



H.B. 72

123rd General Assembly
(As Introduced)

Reps. Coughlin, Brading, Buchy, Tiberi, Gardner, Calvert, Evans, Trakas, Jolivette, Willamowski, Terwilleger, Schuck, Stapleton, Williams, Hood, Jordan, Grendell, Britton

BILL SUMMARY

- Repeals the estate taxes effective for decedents dying on or after July 1, 2000.

CONTENT AND OPERATION

Repeal of Ohio estate taxes

The bill repeals the various estate tax levies beginning with the estates of decedents who die on or after July 1, 2000. The estate tax law would remain in effect for the estates of decedents who die before July 1, 2000.

The current Ohio estate tax consists of four separate levies: the main levy on Ohio residents' estates; a levy on the portion of a nonresident's estate that is located in Ohio; and two "sponge" tax levies that are equal to federal estate tax credits for state-imposed estate taxes (the sponge taxes allow the state to capture revenue that otherwise would be paid to the federal government if the federal government did not grant the credits for state taxes).

The estate taxes on resident and nonresident estates are levied on the value of the taxable estate. The taxable estate generally is the value of all property in which the decedent had an interest on the date of death (the "gross estate"), less a number of deductions for certain kinds of transfers, including property transferred directly to a surviving spouse; certain debts; transfers to governments or certain organizations for charitable purposes; funeral expenses; and expenses of administering the estate.

The estate taxes are levied at marginal rates ranging from 2% for taxable estates of \$40,000 or less to 7% for estates of over \$500,000. There is a credit against the estate tax liability of Ohio residents equal to \$500 or the amount of

estate taxes due, whichever is less. In effect, this credit exempts from taxation any estates having a taxable value of \$25,000 or less.

Sixty-four per cent of estate tax revenue is distributed to the general funds of townships and municipal corporations in which the estate assets "originate" (generally, where the assets are located, or, in the case of a resident decedent's personal property located outside of Ohio, where the decedent was domiciled). Under existing law, a township or village may designate that some of the revenue be given to the local school board for school purposes. The remaining 36% of the revenue, less costs of administration, is credited to the state General Revenue Fund.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	01-20-99	p. 97

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