

# INDIVIDUAL INCOME TAX — SCHOOL DISTRICT

**I**n 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 Certain provisions of that law were repealed in 1983 so that no additional school districts could levy the tax.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 Prior to the repeal, voters approved the tax in six school districts, one of which repealed the tax through voter referendum in 1986.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. As of January 2002, there are 126 school districts that levy the tax.

The School District Income tax is imposed on the incomes of residents and estates 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 Fiscal Year 2002, total net collections for all districts were \$144.6 million, after deductions for administrative costs and refunds (see **Table, School District Income Tax Collections**).

## **TAX BASE (R.C. 5748.01):**

For individuals, Ohio adjusted gross income for state Income tax purposes less \$1,200 for each exemption in 2002. For estates, 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 and every estate residing in a school district which imposes the School District Income tax.

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

### **Individual Taxpayers:**

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files before the 15<sup>th</sup> day of the fourth month after the end of the fiscal year.
3. 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 State of Ohio Individual Income taxes. 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.

### **Employers:**

1. If the employer withholds 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 withholds on a monthly or Electronic Funds Transfer basis for state purposes, remittances are made within fifteen 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 back to the school district less 1.5 percent retained for state administrative purposes. Distributions are made back 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.

**Table  
School District Income Tax  
Collections for Fiscal Years  
1999, 2000, 2001 and 2002**

<b>All Districts</b>	<b>1999<sup>(a)</sup></b>	<b>2000<sup>(b)</sup></b>	<b>2001<sup>(c)</sup></b>	<b>2002<sup>(d)</sup></b>
Individual Returns	\$46,455,569	\$47,076,661	\$54,022,501	\$46,532,185
Employer Withholding	96,127,306	103,006,381	107,234,557	107,611,867
Total Collections	\$142,582,876	\$150,083,042	\$161,257,058	\$154,144,052
Refunds and Administration	\$8,723,789	\$10,037,370	\$10,437,911	\$10,926,908
Interest earned	1,514,234	1,519,951	1,897,444	1,403,636
Net to school districts	\$135,373,321	\$141,565,623	\$152,716,592	\$144,620,780
a) Includes collections for 120 school districts. b) Includes collections for 123 school districts. c) Includes collections for 121 school districts. d) Includes collections for 123 school districts.  Source: Department of Taxation, as reported on tax returns.				

