



## **H.B. 589**

126th General Assembly  
(As Introduced)

**Reps. Setzer, Latta, Gilb, Brinkman, J. McGregor, Uecker, Gibbs, Hughes, Yuko, Cassell, Law, Fessler, Reinhard, Bulp, Buehrer, Wagner, Widener, Reidelbach, Hagan**

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### **BILL SUMMARY**

- Elevates the Ohio estate tax exemption threshold to the same level as the federal estate tax--i.e., \$2 million until 2009 and \$3.5 million in 2009 and thereafter.

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### **CONTENT AND OPERATION**

#### **Estate tax exemption increased**

(R.C. 5731.02 and 5731.21)

Under current law, the Ohio estate tax applies to estates having a taxable value of more than \$338,333. The taxable value of an estate is the gross value of the estate less various deductions and exclusions, including, notably, the marital deduction for transfers to a surviving spouse, income-interest for life transfers to a surviving spouse ("QTIP"), administration expenses, and special farming-related valuations. The tax rate is graduated, from 2% of the first \$40,000 in taxable value to 7% of the taxable value over \$500,000. The \$338,333 exemption amount is derived from applying the \$13,900 credit to the graduated tax rates.

The bill increases the \$338,333 exemption amount to equal the federal estate and gift tax exclusion amounts. The federal exclusion is \$2 million until 2009, when it increases to \$3.5 million. For estates with taxable values above those thresholds, the bill imposes a tax of \$23,000 plus 7% of the value above \$500,000. Thus an estate valued at \$2 million or less (\$3.5 million or less after 2008) will have no Ohio liability. An estate valued at more than \$2 million (\$3.5 million after 2008) will have approximately the same liability as it currently does. ("Approximately" because the current tax for estates valued over \$500,000 is \$23,600--not \$23,000--plus 7% of the value above \$500,000, yielding a net

decrease under the bill of \$600.) The increased exemption amounts apply to the estates of both resident and nonresident decedents.

Estates with a taxable value of \$2 million or less (\$3.5 million or less after 2008) and exempted from the tax will not be required to file an estate tax return.

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## **HISTORY**

ACTION	DATE
Introduced	05-16-06

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