

Individual Income Tax - School District

In 1981, the Ohio General Assembly granted school districts the authority to levy an income tax. Certain provisions of that law were repealed in 1983 so that no additional school districts could levy the tax. Any school district enacting the tax before August 3, 1983, could continue to levy the tax. Prior to the repeal, voters approved the tax in six school districts, one of which repealed the tax through voter referendum in 1986. In 1989, the General Assembly reinstated provisions of the original law allowing additional school districts to levy the tax.

The school district income tax is imposed on the incomes of residents and estates of decedents who at the time of death were residents of the school district. The Department of Taxation administers the tax. Collections are made through employer withholding, individual quarterly estimated payments, and annual returns. During FY 2003, total net collections for all districts were approximately \$141 million, after deductions for administrative costs and refunds, as shown in the table in this chapter. As of June 30, 2003, there are 134 school districts (out of 612 in the state) that levy the tax.

TAX BASE (R.C. 5748.01):

For individuals, Ohio adjusted gross income for state income tax purposes less \$1,250 for each exemption in 2003. For estates, Ohio taxable income for state income tax purposes.

RATES (R.C. 5748.02):

Rates must be multiples of a quarter of one percent. The rate must be approved by a vote of the school district residents before implementation. The tax rates range from 0.50 percent to 2.0 percent.

SPECIAL PROVISIONS:

Senior Citizen Credit: 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.

TAXPAYER (R.C. 5748.01):

Every individual residing in and every estate of a decedent who at the time of death was residing in a school district which imposes the school district income tax.

FILING AND PAYMENT DATES (R.C. 5747.06 – 5747.09):

Individuals and Estates:

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files by the 15th day of the fourth month after the end of the fiscal year.
3. The taxpayer must file a quarterly estimated return if the taxpayer expects to be under-withheld by more than \$500 for the combined school district and Ohio individual income taxes. For calendar year taxpayers, quarterly payments of the tax must 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, fifth, and ninth months of the fiscal year and on the 15th day following the end of the fiscal year.

Employers:

1. If the employer remits on a quarterly basis for state income tax purposes, payment is due for both taxes by the last day of the month following March, June, September, and December.
2. If the employer remits on a monthly or Electronic Funds Transfer (EFT) basis 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 a School District Income Tax Fund to be distributed to the school district less 1.5 percent retained for state administrative purposes. 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.

OHIO REVISED CODE CITATIONS:

Chapters 5747 and 5748.

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Table
School District Income Tax
Collections for Fiscal Years
2000 - 2003

All Districts	2000 ^(a)	2001 ^(b)	2002 ^(c)	2003 ^(d)
Individual Returns	\$47,076,661	\$54,022,501	\$46,532,185	\$45,282,962
Employer Withholding	<u>103,006,381</u>	<u>107,234,557</u>	<u>107,611,867</u>	<u>111,135,680</u>
Total Collections	\$150,083,042	\$161,257,058	\$154,144,052	\$156,418,642
Refunds and Administration	\$10,037,370	\$10,437,911	\$10,926,908	\$14,535,252
Interest earned	<u>1,519,951</u>	<u>1,897,444</u>	<u>1,403,636</u>	<u>930,035</u>
Net to school districts	\$141,565,623	\$152,716,592	\$144,620,780	\$140,953,356

(a) Includes collections for 123 school districts.
(b) Includes collections for 121 school districts.
(c) Includes collections for 123 school districts.
(d) Includes collections for 134 school districts.

Source: Department of Taxation, as reported on tax returns.

