

DEALERS IN INTANGIBLES TAX

Ohio law provides for the taxation of shares in and capital employed by dealers in intangibles. In calendar year 2004, tax assessments on dealers in intangibles resulted in collections totaling nearly \$17.0 million, with approximately \$10.6 million distributed to local governments and \$6.4 million to the state General Revenue Fund. In addition, \$23 million in tax was assessed on qualifying dealers in intangibles, payable to the state General Revenue Fund.

House Bill 405, 124th General Assembly, mandated that beginning in tax year 2003, a "qualifying dealer" is defined to be a dealer in intangibles that is a member of a controlled group of which a financial institution or insurance company is also a member. The tax paid by qualifying dealers is credited to the state General Revenue Fund.

Taxpayer (Ohio Revised Code 5725.01):

Firms having an office in Ohio and engaged in:

- lending money;
- discounting, buying, or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; or
- buying or selling bonds, stocks, or other investment securities.

Tax Base (R.C. 5725.13-.15):

The tax base for dealers in intangibles is either:

1. Shares of stock of incorporated dealers in

intangibles and unincorporated dealers in intangibles with capital stock divided into shares; or

2. Capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares.

For dealers in intangibles with offices in more than one state, the tax base is allocated to Ohio based on gross receipts from offices in Ohio as compared to gross receipts from all offices.

Rates (R.C. 5707.03):

Rate on fair value of shares or capital employed is eight mills (.008).

Exemptions (R.C. 5725.01 and 5725.26):

The following are excluded from the definition of a dealer in intangibles:

1. Institutions used exclusively for charitable purposes;
2. Insurance companies; and
3. Financial institutions.

Filing and Payment Dates (R.C. 5725.10, 5725.14, 5725.16, 5725.22):

Second Monday in March — Returns must be filed by this date unless a time extension (not to exceed 30 days) is allowed by the Tax Commissioner.

First Monday in May — Tax

Commissioner certifies the assessment of the shares or property representing capital to the Ohio Treasurer of State.

The Treasurer of State issues a tax bill within 20 days of certification by the Tax Commissioner with payment due 20 to 30 days from the date the bill is mailed. Taxes are collected by the Treasurer of State.

Disposition of Revenue (R.C. 5725.24):

1. Three mills of receipts credited to the state General Revenue Fund for dealers that are not "qualifying dealers."
2. Five mills of receipts distributed to the county where the firm's capital was employed (determined on the basis of gross receipts) for dealers that are not "qualifying dealers," placed in each county's undivided Local Government Fund and distributed among the local subdivisions by the county budget commission.
3. Beginning in tax year 2003, all the tax paid by "qualifying dealers" is paid to the state General Revenue Fund.

Administration (R.C. 5725.14):

Returns are filed with the Tax Commissioner, who determines the taxable values.

Ohio Revised Code Citations:

Chapters 5707, 5719, and 5725.

Table 1
Dealers in Intangibles Taxes Levied, Calendar Years 2000-2004

Distribution	2000	2001	2002	2003	2004
Local Share	\$12,238,408	\$12,575,695	\$11,229,780	\$7,176,496	\$10,587,846
State Share*	<u>7,343,049</u>	<u>7,545,420</u>	<u>7,072,345</u>	<u>4,305,900</u>	<u>6,352,710</u>
Total Assessed	\$19,581,457	\$20,121,115	\$18,302,126	\$11,482,396	\$16,940,556

* Does not include taxes levied on qualifying dealers in intangibles, amounting to \$24,299,670 in 2003 and \$23,044,589 in 2004.

Table 2
County Share of Intangible Property Taxes
Assessed on Dealers in Intangibles, Tax Year 2004

County	Share of Assessed Taxes	County	Share of Assessed Taxes	County	Share of Assessed Taxes
ADAMS	\$2,649	HAMILTON	1,279,872	MUSKINGUM	24,946
ALLEN	19,240	HANCOCK	17,262	NOBLE	2
ASHLAND	3,534	HARDIN	\$1,066	OTTAWA	438
ASHTABULA	7,620	HARRISON	0	PAULDING	2
ATHENS	2,731	HENRY	513	PERRY	704
AUGLAIZE	11,928	HIGHLAND	3,154	PICKAWAY	\$4,638
BELMONT	2,659	HOCKING	1,851	PIKE	31,334
BROWN	1,477	HOLMES	289	PORTAGE	16,304
BUTLER	34,443	HURON	3,928	PREBLE	1,019
CARROLL	291	JACKSON	7,406	PUTNAM	10
CHAMPAIGN	710	JEFFERSON	4,038	RICHLAND	44,761
CLARK	11,443	KNOX	4,218	ROSS	18,929
CLERMONT	40,186	LAKE	98,269	SANDUSKY	2,174
CLINTON	2,937	LAWRENCE	3,621	SCIOTO	6,837
COLUMBIANA	12,769	LICKING	69,313	SENECA	1,697
COSHOCTON	2,945	LOGAN	7,879	SHELBY	7,573
CRAWFORD	1,407	LORAIN	104,658	STARK	193,048
CUYAHOGA	2,773,728	LUCAS	921,221	SUMMIT	843,156
DARKE	5,165	MADISON	957	TRUMBULL	27,991
DEFIANCE	9,245	MAHONING	187,369	TUSCARAWAS	16,181
DELAWARE	12,566	MARION	13,529	UNION	1,999
ERIE	14,002	MEDINA	73,187	VAN WERT	679
FAIRFIELD	10,704	MEIGS	15	VINTON	2
FAYETTE	3,400	MERCER	3,859	WARREN	219,085
FRANKLIN	2,407,508	MIAMI	10,554	WASHINGTON	6,632
FULTON	14,936	MONROE	3	WAYNE	13,676
GALLIA	2,562	MONTGOMERY	816,138	WILLIAMS	961
GEAUGA	1,746	MORGAN	4	WOOD	9,183
GREENE	34,826	MORROW	875	WYANDOT	88
GUERNSEY	9,392				
				TOTAL	
				Local Revenue	\$10,587,846