



**H.B. 301**

124th General Assembly  
(As Introduced)

**Reps. Hoops, Jolivette**

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**BILL SUMMARY**

- Prohibits subdivisions from charging interest to other subdivisions that wrongfully receive estate tax distributions.

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**CONTENT AND OPERATION**

**Interest on erroneous estate tax distributions**

(sec. 5731.49)

Eighty per cent of estate taxes are distributed to the township or municipal corporation in which the taxes are deemed to "originate."<sup>1</sup> (The rules governing origination are summarized below.) The remaining revenue is credited to the state General Revenue Fund or applied to the county's cost of administering the estate tax. Estate taxes are collected by the county treasurer and distributed from the county treasury to the townships and municipal corporation entitled to a share of the proceeds.

The bill specifies that if a township or municipal corporation--through some error--receives estate taxes that it is not entitled to under the origination rules, then that township or municipal corporation may not be required to pay another subdivision any interest on the funds for the time that it held the funds. Under current law, there is no statutory authority for one subdivision to charge interest to another subdivision under these circumstances; therefore, the bill presumably has the effect of prohibiting any subdivision from asserting a claim for interest under a common law principle.

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<sup>1</sup> The 80% figure applies to estates of decedents dying in 2002 or thereafter. For 2001, the percentage is 70%; before 2000, the percentage was 64%.

**Estate tax origination rules**

Where estate taxes originate depends on one or more of three factors: (1) the decedent's domicile at the time of death, (2) the kind of property in the estate, and (3) the location of the property when the decedent died. (For estate tax purposes, a decedent who was domiciled in Ohio at the time of death is a "resident"; others are nonresidents.)

- In the case of real property or tangible personal property located anywhere within Ohio, the tax attributable to the property originates in the subdivision (i.e., township or municipal corporation) where the property was located, regardless of whether the decedent was an Ohio resident. (Sec. 5731.50.)
- In the case of a resident decedent's tangible or intangible personal property that was *not* located in Ohio, the tax attributable to the property originates in the subdivision where the decedent was domiciled at the time of death. (Sec. 5731.51.)
- In the case of a nonresident's intangible personal property, the tax attributable to the property originates in the subdivision where the person holding the property is located (if the property consists of stocks, bonds, securities or similar financial assets), or where the principal place of business of the person holding the property is located or where that person resided (if the property consists of money on deposit, such as at a financial institution). (Sec. 5731.51.)

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	06-19-01	p. 672

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