

## INDIVIDUAL INCOME TAX - SCHOOL DISTRICT

### TAX BASE

A resident tax on the amount reported as Ohio adjusted gross income less \$1,150 per exemption for 2001. (The exemption amount is indexed for inflation.)

### RATES

Multiples of 0.25%. The rate must be approved by a vote of the school district residents before implementation. Current rates range from 0.5% to 2.0% in 121 districts that have a school district income tax in effect in 2001.

### REVENUE (IN MILLIONS)

Fiscal Year	Revenue <sup>(1)</sup>	Adm. Fund <sup>(2)</sup>	Total
1998	\$115.7	\$1.8	\$117.5
1999	135.4	2.1	137.5
2000	141.6	2.3	143.9
2001	152.7	2.4	155.1

<sup>(1)</sup> For subsequent distribution to school districts.

<sup>(2)</sup> Money is deposited into the Administration Fund before refunds are made.

### DISPOSITION OF REVENUE

The Tax Commissioner returns all revenue collected to the school district, less 1.5% retained for administrative purposes.

### SECTIONS OF OHIO REVISED CODE

Chapters 5747 and 5748.

### RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner.

### REMITTER OF TAX

Every individual and every estate residing in a school district that levies the tax.

### PAYMENT DATES

Same as state income tax and state withholding tax, except larger withholders remit monthly, rather than on a partial weekly basis.

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### SPECIAL PROVISIONS / CREDITS

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.

### HISTORY OF MAJOR CHANGES

- 1979 • General Assembly granted school districts authority to levy an income tax solely for repaying a state loan (no school district ever used this authority).
- 1981 • Current law enacted.
- 1983 • Certain provisions of the law were repealed so that no additional school districts could enact the tax. Any school district enacting the tax prior to August 3, 1983 could continue to levy the tax (six did so).
- 1989 • General Assembly reinstated provisions of the law allowing additional school districts to levy the tax.
  - \$50 senior citizen credit allowed.
- 1991 • Income taxes permitted for a finite period of time in addition to continuing.
  - Taxation of state retirement income clarified.
- 1992 • Permitted an income tax levy and property tax reduction on a single ballot issue.
- 1995 • Personal exemption increased to \$750 per taxpayer and spouse and \$850 per dependent for 1996; these amounts go to \$850 and \$1,050, respectively, in 1997.
- 1996 • Personal exemption for taxpayer and spouse raised to \$950 in 1998 and \$1,050 in 1999.
- 1997 • Personal exemption indexed for inflation beginning in 2000.

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## COMPARISON WITH OTHER STATES

### **Kentucky**

Local school boards may levy an occupational license tax on compensation of individuals or on net profits of business. The rate is up to 0.5%; in counties with over 300,000 population, it can be 0.75%. Local school boards may also levy an excise tax not to exceed 20% of a county resident's state individual income tax liability.

### **Michigan**

School districts are authorized to impose a "piggyback" tax on the city income tax, but no such tax is currently levied.

### **Ohio**

**School districts may impose a tax levied in multiples of a quarter of one percent on Ohio adjusted gross income of residents.**

### **Pennsylvania**

#### **Pittsburgh**

The Pittsburgh School District levies an income tax at 1.875% on earned income and net profits. Nonresidents are not taxed.

#### **Philadelphia**

The Philadelphia School District levies an "investment income tax" of 4.5385% for fiscal year 2001. The tax increases to 4.5635% in fiscal year 2002. It is a resident-only tax on unearned income such as profits from sale of real property and tangible or intangible personal property, including income from trusts or estates.

**California, Florida, Illinois, Indiana, Massachusetts, New Jersey, New York, Texas, and West Virginia** do not have a school district income tax.