



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 2009 calendar year, tax assessments on dealers in intangibles resulted in collections of approximately \$19.6 million, with approximately \$12.3 million distributed to local governments and \$7.4 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 2009, qualifying dealers generated an additional \$17.2 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.

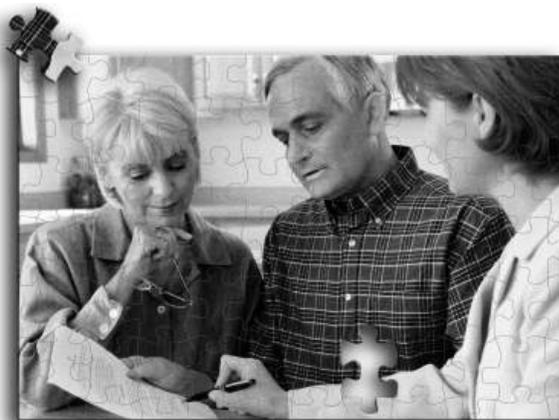
Disposition of Revenue

(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

Dealers in Intangibles Taxes Levied, Calendar Years 2005-2009					
Distribution	2005	2006	2007	2008	2009
Qualifying dealers:	\$17,970,397	\$11,125,886	\$12,499,308	\$15,127,427	\$17,203,287
Other dealers:					
State share	\$6,759,411	\$7,256,993	\$7,263,155	\$6,947,952	\$7,361,369
Local share	\$11,265,677	\$12,094,989	\$12,105,259	\$11,579,920	\$12,268,949
TOTAL	\$35,995,485	\$30,477,868	\$31,867,722	\$33,655,299	\$36,833,605

Table 2

County Share of Intangible Property Taxes Assessed on Dealers in Intangibles, Calendar Year 2009			
County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
ADAMS	\$1,456	LUCAS	\$426,949
ALLEN	59,798	MADISON	3,290
ASHLAND	3,868	MAHONING	217,641
ASHTABULA	13,195	MARION	26,963
ATHENS	28,721	MEDINA	159,769
AUGLAIZE	15,624	MEIGS	1,767
BELMONT	7,933	MERCER	8,973
BROWN	2,940	MIAMI	29,397
BUTLER	100,997	MONROE	6,332
CARROLL	307	MONTGOMERY	507,660
CHAMPAIGN	4,661	MORGAN	0
CLARK	22,371	MORROW	276
CLERMONT	21,164	MUSKINGUM	37,250
CLINTON	3,536	NOBLE	1
COLUMBIANA	14,973	OTTAWA	3,448
COSHOCTON	8,602	PAULDING	364
CRAWFORD	3,526	PERRY	1,060
CUYAHOGA	4,032,090	PICKAWAY	19,561
DARKE	11,204	PIKE	2,646
DEFIANCE	36,613	PORTAGE	38,049
DELAWARE	43,583	PREBLE	4,880
ERIE	21,509	PUTNAM	1,632
FAIRFIELD	44,806	RICHLAND	80,465
FAYETTE	22,303	ROSS	15,209
FRANKLIN	2,225,738	SANDUSKY	10,636
FULTON	1,609	SCIOTO	60,637
GALLIA	64,418	SENECA	6,516
GEAUGA	4,449	SHELBY	16,085
GREENE	71,233	STARK	316,651
GUERNSEY	42,259	SUMMIT	782,191
HAMILTON	1,625,312	TRUMBULL	64,350
HANCOCK	48,920	TUSCARAWAS	44,757
HARDIN	4,950	UNION	33,360
HARRISON	0	VAN WERT	5,000
HENRY	3,412	VINTON	5
HIGHLAND	7,837	WARREN	181,468
HOCKING	25,254	WASHINGTON	32,320
HOLMES	802	WAYNE	13,052
HURON	27,349	WILLIAMS	2,836
JACKSON	6,105	WOOD	33,875
JEFFERSON	11,087	WYANDOT	1,821
KNOX	10,976		
LAKE	154,219	Total Local Revenue (5 mills)	\$12,268,949
LAWRENCE	13,135	State General Revenue (3 mills)¹	\$7,361,369
LICKING	68,752		
LOGAN	12,590	TOTAL	\$19,630,318
LORAIN	113,625		

¹ Does not include \$17,203,287 in taxes levied on qualifying dealers in intangibles.