



## 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 2010 calendar year, tax assessments on dealers in intangibles resulted in collections of approximately \$21.5 million, with approximately \$13.4 million distributed to local governments and \$8.1 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 2010, qualifying dealers generated an additional \$18.9 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. 5707.031, 5725.151)

Dealers in intangibles are eligible for the venture capital credit, awarded by the Ohio Venture Capital Authority. Beginning in tax year 2008, dealers in intangibles also became eligible for the historic preservation credit, awarded by the Ohio Department of Development.

For more information on these credits, see the **Business Tax Credits** chapter of this report.

### 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-subsidary 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**

<b>Dealers in Intangibles Taxes Levied, Calendar Years 2006-2010</b>					
<b>Distribution</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Qualifying dealers:</b>	<b>\$11,125,886</b>	<b>\$12,499,308</b>	<b>\$15,127,427</b>	<b>\$17,203,287</b>	<b>\$18,859,633</b>
<b>Other Dealers:</b>					
<b>State Share</b>	<b>\$7,256,993</b>	<b>\$7,263,155</b>	<b>\$6,947,952</b>	<b>\$7,361,369</b>	<b>\$8,063,613</b>
<b>Local Share</b>	<b>\$12,094,989</b>	<b>\$12,105,259</b>	<b>\$11,579,920</b>	<b>\$12,268,949</b>	<b>\$13,437,874</b>
<b>TOTAL</b>	<b>\$30,477,868</b>	<b>\$31,867,722</b>	<b>\$33,655,299</b>	<b>\$36,833,605</b>	<b>\$40,361,120</b>

Table 2

County Share of Intangible Property Taxes Assessed on Dealers in Intangibles, Calendar Year 2010			
County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
ADAMS	\$1,587	LORAIN	92,404
ALLEN	59,205	LUCAS	538,157
ASHLAND	2,177	MADISON	3,601
ASHTABULA	18,493	MAHONING	257,610
ATHENS	29,733	MARION	33,556
AUGLAIZE	12,788	MEDINA	147,016
BELMONT	11,047	MEIGS	1,634
BROWN	3,139	MERCER	6,843
BUTLER	50,413	MIAMI	27,631
CARROLL	14	MONROE	7,578
CHAMPAIGN	5,687	MONTGOMERY	830,659
CLARK	23,588	MORGAN	0
CLERMONT	18,260	MORROW	359
CLINTON	3,272	MUSKINGUM	38,514
COLUMBIANA	19,532	NOBLE	12
COSHOCTON	10,849	OTTAWA	3,418
CRAWFORD	4,228	PAULDING	585
CUYAHOGA	4,453,212	PERRY	1,445
DARKE	8,392	PICKAWAY	20,951
DEFIANCE	45,241	PIKE	2,866
DELAWARE	122,473	PORTAGE	\$20,562
ERIE	33,041	PREBLE	5,079
FAIRFIELD	42,830	PUTNAM	1,507
FAYETTE	7,500	RICHLAND	46,002
FRANKLIN	1,974,953	ROSS	22,819
FULTON	1,284	SANDUSKY	12,001
GALLIA	64,203	SCIOTO	18,139
GEAUGA	6,802	SENECA	8,005
GREENE	99,829	SHELBY	15,532
GUERNSEY	16,139	STARK	325,924
HAMILTON	2,114,422	SUMMIT	872,544
HANCOCK	39,904	TRUMBULL	43,212
HARDIN	6,425	TUSCARAWAS	49,460
HARRISON	0	UNION	7,585
HENRY	\$3,836	VAN WERT	7,267
HIGHLAND	4,119	VINTON	0
HOCKING	2,303	WARREN	241,202
HOLMES	530	WASHINGTON	23,600
HURON	5,837	WAYNE	24,577
JACKSON	3,464	WILLIAMS	2,786
JEFFERSON	13,029	WOOD	71,959
KNOX	13,193	WYANDOT	1,403
LAKE	184,249		
LAWRENCE	16,847		
LICKING	27,912		
LOGAN	15,888		
		<b>Total Local Revenue</b>	<b>\$13,437,874</b>
		(5 mills)	
		<b>State General</b>	
		<b>Revenue (3 mills)<sup>1</sup></b>	<b>\$8,063,613</b>
		<b>TOTAL</b>	<b>\$21,501,487</b>

<sup>1</sup> Does not include \$18,859,633 in taxes levied on qualifying dealers in intangibles.