



**H.B. 568**

123rd General Assembly  
(As Introduced)

**Reps. Young, Netzley, Calvert, Schuler, Willamowski, Grendell, Peterson, Taylor, Vesper, Allen, Tiberi, Buehrer, Buchy, Trakas, Jolivette, Hartnett, Hood, Van Vyven, Roman, Jordan, Flannery**

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**BILL SUMMARY**

- Permits an estate tax deduction for the value of a business having five or fewer full-time employees and holding a majority of its assets in a nonliquid form.

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**CONTENT AND OPERATION**

**Estate tax: taxable estate and tax rates**

Ohio's main estate tax is levied on the value of the taxable estate. The taxable estate generally is the value of the estate's assets on the date of the decedent's death, excluding the value of assets transferred to the decedent's surviving spouse, public employee pension and survivors' benefits, funeral and estate administration expenses, charitable gifts, outstanding and unpaid claims, and unpaid mortgages or indebtedness with respect to property in the estate.<sup>1</sup>

The tax rates are graduated, as follows:

<b><u>Value of the taxable estate</u></b>	<b><u>Tax</u></b>
\$0 to 40,000	2%
\$40,001 to 100,000	\$800 plus 3% of amount over \$40,000
\$100,001 to 200,000	\$2,600 plus 4% of amount over \$100,000

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<sup>1</sup> Estates may elect to have the estate's assets valued on an alternate date if allowed by federal estate tax law.

<u>Value of the taxable estate</u>	<u>Tax</u>
\$200,001 to 300,000	\$6,600 plus 5% of amount over \$200,000
\$300,001 to 500,000	\$11,600 plus 6% of amount over \$300,000
\$500,001 and over	\$23,600 plus 7% of amount over \$500,000

Each estate is entitled to a \$500 credit, which is equivalent to exempting estates valued at \$25,000 or less.

**Additional deduction for value of small businesses**

(sec. 5731.15(D))

The bill permits the value of a decedent's gross estate to be reduced by the value of any interest in a business that, on the date of the decedent's death, satisfies both of the following:

(1) The business employs five or fewer full-time employees (i.e., individuals employed for pay for at least 35 hours per week, or who are considered full-time by customary standards but who are not temporary or seasonal employees);

(2) Less than 50% of the business' assets are liquid assets (i.e., cash; deposits in a bank or other financial institution; accounts receivable to be collected over the business' normal business cycle, less uncollectables; and marketable securities held as short-term investments).

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	02-01-00	p. 1582

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