

## Individual Income Tax – School District

**Taxpayer**

Every individual residing in, and every estate of a decedent who at the time of death was residing in, a school district that levies the tax.

**Tax Base**

A resident tax on the amount reported as Ohio adjusted gross income less \$1,300 per exemption for tax year 2004. (The exemption amount is indexed for inflation.)

**Rates**

Multiples of 0.25%. The rate must be approved by a vote of the school district residents before implementation. Current rates range from 0.5% to 2.0% in 145 districts that have a school district income tax in effect as of January 2005.

**Revenue (In Millions)**

<b>Fiscal Year</b>	<b>Revenue(1)</b>	<b>Admin. Fund(2)</b>	<b>Total</b>
2000	\$141.6	\$2.3	\$143.9
2001	152.7	2.4	155.1
2002	144.6	2.3	146.9
2003	141.9	2.3	144.2
2004	155.9	2.5	158.5

**Notes:** (1)For subsequent distribution to school districts.

(2)Money is deposited into the Administration Fund before refunds are made.

**Disposition of Revenue**

The Tax Commissioner returns all revenue collected to the school district, less 1.5% retained for administrative purposes.

**Payment Dates**

Same as state individual income tax and state withholding tax, except larger withholders remit monthly, rather than on a partial weekly basis. Individual taxpayers must file a quarterly estimated return if they expect to be under-withheld by more than \$500 for the combined school district and Ohio individual income taxes.

**Special Provisions/Credits**

Senior citizen credit: A taxpayer 65 years of age or older during the taxable year receives a \$50 credit against the amount of

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school district income tax due. Only one credit is allowed for each return.

### Sections of Ohio Revised Code

Chapters 5747 and 5748.

### Responsibility for Administration

Tax Commissioner.

### History of Major Changes

- 1979 • General Assembly granted school districts authority to levy an income tax solely for repaying a state loan (no school district ever used this authority).
- 1981 • Current law enacted.
- 1983 • Certain provisions of the law repealed so that no additional school districts could enact the tax. Any school district enacting the tax prior to August 3, 1983 could continue to levy the tax (six did so).
- 1989 • General Assembly reinstated provisions of the law allowing additional school districts to levy the tax.
  - \$50 senior citizen credit allowed.
- 1991 • Income taxes permitted for a finite period of time, in addition to permanent.
  - Taxation of state retirement income clarified.
- 1992 • Permitted an income tax levy and property tax reduction on a single ballot issue.
- 1995 • Personal exemption increased to \$750 per taxpayer and spouse and \$850 per dependent for 1996; these amounts increased to \$850 and \$1,050, respectively, in 1997.
- 1996 • Personal exemption for taxpayer and spouses raised to \$950 in 1998 and \$1,050 in 1999.
- 1997 • Personal exemption indexed for inflation beginning in 2000.

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- 2004
- School District Income Tax Fund credited with interest earned by monies in the fund; interest income distributed with tax collections to districts that levy the tax.
  - *The Finder* application added to the Department of Taxation web site ([tax.ohio.gov](http://tax.ohio.gov)), enabling taxpayers to locate their school district of residence by their address.

### Comparisons with Other States (As of 04/05)

#### Kentucky

Local school boards may levy an occupational license tax on compensation of individuals or on net profits of business at a rate up to 0.5%. However, in counties with a population over 300,000 the tax rate can be up to 0.75%. Local school boards may also levy an excise tax not to exceed 20% of a county resident's state individual income tax liability.

#### Michigan

School districts are authorized to impose a “piggyback” tax on the city income tax, but no such tax is currently levied.

#### Pennsylvania

##### Pittsburgh:

The Pittsburgh School District levies an income tax at 1.875% on earned income and net profits. Nonresidents are not taxed.

##### Philadelphia:

The Philadelphia School District levies an “investment income tax” of 4.4625% on the net income from the ownership, lease, sale, or other disposition of real property and tangible and intangible personal property, including the net income paid to any beneficiary of a trust or estate and the income of any trust or estate of which such person is the substantial owner. The tax is imposed only on residents.

**California, Florida, Illinois, Indiana, Massachusetts, New Jersey, New York, Texas, and West Virginia** do not have a school district income tax.