

revenue to fund services while putting refunds back into the hands of Ohio taxpayers as soon as possible.

Revenue Accounting

Revenue Accounting, one of four units within the Budget and Fiscal Division, is responsible for a variety of duties within the Department of Taxation that directly impact local governments and the services received daily by Ohio residents.

One of the primary duties of Revenue Accounting is the distribution of tax revenue. In FY 2004, Revenue Accounting distributed approximately \$3.8 billion to/from the following funds and agencies:

- Local Government Fund;
- Local Government Revenue Assistance Fund;
- Library and Local Government Support Fund;
- gasoline tax;
- sales and use tax;
- school district income tax;
- municipal income tax for electric light companies and telephone companies;
- property tax rollback;
- manufactured home tax;
- tangible personal property tax;
- Property Tax Replacement Fund (from kilowatt-hour and natural gas taxes);
- dealers in intangibles tax;
- political party check-off;
- resort area tax;
- horse racing tax;
- Scenic Rivers and Wildlife check-offs;
- Cuyahoga County beer, wine, cigarette and liquor taxes;
- litter tax; and
- Ohio Turnpike.

In addition, Revenue Accounting records most of the revenue receipts and refund deposits for the Department of Taxation for the following taxes:

- individual income tax;
- employer withholding tax;
- sales and use tax;

- corporation franchise tax;
- school district income tax;
- motor fuel and use tax;
- International Fuel Tax Agreement; and
- municipal income tax for electric light companies and telephone companies.

The unit also handles the accounting and reversals for all tax payment errors. This includes checks, electronic funds transfers (EFTs), Ohio Business Gateway (OBG), and Treasurer of State debits and credits. Revenue Accounting is tasked with the reconciliation of EFT payments, OBG payments, and credit card payments. The unit is responsible for certifications to the local governments four times a year, and is charged with maintaining the tax rates for sales and use taxes, as well as school district and municipal income taxes.

Revenue Accounting has the additional responsibility of assisting the Office of Budget and Management with the state Comprehensive Annual Financial Report.

The Revenue Accounting unit supports the Budget and Fiscal Division in fulfilling the role of providing quality service by ensuring that tax dollars are properly deposited and distributed in accordance with current law.

Tax Analysis Division

The Tax Analysis Division (TAD) serves as the research arm of the Department of Taxation. Although it is a small unit, the division serves more types of customers than any other single department division, providing packaged data, quantitative analysis, and policy analysis to internal and external customers. The customers for TAD products include, but are not limited to, the Governor's office, members of the General Assembly, other divisions of the department, and all levels of local government.

Many of TAD's products are prepared on a regular basis. Each legislative session, the division provides revenue estimates for scores of bills that have proposed tax law changes and many proposals that never reach bill form.

The tax data series on the department's Internet site contains a number of data products that are updated monthly, quarterly, or annually. When the biennial budget is prepared, TAD provides

assistance to the Office of Budget and Management in forecasting tax revenues. Once the forecasts are finalized, the division then tracks revenue on a monthly basis and assists the Office of Budget and Management with any updates of the forecasts. Tax Analysis also provides estimates of all of the Governor's tax proposals in the executive budget, and produces the Tax Expenditure Report, traditionally "book two" of the executive budget.

The division also produces research publications that are meant as educational aids to decision makers. One such publication is the *Property Taxation and School Funding* report that was originally published in May, 2000 and updated in 2003 as a resource for the Governor's Blue Ribbon Task Force on education financing. Another example would be the division's report on *The Financial Impact of Inventory Tax Reductions*, published in September, 2000 as an aid to financial planning for schools and local governments. Finally, the division produces statistics, tables, graphs, and interstate comparison data for departmental publications such as the *Brief Summary of Major State and Local Taxes in Ohio* and the *Annual Report*.

The division provides a number of services to local governments. It produces dozens of estimates of school district income tax revenues each year. The division also produces (in conjunction with the Revenue Accounting Division) estimates of the distributions to the three local government funds, and handles the estate tax settlements from local governments. TAD also provides informal consulting to school districts and other local governments on property tax questions and permissive sales tax questions. Tax Analysis staffers frequently do presentations for county auditors, school officials, and other local governments, explaining property tax law, school district income taxes, state revenue sharing, and utility deregulation impacts.

In addition to its regular duties, TAD is involved in a number of special projects each year. The projects themselves are as diverse as analyzing the costs and potential cost savings of November 2002's State Issue I (the drug treatment ballot initiative) to preparing an amicus brief for the Tax Commissioner in the 2001 DeRolph IV school funding case. Much of the division's time in 2004 was occupied providing staff support for the Governor's Blue Ribbon Task Force on education