



Dealers in Intangibles Tax

Since 1931, Ohio law has provided for the taxation of shares in and capital employed by dealers in intangibles. The rate has been set at 8 mills since 1987.

During the 2008 calendar year, tax assessments on dealers in intangibles resulted in collections of approximately \$18.5 million, with approximately \$11.6 million distributed to local governments and \$6.9 million to the state General Revenue Fund.

In 2001, the Ohio General Assembly broadened the tax to include "qualifying dealers" – generally dealers in intangibles that are subsidiaries of a financial institution or an insurance company. During 2008, qualifying dealers generated an additional \$15.1 million for the General Revenue Fund.

Taxpayer

(Ohio Revised Code 5725.01)

The tax is paid by 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)

The tax base for dealers in intangibles is:

- shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares; and
- capital employed in Ohio by unincorporated dealers in intangibles with capital stock not divided into shares.

In order to be considered a dealer in intangibles, a person must have an actual place of business in Ohio. 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)

The tax rate on fair value of shares or capital employed is 8 mills, or 0.8 percent.

Exemptions

(R.C. 5725.01 and 5725.26)

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

- institutions used exclusively for charitable purposes;
- insurance companies; and
- financial institutions.



Credits

(R.C. 150.07, 150.10, 5707.031)

Starting with tax year 2006, qualifying dealers in intangibles may claim a refundable or nonrefundable venture capital credit against the dealer's tax due. The credit amount and tax year in which the venture capital credit may be claimed shall be listed on a tax credit certificate issued by the Ohio Venture Capital Authority.

Also, beginning in tax year 2008, any dealer in intangibles that incurs expenses rehabilitating historic buildings is eligible to claim a credit against their dealer in intangibles tax liability. If the dealer elects to take this credit, it cannot be applied against the liability of any other tax. The credit amount and tax year in which the historic preservation credit can be claimed shall be listed on a tax credit certificate issued by the Ohio Department of Development.

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 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)

All tax paid by dealers in intangibles that are subsidiaries of a financial institution or insurance company ("qualifying dealers") is paid into the state General Revenue Fund.

For non-subsubsidiary dealers in intangibles:

- three mills of receipts are credited to the state General Revenue Fund.
- five mills of receipts are distributed to the county where the firm's capital was employed (determined on the basis of gross receipts), placed in each county's undivided local government funds and distributed among the local subdivisions by the county budget commission.

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 2004-2008					
Distribution	2004	2005	2006	2007	2008
Local Share	\$10,587,846	\$11,265,677	\$12,094,989	\$12,105,259	\$11,579,920
State Share ¹	<u>6,352,710</u>	<u>6,759,411</u>	<u>7,256,993</u>	<u>7,263,155</u>	<u>6,947,952</u>
TOTAL	\$16,940,556	\$18,025,088	\$19,351,982	\$19,368,414	\$18,527,872

¹ Does not include taxes levied on qualifying dealers in intangibles, amounting to \$23,044,589 in 2004, \$17,970,397 in 2005, \$11,125,886 in 2006, \$12,499,308 in 2007 and \$15,127,427 in 2008.

Table 2

County Share of Intangible Property Taxes Assessed on Dealers in Intangibles, Calendar Year 2008			
County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
ADAMS	\$9,091	LOGAN	\$42,058
ALLEN	52,005	LORAIN	139,172
ASHLAND	4,182	LUCAS	361,965
ASHTABULA	29,517	MADISON	3,539
ATHENS	9,697	MAHONING	163,061
AUGLAIZE	15,869	MARION	41,725
BELMONT	9,914	MEDINA	146,735
BROWN	3,349	MEIGS	5,862
BUTLER	120,790	MERCER	11,437
CARROLL	355	MIAMI	29,900
CHAMPAIGN	4,609	MONROE	7,213
CLARK	39,075	MONTGOMERY	514,594
CLERMONT	35,738	MORGAN	0
CLINTON	3,719	MORROW	1,041
COLUMBIANA	16,383	MUSKINGUM	54,259
COSHOCTON	10,298	NOBLE	0
CRAWFORD	14,895	OTTAWA	3,078
CUYAHOGA	3,199,982	PAULDING	180
DARKE	11,890	PERRY	1,091
DEFIANCE	26,821	PICKAWAY	10,808
DELAWARE	47,737	PIKE	2,597
ERIE	24,176	PORTAGE	33,718
FAIRFIELD	53,021	PREBLE	4,535
FAYETTE	7,031	PUTNAM	1,566
FRANKLIN	2,786,180	RICHLAND	77,904
FULTON	1,518	ROSS	19,557
GALLIA	62,539	SANDUSKY	10,891
GEAUGA	5,979	SCIOTO	54,748
GREENE	45,333	SENECA	6,583
GUERNSEY	36,987	SHELBY	13,659
HAMILTON	1,373,778	STARK	345,177
HANCOCK	50,351	SUMMIT	632,897
HARDIN	4,835	TRUMBULL	70,822
HARRISON	0	TUSCARAWAS	40,518
HENRY	24,231	UNION	18,050
HIGHLAND	9,319	VAN WERT	5,373
HOCKING	19,364	VINTON	0
HOLMES	809	WARREN	142,502
HURON	28,269	WASHINGTON	23,967
JACKSON	14,241	WAYNE	22,296
JEFFERSON	31,187	WILLIAMS	7,897
KNOX	22,578	WOOD	34,084
LAKE	111,222	WYANDOT	2,271
LAWRENCE	15,104	Total Local Revenue	\$11,579,920
LICKING	76,623	(5 mills)	
		State General Revenue (3 mills)¹	\$6,947,952
		TOTAL	\$18,527,872

1 Does not include \$15,127,427 in taxes levied on qualifying dealers in intangibles.