

Ohio law provides for the taxation of shares in and capital employed by dealers in intangibles. In calendar year 2002, tax assessments on dealers in intangibles collected a total of \$18.3 million, with \$11.2 million going to local governments and \$7.1 million going to the state.

## TAX BASE (R.C. 5725.13, 5725.14, 5725.15):

The tax base for dealers in intangibles is either:

1. Shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares; or
2. Capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares.

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.

## RATES (R.C. 5707.03):

Rate on fair value of shares or capital employed is eight mills.

## EXEMPTIONS (R.C. 5725.01 and 5725.26):

Excluded from the definition of dealer in intangibles:

1. Institutions used exclusively for charitable purposes;
2. Insurance companies;
3. Financial institutions.

## TAXPAYER (R.C. 5725.01):

Firms having an office in Ohio and engaged in: (1) lending money; (2) discounting, buying, or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; or (3) buying or selling bonds, stocks, or other investment securities.

## 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.

Treasurer of State issues a tax bill within 20 days of certification by 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):

1. Three mills of receipts credited to the state General Revenue Fund for dealers that are not “qualifying dealers”.
2. Five mills of receipts distributed to the county where the firm’s capital was employed (determined on the basis of gross receipts) for dealers that are not “qualifying dealers,” placed in each county’s undivided local government fund and distributed among the local subdivisions by the county budget commission.
3. Beginning in tax year 2003, all the tax paid by “qualifying dealers” will be paid to the state General Revenue Fund.

## ADMINISTRATION (R.C. 5725.14):

Returns are filed with the Tax Commissioner who determines the taxable values.

## OHIO REVISED CODE CITATIONS:

Chapters 5707, 5709, and 5725.

## RECENT LEGISLATION:

### House Bill 405; Effective December 13, 2001. R.C. 5725.24 and 5733.45 —

Beginning in tax year 2003, a “qualifying dealer” is defined to be a dealer in intangibles that is a member of a controlled group of which a financial institution or insurance company is also a member. The tax paid by qualifying dealers is credited to the state General Revenue Fund.

### R.C. 5725.14 —

Beginning in tax year 2003, the billing address of a customer will determine where the commission is situated for dealers principally engaged in the business of buying stocks, bonds or other similar securities.

### R.C. 5725.14 —

Beginning in tax year 2003, one percent of all other receipts is no longer included when determining gross receipts for all dealer taxpayers.

**Table 1  
Dealers in Intangibles Taxes Levied, Calendar Years 1998-2002**

Distribution	1998	1999	2000	2001	2002
Local Share	\$9,786,028	\$10,290,306	\$12,238,408	\$12,575,695	\$11,229,780
State Share	<u>5,871,618</u>	<u>6,174,486</u>	<u>7,343,049</u>	<u>7,545,420</u>	<u>7,072,345</u>
Total Assessed	\$15,657,646	\$16,464,792	\$19,581,457	\$20,121,115	\$18,302,126

**Table 2  
County Share of Intangible Property Taxes  
Assessed on Dealers in Intangibles, Tax Year 2002**

County	County Share of Assessed Taxes	County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
Adams	\$1,506	Hardin	\$243	Pickaway	\$2,227
Allen	19,745	Harrison	164	Pike	550
Ashland	3,425	Henry	541	Portage	13,969
Ashtabula	8,617	Highland	1,040	Preble	0
Athens	2,429	Hocking	15	Putnam	0
Auglaize	10,953	Holmes	0	Richland	35,593
Belmont	1,265	Huron	1,528	Ross	10,447
Brown	608	Jackson	6,887	Sandusky	1,901
Butler	18,478	Jefferson	4,361	Scioto	3,513
Carroll	0	Knox	2,349	Seneca	969
Champaign	952	Lake	93,708	Shelby	4,757
Clark	8,522	Lawrence	1,320	Stark	287,496
Clermont	30,174	Licking	14,366	Summit	697,405
Clinton	37,231	Logan	841	Trumbull	34,259
Columbiana	11,869	Lorain	157,990	Tuscarawas	4,476
Coshocton	808	Lucas	300,002	Union	1,044
Crawford	2,011	Madison	910	Van Wert	151
Cuyahoga	2,938,086	Mahoning	287,806	Vinton	0
Darke	3,404	Marion	13,193	Warren	302,669
Defiance	6,785	Medina	22,738	Washington	4,181
Delaware	17,516	Meigs	131	Wayne	10,078
Erie	15,750	Mercer	2,128	Williams	257
Fairfield	13,879	Miami	13,706	Wood	5,062
Fayette	13,122	Monroe	0	Wyandot	<u>107</u>
Franklin	2,228,531	Montgomery	740,574		
Fulton	0	Morgan	0	Total Local Revenue	\$11,229,780
Gallia	14,158	Morrow	591	(5 mills)	
Geauga	2,636	Muskingum	21,269		
Greene	22,314	Noble	0	State General	<u>\$7,072,345</u>
Guernsey	12,689	Ottawa	0	Revenue (3 mills)	
Hamilton	2,395,375	Paulding	0		
Hancock	277,434	Perry	0	TOTAL	\$18,302,126