010**	**2011**	**2012**	**2013**	**2014**
Electric	26	$7,020,695,660	$7,044,584,850	$7,646,894,200	$8,284,130,750	$9,075,235,430
Natural Gas	34	819,544,930	916,554,800	1,018,970,920	1,113,364,730	1,223,953,310
Pipeline	20	1,461,255,730	1,576,986,300	1,580,410,660	1,579,145,880	1,621,003,620
Rural Electric	28	415,791,840	421,504,940	452,399,890	509,055,830	515,077,430
Waterworks	12	159,717,810	158,444,090	163,938,670	162,165,350	185,027,170
Lease/Rental[1]	11	36,063,820	38,444,700	36,087,730	32,181,330	29,292,960
Other[2]	5	2,406,410	2,686,560	2,653,060	3,290,720	4,271,880
Total[3]	**136**	**$9,915,476,200**	**$10,159,206,240**	**$10,901,355,130**	**$11,683,334,590**	**$12,653,861,800**
Taxes Levied		**$747,249,291**	**$784,469,930**	**$862,109,396**	**$934,646,188**	**$1,013,193,975**
Source: Ohio Department of Taxation						

[1] This category consists of tangible personal property leased by or rented to a public utility property taxpayer. Such property was included in tangible values for 2008 and prior years. Because of the repeal of the tangible personal property tax in 2009, this type of property has been added to this table.

[2] Includes water transportation and heating.

[3] Only companies with taxable property are included.

Table 3						
Assessed Value of Public Utility Personal Property and Taxes Levied by County: Tax Year 2014						
Counties	Taxable Value	Taxes Levied & Charged		Counties	Taxable Value	Taxes Levied & Charged
Adams	$231,724,800	$10,348,064		Logan	$39,111,530	$2,493,380
Allen	$113,322,280	$7,154,974		Lorain	$249,075,480	$22,434,916
Ashland	$71,402,430	$5,131,273		Lucas	$271,302,350	$28,641,841
Ashtabula	$107,950,050	$8,358,507		Madison	$42,934,400	$2,878,271
Athens	$96,310,410	$7,254,253		Mahoning	$219,261,600	$18,311,528
Auglaize	$24,522,530	$1,537,032		Marion	$77,604,330	$5,071,444
Belmont	$120,744,120	$7,760,096		Medina	$117,658,680	$11,293,347
Brown	$39,820,630	$2,086,529		Meigs	$40,664,400	$2,090,107
Butler	$449,109,670	$34,134,440		Mercer	$23,474,380	$1,350,473
Carroll	$78,621,600	$4,155,958		Miami	$69,124,250	$4,926,948
Champaign	$29,704,870	$2,154,831		Monroe	$89,838,700	$4,721,654
Clark	$93,487,700	$7,349,951		Montgomery	$379,199,400	$41,986,116
Clermont	$348,600,970	$24,919,204		Morgan	$57,694,550	$3,366,372
Clinton	$67,045,190	$3,255,184		Morrow	$29,061,390	$1,695,967
Columbiana	$110,869,200	$6,478,811		Muskingum	$216,179,180	$13,214,178
Coshocton	$168,396,230	$8,942,037		Noble	$76,299,260	$3,768,530
Crawford	$28,242,690	$2,198,067		Ottawa	$138,310,210	$7,953,749
Cuyahoga	$895,308,400	$106,508,058		Paulding	$38,693,700	$2,131,357
Darke	$51,906,782	$2,868,439		Perry	$101,611,230	$6,301,299
Defiance	$99,481,980	$6,401,333		Pickaway	$153,954,160	$9,076,509
Delaware	$174,462,840	$15,693,062		Pike	$71,846,160	$3,593,498
Erie	$70,311,500	$6,300,502		Portage	$105,224,790	$9,929,346
Fairfield	$198,160,230	$14,829,769		Preble	$38,009,830	$2,127,070
Fayette	$87,031,410	$4,468,654		Putnam	$39,936,360	$2,101,795
Franklin	$787,932,060	$88,015,943		Richland	$154,604,040	$13,063,145
Fulton	$45,045,490	$3,385,299		Ross	$71,707,810	$4,646,572
Gallia	$290,642,960	$12,032,874		Sandusky	$78,673,950	$4,777,242
Geauga	$88,661,610	$8,770,649		Scioto	$91,005,780	$5,442,285
Greene	$114,838,370	$9,622,273		Seneca	$60,391,330	$4,053,279
Guernsey	$123,184,930	$6,976,228		Shelby	$37,289,460	$2,230,774
Hamilton	$899,540,250	$91,789,846		Stark	$353,274,020	$30,600,939
Hancock	$76,637,570	$4,755,818		Summit	$352,584,330	$34,185,658
Hardin	$27,003,750	$1,621,023		Trumbull	$141,319,310	$11,288,257
Harrison	$55,030,900	$3,452,889		Tuscarawas	$97,395,910	$6,508,621
Henry	$22,072,880	$1,668,298		Union	$87,718,680	$7,027,745
Highland	$34,547,750	$1,682,913		Van Wert	$50,582,310	$3,046,419
Hocking	$61,129,950	$3,568,556		Vinton	$106,085,450	$4,614,578
Holmes	$41,257,370	$2,327,259		Warren	$292,369,620	$25,300,650
Huron	$36,336,780	$2,294,585		Washington	$181,600,750	$10,575,427
Jackson	$50,019,350	$2,154,740		Wayne	$95,382,680	$7,328,787
Jefferson	$298,736,535	$17,172,555		Williams	$24,244,730	$1,775,318
Knox	$53,182,060	$3,599,138		Wood	$135,741,200	$10,798,254
Lake	$344,819,210	$30,388,229		Wyandot	$15,892,560	$870,734
Lawrence	$195,028,710	$6,689,687				
Licking	$165,124,610	$11,341,759		**Total**	**$12,681,245,847**	**$1,013,193,975**

Property Tax – Real Property

The real property tax is Ohio's oldest tax. It has been an ad valorem tax – meaning, based on value – since 1825, and the Ohio Constitution has generally required property to be taxed by uniform rule according to value since 1851.

The Department of Taxation ensures uniformity through its oversight of the appraisal work of Ohio's county auditors. According to state law and department rules, auditors conduct a full reappraisal of real property every six years and update values in the third year following each sexennial reappraisal. The department's Division of Tax Equalization compares the assessed values of properties to sale prices, then uses these "sales ratios" to evaluate assessments and, if necessary, seek changes.

In tax year 2014 (bills payable during 2015), the assessed valuation of real property in Ohio was about $230.4 billion ($658.4 billion in appraised true value). Revenue from taxes levied on this assessed value was distributed by county auditors to the local taxing authorities during calendar year 2015. Taxes charged after the application of reduction factors required by Ohio Revised Code section 319.301 (frequently described as House Bill 920) were about $15.48 billion for tax year 2014, an increase of 2.2 percent from 2013. This amount does not include deductions for the 10 percent credit on certain residential and agricultural property (known as the non-business credit), the 2.5 percent credit for owner-occupied dwellings, or the homestead exemption for qualifying senior citizens and certain disabled homeowners.

The state reimburses local governments and school districts for the full amounts of the two credits (when they apply) and the homestead exemption. The amount of property tax relief for calendar year 2014 (reimbursed in 2015) is estimated to be $1.13 billion for the non-business credit, $211.0 million for the owner-occupied credit, and $438.6 million for the homestead exemption. These figures do not include those taxpayers who filed late for the homestead or owner-occupied reductions.

Taxpayer

(Ohio Revised Code 5709.01)

All real property owners who are not specifically exempt are subject to the real property tax.

Tax Base

(R.C. 5713.03, 5715.01, 5713.30-.31)

The real property tax base is the taxable (assessed) value of land and improvements. The taxable value is 35 percent of true (market) value, except for certain land devoted exclusively to agricultural use.

Rates

(R.C. 319.301, 5705.02 – 5705.05, 5705.19)

Real property tax rates are levied locally and vary by taxing jurisdiction. The total tax rate for any particular parcel includes all levies either enacted by a legislative authority or approved by the voters of all taxing jurisdictions in which the property is a part. Examples of such jurisdictions include school districts, counties, municipalities, townships and special service districts. Each unique combination of these taxing jurisdictions creates a separate taxing district.

During taxable year 2014, the statewide average tax rate before reduction factors (total tax liabilities at tax rates before reduction factors ÷ taxable value) was 91.86 mills on residential and agricultural property and 96.01 mills on commercial and industrial property. The statewide average tax rate after reduction factors (total tax liabilities at actual tax rates after reduction factors ÷ taxable value) was 64.72 mills on residential and agricultural real property and 75.98 mills on commercial and industrial property.

The difference between the gross and effective rate is due to tax reduction factors that generally prevent changes in tax liabilities from voted taxes even though the valuation of real property increases or decreases because of reappraisal or triennial update (see **Credits**).

The Ohio Constitution prohibits governmental units from levying property taxes that, in the aggregate, exceed 1 percent of true value, unless they are approved by voters. This is known in state law as the 10-mill limitation on non-voted or "inside" millage. Since these inside mills are levied on taxable value, which is 35 percent of true value, the result is a statutory limit of 0.35 percent, or nearly three times as strict as the constitutional 1 percent limit.

Exemptions

(R.C. 5709 et seq.)

State law exempts certain facilities and organizations from real property tax. Expressed major exemptions include:

- primary and secondary schools (public and nonpublic);
- public colleges, academies and state universities;
- churches and property used for public or charitable purposes;
- government and public property;
- public recreational facilities used for athletic events;
- nature preserves.

These and other exemptions are listed in Revised Code Chapter 5709.

Revenue

In the table below, the category entitled Taxes Charged Before Credits represents the amount of real property taxes (including public utility real property) charged after the application of tax reduction factors but before the savings realized through certain state-funded property tax credits. The non-business and owner-occupancy credits, as well as homestead exemption, are more fully described in the **Credits** section, below.

Table 1				
Summary Data for Tax Years 2009 - 2014				
Tax Year	Taxes Charged Before Credits	Non-business & Owner-Occupancy Credits	Homestead Exemption	Net Taxes Charged
2009	$14,124.4	$1,268.5	$361.8	$12,494.0
2010	14,494.6	1,302.1	376.4	12,816.1
2011	14,595.8	1,311.2	397.7	12,886.9
2012	14,761.4	1,327.6	424.7	13,009.1
2013	15,154.8	1,337.6	447.0	13,370.2
2014	15,481.4	1,344.9	438.6	13,697.9
Data for 2014 are estimated.				

Disposition of Revenue

(R.C. 319.54, 321.24, 321.26, 321.261, 321.31, 321.33, 321.34)

After local administrative fee deductions, revenue is distributed to the counties, municipalities, townships, school districts and various special districts according to the taxable values and total millage levied by each.

Credits

(R.C. 319.301, 319.302, 323.151-.157)

Property tax credits

Since 1971, a 10-percent credit has applied to each taxpayer's real property tax bill. In 2005, as part of a broader series of tax reforms, the General Assembly limited the 10 percent credit to all real property not intended primarily for use in a business activity. The state reimburses local governments and schools for the cost of this credit, now called the non-business credit.

In addition, since the 1979 tax year, a 2.5-percent credit, called the owner occupancy credit, of real property taxes has been available to homesteads – meaning a dwelling plus up to one acre occupied by the homeowner. The state reimburses local governments and schools for the cost of this credit.

These two credits do not apply to new local levies or replacement local levies passed after Sept. 29, 2013; they will continue to apply only to existing and renewed levies.

Tax reduction factors

Each year, the department calculates effective tax rates based on tax reduction factors that eliminate the effect of a change in the valuation of existing real property on certain voted taxes. This law, outlined in R.C. 319.301, was enacted in 1976 by the 111th General Assembly as House Bill 920. Reduction factors are applied to eligible tax rates for each taxing unit, such as a school district, a county or a municipality.

For the purpose of applying tax reduction factors, real property is divided into two classes: Class I for residential and agricultural property and Class II for all other real property. Tax reduction factors are separately calculated for each class of property.

Reduction factors are calculated only on "carryover" property. Carryover property is property that is taxed both in the current year and in the preceding year. For example, the value of new construction does not trigger a change in reduction factors. When new buildings are constructed, the tax generated will be additional moneys received by a taxing authority. Likewise, reduction factors do not change when value is removed as a result of exemption, demolition or reclassification.

Finally, if tax reduction factors would reduce the effective tax rate for current expenses of a school district below 20 mills on property in either class, the reduction factors are adjusted to yield a minimum of 20 effective mills. Districts that levy less than 20 mills do not automatically reach this 20 mill floor; a district that only levies 18 mills for current expense purposes will never receive more than 18 mills. The reduction factors of joint vocational school districts are adjusted in a similar manner to yield a minimum of two effective mills on each class of real property.

Homestead exemption

The homestead exemption dates back to 1971. It is available to the homesteads of qualified homeowners who are either:

- at least 65 years old,
- permanently and totally disabled, or
- at least 59 years and the surviving spouse of a deceased taxpayer who previously received the exemption.

Each qualified homeowner receives a credit equal to the taxes that would otherwise be charged on up to $25,000 of the true value (meaning, $8,750 in taxable value) of the homestead. In effect, the homestead exemption shields up to $25,000 of the value of an eligible homestead from property taxation.

Eligibility for new exemptions is limited to qualifying taxpayers by age and Ohio adjusted gross income. The income threshold is adjusted annually for inflation and is $31,000 for tax year 2015. Veterans who have received a 100 percent permanent total disability rating or a total disability rating for a service-connected disability or combination of service-connected disabilities are exempt from this income threshold and are eligible to receive a homestead credit value of $50,000.

There were 902,352 taxpayers who qualified for the homestead exemption in 2013 on their tax bills payable in 2014 (see table 9), an increase of 1.7 percent from the previous year (2013 is the most recent year for which survey data is available on the count of taxpayers who qualified for the exemption). According to the same survey data, the total tax savings (exemptions reported granted × average tax savings) was approximately $448.9 million or 5.1 percent more than the previous year.

Special Provisions

Current agricultural use value (R.C. 5713.30 – 5713.36)

The Ohio Constitution requires real property (land and improvements) to be taxed by uniform rule according to value. But land devoted exclusively to commercial agricultural use may be valued according to its current use instead of its “highest and best” potential use. Such land must meet one of the following requirements for three years before the year in which application for the current use treatment is made:

- 10 acres or more must be devoted to commercial agricultural use; or
- under 10 acres must be devoted to commercial agricultural use and produce an average yearly gross income of at least $2,500.

In addition, when land valued according to its commercial agricultural use is converted to a different use, a charge is assessed on the land in an amount equal to the difference in the amount of tax levied on the converted land during the three tax years immediately preceding the year in which the conversion occurs.

In 2014, a total of 16.2 million acres were assessed at their current agricultural use value of approximately $10.5 billion, which is approximately $9.9 billion less than the highest and best use value of $20.4 billion.

Forest land (R.C. 5713.22 – 5713.26)

Forest land, devoted exclusively to forestry or timber under the rules of the Ohio Department of Natural Resources’ Division of Forestry, may be taxed at 50 percent of the local rate.

Manufactured home tax (R.C. 4505.01, 4503.06, 4503.065)

Manufactured homes are subject to an annual property tax. The valuation method and tax calculation depend on whether or not the manufactured home is taxed like (but not as) real property. Details on this tax are located in the **Manufactured Home Tax** chapter in the **Local Taxes** section of this report.

Filing and Payment Dates

(R.C. 323.12, 323.17)

According to statute, at least one-half of a real property tax bill is due by December 31, with the balance due by June 20. In practice, these deadlines are often extended in the ways described below.

When the delivery of the tax duplicate is delayed for certain statutory reasons, the payment dates may be automatically extended for 30 days. Further extensions, not to exceed 15 days, may be granted for emergencies by application of the county auditor or treasurer to the Tax Commissioner.

When an unavoidable delay occurs, an additional extension may be granted by application of both the county auditor and treasurer to the Tax Commissioner in order to avoid penalties to taxpayers.

Administration

(R.C. 319.28, 5705.03, 5713.01, 5715.01, 5715.02, 5719.05)

The Tax Commissioner supervises the taxation of real property in the state and is charged with the duty of achieving uniformity in the taxation of real property. County auditors are responsible for assessing all real property and for preparing a general tax list and duplicate.

Using the duplicate, county treasurers prepare property tax bills and are responsible for the actual collection of the tax. County boards of revision hear complaints on the assessment or valuation of real property and may increase or decrease an assessment in the value of any property properly before it.

Ohio Revised Code Citations

Chapters 319, 321, 323, 4501, 4503, 5705, 5709, 5713, 5715, 5719, 6111.

Recent Legislation

Amended Substitute House Bill 483, 130th General Assembly (various effective dates)

HB 483 made several changes to property tax law. Among the changes are:

- exempts a charitable organization used exclusively for receiving, processing, distributing, researching, or developing human blood, tissues, eyes or organs.
- modifies an exemption for real property held or oc-

cupied by certain fraternal organizations by allowing the organization's property to qualify for the exemption where the organization has been operating in Ohio with a state governing body for at least 85 years instead of 100 years, as was specified under prior law.

- expressly authorizes political subdivisions to use revenue collected from tax increment financing to fund the provision of gas or electric service when doing so is necessary for economic development, though in prior law, political subdivisions were authorized to use such revenue for "public infrastructure improvements," which could have included the provision of gas or electric service.

Amended Substitute House Bill 85, 130th General Assembly, effective Sept. 11, 2014

HB 85 increases the homestead exemption available to veterans who have received a 100 percent permanent total disability rating or a total disability rating for a service connected disability or combination of service-connected disabilities from a value of $25,000 to $50,000. The bill also exempts such veterans from the income threshold to be eligible for the homestead exemption.

Amended Substitute House Bill 59,130th General Assembly (various effective dates)

The bill made several changes to property tax law. Among the changes are:

- means tests the availability of the homestead exemption for homeowners not receiving the exemption in tax year 2013, adjusted annually for inflation.
- limits the application of the non-business and owner occupied real property tax credits to a levy approved at an election held before Sept. 29, 2013; a levy within the ten-mill limitation; a levy provided for by the charter of a municipal corporation that was levied on the tax list for tax year 2013; a subsequent renewal of any such levy; or a subsequent substitute for such a levy under section 5705.199 of the Revised Code.
- allows a school district that levies an existing combined levy for current expenses and permanent improvements to replace or renew that levy for the purpose of funding general permanent improvements and to replace an existing combined levy for a term of years different from the term for which the original tax was levied.
- specifies that all new combined levies must be levied for current expenses and not specific permanent improvements. It allows school districts to levy a property tax exclusively for school safety and security purposes.

Amended Substitute Senate Bill 243,130th General Assembly (various effective dates)

The bill eases the qualifications for the tax exemption for property belonging to a charitable or educational institution, the state, or a political subdivision and used as a performing arts center.

Amended Substitute House Bill 64,131st General Assembly (various effective dates)

The bill made several changes to property tax law. Among the changes are:

- allows unproductive farmland to continue to be valued for property tax purposes according to its current agricultural use value (CAUV) for up to five years if the land is being used to store or deposit materials dredged from Ohio's waters pursuant to a contract between the landowner and the Department of Natural Resources or U.S. Army Corps of Engineers.
- authorizes the board of trustees of a township with a population of 15,000 or more to amend a TIF resolution adopted before Dec. 31, 1994, to extend the exemption of the parcel or parcels included in the TIF for up to an additional 15 years.
- extends the property tax exemption for real estate held or occupied by a fraternal organization to property that is used to provide educational or health services.

Recent Court Decisions

Akron City School District Board of Education v. Summit County Board of Revision,139 Ohio St.3d 92, 2014-Ohio-1588

In another case dealing with the use of an arm's-length sale price as an indication of value, the Supreme Court clarified when such a sale should be considered "recent" for purposes of setting value. The Court held that when a sale occurs more the 24 months before the lien date, and the auditor does not base a reappraisal on the sale price, that sale should not be presumed to be recent. The effect of this decision is to call into question any challenge to the value of real property based upon a price garnered at a sale that took place more than 24 months prior to the tax lien date.

Health Care REIT, Inc. v. Cuyahoga County Board of Revision,140 Ohio St.3d 30, 2014-Ohio-2574

Comparison of an assisted living facility to similar apartment buildings is an acceptable way to value the real estate component of an assisted living structure.

RNG Properties, Ltd. v. Summit Cty. Board of Revision, 140 Ohio St.3d 455, 2014-Ohio-4036

The Board of Tax Appeals is not required to value property in accordance with a contractual allocation. In the case decided by the Ohio Supreme Court, the BTA found that the sale included some properties the value of which were not challenged. The appeal before the BTA also included a challenge to properties that were not a part of the sale. The Court held that the burden was on the owner with wishes to use an allocated bulk-sale price to show the propriety of the allocation. The Court concluded that, to be relied upon, the purchase agreement did not set forth any reasoning as to how the allocation was determined.

Olentangy Local Schools Board of Education v. Delaware Cty. Board of Revision, Slip Opinion No. 2014-Ohio-4723

Under certain circumstances, an auction sale can be considered a valid sale for purposes of ad valorem real property valuation. The Court first found that the language found in R.C. 5713.04, "[t]he price for which such real property would sell at auction or forced sale shall not be taken as a criterion of its value," refers to both forced sales and voluntary auctions, but is not an absolute bar to consideration of value. The Court then held that the proponent of the auction sale price could introduce evidence that a sale was voluntary and at arm's length, thereby creating a situation that the price garnered would be evidence of value. The court noted that the proponent of the auction sale price bears a heavier burden than one arguing for a sale garnered through more conventional channels.

Equity Dublin Assocs. v. Testa, Slip Opinion No. 2014-Ohio-5243

Buildings owned by a private, for-profit corporation and leased to a community college are not exempt from taxation under either R.C. 3354.15 or R.C. 5709.07. In making this determination, the Supreme Court also concluded that an applicant is not required to identify every statute under which the applicant claims exemption. The Supreme Court found that the relevant statute, R.C. 5715.27 merely requires an owner to "file an application with the tax commissioner*** requesting that such property be exempted from taxation." The Court also concluded that R.C. 5709.07 was not the sole avenue for exemption. Finally, the Court concluded that the public college exemption under R.C. 57095.07(A)(4) applies to the public college as a lessee only when the building leased is constructed on land owned by the public college.

History of Major Changes

1803	Ohio gains statehood. General Assembly continues territorial practice of taxing land (but not improvements) based on whether the fertility of the land is "first rate," "second rate" or "third rate."
1825	General Assembly abolishes land classification system, replacing it with an ad valorem tax on land, improvements and select forms of personal property.
1846	General Assembly enacts "Kelley Law," which requires that "all property, whether real or personal… unless exempted, shall be subject to taxation." Previously, the legislature had exempted from taxation many forms of personal property, such as tools and machinery.
1851	New state constitution requires that all real and personal property be taxed according to uniform rule, except for exemptions specifically permitted by the constitution, such as for churches and schools.
1902	Legislature repeals state property tax levies for the general fund. State levies persist for other purposes, such as public universities, common schools and highways.
1910	General Assembly creates the Tax Commission of Ohio to supervise local property tax administration.
1911	General Assembly enacts "Smith 1 percent law," which sets an overall 10 mill limit on unvoted levies. Further levies are permitted up to a 15 mill limit, as long as they are approved through a vote of the people.
1925	General Assembly enacts first statutory requirement for a six-year reappraisal cycle.
1927	General Assembly repeals Smith Law and replaces it with a 15 mill cap on unvoted levies. Additional millage is permitted above this mark through a vote of the people.
1929	Ohio voters approve a constitutional amendment that, starting in 1931, generally limits levies enacted without voter approval to 1.5 percent of true value. The amendment also limits the principle of taxation by uniform rule to real property, rather than all property.
1932	For the first time in more than a century, no state tax is levied on real property.
1933	Voters approve a constitutional amendment that tightens the cap on non-voted levies to 1 percent of true value.
1934	Through statute, the General Assembly reduces the aggregate tax limit on nonvoted levies from 15 mills to 10 mills.
1939	The Tax Commission of Ohio is replaced by the Department of Taxation, the Board of Tax Appeals (which begins supervising real property tax administration), and a Tax Commissioner (who assumes functions with respect to taxation of public utility property).
1965	For the first time, the General Assembly explicitly permits real property to be uniformly assessed at less than true value. The legislature requires that taxable values be no more than 50 percent of true value, with the actual uniform percentage to be established by rule of the Board of Tax Appeals.
1968	A state tax applies to real property for the last time – 0.2 mills to retire bonds issued to provide bonus compensation to veterans of the Korean conflict.
1970	Ohio voters approve constitutional amendment permitting a homestead exemption for low- and middle-income senior citizens.
1971	General Assembly enacts 10 percent property tax credit. Homestead exemption begins.
1972	Board of Tax Appeals requires taxable values to be set at 35 percent of true value as counties complete their sexennial reappraisals, with annual adjustments to maintain the 35 percent level.

History of Major Changes - continued

1973	Voters approve a constitutional amendment permitting the valuation of agricultural property based upon current use.
1974	Voters approve a constitutional amendment that permits the extension of the homestead exemption to permanently and totally disabled homeowners.
1976	General Assembly enacts HB 920, which calls for the calculation of effective tax rates based on reduction factors. These factors are intended to eliminate from certain voted levies the changes in revenue that might occur when values grow on existing real property as part of a reappraisal or update. HB 920 also creates the Ohio Department of Tax Equalization to supervise real property tax administration and requires real property valuations to be updated every three years, instead of annually.
1977	SB 221 establishes a 20 mill floor for school districts, after the application of "House Bill 920" reduction factors.
1979	Legislature enacts a 2.5 percent tax credit for owner-occupied residential property.
1980	Voters approve a constitutional amendment that calls for separate reduction factors to be applied to two classes of real property: residential and agricultural property (Class I) and all other real property (Class II).
1983	Department of Tax Equalization is eliminated; all of its functions are transferred to the Department of Taxation.
1990	Voters approve a constitutional amendment that permits the homestead exemption to be extended to the surviving spouses of homestead exemption recipients.
2005	As part of a larger series of tax reforms, House Bill 66 narrows the 10 percent credit to real property not intended primarily for use in a business activity.
2007	HB 119 expands the homestead exemption to all senior citizens, qualifying disabled homeowners, and surviving spouses of previously qualified homeowners, regardless of income. The bill eliminates the tiered benefits and instead allows all eligible participants to exempt $25,000 of the true value of their homestead from taxation
2014	HB 59 limits the application of the non-business and owner occupied real property tax credits to levies approved before Sept. 29, 2013, and to subsequent renewals of these levies. The bill also implemented a means test for the availability of the homestead exemption for homeowners not receiving the exemption in tax year 2013. The test is to be adjusted annually for inflation. HB 85 increases the homestead exemption available to veterans who are permanently and totally disabled due to a service-related disability from a value of $25,000 to $50,000. The bill also exempts such veterans from the $30,000 income threshold to be eligible for the homestead exemption. The bill also implemented a means test for the availability of the homestead exemption for homeowners not receiving the exemption in tax year 2013. The test is to be adjusted annually for inflation.

Table 2: Real Property Tax Comparison of Largest Cities in Selected States

City	State	Median Home Value[1]	2013 Property Tax Less Tax Reduction or Exemption	Effective Tax Rate per $100[2]
Philadelphia	PA	$148,700	$4,654	3.13
Atlanta	GA	$217,700	$3,461	1.59
Houston	TX	$134,500	$3,443	2.56
Indianapolis	IN	$117,000	$3,405	2.91
Columbus	OH	$129,600	$2,968	2.29
Charlotte	NC	$174,400	$2,232	1.28
Louisville[3]	KY	$142,000	$1,874	1.32
Detroit	MI	$41,900	$1,420	3.39
Charleston[4]	WV	$97,800	$802	0.82
Memphis	TN	$91,800	$780	0.85

[1] Source: Table B25077, U.S. Census Bureau, American Factfinder 2014 American Community Survey, Housing Characteristics.
[2] Source: Calculations by Ohio Department of Taxation based on Table 4 of Tax Rates and Tax Burdens in the District of Columbia, A Nationwide Comparison (issued November 2014).
[3] Median home value for metropolitan statistical area of Louisville/Jefferson County metro government.
[4] Median home value for metropolitan statistical area of Charleston, WV.

Table 3						
Assessed Value Of Taxable Real Estate, Taxes Charged, Average Tax Rates, and Tax Relief for Tax Years 2009 - 2014						
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
Value Of Taxable Property	$238,193,861,953	$238,182,209,591	$231,287,062,255	$225,256,753,218	$226,381,891,791	$230,422,584,611
Residential & Agricultural	$184,181,188,378	$184,352,812,609	$179,385,998,963	$174,973,816,712	$176,119,657,612	$179,955,524,967
Other	$54,012,673,575	$53,829,396,982	$51,901,063,292	$50,282,936,506	$50,262,234,179	$50,467,059,644
Taxes Charged[1]	$14,124,390,998	$14,494,608,093	$14,595,848,723	$14,761,417,298	$15,154,803,677	$15,481,360,814
Residential & Agricultural	$10,576,227,491	$10,860,862,198	$10,961,568,418	$11,084,164,366	$11,391,519,184	$11,646,691,090
Other	$3,548,163,507	$3,633,745,895	$3,634,280,305	$3,677,252,932	$3,763,284,493	$3,834,669,724
Average Effective Tax Rate[2]	59.30	60.86	63.11	65.53	66.94	67.19
Residential & Agricultural	57.42	58.91	61.11	63.35	64.68	64.72
Other	65.69	67.50	70.02	73.13	74.87	75.98
10 Percent Reduction In All Real Property Taxes	$1,061,932,289	$1,090,774,144	$1,100,575,320	$1,114,953,759	$1,124,457,342	$1,133,920,620[4]
2.5 Percent Reduction In Homeowner's Real Property Taxes[3]	$206,623,789	$211,369,995	$210,629,313	$212,690,754	$213,130,155	$210,960,402[4]
Homestead Exemption Reduction[3]	$361,838,373	$376,393,082	$397,689,035	$424,656,425	$447,001,069	$438,617,066[4]
Net Taxes Collectible (after 10 percent reduction, 2.5 percent reduction, and homestead exemption)	**$12,493,996,547**	**$12,816,070,872**	**$12,886,955,055**	**$13,009,116,360**	**$13,370,215,111**	**$13,697,862,727**[4]

Source: Abstracts filed by county auditors with the Ohio Department of Taxation and Ohio Department of Taxation records.

[1] Net taxes charged after application of percentage reduction required by R.C. 319.301.

[2] Taxes charged divided by value of taxable property.

[3] These figures exclude those taxpayers that filed late for the tax reduction and the administrative fees associated with this program.

[4] These data estimated.

Table 4

Gross and Net Tax Millage Rates on the Two Classes of Real Property, by County, Tax Year 2014[3]

	Residential/Agricultural		Other Real			Residential/Agricultural		Other Real	
County	Gross Rate[1]	Net Rate[2]	Gross Rate[1]	Net Rate[2]	County	Gross Rate[1]	Net Rate[2]	Gross Rate[1]	Net Rate[2]
Adams	50.58	41.08	48.02	45.03	Logan	64.15	44.12	65.52	51.20
Allen	62.29	52.78	64.01	57.15	Lorain	89.79	66.63	90.53	69.60
Ashland	75.24	48.01	79.95	59.43	Lucas	112.61	81.44	110.36	90.30
Ashtabula	76.49	52.63	77.46	60.70	Madison	67.15	44.83	66.48	58.55
Athens	80.82	55.44	86.76	57.41	Mahoning	86.61	64.31	89.94	69.89
Auglaize	62.99	42.76	63.39	53.63	Marion	65.09	43.64	64.48	51.84
Belmont	65.03	44.61	63.87	49.86	Medina	97.04	59.80	98.22	62.59
Brown	51.41	40.57	50.89	43.39	Meigs	50.89	41.34	53.90	49.50
Butler	83.22	60.63	84.01	67.93	Mercer	57.31	43.78	57.44	52.45
Carroll	57.47	43.50	52.71	41.85	Miami	71.16	48.98	71.01	55.64
Champaign	67.71	47.33	81.81	65.42	Monroe	53.67	36.76	52.04	50.81
Clark	76.16	59.78	78.29	66.85	Montgomery	113.71	87.19	112.31	96.05
Clermont	91.30	60.39	89.82	69.47	Morgan	56.17	38.53	57.83	46.69
Clinton	50.64	39.07	50.31	48.14	Morrow	57.55	44.96	60.98	52.11
Columbiana	58.76	45.15	61.56	48.64	Muskingum	64.99	46.01	66.65	47.71
Coshocton	62.56	44.95	66.34	50.36	Noble	51.35	37.55	53.45	46.23
Crawford	78.28	53.26	79.54	65.97	Ottawa	70.10	41.75	66.40	44.24
Cuyahoga	128.00	89.42	119.09	93.40	Paulding	57.22	42.71	62.26	52.72
Darke	55.24	40.70	61.22	51.84	Perry	62.90	43.52	63.28	49.23
Defiance	62.21	43.79	65.01	53.50	Pickaway	60.23	45.08	64.33	56.51
Delaware	92.91	68.73	96.60	72.67	Pike	56.88	40.65	62.03	56.26
Erie	88.20	52.81	90.85	65.13	Portage	96.34	59.40	102.43	65.72
Fairfield	87.86	54.16	93.09	54.19	Preble	55.63	41.57	58.77	49.22
Fayette	55.15	45.90	56.50	46.61	Putnam	52.08	39.51	50.74	45.78
Franklin	115.46	79.39	109.17	87.25	Richland	83.29	59.07	86.01	75.38
Fulton	75.63	50.52	75.58	65.17	Ross	63.09	46.94	68.78	56.60
Gallia	47.71	40.28	46.94	40.85	Sandusky	64.57	48.33	60.84	51.43
Geauga	103.77	61.76	102.64	67.57	Scioto	59.53	46.09	64.53	53.82
Greene	87.32	68.02	89.60	72.60	Seneca	64.97	41.84	69.31	60.63
Guernsey	60.06	49.59	61.47	54.65	Shelby	60.59	42.17	61.73	50.96
Hamilton	103.43	69.63	100.59	81.53	Stark	87.82	62.49	86.45	68.71
Hancock	62.11	43.44	65.64	57.09	Summit	95.63	70.09	94.28	74.95
Hardin	60.69	41.42	62.01	50.12	Trumbull	78.44	62.20	77.20	66.50
Harrison	62.45	41.57	62.30	56.73	Tuscarawas	70.77	49.67	72.41	56.34
Henry	77.54	50.01	80.49	72.83	Union	82.74	59.71	82.31	75.60
Highland	49.11	42.28	48.33	44.75	Van Wert	64.87	38.46	68.63	62.10
Hocking	58.09	45.91	57.69	46.97	Vinton	45.75	42.68	48.87	47.41
Holmes	54.69	43.32	53.54	47.50	Warren	91.81	64.92	93.62	65.11
Huron	61.98	43.79	65.93	50.88	Washington	58.04	41.58	60.08	46.99
Jackson	45.53	41.01	47.89	45.75	Wayne	78.25	51.58	87.27	68.82
Jefferson	63.60	44.99	63.65	51.74	Williams	75.83	51.59	77.99	59.29
Knox	68.51	48.89	66.20	56.01	Wood	88.30	59.05	91.55	70.20
Lake	97.14	66.38	95.21	72.79	Wyandot	55.86	35.29	55.33	41.28
Lawrence	36.67	33.67	39.07	36.62					
Licking	73.84	57.99	72.51	58.65	**Statewide Avg.**	**91.86**	**64.72**	**96.01**	**75.98**

Source: Abstracts filed by county auditors with the Ohio Department of Taxation.

[1] For the two combined classes of real property, the statewide average gross rate is 92.77 and the statewide average net rate is 67.19 mills.

[2] Rate prior to application of tax reduction factors. Gross rate equals taxes levied divided by taxable value.

[3] Rate post application of tax reduction factors. These rates were computed prior to the deduction of the non-business credit, the owner-occupied credit and homestead exemption.

Table 5

Total Real Property Taxes, Values and Effective Tax Rates, by County, Tax Year 2014

County	Taxable Value	Gross Taxes levied	Taxes Charged	Special Assessments	Effective Tax rate	County	Taxable Value	Gross Taxes levied	Taxes Charged	Special Assessments	Effective Tax rate
Adams	$425,498,280	$21,272,695	$17,864,078	$45,280	41.98	Logan	$1,106,063,980	$71,196,163	$50,035,836	$503,672	45.24
Allen	$1,736,264,660	$108,906,898	$93,565,665	$4,888,405	53.89	Lorain	$5,997,075,310	$539,293,626	$402,909,637	$3,269,335	67.18
Ashland	$949,518,650	$72,091,877	$47,160,122	$382,517	49.67	Lucas	$6,778,724,990	$759,133,339	$568,695,309	$37,802,459	83.89
Ashtabula	$1,719,066,870	$131,819,040	$93,210,918	$2,728,346	54.22	Madison	$1,077,822,560	$72,279,292	$50,333,465	$1,081,530	46.70
Athens	$907,314,200	$74,524,238	$50,702,011	$1,357,621	55.88	Mahoning	$3,782,900,000	$330,588,024	$248,210,631	$3,806,377	65.61
Auglaize	$1,035,252,320	$65,272,738	$45,868,088	$980,589	44.31	Marion	$1,033,427,682	$67,162,351	$46,554,655	$2,436,417	45.05
Belmont	$1,100,220,120	$71,238,324	$50,473,489	$1,039,182	45.88	Medina	$4,385,891,700	$426,481,812	$264,313,731	$3,157,153	60.26
Brown	$679,660,450	$34,904,543	$27,755,570	$602,352	40.84	Meigs	$304,931,200	$15,667,375	$13,008,386	$44,038	42.66
Butler	$6,921,662,290	$577,232,748	$430,550,570	$52,662,934	62.20	Mercer	$1,063,651,340	$60,967,723	$47,373,198	$1,654,867	44.54
Carroll	$621,074,700	$35,013,361	$26,783,108	$260,433	43.12	Miami	$2,061,140,710	$146,608,355	$103,511,959	$4,528,778	50.22
Champaign	$792,274,960	$54,866,998	$39,061,584	$89,169	49.30	Monroe	$251,595,860	$13,426,390	$9,902,363	$12,900	39.36
Clark	$2,171,249,000	$166,308,022	$132,955,287	$820,864	61.23	Montgomery	$8,649,344,380	$980,706,208	$771,886,458	$48,342,411	89.24
Clermont	$3,910,173,470	$355,995,531	$242,336,773	$16,125,446	61.98	Morgan	$234,721,230	$13,228,391	$9,257,566	$82,603	39.44
Clinton	$897,002,590	$45,378,453	$36,385,336	$407,318	40.56	Morrow	$743,655,680	$42,968,473	$33,796,431	$589,842	45.45
Columbiana	$1,551,029,170	$91,824,723	$70,882,274	$784,031	45.70	Muskingum	$1,423,243,770	$93,061,460	$66,062,838	$2,146,820	46.42
Coshocton	$597,575,750	$37,858,176	$27,540,851	$212,451	46.09	Noble	$239,209,760	$12,337,474	$9,204,647	$84,772	38.48
Crawford	$604,136,810	$47,404,814	$33,345,220	$207,448	55.19	Ottawa	$1,601,146,420	$111,321,732	$67,467,626	$2,006,636	42.14
Cuyahoga	$26,751,108,670	$3,350,016,623	$2,425,066,551	$127,214,958	90.65	Paulding	$410,485,990	$23,664,992	$17,881,090	$418,554	43.56
Darke	$1,185,051,810	$66,206,359	$49,623,937	$1,074,222	41.87	Perry	$546,628,450	$34,405,022	$24,103,775	$70,414	44.10
Defiance	$798,315,950	$49,973,217	$36,041,403	$971,335	45.15	Pickaway	$1,212,970,080	$73,629,435	$56,284,462	$345,322	46.40
Delaware	$6,430,520,500	$600,198,083	$444,875,457	$30,371,287	69.18	Pike	$346,285,730	$19,899,357	$14,690,825	$48,933	42.42
Erie	$1,900,867,450	$168,758,725	$105,484,828	$3,831,717	55.49	Portage	$3,183,450,900	$310,687,487	$193,244,755	$5,344,579	60.70
Fairfield	$3,172,419,270	$281,321,526	$171,829,043	$4,299,897	54.16	Preble	$877,982,930	$49,102,109	$37,125,495	$2,664,528	42.28
Fayette	$594,085,730	$32,951,239	$27,366,010	$1,609,484	46.06	Putnam	$882,940,260	$45,901,967	$35,289,747	$559,749	39.97
Franklin	$25,570,751,100	$2,904,490,207	$2,089,811,554	$21,393,025	81.73	Richland	$1,887,750,610	$158,149,118	$116,976,996	$1,505,829	61.97
Fulton	$959,402,020	$72,550,147	$50,499,200	$933,413	52.64	Ross	$1,167,262,130	$74,844,601	$56,825,069	$154,647	48.68
Gallia	$511,213,520	$24,297,996	$20,660,947	$74,256	40.42	Sandusky	$1,089,238,270	$69,567,495	$53,278,150	$745,196	48.91
Geauga	$2,957,602,920	$306,526,844	$184,628,098	$1,998,219	62.42	Scioto	$918,626,580	$55,500,246	$43,596,066	$950,169	47.46
Greene	$3,754,655,740	$329,565,209	$258,815,363	$3,151,381	68.93	Seneca	$1,095,462,010	$71,734,465	$48,247,422	$855,693	44.04
Guernsey	$590,403,430	$35,642,577	$29,935,258	$516,265	50.70	Shelby	$1,110,435,870	$67,493,586	$48,470,014	$769,257	43.65
Hamilton	$17,365,271,750	$1,783,100,457	$1,263,705,284	$128,931,641	72.77	Stark	$6,177,243,840	$540,725,872	$393,989,163	$7,228,156	63.78
Hancock	$1,658,068,980	$104,114,992	$76,409,905	$1,067,207	46.08	Summit	$11,026,441,890	$1,051,150,207	$784,857,220	$50,893,589	71.18
Hardin	$661,406,970	$40,215,773	$27,907,060	$1,491,662	42.19	Trumbull	$3,070,679,310	$240,121,593	$193,618,027	$1,807,475	63.05
Harrison	$312,091,975	$19,479,019	$14,174,121	$677,806	45.42	Tuscarawas	$1,593,752,150	$113,285,296	$81,192,576	$685,805	50.94
Henry	$731,555,810	$56,914,370	$38,030,607	$529,803	51.99	Union	$1,358,946,100	$112,347,026	$84,529,964	$6,227,149	62.20
Highland	$654,523,340	$32,084,972	$27,864,957	$1,204,586	42.57	Van Wert	$683,542,220	$44,552,531	$27,631,563	$912,945	40.42
Hocking	$513,329,070	$29,797,339	$23,619,004	$34,794	46.01	Vinton	$161,806,140	$7,444,717	$6,968,632	$11,287	43.07
Holmes	$851,218,130	$46,384,527	$37,473,746	$218,658	44.02	Warren	$5,410,497,470	$498,295,067	$351,423,168	$4,603,128	64.95
Huron	$1,004,805,870	$62,908,551	$45,133,481	$308,289	44.92	Washington	$1,056,113,460	$61,784,713	$45,197,614	$263,468	42.80
Jackson	$466,012,160	$21,407,048	$19,491,140	$5,198	41.83	Wayne	$2,260,721,930	$180,671,457	$123,823,184	$1,205,524	54.77
Jefferson	$931,625,854	$59,262,068	$43,374,151	$1,203,281	46.56	Williams	$659,903,880	$50,308,402	$34,991,840	$843,715	53.03
Knox	$1,241,160,980	$84,740,140	$61,583,201	$2,131,439	49.62	Wood	$2,893,959,780	$257,738,185	$178,428,626	$11,351,494	61.66
Lake	$5,394,701,670	$521,800,984	$365,535,475	$18,606,841	67.76	Wyandot	$497,277,840	$27,749,508	$17,874,217	$170,076	35.94
Lawrence	$836,183,430	$30,923,226	$28,474,346	$-	34.05						
Licking	$3,690,303,830	$271,582,897	$214,441,349	$4,318,302	58.11	**Total**	**$230,422,584,611**	**$21,376,310,935**	**$15,481,360,814**	**$653,950,641**	**67.19**

Source: Abstracts filed by county auditors with the Ohio Department of Taxation.

Table 6

Taxes Charged on Real Property, and Property Tax Relief, by County, Tax Year 2014[1]

County	Taxes Charged	Non-Business Tax Credit[2]	Homestead Exemption Reduction[2]	Owner-Occupied Credit[2]	Net Taxes Collectible	County	Taxes Charged	Non-Business Tax Credit[2]	Homestead Exemption Reduction[2]	Owner-Occupied Credit[2]	Net Taxes Collectible
Adams	$17,864,078	$1,335,984	$672,637	$81,305	$15,774,151	Logan	$50,035,836	$3,914,270	$1,190,655	$401,439	$44,529,472
Allen	$93,565,665	$6,459,305	$3,359,905	$1,118,288	$82,628,167	Lorain	$402,909,637	$31,731,325	$12,576,153	$6,054,129	$352,548,031
Ashland	$47,160,122	$3,847,811	$1,755,747	$581,475	$40,975,089	Lucas	$568,695,309	$36,940,652	$19,704,776	$7,575,422	$504,474,459
Ashtabula	$93,210,918	$7,114,190	$3,891,203	$991,650	$81,213,876	Madison	$50,333,465	$4,147,770	$1,079,840	$567,290	$44,538,564
Athens	$50,702,011	$3,665,190	$1,669,586	$492,848	$44,874,388	Mahoning	$248,210,631	$17,671,935	$11,774,476	$3,442,090	$215,322,131
Auglaize	$45,868,088	$3,707,257	$1,175,656	$516,091	$40,469,084	Marion	$46,554,655	$3,677,682	$1,800,271	$545,638	$40,531,064
Belmont	$50,473,489	$3,593,187	$2,220,702	$606,767	$44,052,833	Medina	$264,313,731	$21,051,776	$6,896,961	$4,241,998	$232,122,995
Brown	$27,755,570	$2,485,485	$1,135,573	$280,713	$23,853,799	Meigs	$13,008,386	$1,027,753	$725,598	$123,575	$11,131,460
Butler	$430,550,570	$32,599,901	$11,279,184	$6,291,996	$380,379,490	Mercer	$47,373,198	$4,200,035	$1,081,484	$495,932	$41,595,747
Carroll	$26,783,108	$2,047,064	$880,838	$254,194	$23,601,012	Miami	$103,511,959	$8,207,094	$3,440,564	$1,466,120	$90,398,181
Champaign	$39,061,584	$3,125,541	$1,313,269	$380,297	$34,242,477	Monroe	$9,902,363	$746,516	$392,844	$69,563	$8,693,439
Clark	$132,955,287	$10,030,186	$5,995,596	$1,712,704	$115,216,800	Montgomery	$771,886,458	$55,131,460	$31,256,908	$11,429,785	$674,068,306
Clermont	$242,336,773	$20,289,727	$5,935,177	$4,080,503	$212,031,365	Morgan	$9,257,566	$772,699	$420,715	$72,955	$7,991,197
Clinton	$36,385,336	$2,926,773	$981,817	$338,355	$32,138,391	Morrow	$33,796,431	$2,805,990	$964,017	$305,519	$29,720,905
Columbiana	$70,882,274	$5,866,865	$3,437,494	$903,067	$60,674,848	Muskingum	$66,062,838	$4,953,524	$2,571,602	$719,659	$57,818,053
Coshocton	$27,540,851	$2,054,392	$1,083,562	$274,864	$24,128,034	Noble	$9,204,647	$801,048	$331,914	$83,373	$7,988,312
Crawford	$33,345,220	$2,647,575	$1,822,815	$325,665	$28,549,165	Ottawa	$67,467,626	$5,383,975	$1,599,302	$493,990	$59,990,358
Cuyahoga	$2,425,066,551	$150,679,314	$66,185,381	$30,172,990	$2,178,028,866	Paulding	$17,881,090	$1,551,453	$649,165	$154,098	$15,526,374
Darke	$49,623,937	$4,244,642	$1,638,829	$483,960	$43,256,506	Perry	$24,103,775	$2,082,768	$949,191	$337,484	$20,734,332
Defiance	$36,041,403	$2,878,712	$1,284,616	$397,771	$31,480,304	Pickaway	$56,284,462	$4,784,619	$1,477,871	$650,120	$49,371,852
Delaware	$444,875,457	$39,339,139	$5,150,884	$8,308,316	$392,077,117	Pike	$14,690,825	$1,237,714	$811,823	$178,362	$12,462,926
Erie	$105,484,828	$7,682,698	$3,060,441	$1,286,005	$93,455,684	Portage	$193,244,755	$14,690,163	$5,231,463	$2,595,661	$170,727,467
Fairfield	$171,829,043	$14,096,496	$3,928,105	$2,515,079	$151,289,364	Preble	$37,125,495	$3,305,641	$1,284,868	$425,497	$32,109,488
Fayette	$27,366,010	$2,087,896	$826,225	$257,515	$24,194,374	Putnam	$35,289,747	$3,058,902	$815,115	$405,197	$31,010,534
Franklin	$2,089,811,554	$144,766,799	$37,680,394	$30,233,778	$1,877,130,583	Richland	$116,976,996	$8,525,488	$5,130,870	$1,464,757	$101,855,881
Fulton	$50,499,200	$4,046,908	$1,349,668	$541,432	$44,561,192	Ross	$56,825,069	$4,498,276	$2,267,241	$683,350	$49,376,202
Gallia	$20,660,947	$1,549,297	$859,604	$165,799	$18,086,248	Sandusky	$53,278,150	$4,149,223	$1,979,686	$666,004	$46,483,237
Geauga	$184,628,098	$15,555,207	$4,023,193	$2,874,700	$162,174,997	Scioto	$43,596,066	$3,328,896	$2,428,242	$572,330	$37,266,599
Greene	$258,815,363	$19,240,691	$6,618,082	$2,893,871	$230,062,718	Seneca	$48,247,422	$4,005,464	$1,506,614	$492,302	$42,243,042
Guernsey	$29,935,258	$2,149,908	$1,297,011	$257,639	$26,230,700	Shelby	$48,470,014	$3,785,429	$1,210,808	$508,080	$42,965,696
Hamilton	$1,263,705,284	$90,578,769	$26,693,775	$18,375,401	$1,128,057,338	Stark	$393,989,163	$29,993,080	$16,631,845	$5,642,349	$341,721,889
Hancock	$76,409,905	$5,792,791	$1,817,409	$991,781	$67,807,925	Summit	$784,857,220	$59,730,219	$23,356,000	$11,756,829	$690,014,173
Hardin	$27,907,060	$2,493,476	$796,195	$220,720	$24,396,669	Trumbull	$193,618,027	$15,151,511	$10,247,823	$2,432,008	$165,786,685
Harrison	$14,174,121	$929,080	$533,503	$97,157	$12,614,381	Tuscarawas	$81,192,576	$5,931,722	$2,891,083	$959,975	$71,409,797
Henry	$38,030,607	$3,052,347	$964,225	$291,394	$33,722,641	Union	$84,529,964	$7,225,830	$1,392,749	$1,155,335	$74,756,051
Highland	$27,864,957	$2,406,212	$1,155,777	$257,467	$24,045,500	Van Wert	$27,631,563	$2,424,663	$867,277	$252,101	$24,087,522
Hocking	$23,619,004	$2,112,222	$875,711	$303,532	$20,327,538	Vinton	$6,968,632	$599,149	$442,054	$72,378	$5,855,051
Holmes	$37,473,746	$3,065,440	$684,291	$359,234	$33,364,782	Warren	$351,423,168	$28,882,128	$6,953,035	$5,990,239	$309,597,766
Huron	$45,133,481	$3,482,053	$1,574,989	$560,511	$39,515,928	Washington	$45,197,614	$3,360,851	$1,740,898	$511,997	$39,583,868
Jackson	$19,491,140	$1,514,807	$866,763	$151,684	$16,957,884	Wayne	$123,823,184	$9,432,082	$3,488,563	$1,493,300	$109,409,238
Jefferson	$43,374,151	$2,993,877	$2,393,122	$452,613	$37,534,540	Williams	$34,991,840	$2,611,465	$1,407,481	$391,201	$30,581,692
Knox	$61,583,201	$5,419,558	$1,803,063	$718,754	$53,641,825	Wood	$178,428,626	$12,330,396	$4,306,872	$1,724,775	$160,066,582
Lake	$365,535,475	$27,759,380	$10,758,585	$5,455,669	$321,561,841	Wyandot	$17,874,217	$1,516,578	$546,001	$163,251	$15,648,387
Lawrence	$28,474,346	$2,414,099	$1,671,570	$349,711	$24,038,965						
Licking	$214,441,349	$16,433,154	$5,692,175	$2,987,680	$189,328,340	**Total**	**$15,481,360,814**	**$1,133,920,620**	**$438,617,066**	**$210,960,402**	**$13,697,862,727**

Source: Abstracts filed by county auditors with the Ohio Department of Taxation and Ohio Department of Taxation records.
[1]Taxes charged in tax year 2014 and collected or reimbursed in calendar year 2015.
[2]These data estimated.

Table 7			
Assessed Valuation of Exempt Real Property, by Ownership Classifications Tax Years 2012 - 2014 (figures in millions)			
Property Under Public Ownership	**2012**	**2013**	**2014**
Boards of Education	$7,403	$7,615	$7,754
Municipalities	$5,372	$5,423	$5,473
State	$3,679	$3,612	$4,959
Counties	$2,791	$2,770	$2,813
United States	$1,572	$1,573	$1,585
Park Districts	$715	$726	$734
Townships	$394	$402	$408
Total	**$21,927**	**$22,121**	**$23,725**
Property Under Private Ownership			
Tax Abatements	$9,218	$9,645	$9,865
Charities	$5,661	$6,073	$6,280
Churches	$4,283	$4,338	$4,387
School and Colleges	$4,321	$4,470	$3,127
Cemeteries	$258	$259	$264
Total	**$23,742**	**$24,785**	**$23,923**
Grand Total[1]	**$46,504**	**$47,732**	**$48,494**
Source: exempt real property abstracts filed by county auditors with the Ohio Department of Taxation			
[1] Includes other tax-exempt organizations (e.g. metropolitan housing authorities, volunteer fire departments, etc.) not included with any of the listed categories.			

Table 8							
Assessed Valuation of Exempt Real Property Compared to Total Assessed Real Property Valuation, by County, Tax Year 2014							
County	**Assessed Value of Taxable Real Property**	**Assessed Value of Exempt Real Property**	**Percent of Tax Base Exempt From Taxation**	**County**	**Assessed Value of Taxable Real Property**	**Assessed Value of Exempt Real Property**	**Percent of Tax Base Exempt From Taxation**
Adams	$425,498,280	$74,909,460	14.97%	Logan	$1,106,063,980	$95,751,720	7.97%
Allen	$1,736,264,660	$417,592,470	19.39%	Lorain	$5,997,075,310	$994,542,160	14.22%
Ashland	$949,518,650	$157,127,130	14.20%	Lucas	$6,778,724,990	$1,606,953,270	19.16%
Ashtabula	$1,719,066,870	$217,076,370	11.21%	Madison	$1,077,822,560	$206,473,410	16.08%
Athens	$907,314,200	$380,522,940	29.55%	Mahoning	$3,782,900,000	$650,845,971	14.68%
Auglaize	$1,035,252,320	$103,967,420	9.13%	Marion	$1,033,427,682	$190,845,110	15.59%
Belmont	$1,100,220,120	$193,990,320	14.99%	Medina	$4,385,891,700	$458,897,630	9.47%
Brown	$679,660,450	$70,318,000	9.38%	Meigs	$304,931,200	$30,411,560	9.07%
Butler	$6,921,662,290	$1,739,489,730	20.08%	Mercer	$1,063,651,340	$110,624,980	9.42%
Carroll	$621,074,700	$34,433,080	5.25%	Miami	$2,061,140,710	$292,981,490	12.45%
Champaign	$792,274,960	$64,046,160	7.48%	Monroe	$251,595,860	$37,416,370	12.95%
Clark	$2,171,249,000	$483,109,790	18.20%	Montgomery	$8,649,344,380	$2,106,587,070	19.59%
Clermont	$3,910,173,470	$542,329,100	12.18%	Morgan	$234,721,230	$26,214,980	10.05%
Clinton	$897,002,590	$114,071,950	11.28%	Morrow	$743,655,680	$63,354,000	7.85%
Columbiana	$1,551,029,170	$232,740,480	13.05%	Muskingum	$1,423,243,770	$357,917,350	20.09%
Coshocton	$597,575,750	$78,920,060	11.67%	Noble	$239,209,760	$43,936,290	15.52%
Crawford	$604,136,810	$81,771,020	11.92%	Ottawa	$1,601,146,420	$132,197,360	7.63%
Cuyahoga	$26,751,108,670	$7,045,196,790	20.85%	Paulding	$410,485,990	$40,223,830	8.92%
Darke	$1,185,051,810	$128,952,220	9.81%	Perry	$546,628,450	$73,863,960	11.90%
Defiance	$798,315,950	$93,719,560	10.51%	Pickaway	$1,212,970,080	$183,325,980	13.13%
Delaware	$6,430,520,500	$1,085,243,040	14.44%	Pike	$346,285,730	$69,920,770	16.80%
Erie	$1,900,867,450	$294,021,850	13.40%	Portage	$3,183,450,900	$834,645,280	20.77%
Fairfield	$3,172,419,270	$419,493,750	11.68%	Preble	$877,982,930	$80,480,620	8.40%
Fayette	$594,085,730	$91,142,480	13.30%	Putnam	$882,940,260	$132,821,190	13.08%
Franklin	$25,570,751,100	$8,852,769,020	25.72%	Richland	$1,887,750,610	$286,777,460	13.19%
Fulton	$959,402,020	$137,084,580	12.50%	Ross	$1,167,262,130	$244,368,370	17.31%
Gallia	$511,213,520	$108,955,920	17.57%	Sandusky	$1,089,238,270	$176,951,890	13.98%
Geauga	$2,957,602,920	$245,771,930	7.67%	Scioto	$918,626,580	$312,907,550	25.41%
Greene	$3,754,655,740	$898,039,330	19.30%	Seneca	$1,095,462,010	$131,680,540	10.73%
Guernsey	$590,403,430	$118,041,920	16.66%	Shelby	$1,110,435,870	$109,376,980	8.97%
Hamilton	$17,365,271,750	$5,406,076,240	23.74%	Stark	$6,177,243,840	$1,010,340,654	14.06%
Hancock	$1,658,068,980	$206,446,500	11.07%	Summit	$11,026,441,890	$1,926,366,470	14.87%
Hardin	$661,406,970	$74,641,590	10.14%	Trumbull	$3,070,679,310	$421,735,670	12.08%
Harrison	$312,091,975	$33,174,720	9.61%	Tuscarawas	$1,593,752,150	$171,467,880	9.71%
Henry	$731,555,810	$76,486,970	9.47%	Union	$1,358,946,100	$198,783,980	12.76%
Highland	$654,523,340	$82,962,770	11.25%	Van Wert	$683,542,220	$80,822,640	10.57%
Hocking	$513,329,070	$80,869,260	13.61%	Vinton	$161,806,140	$27,639,600	14.59%
Holmes	$851,218,130	$55,501,860	6.12%	Warren	$5,410,497,470	$972,968,390	15.24%
Huron	$1,004,805,870	$115,465,400	10.31%	Washington	$1,056,113,460	$158,685,720	13.06%
Jackson	$466,012,160	$98,571,340	17.46%	Wayne	$2,260,721,930	$364,721,540	13.89%
Jefferson	$931,625,854	$145,693,270	13.52%	Williams	$659,903,880	$125,804,200	16.01%
Knox	$1,241,160,980	$234,634,180	15.90%	Wood	$2,893,959,780	$617,406,330	17.58%
Lake	$5,394,701,670	$467,587,290	7.98%	Wyandot	$497,277,840	$33,151,080	6.25%
Lawrence	$836,183,430	$141,399,960	14.46%				
Licking	$3,690,303,830	$576,468,400	13.51%	**Total**	**$230,422,584,611**	**$48,494,016,915**	**17.39%**

Source: Abstracts filed by county auditors with the Department of Taxation.

Table 9

Number of Homestead Exemptions Granted, Average Reduction in Taxes and Total Reduction in Taxes, by County, Tax Year 2013

County	Number of Homestead Exemptions Granted [1]	Average Reduction in Taxes	Total Reduction in Real Property Taxes[2]	County	Number of Homestead Exemptions Granted [1]	Average Reduction in Taxes	Total Reduction in Real Property Taxes[2]
Adams	2,388	$290	$693,243	Logan	3,449	$347	$1,195,515
Allen	8,457	$398	$3,363,089	Lorain	25,640	$508	$13,014,135
Ashland	4,787	$384	$1,838,717	Lucas	33,166	$591	$19,589,915
Ashtabula	9,774	$392	$3,830,439	Madison	3,063	$393	$1,203,338
Athens	4,039	$401	$1,618,526	Mahoning	25,256	$472	$11,929,235
Auglaize	3,520	$360	$1,265,820	Marion	5,578	$337	$1,879,857
Belmont	6,539	$352	$2,299,018	Medina	15,309	$460	$7,046,297
Brown	3,806	$313	$1,189,434	Meigs	2,524	$296	$747,796
Butler	25,656	$444	$11,387,542	Mercer[3]	3,252	$373	$1,212,679
Carroll	2,686	$337	$904,321	Miami	9,225	$378	$3,483,726
Champaign	3,505	$352	$1,232,222	Monroe	1,506	$273	$411,162
Clark	12,640	$469	$5,926,127	Montgomery	48,576	$649	$31,541,775
Clermont	14,247	$436	$6,212,648	Morgan[3]	1,511	$278	$420,731
Clinton[3]	2,994	$345	$1,034,328	Morrow	2,873	$335	$963,291
Columbiana	10,293	$345	$3,552,907	Muskingum	7,461	$358	$2,668,750
Coshocton	3,142	$346	$1,086,655	Noble	1,176	$307	$361,389
Crawford	4,321	$430	$1,857,098	Ottawa	4,552	$340	$1,546,772
Cuyahoga	98,637	$684	$67,504,044	Paulding	1,909	$356	$678,753
Darke	5,090	$346	$1,762,965	Perry	2,892	$340	$983,268
Defiance	3,864	$358	$1,383,082	Pickaway	3,933	$396	$1,558,193
Delaware	10,445	$522	$5,455,308	Pike	2,801	$305	$853,248
Erie	7,533	$411	$3,093,488	Portage	11,982	$449	$5,384,742
Fairfield	10,628	$379	$4,026,574	Preble	4,052	$340	$1,376,382
Fayette	2,264	$373	$844,197	Putnam	2,565	$329	$842,665
Franklin[3]	56,292	$697	$39,229,676	Richland	10,962	$473	$5,180,014
Fulton	3,413	$433	$1,478,034	Ross	6,356	$374	$2,376,723
Gallia	2,964	$297	$879,372	Sandusky	5,547	$363	$2,012,166
Geauga	8,857	$472	$4,184,402	Scioto	7,149	$344	$2,458,680
Greene	13,167	$500	$6,577,778	Seneca	4,460	$372	$1,657,799
Guernsey	3,466	$372	$1,288,695	Shelby	3,747	$353	$1,323,835
Hamilton	48,816	$565	$27,594,108	Stark	35,722	$470	$16,805,012
Hancock	5,418	$351	$1,902,478	Summit	42,614	$565	$24,071,580
Hardin	2,643	$333	$880,257	Trumbull	22,193	$473	$10,497,724
Harrison	1,835	$341	$625,130	Tuscarawas	7,704	$358	$2,760,124
Henry	2,567	$403	$1,035,142	Union	3,149	$443	$1,396,547
Highland	3,831	$313	$1,197,653	Van Wert	2,808	$348	$977,901
Hocking	2,630	$345	$906,411	Vinton	1,485	$305	$453,335
Holmes	1,993	$364	$724,505	Warren	13,698	$503	$6,892,223
Huron	4,775	$322	$1,539,046	Washington	5,875	$308	$1,809,264
Jackson	2,893	$311	$899,159	Wayne	8,845	$415	$3,669,159
Jefferson	7,229	$333	$2,408,279	Williams	3,644	$399	$1,454,141
Knox	4,935	$395	$1,950,777	Wood	9,324	$479	$4,468,184
Lake	21,644	$514	$11,120,812	Wyandot	2,003	$281	$562,677
Lawrence	6,671	$251	$1,675,159				
Licking	13,522	$425	$5,740,767	**Total**	**902,352**	**$498**	**$448,920,136**

[1] Compiled from surveys of county auditors conducted by the Ohio Department of Taxation.
[2] From distribution records of the Revenue Accounting Division of the Ohio Department of Taxation. These figures include those taxpayers that filed late for the tax reduction and exclude the administrative fees associated with this program.
[3] Tax year 2013 data not submitted; previous year's information shown.

Table 10									
Taxable Value of Qualifying Agricultural Real Property Under Current Agricultural Use Value and Highest and Best Use Value Method, by County, Calendar Year 2014									
County	**Current Agricultural Use Method**	**Highest and Best Use Method**	**Reduction in Value from CAUV Method**		**County**	**Current Agricultural Use Method**	**Highest and Best Use Method**	**Reduction in Value from CAUV Method**	
Adams	$72,474,260	$165,493,820	$(93,019,560)	-56%	Logan	$157,361,780	$309,869,640	$(152,507,860)	-49%
Allen	$103,596,360	$229,408,930	$(125,812,570)	-55%	Lorain	$49,613,910	$176,698,930	$(127,085,020)	-72%
Ashland	$151,050,440	$271,769,700	$(120,719,260)	-44%	Lucas	$36,386,750	$123,577,850	$(87,191,100)	-71%
Ashtabula	$72,163,490	$131,952,210	$(59,788,720)	-45%	Madison	$305,580,400	$537,914,880	$(232,334,480)	-43%
Athens	$33,261,330	$62,685,350	$(29,424,020)	-47%	Mahoning	$64,255,530	$98,826,030	$(34,570,500)	-35%
Auglaize	$228,131,920	$295,280,350	$(67,148,430)	-23%	Marion	$163,175,580	$208,741,040	$(45,565,460)	-22%
Belmont	$16,634,890	$46,080,280	$(29,445,390)	-64%	Medina	$78,395,620	$254,342,910	$(175,947,290)	-69%
Brown	$78,336,970	$214,877,430	$(136,540,460)	-64%	Meigs	$16,857,890	$24,617,990	$(7,760,100)	-32%
Butler	$126,536,170	$308,872,910	$(182,336,740)	-59%	Mercer	$275,687,110	$689,151,800	$(413,464,690)	-60%
Carroll	$43,643,030	$111,331,900	$(67,688,870)	-61%	Miami	$161,067,070	$364,545,730	$(203,478,660)	-56%
Champaign	$162,535,350	$321,385,500	$(158,850,150)	-49%	Monroe	$25,354,120	$47,524,810	$(22,170,690)	-47%
Clark	$135,604,890	$264,321,660	$(128,716,770)	-49%	Montgomery	$126,766,920	$192,253,700	$(65,486,780)	-34%
Clermont	$108,462,520	$226,692,940	$(118,230,420)	-52%	Morgan	$20,781,370	$48,656,150	$(27,874,780)	-57%
Clinton	$225,187,000	$312,425,270	$(87,238,270)	-28%	Morrow	$168,684,260	$217,511,530	$(48,827,270)	-22%
Columbiana	$62,151,160	$130,910,440	$(68,759,280)	-53%	Muskingum	$44,098,690	$192,707,940	$(148,609,250)	-77%
Coshocton	$44,976,470	$204,727,130	$(159,750,660)	-78%	Noble	$22,160,750	$43,603,440	$(21,442,690)	-49%
Crawford	$84,004,930	$295,006,530	$(211,001,600)	-72%	Ottawa	$49,957,310	$133,642,840	$(83,685,530)	-63%
Cuyahoga	$2,008,680	$11,585,640	$(9,576,960)	-83%	Paulding	$159,056,510	$274,477,020	$(115,420,510)	-42%
Darke	$373,203,080	$675,221,680	$(302,018,600)	-45%	Perry	$49,452,220	$55,062,940	$(5,610,720)	-10%
Defiance	$200,426,690	$270,992,910	$(70,566,220)	-26%	Pickaway	$286,750,580	$461,112,720	$(174,362,140)	-38%
Delaware	$176,004,960	$435,474,130	$(259,469,170)	-60%	Pike	$40,124,120	$55,257,460	$(15,133,340)	-27%
Erie	$43,562,560	$104,707,850	$(61,145,290)	-58%	Portage	$35,219,810	$129,416,230	$(94,196,420)	-73%
Fairfield	$143,614,720	$384,383,210	$(240,768,490)	-63%	Preble	$233,617,380	$383,572,350	$(149,954,970)	-39%
Fayette	$122,179,060	$256,953,480	$(134,774,420)	-52%	Putnum	$288,554,720	$522,992,830	$(234,438,110)	-45%
Franklin	$92,021,510	$266,089,960	$(174,068,450)	-65%	Richland	$158,245,720	$219,237,340	$(60,991,620)	-28%
Fulton	$231,746,360	$353,618,420	$(121,872,060)	-34%	Ross	$115,447,450	$150,977,850	$(35,530,400)	-24%
Gallia	$46,384,660	$65,181,730	$(18,797,070)	-29%	Sandusky	$105,395,360	$241,109,840	$(135,714,480)	-56%
Geauga	$44,983,810	$119,085,920	$(74,102,110)	-62%	Scioto	$56,497,250	$82,269,560	$(25,772,310)	-31%
Greene	$190,283,050	$360,576,770	$(170,293,720)	-47%	Seneca	$322,197,830	$438,542,070	$(116,344,240)	-27%
Guernsey	$29,987,030	$79,245,740	$(49,258,710)	-62%	Shelby	$221,553,650	$460,654,210	$(239,100,560)	-52%
Hamilton	$30,644,560	$119,529,390	$(88,884,830)	-74%	Stark	$34,207,970	$223,930,020	$(189,722,050)	-85%
Hancock	$232,132,490	$426,544,140	$(194,411,650)	-46%	Summit	$18,757,420	$57,609,970	$(38,852,550)	-67%
Hardin	$289,617,070	$361,566,720	$(71,949,650)	-20%	Trumbull	$75,046,050	$99,587,920	$(24,541,870)	-25%
Harrison	$40,983,880	$71,332,030	$(30,348,150)	-43%	Tuscarawas	$61,087,110	$142,524,910	$(81,437,800)	-57%
Henry	$292,159,370	$475,463,210	$(183,303,840)	-39%	Union	$161,264,200	$352,106,330	$(190,842,130)	-54%
Highland	$87,809,850	$229,645,240	$(141,835,390)	-62%	Van Wert	$287,189,750	$442,684,590	$(155,494,840)	-35%
Hocking	$14,462,440	$21,372,230	$(6,909,790)	-32%	Vinton	$8,448,810	$17,697,590	$(9,248,780)	-52%
Holmes	$96,763,980	$215,399,670	$(118,635,690)	-55%	Warren	$52,862,370	$256,550,330	$(203,687,960)	-79%
Huron	$106,348,840	$306,091,480	$(199,742,640)	-65%	Washington	$38,493,110	$70,316,260	$(31,823,150)	-45%
Jackson	$31,820,550	$50,913,420	$(19,092,870)	-38%	Wayne	$217,788,080	$478,589,240	$(260,801,160)	-54%
Jefferson	$14,719,670	$51,232,660	$(36,512,990)	-71%	Williams	$94,162,640	$208,161,190	$(113,998,550)	-55%
Knox	$181,454,500	$280,368,220	$(98,913,720)	-35%	Wood	$391,388,500	$464,190,810	$(72,802,310)	-16%
Lake	$6,645,880	$40,012,860	$(33,366,980)	-83%	Wyandot	$158,851,900	$318,993,730	$(160,141,830)	-50%
Lawrence	$22,943,150	$41,256,020	$(18,312,870)	-44%					
Licking	$194,780,000	$465,324,290	$(270,544,290)	-58%	**Total**	**$10,526,289,150**	**$20,404,203,890**	**$(9,877,914,740)**	-48%

Source: Abstracts filed by county auditors with the Department of Taxation.

Real Property Conveyance Fee

State law establishes a mandatory conveyance fee on the transfer of real property. The fee is calculated based on a percentage of the property value that is transferred. In addition to the mandatory fee, all but one county levies a permissive real property transfer fee. The revenue from both the mandatory fee and the permissive fee is deposited in the general fund of the county in which the property is located - no revenue goes to the state. In 2013, the latest year for which data is available, conveyance fees generated approximately $108.7 million in revenues to counties: $34.0 million from mandatory fees and $74.7 million from permissive fees.

Taxpayer

(Ohio Revised Code 319.202 and 322.06)

The real property conveyance fee is paid by persons who make sales of real estate or used manufactured homes.

Tax Base

(R.C. 319.202)

The tax applies to the value of real estate sold or transferred from one person to another.

Rates

(R.C. 319.54 and 322.02)

The conveyance fee consists of two parts: (1) a statewide mandatory tax of 1 mill ($1 per $1,000 dollars of the value of property sold or transferred) applies in all 88 of Ohio's counties, and (2) a county-permissive real property transfer tax of up to 3 mills. As of 2013, 87 of 88 counties levied an additional permissive tax at rates ranging from 1 mill to 3 mills. The exception was Ross County.

Exemptions, Deductions, Credits

(R.C. 319.54)

The tax does not apply:

- to sales or transfers to or from the U.S. government or its agencies, or to or from the state of Ohio or any of its political subdivisions.
- to gifts from one spouse to another, or to children and their spouses.
- to surviving spouses or to a survivorship tenant.
- to sales or transfers to or from a non-profit agency that is exempt from federal income taxation, when the transfer is without consideration and furthers the agency's charitable or public purpose.
- when property is sold to provide or release security for a debt, or for delinquent taxes, or pursuant to a court order.
- when a corporation transfers property to a stockholder in exchange for their shares during a corporate reorganization or dissolution.
- when property is transferred by lease, unless the lease is for a term of years renewable forever.
- to a grantee other than a dealer, solely for the purpose of, and as a step in, the prompt sale to others.
- to sales or transfers to or from a person when no money or other valuable and tangible consideration readily convertible into money is paid or is to be paid for the realty, and the transaction is not a gift.
- to an easement or right-of-way when the value of the interest conveyed is $1,000 or less.
- to a trustee of a trust, when the grantor of the trust has reserved an unlimited power to revoke the trust.
- to the grantor of a trust by a trustee when the transfer is made pursuant to the grantor's power to revoke the trust or to withdraw trust assets.
- to the beneficiaries of a trust, if the fee was paid on the transfer from the grant or to the trustee or if the transfer is made pursuant to trust provisions that became irrevocable at the death of the grantor.

Filing and Payment Dates

(R.C. 319.202)

The fee is paid at the time of the transfer, generally as part of the closing process.

Disposition of Revenue

(R.C. 319.54)

All revenue from the tax is deposited in the general fund of the county where the property is sold or transferred, except that fees charged and received for a transfer of real property to a county land reutilization corporation shall be credited to the county's land reutilization corporation fund (established under section 321.263 of the Revised Code).

Special Provisions

County commissioners may prescribe a lower permissive rate than generally levied in the county for conveyances of property receiving the homestead exemption.

The tax also applies to transfers of used manufactured homes.

Persons who purchase residential rental property in counties with populations over 200,000 must register their contact and property information with the county auditor within 60 days of the property transfer. Auditors in these counties must include a statement to this effect when the property is transferred and with the real property tax bill.

Administration

County auditors.

Ohio Revised Code Citations

Sections 319.202, 319.54, 319.99, 322.01–322.07 and 322.99.

History of Major Changes

1967	The General Assembly enacts a mandatory real property transfer fee of 1 mill and permits county commissioners to impose additional taxes of up to 3 mills on conveyances on or after Jan. 1, 1968. The revenue from both components of the tax are distributed to the county general fund.
1969	The General Assembly provides for the repeal of a permissive transfer tax adopted as an emergency by a vote of the electorate.
2007	Owners of residential rental property in counties with populations greater than 200,000 are required to register their contact and property information with the county auditor.

Table 1

Real Property Conveyance Fees, Calendar Years 2008 - 2013

Year	Number of Conveyance Fees Paid	Fees Collected			Average Fee per Conveyance
		Mandatory	Permissive	Total Fees	
2008	236,124	$31,376,693	$67,611,613	$98,988,306	$419.22
2009	211,997	24,301,894	53,440,047	77,741,941	366.71
2010	210,547	25,486,256	56,190,681	81,676,937	387.93
2011	198,502	25,022,052	55,328,795	80,350,846	404.79
2012	221,139	35,874,007	84,298,353	120,172,360	543.42
2013	245,277	33,964,096	74,724,792	108,688,888	443.13

Source: Surveys obtained from county auditors and conducted by the Ohio Department of Taxation

Table 2								
Real Property Conveyance Fees by County, Calendar Year 2013								
	Number of Conveyances		**Fees Collected**			**Permissive Rate per Thousand**	**Average Mandatory Fee per Conveyance [1]**	**Average Total Fee per Conveyance[2]**
County	**Fee Paid**	**Fee Exempt**	**Mandatory**	**Permissive**	**Total**			
Statewide	**245,277**	**205,171**	**$33,964,096**	**$74,724,792**	**$108,688,888**		**$138.47**	**$443.13**
Adams	699	639	$40,787	$122,360	$163,146	$3.00	$58.35	$233.40
Allen	2,030	1,743	$217,104	$434,207	$651,311	$2.00	$106.95	$320.84
Ashland	1,000	972	$111,050	$333,151	$444,202	$3.00	$111.05	$444.20
Ashtabula	2,507	2,010	$184,981	$554,943	$739,925	$3.00	$73.79	$295.14
Athens	858	732	$92,609	$277,826	$370,435	$3.00	$107.94	$431.74
Auglaize	993	775	$119,615	$239,409	$359,024	$2.00	$120.46	$361.55
Belmont	1,495	1,588	$144,422	$288,843	$433,265	$2.00	$96.60	$289.81
Brown	1,008	1,124	$88,576	$177,152	$265,727	$2.00	$87.87	$263.62
Butler	7,824	5,303	$1,331,484	$2,638,679	$3,970,164	$2.00	$170.18	$507.43
Carroll	876	651	$80,395	$241,186	$321,581	$3.00	$91.78	$367.10
Champaign	816	647	$115,028	$342,730	$457,757	$3.00	$140.97	$560.98
Clark	2,983	2,353	$201,249	$926,871	$1,128,120	$3.00	$67.47	$378.18
Clermont	4,456	2,910	$683,812	$2,055,515	$2,739,327	$3.00	$153.46	$614.75
Clinton	909	789	$106,076	$265,189	$371,265	$2.50	$116.70	$408.43
Columbiana	2,141	2,006	$154,608	$463,824	$618,432	$3.00	$72.21	$288.85
Coshocton	745	784	$67,987	$203,960	$271,946	$3.00	$91.26	$365.03
Crawford	936	846	$74,013	$222,038	$296,051	$3.00	$79.07	$316.29
Cuyahoga	25,242	22,050	$3,259,490	$9,778,471	$13,037,962	$3.00	$129.13	$516.52
Darke	1,122	1,074	$125,570	$251,180	$376,749	$2.00	$111.92	$335.78
Defiance	797	611	$77,279	$231,838	$309,118	$3.00	$96.96	$387.85
Delaware	5,367	2,428	$1,506,660	$3,053,480	$4,560,140	$2.00	$280.73	$849.66
Erie	1,468	1,668	$190,327	$570,982	$761,309	$3.00	$129.65	$518.60
Fairfield	2,911	1,892	$432,938	$1,298,813	$1,731,750	$3.00	$148.72	$594.90
Fayette[3]	562	558	$62,647	$125,293	$187,940	$2.00	$111.47	$334.41
Franklin	25,581	23,805	$4,911,377	$4,755,574	$9,666,951	$1.00	$191.99	$377.90
Fulton	832	1,060	$90,553	$270,620	$361,173	$3.00	$108.84	$434.10
Gallia	468	555	$55,974	$167,921	$223,894	$3.00	$119.60	$478.41
Geauga	1,726	1,614	$350,031	$894,843	$1,244,874	$3.00	$202.80	$721.25
Greene	3,005	2,483	$547,362	$547,362	$1,094,724	$1.00	$182.15	$364.30
Guernsey	1,105	972	$97,546	$292,638	$390,184	$3.00	$88.28	$353.11
Hamilton	17,554	11,603	$3,150,092	$6,161,899	$9,311,991	$2.00	$179.45	$530.48
Hancock	1,644	1,311	$221,373	$442,747	$664,120	$2.00	$134.66	$403.97
Hardin	684	628	$61,659	$184,977	$246,637	$3.00	$90.14	$360.58
Harrison	544	559	$84,364	$265,093	$349,458	$3.00	$155.08	$642.39
Henry	535	713	$56,987	$164,384	$221,371	$3.00	$106.52	$413.78
Highland	1,064	912	$83,487	$166,974	$250,461	$2.00	$78.47	$235.40
Hocking	663	568	$69,368	$208,103	$277,471	$3.00	$104.63	$418.51
Holmes	795	536	$103,420	$310,261	$413,681	$3.00	$130.09	$520.35
Huron	1,483	1,167	$117,592	$108,403	$225,995	$1.00	$79.29	$152.39
Jackson	756	616	$53,766	$160,947	$214,713	$3.00	$71.12	$284.01
Jefferson	1,127	1,495	$89,546	$268,638	$358,184	$3.00	$79.46	$317.82
Knox	1,599	1,140	$168,123	$336,246	$504,369	$2.00	$105.14	$315.43
Lake	4,343	4,025	$635,129	$1,901,078	$2,536,207	$3.00	$146.24	$583.98
Lawrence	1,094	1,150	$97,768	$293,305	$391,074	$3.00	$89.37	$357.47

Real Property Conveyance Fees by County, Calendar Year 2013 (continued)								
	Number of Conveyances		Fees Collected			Permissive Rate per Thousand	Average Mandatory Fee per Conveyance[1]	Average Total Fee per Conveyance[2]
County	Fee Paid	Fee Exempt	Mandatory	Permissive	Total			
Licking	3,829	3,327	$532,314	$717,189	$1,249,503	$2.00	$139.02	$326.33
Logan	1,269	925	$140,461	$140,461	$280,922	$1.00	$110.69	$221.37
Lorain	6,571	4,687	$864,335	$2,593,006	$3,457,342	$3.00	$131.54	$526.15
Lucas	9,823	9,519	$1,025,878	$3,077,634	$4,103,513	$3.00	$104.44	$417.75
Madison	695	643	$112,217	$112,217	$224,434	$1.00	$161.46	$322.93
Mahoning	4,663	5,054	$459,539	$1,378,294	$1,837,833	$3.00	$98.55	$394.13
Marion	1,385	1,122	$128,418	$128,418	$256,837	$1.00	$92.72	$185.44
Medina	3,787	2,345	$635,661	$1,271,090	$1,906,751	$2.00	$167.85	$503.50
Meigs	434	504	$25,884	$77,653	$103,537	$3.00	$59.64	$238.56
Mercer	904	705	$113,370	$283,425	$396,795	$2.50	$125.41	$438.93
Miami	2,485	1,590	$329,939	$329,890	$659,828	$1.00	$132.77	$265.52
Monroe	433	525	$44,268	$88,536	$132,804	$2.00	$102.24	$306.71
Montgomery	11,335	9,034	$1,235,937	$2,459,011	$3,694,948	$2.00	$109.04	$325.98
Morgan	314	279	$15,773	$47,319	$63,092	$2.00	$50.23	$200.93
Morrow	849	695	$83,502	$250,506	$334,008	$3.00	$98.35	$393.41
Muskingum	1,741	1,555	$201,087	$402,059	$603,146	$2.00	$115.50	$346.44
Noble	507	401	$60,106	$180,318	$240,424	$3.00	$118.55	$474.21
Ottawa	1,606	1,341	$202,257	$202,257	$404,513	$1.00	$125.94	$251.88
Paulding	476	553	$39,026	$117,077	$156,103	$3.00	$81.99	$327.95
Perry	692	699	$49,638	$149,542	$199,180	$3.00	$71.73	$287.83
Pickaway	1,074	927	$138,609	$277,218	$415,827	$2.00	$129.06	$387.18
Pike	554	508	$51,407	$51,407	$102,814	$1.00	$92.79	$185.58
Portage	3,158	2,579	$442,124	$1,325,159	$1,767,283	$3.00	$140.00	$559.62
Preble	931	857	$86,460	$172,919	$259,379	$2.00	$92.87	$278.60
Putnam	686	664	$69,590	$208,770	$278,360	$3.00	$101.44	$405.77
Richland	2,336	2,208	$235,158	$705,473	$940,630	$3.00	$100.67	$402.67
Ross	1,450	1,119	$151,434	$-	$151,434	$-	$104.44	$104.44
Sandusky	1,160	829	$113,205	$321,173	$434,378	$3.00	$97.59	$374.46
Scioto	1,374	1,358	$100,562	$301,687	$402,250	$3.00	$73.19	$292.76
Seneca	1,173	1,041	$97,770	$293,309	$391,079	$3.00	$83.35	$333.40
Shelby	984	800	$113,085	$339,254	$452,338	$3.00	$114.92	$459.69
Stark	7,790	6,580	$934,266	$2,786,692	$3,720,959	$3.00	$119.93	$477.66
Summit	11,355	9,036	$1,492,212	$4,476,127	$5,968,339	$3.00	$131.41	$525.61
Trumbull	3,723	4,671	$289,625	$868,678	$1,158,303	$3.00	$77.79	$311.12
Tuscarawas	1,836	1,852	$208,901	$626,703	$835,604	$3.00	$113.78	$455.12
Union	1,597	827	$326,745	$326,745	$653,491	$1.00	$204.60	$409.20
Van Wert	698	635	$72,500	$217,499	$289,999	$3.00	$103.87	$415.47
Vinton	305	324	$16,321	$48,963	$65,284	$3.00	$53.51	$214.05
Warren	5,517	3,012	$1,327,564	$2,655,128	$3,982,692	$2.00	$240.63	$721.89
Washington	1,135	1,013	$114,278	$342,834	$457,113	$3.00	$100.69	$402.74
Wayne	2,271	1,909	$259,682	$259,682	$519,363	$1.00	$114.35	$228.69
Williams	945	1,196	$72,359	$217,076	$289,435	$3.00	$76.57	$306.28
Wood	2,597	2,096	$406,755	$807,481	$1,214,236	$2.00	$156.63	$467.55
Wyandot	483	562	$29,653	$88,960	$118,614	$3.00	$61.39	$245.58

[1]Average mandatory fee per conveyance excludes exempt conveyances and permissive fees collected.

[2]Average total fee per conveyance excludes exempt conveyances yet includes both mandatory and permissive fees collected.

[3]Data not submitted for 2013; previous year's data shown.

Source: Surveys obtained from county auditors and conducted by the Ohio Department of Taxation.

Resort Area Gross Receipts Tax

The resort area gross receipts tax is a business privilege tax that a municipality or township that has declared itself to be a resort area may enact. Revenue from the tax benefits the municipality or township. The tax was authorized by House Bill 327 of the 120th General Assembly, which became law on June 30, 1993.

The village of Kelleys Island enacted the first resort area gross receipts tax in 1993. The village and township of Put-in-Bay followed suit in 1996.

Municipalities and townships may declare themselves to be a resort area and enact the tax if they meet a three-pronged test:

- at least 62 percent of total housing units are for seasonal use as of the last federal census;
- entertainment and recreation facilities are provided within the community that are primarily intended to provide seasonal leisure activity for nonresidents; and
- the municipality or township experiences seasonal peaks of employment and service demand because of a seasonal population increase.

In fiscal year 2015, the tax generated nearly $1.3 million divided among those jurisdictions that levied it, according to the rates in effect in each.

Taxpayer

(Ohio Revised Code 5739.101)

The resort area gross receipts tax is imposed on persons making general sales, or providing intrastate transportation or other services taxable under the state sales tax base, within a designated resort area.

Tax Base

(R.C.5739.101)

The tax is levied on the privilege of doing business in the resort area. It is measured by gross receipts generated from sales made and services provided within the boundaries of a designated resort area, as well as intrastate transportation to and from such an area.

Gross receipts are defined as activities, without deduction for the cost of goods sold or other expenses incurred, that contribute to the production of the gross income of a business. Gross receipts that are part of the tax base include:

- rentals and leases of tangible personal property such as watercraft, golf carts, bicycles, videos, and fishing tackle.
- wholesale and retail sales, including food consumed on the premises.
- hotel and motel room rentals.
- repair or installation of tangible personal property.
- warranties, maintenance or service contracts.
- sales of certain services that are also subject to sales tax under R.C. 5739.01(B).

Rates

(R.C.5739.101)

The tax may be levied at rates of 0.5 percent, 1.0 percent or 1.5 percent. Currently, only three jurisdictions have enacted the tax: the village of Kelleys Island, the village of Put-in-Bay and the township of Put-in-Bay. The rate in each jurisdiction is 1.5 percent.

Exemptions

(R.C.5739.101)

Sales of food may only be included to the extent such sales are subject to the state's sales tax. Transportation of passengers as part of a tour or cruise in which the passengers will stay in the municipal corporation or township for no more than one hour are exempted from the calculation of the tax.

Credits

There are no credits available against this tax.

Special Provisions

(R.C.5739.101)

The resort area gross receipts tax is not a sales tax or a tax on transactions. It cannot be separately listed on an invoice or receipt to customers, nor can it be collected directly from customers.

Filing and Payment Dates

(R.C.5739.102 and R.C. 5739.103)

There are two semi-annual reporting periods for the tax. Returns are due to the Tax Commissioner approximately

30 days after the close of each reporting period:

- January 1 through June 30 – returns are due July 31.
- July 1 through December 31 – returns are due Jan. 31.

Administration and Disposition of Revenue

(R.C.5739.102)

The Tax Commissioner administers the resort area gross receipts excise tax and distributes the revenue to the general fund of the township or municipality that levied the tax within 45 days after the end of each month that the tax was paid. One percent is withheld and deposited into the GRF to cover the costs of administering the tax.

Ohio Revised Code Citations

R.C. 5739.101 – 5739.104

Recent Legislation

HB 64, 131st General Assembly

The bill authorizes municipal corporations and townships in a county with a population between 375,000 and 400,000 that levies no more than a 0.5% county sales tax (currently only Stark County meets the criteria) to designate a special district of not more than 200 contiguous acres as a tourism development district (TDD). The bill authorizes a subdivision to levy up to a 2 percent tax on gross receipts from sales made in the district, and permits the levy of a development fee or an admissions tax of up to 2 percent for a TDD in a municipality or up to 5 percent for a TDD in a township to fund tourism and development. The TDD is administered and collected like the Resort Area Gross Receipts Tax, but a taxpayer may separately or proportionately bill or invoice the tax to another person. The bill prohibits the creation or enlargement of a TDD after 2018.

History of Major Changes

1993	The General Assembly enacts House Bill 327, authorizing municipalities or townships that meet certain requirements to declare themselves a "resort area" and levy a resort area gross receipts tax. Shortly thereafter, the village of Kelleys Island enacts the tax.
1996	The village of Put-in-Bay and township of Put-in-Bay both enact the tax.
2015	HB 64 authorized resort area tax for qualified tourism development districts.

Table 1

Resort Area Tax Distributions, Fiscal Years 2011-2015

Fiscal Year	Village of Kelleys Island	Village of Put-in-Bay	Township of Put-in-Bay	Total
2011	$83,119	$509,874	$212,888	$805,881
2012	119,876	646,320	235,914	1,002,111
2013	142,375	642,981	282,322	1,067,678
2014	143,297	735,381	293,698	1,172,376
2015	136,867	820,164	298,213	1,255,244

Source: Ohio Department of Taxation records

Table 2

Resort Area Gross Receipts Tax Revenue, Fiscal Years 2011-2015

Fiscal Year	Revenue to Local Governments	State Administrative Fee	Total Tax Revenue
2011	$818,721	$8,270	$826,990
2012	995,528	10,056	1,005,583
2013	1,083,129	10,936	1,094,065
2014	1,154,319	11,660	1,165,978
2015	1,285,222	12,746	1,297,968

Source: Ohio Office of Budget and Management fiscal reports

Sales and Use Tax – Counties and Transit Authorities

Counties and transit authorities are permitted to levy sales and use taxes that "piggyback" on the statewide 5.75% sales and use tax, subject to repeal by a majority vote of the county electorate. The department collects the combined state and local tax, then distributes the local share of revenue directly to the counties and transit authorities. The same exemptions and exceptions, credits and payment dates apply to the permissive taxes as to the state tax.

All of Ohio's 88 county governments levied permissive sales and use taxes, as of Dec. 31, 2014, ranging from 0.50% to 1.5%. During calendar year 2014, the state collected approximately $1.85 billion for county governments from such levies (distributed March 2014 - February 2015).

In addition, eight transit authorities levied sales and use taxes of up to one percent (as of Dec. 31, 2014). They were:

- Greater Cleveland Regional Transit Authority,
- Central Ohio Transit Authority,
- Laketran Transit Authority (Lake County),
- Western Reserve Transit Authority (Mahoning County),
- Greater Dayton Regional Transit Authority,
- Portage Area Regional Transit Authority,
- Stark Area Regional Transit Authority, and
- Metro Regional Transit Authority (Summit County).

In calendar year 2014, the state collected about $433.4 million for these transit authorities (distributed March 2014 - February 2015).

Taxpayer

(Ohio Revised Code 5739.01, 5739.03, 5739.031, 5739.17, 5741.01)

Any person, retailer, business, organization or provider of taxable goods or services that makes retail sales or taxable purchases on which sales tax has not been paid is required to file a return and remit the sales or use tax due. (See section on **State Sales and Use Tax** for a list of specified services, for a description of taxpayers, and applicable vendor's licenses).

Tax Base

(R.C. 5739.01 and 5741.01)

The state, county and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempt. The tax also applies to the rental of tangible personal property, the rental of hotel rooms by transient guests and the sales of certain specified services.

The use tax base is identical to that of the sales tax. Use tax applies to purchases made outside of Ohio and to purchases made from Ohio vendors if the vendor did not charge sales tax. For additional information on use tax, see the discussion in **Rates**, below, under **Sourcing**.

See the section on **State Sales and Use Tax** for a list of specified services and for more information on sourcing for the use tax.

Rates

(R.C. 5739.02, 5739.021, 5739.023, 5739.025, 5739.026, 5741.02, 5741.021 - 5741.023)

State rate

The state sales and use tax rate has been 5.75 percent since Sept. 1, 2013.

Local rates

Current law gives counties the option of levying a sales tax of up to 1.0 percent for county general revenue, plus an additional tax of up to 0.5 percent for county general revenue or several specific purposes outlined in the Ohio Revised Code. These taxes, which must be in 0.25 increments, may be repealed by county voters.

Transit authorities are also authorized to levy additional permissive sales and use taxes at rates of 0.25 percent to 1.5 percent, also in 0.25 increments. Table 1 on the next page shows the number of counties at each total combined state and local tax rate, as of Dec. 31, 2014.

Forty-eight counties levy a total sales tax rate of 7.25 percent (the 5.75 percent state rate and a 1.50 percent local rate). The 8.00 percent rate is levied by Cuyahoga County and the 7.50 percent rate is levied by Franklin County. The lowest rate of 6.50 percent is levied by Butler, Lorain, Stark and Wayne counties.

Four Ohio counties, Delaware, Fairfield, Licking and Union, have more than one combined sales and use tax rate in effect because a small part of their area lies within the territory of the Central Ohio Transit Authority (COTA). The table does not reflect the 0.5 percent COTA rate that applies in parts of these four counties.

Table 1	
Rates and Jurisdictions (as of Dec. 31, 2014)	
Rate	Number of Jurisdictions
6.50%	4
6.75%	19
7.00%	15
7.25%	48
7.50%	1
8.00%	1

Exemptions, Deductions, Credits

Since local sales and use taxes "piggyback" on the state sales and use tax, exemptions are identical. For more information, see the **Sales and Use Tax** chapter in the **State Taxes** section of this book.

Filing and Payment Dates

Since local sales and use taxes "piggyback" on the state sales and use tax and are administered by the Department of Taxation, filing and payment dates are identical. For more information, see the **Sales and Use Tax** chapter in the **State Taxes** section of this book.

Disposition of Revenue

State Disposition of Revenue

(R.C 5739.21, 5741.03)

In any case where any county or transit authority has levied a tax or taxes pursuant to section 5739.021 (county permissive sales tax), 5739.023 (transit authority permissive sales tax), 5739.026 (additional county permissive sales tax), 5741.021 (county permissive use tax), 5741.022 (transit authority permissive use tax), or 5741.023 (county county permissive use tax for specific purposes), the tax commissioner shall, within 45 days after the end of each month, determine and certify to the director of budget and management the amount of the proceeds of such tax or taxes received during that month from billings and assessments, or associated with tax returns or reports filed during that month, to be returned to the county or transit authority levying the tax or taxes.The aggreagate amount to be returned to any county or transit authority shall be reduced by one percent, which shall be certified directly to the Local Sales Tax Administrative Fund. On or before the 20th day of the month in which such certification is made, payment is made to the county treasurer and to the fiscal officer of the transit authority levying the tax or taxes.

County Disposition of Revenue

(R.C. 5739.021, 5739.026, 5741.021 and 5741.023)

The moneys received by a county levying county permissive sales tax pursuant to 5739.021 and county use tax pursuant to 5741.021, shall be deposited in the county general fund to be expended for any purpose for which general fund moneys of the county may be used, including the acquisition or construction of permanent improvements, or in the bond retirement fund for the payment of debt service charges on notes or bonds.

The moneys received by a county levying additional county permissive sales tax pursuant to 5739.026 and county use tax pursuant to 5741.023 can be used to provide additional reveneues for the local transit authority, certain permanent improvements, convention facility notes or bonds, implementation of a 9-1-1 system in the county, operation and maintenance of a detention facility, or conservation easements.

Transit Authority Disposition of Revenue

(R.C. 306.31, 5739.021, 5741.022)

The moneys received by a transit authority shall be expended for any authorized purchase, including for acquiring, constructing, operating, maintaining, replacing, improving, extending, and enlarging transit facilities, and for the payment of debt service charges on notes or bonds of the transit authority.

Special Provisions

See the **Sales and Use Tax** chapter in the **State Taxes** section of this book.

Administration

The Tax Commissioner.

Ohio Revised Code Citations

County Sales Tax: Sections 5739.021, 5739.022, 5739.025, 5739.21, 5739.211, 5741.021, 5741.023, 5741.03, and 5741.031.

Transit Authority Sales Tax: Sections 306.321, 306.70, 306.71, 5739.01, 5739.023, 5739.025, 5739.21, 5739.211, 5701.01, 5741.022, 5741.03, and 5741.031.

Recent Legislation

Am. Sub. H.B. 64, of the 131st GeneralAssembly.

The act allows sharing of incremental sales tax growth of county or transit permissive sales tax from vendors located within a tourism development district with municipality or township where district is located.

History of Major Changes

1967	General Assembly grants counties the authority to levy a county sales tax at a rate of 0.5 percent.
1969	Lake County becomes the first county to levy a county sales tax, effective July 1.
1974	General Assembly authorizes transit authorities to levy a sales tax, subject to voter approval, at the following rates: 0.5 percent, 1 percent or 1.5 percent.
1975	The Greater Cleveland Regional Transit Authority becomes the first to adopt a sales tax. A 1 percent rate takes effect October 1.
1982	General Assembly permits counties to levy the county sales tax at rates of either 0.5 percent or 1 percent.
1986	Legislature permits counties to levy an additional county sales tax at 0.5 percent for specified purposes, including the county general fund, subject to voter approval.
1987	General Assembly permits all local sales tax levies to be enacted in 0.25 percent increments.
1992	A county 9-1-1 system is added to the list of purposes for which a county may enact an additional county sales tax.
1999	Conservation easements are added to the list of purposes for which the additional county sales tax may be levied.

Comparisons with Other States

(As of Dec. 31, 2014)

This table shows state sales tax rates, the maximum combination of local sales tax rates in effect for each state, and the highest combined state and local sales tax rate in effect for each state.

Table 2

Sales Tax Rate Comparison by State

State	State Rate (%)	Max. Local Rate (%)	Max. Total Rate (%)
Georgia	4.0	4.0	8.0
Indiana	7.0	----	7.0
Kentucky	6.0	----	6.0
Michigan	6.0	----	6.0
North Carolina	4.75	2.75	7.5
Ohio	**5.75**	**2.25**	**8.0**
Pennsylvania	6.0	2.0	8.0
Tennessee	7.0	2.75	9.75
Texas	6.25	2.0	8.25
West Virginia	6.0	1.0	7.0

Table 2

County Permissive Sales Tax Collections, Calendar Years 2009 - 2014

County	2009	2010	2011	2012	2013	2014	Initial Enactment	Tax Rate 12/31/2014	Effective Date of Current Rate
Adams	$2,962,554	$3,244,305	$3,290,325	$3,453,477	$3,666,729	$3,916,094	June 1, 1991	1.50[1]	April 1, 2006
Allen	13,165,331	14,246,583	14,476,312	15,362,470	15,343,644	15,761,819	May 1, 1970	1.00	June 1, 1987
Ashland	5,767,699	6,014,104	6,359,262	6,493,655	6,977,472	7,378,828	March 1, 1971	1.25[2]	January 1, 1998
Ashtabula	7,938,933	8,570,869	8,956,657	9,187,656	9,790,782	10,260,302	April 1, 1977	1.00	July 1, 1985
Athens	6,413,526	6,735,970	6,810,061	7,276,471	7,488,235	7,975,117	Feb. 1, 1982	1.25[2]	January 1, 1994
Auglaize	6,230,098	6,615,638	7,205,687	7,672,983	8,139,373	8,411,706	Nov. 1, 1973	1.50[1]	June 1, 1996
Belmont	10,780,315	11,278,396	11,904,166	13,320,872	15,002,545	17,652,874	May 1, 1985	1.50[1]	January 1, 1995
Brown	2,962,698	3,428,393	4,184,628	4,567,733	4,662,396	4,871,886	Aug. 1, 1979	1.50[1]	October 1, 2010
Butler	29,766,768	29,589,370	30,745,215	32,587,055	35,147,525	37,454,674	June 1, 1985	0.75	January 1, 2008
Carroll	1,655,211	1,808,510	2,009,558	2,627,854	3,398,388	3,944,886	Sept. 1, 1985	1.00	July 1, 2006
Champaign	4,034,562	4,054,478	4,451,343	4,941,288	5,320,190	5,359,151	Jan. 1, 1986	1.50[1]	July 1, 2003
Clark	18,679,244	19,451,080	20,374,884	21,688,732	22,772,072	23,856,108	Nov. 1, 1972	1.50[1]	January 1, 2008
Clermont	19,140,719	20,136,697	20,991,145	21,944,859	22,916,220	24,337,920	Aug. 1, 1979	1.00	October 1, 1983
Clinton	6,931,659	6,136,736	6,589,778	6,711,477	7,260,061	7,834,178	May 1, 1972	1.50[1]	October 1, 2005
Columbiana	11,690,608	12,501,158	13,359,749	14,680,506	15,972,858	16,378,210	Aug. 1, 1985	1.50[1]	April 1, 2007
Coshocton	4,080,863	4,320,072	4,460,460	4,809,662	5,609,489	5,556,825	June 1, 1971	1.50[1]	January 1, 2006
Crawford	4,405,433	4,511,097	4,824,614	5,357,443	5,262,266	5,441,681	May 1, 1978	1.50[1]	July 1, 1994
Cuyahoga	194,026,358	205,211,697	218,737,889	227,706,506	239,081,321	249,716,331	Sept. 1, 1969	1.25[2]	October 1, 2007
Darke	6,373,738	6,319,928	6,733,248	7,275,748	7,637,488	8,033,120	July 1, 1975	1.50[1]	October 1, 2005
Defiance	4,311,802	4,426,385	4,931,361	5,058,795	5,281,160	5,442,135	Feb. 1, 1987	1.00	February 1, 1987
Delaware	35,899,776	38,088,578	41,361,429	44,263,579	47,374,799	49,609,864	Jan. 1, 1972	1.25[2]	October 1, 1996
Erie	11,766,426	12,754,912	13,370,369	13,709,346	15,227,593	20,709,834	March 1, 1977	1.00[1]	October 1, 2014
Fairfield	11,668,564	15,769,483	16,656,582	17,577,486	18,355,967	19,326,958	Sept. 1, 1981	1.00	January 1, 2010
Fayette	6,675,310	6,590,732	6,910,207	7,176,324	7,654,966	8,160,500	March 1, 1983	1.50[1]	January 1, 2008
Franklin	122,649,116	129,329,538	135,742,789	146,924,300	154,019,523	257,799,894	Sept. 1, 1985	1.25[2]	January 1, 2014
Fulton	3,728,875	5,598,907	6,142,580	6,524,783	6,557,821	7,215,852	May 1, 1972	1.50[1]	January 1, 2010
Gallia	4,025,647	4,072,767	4,251,704	4,452,280	4,500,383	4,691,462	Dec. 1, 1981	1.25[1]	February 1, 1995
Geauga	10,409,829	10,533,228	11183037.45	11,744,574	12,577,635	13,274,704	Aug. 1, 1987	1.00[2]	February 1, 2004
Greene	20,558,891	21,130,730	21,965,538	22,576,311	22,962,447	24,403,645	March 1, 1971	1.00	February 1, 1987
Guernsey	6,131,011	6,094,236	6,185,035	6,991,330	8,558,536	10,148,488	Feb. 1, 1971	1.50[1]	August 1, 1993
Hamilton	120,408,014	125,730,107	130,231,179	134,095,877	140,201,008	150,281,687	June 1, 1970	1.00[1]	June 1, 1996
Hancock	11,218,865	11,033,039	11,623,579	12,134,502	12,582,246	13,152,188	Feb. 1, 1979	1.00	January 1, 2010
Hardin	3,166,318	3,413,571	3,553,743	3,858,197	3,952,818	4,123,018	Oct. 1, 1985	1.50[1]	January 1, 2005
Harrison	1,254,949	1,377,080	1,496,851	1,988,873	5,346,385	5,375,131	Dec. 1, 1985	1.50[1]	June 1, 1994
Henry	3,428,056	3,666,295	3,652,943	3,745,332	3,783,289	3,817,207	March 1, 1972	1.50[1]	April 1, 2007
Highland	4,874,812	5,208,362	5,333,384	5,748,286	5,920,471	6,268,499	May 1, 1979	1.50[1]	July 1, 2005
Hocking	2,727,787	2,909,631	3,066,854	3,242,670	3,393,091	3,634,352	April 1, 1979	1.25[2]	January 1, 1998
Holmes	4,249,652	4,514,354	4,943,420	5,669,594	6,052,287	6,569,038	July 1, 1977	1.00	January 1, 1998
Huron	6,926,248	7,598,363	8,225,716	8,341,836	8,765,559	9,396,408	Feb. 1, 1978	1.50[1]	January 1, 1996
Jackson	4,173,994	4,487,441	4,555,733	4,820,060	4,923,710	5,263,852	April 1, 1982	1.50[1]	January 1, 1998
Jefferson	9,437,739	9,866,645	10,069,882	10,837,108	11,539,702	11,932,786	June 1, 1973	1.50[1]	November 1, 1994
Knox	4,951,627	5,206,251	5,437,944	5,878,455	6,169,288	6,798,781	May 1, 1971	1.00[2]	February 1, 1994
Lake	$14,353,531	$14,629,554	$15,546,168	$26,101,830	$32,694,931	$34,360,000	July 1, 1969	1.00	April 1, 2012
Lawrence	6,587,932	7,260,402	7,500,362	8,014,074	8,101,288	8,849,330	June 1, 1986	1.50[1]	June 1, 1998

Source: Department of Taxation

[1] Includes a 0.50% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

[2] Includes a 0.25% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

County Permissive Sales Tax Collections Calendar Years 2009 - 2014 - continued									
County	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Initial Enactment**	**Tax Rate 12/31/2014**	**Effective Date of Current Rate**
Licking	23,055,893	23,619,086	24,804,013	26,568,612	28,188,970	29,796,212	Feb. 1, 1971	1.50[1]	Jan. 1, 2006
Logan	6,796,016	6,888,277	7,197,092	8,263,153	9,060,093	9,009,897	Jan. 1, 1974	1.50[1]	July 1, 1997
Lorain	30,262,475	26,902,971	23,604,816	24,629,683	25,911,789	27,539,423	July 1, 1985	0.75[2]	April 1, 2010
Lucas	64,340,305	68,074,916	72,035,425	75,190,408	76,655,401	81,480,799	Feb. 1, 1971	1.25[2]	Jan. 1, 1993
Madison	3,828,322	3,997,908	4,360,382	4,950,404	5,578,051	5,960,048	March 1, 1983	1.25[2]	July 1, 1999
Mahoning	25,971,965	27,477,879	29,699,553	30,560,903	31,772,188	33,971,826	April 1, 1980	1.00[1]	Oct. 1, 2005
Marion	6,255,481	6,509,927	7,370,344	8,822,125	7,462,343	10,525,121	Sept. 1, 1985	1.50[1]	April 1, 2014
Medina	18,058,064	18,677,184	19,860,141	20,967,352	21,754,963	23,359,099	April 1, 1971	1.00[1]	Oct. 1, 2007
Meigs	1,214,295	1,265,083	1,374,024	1,548,358	2,307,753	2,489,734	Feb. 1, 1987	1.50[1]	Oct. 1, 2012
Mercer	5,478,648	5,800,489	6,187,061	6,558,156	7,021,076	7,073,613	Nov. 1, 1971	1.50[1]	April 1, 2008
Miami	10,212,564	13,068,299	13,898,864	14,992,069	15,653,669	16,400,267	Dec. 1, 1969	1.25[2]	Oct. 1, 2009
Monroe	1,437,392	1,456,441	1,683,852	1,979,919	2,158,619	2,998,449	Oct. 1, 1986	1.50[1]	Jan. 1, 2010
Montgomery	58,729,714	60,821,918	66,650,957	68,802,117	70,997,307	74,878,470	Jan. 1, 1971	1.00	July 1, 1989
Morgan	1,135,842	1,188,810	1,226,386	1,327,625	1,460,799	1,666,764	Feb. 1, 1972	1.50[1]	April 1, 1990
Morrow	2,418,133	2,615,260	2781256.6	3,101,111	3,252,715	3,546,465	July 1, 1971	1.50[1]	July 1, 1995
Muskingum	14,997,407	14,892,841	14,992,113	16,025,390	17,192,632	18,054,594	May 1, 1971	1.50[1]	April 1, 1993
Noble	1093625.59	1,090,451	1098781.21	1,324,419	2,128,186	2,664,674	Jan. 1, 1971	1.50[1]	Feb. 1, 1995
Ottawa	4,813,331	5,516,198	6,373,589	6,656,096	7,158,981	8,152,773	Oct. 1, 1973	1.25[2]	July 1, 2010
Paulding	1,352,623	1,515,998	1,674,064	1,805,275	1,811,818	1,825,761	April 1, 1984	1.50[1]	Nov. 1, 1991
Perry	1,854,544	2,524,910	3,079,116	3,345,027	3,533,855	3,801,179	March 1, 1971	1.50[1]	April 1, 2010
Pickaway	6,335,068	5,910,137	6,304,828	6,581,369	7,405,987	7,587,196	Oct. 1, 1983	1.50[1]	Dec. 1, 2001
Pike	3,444,775	3,691,117	3,840,756	4,807,275	4,232,002	4,087,950	May 1, 1988	1.50[1]	Jan. 1, 2006
Portage	14,468,521	15,924,811	16,484,674	17,356,453	18,268,622	19,626,374	April 1, 1971	1.00	Dec. 1, 1999
Preble	3,978,709	4,444,872	5,027,910	4,729,872	4,870,479	5,190,364	Nov. 1, 1979	1.50[1]	May 1, 1994
Putnam	3,810,132	4,078,573	4,770,923	4,967,257	5,035,693	4,309,218	Jan. 1, 1974	1.25[2]	Jan. 1, 2014
Richland	16,998,124	18,121,298	18,750,452	20,937,410	20,500,645	20,873,735	June 1, 1979	1.25[1]	Jan. 1, 2013
Ross	11,254,090	11,951,369	12,341,994	13,392,672	13,867,896	14,482,331	Jan. 1, 1980	1.50[1]	Oct. 1, 1993
Sandusky	6,981,002	8,008,419	9632764.88	9,860,147	10,200,869	10,743,818	Aug. 1, 1979	1.50[1]	Oct. 1, 2010
Scioto	9,176,979	10,048,182	10,385,019	10,911,682	11,157,550	11,846,601	May 1, 1979	1.50[1]	May 1, 2001
Seneca	6,380,064	6,800,668	6,962,100	7,486,824	7816971.39	8,248,680	Oct. 1, 1983	1.50[1]	Aug. 1, 2003
Shelby	6,539,566	6,816,661	7,450,890	8,186,678	8,767,135	9,897,391	Feb. 1, 1971	1.50[1]	April 1, 2008
Stark	24,059,403	18,532,610	6,978,106	16,488,040	25,739,194	28,062,558	Jan. 1, 1987	0.50	April 1, 2012
Summit	33,085,279	34,576,726	36,191,562	38,174,038	39,829,474	42,715,778	Feb. 1, 1973	0.50	Nov. 1, 1995
Trumbull	19,420,353	20,753,184	22,517,348	23,090,076	23,692,177	24,911,940	June 1, 1985	1.00	July 1, 2005
Tuscarawas	8,662,339	9,143,507	9,709,327	10,666,204	11,589,435	12,531,569	April 1, 1971	1.00	July 1, 1998
Union	8,956,881	9,294,054	9,487,591	12,045,553	13,010,640	12,999,348	April 1, 1989	1.25[2]	July 1, 2008
Van Wert	3,268,999	3,773,437	3,904,204	4,073,386	4,073,414	4,193,767	March 1, 1972	1.50[1]	March 1, 1991
Vinton	794,454	895,288	970,795	1,079,822	1,147,638	1,282,446	May 1, 1985	1.50[1]	March 1, 1992
Warren	26,201,291	27,206,741	28,359,839	30,624,217	32,701,492	35,006,529	Jan. 1, 1972	1.00[1]	Jan. 1, 1992
Washington	9,027,451	9,811,462	10,385,166	11,148,789	11,803,105	12,973,256	Oct. 1, 1983	1.50[1]	Jan. 1, 1990
Wayne	7,722,607	8,106,668	8,787,045	9,358,877	9,630,568	10,480,676	March 1, 1971	0.75	Jan. 1, 1992
Williams	4,351,902	4,573,015	4,800,583	5,097,082	5,201,682	5,761,516	Dec. 1, 1977	1.50[1]	Oct. 1, 2003
Wood	15,091,591	15,579,034	16,623,884	17,164,132	17,815,418	19,929,248	June 1, 1971	1.00	Nov. 1, 1987
Wyandot	2,507,231	2,637,310	2,975,397	3,382,629	3,650,982	3,995,605	Feb. 1, 1985	1.50[1]	Oct. 1, 2005
County Totals	**$1,328,414,534**	**$1,390,049,665**	**$1,453,998,354**	**$1,558,170,937**	**$1,651,016,232**	**$1,851,680,387**			

Source: Department of Taxation

[1] Includes a 0.50% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

[2] Includes a 0.25% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

Table 3

Transit Authorities Permissive Sales Tax Collections
Calendar Years 2009 - 2014

	2009	2010	2011	2012	2013	2014	Initial Enactment	Tax Rate 12/31/2014	Effective Date of Current Rate
Cleveland RTA (Cuyahoga Co.)	$155,282,828	$164,069,879	$174,934,574	$181,914,698	$195,202,033	$199,464,841	October 1, 1975	1.00	October 1, 1975
Central Ohio TA (Franklin Co.)	87,819,553	93,011,284	98,049,602	105,869,439	113,250,101	118,024,328	September 1, 1980	0.50	January 1, 2008
LakeTran TA (Lake Co.)	7,157,306	7,294,636	7,759,654	7,869,357	8,243,259	8,592,079	August 1, 1988	0.25	August 1, 1988
Western Reserve TA (Mahoning Co.)	4,167,214	6,834,623	7,415,654	7,629,416	8,128,517	8,482,907	April 1, 2009	0.25	April 1, 2009
Greater Dayton RTA (Montgomery Co.)	29,341,697	30,373,587	33,285,528	34,356,160	36,282,503	37,383,511	July 1, 1980	0.50	July 1, 1980
Portage Area RTA (Portage Co.)	3,608,868	3,976,097	4,115,662	4,335,903	4,612,295	4,901,782	February 1, 2002	0.25	February 1, 2002
Stark Area RTA (Stark Co.)	10,410,581	11,148,815	11,793,115	12,544,581	13,216,571	14,022,748	July 1, 1997	0.25	July 1, 1997
Metro TA (Summit Co.)	32,829,001	34,385,448	36,110,561	38,121,576	40,528,840	42,555,138	February 1, 1991	0.50	July 1, 2008
Transit Authority Totals	**$330,617,048**	**$351,094,368**	**$373,464,350**	**$392,641,130**	**$419,464,120**	**$433,427,334**			

Source: Ohio Department of Taxation

Part VI: Other Resources

Business Tax Credits

A number of Ohio's business tax credits can be claimed against more than one type of tax. Rather than continue to list the same business tax credits in multiple chapters of this annual report, we have chosen to consolidate information about them here.

The tax credits available to Ohio businesses underwent significant reorganization with the 2005 enactment of House Bill 66, which phased out the corporation franchise tax for the vast majority of corporations after the 2009 report year.

For taxpayers subject to the corporation franchise tax phase-out and the phase-in of the commercial activity tax (CAT), the 2008 franchise tax reports (based on 2007 business activity) were the last on which the following credits could be applied:

- Job creation credit
- Job retention credit
- Research expense credit
- Research and development loan payment credit

After Jan. 1, 2008, these credits were automatically converted to credits against the CAT. However, these credits continue to apply against the franchise tax for taxpayers such as financial institutions, which are not subject to the CAT and remain subject to the franchise tax through tax year 2013. Additionally, a CAT credit for unused franchise tax net operating loss deductions was made available to qualifying corporations starting in calendar year 2010.

Credits

Enterprise zone day care and training credits (R.C. 5709.65(A))

Taxpayers that locate in an enterprise zone and who are awarded the appropriate tax incentive certificate by the Ohio Department of Development may claim a nonrefundable credit equal to:

- the amount reimbursed to specified employees for the cost of day care services up to a maximum of $300 per child; and
- the amount reimbursed to specified employees for training costs up to a maximum of $1,000 per employee.
- - **Taxes**: Individual income.

Enterprise zone eligible new employees (R.C. 5709.66(B))

Taxpayers that locate in an enterprise zone and who are issued the appropriate tax incentive certificate for an eligible employee may claim a $1,000 nonrefundable credit for each taxable year covered by the enterprise zone agreement during which the eligible employee is employed by the taxpayer. An "eligible employee" is a new employee at the facility to which the enterprise zone agreement applies, who at the time hired was a recipient of aid through the Ohio Works First program (Temporary Assistance to Needy Families) or general assistance and who resided for at least one year in the county in which the facility is located.

Taxes: Individual income.

Ethanol investment credit (R.C. 901.13, 5733.46 and 5747.75)

This nonrefundable credit equals 50 percent of the taxpayer's investment in an ethanol plant certified by the Ethanol Incentive Board in the calendar year preceding the report year. The credit is limited to $5,000 per taxpayer per plant. The credit was first available for taxable year 2002.

Taxes: Individual income.

Grape production property credit (R.C. 5733.32, 5747.28)

This nonrefundable credit equals 10 percent of the cost of purchasing and installing or constructing qualifying property used to produce grapes in Ohio.

Taxes: Individual income.

Historic building preservation credit (R.C. 149.311, 5725.34, 5726.52, R.C. 5747.76)

This refundable credit is based on the expenses incurred by owners or a qualified lessee of a historic building to rehabilitate such a building. The credit, if approved by the Ohio Department of Development, equals 25 percent of the owner's or qualified lessee's "qualified rehabilitation expenditures" paid or incurred during the 24- or 60-month rehabilitation period.

Taxes: Financial institutions, insurance or individual income.

Job creation credit (R.C. 122.17, 5726.50, 5747.058, 5751.50)

The Ohio Tax Credit Authority may award taxpayers a refundable credit for new jobs created according to an agreement pursuant to R.C. 122.17. The credit equals a designated percentage of the additional Ohio income tax withheld from a site or from home-based employees over a baseline amount intended to represent the amount of withholding taking place before the job creation agreement. The exact percentage of the credit is established by agreement between the taxpayer and the Tax Credit Authority. The credit is permitted for a period of up to 15 years.

Taxes: Commercial activity, financial institutions, individual income or insurance taxes.

Job retention credit (R.C. 122.171, 5726.26, 5747.058(B), 5751.50)

The Ohio Tax Credit Authority may award a refundable tax credit if the project has a retention of at least 500 full-time jobs and minimum annual retained payroll of at least $20 million, or minimum annual retained payroll of $35 million with no required job retention threshold; and a fixed asset investment of at least $5 million.

The Ohio Tax Credit Authority may award this nonrefundable credit to businesses that invest at least $50 million in fixed-assets for manufacturing operations or at least $20 million in fixed-assets for significant corporate administrative functions. In exchange for the credit, employers must commit to retain at least the equivalent of 500 full-time employees at the site for at least seven years or the term of the credit plus three years, whichever is greater. The size of the credit, determined by agreement with the Ohio Tax Credit Authority, equals up to 75 percent of the Ohio individual income tax withheld from the wages or salary paid to employees retained at the site.

Taxes: Commercial activity (beginning in 2008), financial institutions, individual income (before 2008) or insurance taxes (for job retention agreements reached after Oct. 16, 2009).

Lottery Commission Withholding Credit (R.C. 5747.062(B))

This refundable credit equals the amount the Ohio Lottery Commission withheld from payments to the taxpayer.

Taxes: Individual income.

Motion picture production credit (R.C. 122.85, 5726.55, 5733.59, 5747.66)

This refundable credit can be claimed against individual income or corporation franchise tax liability based on awards from the Department of Development for motion picture production work performed in Ohio. Productions with budgets that exceed $300,000 may qualify for the credits, which are based on 35 percent of payroll expenditures for Ohio resident cast and crew and 25 percent of other eligible production expenses. The value of each credit may not exceed $5 million per production, and the total credits to be issued are capped at $40 million for fiscal biennium, beginning on or after July 1, 2011. Corporations may claim this credit against the corporation franchise tax even if they are no longer subject to the franchise tax.

Taxes: Financial institutions or individual income.

New markets tax credit (R.C. 5725.33, 5726.54, 5729.16)

This credit is a nonrefundable tax credit with a four-year carry forward for financial institutions and insurance companies that invest in "Community Development Entities," as defined by the federal New Markets Tax Credit program. To qualify, a taxpayer must first qualify for the federal credit program by holding an equity investment in a qualified Community Development Entity. The Ohio Department of Development may annually issue a maximum of $10 million worth of credits.

Taxes: Financial institutions or insurance taxes.

Research expense credit (R.C. 5726.56, 5733.351, 5751.51)

This nonrefundable credit equals seven percent of the amount by which the taxpayer's "qualified research expenses" (as defined in Internal Revenue Code section 41) in Ohio during the taxable year exceed the taxpayer's average annual qualified research expenses in Ohio for the three preceding years.

Taxes: Commercial activity or financial institutions.

Research and development loan payments credit (R.C. 5751.52)

The amount of this nonrefundable credit equals the borrower's qualified research and development loan payments during the calendar year that immediately precedes the report year. The payments include principal and interest on a loan made to the borrower from Ohio's research and development fund administered by the Ohio Department of Development.

Taxes: Commercial activity (starting in 2008) or individual income (before the 2008 taxable year).

Unused net operating losses credit (R.C. 5751.53)

Beginning in calendar year 2010, qualifying taxpayers may claim a nonrefundable tax credit equal to 8 percent of the taxpayer's franchise tax net operating loss carry forwards and other deferred tax items against the commercial activity tax. This credit is limited to taxpayers that elected to claim the credit by filing with the Tax Commissioner before July 1, 2006.

Tax: Commercial activity.

Venture capital credit (5707.031, 5725.19, 5726.53, 5727.241, 5729.08, 5733.49, 5747.80)

The Ohio Venture Capital Authority has the authority to issue refundable tax credits to its creditors. The credits are redeemable in the event of losses on loans to the authority.

Taxes: Financial institutions, individual income, insurance taxes and public utility excise tax.

Glossary of Terms

*The administration of taxes includes a specialized vocabulary not entirely familiar to the average taxpayer. The terms included here represent a selected, core group of tax-related terms common across many taxes. In cases where a definition contains a term that is also defined in this glossary, that term is highlighted in **bold**.*

Allocation – For purposes of this report, allocation describes a process in computing corporation franchise tax **liability** where a taxpayer's nonbusiness income (such as interest and capital gains) is distributed between Ohio and other states. What is allocated to Ohio is then subject to Ohio tax.

Adjusted gross income – Adjusted gross income is an amount used in the calculation of an individual's income tax **liability**. It refers to an amount of income after certain adjustments are made, but before any reduction for the standardized and itemized **deduction**(s) or personal **exemption** is made.

Apportionment – For purposes of the corporation franchise tax, apportionment describes a process where a taxpayer's business income is distributed between Ohio and other states. What is apportioned to Ohio is then subject to tax. An apportionment process also occurs in public utility property tax to distribute the taxable value of utility company property to various locations; the method of apportionment varies according to the type of utility.

Assessed value – In the taxation of real property, this term refers to the taxable value of land and improvements (meaning: buildings). In Ohio, the assessed value of real property is set at 35 percent of true market value, with some exceptions that include certain lands used for agriculture or forestry. "Assessed value" is a term also used in personal property taxation to describe the taxable value of personal property and inventories.

Credit – A credit is an amount subtracted from the amount of tax owed (the **liability**). Examples include the credit permitted against Ohio individual income tax liability for child care expenses or the credit permitted against commercial activity tax liability for research and development loan payments.

Deduction – In income taxation, a deduction is an amount subtracted from **adjusted gross income** when calculating taxable income. Examples of deductions include those permitted, for federal income tax purposes, for charitable gifts or certain types of interest payments.

Exemption – In income taxation, an exemption is an amount excluded from taxable income. For example, the Ohio individual income tax includes a personal exemption for any taxpayer who cannot be claimed as a dependent by another taxpayer.

Gross receipts – For purposes of the commercial activity tax and the resort area gross receipts tax, gross receipts refers to the total amount realized – without deduction for the cost of goods sold or other expenses incurred – from activities that contribute to the production of gross income, such as sales, performance of services, and rentals or leases. The public utility excise tax is also measured by gross receipts for business done from operations as a public utility.

Liability – Liability refers to the amount of a specific tax that a taxpayer owes; this amount can be reduced by credits.

Lien – A lien is a claim on a piece of property. For example, when a financial institution loans money for purchase of a home, that mortgage loan is a lien. Taxing authorities can establish, or place, a lien on the property of a delinquent taxpayer. If the mortgage, loan or tax owed is not paid, the property can be sold to satisfy the lien.

Mcf – This term is an abbreviation for 1,000 cubic feet, a common unit used to measure natural gas. Ohio's natural gas distribution tax is sometimes informally referred to as the "Mcf tax."

Mill – A mill can be thought of as a measurement equal to one-tenth of one percent. This term is often used to express the rate of taxation imposed on real or personal property. For example, a 2.5 mill tax levy imposed on a home with an **assessed value** of $100,000 amounts to $250 in tax.

Net income – This term refers to the total earnings or "bottom line" of a business. It is generally calculated by deducting from total sales the costs of doing business, such as depreciation, interest, taxes and certain other expenditures.

Net worth – Net worth refers to the value of a business when its liabilities (including debt, taxes and certain other obligations) are subtracted from the value of its assets.

Nexus – This term is used to describe whether a business has sufficient presence or activity in a state or other taxing jurisdiction to become subject to the tax(es) of the state or jurisdiction.

Nonrefundable (tax credit) – A nonrefundable tax **credit** is a credit against a specific tax that may only be claimed to the extent that the taxpayer has otherwise incurred tax **liability**. When such a credit would reduce liability to less than zero, the taxpayer is not eligible for a refund beyond the point at which liability is extinguished. In Ohio, most tax credits are nonrefundable.

Permissive tax – This term refers to a tax that a local political jurisdiction is "permitted" by law to enact. This term is frequently used to distinguish the local "piggyback" sales and use taxes enacted at the discretion of county governments or regional transit authorities from the state sales tax.

Refundable (tax credit) – A refundable tax **credit** is a credit against a specific tax that entitles the taxpayer to a refund, even in the absence of tax **liability**. This means that when a value of a credit fully eliminates tax liability, the state of Ohio is still obligated to issue a payment to the taxpayer for the value of the credit that remains after liability has been extinguished.

Situs – This term refers to the place where property is physically located, or where a taxable transaction occurs.

Sourcing – In sales taxation, this term refers to the physical location where a sale occurs or where a sale is designated as having occurred. "Origin sourcing" refers to sourcing sales at the physical location of the retailer. When sales are sourced based on where the customer takes possession of a product or service – such as through a delivery – this is referred to as "destination sourcing."

Streamlined Sales Tax Project – This is a multi-state initiative to make sales tax laws, rules, and systems more uniform across states and thus easier for vendors to collect states' sales taxes. The goal of the project is to encourage out-of-state vendors – primarily catalog and Internet retailers – to register with the project and collect the sales tax of participating states.

Taxing district – A taxing district is a jurisdiction that by law can impose a **tax levy** for property, sales, or municipal or school district income taxes in a specified geographic area. These jurisdictions may overlap. They include counties, transit authorities, municipalities, special districts such as fire or park districts, and school districts.

Tax levy – A tax levy is an act that imposes or alters a tax. A levy may be enacted at either the state level (such as on income or sales), or at the local level, such as on income, sales, or property. Local tax levies frequently require a vote of the people, are normally for a specific purpose, and are usually for a permanent or specified time period.

Tax year – A tax year is an annual accounting period for tax purposes that consists of 12 consecutive months. This may be either a fiscal year (meaning, 12 consecutive months ending on the last day of any month except December) or a calendar year (beginning Jan. 1 and ending Dec. 31). Businesses normally file taxes on a fiscal tax year basis, which may be any consecutive 12-month period. The tax year for property taxes, as well as individual income taxes for most taxpayers, is the calendar year.

Rule Review

The Department of Taxation recently engaged in the five-year rule review process described in section 119.032(C) of the Revised Code to review rules found in Chapter. 5703 of the Ohio Administrative Code. A review schedule has been adopted, whereby approximately one-fifth of the Department's rules are assigned for review each year. Rules are reviewed to determine if they should be amended, rescinded or should remain unchanged, and then are filed with the Joint Committee on Agency Rule Review and Ohio's Common Sense Initiative, if applicable.

Year	Number of Rules to be Reviewed
2014	51
2015	42
2016	45
2017	41
2018	47
Total	**226**

Index of Charts and Tables

This index provides a by-chapter listing of the charts and tables contained in the Annual Report, organized by the major section in which the chapter is found. Chapters which do not contain charts or tables are omitted.