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OHIO'S TAXES

Ohio's Taxes, A Brief Summary of Major State and Local Taxes in Ohio, provides a concise but comprehensive overview of each tax levied by the state and local governments.

This publication is divided into two major sections. The first reviews state taxes; the second section covers taxes levied at the local level.

For each tax, this summary shows the:

- Taxpayer
- Tax base
- Rates
- Major exemptions
- Revenue for the most current year reported
- Disposition of revenue
- Payment dates
- Special provisions and credits
- Primary sections of the Ohio Revised Code pertaining to the tax
- Responsibility for administration
- History of major changes
- Comparisons to similar taxes in other states

The 13 states selected for comparison are either neighboring states to Ohio or are considered to be large, economically important states.

The tax system of Ohio experienced major changes in 2003. This was primarily due to the implementation of House Bill 95, the 2004-2005 Biennium Budget Bill, that contained several changes affecting taxation.

Preceding passage of the bill and in response to an extended economic slowdown, Gov. Bob Taft, with ODT assistance, proposed a package of 80 tax reform initiatives. These reforms were meant to modernize Ohio's tax system and produce nearly \$2.3 billion in additional revenue over the biennium to address a projected revenue shortfall.

The Ohio General Assembly enacted more than 20 of the governor's proposals in late June, but chose to generate the majority of revenue needed to produce a balanced budget with a temporary, two-year increase in the state sales tax from 5.0 percent to 6.0 percent. The sales tax increase is expected to raise more than \$2.4 billion in new revenue during the 2004-2005 biennium.

OHIO'S TAXES

Some of the reform elements adopted include:

- Simplifying the municipal income tax system.
- Increasing the minimum corporate tax and eliminating some corporate tax avoidance opportunities.
- Shifting the remaining telecommunications services from the public utility tax to the sales, corporation franchise and municipal income taxes.
- Broadening the base of the sales tax by adding a number of previously untaxed services.
- Accelerating the phase-out of the inventory tax.
- Exempting businesses that claim less than \$10,000 in tangible personal property from filing this tax return, saving approximately 250,000 businesses the costs associated with the filing.
- Changing some definitions of food, beverages, and medical supplies to conform to the provisions of the multi-state Streamlined Sales Tax Agreement.

Other changes in taxes are highlighted in the appropriate sections.

Please address comments and questions about this booklet to:

Ohio Department of Taxation

Attn: Communications Office
30 E. Broad St., 22nd Floor
Columbus, Ohio 43216-0530
(614) 644-6896

You can also access the ODT website at: tax.ohio.gov for more information.

