

REVENUE FROM TAXES ADMINISTERED BY THE TAX COMMISSIONER

The Tax Commissioner's primary responsibility is the administration of state and some local taxes, which yielded approximately \$27.1 billion in net collections during the period of this report. Ohio's 2006 fiscal year was the period from July 1, 2005 through June 30, 2006. A breakdown of the collections from these taxes is shown in **Table 3** for both state-collected taxes, represented by fiscal year, and locally-collected taxes, on a calendar year basis.

It should be noted, however, that taxes imposed by one level of government may be collected by another, and that taxes collected by one level of government may be shared with another. For this reason, the tax collection figures attributed to state or local governments in the table do not necessarily indicate amounts available for expenditure by either the state or local governments. In addition, some state taxes (specifically, the foreign and domestic insurance taxes, motor vehicle license tax, and liquor gallonage tax) are not administered by the Tax Commissioner but by other state agencies.

Figures for both gross and net tax collections from state-collected taxes are shown in **Table 3**. Gross collections are equal to total taxes collected, including taxes which were later refunded. Net tax collections are equal to gross collections, less all refunds.

The source for the state-collected taxes in Table 3 is the Office of Budget and Management for both gross and net collections. These figures will differ from data shown elsewhere in this report, which generally represent taxes reported as shown on returns filed during the fiscal year, rather than actual collections during the fiscal year.

The state-collected taxes administered by the Tax Commissioner yielded net tax collections of approximately \$24.4 billion during the fiscal year. This was an increase of nearly \$0.8 billion from the previous fiscal year. Receipts from locally-collected taxes were approximately \$2.7 billion in the 2005 calendar year.

Table 4 shows state General Revenue Fund revenue sources for Fiscal Year 2006. Excluding federal aid, total revenue amounted to approximately \$20.2 billion. As the table shows, the largest single revenue source was the individual income tax, with approximately \$8.8 billion distributed to the fund. The sales tax was the second largest revenue source, contributing roughly \$7.4 billion. From the 2005 to the 2006 fiscal years, income tax revenue increased by approximately 2.3 percent, while sales tax collections went down by approximately 5.1 percent (in large part due to a reduction in the tax rate).

The chart at the end of this chapter shows the collections of the largest taxes over the last ten years. During this period, the individual income and sales taxes have been the predominant tax sources for the state. The income tax demonstrated continuous growth, although growth was lethargic earlier this decade. Ohio's other major taxes have experienced quite disparate growth patterns, largely due to tax law changes. Sales tax revenues demonstrated long-term growth until FY 2006, when the state sales tax rate decreased from 6.0 percent to 5.5 percent (this decrease contrasts to FY 2004, when the rate increased from 5.0 percent to 6.0 percent). Corporation franchise tax revenues actually declined earlier this decade, followed by a robust recovery in recent years; however, a scheduled five-year phase-out for most of this tax began in tax year 2006, ensuring future revenue decline. In FY 2006, the cigarette tax produced almost the same amount of revenue as the corporation franchise tax. This is because the cigarette tax rate increased several times in recent years: from 24 cents per pack to 55 cents per pack beginning in FY 2003; and from 55 cents per pack to \$1.25 per pack beginning in FY 2006.

The decrease in public utility excise tax revenue is partially offset by the creation of the kilowatt-hour tax in May 2001, which replaced the excise tax for electric and rural electric companies. The kilowatt-hour tax generated \$557.2 million in revenue in FY 2006, but the General Revenue Fund received only about \$325.3 million of this amount. The remaining \$231.9 million was distributed directly to schools and local governments.

Revenue from taxes administered by the Department of Taxation comprised 97.7 percent of total General Revenue Fund taxes in FY 2006. Most of the remaining 2.3 percent is comprised of foreign and domestic insurance taxes, which are administered by the Ohio Department of Insurance.

The first pie chart at the end of this chapter illustrates the General Revenue Fund tax sources for the fiscal year. The largest source, individual income tax, accounted for approximately 44.9 percent in FY 2006.

The total revenue from all state tax sources amounted to approximately \$24.0 billion. The second pie chart shows the taxes that comprise this total.

Further statistical information on most of these taxes is contained in other Department of Taxation publications. Some of these publications are available by contacting the Tax Analysis Division, at (614) 466-3960, or they can be viewed at the Department of Taxation's Web site (tax.ohio.gov).

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TABLE 3

COLLECTIONS FOR TAXES ADMINISTERED BY OHIO TAX COMMISSIONER(a)

State-Collected Taxes	Gross Tax Collections		Net Tax Collections(b)		Percent Change 05-06
	FY 2005	FY 2006	FY 2005	FY 2006	
State Sales and Use (c)	\$8,194,420,144	\$7,733,104,084	\$8,131,334,006	\$7,673,042,357	-5.64%
Local Sales and Use	1,496,085,457	1,589,068,231	1,496,085,457	1,589,068,231	6.22%
Resort Area Excise	576,330	672,227	576,330	672,227	16.64%
State Personal Income	10,486,897,969	10,898,901,005	9,434,451,801	9,623,196,951	2.00%
Municipal Income Tax for					
Electric Light Companies	38,997,426	36,700,417	38,997,426	36,700,417	-5.89%
Corporation Franchise	1,282,059,637	1,309,521,936	1,111,564,312	1,105,863,100	-0.51%
Motor Vehicle Fuel	1,692,110,877	1,811,166,960	1,667,317,568	1,787,614,357	7.21%
Public Utility Excise	155,842,719	187,233,025	140,887,964	187,210,705	32.88%
Kilowatt-Hour Excise	539,668,771	557,340,967	539,392,236	557,166,445	3.30%
Natural Gas Consumption	73,653,083	69,076,996	73,653,083	69,076,996	-6.21%
Cigarette Excise (d)	579,111,243	1,086,712,875	577,698,917	1,084,142,830	87.67%
Local Cigarette Excise (e)	4,828,428	3,744,903	4,339,306	3,729,018	-14.06%
Dealers in Intangibles	37,158,952	34,582,394	36,557,281	33,582,794	-8.14%
Motor Fuel Use	83,545,046	72,709,897	82,925,757	71,189,374	-14.15%
Alcoholic Beverage Excise (f)	57,653,341	58,412,366	57,653,341	58,412,366	1.32%
Replacement Tire Fee	6,884,011	7,385,885	6,777,487	7,295,299	7.64%
Local Alcoholic Beverage (e)(f)	6,055,788	5,853,668	6,055,788	5,847,332	-3.44%
Horse Racing	14,603,473	12,868,648	14,603,473	12,868,648	-11.88%
Severance	7,597,653	7,676,830	7,597,653	7,676,830	1.04%
School District Income	196,844,221	235,995,378	183,751,845	221,269,681	20.42%
Commercial Activity Tax (g)	0	273,866,043	0	273,385,934	N/A
Total State-Collected Taxes	\$24,954,594,570	\$25,992,594,733	\$23,612,221,031	\$24,409,011,893	3.38%
Tax Collections					
Locally-Collected Taxes	CY 2004	CY 2005	Percent Change, 04-05		
Tangible Personal Property	\$1,651,707,142	\$1,695,986,799	2.68%		
Public Utility Property (h)	775,375,587	755,171,101	-2.61%		
Estate (i)	300,882,945	272,013,439	-9.59%		
Total Locally-Collected Taxes	\$2,727,965,674	\$2,723,171,339	-0.18%		

(a) Sources: For state-collected taxes, Office of Budget and Management. For locally-collected taxes, Department of Taxation.
(b) Gross tax collections less refunds.
(c) The state sales tax decreased from 6.0% to 5.5%, effective July 1, 2005.
(d) The cigarette tax increased from \$0.55 per pack to \$1.25, effective July 1, 2005. The rate on other tobacco products did not change.
(e) Collected for Cuyahoga County.
(f) Excludes tax on liquor since it is administered by the Ohio Department of Commerce, Division of Liquor Control.
(g) The commercial activity tax went into effect on July 1, 2005.
(h) Consists of tangible personal property taxes levied for collection in the following year.
(i) Consists of fiscal year 2005 and 2006 data, respectively (rather than CY 2004 and CY 2005 data).

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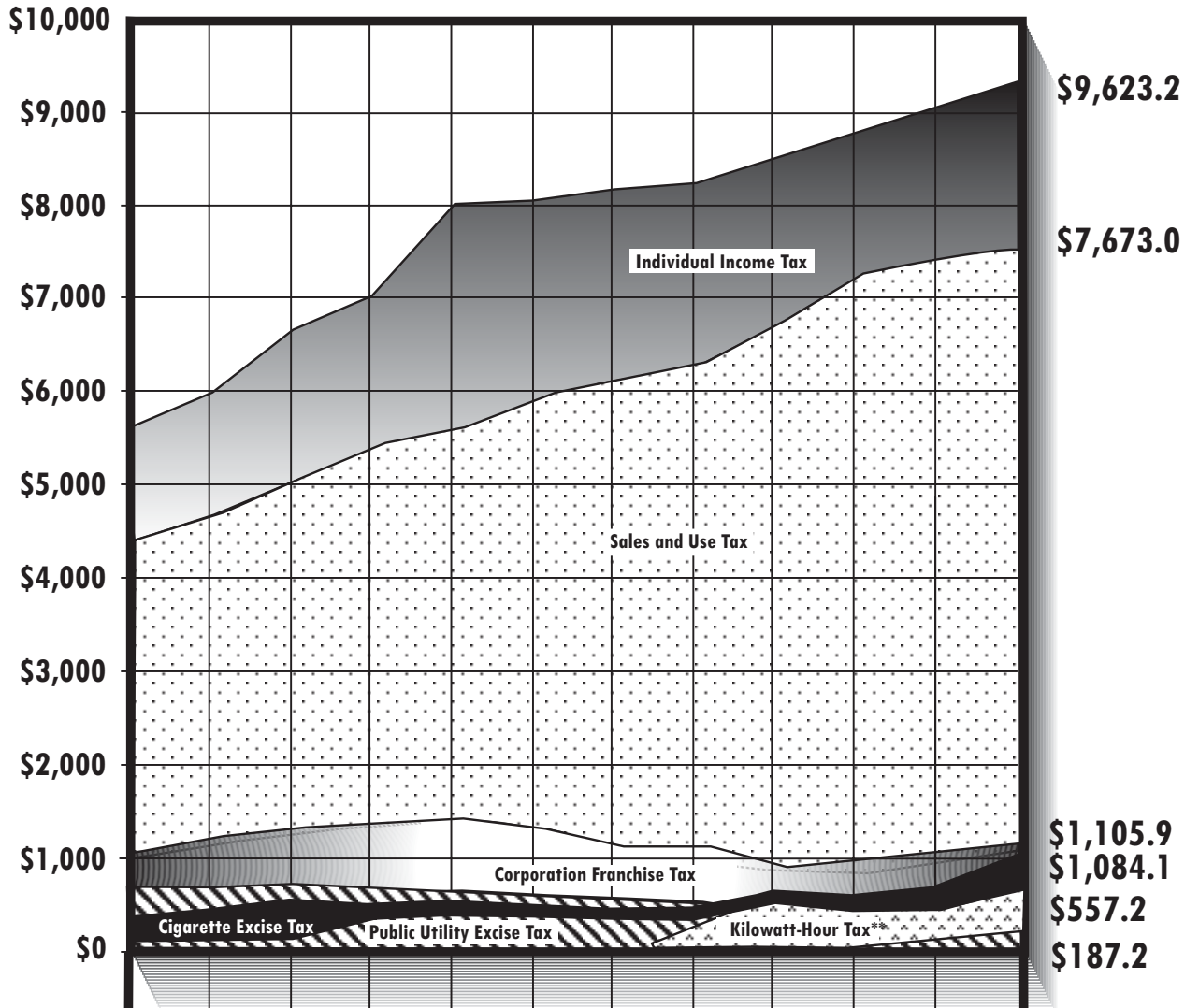
TABLE 4
 GENERAL REVENUE FUND SOURCES
 FISCAL YEAR 2006 (EXCLUDING FEDERAL AID)

Revenue Source	FY 2006 Collections
Personal Income Tax	\$8,786,395,210
Sales and Use Tax	7,368,243,825
Corporation Franchise Tax	1,054,901,384
Public Utility Excise Tax	176,171,245
Kilowatt-Hour Excise Tax	325,307,962
Cigarette Tax	1,084,141,937
Alcoholic Beverage Taxes (including liquor gallonage)	90,915,771
Commercial Activity Tax	185,082,278
Total	\$19,071,159,612
Miscellaneous:	
Domestic Insurance Tax	170,318,086
Estate Tax	54,070,007
Foreign Insurance Tax	248,797,469
Dealers in Intangibles Tax	19,091,666
Total	\$492,277,229
Non-Tax Revenue:	
Earnings on Investment	107,280,909
Liquor Profits	138,000,000
Miscellaneous*	439,508,185
Total	\$684,789,094
GRAND TOTAL	\$20,248,225,935
NOTE: All amounts are after refunds.	
* Includes certain transfers into the General Revenue Fund, licenses and fees, and other income.	
Source: Ohio Office of Budget and Management.	

CHART

REVENUE COLLECTIONS: SALES AND USE, INDIVIDUAL INCOME, CORPORATION FRANCHISE, AND PUBLIC UTILITY EXCISE AND KILOWATT-HOUR TAXES, FISCAL YEARS 1996 - 2006

(FIGURES IN MILLIONS)



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Individual Income Tax	\$5,884.8	\$6,018.5	\$6,946.2	\$7,173.8	\$8,084.6	\$8,119.3	\$8,157.1	\$8,256.5	\$8,531.2	\$9,434.5	\$9,623.2
Sales and Use Tax*	4,981.1	5,223.0	5,535.1	5,827.4	6,214.0	6,237.1	6,435.0	6,701.4	7,834.7	8,131.3	7,673.0
Corporation Franchise Tax	1,181.7	1,220.3	1,268.7	1,150.3	1,029.9	937.0	774.4	808.3	870.6	1,111.6	1,105.9
Cigarette Excise**	294.5	298.4	296.6	290.6	287.7	282.5	281.3	599.9	557.5	577.7	1,084.1
Public Utility Excise Tax	653.5	672.9	708.0	670.6	675.3	674.3	300.0	255.5	263.3	140.9	187.2
Kilowatt-Hour Tax***	—	—	—	—	—	—	38.0	569.2	539.4	539.4	557.2

* Temporary two-year rate increase from 5% to 6% effective July 1, 2003. A permanent rate of 5.5% became effective July 1, 2005 (Fiscal Year 2006).

** Rate increased from 24 cents per pack in FY 2003 and to \$1.25 per pack in FY 2006.

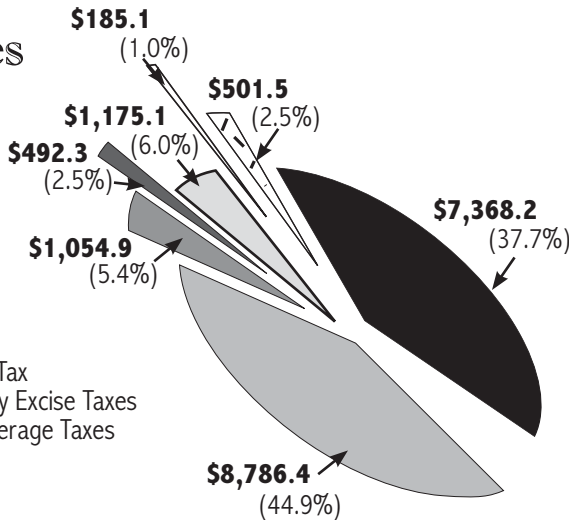
*** Replaced the public utility excise tax on electric and rural electric companies, effective May 1, 2001.

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General Revenue Fund Tax Sources

Fiscal Year 2006
(figures in millions)

- Sales and Use Tax
- Individual Income Tax
- Corporation Franchise Tax
- Kilowatt Hour, and Utility Excise Taxes
- Cigarette/Alcoholic Beverage Taxes
- Commercial Activity Tax
- All other taxes*



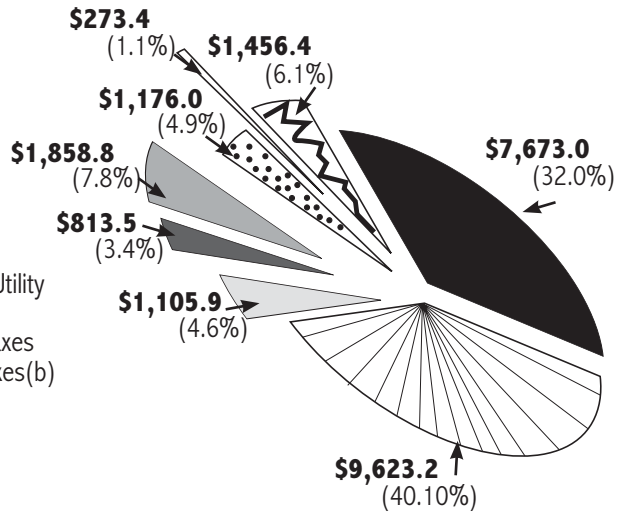
Total \$19,563.4 million

* This figure is comprised of the following state tax revenue sources: domestic insurance, foreign insurance, estate, and dealers in intangibles taxes.

All State Tax Sources (a)

Fiscal Year 2006
(figures in millions)

- Sales and Use Tax
- Individual Income Tax
- Corporation Franchise Tax
- Natural Gas, Kilowatt Hour, and Utility Excise Taxes
- Motor Vehicle Fuel & Fuel Use Taxes
- Cigarette/Alcoholic Beverage Taxes(b)
- Commercial Activity Tax
- All other Taxes(c)



Total \$23,980.2 million

- (a) Includes revenue distributed to non-General Revenue Fund accounts.
- (b) Includes tax on liquor of approximately \$33.4 million which is administered by the Department of Commerce, Division of Liquor Control.
- (c) This figure is comprised of the following state tax revenue sources shown in the chart at right:

Dealers in Intangibles	\$33,582,794
Replacement Tire	7,295,299
Horse Racing	12,868,648
Severance	7,676,830
Estate	272,683,861
Foreign Insurance	269,008,280
Motor Vehicle License	682,918,123
Domestic Insurance	170,408,850
Total	\$1,456,442,686