

Revenue From Taxes Administered by the Tax Commissioner

The Tax Commissioner's primary responsibility is the administration of state and some local taxes, which yielded approximately \$27.3 billion in net collections during the period of this report. Ohio's 2007 fiscal year was the period from July 1, 2006 through June 30, 2007. A breakdown of the collections from these taxes is shown in Table 1 for both state-collected taxes, represented by fiscal year, and locally-collected taxes, on a calendar year basis.

It should be noted, however, that taxes imposed by one level of government may be collected by another, and that taxes collected by one level of government may be shared with another. For this reason, the tax collection figures attributed to the state or local governments in the table do not necessarily indicate amounts available for expenditure by either the state or local governments. In addition, some state taxes (specifically, the foreign and domestic insurance taxes, motor vehicle license tax, and liquor gallonage tax) are not administered by the Tax Commissioner but by other state agencies.

Figures for both gross and net tax collections from state-collected taxes are shown in Table 1. Gross collections are equal to total taxes collected, including taxes which were later refunded. Net tax collections are equal to gross collections, less all refunds.

The source for the state-collected taxes in Table 1 is the Office of Budget and Management for both gross and net collections. These figures will differ from data shown elsewhere in this report, which generally represent taxes reported as shown on returns filed during the fiscal year, rather than actual collections during the fiscal year.

The state-collected taxes administered by the Tax Commissioner yielded net tax collections of approximately \$24.9 billion during the fiscal year. This was an increase of nearly \$0.5 billion from the previous fiscal year. Receipts from locally-collected taxes were approximately \$2.5 billion in the 2006 calendar year.

Table 2 shows state General Revenue Fund revenue sources for Fiscal Year 2007. Excluding federal aid, total revenue amounted to approximately \$20.4 billion. As the table shows, the largest single revenue source was the individual income tax, with approximately \$8.9 billion distributed to the fund. The sales tax was the second largest revenue source, contributing more than \$7.4 billion. From the 2006 to the 2007 fiscal years, income tax revenue increased by approximately 1.1 percent, while sales tax collections remained roughly equal.

Over the period of the last ten years, the individual income and sales taxes have been the predominant tax sources for the state. The income tax demonstrated continuous growth, although growth was lethargic earlier this decade. Ohio's other major taxes have experienced quite disparate growth patterns, largely due to tax law changes. Sales tax revenues demonstrated long-term growth until FY 2006, when the state sales tax rate decreased from 6 percent to 5.5 percent (this decrease contrasts to FY 2004, when the rate increased from 5 percent to 6 percent).

Corporation franchise tax revenues actually declined earlier this decade, followed by a robust recovery in recent years; however, a scheduled five-year phase-out for most of this tax began in tax year 2006, ensuring future revenue decline.

In FY 2007, the cigarette tax produced almost as much revenue as the corporation franchise tax. This is because the cigarette tax rate increased several times in recent years: from 24 cents per pack to 55 cents per pack beginning in FY 2003; and from 55 cents per pack to \$1.25 per pack beginning in FY 2006.

The decrease in public utility excise tax revenue is partially offset by the creation of the kilowatt-hour tax in May 2001, which replaced the excise tax for electric and rural electric companies. The kilowatt-hour tax generated \$559.7 million in revenue in FY 2007, but the General Revenue Fund received only about \$326.9 million of this amount. The remaining \$232.8 million was distributed directly to schools and local governments.

Revenue from taxes administered by the Department of Taxation comprised 97.6 percent of total General Revenue Fund taxes in FY 2007. Most of the remaining 2.4 percent is comprised of foreign and domestic insurance taxes, which are administered by the Ohio Department of Insurance.

The first pie chart at the end of this chapter illustrates the General Revenue Fund tax sources for the fiscal year. The largest source, individual income tax, accounted for approximately 45.7 percent in FY 2007.

The total revenue from all state tax sources amounted to approximately \$24.4 billion. The second pie chart shows the taxes that comprise this total.

Further statistical information on most of these taxes is contained in other Department of Taxation publications. Some of these publications are available by contacting the Tax Analysis Division, at (614) 466-3960, or they can be viewed at the Department of Taxation's Web site (tax.ohio.gov).

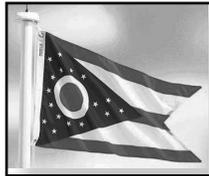


Table 1
Collections for Taxes Administered by the Ohio Tax Commissioner¹

State-Collected Taxes	Gross Tax Collections		Net Tax Collections ²		Percent Change, 06-07
	FY 2006	FY 2007	FY 2006	FY 2007	
State Sales and Use	\$7,733,104,084	\$7,781,271,507	\$7,673,042,357	\$7,730,587,499	0.75%
Local Sales and Use	1,589,068,231	1,681,832,728	1,589,068,231	1,681,832,728	5.84%
Resort Area Excise	672,227	772,161	672,227	772,161	14.87%
State Personal Income	10,898,901,005	10,940,715,865	9,623,196,951	9,722,927,924	1.04%
Municipal Income Tax for Electric Light Companies	36,700,417	36,618,389	36,700,417	36,618,389	-0.22%
Corporation Franchise ³	1,309,521,936	1,302,582,439	1,105,863,100	1,125,654,284	1.79%
Motor Vehicle Fuel	1,811,166,960	1,738,651,157	1,787,614,357	1,715,079,711	-4.06%
Public Utility Excise	187,233,025	172,114,993	187,210,705	171,264,380	-8.52%
Kilowatt-Hour Excise	557,340,967	559,739,638	557,166,445	559,739,638	0.46%
Natural Gas Distribution	69,076,996	69,278,451	69,076,996	69,278,451	0.29%
Cigarette Excise	1,086,712,875	996,572,328	1,084,142,830	986,251,518	-9.03%
Local Cigarette Excise ⁴	3,744,903	13,523,100	3,729,018	13,234,387	254.90%
Dealer in Intangibles	34,582,394	31,688,318	33,582,794	31,276,002	-6.87%
Motor Fuel Use	72,709,897	66,885,059	71,189,374	65,633,923	-7.80%
Alcoholic Beverage Excise ⁵	58,412,366	57,219,571	58,412,366	57,219,571	-2.04%
Replacement Tire Fee	7,385,885	7,302,429	7,295,299	7,234,255	-0.84%
Local Alcoholic Beverage ^{5,6}	5,853,668	5,530,693	5,847,332	5,530,693	-5.42%
Horse Racing	12,868,648	12,116,102	12,868,648	12,116,102	-5.85%
Severance	7,676,830	7,014,934	7,676,830	7,014,934	-8.62%
School District Income	235,995,378	287,556,626	221,269,681	271,181,352	22.56%
Commercial Activity Tax ⁷	<u>273,866,043</u>	<u>599,478,167</u>	<u>273,385,934</u>	<u>594,948,144</u>	117.62%
Total State-Collected Taxes	\$25,992,594,733	\$26,368,464,659	\$24,409,011,893	\$24,865,396,046	1.87%
Tax Collections					
Locally-Collected Taxes	CY 2005	CY 2006	Percent Change, 05-06		
Tangible Personal Property ⁸	\$1,695,986,799	\$1,345,184,777	-20.68%		
Public Utility Property ⁹	755,171,101	745,800,863	-1.24%		
Estate ¹⁰	<u>272,683,861</u>	<u>359,431,099</u>	31.81%		
Total Locally-Collected Taxes	\$2,723,841,761	\$2,450,416,739	-10.04%		

1 Sources: For state-collected taxes, Office of Budget and Management. For locally-collected taxes, Department of Taxation.

2 Gross tax collections less refunds.

3 For most taxpayers, the corporation franchise tax is being phased-out over a five year period, beginning in tax year 2006.

4 Collected for Cuyahoga County. A new additional levy of 30 cents per pack took effect on February 1, 2007.

5 Excludes tax on liquor since it is administered by the Ohio Department of Commerce, Division of Liquor Control.

6 Collected for Cuyahoga County.

7 The commercial activity tax is being phased-in over a five-year period, beginning in fiscal year 2006.

8 The tangible personal property tax is being phased-out over a four-year period, beginning in tax year 2006.

9 Consists of tangible personal property taxes levied for collection in the following year.

10 Consists of fiscal year 2006 and 2007 data, respectively (rather than CY 2005 and CY 2006 data).

Table 2
General Revenue Fund Sources:
Fiscal Year 2007
 (Excluding Federal Aid)

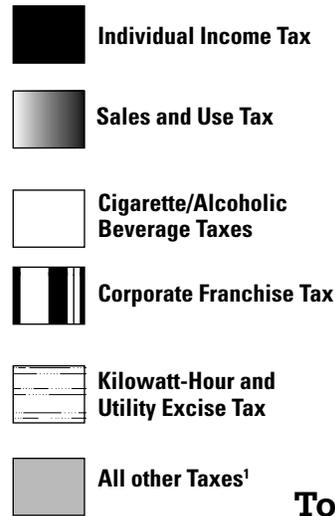
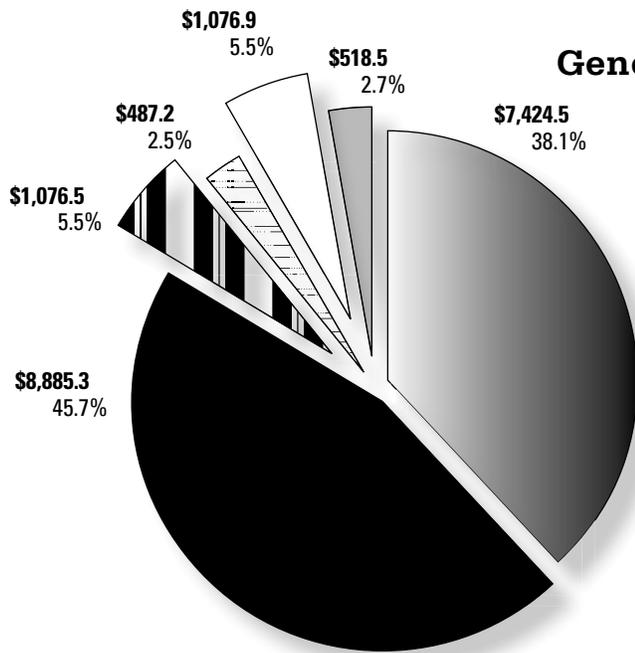
Revenue Source	FY 2007 Collections
Personal Income Tax	\$8,885,326,714
Sales and Use Tax	7,424,468,533
Corporation Franchise Tax	1,076,517,231
Public Utility Excise Tax	160,232,317
Kilowatt-Hour Excise Tax	326,929,075
Cigarette Tax	986,251,469
Alcoholic Beverage Taxes (including liquor gallonage)	90,628,316
Total	\$18,950,353,655
Miscellaneous:	
Domestic Insurance Tax	\$169,484,597
Estate Tax	72,109,429
Foreign Insurance Tax	256,177,642
Dealers in Intangibles Tax	20,761,450
Total	\$518,533,117
Non-Tax Revenue:	
Earnings on Investment	\$176,190,872
Liquor Profits	135,000,000
Miscellaneous ¹	648,221,174
Total	\$959,412,046
GRAND TOTAL	\$20,428,298,818

¹ Includes certain transfers into the general revenue fund, licenses and fees, and other income.

NOTE: All amounts are after refunds.

Source: Ohio Office of Budget and Management.

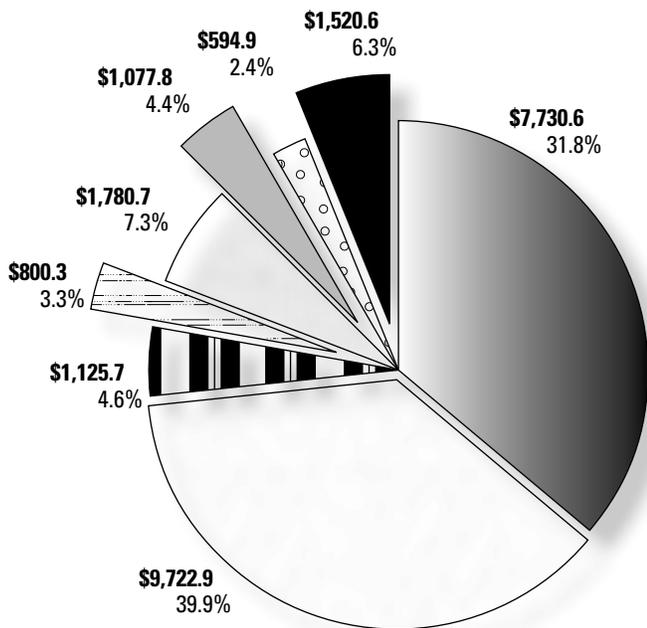
Chart 1
General Revenue Fund Tax Sources:
Fiscal Year 2007
 (figures in millions)



Total \$19,468.9 million

¹ This figure is comprised of domestic insurance, foreign insurance, estate, and dealers in intangibles taxes.

Chart 2
All State Tax Sources:
Fiscal Year 2007¹
 (figures in millions)



Total \$24,353.5 million

All other taxes	
Dealers in Intangibles	\$31,276,002
Replacement Tire	7,234,255
Horse Racing	12,116,102
Severance	7,014,934
Estate	359,431,099
Foreign Insurance	278,043,393
Motor Vehicle License	655,929,070
Domestic Insurance	169,559,537
Total	\$1,520,604,393

¹ Includes revenue distributed to non-General Revenue Fund accounts.
² Includes tax on liquor of approximately \$34.3 million which is administered by the Department of Commerce, Division of Liquor Control.
³ This figure is comprised of the following state tax revenue sources shown in the chart at left.