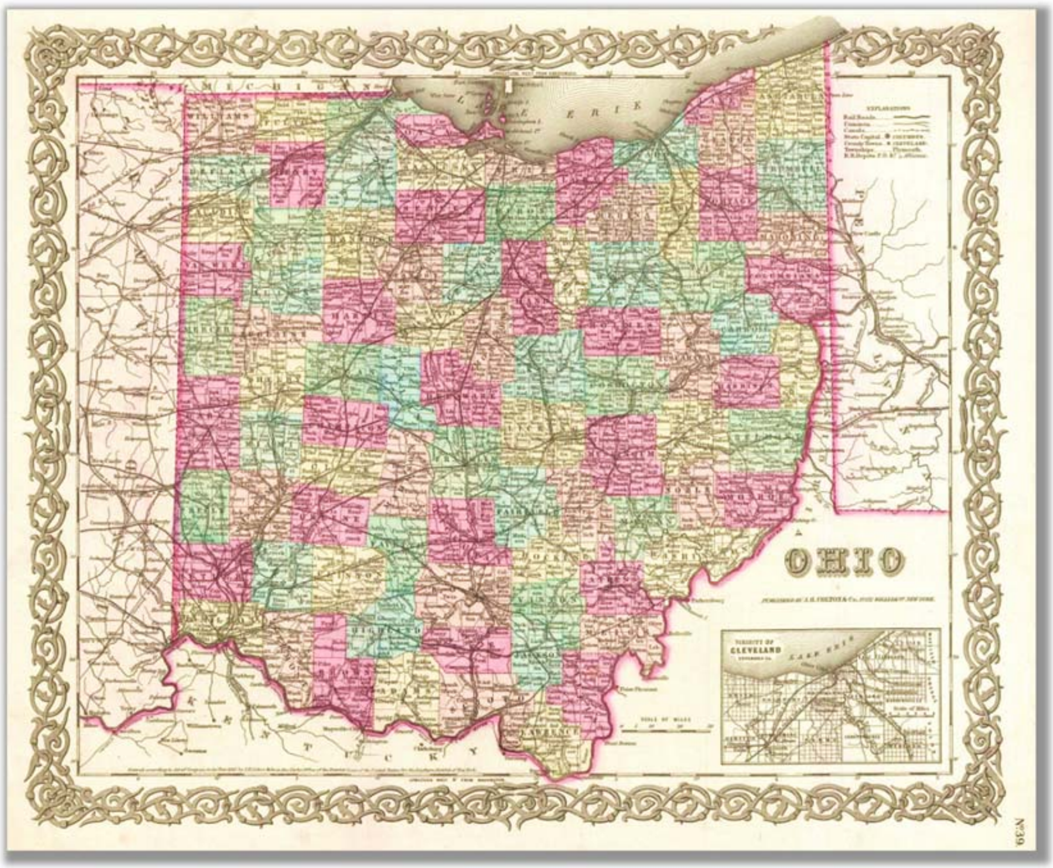
Annual Report

Fiscal Year 2016



Ohio Department of Taxation

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2016

Annual Report

Prepared by the

Communications Office, Chief Counsel's Office, and Legislative and Tax Analysis Divisions with the assistance of numerous operating divisions

Joseph W. Testa,
Ohio Tax Commissioner

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Fiscal Year 2016

From the Tax Commissioner

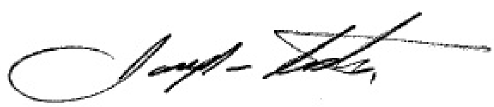
Dear Governor, Senators and Representatives,

It is my responsibility and privilege to provide you the Fiscal Year 2016 Annual Report of the Ohio Department of Taxation. This report highlights the department's activities during the year in compliance with Ohio Revised Code 5703.42.

The report provides a complete description of the tax base, rates and provisions of each of the state taxes administered by the department, three revenue sharing funds administered by the department and 13 local taxes. It also provides detailed statistical data concerning each tax and an accounting of department activities during the fiscal year.

My hope is that the contents of this report will be of value and interest to you, the General Assembly, and the people of Ohio.

Respectfully,



Joseph W. Testa
Tax Commissioner

Year in Review

The Ohio Department of Taxation (ODT) measures every year in many ways. There are many billions of dollars of taxes collected, many millions of returns processed, and hundreds of thousands of taxpayers advised, assisted, and assessed. Fiscal Year 2016 (FY16) hit all those familiar markers, but also brought the department responsibility for overseeing a fundamental change in how income is taxed and undertaking a sweeping update to the foundational structure of the department.

Ohio's State Income Tax

A new state law created a clear distinction between business income and non-business income, designed a new method of taxing business income, and delivered a total income tax cut of about $900 million. For calendar year 2015, the owners and investors in a business structured as a pass-through entity (PTE), including sole proprietorships, partnerships, limited liability companies, or S-corporations, continued to receive a 75% deduction for business income of $250,000 or less, with the excess income taxed at a rate no higher than 3%.

"Fiscal Year 2016 brought the department responsibility for overseeing a fundamental change in how income is taxed and undertaking a sweeping update to the foundational structure of the department."

Beginning in calendar year 2016, business income in excess of $250,000 will be taxed at a flat rate of three percent; income below that level is tax free as a function of the newly expanded (from 75% to 100%) business income deduction. Non-business income tax rates, across all of Ohio's nine tax brackets, were reduced by 6.3% to a top tax rate of 4.997%, the lowest it has been in more than 30 years.

Income Tax Season Challenges

The income tax filing season that played out in FY16 unveiled a number of other significant changes.

- Primary Income Tax Forms Changed - Combined

The IT 1040, IT 1040 EZ and amended IT 1040X forms were consolidated into one Universal IT 1040 tax return. Combining the forms allowed amended returns to be filed electronically and enabled refunds from amended returns to now be direct deposited, rather than issuing a paper check as was done in the past. Combining the forms also provided for speedier processing of returns and faster delivery of refunds.

- Schedule of Credits

All nonrefundable and refundable credits were combined into an Ohio Schedule of Credits. Taxpayers benefitted by seeing all the tax credits in one place, on one form, making it easier to identify those credits for which they are eligible.

- Means Testing Tax Credits for Seniors

The retirement income credit, lump sum retirement credit, senior citizen credit and lump sum distribution credit were, for the first time, subject to a means test. Those credits are now available to taxpayers with an annual Ohio adjusted gross income, after exemptions, of less than $100,000.

- Verifying Dependents

To help deter fraud, Ohio introduced a new form in Fiscal Year 2015: Schedule J, which captures information on dependents being claimed on an Ohio income tax return. During FY16, the form was revised to require taxpayers to identify the "relationship" they have with the person being claimed as a dependent.

- Wishes for Sick Children Donation

A new donation was added to the Ohio income tax return to help grant wishes of children under the age of 18, who have been diagnosed with a life threatening medical condition.

- Ohio History Connection

Also on the income tax return, the check-off box that taxpayers can select if they want to donate in support of efforts to promote Ohio's rich history was retitled the Ohio History Fund to better reflect the renamed Ohio Historical Society, now called the Ohio History Connection.

Tax Fraud Defenses Refined and Reinforced

Since 2014, ODT has blocked the attempted theft of more than $525 million from Ohio's treasury by cyber-criminals filing phony tax returns using stolen personal identification information. To combat tax fraud and ensure that tax refunds are paid only to legitimate filers, ODT again contracted with LexisNexis to deploy an Identity Confirmation Quiz as a primary defense against tax fraud. FY16 encompassed the second tax season in which the ID Quiz was used. Changes to the rules governing the quiz made for a safer and smoother filing season for Ohio taxpayers.

This past filing season about 671,000 taxpayers, or more than one million fewer taxpayers than the previous filing season, were directed to take the ID Quiz to verify the legitimacy of their tax return before a refund would be issued. The year prior, nearly 1.7 million taxpayers were asked to take the ID Quiz. More experience fighting tax fraud and better targeting of suspicious income tax returns is credited with driving the reduction.

Reclassifying ODT Staff: What's in a name?

In FY16, about 700 of the department's 1,000 employees were given new job titles and modernized job descriptions, the first update to the personnel classification system in nearly 20 years. The most notable change was a consolidation of job classifications from 17 different types of tax agents to seven tiers of jobs assembled into a tax examiner class. The switch from agent to examiner didn't markedly affect job duties, but helped to align the department's evolution to an enterprise where employee knowledge of multiple operational systems, varieties of tax administration, and career portability is a priority. The importance of the change was to better align and describe the day-to-day components of those jobs – the technology used, the laws guiding job responsibilities, the way work gets done – with today's realities, not those that existed 20 years ago. It also allowed for an update to the language used in job specifications to make job duties more understandable and contemporary and match those to jobs with similar skill requirements in both the public and private sector. This reclassification project was a cooperative and coordinated effort between the administration and the impacted unions.

A First: Ohio's Sales Tax Holiday

Ohio's back-to-school shoppers participated in the state's first sales tax holiday from August 7 through August 9, 2015. The three-day holiday provided an exemption from both state and local sales and use tax for the purchase of the following:

- Clothing priced at $75.00 per item or less;
- School supplies priced at $20.00 per item or less; and

- School instructional material priced at $20.00 per item or less.

There was no limit on the quantity of items purchased, but the exemption did not apply to merchandise bought for use in a trade or business. In addition to in-store sales, the tax free holiday also applies to eligible items purchased online, by mail, telephone or e-mail. In April of 2016, the Ohio General Assembly passed and the Governor signed legislation authorizing another sales tax holiday, this one scheduled for August of 2016.

Taxation Technology Takes-off

The State Taxation Accounting and Revenue System, or STARS, is a major technology project that reached another milestone in FY16. The final major business tax, the Commercial Activity Tax, was implemented. Other tax types that became operational in STARS in FY16 were the taxes on Cigarettes, Other Tobacco Products, Casinos, Kilowatt-hours, Alcoholic Beverage, and Motor Fuel. At the end of FY16, seventeen of 23 tax types are now fully operational, with the remainder expected to be integrated by June 2017. STARS is a multi-year initiative with a goal of replacing and integrating multiple computer systems into a single platform to administer state and local taxes. STARS has also enabled the electronic filing and payment of most business taxes. STARS has attracted national and international attention from states and countries including North Carolina, Vermont, Rhode Island, the Netherlands, New Zealand, Jamaica, Ecuador, and Fiji that are looking to model the successful development of a taxation management system. Representatives from the Netherlands, Fiji, and Jamaica have visited in person, to observe the system first-hand.

Using Data Analytics to Identify Problem Taxpayers

A recent department project has created a process that uses data analytics to objectively identify business taxpayers with potential tax law compliance issues. The Tax Commissioner directed the Audit Division to develop an Audit Selection Model that was objective, efficient, fair and equitable. The project team worked with a contract vendor that specializes in data analysis and developed the Audit Selection Model. The Model uses software capable of sifting through hundreds of thousands of business taxpayers to identify the small percentage that are likely to be out of compliance with tax law and their tax obligations. In conjunction with this project, the Audit Division revised their penalty methodology to ensure it is fair and consistent.

Ohio Virtual Tax Academy

The mission to provide free, online educational seminars on various state tax programs, processes and practices continued its accomplishments throughout FY16. Department staff hosted and presented four sessions plus one encore performance of the Ohio Virtual Tax Academy (OVTA) covering a variety of topics including legislative updates, the delineation and treatment of business and non-business income, the ins-and-outs of Ohio's first Sales Tax Holiday and how tax overpayments and refunds are handled for different taxes. The OVTA programs qualify for continuing professional and legal education credits. More than 3,300 people attended an OVTA program in FY16.

Looking forward

The Ohio Department of Taxation is always looking for ideas on how we can provide better service. Write us at:

Ohio Department of Taxation
P.O. Box 530
Columbus, Ohio 43216-0530
- or -

Email: contactthecommissioner@tax.state.oh.us

Fiscal Snapshot

Report on the Department's Budget

Table 1. Department Expenditures, FY 2016

Division	Personal Service	Total Maintenance	Equipment	Total
Administration	$9,285,812	$6,063,019	$51,198	$15,400,030
Chief Counsel	$5,166,897	$338,043	$0	$5,504,940
Criminal Investigations	$3,003,586	$449,320	$235,387	$3,688,293
Information Services	$25,390,035	$10,510,516	$649,940	$36,550,492
Audit	$21,719,291	$1,638,420	$0	$23,357,711
Fiscal Services	$6,071,134	$1,428,507	$48,327	$7,547,968
Taxpayer Services	$7,072,301	$395,827	$0	$7,468,128
Compliance	$7,850,617	$901,330	$0	$8,751,947
Tax Equalization	$1,340,463	$328,783	$0	$1,669,246
Business and Excise	$7,200,227	$1,935,388	$0	$9,135,616
PIT/SDIT Employment Tax	$11,098,867	$1,430,789	$0	$12,529,657
Total Expenditures	**$105,199,231**	**$25,419,943**	**$984,853**	**$131,604,027**

Summary Information on Taxes Collected

The Tax Commissioner is responsible for the administration of most of Ohio's taxes. Three exceptions are Ohio's insurance premiums tax, the tax on liquor gallons, and the motor vehicle license tax. The Tax Commissioner is also responsible for the administration or oversight of several local government taxes. Additionally, the Tax Commissioner is responsible for the distribution of local and public library funds, revenues from several taxes, real property tax rollback funds, and certain fees.

The revenues collected from many, but not all taxes, are deposited in Ohio's General Revenue Fund (GRF). The GRF is used to pay for approximately half of state government activities. Other taxes are collected for specific purposes and are not deposited into the GRF.

The following tables and charts summarize data on collections of taxes administered by the Tax Commissioner, all state tax sources, and state tax sources for the GRF. Additional information is available on ODT's website (www.tax.ohio.gov) and the Office of Budget and Management's website (www.obm.ohio.gov).

Table 2. Collections of Taxes Administered by the Tax Commissioner

This table shows both gross and net tax collections for state-collected and locally-collected taxes. For state collected taxes, "gross tax collections" are equal to total taxes collected and taxes which were later refunded. Net tax collections are equal to gross collections less all refunds. Because the data in this table for state-collected taxes is from the state's accounting system, it may differ slightly from data shown elsewhere in this report (e.g., tax return data from ODT's systems). ODT financial reports are the source of data for locally-collected taxes and such data is reported on a calendar year basis.

	Gross Tax Collections		Net Tax Collections		
State-Collected Taxes	**FY 2015**	**FY 2016**	**FY 2015**	**FY 2016**	**% Change**
Sales and Use	$10,255,290,425	$10,636,391,851	$10,142,959,676	$10,537,283,621	3.89%
Individual Income	$10,386,239,339	$10,052,537,502	$8,872,342,984	$8,169,188,964	-7.93%
Local Sales and Use	$2,369,561,219	$2,553,825,258	$2,369,561,219	$2,553,825,258	7.78%
Motor Vehicle Fuel	$1,822,139,893	$1,764,177,633	$1,800,636,910	$1,740,376,055	-3.35%
Commercial Activity	$1,849,276,973	$1,826,686,508	$1,751,103,151	$1,689,489,767	-3.52%
Cigarette Excise	$810,184,382	$1,009,807,021	$808,163,723	$1,007,643,211	24.68%
Kilowatt-Hour Excise	$539,921,878	$527,560,184	$539,837,424	$527,292,937	-2.32%
School District Income	$424,832,679	$445,953,442	$403,218,588	$421,771,229	4.60%
Casino Gross Revenue	$266,014,462	$270,376,946	$266,014,462	$270,376,946	1.64%
Financial Institutions	$214,969,339	$231,459,984	$182,133,802	$213,450,550	17.19%
Public Utility Excise	$114,493,593	$103,709,075	$97,472,863	$103,253,295	5.93%
Natural Gas Consumption	$74,735,821	$60,727,591	$74,735,452	$60,724,877	-18.75%
Petroleum Activity	$72,525,791	$79,500,307	$72,231,928	$79,147,453	9.57%
Alcoholic Beverage Excise [2]	$57,797,047	$58,126,010	$57,725,019	$58,092,342	0.64%
Severance	$26,891,833	$40,141,286	$26,891,833	$40,141,286	49.27%
Motor Vehicle Fuel Use	$35,870,916	$37,119,194	$35,103,443	$36,419,597	3.70%
Corporation Franchise [1]	$49,495,104	$37,505,741	$2,495,807	$33,233,633	1231.58%
Wireless 9-1-1	$25,585,678	$25,572,051	$25,579,996	$25,570,373	-0.04%
Local Cigarette Excise [3]	$18,417,008	$18,429,721	$18,369,781	$18,362,743	-0.04%
Municipal Income Tax for Electric Light Companies	$7,441,677	$15,315,871	$7,441,677	$15,315,871	105.81%
Replacement Tire Fee	$7,350,931	$7,633,812	$7,348,806	$7,627,343	3.79%
Horse Racing	$5,818,281	$5,544,419	$5,818,281	$5,544,419	-4.71%
Local Alcoholic Beverage [2, 3]	$5,634,714	$5,344,291	$5,634,548	$5,344,162	-5.15%
Estate [1]	$3,372,354	$2,348,474	$3,071,079	$2,154,176	-29.86%
Resort Area Excise	$1,297,968	$1,187,606	$1,297,968	$1,187,606	-8.50%
Dealer in Intangibles [1]	$55,409	$101,780	$55,409	$101,780	83.69%
Totals	**$29,445,214,717**	**$29,817,083,557**	**$27,577,245,830**	**$27,622,919,493**	**0.17%**

	Tax Collections		
Locally-Collected Taxes	**CY 2015**	**CY 2016**	**% Change**
Public Utility Property [4]	$1,013,193,975	$1,103,204,896	8.9%
Estate [1, 5]	$14,539,086	$10,281,048	-29.3%
Total Locally-Collected Taxes	**$1,027,733,061**	**$1,113,341,497**	8.3%

[1]These taxes are no longer in effect.
[2]Excludes tax on liquor gallons since it is administered by the Ohio Department of Commerce's Division of Liquor Control.
[3]Collected for Cuyahoga County.
[4]Consists of taxes levied on the tangible personal property of public utilities in 2014 and collected in 2015.
[5]Calendar year (CY) 2015 data is from County Auditor estate tax settlements for the August 2014 and February 2015 periods; CY 2016 data is from the settlements for the August 2015 and February 2016 periods.
Sources: Fiscal Year 2015 and 2016 data on state-collected taxes was extracted from the state accounting system (OAKS). Data on locally-collected taxes is based on Department of Taxation's own data sources.

Chart 1. All State Tax Sources Fiscal Year 2016 (in millions)
Source: Office of Budget and Management and Department of Taxation Financial Reports

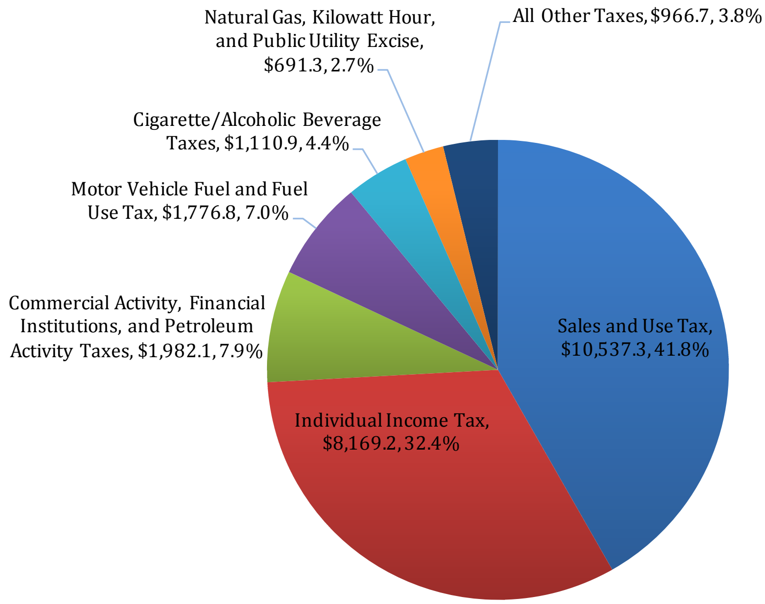


Table 3. All State Tax Sources for Fiscal Year 2016 (in millions)

Major Taxes:	Collections	Percent of Total
Sales and Use	$10,537.3	41.8%
Individual Income	$8,169.2	32.4%
Motor Vehicle Fuel and Fuel Use	$1,776.8	7.0%
Commercial Activity, Financial Institutions, and Petroleum Activity Taxes	$1,982.1	7.9%
Cigarette and Alcoholic Beverages Taxes[1]	$1,110.9	4.4%
Natural Gas, Kilowatt Hour, and Public Utility Excise	$691.3	2.7%
All Other Taxes	$966.7	3.8%
Total	**$25,232.9**	**100.0%**
Other Taxes:		
Foreign Insurance	$316.4	
Casino Gross Revenue	$270.4	
Domestic Insurance	$263.5	
Severance	$40.1	
Corporation Franchise	$33.2	
Wireless 9-1-1	$25.6	
Estate Tax	$2.2	
Other Business and Property	$2.2	
Horse Racing	$5.5	
Replacement Tire Fee	$7.6	
Other Taxes Total	**$966.7**	

[1]Includes liquor gallons tax administered by the Department of Commerce

Chart 2. General Revenue Fund Sources, Fiscal Year 2016 (in millions)
Source: Office of Budget and Management

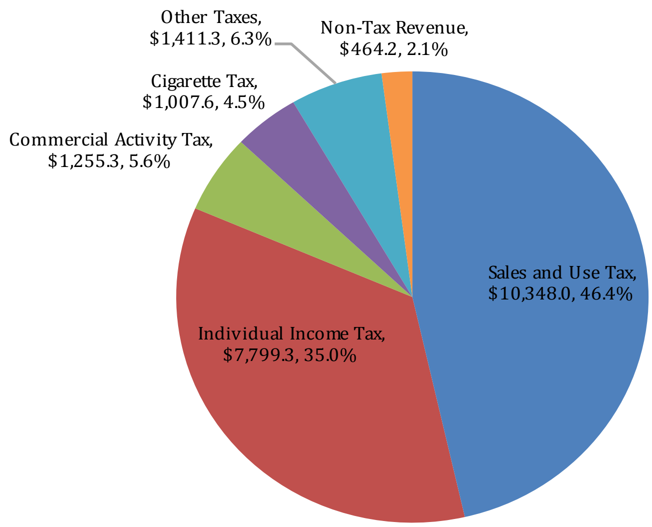


Table 4. General Revenue Fund Sources for Fiscal Year 2016 excluding Federal Aid (in millions)

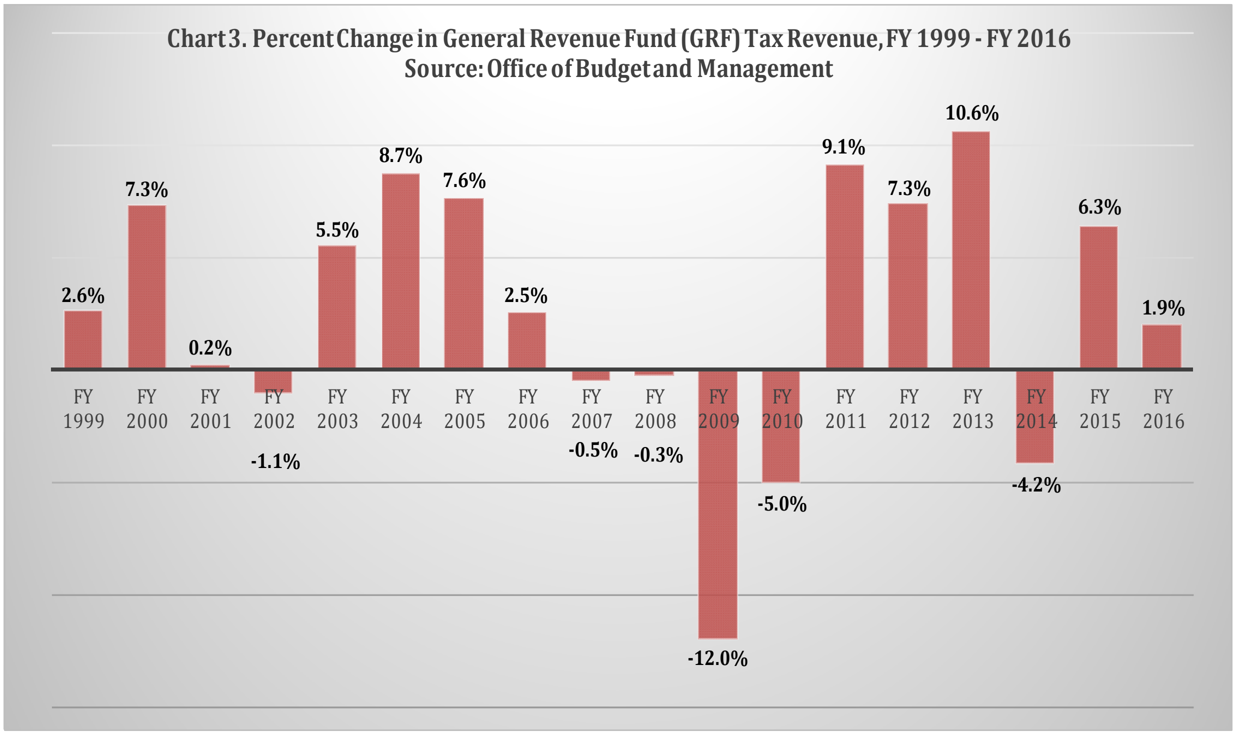
Major Taxes:	**Collections**	**Percent of Total**
Sales and Use	$10,348.0	46.4%
Individual Income	$7,799.3	35.0%
Commercial Activity	$1,255.3	5.6%
Cigarette	$1,007.6	4.5%
Total Major Taxes	**$20,410.3**	**91.6%**
Other Taxes:		
Kilowatt-Hour	$338.0	
Foreign Insurance Tax	$293.5	
Domestic Insurance	$258.3	
Financial Institutions	$213.5	
Public Utility Excise	$103.3	
Alcoholic Beverage (including liquor gallonage)	$99.6	
Natural Gas Distribution	$60.7	
Petroleum Activity	$6.9	
Corporation Franchise	$33.2	
Estate	$2.2	
Other Business and Property	$2.2	
Total Other Taxes	**$1,411.3**	**6.3%**
Total Tax Revenue	**$21,821.6**	**97.9%**
Non-Tax Revenue:		
Earnings on Investment	$35.1	
Miscellaneous[1]	$429.1	
Total Non-Tax Revenue	**$464.2**	**2.1%**
Combined Totals	**$22,285.8**	**100.0%**

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

Table 5. GRF Tax Revenue (FY 2008-2016)

Fiscal Year	Revenue	% Change
2008	$19,419.50	-0.30%
2009	$17,093.70	-11.98%
2010	$16,233.60	-5.03%
2011	$17,706.10	9.07%
2012	$19,005.20	7.34%
2013	$21,015.70	10.58%
2014	$20,134.40	-4.19%
2015	$21,405.80	6.31%
2016	$21,821.57	1.94%

Source: Office of Budget and Management



Responsibilities

The mission of the Ohio Department of Taxation (ODT) is to provide quality service to Ohio taxpayers by helping them comply with their tax responsibilities and by fairly applying the tax law.

Tax Commissioner. Section 5703.05 of the Ohio Revised Code vests all powers, duties and functions of the Department of Taxation in the Tax Commissioner. The Tax Commissioner is appointed by the Governor, is subject to confirmation by the Ohio Senate, and serves at the pleasure of the Governor.

In general, the Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes as well as supervision of the real property tax. Broadly speaking, the principal powers and duties of the Tax Commissioner include: making all tax assessments, valuations, findings, determinations, computations and orders; reviewing, re-determining or correcting previous assessments, valuations or findings; promulgating rules and regulations and preparing and distributing tax return forms and other reporting tools; auditing returns, levying assessments and penalties, and granting or denying tax refunds; and issuing, revoking or suspending certain licenses and permits.

In addition, the Tax Commissioner has specific duties. These include: the actual collection of the vast majority of Ohio's taxes; the operation of a central collection and reporting system for municipal income taxes on electric light and local exchange telephone companies; the maintenance of a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of legislation introduced to change existing laws, and proposed measures providing for other forms of taxation; and revenue distribution to local governments, including shares of motor fuel tax revenue, property tax relief reimbursements, and distributions from the Local Government Fund, the Public Library Fund, and certain other funds.

In order to perform these duties efficiently, the Tax Commissioner is authorized by law to create divisions and sections of employees and organize the work of the department in a manner that, in the Tax Commissioner's judgment, will result in an efficient and economical administration of Ohio's tax laws.

Customer services. Ohio's taxpayers are among ODT's customers. When they need help complying with tax obligations, they frequently turn to ODT's customer services divisions.

The Taxpayer Services Division serves as a multi-channel contact center for taxpayer inquiries made by letter, telephone, email, or facsimile machine. The division also maintains a central registration unit dedicated to answering business registration-related questions and entering business registrations for employer withholding, school district withholding, corporation franchise, sales and use, commercial activity, and pass-through entity taxes.

The Problem Resolution Officer (PRO) is a statutorily required resource for Ohio's taxpayers. The PRO specifically is to "receive and review inquiries and complaints concerning matters that have been pending before the department for an unreasonable length of time or matters to which a taxpayer has been unable to obtain a satisfactory response after several attempts to communicate with the employee of the department assigned to the taxpayer's case or the employee's immediate supervisor." Most Ohio tax situations are reviewable by the PRO except for final determination appeals and collections cases certified to the Ohio Attorney General.

Organizational divisions. Tax divisions administer specific taxes including developing regulatory rules and procedures, prescribing returns and schedules, examining returns that suspend from processing, and articulating laws and policies to help resolve taxpayers' questions and issues. These divisions are:

- Business Tax (Pass-through Entity Tax and Municipal Income Tax for Electric Light and Telephone Companies),
- Commercial Activity Tax,
- Excise & Energy Tax (Alcoholic Beverage Tax, Cigarette and Other Tobacco Products Tax, Horse Racing Tax, Kilowatt-Hour Tax, Motor Fuel Tax, Natural Gas Distribution Tax, Severance Taxes, Public Utility Property and Excise Taxes),

- Individual and School District Income Tax, Sales and Use Tax, and Tax Equalization.

The forms unit coordinates the creation and maintenance of paper forms and instructions for ODT, including barcoded forms that can be scanned by computers. The unit distributes forms and instructions and acts as a liaison with third party software vendors and payroll processing companies that create third party versions of Ohio's tax forms and payment coupons.

The Revenue Accounting Division ensures that tax dollars are properly deposited and distributed in accordance with the law. In fiscal year 2016, Revenue Accounting distributed approximately $5.3 billion in various revenues (for more information on distributions, please see the division's internet page available at http://www.tax.ohio.gov/Government/distributions.aspx). In addition, Revenue Accounting records most of the revenue receipts and refund deposits for the individual income and employer withholding taxes, the sales and use taxes, the corporation franchise tax, the school district income tax, the motor fuel and use taxes, the International Fuel Tax Agreement, the commercial activity tax, and the municipal income tax for electric light companies and telephone companies. The division is also responsible for exception processing for most of the refunds released by the department. The division handles the accounting and reversals for all tax payment errors. This includes paper checks, electronic funds transfers (EFTs), payments made through the Ohio Business Gateway (OBG), and Treasurer of State debits and credits. Revenue Accounting also has a Central Payment Unit that is responsible for researching payments that need processing for all taxes. Revenue Accounting reconciles EFT payments, OBG payments, and credit card payments. Revenue Accounting has the additional responsibility of assisting the Office of Budget and Management with the state Comprehensive Annual Financial Report or CAFR.

The Revenue Processing Division is the central processing unit for the majority of paper tax returns filed with the Department of Taxation. The division's primary function is to timely process all paper tax returns and checks. This is accomplished through: receiving, extracting, batching, scanning and capturing tax returns, documents and remittances; storing and retrieving tax documents; and depositing taxpayer payments to the bank so that funds are available for distribution to state and local governments. Every fiscal year, the Tax Processing Division extensively tests data capture software and software vendor paper returns for both 1D and 2D barcoding. The division processed over 1.5 million paper returns and 1.89 million check payments in fiscal year 2016. Listed below are the form volumes by tax type:

Table 1. Ohio Individual Income & School District Income Tax Return Filing: Tax Years 2006-2015

State Returns	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Total Paper	2,207,039	2,122,894	1,859,662	1,454,332	1,137,134	997,950	915,022	809,704	778,869	687,633
Total Electronic	3,207,814	3,439,557	3,587,372	3,812,182	4,160,231	4,378,196	4,504,305	4,717,107	4,778,740	4,728,900
Total State Returns	5,414,853	5,562,451	5,447,034	5,266,514	5,297,365	5,376,146	5,419,327	5,526,811	5,557,609	5,416,533
% filed on paper	40.8%	38.2%	34.0%	27.6%	21.5%	18.6%	16.9%	14.6%	14.0%	12.7%
% filed electronically	59.2%	61.8%	66.0%	72.4%	78.5%	81.4%	83.1%	85.4%	86.0%	87.3%
School District Returns										
Total Paper	307,221	324,053	293,600	213,468	173,496	152,397	135,842	121,206	117,243	110,459
Total Electronic	322,418	389,290	448,400	530,416	579,731	615,042	655,443	692,467	714,340	728,320
Total School Returns	629,639	713,343	742,000	743,884	753,227	767,439	792,058	813,673	831,583	838,779
% filed on paper	48.8%	45.4%	39.5%	28.7%	23.0%	19.9%	17.2%	14.9%	14.1%	13.2%
% filed electronically	51.2%	54.6%	60.5%	71.3%	77.0%	80.1%	82.8%	85.1%	85.9%	86.8%

Table 2. Volume of Paper Forms by Tax Type

Tax Type	Volume
Commercial Activity	3,205
Corporation Franchise	1,673
Employer Withholding (for both individual income and school district income taxes)	240,834
School District Income	143,034
Individual Income	886,637
Pass-through Entity Withholding	117,520
Sales Taxes	35,191
Tax Equalization property tax forms	64,345
Excise	5,481
Other business taxes	1,920
Assessments	47,633
Miscellaneous forms	235

The Tax Analysis Division serves as the research and statistics division of ODT providing data, quantitative analysis, revenue estimates & forecasting to the Tax Commissioner and other customers. The division prepares a tax expenditure report biennially that by state law is submitted to the Governor who submits it to General Assembly as an appendix to his biennial budget. The division performs other functions including assisting with the forecasting and tracking of state tax revenues, estimating and certifying school district income tax rates, and publishing the Tax Data Series for public use.

Compliance services. The primary role of the Compliance Division is to issue bills and assessments as part of the Department's major compliance programs. These major compliance programs address a range of tax types including individual income, school district income, employer withholding, school district employer withholding, sales and use, commercial activity, and pass-through entity taxes. Examples of major compliance programs run by this division include sending billing notices when taxpayers fail to file a tax return, fail to pay the balance due shown on a filed tax return and make an error in filing their tax return (e.g. fail to report all taxable income, compute tax liability incorrectly, etc.).

When taxpayers do not respond to a billing notice asking them to resolve a tax-due matter, the Compliance Division issues an assessment. Assessments are the Tax Commissioner's final notice to a taxpayer of a tax deficiency or delinquency. An assessment informs a taxpayer of his or her legal rights if the assessment is not timely resolved or an appeal is not timely filed. If the assessment is not timely resolved or an appeal timely filed, the division certifies this debt for collection to the Ohio Attorney General's office. The Compliance Division serves as the department's liaison to the Ohio Attorney General's office regarding the collection of tax deficiencies and delinquencies. In fiscal year 2016, the Compliance Division certified 91,000 individual income tax and 78,801 school district income tax assessments for total certified amounts of $136,286,746 and $25,667,001, respectively.

The Compliance Division is also responsible for responding to all taxpayer billing, assessment and certification correspondence and reviewing appeals of assessments that did not begin with an audit. This enables taxpayers to resolve certain issues in an informal manner that supports the department's focus on timely, quality customer service.

While most compliance efforts concern the amounts of tax that should be paid by individuals and businesses that are well known to the department, in contrast, the Tax Discovery section of the Compliance Division is responsible for identifying tax liability legally owed by individuals and businesses that may not be known to the department, at least in the context of a specific tax-type. The Tax Discovery section, with the help of the department's Business Intelligence Service Center, creates new tax programs that identify potential unregistered businesses and non-filing individuals that likely should be filing and paying Ohio taxes. In addition, Tax Discovery will administer special programs as requested by the Tax Commissioner's office.

Table 3. Individual Income Tax & Corporation Franchise Tax Assessments (Fiscal Years 2015-2016)

	Fiscal Year 2015		Fiscal Year 2016	
Tax	**Amount**	**Number**	**Amount**	**Number**
Corporation Franchise	$16,937,844	99	$47,339,878	12
Individual Income	98,427,838	82,774	233,196,904	132,154
Total	**$115,365,682**	**82,873**	**$280,536,782**	**132,166**

Table 4. Sales and Excise Tax Assessments Levied and Unpaid Assessments Certified for Collections (Fiscal Years 2015-2016)

	Assessments Levied				Unpaid Assessments Certified for Collections	
	FY 2015		**FY 2016**		**FY 2015**	**FY 2016**
Tax Category	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Amount**
Sales and Use	$602,858,282	158,031	$786,679,550	159,882	$282,210,294	$510,021,684
Commercial Activity	163,207,314	43,733	434,350,560	66,889	130,942,775	163,240,683
Motor Vehicle Use	190,210	2	11,326,280	278	0	1,106,089
Cigarette	1,440,806	11	3,304,547	2,978	135	4,305
Other Tobacco Products	996,305	113	1,191,994	120	208,883	0
Alcoholic Beverage	2,335,930	168	3,694,426	143	32,750	867,189
Severance	12,400,922	751	10,565,107	652	4,498	6,100,301
Horse Racing	0	0	0	0	0	0
Replacement Tire Fee	14,100	3	690,624	78	33,101	157,052
IFTA	44,998	14	2,413,537	626	0	706,320
Kilowatt Hour	109,619	27	2,334,883	92	16,796	416,200
Master Settlement Agreement	21,500	81	29,750	91	4,000	0
MCF	9,160	17	0	0	16,797	0
Public Utility Excise	0	0	0	0	0	0
Gross Casino Revenue	0	0	0	0	0	0
Total	**783,629,146**	**202,951**	**1,256,581,258**	**231,829**	**413,470,029**	**682,619,823**

assessments certified for collection in a fiscal year include assessments levied in a prior year, after taxpayers have exhausted all avenues of appeal.

Table 5. Cash Collections from Audit and Compliance Programs (Fiscal Year 2016 figures in millions rounded)

Tax	**Delinquent Programs**	**Automated Billing**	**Assessment Collections**	**Audit Collections**	**Discovery, Nexus, or desk exams**	**Total**	**% of Total**
Sales & Use	$78.8	$14.0	$74.4	$29.6	$2.0	$198.8	33.62%
Corporation Franchise	0.0	0.1	1.1	19.8	n/a	21.0	3.55%
Individual Income	0.6	32.7	107.9	n/a	13.2	154.4	26.11%
Employer Withholding	0.7	7.7	11.8	0.3	1.1	21.6	3.65%
Commercial Activity	64.4	12.2	28.7	21.0	0.9	127.2	21.51%
Excise, Energy, IFTA	1.2	1.4	2.8	n/a	6.7	12.1	2.05%
Pass-Through Entity	n/a	n/a	1.5	5.2	13.4	20.1	3.40%
School District Income	0.3	5.1	26.4	n/a	0.1	31.9	5.39%
Financial Institutions	n/a	n/a	n/a	4.3	n/a	4.3	0.73%
Total	**$146.0**	**$73.2**	**$254.6**	**$80.2**	**$37.4**	**$591.4**	100.00%

The Criminal Investigations Division (CID) consists of 28 sworn police officers and 3 civilian employees who enforce the criminal provisions of Ohio's tax laws. CID was created in 1971 primarily to combat organized

crime and the smuggling of untaxed cigarettes. Today, CID enforces most taxes administered by ODT including tobacco taxes, the motor fuel tax, the income tax, employer withholding taxes and sales and use taxes.
Support services. The Budget and Fiscal Division performs the internal financial tasks that are necessary for ODT to run its daily operations. Those tasks include preparing and monitoring the operating budget, coordinating centralized purchasing, paying invoices, reimbursing travel expenses, managing department assets, generating financial reports, and managing department contracts.

The Communications Division is ODT's first point of contact for the news media. It provides communications services to assist the Tax Commissioner with the discharge of his statutory duties. These communications services include issuing news releases, coordinating interviews and media events, managing ODT's website, social media accounts, and publications, monitoring media for news and criticism relevant to ODT, managing content on ODT's intranet, and publishing a monthly employee newsletter.

The Office of Agency Performance is responsible for functions related to ODT's human resources, organizational development, internal audit, and facilities management. Human Resources creates, implements, and assesses a range of human resource actions. Organizational Development coordinates and provides practical and applied professional skills and career development opportunities. Internal Audit independently examines and evaluates the ongoing control processes and acts as a liaison with external auditing authorities. Facilities Management maintains ODT's buildings, office spaces, and grounds and provides building security.

The Information Services Division (ISD) supports ODT's business divisions by developing, supporting and monitoring the security of electronic information, database, and tax administration systems. The division acts as a liaison with Ohio's Office of Information Technology (OIT) to provide state architecture for the exchange of information with internal and external customers.

During fiscal year 2016, ISD enhanced the Individual Income Tax processing system (IMOD) to enable the department to implement a Universal 1040 Form. In addition, the division implemented changes to IMOD in response to legislation providing for a flat tax for business income. Modernized electronic filing (MeF) was used to download nearly 5 million returns from the IRS contributing to the overall goal of increased electronic filing.

One of the more significant accomplishments was centered on the application development effort to support the process of combating fraud. Our fraud detection system was enhanced substantially, detecting even more fraud than the previous year. At the same time, these changes enabled the reduction of the burden on honest taxpayers, with fewer as half as many required to take the identity quiz this season compared to last filing season.

The STARS (State Taxation Accounting Revenue System) project continued to make progress in fiscal year 2016 with two releases: Motor Fuel Tax in September 2015 and Commercial Activity Tax (CAT), Cigarette, Other Tobacco Products (OTP) and Master Settlement Agreement (MSA) in June 2016. Due to electronic filing mandates, the STARS project partnered with the Ohio Business Gateway and implemented new Web filing options for Motor Fuel and CAT taxes which included filing, payment, refund application, registration, and file upload features.

ISD added various security products to help protect against fraud in the eCommerce environment and generally focused on the security of internal and external facing systems and applications. The division continued to partner with OIT on various IT consolidation projects, and remained vigilant to ensure the infrastructure was available and reliable.

The Legislative Division coordinates ODT's legislative affairs by providing legislative ethics compliance, monitoring state and federal tax legislation, analyzing proposed tax bills and amendments, assisting legislators with constituent inquiries, attending committee hearings and lobbying on behalf of the Tax Commissioner.

Office of the Chief Counsel. The Office of the Chief Counsel is responsible for the supervision of all legal affairs of ODT. This office is divided into three divisions: the Tax Appeals Division, the Appeals Management & Bankruptcy Division and the Legal Counsels Division.

The Tax Appeals Division conducts most of the administrative appeal hearings within the department and issues the Tax Commissioner's final determination in these tax matters, which serves as the department's final assessment of the taxpayer. Fiscal year 2016 ended with a balance of approximately 2,425 cases, a reduction of approximately 250 cases from the prior year. Of those cases, a little more than half (1,359) were challenges to sales and use tax assessments and/or refunds. While sales and use tax, employer withholding and school district withholding assessments have been processed through the department's tax management system since mid-2014, beginning in the current fiscal year, additional taxes, including the Commercial Activity Tax, will be managed through this system. The sales and use tax group started the fiscal year with approximately 1,300 cases and ended the year with approximately 1,278 cases. Final determinations and assessments issued during the year totaled 1,608. Of the remaining tax types, the division began the year with 1,063 cases, received an additional 656 cases, issued 835 final determinations, and ended the year with a balance of 1,066 cases.

The Appeals Management/Bankruptcy Division serves as a liaison with the Ohio Attorney General's office for all litigation that involves the Department of Taxation except personnel actions. The current division facilitates bankruptcies through the federal courts, substantive tax cases at the Ohio Board of Tax Appeals, the Ohio Supreme Court, and various courts throughout the federal and state court systems. The division also facilitates offers in compromise and certified claim settlements with the Ohio Attorney General.

During the past year, the Appeals Management/Bankruptcy Division and the Tax Appeals Division began the process of merging, to meet the department's goal of utilizing resources in the most efficient manner practicable. As of June 30, 2016 there were 673 cases on appeal at the Board of Tax Appeals, 14 in the state appeals court system and 93 at the Ohio Supreme Court. These numbers compare to fiscal year 2015, when the division had 407 cases on appeal at the Board of Tax Appeals; 5 in the state appeals court system and 34 at the Ohio Supreme Court. On the Bankruptcy side, in fiscal year 2016, the division received 9,908 notices of bankruptcy (compared to 9,831 notices filed the previous year) and processed a total of 3,188 proofs of claims (compared to 3,192 the previous year).

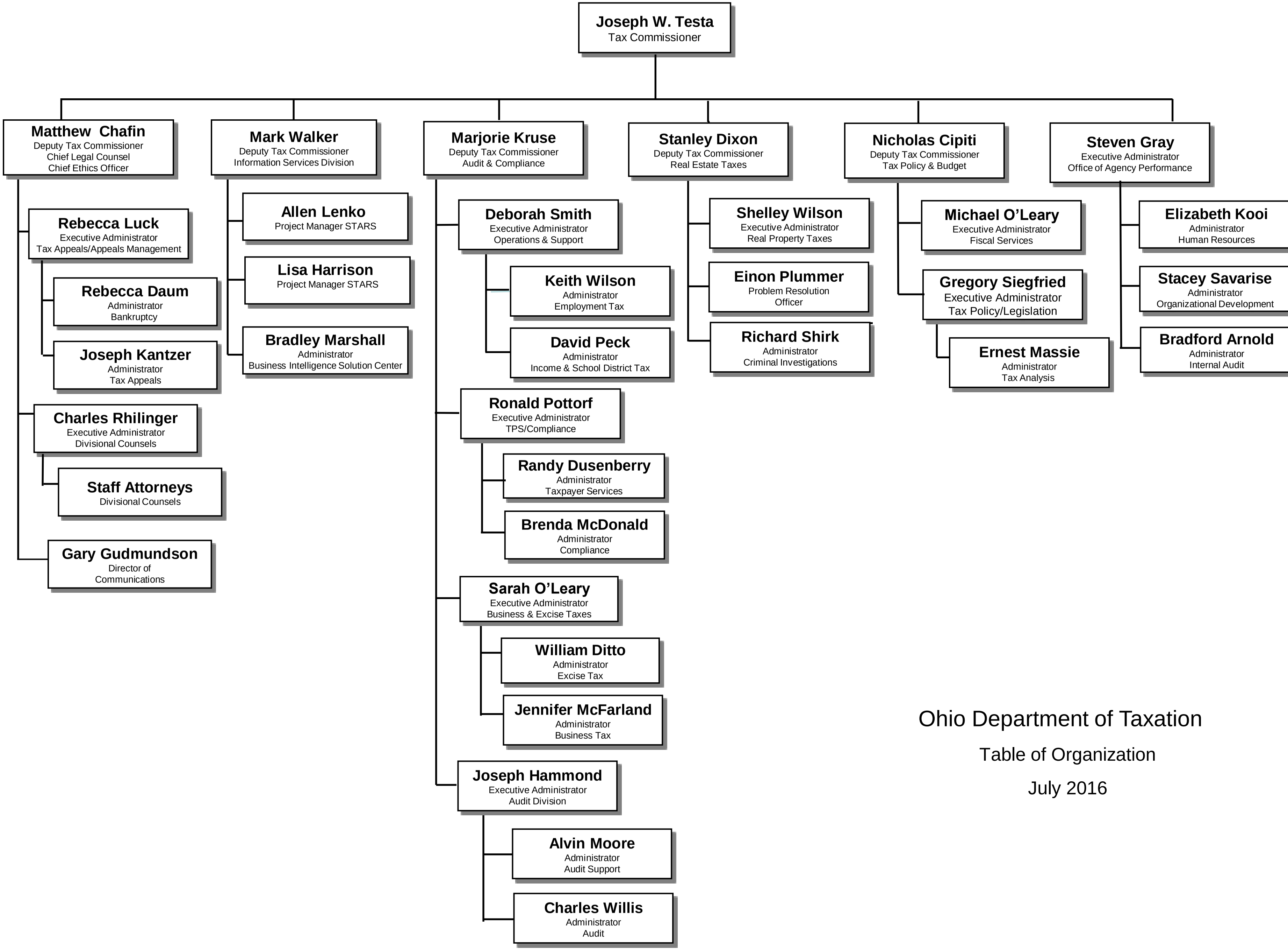
Division counsel is assigned to other department divisions to provide legal advice on tax law and the administration of taxes as well as drafting legislation, regulatory rules, tax opinions, and information releases.

The Audit Division conducts audits relating to most of Ohio's major business taxes. During fiscal year 2016, the Audit Division completed the following numbers and types of audits:

Type of Audit	Total Audits
Commercial Activity	450
Corporate Franchise	48
Employer Withholding	170
Financial Institutions	34
International Fuel Tax Agreement	199
International Registration Plan	464
Master Settlement Agreement	47
Pass-Through Entity	205
Petroleum Activity	1
Sales and Use	1,330
Total	**2,948**

Table 1. Ohio Tax Commissioners (1939 to present)

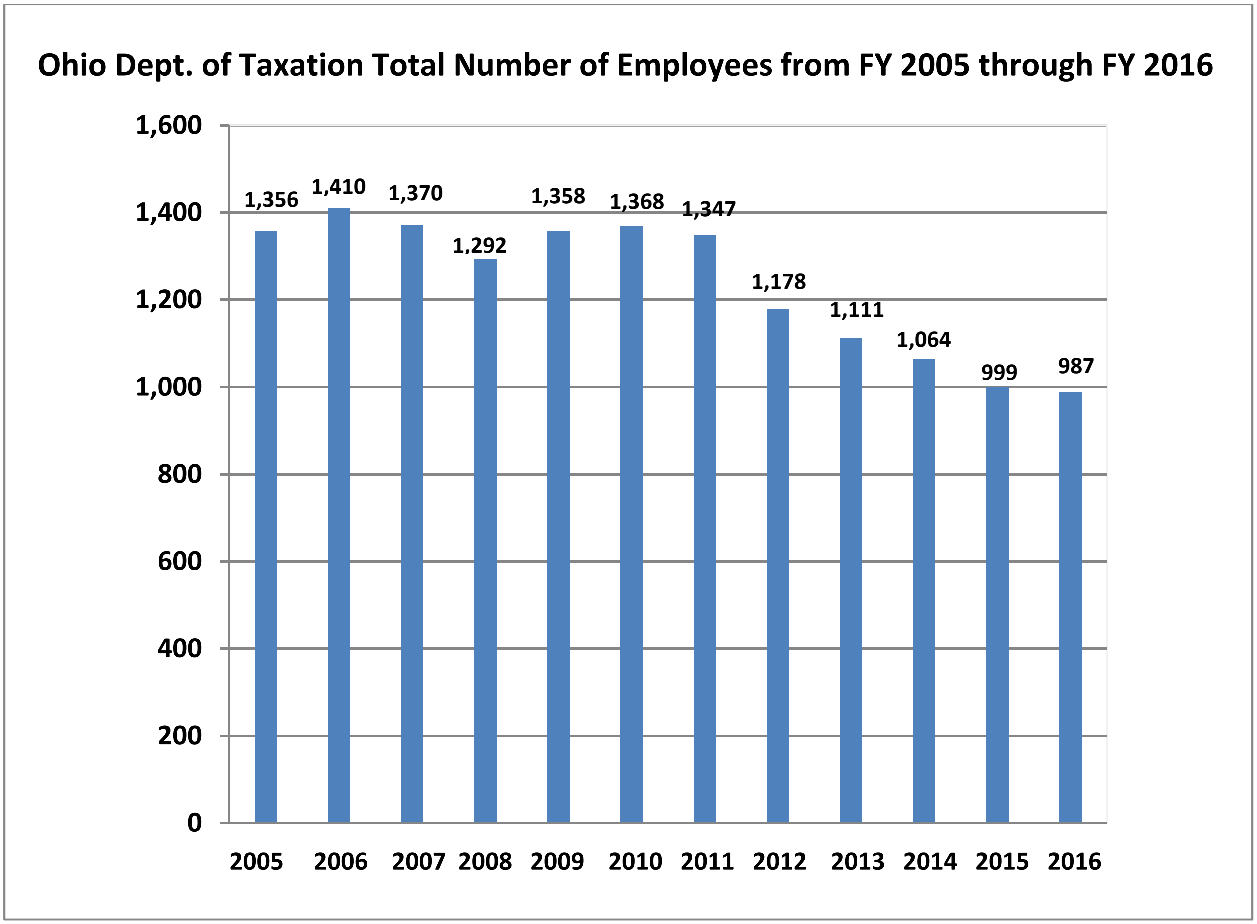
Tax Commissioner	Began Service	Ended Service	Appointing Governor
William S. Evatt	June 3, 1939	December 31, 1944	John W. Bricker
C. Emory Glander	January 1, 1945	January 31, 1951	Frank J. Lausche
John W. Peck	February 1, 1951	January 31, 1954	Frank J. Lausche
Stanley J. Bowers	February 1, 1954	April 14, 1963	Frank J. Lausche
Louis J. Schneider	April 15, 1963	December 29, 1964	James A. Rhodes
Gerald A. Donahue	January 4, 1965	March 12, 1966	James A. Rhodes
Gail W. Porterfield	March 13, 1966	January 10, 1971	James A. Rhodes
Robert J. Kosydar	January 11, 1971	January 12, 1975	John J. Gilligan
Gerald S. Collins	January 13, 1975	September 10, 1075	James A. Rhodes
Edgar L. Lindley	September 11, 1975	January 9, 1983	James A. Rhodes
Joanne Limbach	January 10, 1983	January 13, 1991	Richard F. Celeste
Roger W. Tracy	January 14, 1991	January 11, 1999	George V. Voinovich
James J. Lawrence	January 11, 1999	June 30, 1999	Bob Taft
Thomas M. Zaino	July 1, 1999	October 31, 2003	Bob Taft
J. Patrick McAndrew	November 1, 2003	January 11, 2004	Bob Taft
William W. Wilkins	January 12, 2004	January 7, 2007	Bob Taft
Richard A. Levin	January 8, 2007	January 9, 2011	Ted Strickland
Joseph W. Testa	January 10, 2011		John R. Kasich



Ohio Department of Taxation

Table of Organization

July 2016



Ohio Department of Taxation

Please visit us on the web at www.tax.ohio.gov.

30 East Broad St., 22nd Floor
Columbus, Ohio 43235
Tel 614-466-2166
Fax 614-466-7979
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Our Motto is CARE…

Courteous
Accurate
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The Ohio Department of Taxation is an Equal Opportunity Employer and provider of Americans with Disabilities Act (ADA) Services. Individuals with disabilities who need assistance to access ODT's services are encouraged to call ODT's ADA coordinator at 614-466-3020.

State Taxes Administered by the Tax Commissioner

Alcoholic Beverage Taxes

Overview. Responsibility for administering Ohio's taxes on alcoholic beverages is split between the Ohio Department of Taxation (ODT) and the Ohio Department of Commerce's Division of Liquor Control. This chapter covers only the role of ODT in administering Ohio's excise taxes on beer, wine, cider, and mixed beverages of up to 21% alcohol by volume (ABV). The Division of Liquor Control administers a separate tax on spirituous liquor.

Tax collections of alcoholic beverages taxes administered by ODT totaled approximately $58.1 million in fiscal year 2016. Of this amount, approximately $57 million was deposited into the General Revenue Fund (GRF), and about $1.1 million to the Ohio Grape Industries Fund.

Table 1. FY 2016 Alcoholic Beverage Taxes Collections

Alcoholic Beverages	Collections
Beer - GRF	$42,367,551
Wine & Mixed - GRF	$12,078,266
Wine & Mixed - OH Grape Industries	$1,136,526
Spirituous Liquor* - GRF	$45,129,941
Alcohol Bev Holding Fund (QF50)	$2,509,999
Total	**$103,222,282**

*Adminstered by the Division of Liquor Control

Source: Office of Budget and Management financial reports

ODT also administers and collects county permissive taxes on beer, wine, cider, and mixed beverages. Cuyahoga County is the only county in Ohio permitted by state law to levy such taxes. Please see the **Local Government Taxes** section for details.

Taxpayer (Ohio Rev. Code § 4301.42-.43, 4303.33, 4305.01). The alcoholic beverage taxes are levied on manufacturers and distributors.

Tax base (Ohio Rev. Code § 4301.01). The tax base is comprised of beer, wine, cider, and mixed beverages up to 21% of alcohol by volume (ABV). These beverages are defined in law as follows:

- Beer includes all beverages brewed or fermented wholly or in part from malt products containing at least 0.5% of ABV.
- Mixed beverages include bottled and prepared cordials, cocktails, highballs, and solids and confections that are obtained by mixing any type of whiskey, neutral spirits, brandy, gin, or other distilled spirits with, or over, carbonated or plain water, pure juices from flowers and plants, and other flavoring materials. They contain at least 0.5% and not more than 21% of ABV.
- Wine, including sparkling wine and vermouth, includes all liquids fit to use for beverage purposes made from the fermented juices of grapes, fruits, or other agricultural products, except it does not include cider. It contains at least 0.5% and not more than 21% of ABV (by law wine with less than 4% ABV is not subject to the tax); and
- Cider means all liquids fit to use for beverage purposes that are made through the normal alcoholic fermentation of the juice of apples including flavored, sparkling, or carbonated cider and cider made from pure condensed apple must. It contains at least 0.5% of ABV and not more than 6% of alcohol by weight.

Tax rates. Excise tax rates on each alcoholic beverage vary by type and alcohol content. The state rates are as follows:

Type of Product	Code Section	Measure	Rate
Beer in bottles or cans	4301.42	6 oz. or fraction thereof	0.84 cents[1]
Wine (containing 4-14% ABV)	4301.43-.432	gallon	32 cents
Wine (containing 14-21% ABV)	4301.43-.432	gallon	$1.00
Vermouth	4301.43-.432	gallon	$1.10
Sparkling wine	4301.43-.432	gallon	$1.50
Cider	4301.43	gallon	24 cents
Mixed Beverages	4301.43	gallon	$1.20
Beer in barrels	4305.01	31 gallons	$5.58

[1]The rate on bottles and cans having less than 12 ounces is 0.14 cents per ounce.

Tax exemptions (Ohio Rev. Code § 4301.23, 4301.43, 4307.05). The alcoholic beverage tax does not apply to sacramental wine used in religious rites, sales to the federal government, or sales for resale outside of Ohio.

Tax filing and payment dates (Ohio Rev. Code § 4303.33 and 4301.422). The beer and malt beverage monthly advance tax payment is due on or before the 18th day of each month for that month's estimated tax liability. The beer and malt beverages tax return is due monthly on or before the 10th day of the month following the reporting period. The wine and mixed beverages tax return is due on or before the 18th day of the month following the reporting period.

Tax discounts, credits, and exemptions (Ohio Rev. Code § 4303.33-.333). An advance tax payment credit is allowed to beer permit holders equal to 3% of the amount of tax received by the 18th day of the month for which the tax is paid. A discount also is allowed on the balance of the tax due (after the advance payment) when received by the 10th day of the following month. This additional discount is the smaller of the following: 3% of 10% of the advance payment or 3% of the net amount of the tax due after deducting the advance payment. A 3% discount is allowed to wine and mixed beverage permit holders on the amount of the monthly payment when the payment is received on or before the 18th day of the month following the reporting period.

Any A-1c permit holder (i.e., a manufacturer of beer with total production not to exceed 31 million gallons in a calendar year) is allowed a credit against taxes levied in the following calendar year on not more than 9.3 million gallons of beer sold or distributed in Ohio. The credit may be claimed monthly as the reports required are due. At the time the report for December is due for a calendar year during which a permit holder is eligible to receive the credit, if the permit holder claimed less than the credit due on 9.3 million gallons, including credit claimed on the December report, the permit holder may claim a refund of taxes previously reported and paid during the calendar year on a number of gallons equal to the difference between 9.3 million gallons and the number of gallons for which a credit has been claimed under the law.

Any A-2 or A-2f permit holder (i.e., a manufacturer of wine or an Ohio farm winery) whose total production of wine, wherever produced, which but for this exemption is taxable in Ohio, does not exceed 500,000 gallons in a calendar year is allowed an exemption from the excise tax. The exemption may be claimed monthly against current taxes levied under such section as the reports are due. At the time the report for December is due for a calendar year during which a permit holder claimed an exemption, if the permit holder has paid the tax levied, the permit holder may claim a refund of such tax paid during the calendar year.

Disposition of tax revenue (Ohio Rev. Code § 924.51-.55, 4301.423, 4301.43-432, 4301.46, 4305.01). The taxes collected are deposited in the GRF, except 5 cents per gallon of the excise tax on wine including sparkling wine and vermouth, which is deposited in the Ohio Grape Industries Fund. However, the statute requiring 2 of the 5 cents to be deposited into this fund is limited to the period of July 1, 2015 through June 30, 2017 under current law.

Tables & charts

Table 2. Alcoholic Beverage Tax Revenue Fiscal Years 2012-2016 (in millions, rounded)

Fiscal Year	Beer	Wine & Mixed Beverages	Spirituous Liquor	Total[1]
2012	$46.5	$12.2	$39.4	$98.1
2013	44.7	12.9	40.7	98.3
2014	44.0	12.6	41.8	98.4
2015	43.9	13.8	43.4	101.1
2016	42.4	13.2	45.1	100.7

[1]Excludes amounts remaining in a hold fund

Source: Office of Budget & Management financial reports

Table 3. Alcoholic Beverage Tax Reported Payments and Credits Fiscal Year 2016 (in millions, rounded)

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer			
Advance tax payments	$30.2	$1.1	$29.1
Payment with return	15.4	0.0	15.3
Sub-total	45.5	1.1	44.4
Wine and Mixed Beverage			
Payment with return	14.3	0.4	13.8
Total	**$59.8**	**$1.6**	**$58.2**

Source: Ohio Department of Taxation, as reported on tax returns

Table 4. Alcoholic Beverage Tax Liability as Reported on Returns 2014-2016

	Tax Liability (in millions, rounded)		
Type of Beverage	**2014**	**2015**	**2016**
Beer	$45.2	$45.4	$45.5
Wine 14% or less Alcohol	5.6	5.5	6.0
Wine > 14-21% Alcohol	1.5	1.4	1.7
Mixed Beverages	3.7	3.7	3.3
Vermouth	0.1	0.1	0.1
Sparkling Wine	1.0	1.0	1.2
Cider	0.7	0.5	0.5
Total	**$57.8**	**$57.6**	**$58.4**

Note: Amounts represent tax liability as opposed to tax collections reported in Table 2.

Source: Ohio Department of Taxation, as reported on tax returns

Comparisons with competitor states (as of June 30, 2016)

Unless otherwise noted, the percentages refer to ABV. One barrel equals 31 gallons. Conversions to gallons and barrels were done for purposes of comparison.

Georgia	Beer: $10 per barrel Wine (14% or less): up to $1.51 per gallon Wine (14 – 21%): up to $2.54 per gallon Distilled spirits (less than 190 proof): $3.79 per gallon Distilled spirits (190 proof and greater): $5.30 per gallon *(all shown inclusive of the import tax)*
Indiana	Beer, malt beverages, and cider: $3.57 per barrel Wine (less than 21%): $0.47 per gallon Mixed beverages (15% or less): $0.47 per gallon Liquor (21% and greater): $2.68 per gallon
Kentucky	Beer, malt beverages, and weak cider: $2.50 per barrel Wine and cider: $0.50 per gallon Distilled spirits (less than 6%): $0.25 per gallon Distilled spirits (6% and greater): $1.92 per gallon
Michigan	Beer: $6.30 per barrel Wine (16% or less): $0.51 per gallon Wine (greater than 16%): $0.757 per gallon Mixed drinks (10% or less): $1.82 per gallon Distilled spirits (including wine 21% and greater): 12% of selling price
North Carolina	Beer: $19.13 per barrel Wine (less than 17%): $1.00 per gallon Wine (17 to 24%): $1.11 per gallon Liquor: 30% of selling price
Pennsylvania	Beer, malt beverages, and cider: $2.48 per barrel Alcoholic beverages other than brewed or malt beverages: 18% of selling price
Tennessee	All beverages (less than 5%): $35.60 per barrel All beverages (5 to 7%): $1.10 per gallon All beverages (7 to 21%): $1.21 per gallon Distilled spirits: $4.40 per gallon
Texas	Beer (4% alcohol by weight or less): $6.00 per barrel Ale and malt liquor (over 4% alcohol by weight): $6.14 per barrel Wine (14% or less): $0.204 per gallon Wine (greater than 14% of ABV): $0.408 per gallon Sparkling wine: $0.516 per gallon Distilled spirits: $2.40 per gallon Mixed beverages: 6.7% of gross receipts
West Virginia	Beer and similar products (less than 12%): $5.50 per barrel Wine: $1.00 per gallon Liquor: 5% of the retail price

History of major changes

1805	First saloon license law enacted permitting counties to charge annual fees of between $4 and $12.
1851	New Ohio Constitution prohibits the licensing of liquor traffic but permits the legislature to "provide against evils resulting therefrom."
1886	After two previous taxes are struck down, the Dow Law is enacted, a $200 annual tax on the traffic of liquor and $100 annual tax on the traffic of "malt or vinous" alcohol. Generally, the tax applies to saloons; manufacturers are exempted. Initially, proceeds are split between county treasuries and county poor funds. The Dow Law, framed as an "act providing against the evils" of spirituous liquor traffic, withstands constitutional scrutiny.
1888	Dow tax is raised to $250, regardless of type of alcohol. One-fifth of proceeds are directed to the GRF.
1896	Dow tax is raised to $350; 30% of revenue is dedicated to the GRF.
1906	Dow tax is raised to $1,000.
1920	Prohibition began.
1933	Prohibition ended; the modern taxation of alcohol began. Beer and malt beverages are taxed at $1 per barrel. Wine is taxed at 10% of retail price.
1934	Spirituous liquor is taxed at $1 per gallon. Tax on bottled beer and malt beverages is set at 0.75 cents per each six ounces or fractional share thereof.
1935	Mixed beverages are taxed at 10% of retail price. Malt beverage tax is increased to $2.50 per barrel.
1939	Mixed beverages are taxed at 40 cents per gallon. Wine tax is revised as follows: • Wine (less than 14% ABV): 12 cents per gallon • Wine (14 to 21% ABV): 30 cents per gallon • Vermouth: 60 cents per gallon • Sparkling wine: $1 per gallon
1959	Sales of wine and mixed beverages are subjected to sales tax. Beer tax is increased to $2.50 per barrel.
1967	Beer and malt beverages are subjected to sales tax.
1969	New rates are enacted as follows: • Spirituous liquor gallons: $2.25 per gallon • Mixed beverages: 80 cents per gallon • Wine (less than 14% ABV): 24 cents per gallon • Wine (14 to 21% ABV): 60 cents per gallon • Vermouth: 75 cents per gallon • Sparkling wine: $1.25 per gallon
1982	Credit against taxes is enacted for Ohio brewers and wine producers. Wine tax is increased 2 cents per gallon, with 3 cents per gallon earmarked for grape industries. Distinction between "beer" and "malt" beverages is repealed. Tax on beer in containers of 12 ounces or less is changed to 0.125 cents per ounce.
1989	Tax on barreled beer increased to $3.50 per barrel.
1992	Tax on beer is increased to 0.14 cents per ounce bottled and $5.58 per barrel. Mixed beverage tax is increased to $1.20 per gallon. Wine taxes are increased to the following rates: • Less than 14 percent ABV: 32 cents per gallon • Between 14 and 21 percent ABV: $1 per gallon • Sparkling wine: $1.50 per gallon • Vermouth: $1.10 per gallon
1995	Additional 2 cents of the excise tax on wine is temporarily allocated to the Ohio grape industry special account until July 1, 1999.

1997	Department of Liquor Control is renamed Division of Liquor Control and placed within the Department of Commerce.
1999	Temporary 2 cents per gallon tax on wine for the Ohio Grape Industries Fund is extended until July 1, 2001 (and extended for an additional two years in 2001, 2003, 2005, 2007, 2009, 2011, 2013, and 2015)
2007	Two new permit types are legislated, B-2a and S, to allow for the direct shipment of wine by small wineries to retailers and consumers in Ohio.
2008	Holders of B-2a and S permits are exempted from 30 cents of the 32 cents per gallon wine tax and are allowed a refund of all but two cents per gallon of the total tax paid retroactive to Oct. 1, 2007.
2011	An “S” permit holder that is a brand owner, or United States importer, or a designated agent, is allowed to sell beer directly to consumers in Ohio using “H” permit holders to ship the beer.
2013	A new A-1c permit is legislated for manufacturers whose total production of beer, wherever produced, will not exceed 31 million gallons of beer in a calendar year.

Cigarette and Other Tobacco Products Taxes

Overview. Ohio has levied an excise tax on cigarettes since 1931. The rate was last increased from $1.25 per pack of 20 cigarettes to $1.60 per pack effective July 1, 2015. The tax is paid primarily by wholesale dealers through the purchase of tax stamps that are affixed to packs of cigarettes. An excise tax at the same rate is levied on the use, consumption, or storage for consumption of cigarettes by consumers if the excise tax has not already been paid.

An excise tax has been levied on other tobacco products (OTP) – including cigars, chewing tobacco, snuff, smoking tobacco, and other tobacco products – since 1993. The 17% tax rate is levied on the wholesale price of OTP manufactured in Ohio or imported into Ohio. The excise tax on little cigars was raised to 37% of the wholesale price in 2013. The tax is required to be paid by sellers of OTP. An excise tax at the same rate is levied on the storage, use, or other consumption of OTP if the excise tax has not already been paid.

In fiscal year 2016, total state tax collections from the sale of cigarettes amounted to approximately $944.1 million, an amount that does not include collections from the levy on OTP but that does include a $0.35 per pack "floor tax" on stamps sold prior to July 1, 2015 for cigarette packs to be sold on or after that date. Total state tax collections from OTP were approximately $63.4 million in fiscal year 2016. Both amounts were deposited into the General Revenue Fund (GRF).

Table 1. FY 2016 Cigarette and OTP Tax Collections

Cigarettes & OTP	Collections
Cigarettes	$944,123,121
Other Tobacco Products	$63,387,383
Other (AG Collections - GRF only)	$132,707
Total	**$1,007,643,211**

Source: Office of Budget and Management financial reports

The Ohio Department of Taxation (ODT) also administers and collects the county permissive cigarette tax levied by Cuyahoga County. Cuyahoga County is the only county with authority under state law to levy this tax. For the permissive tax, collection is made by the sale of tax stamps for cigarettes to be sold in Cuyahoga County. Please see the **Local Tax Section** for details.

Taxpayer (Ohio Rev. Code § 5743.01, 5743.32, 5743.51, 5743.62-.63). The cigarette tax is paid by wholesale dealers, meaning those who purchase cigarettes directly from manufacturers, producers, importers, or other wholesalers and then sell cigarettes to retailers for the purpose of resale. An excise tax is levied on the use, consumption, or storage for consumption of cigarettes by consumers in Ohio if the tax has not already been paid. The OTP tax is paid by distributors, meaning all manufacturers, wholesalers, and retailers who are licensed as other tobacco products distributors. An excise tax is levied on the storage, use, or other consumption of OTP if the excise tax has not been paid.

Tax base (Ohio Rev. Code § 5743.02, 5743.32, 5743.51, 5743.62-.63). The base of the tax is the sale of cigarettes, the use, consumption, or storage for consumption of cigarettes by consumers in Ohio when the excise tax has not been paid, the receipt or import of OTP for resale, and the storage, use or other consumption of OTP if the excise tax has not been paid.

Tax rates (Ohio Rev. Code § 5743.02, 5743.32, 5743.51, 5743.62-.63). The state rate on cigarettes is $1.60 per pack of 20 cigarettes or 8 cents per cigarette. The state rate on OTP is 17% of the wholesale price. The state rate on "little cigars" is 37% of the wholesale price. "Little cigars" means any roll for smoking, other than cigarettes, made wholly or in part of tobacco that uses an integrated cellulose acetate filter or other filter and is wrapped in any substance containing tobacco, other than natural leaf tobacco.

Tax exemptions (Ohio Rev. Code § 5743.05). Cigarettes sold into interstate or foreign commerce or to the U.S. Government are exempt from the tax.

Special provisions

Discounts – Discounts are provided as consideration for affixing and canceling cigarette tax stamps. Wholesale dealers receive a discount of 1.8% of the face value of the stamps. OTP taxpayers receive a 2.5% discount for timely payment of the tax (Ohio Rev. Code § 5743.05, 5743.52, 5743.62).

Manufacturer and importers – Manufacturers and importers of cigarettes are required to be licensed by and file monthly reports with ODT. Manufacturers and importers of other tobacco products are required to be registered and file monthly reports with ODT (Ohio Rev. Code § 5743.072, 5743.15, 5743.66).

Wholesale and retail dealers – Annually, wholesale cigarette dealers are required to be licensed by ODT and retail cigarette dealers by the county auditor of the county in which the retail dealer sells cigarettes. Also annually, OTP distributors are required to be licensed by ODT (Ohio Rev. Code § 5743.15, 5743.61-.62).

Authorized sales – The identities of all entities authorized to make cigarette and OTP sales – including cigarette manufacturers and importers, licensed cigarette wholesalers, licensed distributors of other tobacco products, and registered manufacturers and importers of other tobacco products – are subject to public disclosure. As required by law, the Tax Commissioner posts this list at http://www.tax.ohio.gov/ (Ohio Rev. Code § 5743.20).

Unstamped cigarette prohibition – It is a crime to possess packs of cigarettes not bearing the tax stamps required to be affixed thereto. It is a felony for any person to possess packs of cigarettes not bearing the stamps required or bearing stamps that have been affixed in violation of the law when the total number of cigarettes exceeds 1,200. Any such person also is liable for the excise tax due plus any applicable penalties and interest (Ohio Rev. Code § 5743.10, 5743.99, 5743.111-.112).

Authorized recipients of cigarettes – All cigarettes coming into Ohio shall be transported or shipped only to an “authorized recipient of tobacco products” such as a licensed wholesale cigarette dealer. All other exchanges of cigarettes must be made in “face-to-face” transactions. No motor carrier, or other person shall knowingly transport cigarettes to any person in Ohio that the carrier or other person reasonably believes is not an authorized recipient of tobacco products. If cigarettes are transported to a home or residence, it shall be presumed that the motor carrier, or other person, knew that the person to whom the cigarettes were delivered was not an authorized recipient of tobacco products. No person engaged in the business of selling cigarettes who ships or causes to be shipped cigarettes to any person in Ohio in any container or wrapping other than the original container or wrapping of the cigarettes shall fail to plainly and visibly mark the exterior of the container or wrapping in which the cigarettes are shipped with the words "cigarettes." It is an offense, punishable by a fine of up to $1,000, for each violation (Ohio Rev. Code § 2927.023, 5743.031).

Cigarettes legal for sale in Ohio – The Ohio Attorney General’s Office maintains a list on its website of all cigarette brands that may be sold in Ohio. This list represents brands that are produced by manufacturers that are certified to be in compliance with the Master Settlement Agreement. It is illegal to sell in Ohio any brand of cigarette not on this list (Ohio Rev. Code § 1346.04-1346.10).

Master Settlement Agreement reports – Persons who pay the cigarette or OTP excise taxes are required to report the quantity of all cigarettes and roll-your-own cigarette tobacco sold in Ohio for each brand not covered by a manufacturer participating in the tobacco Master Settlement Agreement. A penalty of up to $250 per month may be imposed for failing to file this report (Ohio Rev. Code § 5743.03).

Method of payments – All cigarette wholesale dealers are required to purchase stamps from the Tax Commissioner. Dealers are required to pay for stamps at the time of purchase unless they have been authorized to make purchases on credit. The Tax Commissioner may authorize wholesale dealers to purchase stamps on credit payable within 30 days or the following twenty-third day of June, whichever comes first. Credit sales are allowed only from the first day of July of a fiscal year until the twenty-third day of the following June. Any consumer acquiring cigarettes for use, storage, or consumption in Ohio must pay the tax if the excise tax has not already been paid (Ohio Rev. Code § 5743.05).

Filing deadlines (Ohio Rev. Code § 5743.03, 5743.33, 5743.52, 5743.62, Ohio Admin. Code 5703-15). Wholesale cigarette dealers must file reports on or before the last day of each month following the reporting period. Distributors of OTP or "little cigars" must file reports by the 23rd day of each month following the reporting period. Cigarette consumer's use tax returns must be filed by the 15th day of each month following the reporting period.

Disposition of tax revenue (Ohio Rev. Code § 5743.02, 5743.51). Revenue from the cigarette and OTP taxes is deposited into the GRF.

Tables and charts

Table 2. Cigarette and Other Tobacco Products Tax Revenue (FY 2012-2016 in millions, rounded)

Fiscal Year	Cigarette	OTP	Total
2012	$789.8	$53.4	$843.2
2013	773.3	54.1	827.4
2014	757.0	57.0	814.0
2015	746.0	62.2	808.2
2016	944.3	63.4	1,007.6

Source: Office of Budget and Management fiscal reports

Table 3. Cigarette Tax Receipts (FY2012-2016 in millions, rounded)

Fiscal Year	Gross Stamp Tax	Discount	Net Tax Collected
2012	$786.0	$14.1	$771.9
2013	788.4	14.2	774.2
2014	771.6	13.9	757.7
2015	765.1	13.8	751.4
2016	963.1	17.3	945.7

Source: Department of Taxation records

Table 4. Other Tobacco Products Tax Receipts (FY 2012-2016 in millions, rounded)

Fiscal Year	Gross Tax	Discount	Net Tax Collected
2012	$54.8	$1.4	$53.4
2013	55.5	1.4	54.1
2014	58.5	1.5	57.0
2015	63.8	1.6	62.2
2016	64.9	1.6	63.3

Source: Office of Budget and Management fiscal reports

Comparison with competitor states (as of June 30, 2016)

In the table below, the cigarette tax rates are expressed in terms of pack of 20 cigarettes. Taxes on other tobacco products are expressed as a percentage of wholesale cost, unless specifically noted. Some states apply special tax rates to specific tobacco products like cigars, moist snuff tobacco, and loose tobacco that are not shown here.

	Cigarette	OTP
Georgia	37 cents	10%
Indiana	99.5 Cents	24%
Kentucky	60 cents	15%
Michigan	$2.00	32%
North Carolina	45 cents	12.8%
Pennsylvania	$1.60	None
Tennessee	62 cents	6.6%
Texas	$1.41	$1.22 per ounce
West Virginia	55 cents	7%

History of major changes

1893	Legislature enacts annual tax of $300 on wholesalers and $100 on retailers.
1894	Annual tax is lowered to $30 for wholesalers and $15 for retailers.
1920	Annual tax is raised to $200 for wholesalers and $50 for retailers.
1931	Legislature enacted cigarette tax, including the use of stamps, at the rate of 1 cent per pack.
1956	Tax rate increased to 3 cents per pack.
1959	Tax rate increased to 5 cents per pack.
1969	Tax rate increased to 10 cents per pack.
1971	Tax rate increased to 15 cents per pack, cigarettes exempted from the sales tax.
1981	Tax rate decreased to 14 cents per pack, cigarettes become subject to the sales tax.
1983	Tax rate became 0.7 cents per cigarette.
1987	Tax rate increased to 0.9 cents per cigarette.
1991	All cigarette tax revenues allocated to the general revenue fund when capital improvement bonds are retired in 1992.
1992	Legislature enacted tax on other tobacco products at 17% of the wholesale price; cigarette rate increased to 1.2 cents per cigarette.
2001	Minimum stamp discount rate is lowered from 3.6% to 1.8%.
2002	Tax increased to 2.75 cents per cigarette.
2005	HB 66 increased the tax rate to 6.25 cents per cigarette.
2009	HB 1 increased annual license fee for cigarette wholesalers and tobacco distributors to $1,000 and for retailers to $125 per place of business. The Cigarette Tax Enforcement Fund received 100% of cigarette wholesale license fees. Sixty percent of revenue from retail license fees is allocated for enforcement, 30% is allocated to the subdivision where the business is located, and 10% is allocated to the county.
2013	HB 59 increased the tax rate on little cigars from the 17% OTP rate on the wholesale price to 37% of the wholesale price.
2014	HB 492 moved the selling of stamps and collection of revenue from the Treasurer of Ohio to the Ohio Department of Taxation and made changes to the law on the sale of cigarette tax stamps on credit.
2015	HB 64 increased the tax rate to 8 cents per cigarette effective July 1, 2015.

Commercial Activity Tax

Overview. The Commercial Activity Tax (CAT) is a tax imposed on the privilege of doing business in Ohio. The CAT is measured by taxable gross receipts and is paid either quarterly or annually. The CAT is a successor tax to Ohio's general business property and corporate franchise taxes, both of which were phased out.

In fiscal year 2016, total CAT revenue was approximately $1,689.5 million. Of the amount remaining after 0.85 percent was deposited in the revenue enhancement fund (tax administration fee), approximately $1,255.3 million was deposited in the General Revenue Fund (GRF), approximately $334.8 million was deposited in the School District Tangible Property Tax Replacement Fund, and $83.7 million was deposited in the Local Government Tangible Property Tax Replacement Fund.

Table 1. FY 2016 Collections

Commercial Activity Tax	Collections
GRF	$1,255,325,186
School District Tangible Property Tax Replacement Fund	$334,753,383
Local Government Tangible Property Tax Replacement Fund	$83,688,346
Revenue Enhancement Fund, 5GA0, R059	$14,999,554
Commercial Activity Tax Motor Fuel Fund	$723,299
Total	**$1,689,489,767**

Source: Office of Budget and Management financial reports

Taxpayer (Ohio Rev. Code § 5751.01). The CAT is paid generally by persons, including individuals and entities, having more than $150,000 in taxable gross receipts in a calendar year. Persons that must pay CAT are persons doing business in Ohio. These persons include, but are not limited to, persons that have substantial nexus with Ohio. Substantial nexus with Ohio means a person that owns or uses a part or all of its capital in Ohio, holds a certificate of compliance with Ohio laws authorizing it to do business in Ohio, has "bright line presence" in Ohio, or othwise has nexus with Ohio to the extent the person can be required to remit the tax under Chapter 5751 under the Constitution of the United States. A person has "bright line presence" in Ohio for a reporting period and for the remaining portion of the calendar year when the person has:

- at least $500,000 in taxable gross receipts in Ohio during the calendar year;
- at least $50,000 in property in the aggregate in Ohio at any time during the calendar year;
- at least $50,000 of payroll in Ohio during the calendar year;
- at least 25% of total property, payroll, or gross receipts within Ohio at any time during the calendar year; or
- is domiciled in Ohio as an individual or for corporate, commercial or other business purposes.

The CAT is not levied on excluded persons as that term is defined under Ohio Rev. Code § 5751.01(E). An excluded person includes:

- any person with not more than $150,000 in taxable gross receipts during the calendar year, except for a person that is a member of a consolidated elected taxpayer;
- a public utility that paid the public utility excise tax, except with regard to certain receipts of a public utility that is a combined company;
- a financial institution that paid the financial institutions tax (FIT) based on one or more taxable years that include the entire tax period under CAT;
- A person directly or indirectly owned by one or more financial institutions, as defined in section 5726.01 of the Revised Code, that paid the tax imposed by section 5726.02 of the Revised Code based on one or more taxable years that include the entire tax period under this chapter;
- a domestic or foreign insurance company that pays the Ohio insurance premiums tax;

- a person that solely facilitates or services one or more securitizations of phase-in-recovery property pursuant to a final financing order;
- a pre-income tax trust and any pass-through entity of which such pre-income tax trust owns or controls, directly, indirectly, or constructively through related interests, more than five per cent of the ownership or equity interests; and
- nonprofit organizations, the state, and its political subdivisions.

The CAT allows for a consolidated elected taxpayer, which is a group comprised of entities owned by a common owner. Such taxpayers must agree to include all members of the group having at least 80%, or all members having at least 50%, of the value of their ownership interests owned or controlled, directly or constructively through related interests, by common owners during all or any portion of the tax period, together with the common owners. Additionally, at the election of the group, all entities that are not incorporated or formed under the laws of a state or of the United States and that meet the elected ownership test either must be included in the group or all shall be excluded from the group meeting the selected ownership test (80% or 50%).

Under this election, the group must agree to file as a single taxpayer for at least the next eight calendar quarters following the election as long as two or more of the members meet the requirements. Such election also requires entities in the group that may not have enough contacts (nexus) to be included as part of the consolidated elected taxpayer group. A major benefit of this election is that taxable gross receipts from transactions between members of the group are excluded from the CAT base.

A group of entities having more than 50% owned or controlled by a common owner that chooses not to be a consolidated elected taxpayer must register as a combined taxpayer. A major difference between a consolidated elected taxpayer and a combined taxpayer is that a combined taxpayer only has to register all members that have sufficient contacts (nexus) to be required to register as a taxpayer for this tax. However, a combined taxpayer may not exclude taxable gross receipts between its members or taxable gross receipts from others that are not members. In addition, if the 80% common ownership test or election to exclude all entities that are not incorporated or formed under the laws of a state or of the United States election is made under the consolidated provision, such taxpayers with more than 50% ownership that have the requisite contacts (nexus) are required to register as a combined taxpayer. Similar to a consolidated elected taxpayer, a combined taxpayer must register, file returns, and pay the CAT as a single taxpayer.

Tax base (Ohio Rev. Code § 5751.01). The CAT is a tax on the privilege of doing business in Ohio. It is measured by "taxable gross receipts," which are gross receipts sitused to Ohio in accordance with rules that are primarily destination based. "Gross receipts" means the total amount realized, without deduction for the costs of goods sold or other expenses incurred, that contribute to the production of gross income. The taxpayer's method of accounting for the CAT is the same as the method the taxpayer used for federal income taxes. Certain types of receipts are excluded from the measurement under Ohio Rev. Code § 5751.01(F)(2).

Annual Minimum Tax (Ohio Rev. Code § 5751.03). Persons with annual taxable gross receipts of $150,000 or less are generally not subject to the CAT. Persons with annual taxable gross receipts of more than $150,000 are subject to an annual minimum tax on the first $1 million in taxable gross receipts each calendar year. The annual minimum tax is calculated as follows:

- $150 for taxpayers with taxable gross receipts of $1 million or less in the previous calendar year;
- $800 for taxpayers with taxable gross receipts greater than $1 million but less than or equal to $2 million in taxable gross receipts in the previous calendar year;
- $2,100 for taxpayers with more than $2 million but less than or equal to $4 million in taxable gross receipts in the previous calendar year; or
- $2,600 for taxpayers with more than $4 million in taxable gross receipts in the previous calendar year.

The annual minimum tax is due on May 10th with the filing of the annual or first quarter tax return.

Tax rates (Ohio Rev. Code § 5751.03). Taxpayers with annual taxable gross receipts in excess of $1 million pay the annual minimum tax plus the product of the tax rate (0.26%) multiplied by taxable gross receipts for the tax period after subtracting the first $1 million of taxable gross receipts for a calendar year. Calendar quarter taxpayers apply the full exclusion amount to the first calendar quarter return filed that calendar year and may carry forward and apply any unused exclusion amount to subsequent calendar quarters within that same calendar year.

Tax credits (Ohio Rev. Code § 5751.51-53, 5751.98). Eligible taxpayers are able to claim the following credits against the CAT:

- the nonrefundable jobs retention credit;
- the nonrefundable credit for qualified research expenses;
- the nonrefundable credit for a borrower's qualified research and development loan payments;
- the nonrefundable credit for calendar years 2010 to 2029 for unused corporate franchise tax net operating losses;
- the refundable motion picture production credit;
- the refundable jobs creation credit, or the refundable job retention credit;
- the refundable credit for calendar year 2030 for unused corporate franchise tax net operating losses;
- the Ohio historic preservation tax credit (on a temporary basis).

For more information about these credits, see the **Business Tax Credits** chapter.

Filing and payment dates (Ohio Rev. Code § 5751.051). All persons with CAT liability must register prior to filing a CAT return. All taxpayers are subject to the annual minimum tax due by May 10 of each year. Taxpayers with taxable gross receipts in excess of $1 million must file quarterly returns electronically through the Ohio Business Gateway. Quarterly returns are due by the 10th day of the second month after the end of each calendar quarter (May 10, August 10, November 10, and February 10). Taxpayers with taxable gross receipts equal to or less than $1 million file an annual return on or before May 10 of each year. The annual return reports the prior year's taxable gross receipts and records the payment of the annual minimum tax for the current privilege year.

Disposition of tax revenues (Ohio Rev. Code § 5751.20). All collections from the CAT are deposited into the CAT Receipts Fund. From that fund, 0.85% is transferred to the Revenue Enhancement Fund to defray the tax administration costs. The remainder is deposited into the CAT Motor Fuel Receipts Fund (i.e., residual tax measured by receipts from the sale of motor fuel used to propel vehicles on the highways) and then General Revenue Fund (75%), to the School District Tangible Property Tax Replacement Fund (20%), and to the Local Government Tangible Property Tax Replacement Fund (5.0%).

Tables and charts

Table 2: Commercial Activity Tax Revenue, all funds (in millions)

Fiscal Year	Total
2012	$1,656.3
2013	$1,595.1
2014	$1,685.8
2015	$1,751.7
2016	$1,689.5

Source: Office of Budget and Management financial reports

Table 3. FY 2016 Commercial Activity Tax Number of Returns and Reported Financial Data by Size of Taxable Gross Receipts (in thousands)

Size Range of Taxable Gross Receipts (b)	Number of Filers	Taxable Gross Receipts	Exclusion (c) (f)	Net Taxable Gross Receipts	Tax at 0.26% Rate	Annual Minimum Tax (d)	Tax at 0.26% rate plus Minimum Tax, before all credits (f)	Non-refundable Tax Credits (e)	Refundable Tax Credits (e)	Net Total Tax Due: 0.26% Tax and Minimum Tax, after all credits
Less than $1,000,000	92,608	$37,091,751	$35,975,240	$1,116,511	$2,901	$14,850	$17,720	$2,289	$13,294	$4,399
$1,000,000 - $1,999,999	20,380	29,124,730	19,524,891	9,599,839	24,957	16,832	41,789	1,107	747	40,965
$2,000,000 - $2,999,999	8,739	21,318,011	8,857,654	12,460,357	32,397	15,794	48,191	1,150	455	47,560
$3,000,000 - $3,999,999	4,797	16,612,321	4,754,691	11,857,629	30,829	9,913	40,742	811	888	39,700
$4,000,000 - $4,999,999	2,972	13,253,642	2,950,776	10,302,866	26,786	7,027	33,813	615	430	33,174
$5,000,000 - $9,999,999	6,426	44,944,322	6,348,319	38,596,003	100,343	15,917	116,260	6,568	4,046	111,564
$10,000,000 - $24,999,999	4,588	70,501,978	4,501,865	66,000,112	171,600	11,429	183,029	3,452	9,377	172,127
$25,000,000 - $49,999,999	1,739	61,257,756	1,711,687	59,546,069	154,817	4,367	159,184	2,572	4,896	152,602
$50,000,000 - $99,999,999	968	67,427,760	949,795	66,477,965	172,836	2,442	175,278	3,958	21,906	149,936
$100,000,000 - $499,999,999	845	172,162,243	820,000	171,342,243	445,407	2,107	447,514	15,509	21,551	411,781
$500,000,000 - $999,999,999	95	63,373,251	96,000	63,277,251	164,561	247	164,808	10,969	8,442	145,397
$1 billion and above	66	159,355,259	65,000	159,290,259	414,202	169	414,371	48,290	36,551	332,245
TOTAL	**144,223**	**$756,423,024**	**$86,555,919**	**$669,867,105**	**$1,741,636**	**$101,094**	**$1,842,699**	**$97,290**	**$122,582**	**$1,641,450**

(a) The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2016. The table reflects reported tax liability, not actual payments made. The table reflects information from quarterly returns for the quarterly obligation periods July 1, 2015 to June 30, 2016, encompassing FY 2016. The quarterly CAT returns for these time periods were due in November 2015, February 2016, May 2016, and August 2016, respectively. Also included in this table are annual returns based on calendar year 2015, due in May 2016. The table includes tax returns received by the Department of Taxation on or after July 1, 2015 to on or before September 30, 2016, any original or amended returns filed after September 30, 2015 are not reflected in this table.

(b) These categories reflect aggregate taxable gross receipts (before exclusion) as reported by taxpayers on returns. For example, a taxpayer whose taxable gross receipts were $5 million, $6 million, $4 million, and $7 million, on returns filed in November 2015, February 2016, May 2015, and August 2016, respectively, would have total fiscal year 2015 taxable gross receipts of $22 million, and thereby would be included within the $10 - $25 million category.

(c) For each filer, the entire annual exclusion of $1,000,000 may be taken on the quarterly return for the first calendar quarter obligation period, up to the amount of total gross receipts. Any unused exclusion is carried forward to subsequent quarters.

(d) The annual minimum tax is $150 for filers with more than $150,000 but less than or equal to $1 million taxable gross receipts in the previous calendar year. The annual minimum tax is $800 for filers with more than $1 million but less than or equal to $2 million taxable gross receipts in the previous calendar year. The annual minimum tax is $2,100 for filers with more than $2 million but less than or equal to $4 million taxable gross receipts in the previous calendar year. The annual minimum tax is $2,600 for filers with more than $4 million taxable gross receipts in the previous calendar year. All taxpayers (annual taxpayers and quarterly taxpayers alike) are required to pay the annual minimum tax. In general, persons with annual gross receipts of $150,000 or less are not subject to the commercial activity tax.

(e) Nonrefundable credits and refundable credits listed on this table were filed according to the time schedule described in footnote (a), and were reviewed and verified by the Department of Taxation, Commercial Activities Tax Division, as of September 30, 2016. Any credits filed, reviewed, or verified after September 30, 2016 are not reflected in this table.

(f) Two fields, "Exclusion", and "Tax at 0.26% rate plus Minimum Tax, before all credits", do not exist as lines on CAT returns. Each of these fields was, therefore, calculated. The "Exclusion" field was calculated by subtracting "Net Taxable Gross Receipts" from "Taxable Gross Receipts" for each filer. The "Tax at 0.26% rate plus Minimum Tax, before all credits", field was calculated by summing "Tax at 0.26% Rate", and "Annual Minimum Tax" for each filer.

Comparison with Competitor States (as of June 30, 2016)

No competitor state imposes a business privilege tax measured by gross receipts. Competitor states may levy business income, business franchise, and/or general business property taxes.

History of Major Changes

2005	HB 66 enacted the CAT.
2006	Certain corporations are allowed to claim an unused tax credit previously available against the corporate franchise tax. Beginning in 2007, an existing exemption for amounts derived from shipments into or out of a qualified foreign trade zone was replaced with an exemption for certain receipts from the sale of tangible personal property delivered to a “qualified distribution center.”
2007	Legislation required 70% of CAT revenues to be deposited into the School District Tangible Property Tax Replacement Fund and authorized an alternative method for situsing receipts from services that must be applied in a reasonable, consistent, and uniform manner that is supported by the taxpayer’s records as they existed when the service was performed or within a reasonable time thereafter.

2009	Beginning in 2010, the due date for the annual return was moved from February to May. Additionally, the quarterly due dates for the CAT returns were moved to the 10th day of the second month following each tax period.
2010	Legislation allowed a person in certain situations that, after completion of the calendar year, was not subject to the CAT because the person's gross receipts were $150,000 or less, to apply for a refund of a previously paid annual minimum tax.
2013	In response to the Ohio Supreme Court's mandate in *Beaver v. Testa*, HB 59, 130th General Assembly, excluded from the CAT base receipts from the sale or exchange of motor fuel used to propel vehicles on the highways, beginning July 1, 2014. HB 59 also modified the method of collecting tax due, excluded from the CAT base receipts from the sale of agricultural commodities of licensed agricultural commodities handlers, and replaced the fixed minimum tax with a variable minimum tax.
2016	SB 208, 131st General Assembly, added a CAT exclusion for receipts within an integrated supply chain, contained in Ohio Rev. Code § 5751.01(F)(2)(jj). This was considered a clarification of law, and applies to tax periods beginning on or after July 1, 2011. HB 340, 131st General Assembly, authorized an exclusion from a railway company's gross receipts for railway fuel purchases on which the petroleum activity tax was paid by the fuel supplier.

Financial Institutions Tax

Overview. The financial institutions tax (FIT), for the most part, is a successor tax to the corporation franchise tax as it was levied on financial institutions. The FIT is levied on financial institutions for tax years beginning on or after Jan. 1, 2014, for the privilege of doing business in Ohio.

Table 1. FIT Revenues (FY 2016)

Financial Institutions Tax	Collections
GRF	$213,450,550
Other (except AG Claims Fund)	$0
Total	**$213,450,550**

Taxpayer (Ohio Rev. Code § 5726.01-02). A financial institution does not include a diversified savings and loan holding company, a grandfathered unitary savings and loan holding company, any entity that was a grandfathered unitary savings and loan holding company on Jan. 1, 2012, or any entity that is not a bank organization or owned by a bank organization and that is owned directly or indirectly by an entity that was a grandfathered unitary savings and loan holding company on Jan. 1, 2012. A bank organization does not include an institution organized under the “Federal Farm Loan Act,” 39 Stat. 360 (1916), or a successor of such an institution, a company chartered under the “Farm Credit Act of 1933,” 48 Stat. 257, or a successor of such a company, an association formed pursuant to 12 U.S.C. 2279c-1, an insurance company, or a credit union. A nonbank financial organization does not include an institution organized under the “Federal Farm Loan Act,” 39 Stat. 360 (1916), or a successor of such an institution, an insurance company, a captive finance company, a credit union, an institution organized and operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or a person that facilitates or services one or more securitizations for a bank organization, a holding company of a bank organization, a captive finance company, or any member of the person’s affiliated group. A financial institution does not include pawn shops or pawnbrokers.

Tax base (Ohio Rev. Code § 5726.01, 5726.04, 5726.05). The FIT is a tax on the privilege of doing business in Ohio measured by total equity capital of the financial institution. The amount of tax due is equal to the greater of the minimum tax ($1,000) or the amount by which the calculated tax exceeds any credits allowed against the tax. The calculated tax is determined by multiplying the total Ohio equity capital of the financial institution by the appropriate tax rate. Total Ohio equity capital is equal to the product of multiplying the total equity capital of the financial institution by an Ohio apportionment factor. Total equity capital is the sum of the common stock at par value, perpetual preferred stock and related surplus, other surplus unrelated to perpetual preferred stock, retained earnings, accumulated other comprehensive income, treasury stock, unearned employee stock ownership plan shares, and other equity components. Total equity capital includes any non-controlling (minority) interests as reported on an FR-Y9 or call report, unless such interests are in a bank organization or a bank holding company.

Apportionment factor (Ohio Rev. Code § 5726.05). The apportionment factor is a fraction, the numerator of which is the total gross receipts of the financial institution in Ohio during the taxable year (under the FIT, taxable year means the calendar year preceding the year in which an annual report is required to be filed) and the denominator of which is the total gross receipts of the financial institution everywhere during the taxable year. Gross receipts generated by a financial institution are sitused to Ohio in the proportion that the customers' benefit in Ohio with respect to the services received bears to the customers' benefit everywhere with respect to the services received. The physical location where the customer ultimately uses or receives the benefit of what was received is paramount in determining the proportion of the benefit in Ohio to the benefit everywhere.

Rates (Ohio Rev. Code § 5726.04). The tax has a three-tiered rate structure:

- 8 mills (0.008) on the first $200 million of total Ohio equity capital;

- 4 mills on each dollar of total Ohio equity capital greater than $200 million and less than $1.3 billion;
- 2.5 mills on each dollar of total Ohio equity capital equal to or greater than $1.3 billion.

These rates may be adjusted for tax years beginning on or after Jan. 1, 2017 if tax collections for tax year 2016 exceed or fall below 10% of the second target tax amount of $212 million.

Deductions and exclusions (Ohio Rev. Code § 5726.041). A temporary deduction is allowed in computing total Ohio equity capital for a financial institution's investments in an Ohio-qualified real estate investment trust. When computing total equity capital, a financial institution may deduct the following:

- Tax year 2014: 80% of the amount that was invested in an Ohio-qualified real estate investment trust as of Jan. 1, 2012.
- Tax year 2015: 60%.
- Tax year 2016: 40%.
- Tax year 2017: 20%.
- Tax year 2018 and thereafter: no deduction.

Credits (Ohio Rev. Code § 5726.50 et seq.). A number of business credits may be claimed against more than one Ohio tax. Information about these credits is consolidated in the **Business Tax Credits** section of this report. Several business tax credits that remained unused under the corporation franchise tax are allowed to be carried forward and claimed against FIT liabilities.

Filing and payment dates (Ohio Rev. Code § 5726.03, 5726.06; Ohio Admin. Code 5703-33-01). The FIT is reported on a calendar year basis with the annual report due on or before the 15th day of each October. Taxpayers are required to file electronically and pay using electronic funds transfer through the Ohio Business Gateway or the Treasurer of State. Annual and estimated reporting and tax payment due dates are:

- By January 31: Taxpayers remit the greater of the minimum tax or one-third of the estimated liability for the tax year.
- By March 31: Taxpayers remit one-half of the amount by which the estimated tax exceeded the payment amount remitted by January 31st.
- By May 31: Taxpayers remit the remaining one-half of the amount by which the estimated tax exceeded the payment amount remitted in January.
- By October 15: Each reporting person must submit an annual report to the Tax Commissioner and remit any remaining payments.

Disposition of revenues (Ohio Rev. Code § 5726.04). Revenues from the FIT are deposited into the state's General Revenue Fund.

Tables and Charts

Table 2. FIT Revenue (FY 2014-2016 in millions rounded)

Fiscal Year	Gross Revenue	Refunds	Total GRF
2014	$197.9	$0.1	$197.8
2015	$214.9	$32.8	$182.1
2016	$231.5	$18.0	$213.5

Source: Office of Budget and Management

Table 3. Tax Year 2015 Financial Institutions Tax Return Summary Data (in millions, rounded)

Ohio Equity Capital Tier	Total	Tier 1 Above $1,300,000,000	Tier 2 $200,000,001- $1,300,000,000	Tier 3 Under $200,000,000
Number of filers	482	10	21	451
Total Equity Capital	$1,872,645.3	$994,877.8	$409,987.2	$467,780.3
Deduct for REIT	9,680.7	9,680.7	-	-
Adjusted Total Equity Capital	$1,862,964.6	$985,197.2	$409,987.2	$467,780.3
Total Ohio Gross Receipts	23,713.7	13,409.7	5,635.2	4,668.8
Total Gross Receipts Everywhere	1,017,623.6	514,020.1	271,101.8	232,501.8
Apportionment Factor	0.0	0.0	0.0	0.0
Total Ohio Equity Capital	44,655.9	25,387.5	10,279.2	8,989.2
Total Tax Liability	**$221.0**	**$91.0**	**$57.9**	**72.1**
Tot. Non Ref. Credits (Value of Credit)	(16.5)	(8.5)	(2.4)	(5.6)
Total Refundable Credits	(6.7)	(6.5)	(0.2)	-
TOTAL	**$197.7**	**$75.9**	**$55.3**	**$66.5**

Source: Ohio Department of Taxation records

Non-Refundable Credits reflect the amounts allowed.

Table 4. Financial Institutions Tax Return Summary Data (TY 2014-2015 in millions, rounded)

	TY 2014	TY 2015
Number of filers	**501**	**482**
Total Equity Capital	$1,781,531.1	$1,872,645.3
REIT Deduction	-$12,959.4	-$9,680.7
Adjusted Total Equity Capital	$1,768,571.6	$1,862,964.6
Total Ohio Gross Receipts	$23,654.4	$23,713.7
Total Gross Receipts Everywhere	$985,317.4	$1,017,623.6
Apportionment Factor	2.40%	2.33%
Total Ohio Equity Capital	$42,149.3	$44,655.9
Total Tax Liability	$208.9	$221.0
Total Nonrefunable Credits (Value of Credit)	-$25.0	-$16.5
Total Refundable Credits	-$10.1	-$6.7
Total Tax Liability After Credits	**$173.8**	**$197.7**

Source: Department of Taxation

Non-Refundable Credits reflect the amounts allowed.

Comparisons with competitor states (as of June 30, 2016)

Georgia	Imposes an occupation tax on depository financial institutions measured by Georgia gross receipts of depository financial institutions at the rate of 0.25%. Georgia financial institutions also are subject to Georgia's corporate income and net worth taxes.
Indiana	Imposes a financial institutions tax on corporations transacting the business of a financial institution in Indiana measured by adjusted apportioned income at the rate of 7.0% for taxable years beginning after Dec. 31, 2015 and 6.5% for taxable years beginning after Dec. 31, 2016.
Kentucky	Imposes a bank franchise tax measured by net capital at the rate of 1.1%.
Michigan	Imposes a franchise tax on financial institutions, in lieu of the corporate income tax, at the rate of 0.29% of net capital.
North Carolina	Imposes a bank privilege tax on financial institutions equal to $30 per $1 million in total average net assets.
Pennsylvania	Imposes a shares tax on banks and trust companies at the rate of 0.95% of the taxable amount of capital stock shares and a net receipt tax on mutual thrift institutions at the rate of 11.5%.
Tennessee	No tax specifically limited to financial institutions.
Texas	No tax specifically limited to financial institutions.
West Virginia	No tax specifically limited to financial institutions.

History of Major Changes

2012	HB 510 enacts the FIT on financial institutions for tax years 2014 and thereafter.
2015	HB 64 retroactively exempted production credit associations and agricultural credit associations from the FIT and levied the CAT as a privilege of doing business tax on these entities.
2015	HB 340 repealed the bank organization assessment credit.

Gross Casino Revenue Tax

Overview. Ohio voters passed a constitutional amendment in 2009 that authorized casino gaming in Ohio at facilities located in Cincinnati, Cleveland, Columbus, and Toledo. Three casinos opened in calendar year 2012. Cincinnati's casino opened in February 2013. The Ohio Department of Taxation is responsible for administering the gross casino revenue tax. The Ohio Casino Control Commission is responsible for licensing and regulating casino operators, their employees, and gaming-related vendors.

Table 1. Gross Casino Tax Revenues (FY 2016)

Casino Revenue	$270,376,946
Total	**$270,376,946**

Source: Office of Budget and Management reports.

Taxpayer (Ohio Rev. Code § 5753.02). The tax is paid by operators of the four casinos authorized by Article XV, Section 6(C) of the Ohio Constitution.

Tax base (Ohio Rev. Code § 5753.01-.02). The tax applies to all gross casino revenue received by each casino operator. "Gross casino revenue" means the total amount of money exchanged for the purchase of chips, tokens, tickets, electronic cards, or similar objects by casino patrons, less winnings paid to wagerers.

Tax rates (Ohio Rev. Code § 5753.02). The tax rate is 33% of the operator's gross casino revenue at the casino facility.

Tax exemptions (Ohio Rev. Code § 5753.01). Promotional gaming credits issued to casino patrons are excluded from the definition of "gross casino revenue." However, when the issuance of promotional gaming credits requires money exchanged as a match from a casino patron, the excludable portion does not include the portion of the wager purchased by the patron.

Disposition of tax revenue (Ohio Const. Art. XV, § 6(C); Ohio Rev. Code § 5753.03 and 5753.11). Revenue from the tax is distributed as follows:

- 51% to the Gross Casino Revenue County Fund, which is distributed among all 88 counties in proportion to such counties' respective populations at the time of distribution. In counties whose most populous city had a population greater than 80,000 as of the 2000 U.S. Census, 50% of that county's distribution goes to the most populous city. In all other counties, revenue is distributed to the county;
- 34% to the Gross Casino Revenue County Student Fund, which is distributed among all 88 counties in proportion to such counties' respective public school district populations at the time of such distribution. Funds are transferred to districts semiannually at the end of August and January each year;
- 5% to the Host City where the casino is located;
- 3% to the Ohio State Racing Commission. Of this amount, 5% may be retained by the commission for operating expenses necessary for the administration of the fund;
- 3% to the Ohio Casino Control Commission. Of this amount, one cent of every dollar is transferred to the Department of Taxation for tax administration costs;
- 2% to the Problem Casino Gambling and Addictions Fund to support efforts to alleviate problem gambling and substance abuse and to fund related research;
- 2% to Ohio Law Enforcement Training Fund. Of this amount, 85% is directed to the Ohio Peace Office Training Academy and the remainder is directed to the Department of Public Safety's Office of Criminal Justice Services.

Tax payment dates (Ohio Rev. Code § 5753.01-.02, 5753.04). The operators of each casino facility are required to electronically file returns and to remit payments for the related tax liabilities, not later than noon, each day that banks are open for business. Each return reflects casino gaming activity over a 24-hour period.

Tables & charts

Table 2. Gross Casino Tax Revenue (FY 2012-2016 in millions, rounded)

Fiscal Year	Tax Revenue
2012	$19.8
2013	225.4
2014	273.4
2015	266.0
2016	270.4

Source: Office of Budget and Management financial reports.

Table 3. Gross Casino Revenue Tax Distributions (FY 2016)

Fund	Total distributions
Host City Fund	$13,463,380
Student Fund	$91,550,986
County Fund	$137,326,480
Casino Control Commission Fund	$8,078,028
Ohio State Racing Commission Fund	$8,078,028
Law Enforcement Training Fund	$5,385,352
Problem Gambling & Addictions Fund	$5,385,352
Total Distributions	**$269,267,607**

Source: Ohio Department of Taxation financial reports.

Table 4. Ohio's Gross Casino Tax Revenues FY 2016 Distributions to Counties

County	Distributions	County	Distributions	County	Distributions
Adams	$332,698	Hamilton[3]	$9,552,934	Noble	$169,932
Allen	$1,241,673	Hancock	$892,672	Ottawa	$486,367
Ashland	$628,451	Hardin	$376,085	Paulding	$224,775
Ashtabula	$1,172,461	Harrison	$183,727	Perry	$424,528
Athens	$769,821	Henry	$330,375	Pickaway	$673,751
Auglaize	$542,833	Highland	$509,561	Pike	$334,408
Belmont	$821,407	Hocking	$339,351	Portage	$1,917,791
Brown	$521,435	Holmes	$519,754	Preble	$491,544
Butler	$4,436,615	Huron	$694,364	Putnam	$404,156
Carroll	$332,538	Jackson	$387,237	Richland	$1,442,968
Champaign	$462,806	Jefferson	$800,362	Ross	$913,540
Clark	$1,614,838	Knox	$723,840	Sandusky	$710,911
Clermont	$2,387,612	Lake	$2,713,960	Scioto	$913,324
Clinton	$495,552	Lawrence	$727,964	Seneca	$658,895
Columbiana	$1,248,493	Licking	$2,009,141	Shelby	$579,387
Coshocton	$432,488	Logan	$538,391	Stark[7]	$4,446,650
Crawford	$502,388	Lorain	$3,604,602	Summit[8]	$6,416,280
Cuyahoga[1]	$14,903,212	Lucas[4]	$5,148,470	Trumbull	$2,424,668
Darke	$617,587	Madison	$520,507	Tuscarawas	$1,098,941
Defiance	$455,436	Mahoning[5]	$2,756,885	Union	$638,234
Delaware	$2,251,150	Marion	$776,935	Van Wert	$337,282
Erie	$896,878	Medina	$2,085,197	Vinton	$156,099
Fairfield	$1,783,610	Meigs	$275,990	Warren	$2,633,062
Fayette	$340,592	Mercer	$483,837	Washington	$724,401
Franklin[2]	$14,642,331	Miami	$1,231,112	Wayne	$1,369,517
Fulton	$503,981	Monroe	$171,080	Williams	$440,963
Gallia	$359,081	Montgomery[6]	$6,309,015	Wood	$1,534,687
Geauga	$1,115,779	Morgan	$175,524	Wyandot	$264,299
Greene	$1,941,405	Morrow	$415,930	**Total Distributions**	**$137,326,480**
Guernsey	$467,678	Muskingum	$1,017,497		

[1]Includes $7,451,606 in distributions for the most populated city: Cleveland. [2]Includes $7,321,165 in distributions for the most populated city: Columbus. [3]Includes $4,776,467 in distributions for the most populated city: Cincinnati. [4]Includes $2,574,235 in distributions for the most populated city: Toledo. [4]Includes $2,574,235 in distributions for the most populated city: Toledo. [5]Includes $1,378,443 in distributions for the most populated city: Youngstown. [6]Includes $3,154,507 in distributions for the most populated city: Dayton. [7] Includes $2,223,325 in distributions for the most populated city: Canton. [8] Includes $3,208,140 in distributions for the most populated city: Akron.

Source: Ohio Department of Taxation records.

Comparison with competitor states (as of June 30, 2016)

Georgia	No casinos permitted.
Indiana	For riverboat casinos, a 22.5% tax or a graduated tax ranging from 5% to 40% applies to adjusted gross receipts. For racetrack casinos, a graduated slot tax ranges from 25% to 35% and applies to 88% of the adjusted gross receipts.
Kentucky	No casinos permitted.
Michigan	A 19% total tax applies to adjusted gross receipts. Of this, 8.1% is distributed to the state school aid fund and 10.9% is distributed to the City of Detroit.
North Carolina	Tribal casinos only.
Pennsylvania	The effective tax rate on gross terminal revenue from slot machines is 55%. This includes a 34% tax which applies to revenue from slot machines and fully automated electronic gaming tables; a 12% tax to be paid to the PA Race Horse Development Fund; a 5% tax to be paid to the Economic Development and Tourism Fund; and a 4% local share assessment (recently held unconstitutional). A 14% tax applies to daily gross table game revenue from state licensed casinos.
Tennessee	No casinos permitted.
Texas	Tribal casinos only.
West Virginia	A 35% tax applies to adjusted gross receipts from table games.

History of major changes

2009	Voters approve constitutional amendment authorizing a casino in Cincinnati, Cleveland, Columbus, and Toledo, and requiring a 33% tax on gross casino revenue.
2010	HB 519 established casino gaming statutes in accordance with the Ohio Constitution, created the Ohio Casino Control Commission, and implemented the gross casino revenue tax.
2012	HB 386 made regulatory changes to Ohio's gambling laws, mainly affecting Ohio's Casino Control Commission, Racing Commission, and Lottery Commission. Related provisions were included for the Inspector General, Attorney General, Development Services Agency, and Department of Taxation. Also addressed were video lottery terminals, gambling addiction services, charitable gaming activities, and sweepstakes terminal devices.

Horse Racing Tax

Overview. Ohio's horse racing tax applies to both pari-mutuel and "exotic" wagering. Ohio has taxed pari-mutuel wagering on horse racing since 1933. In 1981, the horse racing tax was expanded to include "exotic" wagering – meaning all bets made on horse placements other than win, place, or show. An additional tax on pari-mutuel wagering is also levied for the municipal corporation or township in which racing takes place and is intended as a reimbursement for expenses incurred because of racing meets.

Table 1. FY 2016 Horse Racing Tax Collections

Horse Racing	Collections
Horse Racing Tax Revenue Fund (R056)	-$84,505
Nursing Facility Stabilization (fka Passport)	$1,376,339
Thoroughbred Fund	$864,077
Standardbred Fund	$965,973
Horseracing Tax Municipality	$238,078
Horse Racing	$56,197
Ohio Fairs	$826,079
Quarterhorse Fund	$219
Operating Fund	$1,301,963
Total	**$5,544,419**

Source: Office of Budget and Management financial reports

Taxpayer (Ohio Rev. Code § 3769.08). The tax is paid by holders of racing permits issued by the Ohio State Racing Commission.

Tax Base (Ohio Rev. Code § 3769.08, 3769.28, 3769.087). The base of the tax includes the amount wagered each day on all pari-mutuel racing, the amount wagered each day on exotic bets, and the total amount wagered at each horse race meeting of a permit holder.

Tax rates. Pari-mutuel wagering tax (Ohio Rev. Code § 3769.08):

Amount wagered daily	Rates
First $200,000	1.00%
Next $100,000	2.00%
Next $100,000	3.00%
Over $400,000	4.00%

Exotic wagering tax (Ohio Rev. Code § 3769.087). In addition to the pari-mutuel wagering tax, a special tax of 3.5% applies to daily wagering on results other than win, place, or show. Such "exotic" wagers include the daily double, perfecta, quinella, and trifecta.

Additional pari-mutuel wagering tax (Ohio Rev. Code § 3769.28 and 3769.102). There also is an additional pari-mutuel wagering tax levied as follows:

Total wagering per meet	Rates
Less than $5 million	0.10%
$5 million or more	0.15%

Revenue from the additional pari-mutuel wagering tax is distributed to the municipal corporation or township in which racing takes place. It is intended to reimburse these areas for expenses incurred due to racing meets. The municipal corporations and townships receiving the money may reimburse an adjoining political subdivision that incurs increased expenses because of racing meets. The maximum tax liability is $15,000 from each meet.

Exemptions (Ohio Rev. Code § 3769.28). Agricultural societies are not subject to the additional pari-mutuel wagering tax.

Credits (Ohio Rev. Code § 3769.08 and 3769.20). Large projects may qualify a racing permit holder for a major capital improvement credit. Permit holders renovating, reconstructing, or remodeling an existing race track facility at a cost of $6 million or more can reduce their tax liability by 1% of the amount wagered until the cost of the project plus debt service is paid. When the abatement exceeds the tax on the wagering, the abatement may be carried forward and applied against future tax liability.

The major capital improvement credit is in addition to a 0.75% credit for permit holders who make capital improvements to existing race tracks or construct new race tracks.

Special provisions (Ohio Rev. Code § 3769.089 and 3769.26. In accordance with state laws, permit holders may, at their facilities, conduct televised simulcasts of horse races at other facilities in or outside of Ohio and conduct taxable pari-mutuel wagering on such races. Off-track betting on races simulcast at a satellite facility operated by a racing permit holder is also permitted in Ohio. Such wagers are taxable.

Filing and payment dates (Ohio Rev. Code § 3769.08 and 3769.28). For each racing day, a permit holder must electronically file a report and remit payment of the pari-mutuel and exotic wagering taxes to the Tax Commissioner by the following day. County fairs, independent fairs, and agricultural societies are not required to file or pay electronically, but may do so. Within 10 days of the close of a horse racing meeting, the additional pari-mutuel wagering tax is remitted to the Tax Commissioner along with a final report showing the total amount wagered during the racing meeting.

Disposition of Revenue (Ohio Rev. Code § 3769.08, 3769.087, 3769.26). The Nursing Home Franchise Permit Fee fund receives 25% of gross tax revenue from taxpayers other than county and independent fairs and agricultural societies plus all tax revenue from off-track betting parlors. The Ohio State Racing Commission's Operating Fund receives the final 0.5% point of the 3.5% tax on exotic wagering and 16.7% of the base 3% point tax on exotic wagering. Other distributions are made by the Tax Commissioner as shown in the table below. The revenue that remains from each racing day after payment into the Nursing Home Franchise Permit Fee Fund and the reductions allowed under § 3769.08(J) and 3769.20 is usually insufficient to pay the percentages of pari-mutuel wagering described in the table, below. When such insufficiency exists, distributions to each are prorated on a proportional basis.

Recipient	Source of Receipts	Share of Receipts
County Agricultural Societies	Permit holders for racing at an agricultural exposition or fair	25% of pari-mutuel wagering
Ohio Fairs Fund	All permit holders	0.5% of total pari-mutuel wagering and 8.3% from the base 3% tax on exotic wagering
Ohio Thoroughbred Race Fund	Quarter horse racing permit holders	0.625% of pari-mutuel wagering
Ohio Standardbred Development Fund	Harness racing permit holders	0.625% of pari-mutuel wagering and 8.3% from the base 3% tax on exotic wagering
Ohio Standardbred Development Fund	Harness racing permit holders (except county and independent fairs and agricultural societies)	0.5% of total pari-mutuel wagering
Ohio Thoroughbred Race Fund	Harness racing permit holders (except county and independent fairs and agricultural societies)	0.35% of pari-mutuel wagering
Ohio Thoroughbred Race Fund	Thoroughbred racing permit holders	1.125% of total pari-mutuel wagering and 16.7% from the base 3% tax on exotic wagering
State Racing Commission Operating Fund	All permit holders (except county and independent fairs and agricultural societies)	0.25% of total pari-mutuel wagering

Tables and charts

Table 2. Horse Racing Tax Revenues (FY 2012 - 2016 in millions, rounded)

Year	Nursing Home Fund	Thoroughbred Fund	Standardbred Fund	Other Funds	Total
2012	$1.8	$1.4	$1.0	$2.9	$7.1
2013	1.6	1.1	1.0	2.5	6.2
2014	1.2	0.8	0.9	2.6	5.5
2015	1.4	0.9	1.0	2.5	5.8
2016	1.4	0.9	1.0	2.3	5.5

Source: Office of Budget and Management fiscal reports

Comparisons with competitor states (as of June 30, 2016)

Georgia	No wagering on horses permitted.
Indiana	A 2.0% tax is levied on pari-mutuel wagering on live races and simulcasts at a permit holder's racetrack. A 2.5% tax is levied on the total amount of money wagered on simulcasts at satellite facilities.
Kentucky	Race tracks conducting live horse races must pay a license tax for each day of racing based on the average daily handle. An excise tax of 1.5-3.5% is imposed on all money wagered on live races at the track and a 1.5% tax is levied on all money wagered on historical horse races at the track.
Michigan	A 3.5% tax is levied on all money wagered on interstate and intertrack simulcast races conducted at a permit holder's race meetings.
North Carolina	No wagering on horses permitted.
Pennsylvania	A tax of 1.5% is imposed on the amount wagered on win, place, or show each racing day and a tax of 2.5% is imposed on exotic wagering.

Tennessee	No wagering on horse racing permitted.
Texas	Live events: 1–5% Simulcast events: 1-1.25%
West Virginia	On thoroughbred racing, a tax rate of 1.4% applies to pari-mutuel pools April-September and a rate of 0.4% applies during all other months. On harness racing, a tiered-tax rate applies ranging from 3% to 5.75% to the total amount wagered.

History of Major Changes

1933	Tax is enacted with rates ranging from 10% on the first $1,000 of daily wagers to 30% on wagers in excess of $20,000.
1953	Rates are reduced with new rate schedules.
1955	For thoroughbred racing, an additional 0.75% is added to each bracket; rates are unchanged for harness racing.
1975	Flat tax rates are adopted for thoroughbred racing: 7% through the end of 1976, 6.75% for 1977 and 6.5% starting in 1978. Rates on harness racing are reduced to a schedule of rates from 3-6.5% on the excess over $550,000. Also, a 0.5% credit for qualifying capital improvements is established.
1981	A 2.5% tax on exotic wagering is established and the value of the capital improvement credit is increased to 0.75%. Lawmakers enact a gradual rate reduction on thoroughbred racing to 5.25% by mid-1983. Harness rates are phased down and by mid-1983 rates range from 1.5-4.5%.
1984	HB 639 consolidates all rates into a single schedule for live racing. New rates range from 1-4%. Also, a 1.5% major capital improvements credit is enacted.
1989	Effective July 1, exotic wagering rate is increased from 2.5% to 3%.
1994	Legislature permits wagering on simulcast events. Revenues not going to horse racing funds go to the Passport program. Major capital improvements tax credit reduced to 1% of wagering.
1996	Legislation established that Passport program received 25% of gross revenues.
2001	Exotic wagering tax increased to 3.25%
2003	Temporary additional tax of 0.25% placed on exotic wagering from July 1, 2003, until July 1, 2005.
2006	Reinstatement of 0.25% additional tax on exotic wagering for 2007 fiscal year.
2007	Additional 0.25% tax on exotic wagering made permanent.
2012	Ohio Passport Fund changed to Nursing Home Franchise Permit Fee Fund.

Individual Income Tax

Overview. Ohio's income tax traces back to 1912. In that year, Ohio voters approved a constitutional amendment specifically authorizing the General Assembly to levy an income tax. Legislative authority did not follow until late 1971 when the income tax was first enacted. It became effective Jan. 1, 1972 for individuals and estates. In 2002, the income tax was expanded to include trusts. In 2015, a flat 3% rate on business income was enacted for tax years 2016 and thereafter. The income tax is Ohio's second largest source of tax revenue. Collections totaled about $8.2 billion in fiscal year 2016.

Table 1. Income tax revenues, FY 2016

General Revenue Fund	$	7,799,333,776
Local Government Fund	$	369,663,863
Ohio Political Party Fund	$	191,325
Total	$	8,169,188,964

Taxpayer (Ohio Rev. Code § 5747.01 and 5747.02). The tax is levied on statutorily defined incomes of every individual, trust, and estate residing in Ohio or earning or receiving income in Ohio, or otherwise having nexus with or in Ohio. The tax also applies to winnings from lotteries and casino gaming. Withholding responsibilities apply to employers who pay wages and salaries for each employee working in Ohio.

Tax Base (Ohio Rev. Code § 5747.01 et seq.). The tax base for an individual's income, other than business income, is federal adjusted gross income, plus or minus Ohio adjustments, less an exemption for the taxpayer, the taxpayer's spouse, and each dependent. The tax base for an individual's business income is taxable business income. In the case of estates, the tax base is Ohio taxable income. The tax base for trusts is modified Ohio taxable income. Calculating the net liability for Ohio's individual income tax is summarized by the following five steps:

1. Start with federal adjusted gross income (FAGI) as reported to the Internal Revenue Service on federal form 1040 and calculate Ohio adjusted gross income (OAGI) by applying Ohio additions and deductions.
2. Calculate the Ohio individual income tax base by subtracting the income-based exemptions from OAGI. For taxable year 2016, each taxpayer receives personal and dependency exemptions equal to the product of the number of exemptions claimed on his or her federal income tax return multiplied by the personal exemption amount for the taxpayer, as listed in Table 2, below.

Table 2.

Ohio Adjusted Gross Income	Deduction Per Exemption
$40,000 or less	$2,200
$40,001 to $80,000	$1,950
$80,001 or more	$1,700

3. Determine the amount of taxable business income, if any, and calculate the tax due on it, if any. Taxable business income is the amount of business income included in FAGI minus the business income deduction and less any excess personal or dependent exemptions that were unused after calculating the tax due on non-business income. The tax rate on taxable business income is 3% for tax years 2016 and thereafter.
4. Calculate non-business income by subtracting business income from the Ohio income tax base. Apply the graduated tax rates in Table 3 to Ohio taxable non-business income. Add this tax to the tax on business income to determine gross tax liability.
5. Calculate the net tax liability by subtracting applicable credits and grants from gross tax liability.

Table 3. Tax rates for non-business income - taxable years beginning in 2016

Ohio Taxable Income	Tax Calculation
0-$5,250	0.495%
$5,250-$10,500	$25.99 + .990% of excess over $5,250
S10,500-$15,800	$77.97 + 1.980% of excess over $10,500
$15,800-$21,100	$182.91 + 2.476% of excess over $15,800
$21,100-$42,100	$314.14 + 2.969% of excess over $21,100
$42,100-$84,200	$937.63 + 3.465% of excess over $42,100
$84,200- $105,300	$2,396.40 + 3.960% of excess over $84,200
$105,300-$210,600	$3,231.96 + 4.597% of excess over $105,300
More than $210,600	$8,072.60 + 4.997% of excess over $210,600

Rates (Ohio Rev. Code § 5747.02). See Table 3 for individual income tax rates on non-business income for the 2016 taxable year. In 2010, the Tax Commissioner was required by state law to begin adjusting the size of each bracket for inflation each July (Ohio Rev. Code § 5747.02(A)). The tax rates do not change as part of this adjustment. However, House Bill 59 of the 130th General Assembly froze brackets at the tax year 2012 level for tax years 2013-2015 during the phase-in of income tax cuts. The adjustments resumed in August 2016 and will continue in each August thereafter. The rate is 3% on taxable business income.

This same statute requires tax rates to be temporarily adjusted downward in any year in which the director of the Office of Budget and Management determines that the budget stabilization fund (or "Rainy Day" fund) is equal to 8.5% of the general revenue fund revenues of the preceding fiscal year and that the percentage of the balance in the income tax reduction fund exceeds thirty-five one hundredths of one percent of the amount of revenue that the director estimates will be received from the income tax in the current fiscal year without regard to any reduction under this statute and certifies that percentage to the Tax Commissioner.

Additions, deductions, and exemptions. The starting point for the Ohio individual income tax return is federal adjusted gross income (FAGI). Additions and deductions (including the business income deduction) are applied to FAGI to calculate Ohio adjusted gross income (OAGI). Tax on taxable business income is calculated using a special schedule (2016 Ohio IT BUS – Business Income Schedule) that includes a business income deduction.

Personal and Dependent Exemptions (Ohio Rev. Code § 5747.02 and 5747.025). For tax year 2016 (filed in 2017), individuals may claim personal and dependent exemptions equal to the product of the number of exemptions claimed on their federal income tax return multiplied by the amount per exemption for the taxpayer. The amount per exemption, the total of which is subtracted from OAGI before tax rates are applied, is determined based on the OAGI calculated on the Ohio income tax return. Any excess is deducted from taxable business income before computing the tax on taxable business income. The personal and dependent exemption is typically adjusted for inflation each year. However, the Tax Commissioner by law did not make an adjustment for taxable years 2013-2015. For taxable years beginning in 2016 and thereafter, adjustments resumed under Ohio Rev. Code § 5747.025(C).

Major additions to FAGI for individuals. Major additions for individuals, to the extent not already included in FAGI, include:

- non-Ohio state or local government interest and dividends;
- a pass-through entity add back; and
- five-sixths of the depreciation for Internal Revenue Code sections 168(k) and 179.

Major deductions for individuals. Major deductions for individuals, to the extent not excluded from FAGI, include:

- certain federal interest and dividends;

- reciprocity income (income tax paid to residents of other states – for details, see Special Provisions);
- state or municipal income tax overpayments deducted on a prior year's federal income tax return;
- business income deduction;
- qualified disability and survivorship benefits;
- Social Security and some railroad retirement benefits;
- certain unsubsidized health insurance, long-term care insurance and excess medical expenses;
- funds deposited into, and earnings on, an Ohio Medical Savings Account;
- interest income from Ohio public and Ohio purchase obligations and gains from the sale or other disposition of Ohio public obligations;
- repayment of income reported in a prior year;
- one-fifth of the depreciation added back in each of the previous five years;
- military pay received while the resident service member is stationed outside Ohio;
- retired uniformed services personnel pay;
- college opportunity or federal Pell grant amounts received and used to pay room or board.

For a complete listing and explanation of the adjustments to federal adjusted gross income, please see form IT 1040, Ohio Income Tax Return and Instructions Booklet.

Major credits (Ohio Rev. Code § 5747.98)

Personal and dependent exemption credit (Ohio Rev. Code § 5747.022) - This $20 credit per personal and dependent exemption claimed when filing the return is allowed only for taxpayers with Ohio adjusted gross income less applicable exemptions of less than $30,000.

Adoption credit (Ohio Rev. Code § 5747.37) - Individual taxpayers may claim a credit for adoption expenses of either $1,500 per child or the total amount of qualified expenses incurred to adopt a child up to $10,000, whichever is greater. Adoption of stepchildren does not qualify for this credit. The credit is nonrefundable, but the excess may be carried forward for the ensuing five taxable years with each year's credit claimed deducted from the carry-forward balance.

Child and dependent care credit (Ohio Rev. Code § 5747.054) - Individual and estate taxpayers with an adjusted gross income of less than $40,000 may claim a nonrefundable credit equal to 25 percent of the federal dependent care credit for which the taxpayer is eligible. If the taxpayer's adjusted gross income is less than $20,000, the credit is equal to the federal credit for which the taxpayer is eligible.

Displaced worker training credit (Ohio Rev. Code § 5747.27) - An individual taxpayer may claim a nonrefundable credit for training expenses incurred within 12 months of losing or leaving a job due to the closing or moving of a facility at which the individual was employed or the abolishment of the individual's position or shift at that facility and who has not obtained another job at which the individual works more than 20 hours a week. The maximum credit is the lesser of 50 percent of the training expenses or $500.

Earned Income Credit (Ohio Rev. Code § 5747.71) - Taxpayers who qualify for the federal earned income tax credit (EITC) may take a nonrefundable Ohio earned income credit equal to up to ten percent of the taxpayer's federal EITC.

Financial Institutions Tax (FIT) Credit (Ohio Rev. Code § 5747.65) - A refundable credit is allowed equal to the taxpayer's proportionate share of the lesser of either FIT tax due or paid by a pass-through entity for the entity's taxable year ending in the taxpayer's taxable year.

Invest Ohio Credit (Ohio Rev. Code § 5747.81) - The credit equals the taxpayer's qualifying investment as indicated on the investor's small business investment certificate multiplied by 10 percent.

Joint filer credit (Ohio Rev. Code § 5747.05(E)) - A husband and wife who file jointly are allowed a tax credit if each spouse has qualifying Ohio adjusted gross income of $500 or more. Qualifying income does not include interest, dividends and distributions, royalties, rent, and capital gains. The credit is a percentage of the tax due after all credits other than the resident, nonresident, part-year resident, and business credits are claimed, but the maximum credit amount is $650.

Low income taxpayer credit (Ohio Rev. Code § 5747.056) **-** Individual taxpayers whose Ohio adjusted gross income less exemptions is $10,000 or less receive a full nonrefundable credit against the tax otherwise due.

Nonresident credit (Ohio Rev. Code § 5747.05(A)) **-** Nonresident individuals may calculate a tax credit of the tax otherwise due on such portion of the combined adjusted gross income and business income of any non-resident taxpayer that is not allocable or apportioned to Ohio.

Resident credit (Ohio Rev. Code § 5747.05(B)) **-** Resident individuals may calculate a tax credit when part or all of their income is taxed in another state or the District of Columbia.

Retirement income credit (Ohio Rev. Code § 5747.055) – Individuals, whose Ohio individual income tax base is less than $100,000, receiving retirement benefits, annuities or distributions from a pension, retire-ment, or profit-sharing plan that are included in adjusted gross income are allowed a nonrefundable credit that depends upon the amount of retirement income received during the taxable year, capped at $200.

Senior citizen credit (Ohio Rev. Code § 5747.055(F)) – Individuals whose Ohio individual income tax base is less than $100,000, and who are 65 years of age or older on or before December 31 of the taxable year may claim a $50 credit per return.

Pass-through entity (PTE) credit (Ohio Rev. Code § 5747.059) **-** Investors in PTEs are eligible for a refunda-ble credit equal to the taxpayer's proportionate share of the lesser of either the tax due or the tax paid by any qualifying entity for the qualifying taxable year of the qualifying entity which ends in the taxable year of the taxpayer. A number of other business credits also may be claimed against personal income tax liabilities. For more information, please see the **Business Tax Credits** chapter of this annual report.

Special provisions

Military pay and income of military spouses (Ohio Rev. Code § 5747.01(A)(24)) **-** A deduction is allowed for active duty military pay and allowances included in federal adjusted gross income and not otherwise al-lowable as a deduction or exclusion if those amounts were received for active duty service while the service member is stationed outside Ohio.

Reciprocity (Ohio Rev. Code § 5747.05(A)(2)) **-** Because of agreements Ohio has with bordering states (i.e., Indiana, Kentucky, West Virginia, Michigan and Pennsylvania), an individual does not have to file an Ohio in-come tax return when: the taxpayer was a full-year resident of one of the listed states for the taxable year, and the taxpayer's only source of income within Ohio was from wages, salaries, tips or commissions generally received from employers unrelated to the taxpayer. These reciprocal agreements do not apply to nonresi-dents who directly or indirectly own at least 20 percent of the stock or other equity of Ohio pass-through. These nonresidents must include this compensation in Ohio taxable income but can treat this compensation as business income, which must be apportioned for purposes of computing the nonresident credit.

Residency (Ohio Rev. Code § 5747.24) **-** For details, see information release IT 2015-02.

Filing and Payment Dates (Ohio Rev. Code § 5747.07-.09)

<u>For individuals, estates, and trusts</u>

Annual return – The annual return is due by April 15 for calendar year taxpayers without an extension. For tax year 2016, the due date has been extended to April 18, 2017.

Quarterly – Taxpayers must file quarterly declarations when they expect their tax to be underwithheld by more than $500. Such calendar year taxpayers must make estimated payments by April 15, June 15 and September 15 of the current year and by January 15 of the following year. For fiscal year taxpayers, quarterly payments of tax must be made on the 15th day of the fourth, sixth and ninth months of the fiscal year and on the 15th day following the end of the fiscal year.

Electronic filing –Tax return preparers who file more than 11 original income tax returns, reports, or other tax payment documents must file electronically.

For employers

An employer accumulating undeposited taxes of $100,000 or more is required to make payment within one banking day by electronic funds transfer (EFT). Otherwise, the following rules apply:
• if an employer withheld no more than $2,000 during the 12 months ending on June 30 of the preceding year, payments are due within 30 days after the quarter ending in March, June, September and December.
• if an employer withheld more than $2,000 and less than $84,000 during the 12 months ending on June 30 of the preceding year, payments are due within 15 days after the end of the month.
• if an employer withheld at least $84,000 during the 12 months ending on June 30 of the preceding year, payments are due within three banking days after the end of the partial weekly period and must be made by electronic funds transfer.

Disposition of revenue (Ohio Const. Art. XII, § 9, Ohio Rev. Code § 5747.03). During fiscal year 2016, about 95.5% of revenue from the state income tax or about $7,799.3 million was distributed to the General Revenue Fund. The rest (about 4.5% or $369.9 million) was distributed to the Local Government Fund and two much smaller funds. Article XII, Section 9 of the Ohio Constitution requires that at least 50 percent of the income tax collections be returned to the county of origin. This provision is met primarily through General Revenue Fund allocations to education, Local Government Fund distributions and local property tax relief (the non-business tax credit, owner-occupied tax credit and the homestead exemption for senior citizen and certain homeowners who are disabled).

Tables and charts

The following tables summarize information from Ohio individual income tax returns. The tables reflect all tax returns filed to date by taxpayers for the taxable year noted. The tables include tax returns that indicate tax liability as well as returns with no tax liability. For example, taxpayers with Ohio taxable income below $10,000 receive a tax credit that results in no tax liability.

Chart 1: General Computation of Ohio Individual Income Tax Liability for TY 2016

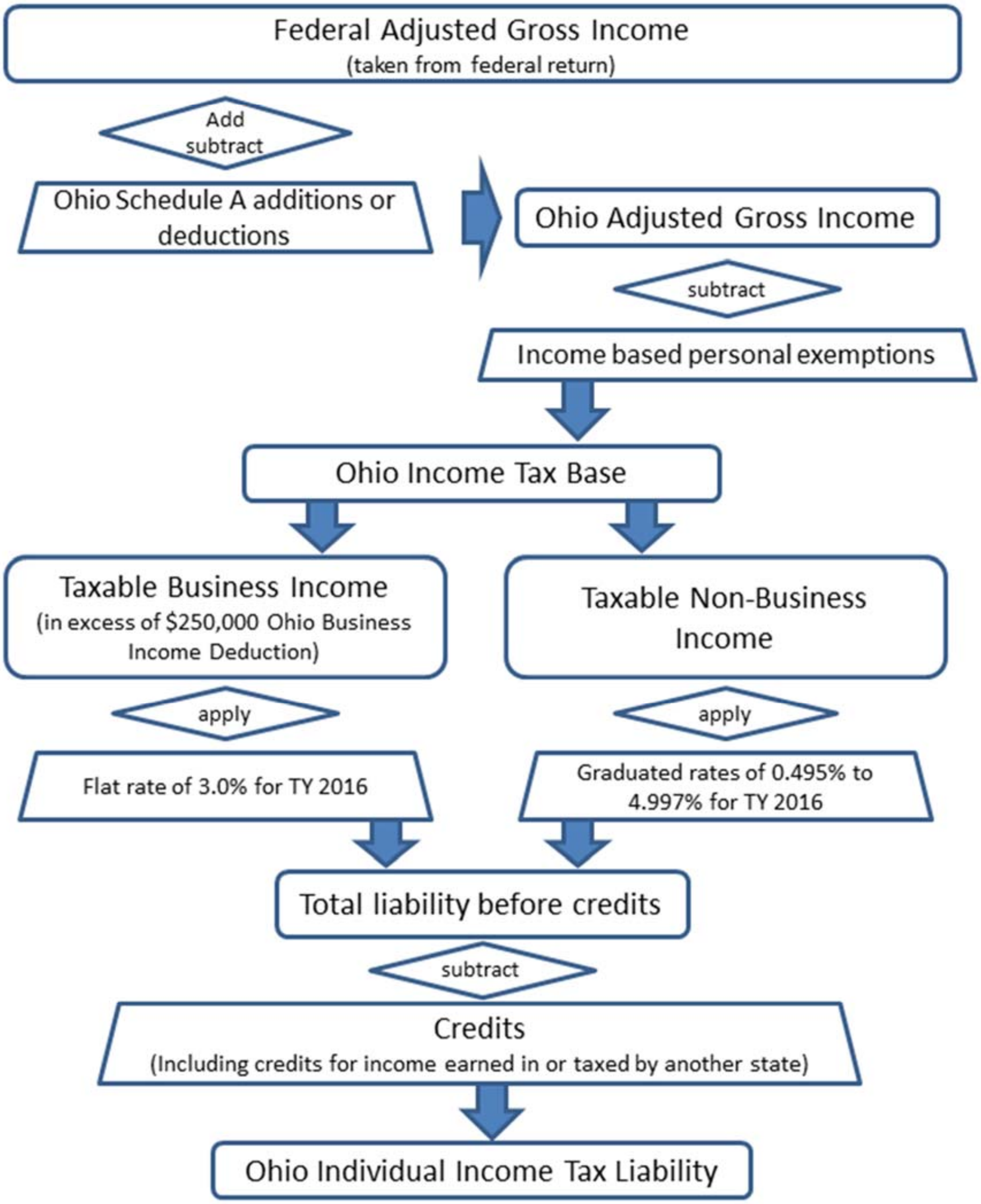


Chart 2

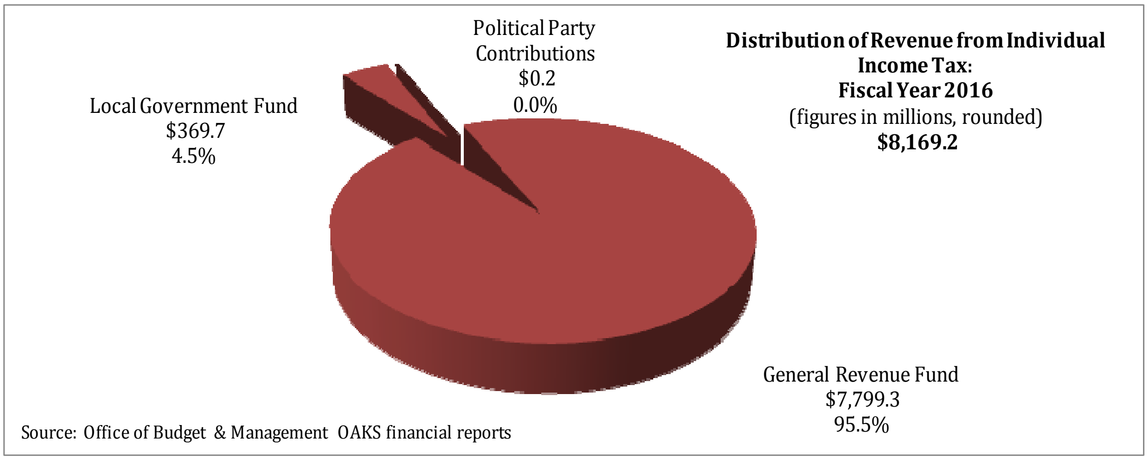


Chart 3

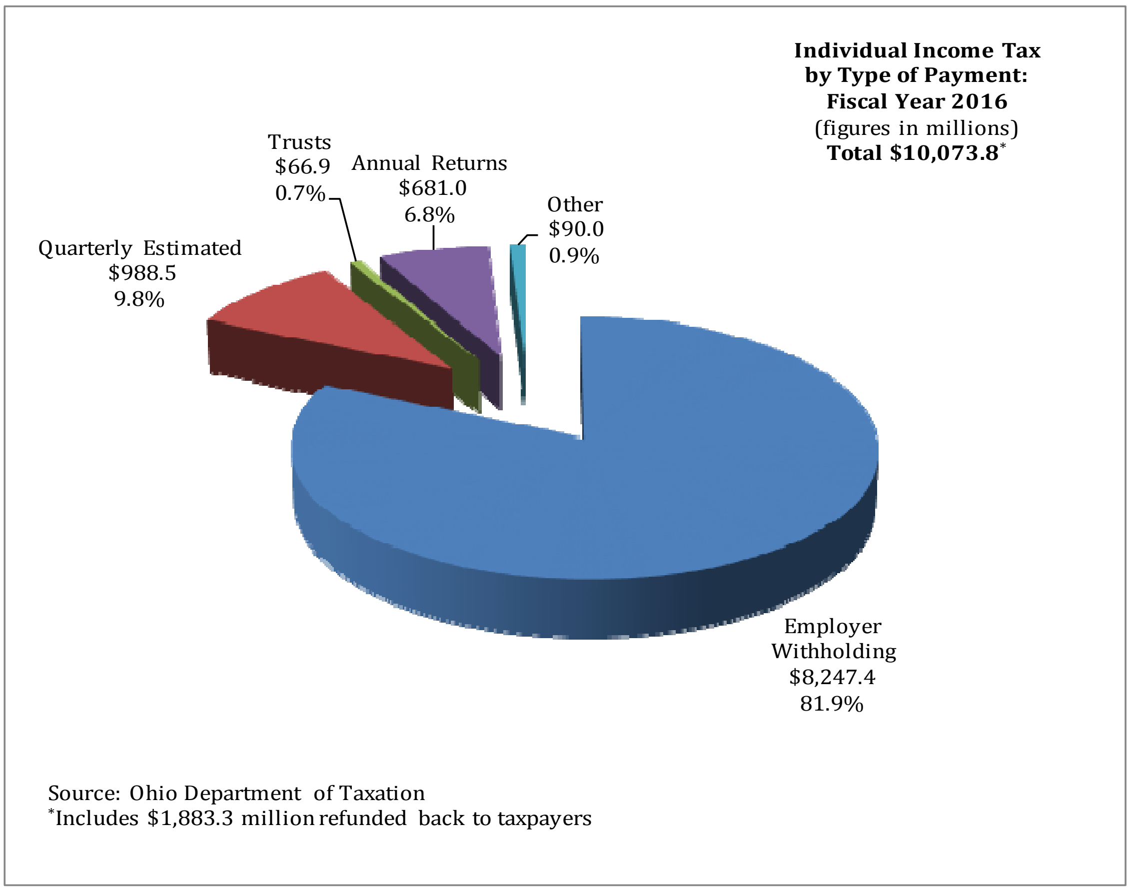
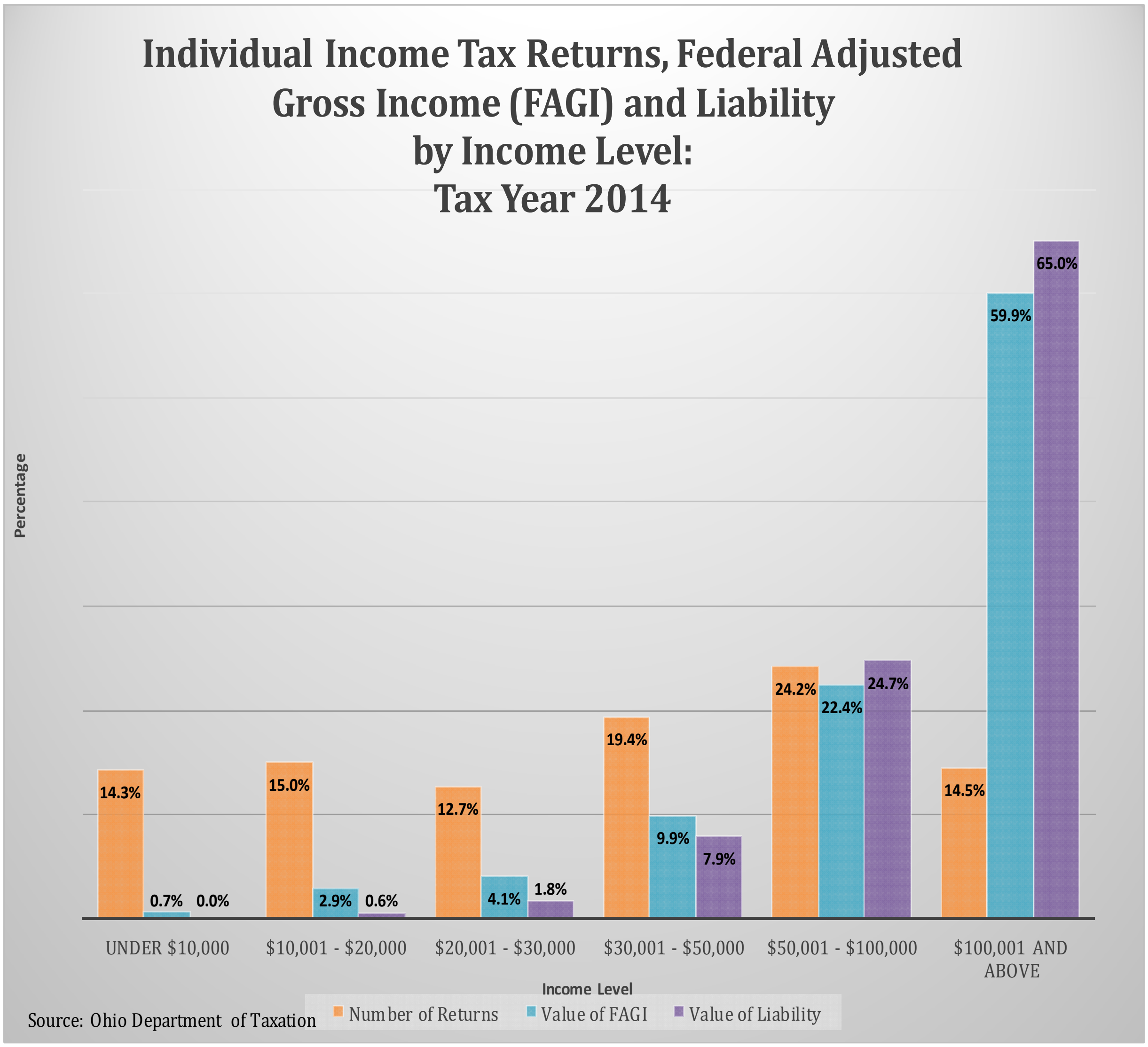


Chart 4



Please note for all charts and tables: Income measures for taxpayers filing Ohio income tax returns include the incomes of residents, non-residents, and part-year residents that are not taxable in Ohio. This is because Ohio law uses tax credits – rather than income exclusions – to prevent such income from being taxed by Ohio. As a result, income figures in these tables (such as federal adjusted gross income, Ohio adjusted gross income and Ohio taxable income) include non-Ohio income that is not taxable in Ohio. Amounts labeled as "Ohio income tax" are after subtraction of the resident credit, the non-resident credit, the part-year resident credit and all other tax credits applicable under Ohio law.

Table 4. Ohio Individual Income Tax Returns by Income Level[1]

Income Level	Number of Returns	Federal Adjusted Gross Income	Ohio Adjusted Gross Income	Personal Exemptions	Ohio Taxable Income	Tax Before Credits	Value of Joint Filer Credit	Total Income Tax Liability
Under $5,000	358,173	$ (263,545,627)	$ (293,878,533)	$ 528,837,250	$ 632,661,480	$ 5,083,285	$ 8,361	$ 1,386,359
$5,000-$10,000	402,028	$ 3,028,086,180	$ 2,798,964,782	$ 935,761,900	$ 1,977,444,488	$ 12,359,693	$ 1,176	$ 98,618
$10,000-$15,000	416,315	$ 5,208,302,467	$ 4,814,227,243	$ 1,333,292,050	$ 3,574,454,572	$ 29,370,865	$ 4,051	$ 12,215,500
$15,000-$20,000	382,298	$ 6,669,445,806	$ 6,182,229,191	$ 1,344,829,050	$ 4,912,447,246	$ 55,810,301	$ 78,303	$ 32,004,517
$20,000-$25,000	351,111	$ 7,887,850,017	$ 7,260,635,349	$ 1,273,539,000	$ 6,050,981,219	$ 87,735,908	$ 309,315	$ 54,610,100
$25,000-$30,000	325,015	$ 8,931,135,666	$ 8,202,861,029	$ 1,209,362,700	$ 7,050,148,973	$ 122,228,773	$ 775,310	$ 86,773,730
$30,000-$35,000	298,441	$ 9,687,124,727	$ 8,905,382,781	$ 1,133,186,700	$ 7,819,577,402	$ 153,329,452	$ 1,380,496	$ 120,847,460
$35,000-$40,000	270,943	$ 10,149,562,166	$ 9,298,012,088	$ 1,052,328,900	$ 8,298,794,139	$ 176,571,830	$ 2,261,926	$ 149,913,729
$40,000-$45,000	243,615	$ 10,343,509,476	$ 9,455,630,352	$ 881,380,150	$ 8,610,321,237	$ 194,892,571	$ 3,526,132	$ 172,710,601
$45,000-$50,000	218,308	$ 10,359,212,028	$ 9,445,708,271	$ 806,070,400	$ 8,669,782,104	$ 206,695,523	$ 4,836,777	$ 185,919,040
$50,000-$55,000	194,377	$ 10,195,063,263	$ 9,237,902,710	$ 748,696,950	$ 8,517,471,783	$ 212,530,264	$ 6,303,515	$ 191,390,361
$55,000-$60,000	174,379	$ 10,019,302,092	$ 9,056,442,380	$ 696,639,550	$ 8,382,335,355	$ 217,325,759	$ 6,650,372	$ 196,059,876
$60,000-$65,000	154,515	$ 9,650,480,550	$ 8,691,331,960	$ 636,501,400	$ 8,073,603,810	$ 216,072,225	$ 7,048,515	$ 194,496,776
$65,000-$70,000	140,582	$ 9,483,576,374	$ 8,549,935,236	$ 600,921,500	$ 7,965,180,211	$ 219,082,381	$ 8,217,371	$ 196,776,869
$70,000-$75,000	128,506	$ 9,311,958,270	$ 8,393,451,543	$ 568,686,650	$ 7,841,507,014	$ 220,848,876	$ 9,323,188	$ 197,390,735
$75,000-$80,000	117,847	$ 9,129,214,500	$ 8,247,082,611	$ 536,615,850	$ 7,721,555,924	$ 221,985,141	$ 10,110,051	$ 198,263,896
$80,000-$85,000	107,642	$ 8,876,694,399	$ 8,014,030,242	$ 460,794,100	$ 7,563,557,234	$ 221,532,355	$ 7,781,119	$ 199,932,751
$85,000-$90,000	98,315	$ 8,598,706,076	$ 7,778,112,865	$ 426,197,000	$ 7,361,371,461	$ 219,324,302	$ 7,072,588	$ 198,808,025
$90,000-$95,000	90,010	$ 8,323,026,678	$ 7,545,266,522	$ 397,022,650	$ 7,156,493,772	$ 217,293,013	$ 7,213,050	$ 196,867,379
$95,000-$100,000	81,083	$ 7,901,426,510	$ 7,172,107,727	$ 364,586,150	$ 6,814,257,891	$ 210,779,385	$ 7,164,862	$ 190,822,745
$100,000-$125,000	286,264	$ 31,824,489,871	$ 29,024,099,428	$ 1,335,044,350	$ 27,710,959,945	$ 901,053,419	$ 30,979,839	$ 813,571,209
$125,000-$150,000	148,266	$ 20,198,379,534	$ 18,339,978,095	$ 713,315,450	$ 17,638,195,524	$ 621,810,141	$ 21,580,420	$ 553,920,188
$150,000-$175,000	87,304	$ 14,104,141,651	$ 12,680,170,157	$ 427,166,550	$ 12,258,844,341	$ 457,329,488	$ 15,942,981	$ 399,602,171
$175,000-$200,000	54,691	$ 10,204,073,127	$ 9,097,209,349	$ 267,700,200	$ 8,833,059,492	$ 342,839,932	$ 11,704,298	$ 294,931,264
$200,000-$250,000	63,311	$ 14,064,264,451	$ 12,377,616,877	$ 310,889,600	$ 12,070,731,328	$ 488,786,989	$ 16,102,374	$ 411,560,076
$250,000-$300,000	33,333	$ 9,089,192,601	$ 7,874,149,099	$ 162,883,400	$ 7,714,276,834	$ 328,370,721	$ 10,169,970	$ 267,994,557
$300,000-$350,000	20,025	$ 6,469,574,283	$ 5,611,663,278	$ 98,569,000	$ 5,513,957,995	$ 243,358,963	$ 6,579,028	$ 190,555,853
$350,000-$400,000	13,360	$ 4,993,044,984	$ 4,323,000,014	$ 65,707,650	$ 4,258,197,617	$ 192,910,547	$ 4,361,359	$ 148,056,919
$400,000-$450,000	9,892	$ 4,190,510,588	$ 3,671,165,646	$ 49,190,850	$ 3,624,627,949	$ 167,781,179	$ 3,312,056	$ 127,481,732
$450,000-$500,000	7,454	$ 3,533,522,532	$ 3,120,483,731	$ 37,178,000	$ 3,083,350,046	$ 145,164,863	$ 2,523,093	$ 108,338,858
$500,000-$750,000	20,087	$ 12,101,070,177	$ 10,898,081,411	$ 99,774,700	$ 10,799,046,606	$ 523,992,471	$ 6,834,859	$ 367,642,950
$750,000-$1,000,000	8,376	$ 7,211,538,838	$ 6,636,226,015	$ 41,210,750	$ 6,595,019,665	$ 330,028,952	$ 2,750,163	$ 210,451,746
$1,000,000-$1,500,000	7,275	$ 8,781,610,106	$ 8,266,166,650	$ 35,351,500	$ 8,230,996,676	$ 420,142,783	$ 2,169,395	$ 235,829,091
$1,500,000-$2,000,000	3,228	$ 5,578,028,245	$ 5,331,079,958	$ 15,253,800	$ 5,316,573,989	$ 275,183,821	$ 952,250	$ 133,792,022
$2,000,000-$3,000,000	3,043	$ 7,389,479,430	$ 7,199,771,358	$ 14,212,600	$ 7,185,657,800	$ 375,333,558	$ 826,150	$ 162,687,765
$3,000,000-$4,000,000	1,464	$ 5,061,718,022	$ 4,981,961,562	$ 6,989,000	$ 4,978,750,160	$ 261,729,925	$ 358,800	$ 87,343,423
$4,000,000-$5,000,000	970	$ 4,335,016,453	$ 4,272,237,032	$ 4,539,800	$ 4,267,705,955	$ 225,087,446	$ 231,400	$ 76,348,418
$5,000,000-$10,000,000	1,878	$ 13,031,011,444	$ 12,876,499,784	$ 8,760,200	$ 12,868,039,825	$ 681,396,616	$ 431,600	$ 194,952,720
Over $10,000,000	1,653	$ 62,384,489,643	$ 62,138,287,049	$ 7,617,700	$ 62,130,669,349	$ 3,309,147,057	$ 336,700	$ 362,189,971
Total	**5,325,377**	**$408,035,287,598**	**$ 377,475,282,843**	**$19,636,605,000**	**$360,072,608,411**	**$13,512,300,775**	**$ 228,213,212**	**$7,924,540,001**

[1] As reported on returns due April 15, 2015.

[2] This represents tax liability after all tax credits. Although the joint filer credit is presented in this table, it is not the largest income tax credit. The combined resident and nonresident, non-refundable business tax credits account for the largest amount of credit value, totalling $5.1 billion.

Source: Ohio Department of Taxation

Table 5. Comparison of 2013 and 2014 Individual Income Tax Returns

Income Level	Number of Returns		Federal Adjusted Gross Income		Ohio Taxable Income		Joint Filer Credit		Ohio Income Tax Liability	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Under $5,000	367,014	358,173	$ (807,114,980)	$ (263,545,627)	$ 459,071,669	$ 632,661,480	$ 7,571	$ 8,361	$ 850,717	$ 1,386,359
$5,001-$10,000	416,251	402,028	$ 3,141,316,524	$ 3,028,086,180	$ 2,019,551,080	$ 1,977,444,488	$ 1,794	$ 1,176	$ 169,164	$ 98,618
$10,001-$15,000	434,518	416,315	$ 5,437,600,784	$ 5,208,302,467	$ 3,935,842,175	$ 3,574,454,572	$ 11,582	$ 4,051	$ 11,601,736	$ 12,215,500
$15,001-$20,000	403,670	382,298	$ 7,045,612,234	$ 6,669,445,806	$ 5,456,779,429	$ 4,912,447,246	$ 130,645	$ 78,303	$ 35,474,212	$ 32,004,517
$20,001-$40,000	1,295,726	1,245,510	$ 38,051,507,286	$ 36,655,672,576	$ 31,390,302,682	$ 29,219,501,733	$ 6,415,591	$ 4,727,047	$ 467,491,605	$ 412,145,019
$40,001-$80,000	1,391,030	1,372,129	$ 79,517,229,973	$ 78,492,316,552	$ 67,972,229,803	$ 65,781,757,439	$ 64,061,747	$ 56,015,921	$ 1,619,643,878	$ 1,533,008,153
$80,001-$100,000	376,984	377,050	$ 33,678,893,007	$ 33,699,853,663	$ 29,389,903,342	$ 28,895,680,358	$ 31,122,467	$ 29,231,618	$ 817,889,648	$ 786,430,900
$100,001-$200,000	553,154	576,525	$ 73,112,562,477	$ 76,331,084,183	$ 65,083,035,155	$ 66,441,059,302	$ 79,305,946	$ 80,207,538	$ 2,064,464,099	$ 2,062,024,834
$200,000 & above	185,036	195,349	$ 145,182,032,349	$ 168,214,071,797	$ 139,154,539,331	$ 158,637,601,794	$ 54,950,323	$ 57,939,197	$ 2,959,636,329	$ 3,085,226,101
Totals	**5,423,383**	**5,325,377**	**$384,359,639,655**	**$ 408,035,287,598**	**$ 344,861,254,666**	**$ 360,072,608,411**	**$ 236,007,665**	**$ 228,213,212**	**$ 7,977,221,387**	**$ 7,924,540,001**

Source: Ohio Department of Taxation

Table 6. Comparison of 2013 and 2014 Individual Income Tax Returns with Tax Liability

Income Level	Number of Returns		Ohio Income Tax Liability	
Tax Years	**2013**	**2014**	**2013**	**2014**
Under $5,000	357	326	$ 850,717	$ 1,386,359
$5,001-$10,000	277	415	$ 169,164	$ 98,618
$10,001-$15,000	137,675	136,001	$ 11,601,736	$ 12,215,500
$15,001-$20,000	224,583	205,167	$ 35,474,212	$ 32,004,517
$20,001-$40,000	1,112,103	1,006,115	$ 467,491,605	$ 412,145,019
$40,001-$80,000	1,347,943	1,316,438	$ 1,619,643,878	$ 1,533,008,153
$80,001-$100,000	368,779	367,089	$ 817,889,648	$ 786,430,900
$100,001-$200,000	540,100	561,705	$ 2,064,464,099	$ 2,062,024,834
$200,000 & above	176,468	185,589	$ 2,959,636,329	$ 3,085,226,101
Totals	**3,908,285**	**3,778,845**	**$ 7,977,221,387**	**$ 7,924,540,001**

Source: Ohio Department of Taxation

Table 7. Individual Income Tax Returns for All Filing Status Categories (TY 2014)

Income Level	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Joint Filer Credit	Ohio Income Tax	Effective Tax Rate
Under $5,000	358,173	$ (263,545,627)	$ 632,661,480	$ 8,361	$ 1,386,359	-0.53%
$5,001-$10,000	402,028	$ 3,028,086,180	$ 1,977,444,488	$ 1,176	$ 98,618	0.00%
$10,001-$15,000	416,315	$ 5,208,302,467	$ 3,574,454,572	$ 4,051	$ 12,215,500	0.23%
$15,001-$20,000	382,298	$ 6,669,445,806	$ 4,912,447,246	$ 78,303	$ 32,004,517	0.48%
$20,001-$40,000	1,245,510	$ 36,655,672,576	$ 29,219,501,733	$ 4,727,047	$ 412,145,019	1.12%
$40,001-$80,000	1,372,129	$ 78,492,316,552	$ 65,781,757,439	$ 56,015,921	$ 1,533,008,153	1.95%
$80,001-$100,000	377,050	$ 33,699,853,663	$ 28,895,680,358	$ 29,231,618	$ 786,430,900	2.33%
$100,001-$200,000	576,525	$ 76,331,084,183	$ 66,441,059,302	$ 80,207,538	$ 2,062,024,834	2.70%
$200,000 & above	195,349	$ 168,214,071,797	$ 158,637,601,794	$ 57,939,197	$ 3,085,226,101	1.83%
Totals	**5,325,377**	**$408,035,287,598**	**$360,072,608,411**	**$228,213,212**	**$ 7,924,540,001**	**1.94%**

Source: Ohio Department of Taxation

* Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.

Table 8. Individual Income Tax Returns Claiming Married Filing Joint Status (TY 2014)

Income Level	Number of Returns	FAGI	Ohio Taxable Income	Ohio Income Tax Liability	Effective Tax Rate*
Under $5,000	18,940	($998,810,673)	$29,195,545	$890,498	-0.09%
$5,001-$10,000	30,476	$235,347,303	$54,254,662	$19,932	0.01%
$10,001-$15,000	48,028	$608,718,453	$259,143,217	$57,497	0.01%
$15,001-$20,000	58,067	$1,017,437,506	$550,794,861	$886,162	0.09%
$20,001-$40,000	262,595	$7,928,836,458	$5,079,306,776	$40,740,900	0.51%
$40,001-$80,000	581,268	$35,053,083,792	$27,291,699,548	$593,772,257	1.69%
$80,001-$100,000	269,336	$24,153,763,855	$20,325,497,134	$544,773,060	2.26%
$100,001-$200,000	471,787	$62,801,042,915	$54,454,499,207	$1,687,058,216	2.69%
$200,000 & above	165,967	$135,688,032,378	$127,566,365,700	$2,615,972,871	1.93%
Totals	**1,906,464**	**$266,487,451,987**	**$235,610,756,650**	**$5,484,171,393**	**2.06%**

Source: Ohio Department of Taxation

* Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.

Table 9. Individual Income Tax Returns Claiming Single Filing Status (TY 2014)

Income Level	Number of Returns	FAGI	Ohio Taxable Income	Ohio Income Tax Liability	Effective Tax Rate*
Under $5,000	335,465	$728,389,875	$591,482,955	$128,696	0.02%
$5,001-$10,000	365,609	$2,747,500,141	$1,899,215,086	$72,814	0.00%
$10,001-$15,000	360,246	$4,498,293,341	$3,247,584,121	$11,900,977	0.26%
$15,001-$20,000	311,457	$5,425,379,657	$4,188,160,192	$29,459,024	0.54%
$20,001-$40,000	882,061	$25,612,249,451	$21,498,124,619	$324,330,300	1.27%
$40,001-$80,000	634,277	$34,733,683,606	$30,666,108,634	$742,426,617	2.14%
$80,001-$100,000	81,106	$7,184,376,854	$6,388,464,754	$177,027,076	2.46%
$100,001-$200,000	80,442	$10,469,877,274	$9,186,961,576	$281,461,932	2.69%
$200,000 & above	24,822	$23,208,974,154	$21,994,682,177	$387,378,780	1.67%
Totals	3,075,485	$114,608,724,353	$99,660,784,114	$1,954,186,216	1.71%

Source: Ohio Department of Taxation

* Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.

Table 10. Individual Income Tax Returns Claiming Married Filing Separate Status (TY 2014)

Income Level	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax Liability	Effective Tax Rate
Under $5,000	3,768	$ 6,875,171	$ 11,982,980	$ 367,165	5.34%
$5,001-$10,000	5,943	$ 45,238,736	$ 23,974,740	$ 5,872	0.01%
$10,001-$15,000	8,041	$ 101,290,673	$ 67,727,234	$ 257,026	0.25%
$15,001-$20,000	12,774	$ 226,628,643	$ 173,492,193	$ 1,659,331	0.73%
$20,001-$40,000	100,854	$ 3,114,586,667	$ 2,642,070,338	$ 47,073,818	1.51%
$40,001-$80,000	156,584	$ 8,705,549,155	$ 7,823,949,257	$ 196,809,279	2.26%
$80,001-$100,000	26,608	$ 2,361,712,954	$ 2,181,718,470	$ 64,630,765	2.74%
$100,001-$200,000	24,296	$ 3,060,163,994	$ 2,799,598,519	$ 93,504,686	3.06%
$200,000 & above	4,560	$ 9,317,065,265	$ 9,076,553,917	$ 81,874,450	0.88%
	343,428	$ 26,939,111,258	$24,801,067,648	$486,182,393	1.80%

Source: Ohio Department of Taxation

* Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.

Table 11. Individual Income Tax Returns by Ohio Taxable Income Level (TY 2014)

Income Level	Number of Returns	$20 Exemption Credit	Joint Filer Credit	Ohio Income Tax Liability
Under $5,000	$ 696,928.00	$ 18,723,740.00	$ -	$ -
$5,001-$10,000	$ 499,712.00	$ 13,278,900.00	$ -	$ -
$10,001-$15,000	$ 428,670.00	$ 12,911,080.00	$ 176,007.45	$ 24,707,682.12
$15,001-$20,000	$ 388,241.00	$ 12,560,300.00	$ 669,045.32	$ 48,248,150.32
$20,001-$40,000	$ 1,189,538.00	$ 22,335,740.00	$ 13,385,649.37	$ 576,180,254.69
$40,001-$80,000	$ 1,211,991.00	$ -	$ 65,527,139.30	$ 1,694,133,133.51
$80,001-$100,000	$ 308,437.00	$ -	$ 25,571,988.17	$ 785,705,245.37
$100,001-$200,000	$ 445,079.00	$ -	$ 72,003,319.60	$ 1,891,912,560.04
$200,000 & above	$ 156,781.00	$ -	$ 50,880,063.23	$ 2,903,652,975.13
Totals	$ 5,325,377.00	$ 79,809,760.00	$ 228,213,212.44	$ 7,924,540,001.18

Source: Ohio Department of Taxation

Table 12. Individual Income Tax Returns Claiming the Joint Filer Credit by Income Level (TY 2014)

Income Level	Number of Returns	FAGI	Ohio Taxable Income	Ohio Income Tax Liability	Effective Tax Rate*
Under $5,000	28	($12,159,809)	$10,313,438	$220,503	-1.81%
$5,001-$10,000	16	$130,608	$519,867	$8,804	6.74%
$10,001-$15,000	289	$4,174,286	$3,418,796	$11,444	0.27%
$15,001-$20,000	4,978	$89,745,682	$64,524,848	$226,476	0.25%
$20,001-$40,000	89,288	$2,865,173,760	$2,113,794,641	$18,276,803	0.64%
$40,001-$80,000	384,801	$23,671,783,013	$19,372,981,195	$418,665,582	1.77%
$80,001-$100,000	212,560	$19,087,507,276	$16,535,608,146	$445,125,124	2.33%
$100,001-$200,000	383,495	$50,920,674,458	$45,082,254,889	$1,407,192,215	2.76%
$200,000 & above	113,211	$72,482,704,490	$67,038,430,819	$1,600,592,473	2.21%
	1,188,666	$169,109,733,764	$150,221,846,639	$3,890,319,424	2.30%

Source: Ohio Department of Taxation

* Ohio income tax divided by federal adjusted gross income. Resident and non-resident tax credits have been subtracted in calculating income tax liability, but federal adjusted gross income includes all resident and non-resident income.

Table 13. Individual Income Tax Returns Claiming the Senior Citizen Credit by Income Level (TY 2014)

Income Level	Number of Returns	FAGI	Ohio Taxable Income	Senior Citizen Credit	Retirement Income Credit	Ohio Income Tax Liability
Under $5,000	32,747	($704,513,247)	$18,431,090	$1,637,287	$1,135,005	$90,621
$5,001-$10,000	51,713	$397,697,873	$182,700,462	$2,585,548	$4,755,559	$11,875
$10,001-$15,000	75,869	$954,575,503	$583,510,628	$3,793,295	$10,065,829	$124,267
$15,001-$20,000	69,408	$1,207,654,575	$794,169,445	$3,470,350	$10,000,038	$780,418
$20,001-$40,000	202,530	$5,926,048,918	$3,842,620,113	$10,126,285	$30,555,073	$23,238,733
$40,001-$80,000	248,099	$14,360,817,520	$9,535,940,623	$12,404,640	$37,790,695	$167,949,050
$80,001-$100,000	72,094	$6,439,256,270	$4,475,728,752	$3,604,700	$10,998,540	$104,155,165
$100,001-$200,000	104,474	$13,902,492,448	$10,375,340,085	$5,223,635	$15,375,685	$296,066,143
$200,000 & above	40,075	$44,956,962,083	$42,334,938,744	$2,003,720	$4,792,215	$650,730,078
Totals	897,009	$87,440,991,943	$72,143,379,943	$44,849,460	$125,468,639	$1,243,146,349

Source: Ohio Department of Taxation

Table 14. Individual Income Tax Returns by County (TY 2014)

County	Number of Returns	FAGI	Ohio Income Tax Liability	County	Number of Returns	FAGI	Ohio Income Tax Liability
Adams	10,475	$445,681,385	$8,519,864	Lorain	137,559	$7,894,935,977	$191,613,051
Allen	45,635	$2,393,369,247	$55,417,347	Lucas	183,697	$10,118,443,910	$245,880,290
Ashland	23,318	$1,119,025,465	$23,219,476	Madison	18,074	$1,041,563,155	$24,366,863
Ashtabula	41,233	$1,885,378,680	$40,072,047	Mahoning	103,688	$5,381,419,411	$122,834,310
Athens	21,302	$1,021,079,759	$22,084,428	Marion	25,777	$1,186,324,774	$24,566,603
Auglaize	21,635	$1,196,295,867	$26,052,719	Medina	85,832	$5,921,698,073	$156,227,582
Belmont	29,356	$1,703,341,013	$41,424,024	Meigs	8,391	$365,502,636	$7,163,212
Brown	17,542	$785,983,521	$15,600,277	Mercer	20,052	$1,136,147,642	$26,515,101
Butler	162,061	$9,920,747,511	$246,949,237	Miami	47,864	$2,683,014,971	$62,041,383
Carroll	12,157	$662,430,796	$13,994,520	Monroe	6,342	$454,261,962	$12,886,277
Champaign	16,727	$812,268,067	$16,879,534	Montgomery	231,389	$12,669,802,099	$296,472,404
Clark	58,673	$2,768,555,662	$57,038,488	Morgan	5,444	$224,366,040	$4,259,059
Clermont	90,069	$5,633,506,557	$141,881,866	Morrow	14,208	$689,258,974	$14,631,969
Clinton	18,591	$981,545,409	$19,384,650	Muskingum	36,871	$1,868,835,185	$44,825,659
Columbiana	44,870	$2,098,198,729	$43,765,617	Noble	5,205	$342,297,161	$9,062,453
Coshocton	15,255	$676,213,188	$13,542,349	Ottawa	20,235	$1,127,408,180	$24,899,348
Crawford	19,463	$816,367,900	$15,178,569	Paulding	8,383	$401,305,832	$7,958,441
Cuyahoga	563,753	$35,898,290,215	$955,376,279	Perry	13,995	$620,186,675	$12,658,318
Darke	23,865	$1,136,627,141	$23,095,648	Pickaway	22,780	$1,208,552,162	$26,553,478
Defiance	18,096	$890,309,424	$18,551,641	Pike	10,731	$476,738,615	$9,630,007
Delaware	84,958	$8,965,484,894	$280,713,654	Portage	71,549	$4,077,579,529	$98,414,768
Erie	36,579	$1,888,029,186	$42,514,857	Preble	17,568	$827,505,382	$16,714,516
Fairfield	64,816	$3,875,955,528	$94,097,392	Putnam	16,621	$987,798,448	$22,741,139
Fayette	12,438	$540,904,818	$10,498,479	Richland	52,944	$2,462,972,613	$51,142,798
Franklin	562,927	$35,366,634,381	$929,045,325	Ross	30,681	$1,443,010,940	$30,360,180
Fulton	20,037	$1,052,546,876	$22,788,084	Sandusky	28,444	$1,327,304,148	$27,482,117
Gallia	11,126	$536,793,484	$11,696,473	Scioto	25,735	$1,222,785,246	$26,108,903
Geauga	44,464	$4,064,782,712	$119,508,689	Seneca	25,215	$1,134,966,924	$22,557,051
Greene	69,890	$4,669,730,507	$113,053,289	Shelby	22,731	$1,219,517,324	$28,093,048
Guernsey	16,939	$841,052,388	$17,846,635	Stark	172,088	$9,238,293,910	$214,744,919
Hamilton	365,896	$26,263,800,153	$738,655,822	Summit	248,938	$15,478,606,786	$403,527,941
Hancock	34,727	$2,093,873,687	$53,113,151	Trumbull	93,510	$4,337,525,010	$89,030,761
Hardin	12,483	$563,534,421	$11,152,574	Tuscarawas	42,601	$2,168,665,631	$47,903,314
Harrison	6,310	$339,372,796	$7,706,944	Union	23,121	$1,603,592,039	$42,478,374
Henry	13,166	$678,444,897	$13,949,628	Van wert	13,463	$641,235,697	$12,519,896
Highland	16,635	$700,631,969	$13,159,349	Vinton	4,252	$176,546,184	$3,347,412
Hocking	11,397	$509,152,541	$10,249,261	Warren	99,189	$8,076,504,770	$229,268,297
Holmes	15,671	$794,626,785	$15,640,035	Washington	26,783	$1,581,775,433	$34,234,651
Huron	27,425	$1,279,382,363	$26,165,383	Wayne	51,325	$2,738,961,840	$59,519,112
Jackson	12,520	$550,496,768	$11,015,997	Williams	17,293	$806,298,814	$16,501,075
Jefferson	28,470	$1,396,906,052	$29,729,564	Wood	58,148	$3,565,949,997	$87,633,719
Knox	25,452	$1,347,794,737	$30,802,021	Wyandot	10,577	$515,245,998	$10,586,170
Lake	114,910	$6,774,136,111	$164,935,415	**County total**	**5,142,621**	**$305,851,930,184**	**$7,614,869,548**
Lawrence	23,649	$1,116,597,170	$23,348,039	Other *	182,756	$102,183,357,414	$309,670,454
Licking	74,958	$4,268,719,650	$101,592,554				
Logan	21,409	$1,082,623,677	$23,906,386	**State total**	**5,325,377**	**$408,035,287,598**	**$7,924,540,001**

Source: Ohio Department of Taxation

*Includes non-resident returns.

Comparisons with competitor states (as of June 30, 2016)

Georgia	Rates range from 1% on net taxable income not over $750.00 to 6% on the amount of net taxable income over $7,000.
Indiana	Indiana imposes an income tax at the rate of 3.3%.
Kentucky	Rates range from 2% on the first $3,000 of taxable net income to 6% of the amount of net taxable income over $75,000.
Michigan	Michigan imposes an income tax at the rate of 4.25%.
North Carolina	North Carolina imposes an income tax at the rate of 5.75%.
Pennsylvania	Pennsylvania imposes an income tax at the rate of 3.07%.
Tennessee	Tennessee imposes a tax on taxable interest and dividend income at the rate of 5%.
Texas	None.
West Virginia	Rates range from 3% on taxable income not over $10,000 to 6.5% on taxable income in excess of $60,000.

History of major changes

1912	Voters approve an amendment to the Ohio Constitution permitting the taxation of income on a uniform or graduated basis.
1967	Ohio Tax Study Commission of 1967 reports its findings and recommendations for an income tax.
1971	General Assembly enacts a state individual income tax effective for 1972.
1972	Ohio voters reject a constitutional amendment that would have repealed the new income tax and prohibited future graduated income taxes.
1973	Voters approve a constitutional amendment eliminating a $3,000 cap on personal exemptions. Legislature enacted a joint filer credit.
1982	A temporary 25% across the board tax increase for 1982 and a temporary 12.5% increase for 1983 are imposed. Additional rate increases are imposed on high-income individuals for 1982 and 1983 through the creation of new brackets for income in excess of $80,000 and $100,000.
1983	The new brackets are made permanent. There is an increase in the temporary across the board rate increases to 83.3% for 1983 and 90% for 1984 when the increases become permanent. Also increased are the senior citizen credit, the joint filer credit, and the personal exemption. In November, Ohio voters sustain these changes by rejecting a constitutional amendment that would have repealed all tax changes enacted since 1982.
1984	A one-time special refund is enacted. For most taxpayers, the refund is 2.03% of 1983 tax liability or $7, whichever is greater. Taxpayers who had less than $7 due in 1983 receive a full refund.
1985	A three-year, 15% across the board rate cut is enacted. Rates are scheduled to fall from 1984 levels by 5% in 1985, 5% in 1986, and 5% in 1987.
1986	The top marginal tax rate (on income in excess of $100,000) is lowered from 8.55% to 6.9 % effective 1987. Legislators also lower other rates by an additional 7% in 1987 and an additional 1% in 1988 and thereafter.
1992	A new bracket is created for income in excess of $200,000, effective for tax year 1993. The tax rate associated with this new bracket is 7.5%.
1996	A new mechanism is enacted to temporarily lower statutory rates in any year when a budget surplus exists. As a result, tax rates are temporarily reduced for 1996 by 6.609%. This provision later leads to temporary rate reductions in 1997, 1998, 1999, and 2000.
1997	A pass-through entity and trust withholding tax is enacted and personal exemptions are indexed to inflation starting in 2000.
2002	SB 261 temporarily broadens the individual income tax to include trusts. It also indexes tax brackets to inflation starting in 2005 (later delayed until 2010) and decouples Ohio income tax law from federal bonus depreciation.

2005	HB 66 launches a five year 21% across-the-board reduction in income tax rates. Rates are to decrease by 4.2% for taxable years 2005-2009. It also includes a credit effectively eliminating state income tax liabilities for taxpayers with a taxable income of $10,000 or less. It makes permanent the extension of the tax on trusts and postpones the annual adjustment of tax brackets for inflation until 2010.
2006	Resident armed services members are permitted to deduct military pay and allowances earned while stationed outside of Ohio effective January 1, 2007.
2007	Military retirement pay is exempted from Ohio income and school district taxes.
2008	Tax preparers who file more than 75 original income tax returns in 2008 are required by law to file electronically as of January 1, 2010.
2009	HB 318 postpones the fifth income tax rate reduction for two years (until 2011). HB 1 creates the motion picture production tax credit.
2010	Tax Commissioner is required by state law to adjust the tax brackets effective for taxable years 2010 and thereafter for inflation.
2011	The fifth year of income tax reductions authorized by HB 66 is implemented. HB 167 creates a new income tax deduction for Pell Grant recipients.
2013	HB 59 enacts a 10% reduction in income tax rates over three years. Rates decrease 8.5% in the 2013 taxable year and are scheduled to decrease by 0.5% for the 2014 tax year and 1% for the 2015 taxable year. It also freezes the indexing of income brackets and the personal and dependent exemptions during the phase-in periods. It subjects the personal and dependent credit to means testing and creates a earned income tax credit and a 50% business income deduction. HB 365 allows business owners who claim an enhanced federal income tax depreciation deduction and who increase payroll to claim more of the deduction that the business owner must add back to the Ohio income tax base.
2014	HB 483 accelerates the final phase-in of a 10% total income tax rate reduction from taxable year 2015 to taxable year 2014.
2015	HB 64 and SB 288 create separate tax bases for business and non-business income of individuals and establish a flat 3% rate on taxable business income. Tax rates are reduced on non-business income by 6.3% starting in tax year 2015 and means testing is established for the senior and retirement income and retirement income lump sum credits. The business income deduction is set at $125,000 for each spouse if each spouse files separate returns or $250,000 for all other individuals.

Kilowatt-Hour Tax

Overview. The Kilowatt-Hour (KwH) Tax was created by the Ohio General Assembly in 2001 as part of a broader legislative effort to deregulate electric utilities. The tax, effective May 1, 2001, replaced the public utility excise tax on electric and rural electric companies. It also was designed to replace revenues lost from the reduction of assessment rates on electric and rural electric tangible personal property.

The KwH tax is levied on electric distribution companies with end users in Ohio. The tax has tiered rates that vary according to the kilowatt-hour consumption of individual end users of electricity. For certain large consumers of electricity, a self-assessor option exists that is partially based on price and partially based on consumption. Companies that provide both electric and other services must separate the charges for electricity from the other services they provide.

Table 1. FY 2016 Kilowatt-Hour Tax Revenues

Kilowatt-Hour Excise Tax	Revenue
GRF	$338,007,224
PLF	$189,285,713
Total	$527,292,937

Source: Office of Budget and Management financial reports

Taxpayer (Ohio Rev. Code § 5727.80 and 5727.81). Electric distribution companies with end users in Ohio are subject to the KwH tax. The tax also is paid by certain large commercial and industrial end users (self-assessing purchasers) that consumer more than 45 million kilowatt-hours of electricity during a calendar year. Self-assessing purchasers must qualify and register to self-assess the tax.

Tax base (Ohio Rev. Code § 5727.81). The KwH tax has two bases with payments determined by the number of KwH distributed to end users in Ohio.

Rates (Ohio Rev. Code § 5727.81). Electric distribution companies pay rates based on their monthly distribution to each end user. The rates are tiered according to the amount of KwH the individual end user consumes, as shown in the following schedule:

Monthly Distribution	Rate per KwH
0 - 2000 kWh	0.465 cents
2001 - 15,000 kWh	0.419 cents
15,001 kWh or more	0.363 cents

End users above 45 million KwH in annual consumption may register to self-assess the tax. Self-assessors pay 0.257 cents per KwH on the first 500 million KwH and 0.1832 cents per KwH in excess of 500 million.

Exemptions (Ohio Rev. Code § 5727.80 and 5727.81). The KwH tax does not apply to the federal government, end users located at a federal facility that uses electricity for the enrichment of uranium, qualified use of electricity by qualified end users in qualified manufacturing processes, and qualified regeneration meters.

Filing and payment dates (Ohio Rev. Code § 5727.82). For kilowatt-hour and self-assessing taxpayers, the filing date is the 20th day of each month. Payments reflect the amount of electricity distributed to the end users during the preceding month. To register as a self-assessing purchaser, end users must submit an application and pay a $500 fee before May 1. The registration year begins on May 1 and ends on the following April 30.

Disposition of Revenue (Ohio Rev. Code § 5727.81). The General Revenue Fund (GRF) receives nearly 100% of revenue. In cases where self-assessing purchasers are served by a municipal electric utility and are located within that municipality, the tax is remitted to the municipality rather than to the state. A portion of the monthly amount deposited into the Public Library Fund (PLF) is credited against the KwH tax portion of the GRF revenues. The amount of KwH revenue credited to the PLF varies from year to year based on a fixed percentage of all tax collections into the GRF.

Table 2: Kilowatt-Hour Tax Collections and Distributions: Fiscal Years 2012-2016

Fiscal Year	Total Collections	State General Revenue Fund	Public Library Fund	School District Property Tax Replacement Fund	Local Government Property Tax Replacement Fund
2012	$537,948,994	$294,828,747	$178,565,617	$48,415,333	$16,139,298
2013	547,544,113	307,230,703	174,608,117	49,278,970	16,426,323
2014	544,630,705	306,293,706	172,981,314	49,016,763	16,338,921
2015	539,837,424	292,327,323	182,729,611	48,585,368	16,195,123
2016	527,292,937	338,007,224	189,285,713	0	0

Source: Office of Budget and Management

Comparisons with competitor states (as of June 30, 2016). Georgia, Indiana, Kentucky, Michigan, North Carolina, Pennsylvania, Tennessee, Texas, and West Virginia do not have specific taxes levied on the volume of electricity consumed or distributed. In these states, electric companies may be subject to public utility excise or general business taxes.

History of Major Changes

1999	SB 3 established the kilowatt-hour tax effective May 1, 2001.
2000	SB 287 enacted the following changes: lowers the self-assessor tax threshold from 120 million KwH of annual consumption to 45 million KwH; caps the consumption portion of the self-assessor tax formula to 504 million KwH of annual consumption; establishes an exemption for "qualified regeneration facilities"; allows businesses to declare that they will have enough electricity consumption in the upcoming year to self-assess and provides for a "recapture" tax if the taxpayer fails to meet the self-assessor threshold; and requires self-assessors served by a municipal electric company and located within the municipal boundary to remit the self-assessor tax to the municipality.
2007	Under HB 119, the General Revenue Fund's share of the kilowatt-hour tax is changed to 63 percent. Also, the General Assembly reduced the price component for the tax paid by self-assessing purchasers from 4.0 percent to 3.5 percent effective July 1, 2008.
2009	HB 1 eliminated the price-based component of the self-assessment calculation effective Jan. 1, 2011 in favor of a flat rate of 0.257 cents per KwH on the first 500 million KwH and of 0.1832 cents per KwH for each KwH in excess of 500 million.
2011	HB 153 changed the percentage of distribution to 88 percent of the General Revenue Fund, 9 percent to the School District Property Tax Replacement Fund and 3 percent to the Local Government Property Tax Replacement Fund.
2015	HB 64 altered the disposition of revenue and credited nearly all to the general revenue fund; (R.C. § 131.51(D) allows the director of the Ohio Office of Budget and Management to identify the specific tax revenue sources to be used to make the required monthly transfer to the Public Library Fund).

Motor Vehicle Fuel and Use Tax

Overview. An excise tax applies to all dealers in motor vehicle fuel on the use, distribution, or sale within Ohio of fuel used to generate power for the operation of motor vehicles. The motor fuel excise tax rate has been 28 cents per gallon since July 1, 2005. The 28 cents per gallon is five separate taxes, and the revenues from each are subject to a different revenue distribution formula. Article XII, Section 5a of the Ohio Constitution mandates that no revenues from excise taxes on fuel used to propel vehicles on public highways be expended for costs other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

Table 1. FY 2016 Motor Fuel Tax Revenues (amounts are prior to subsequent transfers)

Fund	Revenues
Highway Operating	$639,088,629
Gasoline Excise	$104,826,196
State and Local Highway	$879,821,913
Highway Obligations	$0
Waterways Safety	$15,388,768
Wildlife Boater Angler	$2,198,396
Grade Crossing	$1,200,000
Highway Safety	$0
Motor Fuel Tax Administration	$4,836,470
Gasoline Excise Tax (Local Motor Fuel Tax)	$93,015,683
Total	**$1,740,376,055**

Source: Office of Budget and Management financial reports

There also is a use tax of 28 cents per gallon levied on commercial cars and tractor trailers operated or driven upon a public highway in two or more jurisdictions. These taxpayers pay tax on the motor vehicle fuel consumed in Ohio that exceeds the fuel purchased and taxed in Ohio. In fiscal year 2016, approximately $36.4 million was collected from the fuel use tax and dedicated to the Highway Operating Fund.

Taxpayer (Ohio Rev. Code § 5735.01 and 5735.05). The excise tax applies to dealers that: import motor fuel from another state or foreign country or acquire motor fuel by any means into a terminal in this state; import motor fuel from another state or foreign country in bulk lot vehicles for subsequent sale and distribution in this state from bulk lot vehicles; refine motor fuel in this state; acquire motor fuel from a motor fuel dealer for subsequent sale and distribution in this state from bulk lot vehicles; or possess an unrevoked permissive motor fuel dealer's license.

Tax Base (Ohio Rev. Code § 5728.06, 5735.05). The base of the tax is the gallons of motor vehicle fuel sold, used, or distributed in Ohio.

Rates. The combined rate of 28 cents per gallon is composed of five separate taxes. All are measured in cents per gallon, but one levy in particular – the largest at 15 cents – is specifically identified as the "cents per gallon rate" in Ohio law because it was once adjusted annually for inflation by the Tax Commissioner. All five tax rates are as follows:

Ohio Rev. Code Section	Rate per gallon
5735.30	1 cent
5735.05	2 cents
5735.25	2 cents
5735.29	8 cents
5735.05	15 cents
Total	**28 cents**

Deductions (Ohio Rev. Code § 5735.05-.06). Dealers may deduct the following motor fuel from their total gallons sold:

- dyed diesel sold for uses other than operating motor vehicles on public highways or waterways within Ohio;
- K-1 kerosene to a retail service station, except when placed directly in the fuel supply tank of a motor vehicle (such sales are rebuttably presumed to not be distributed or sold for use or used to generate power for the operation of motor vehicles upon the public highways or upon the waters within the boundaries of this state);
- motor fuel sold by licensed dealers to other licensed dealers;
- motor fuel exported by licensed dealers from Ohio to any other state or foreign country;
- motor fuel sold for exclusive use by the U.S. government or its agencies;
- motor fuel that is in the process of transportation in foreign or interstate commerce, except insofar as it may be taxable under the Constitution and statutes of the United States, and except as may be agreed upon in writing by the dealer and the commissioner;
- motor fuel sold exclusively for use in the operation of aircraft; and
- motor fuel sold by a dealer for delivery from a bulk lot vehicle, for consumption in operating a vessel when the use of such fuel in a vessel would otherwise qualify for a refund under section 5735.14 of the Revised Code.

Shrinkage allowance (Ohio Rev. Code § 5735.06). Licensed motor fuel dealers receive a discount intended to cover “evaporation, shrinkage or other unaccounted for losses.” An uncodified provision of House Bill 119, enacted in mid-2007 by the 127th General Assembly, set this “shrinkage allowance” at the following levels, which has been extended through fiscal year 2017 by House Bill 53 of the 131st General Assembly:

- licensed distributors received a 1% discount on total gallons of fuel received, minus 0.5% on gallons sold to retailers, for fuel lost through shrinkage and evaporation; and
- retailers received a 0.5% discount on gallons of fuel purchased from licensed distributors for fuel lost through shrinkage and evaporation. This discount is received in the form of a refund.

Refunds (Ohio Rev. Code § 5735.13, 5735.14, 5735.141, 5735.142, 5735.18, 5734.29). Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund when:

- the motor fuel was used to operate or propel stationary gasoline engines, tractors used for off-highway purposes or unlicensed motor vehicles used exclusively in intra-plant operations;
- the motor fuel was used by watercraft devoted entirely to commercial purposes such as trade or fishing; by vessels used in Boy Scout training; by vessels used or owned by railroad car ferry companies; or by vessels used or owned by federal, state or local governments;
- the motor fuel was used for cleaning or dyeing;
- the motor fuel was used by local transit systems;
- the motor fuel was used in aircraft;
- the motor fuel was lost or destroyed through fire, explosion, lightning or other natural disasters; or

- any person, other than a dealer, sells or uses the fuel outside Ohio, or sells the fuel to the U.S. government or any of its agencies.

Also, a city, exempted village, joint vocational or local school district, an educational service center or a county board of developmental disabilities may be reimbursed for 6 cents per gallon of the total Ohio motor fuel tax paid on fuel.

Fuel Use Tax (Ohio Rev. Code Chapter 5728). The Ohio motor vehicle fuel use tax of 28 cents per gallon is imposed on heavy trucks on the amount of motor fuel consumed in Ohio that was purchased outside of Ohio. A refund or credit is allowed for the tax on fuel purchased in Ohio for use in another state, provided the other state imposes a tax on such fuel and allows a similar credit or refund. During fiscal year 2016, $36.4 million was collected from the fuel use tax and dedicated to the Highway Operating Fund.

Liquid Natural Gas (Ohio Rev. Code § 5735.013). Unlike other forms of motor fuel that are taxed on a per-gallon basis, the tax on liquid natural gas is measured in pounds. The conversion method is the diesel gallon equivalent standard for liquid natural gas adopted by the National Conference on Weights and Measures.

Filing and Payment Dates (Ohio Rev. Code § 5735.06). Taxpayers must submit returns to ODT by the last day of each month for the preceding month's tax liability.

Disposition of Revenue. The motor vehicle fuel tax is composed of five separate taxes, with revenue for each distributed by the Department of Taxation monthly in a different manner. Before any other distributions are made, the Treasurer of State deposits the first 2 percent of the motor fuel tax received for the preceding calendar month to the state Highway Operating Fund. After the Highway Operating Fund distribution and applicable refunds to taxpayers, the following distributions are made from all five levies:

- the Waterways Safety Fund receives 0.875% (Ohio Rev. Code § 5735.051);
- the Wildlife Boater Angler Fund receives 0.125% (Ohio Rev. Code § 5735.051);
- the amount needed to ensure that there are sufficient funds to meet all payments for highway bond retirement is transferred;
- five cents for each gallon sold at stations operated by the Ohio Turnpike Commission is transferred to the commission (Ohio Rev. Code § 5735.23); and
- Motor Fuel Tax Administrative Fund receives 0.275%.

The remainder of each of the state's five motor fuel tax levies is distributed as described below:

2 cents per gallon (Ohio Rev. Code § 5735.05 and 5735.23) – Revenue is distributed as follows:

- $100,000 is transferred monthly to the Grade Crossing Fund; this levy contributes 2/17ths of the monthly $100,000.

  The remaining revenue is distributed as follows:

- 30% to municipal corporations in proportion to their motor vehicle registrations;
- 25% to all counties in equal amounts;
- 45% to the state.

Proceeds are deposited by the state into the Gasoline Excise Tax Fund and then distributed monthly to counties, townships, and municipalities.

2 cents per gallon (Ohio Rev. Code § 5735.25-27) – Revenue is distributed as follows:

- 67.5% to the state;
- 7.5% to all counties in equal amounts;
- 17.5% to all townships in equal amounts;
- 7.5% to municipalities in proportion to their motor vehicle registrations.

Proceeds are deposited by the state into the Gasoline Excise Tax Fund and then distributed monthly to counties, townships, and municipalities.

8 cents per gallon (Ohio Rev. Code § 5735.29-291) – Some 81.25% of this levy is to the State Highway Operating Fund. The remaining 18.75% is distributed to the Gasoline Excise Tax Fund. From this fund:

- 42.86% is distributed to municipalities in proportion to their share of motor vehicle registrations;
- 37.14% is distributed to all counties in equal amounts; and
- 20% is distributed to all townships by the greater of either the equal share of the total amount allocated to all townships or a proportionate share based on township lane miles and the township's proportion of motor vehicle registrations.

1 cent per gallon (Ohio Rev. Code § 5735.30) – All revenue is distributed to the state for highway bond retirement funds, as long as this funding is required. Thereafter, all revenue is directed to the State Highway Operating Fund.

15 cents per gallon ("cents per gallon tax"; Ohio Rev. Code § 5735.05, 5735.23) – One cent from each gallon is transferred to the Local Transportation Improvement Program Fund. Revenue from this levy and the first 2 cents per gallon levy together make up the $100,000 that is transferred monthly to the Grade Crossing Fund (this levy contributes 15/17 of the $100,000). The balance is distributed as follows:

- 75% to the state;
- 9.3% to all counties in equal amounts; and
- 5% to all townships in equal amounts.

Tables & charts

Table 2. Motor Vehicle Fuel Tax Collections (FY 2012-2016, in millions)

Fiscal Year	Gross Collections	Refunds	Net Tax After Refunds
2012	$1,702.2	$18.0	$1,684.2
2013	1,742.7	17.7	1725.0
2014	1,844.8	19.3	1825.5
2015	1,822.1	21.5	1800.6
2016	1,764.2	23.8	1740.4

Source: Ohio Office of Budget and Management financial reports.

Table 3. Motor Vehicle Fuel Use Tax Collections (FY 2012-2016, in millions)

Fiscal Year	Gross Collections	Refunds	Net Tax After Refunds
2012	$31.7	$0.5	$31.2
2013	32.7	0.6	32.1
2014	34.5	0.5	34.0
2015	35.6	0.8	34.9
2016	37.1	0.7	36.4

Source: Ohio Department of Taxation records.

Table 4. Taxable Gallons of Motor Vehicle Fuel (FY 2012-2016)

Fuel Type	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Gasoline	4,969,895,959	4,949,476,989	4,947,722,865	5,064,778,689	5,125,979,101
Diesel[1]		1,526,316,825	1,564,749,514	1,602,376,815	1,605,571,945
Special Fuels	1,533,844,630	4,386,730	6,648,367	11,508,854	9,060,984
Total	**6,503,740,589**	**6,480,180,544**	**6,519,120,746**	**6,678,664,358**	**6,740,612,030**

Source: Ohio Department of Taxation records.

[1]Diesel reported as special fuels prior to FY 2013.

[2]Includes kerosene, biodiesel, and propane fuel used to operate motor vehicles on public highways and waterways.

Table 5. Amounts of Motor Vehicle Fuel Tax Revenue Distributed to Local Governments by County (CY 2015)

County Name	Counties	Townships	Municipalities	Total	County Name	Counties	Townships	Municipalities	Total
Adams	$2,356,713	$1,312,578	$273,720	$3,943,011	Logan	$2,356,713	$1,488,344	$802,186	$4,647,243
Allen	2,356,713	1,170,798	1,650,912	5,178,423	Lorain	2,356,713	1,597,301	7,734,113	11,688,126
Ashland	2,356,713	1,312,578	923,734	4,593,025	Lucas	2,356,713	1,220,421	10,569,205	14,146,339
Ashtabula	2,356,713	2,370,310	1,633,955	6,360,978	Madison	2,356,713	1,225,073	706,558	4,288,344
Athens	2,356,713	1,234,944	610,631	4,202,289	Mahoning	2,356,713	1,639,442	3,175,462	7,171,617
Auglaize	2,356,713	1,225,073	1,088,235	4,670,020	Marion	2,356,713	1,316,660	1,193,544	4,866,917
Belmont	2,356,713	1,437,850	1,135,123	4,929,685	Medina	2,356,713	1,573,627	3,103,100	7,033,440
Brown	2,356,713	1,400,368	457,882	4,214,963	Meigs	2,356,713	1,050,062	200,427	3,607,202
Butler	2,356,713	1,724,639	6,283,661	10,365,014	Mercer	2,356,713	1,225,073	862,646	4,444,432
Carroll	2,356,713	1,232,781	190,285	3,779,779	Miami	2,356,713	1,055,802	2,410,401	5,822,916
Champaign	2,356,713	1,050,062	601,869	4,008,644	Monroe	2,356,713	1,575,093	150,914	4,082,721
Clark	2,356,713	1,025,742	2,115,808	5,498,264	Montgomery	2,356,713	1,152,336	13,654,936	17,163,985
Clermont	2,356,713	1,773,142	785,886	4,915,742	Morgan	2,356,713	1,225,073	102,873	3,684,659
Clinton	2,356,713	1,137,567	688,615	4,182,895	Morrow	2,356,713	1,400,083	248,114	4,004,910
Columbiana	2,356,713	1,628,151	1,584,565	5,569,429	Muskingum	2,356,713	2,221,684	1,118,281	5,696,678
Coshocton	2,356,713	1,925,114	538,594	4,820,421	Noble	2,356,713	1,312,578	101,814	3,771,105
Crawford	2,356,713	1,400,083	960,237	4,717,033	Ottawa	2,356,713	1,050,062	582,410	3,989,186
Cuyahoga	2,356,713	191,962	36,819,969	39,368,644	Paulding	2,356,713	1,050,062	299,462	3,706,237
Darke	2,356,713	1,757,387	940,942	5,055,042	Perry	2,356,713	1,225,073	396,099	3,977,885
Defiance	2,356,713	1,050,062	758,089	4,164,864	Pickaway	2,356,713	1,313,133	810,604	4,480,450
Delaware	2,356,713	1,839,801	1,851,172	6,047,686	Pike	2,356,713	1,225,073	217,363	3,799,149
Erie	2,356,713	820,513	1,711,836	4,889,061	Portage	2,356,713	1,622,952	2,360,732	6,340,396
Fairfield	2,356,713	1,292,552	2,265,037	5,914,302	Preble	2,356,713	1,050,062	656,252	4,063,027
Fayette	2,356,713	875,052	543,819	3,775,584	Putnam	2,356,713	1,312,578	653,096	4,322,387
Franklin	2,356,713	1,598,286	36,687,044	40,642,043	Richland	2,356,713	1,625,630	2,467,006	6,449,349
Fulton	2,356,713	1,061,214	788,580	4,206,507	Ross	2,356,713	1,431,014	933,238	4,720,965
Gallia	2,356,713	1,313,456	171,230	3,841,399	Sandusky	2,356,713	1,062,044	1,023,555	4,442,312
Geauga	2,356,713	1,532,614	1,040,551	4,929,878	Scioto	2,356,713	1,429,770	674,555	4,461,037
Greene	2,356,713	1,079,942	4,070,580	7,507,235	Seneca	2,356,713	1,312,578	1,225,373	4,894,664
Guernsey	2,356,713	1,663,237	534,857	4,554,808	Shelby	2,356,713	1,225,073	1,045,032	4,626,817
Hamilton	2,356,713	2,004,945	16,248,066	20,609,724	Stark	2,356,713	2,349,322	5,700,467	10,406,502
Hancock	2,356,713	1,502,099	1,757,396	5,616,208	Summit	2,356,713	963,276	14,926,015	18,246,004
Hardin	2,356,713	1,312,578	557,103	4,226,393	Trumbull	2,356,713	2,274,519	3,332,031	7,963,263
Harrison	2,356,713	1,312,578	268,863	3,938,153	Tuscarawas	2,356,713	1,933,290	2,075,691	6,365,694
Henry	2,356,713	1,137,567	547,980	4,042,261	Union	2,356,713	1,225,073	842,511	4,424,296
Highland	2,356,713	1,491,098	465,966	4,313,777	Van Wert	2,356,713	1,050,062	513,818	3,920,593
Hocking	2,356,713	970,568	286,832	3,614,113	Vinton	2,356,713	1,050,062	106,321	3,513,096
Holmes	2,356,713	1,225,073	181,538	3,763,324	Warren	2,356,713	1,335,026	3,351,127	7,042,866
Huron	2,356,713	1,662,599	1,354,890	5,374,201	Washington	2,356,713	1,936,379	839,606	5,132,698
Jackson	2,356,713	1,050,062	471,644	3,878,419	Wayne	2,356,713	1,421,085	1,952,040	5,729,838
Jefferson	2,356,713	1,240,797	1,252,086	4,849,596	Williams	2,356,713	1,050,062	737,564	4,144,339
Knox	2,356,713	1,935,887	708,267	5,000,867	Wood	2,356,713	1,742,384	2,646,783	6,745,880
Lake	2,356,713	584,963	6,090,814	9,032,489	Wyandot	2,356,713	1,137,567	507,710	4,001,991
Lawrence	2,356,713	1,265,988	686,290	4,308,992	**Total**	**207,390,736**	**121,055,528**	**240,772,862**	**569,219,127**
Licking	2,356,713	2,239,004	3,176,673	7,772,390					

Source: Records of the Ohio Department of Taxation.

Comparisons with Competitor States (as of June 30, 2016)

Tax Rates (cents per gallon)

State	Gasoline	Diesel	Sales Tax Applicable
Georgia	26	29	No
Indiana	18	16[1]	Yes
Kentucky	26	24.6	No
Michigan	19	15	Yes
North Carolina	34.25	34.25	No
Pennsylvania	50.3	64.0	No
Tennessee	21.4	18.4	No
Texas	20	20	No
West Virginia	33.2	33.2	No

1. An 11-cent per gallon surcharge applies to the in-state consumption of motor fuel by commercial carriers.

History of Major Changes

1925	2 cents per gallon enacted
1927	1 cent increase (3 cents total)
1929	1 cent increase (4 cent total)
1933	1 cent increase (5 cents total)
1947	1 cent decrease (4 cents total)
1953	1 cent increase (5 cents total)
1959	2 cent increase (7 cents total)
1981	3.3 cent increase (10.3 cents total); Ohio Motor Vehicle Use Tax becomes effective July 1, 1980.
1982	1.4 cent increase (11.7 cents total)
1983	0.3 cent increase (12 cents total)
1987	2.7 cent increase (14.7 cents total)
1988	0.1 cent increase (14.8 cents total)
1989	3.2 cent increase (18 cents total)
1990	2 cent increase (20 cents total)
1991	1 cent increase (21 cents total)
1993	1 cent increase (22 cents total)
1995	Ohio joins the International Fuel Tax Agreement (IFTA). IFTA is a state compact between the 48 U.S. states and the Canadian provinces to simplify the reporting of fuel taxes by carriers operating in more than one of these jurisdictions. IFTA is administered by the International Fuel Tax Association, an Arizona non-profit corporation. IFTA auditing is conducted by ODT.
2003	2 cent increase (24 cents total)
2004	2 cent increase (26 cents total)
2005	2 cent increase (28 cents total)

Natural Gas Distribution Tax

Overview. The natural gas distribution tax was enacted by the Ohio General Assembly effective July 1, 2001, as part of a larger series of tax changes involving the natural gas industry. The tax was designed to replace the revenue lost by school districts and local governments when the assessment rate on the personal property of natural gas distribution companies was reduced from 88% to 25%. Effective July 1, 2011, the Ohio General Assembly established that all revenue from the natural gas distribution tax is to be credited to the General Revenue Fund.

Table 1. FY 2016 Natural Gas Consumption Tax Revenue

Natural Gas ConsumptionTax	Revenue
General Revenue Fund	$60,724,877
Total	**$60,724,877**

Source: Office of Budget and Management financial reports.

Taxpayer (Ohio Rev. Code § 5727.811). The tax is levied on companies that distribute natural gas in Ohio.

Tax Base (Ohio Rev. Code § 5727.811). The base of the tax is the amount of natural gas distributed through the meter of an end user in Ohio.

Rates (Ohio Rev. Code § 5727.811). In most cases, a three bracket rate schedule applies to the amount of natural gas distributed to each end user, as measured in 1,000 cubic feet (Mcf).

Distribution to end users	Rates per Mcf
First 100 Mcf per month	15.93 cents per month
Next 101 to 2,000 Mcf per month	8.77 cents per month
2,001 or more Mcf per month	4.11 cents per month

Small distribution companies with 70,000 or fewer customers may elect to apply the standard rate schedule outlined above to the total amount of natural gas distributed to all of its Ohio customers, as if all distribution had been made to a single customer. This results in a lower overall tax rate for the distribution company.

The rate on natural gas distributed to flex customers is 2 cents per Mcf. A flex customer is an industrial or commercial facility that consumed more than one billion cubic feet of natural gas a year at a single location during any of the previous five years or that purchases natural gas distribution services at a discount as part of a special arrangement. Special arrangements are subject to review and regulation by the Ohio Public Utilities Commission under Ohio Rev. Code § 4905.31; a special arrangement with a natural gas distribution company pursuant to a municipal ordinance; or a variable rate schedule that permits rates to vary between defined amounts provided that the schedule is on file with the Public Utilities Commission.

Exemptions (Ohio Rev. Code § 5727.811). The natural gas distribution tax does not apply to the distribution of natural gas to the federal government or natural gas produced by an end user, consumed by that end user or its affiliates, and not distributed through the facility of a natural gas company.

Filing and payment dates (Ohio Rev. Code § 5727.82). Returns and payments are due according to the following schedule:

Quarterly returns	Due date
January - March	May 20th
April - June	August 20th
July - September	November 20th
October - December	February 20th

Disposition of Revenue (Ohio Rev. Code § 5727.811). All revenue is deposited in the state's General Revenue Fund.

Tables & Charts

Table 2. Natural Gas Tax Revenue (FY 2012-2016, in millions)

Fiscal Year	Revenue
2012	$60.2
2013	57.8
2014	76.1
2015	74.7
2016	60.7

Source: Office of Budget and Management financial reports.

Comparisons with Competitor States (as of June 30, 2016). Georgia, Kentucky, Indiana, Michigan, North Carolina, Pennsylvania, Tennessee, Texas, and West Virginia do not have comparable natural gas distribution-based taxes.

History of Major Changes

2000	Legislature enacts HB 287, creating the tax effective July 1, 2001. The tax is designed to replace local tax revenue that will be lost from a reduction in natural gas utility personal property tax assessment percentages.
2002	Distribution formula is changed. The share to the School District Property Tax Replacement Fund falls from 70 percent to 68.7 percent; the share to the Local Government Property Tax Replacement Fund is increased from 30 percent to 31.3 percent.
2011	The 129th General Assembly enacts HB 153, allocating 100 percent of the revenue to the state General Revenue Fund effective July 1, 2011.

Pass-through Entity and Trust Withholding Tax

Overview. The pass-through entity and trust withholding tax, enacted in 1998, is not so much a separate tax as it is a mechanism designed to collect individual income tax that is otherwise due and payable by equity investors in certain pass-through entities. All of the revenue collected from pass-through entities is included in the income tax revenue amounts reported by the Office of Budget and Management (OBM) and shown in Table 1 in the Individual Income Tax section of this report. The income tax liability associated with pass-through entity withholding is included in statistical tables 4 through 15 only to the extent that the individual investors subject to withholding file an Ohio individual income tax return.

A pass-through entity is an S corporation, a partnership, or a limited liability company (LLC) treated for federal income tax purposes as either a partnership or an S corporation. Each qualifying pass-through entity doing business in Ohio or otherwise having nexus with Ohio is subject to the pass-through entity withholding tax. Qualifying trusts are also subject to the withholding tax. See the Special Provisions section in this chapter for details. Many pass-through entities are not "qualifying pass-through entities" and, therefore, are not subject to the withholding or composite tax. Pass-through entities not subject to the withholding tax include entities whose investors are limited to full-year Ohio resident individuals or Ohio resident estates. A more complete listing of exempt pass-through entities is available in the Exemptions and Exclusions section of this chapter. The tax is primarily collected through the use of two forms: form IT 1140 and form IT 4708.

An explanation of each follows:

IT 1140 – The IT 1140 is a withholding form that the qualifying pass-through entity completes and files with the Department of Taxation. Through the IT 1140, a tax of 5% is withheld from the income of all qualifying individual investors and an entity tax of 8.5% is withheld from the income of qualifying investors that are not individuals. The entity tax, historically 8.5%, was phased out for most corporate investors as part of the phase-out of the corporation franchise tax but still applies to most investors who are themselves pass-through entities (see Entity Tax Phase-Out for Qualifying Investors). When completing their individual tax returns (IT 1040), a qualifying individual investor may claim a refundable income tax credit based on the investor's proportionate shares of the pass-through withholding and entity tax reported on the IT 1140.

IT 4708 – This form is a composite return completed and filed by the pass-through entity on behalf of one or more of the entity's investors for whom income tax has not been previously withheld. This form is somewhat analogous to an IT 1040; by being included in form IT 4708, nonresident investors meet their filing and payment obligation with respect to that income and need not file a separate individual income tax return unless they have other Ohio-source income. On the IT 4708, the tax is calculated at the highest individual income tax rate for nonbusiness income for the taxable year for which the return is filed.

Entity Tax Phase-Out for Qualifying Investors (Ohio Rev. Code 5733.41). The entity tax that a qualifying pass-through entity must withhold was phased out for qualifying investors that were also subject to the phase-out of the corporation franchise tax. Certain investors were not subject to the phase-out rates. For these qualifying investors, the pass-through entity must continue to compute the entity tax at the rate of 8.5%. These investors include: certain financial holding companies, bank holding companies and savings and loan holding companies, certain affiliates of these holding companies, and certain affiliates of financial institutions, certain affiliates of insurance companies, and securitization companies. The 8.5% entity tax rate also continues to apply to investors that are estates, trusts, and other pass-through entities.

Taxpayer (Ohio Rev. Code 5733.40, 5747.08). A qualifying pass-through entity is generally an "S" corporation, a partnership or an LLC treated for federal income tax purposes as a partnership or an "S" corporation. See the Exemptions and Exclusions section of this chapter for a list of pass-through entities excluded from the definition of a qualifying pass-through entity.

Tax Base (Ohio Rev. Code § 5733.40, 5747.02, 5747.08, 5747.40-401)

Form IT 1140

The tax base is the net sum of qualifying investors' distributive shares of the pass-through entity's income, gain, expense and loss apportioned to Ohio. This net sum is known as the "adjusted qualifying amount."

Form IT 4708

The tax base is the distributive shares of the pass-through entity's taxable income to qualifying non-corporate investors, to the extent that such income was not reported on form IT 1140.

Rates (Ohio Rev. Code § 5733.41, 5747.02, 5747.08, 5747.41)

Form IT 1140

A 5% withholding tax rate applies to adjusted qualifying amounts for those qualifying equity investors who are individuals. Before 2005, an 8.5% entity tax rate was uniformly applied to adjusted qualifying amounts for those qualifying equity investors that are not individuals. However, this entity tax is 0% on those "adjusted qualifying amounts" that pertain to qualifying investors subject to the phase-out of the corporate franchise tax. No tax is due if the total adjusted qualifying amount is $1,000 or less.

Form IT 4708

The applicable rate is the highest marginal individual income tax rate, which was 4.997% for the 2016 taxable year.

Exemptions and Exclusions (Ohio Rev. Code § 5733.40-402, 5747.08, 5747.401)

Form IT 1140

The following are not qualifying pass-through entities: disregarded entities and qualifying subchapter S subsidiaries if the owner is filing, or is exempt from filing, with the Ohio Department of Taxation the appropriate income or franchise tax returns; entities having no qualifying investors (see below for a list of investors that do not qualify); pension plans and charities; publicly-traded partnerships; real estate investment trusts (REITs), regulated investment companies (RICs), and real estate mortgage investment conduits (REMICSs);

The following investors are not qualifying investors:

- pension plans or charities;
- publicly-traded partnerships;
- colleges or universities;
- investors that are public utilities in Ohio and are required to pay the Ohio public utility excise tax;
- investors that are insurance companies, fraternal corporations, beneficial corporations, bond investment corporations, health maintenance organizations or any other corporation required to file an annual report with the Ohio superintendent of insurance;
- investors that are dealers in intangibles as defined in R.C.5725.01(B);
- real estate investment trusts (REITs), regulated investment companies (RICs) and real estate mortgage investment conduits (REMICs);
- non-resident individual estates on whose behalf, the qualifying pass through entity files Ohio form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-through Entity, for the taxable year;
- investors that are themselves qualifying pass-through entities if the qualifying pass-through entities' investors during the three-year period beginning 12 months before the first day of the investee entity's taxable year are limited to those investors set forth in any of the items, above (or any combination thereof);

- investors that are themselves pass-through entities, but only if the owners of those other pass-through entities are limited to (i) individuals who are full-year residents of Ohio, (ii) estates domiciled in Ohio, (iii) nonresident individuals on whose behalf those other pass-through entities file Ohio form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-through Entity, and/or (iv) nonresident estates on whose behalf those other pass-through entities file Ohio form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-through Entity, for the taxable year;
- Investors that are either trusts or funds whose beneficiaries are limited to the following during the taxable year of the qualifying pass-through entity: beneficiaries of a pension plan trust, profit-sharing trust, a stock bonus plan trust or similar retirement trust; beneficiaries of or the recipients of payments from a trust or fund that is a nuclear decommissioning reserve fund, a designated settlement fund, or any other similar trust or fund established to resolve and satisfy injury claims; or beneficiaries of a complex trust, but only if the trust irrevocably agrees in writing that, for the taxable year during or for which the trust distributes any of its income to any of its beneficiaries who are individuals residing outside Ohio, the trust will withhold tax as required under R.C. 5747.41 through 5747.453.
- Investors that are "investment pass-through entities" (defined below), but only if the investment pass-through entity provides to the qualifying pass-through entity the name, address and Social Security number or federal employer identification number (FEIN) of each person who has an equity investment in the investment pass-through entity.
- Investors that are either trusts or funds whose beneficiaries are limited to the following during the taxable year of the qualifying pass-through entity; • Persons that are or may be beneficiaries of a pension plan trust, profit-sharing trust, a stock bonus plan trust or similar retirement trust; OR • Persons that are or may be beneficiaries of or the recipients of payments from a trust or fund that is a nuclear decommissioning reserve fund, a designated settlement fund, or any other similar trust or fund established to resolve and satisfy similar injury claims; OR • Persons who are or may be the beneficiaries of a complex trust, but only if the trust irrevocably agrees in writing that, for the taxable year during or for which the trust distributes any of its income to any of its beneficiaries who are individuals residing outside Ohio, the trust will be withholding tax as required under R.C. sections 5747.41 through 5747.453.
- Investors that are "investment pass-through entities", but only if the investment pass-through entity provides to the qualifying pass-through entity the name, address and Social Security number or federal employer identification number (FEIN) of each person who has an equity investment in the investment pass-through entity using the Ohio IT K-1.

Special Provisions (Ohio Rev. Code § 5747.08)

Form IT 1140

Qualifying trusts – Qualifying trusts are also subject to the 5% withholding tax. A qualifying trust is generally any trust that meets all four of the following tests: files the IRS form 1041, U.S. Income Tax Return, for Estates and Trusts; has at least one beneficiary who is neither a full-year Ohio resident individual nor an Ohio resident estate; makes a distribution to a nonresident beneficiary; and the distribution directly or indirectly relates either to real estate located in Ohio or to tangible personal property located in Ohio. If an entity is a trust whose beneficiaries are limited to full-year Ohio resident individuals or Ohio resident estates, then it is not a qualifying trust and is not subject to the pass-through entity withholding tax. The filing, payment, and credit provisions that apply to qualifying pass-through entities and investors also apply to qualifying trusts and beneficiaries.

Pass-through to Pass-through – The 8.5% entity withholding tax does not apply to any pass-through entity to the extent that the pass-through entity's distributive shares of income and gains pass through from that entity to another pass-through entity (referred to as the "investing entity"), as long as four conditions are met by the investing entity: is not an "investment pass-through entity" (see below); acknowledges that it has nexus with Ohio during the taxable year; makes a good faith effort to comply with the 8.5% entity tax or the 5% withholding tax, as applicable; and includes in its apportionment factors its proportionate share of each lower-tiered pass-through entity's property, payroll, and sales.

Investment pass-through entities – Neither the 8.5% entity tax nor the 5% withholding tax applies to the items and income, listed below, that are earned by an "investment pass-through entity." An investment pass-through entity is a pass-through entity having at least 90% of its assets represented by intangible assets and having at least 90% of its gross income from one or more of the following sources:

• transaction fees earned in connection with the acquisition, ownership or disposition of intangible property;
• loan fees;
• financing fees;
• consent fees;
• waiver fees;
• application fees;
• net management fees (management fees that the pass-through entity earns or receives from all sources reduced by the management fees that the pass-through entity incurs or pays to any person), but only if such net management fees do not exceed 5 percent of the pass-through entity's profit;
• dividend income;
• interest income;
• net capital gains from the sale or exchange of intangible property;
• all types and classifications of income and gain attributable to distributive shares of income and gain from other pass-through entities.

Investment pass-through entity investors – An equity investor in an investment pass-through entity is deemed to be an equity investor in any other qualifying pass-through entity in which the investment pass-through entity is a direct investor. Each deemed investor's portion of such qualifying pass-through entity's adjusted qualifying amount is the product of the adjusted qualifying amount that would otherwise pass-through to the investment pass-through entity, multiplied by the percentage of the deemed investor's direct ownership in the investment pass-through entity.

Form IT 4708 – A pass-through entity cannot claim nonbusiness exemptions or nonbusiness credits, such as the personal exemption credit. However, the pass-through entity can claim a proportionate share amount of business credits (such as the job training credit) for those investors that are included on the pass-through entity's return. Also, the election to file a composite IT 4708 return applies only to the taxable year for which the election is made. Unless the Tax Commissioner provides otherwise, this election is binding and irrevocable for the taxable year for which the election is made.

Filing and payment dates (Ohio Rev. Code § 5747.08-09, 5747.42-44, Ohio Admin. Code 5703-7-01)

Form IT 1140

Qualifying pass-through entities whose total "adjusted qualifying amounts" exceed $10,000 must make estimated quarterly tax payments on Form IT 1140 ES. The IT 1140 must be filed by the 15th day of the fourth month following the end of the entity's taxable year. For taxpayers with a January 1 through December 31 taxable year, the return is due on April 15. If the entity has sought an extension of time to file its federal tax return (IRS form 1065 or 1120S), then the qualifying pass-through entity has the same extended time to file the Ohio tax return. The payment deadline, however, will not be extended.

Form IT 4708

The pass-through entity must make estimated tax payments on Form IT 4708 ES if the pass-through entity's tax due for the current year is more than $500. The return is generally due by April 15 of the calendar year immediately following the calendar year in which the pass-through entity's taxable year ends. If the pass-through entity has sought an extension of time to file its federal tax return, then the pass-through entity has the same extended time to file the Ohio return on form IT 4708.

Disposition of Revenue (Ohio Rev. Code § 5733.12, 5747.41). The revenue collected from the IT 1140 withholding tax and the form IT 4708 tax is treated as individual income tax revenue.

Tables & Charts

Table 1. Collections from IT 4708 and 1140 (FY 2012-2016, in millions)

Fiscal Year	IT 4708	IT 1140
2012	$155.6	$151.2
2013	205.6	196.4
2014	168.2	179.8
2015	199.8	228.3
2016	200.6	221.7

Source: Ohio Department of Taxation

Please note, refundable pass-through entity tax credits claimed on the IT 1040 for taxable year 2014 were approximately $127.5 million.

Comparisons with Competitor States (as of June 30, 2016). The states with a tax most closely approximating this tax are those states requiring withholding tax on the pass-through entity income of nonresident investors. These states include Georgia, Indiana, Kentucky, Michigan, North Carolina, Pennsylvania, and West Virginia.

History of Major Changes

1998	Withholding tax enacted at a rate of 5% on individual qualifying investors and 8.5% on non-individual qualifying investors.
2002	Ohio decoupled from federal accelerated depreciation laws requiring a 5/6 add back for bonus depreciation.
2003	HB 127 revised Ohio's method of situsing sales in Ohio as part of the sales factor for apportioning corporate and trust income.
2005	HB 66 launched a gradual phase-out of the 8.5% entity withholding tax rate for that portion of adjusted qualifying amounts pertaining to investors subject to the phase-out of the corporate franchise tax. The phase-out completes in 2009.

Petroleum Activity Tax (PAT)

Overview. For tax periods commencing on or after July 1, 2014, receipts from the sale, transfer, exchange, or other disposition of motor fuel became excluded from the definition of gross receipts for purposes of the commercial activity tax (CAT). At that time, suppliers of motor fuel began to pay the replacement motor fuel receipts tax measured by the supplier's gross receipts derived from the first sale of motor fuel within this state or "actual gross receipts." Beginning with tax periods commencing on or after July 1, 2015, the PAT statute was amended to change the tax base from "actual gross receipts" to "calculated gross receipts." Calculated gross receipts is the product of taxable gallons sold multiplied by a statewide wholesale price per gallon.

Table 1. FY 2016 Petroleum Activity Tax Collections

Petroleum Activity Tax	Collections
Petroleum Activity Tax Public Highways Fund	$71,488,958
General Revenue Fund	$6,887,603
R057 PAT Hold Account	($20,790)
Petroleum Activity Tax Admin Fund	$791,682
Total	**$79,147,453**

Taxpayer (Ohio Rev. Code § 5736.01). The PAT is imposed on each "supplier" of motor fuel. A "supplier" is any person that meets any of the following: (1) Sells, transfers, or otherwise distributes motor fuel from a terminal or refinery rack to a location in this state and that point is outside of a distribution system; (2) Imports or causes the importation of motor fuel for sale, exchange, transfer, or other distribution by the person to location in this state and that point is outside of a distribution system; (3) Knowingly purchases motor fuel from an unlicensed supplier.

Tax Base (Ohio Rev. Code § 5736.01, 5735.01). For all sales of motor fuel, calculated gross receipts are the product of the total number of gallons first sold within this state by a supplier during the tax period multiplied by an average statewide wholesale price per gallon, by motor fuel type, for the calendar quarter that begins six months before the upcoming calendar quarter. With respect to sales of gasoline, the statewide average wholesale price of unleaded regular gasoline is utilized. With respect to sales of propane, the average wholesale price of propane is utilized. For sales of all motor fuel that is not gasoline or propane, the statewide wholesale price of diesel fuel is utilized. Motor fuel means gasoline, diesel fuel, K-1 kerosene, or any other liquid motor fuel, including, but not limited to liquid petroleum gas or liquid natural gas, but excluding substances prepackaged and sold in containers of five gallons or less.

Tax Rate (Ohio Rev. Code § 5736.02). The PAT is levied at a rate of 0.65%, which is 2.5 times the CAT rate of 0.26%.

Exclusions (Ohio Rev. Code § 5736.01). Any fuel sold by a supplier to a point outside of Ohio is not included in the supplier's tax base for purposes of the PAT. Motor fuel exchanges and the sale of fuel on which the supplier may claim a bad debt are also excluded from the tax base. Additionally, blend stock or additives on which the tax has previously been paid may be excluded from calculated gross receipts.

Credits (Ohio Rev. Code § 5736.50). Two tax credits are available for PAT taxpayers. These are the refundable and non-refundable job retention tax credits. Information about these credits has been consolidated in the **Business Tax Credits** chapter of the Annual Report.

Publication of Average Wholesale Prices (Ohio Rev. Code § 5736.02). The Tax Commissioner determines and publishes, on the website of the Department of Taxation, the statewide average wholesale prices of a gallon of unleaded regular gasoline, of a gallon of propane, and of a gallon of diesel fuel for each calendar quarter. The figure must be published at least 15 days before the beginning of the calendar quarter. The Commissioner bases the average wholesale price on pricing information available from the United States Energy Information Administration or, if such information is not available from that agency, from another publicly available source selected by the Commissioner. The Commissioner makes reasonable efforts to obtain data specific to Ohio before using national data to determine average wholesale price. The price does not include any federal or state excise taxes on the gasoline or diesel fuel or the PAT. The price is rounded up to the nearest one-tenth of one cent.

Licensing (Ohio Rev. Code § 5736.06). All motor fuel suppliers subject to PAT must apply for a license with the Tax Commissioner. All suppliers are required to renew their licenses annually on or before March 1. Importers, applicants that solely import or cause the importation of motor fuel for sale, exchange, or transfer in this state are subject to a $300 license fee. Distributors, applicants that sell, transfer, exchange, or otherwise dispose of motor fuel to a point outside the distribution system, are subject to a $1,000 license fee. Applicants operating as both an importer and a distributor are subject to a $1,000 license fee.

Filing and Payment Dates (Ohio Rev. Code § 5736.04). Taxpayers must file quarterly electronic returns through the Ohio Business Gateway. Quarterly returns are due by the 10th day of the second month after the end of each calendar quarter (May 10, August 10, November 10, and February 10).

Disposition of Revenue (Ohio Rev. Code § 5736.02 and 5736.13). All collections from the PAT are deposited in the petroleum activity tax fund. From that fund, one percent is dedicated to the petroleum activity tax administration fund. The portion of the remainder derived from the sale of motor fuel used for propelling vehicles on public highways and waterways is deposited in the Petroleum Activity Tax Public Highways Fund and must be used for the purposes of maintaining the state highway system, funding the enforcement of traffic laws, and covering the costs of hospitalization of indigent persons injured on public highways. All other revenue is deposited in the state General Revenue Fund.

Tables and charts

Table 2. Petroleum Activity Tax Returns (FY 2016, in millions)

	Number of Filers	Total Gross Receipts	Gross Receipts Highway	Gross Receipts Non-Highway	Non-Refundable Credits	Refundable Credits	Total tax Due
Less than $100,000	23	$0.9	$0.2	$0.6	$0.0	$0.0	<$0.1
$100,000 - $499,999	21	$5.7	$2.4	$3.3	$0.0	$0.0	<$0.1
$500,000 - $1,999,999	21	$21.2	$14.2	$7.0	$0.0	$0.0	$0.1
$2,000,000 - $4,999,999	16	$55.4	$24.7	$30.7	$0.0	$0.0	$0.4
$5,000,000 - $9,999,999	9	$64.6	$41.3	$23.2	$0.0	$0.0	$0.4
$10,000,000 - $99,999,999	28	$810.1	$563.6	$246.5	$0.1	$0.5	$4.7
$100 million and above	9	$11,331.0	$10,435.9	$895.1	$4.8	$2.7	$66.2
Total	**127**	**$12,288.8**	**$11,082.4**	**$1,206.5**	**$4.9**	**$3.2**	**$71.8**

Comparisons with Competitor States (as of June 30, 2016). No state selected for comparison in this publication imposes a tax measured by gross receipts from the sale or exchange of motor fuel.

History of Major Changes

2013	HB 59 enacted the motor fuel receipts tax (MFRT) to replace the Commercial Activities Tax as it applies to receipts from the sale or exchange of motor fuel. MFRT begins July 1, 2014.
2014	HB 492 renamed the MFRT the Petroleum Activity Tax and changed the basis of the tax from actual gross receipts to a per-gallon, average price-per-gallon basis.
2015	HB 64 changes the base upon which the tax is imposed in the case of propane by using the average market price of propane, instead of diesel, to calculate a taxpayer’s gross receipts.

Public Utility Excise Tax

Overview. Ohio's public utility excise tax is a tax on the privilege of doing business in Ohio, measured by gross receipts, which dates back to 1894. Classes of public utilities liable for the tax include natural gas, heating, pipeline, telegraph, water transportation and water works companies. Companies liable for this excise tax do not pay the commercial activity tax. Gross receipts comprise the tax base for the utility classes, with rates of 6.75% for pipeline companies and 4.75% for all other taxpayers.

Close to $112.2 million in public utility excise tax liabilities were reported during the 2015 tax year. Of the total reported tax liabilities, natural gas companies accounted for approximately 94% of the total.

Table 1. FY 2016 Public Utility Excise Tax Collections

GRF	$103,253,295

Taxpayer (Ohio Rev. Code § 5727.01-02). Taxpayers include heating, pipeline (excluding businesses primarily consisting of producing or gathering natural gas or producing, refining, or marketing petroleum products), water transportation, water works and natural gas companies.

Tax base (Ohio Rev. Code § 5727.01, 5727.24, 5727.30). The tax is measured by taxable gross receipts.

Tax Rates (Ohio Rev. Code § 5727.24-25, 5727.38). The tax rate is 6.75% for pipeline companies and 4.75% for all other taxpayers. A minimum tax of $50 applies each tax year.

Exemptions and deductions (Ohio Rev. Code § 5727.02 and 5727.33). Public utilities owned by municipal corporations are exempt from the tax. Also exempt are all telephone companies, inter-exchange telecommunications companies, electric companies, rural electric companies, nonprofit water companies, and railroads. All companies receive a standard annual deduction of $25,000. Natural gas companies paying quarterly receive a $6,250 deduction on each return. Additionally, the following gross receipts are exempt from the tax:

- receipts derived wholly from interstate business.
- receipts from business done for the federal government.
- receipts from the sale of merchandise.
- receipts from sales to other public utilities for resale.
- receipts billed on behalf of other entities by natural gas companies.

Credits (Ohio Rev. Code § 5727.29 and 5727.241). Natural gas and combined electric and natural gas companies are entitled to a refundable credit equal to the sum of the three estimated payments under the old public utility excise tax made on or before Oct. 15, 1999, and on or before the first day of March and June 2000. For such combined companies, the sum of the three estimated payments is multiplied by an apportionment factor, the numerator of which is taxable gross receipts from operating as a natural gas company and the denominator of which is entire taxable gross receipts, for the period ending April 30, 2000. This amount totaled $129.1 million. One-sixtieth of the credit must be claimed on each quarterly tax return filed until the full amount of the credit is claimed. This amount is approximately $2.2 million. This credit could first be claimed on the return due on or before Nov. 15, 2001 and is scheduled to expire with the quarter ending Dec. 31, 2016. Also, natural gas and combined electric and natural gas companies may claim a refundable venture capital investment credit against the tax imposed. The credit amount and tax year in which the credit may be claimed must be listed on a tax credit certificate issued by the Ohio Venture Capital Authority.

Filing and Payment Dates (Ohio Rev. Code § 5727.25, 5727.31, 5727.38, 5727.42, 5727.48). Annual statements - Company annual statements (returns) are due to the tax commissioner by August 1 for the tax year ending April 30. Taxpayers may request an extension of up to 60 days.

Tax certifications - By the first Monday in November, the tax commissioner assesses the amount of tax due for the year and certifies that amount both to the company and to the treasurer of state.

Advance payments - Companies with a tax liability of $1,000 or more during the preceding year are required to make three advance payments, each in an amount equal to one-third of the previous year's certified tax liability. These advance payments are due to the treasurer of state on October 15, March 1 and June 1.

Final payments - When the current year's total tax liability exceeds the sum of the three advance payments, there is a deficiency. Tax bills are generally issued in November, within 20 days of certification by the tax commissioner, and are due 30 days after mailing by the treasurer of state. A refund is issued when advance payments exceed the total liability certified by the tax commissioner.

Natural gas and combined electric and gas companies - Companies that exceeded $325,000 in annual liability pay the excise tax quarterly. Quarterly payments are due 45 days after the end of each calendar quarter. Companies below the $325,000 threshold for the preceding calendar year pay 45 days after the thirty-first day of December.

Disposition of Revenue (Ohio Rev. Code § 5727.45). All revenues from the public utility excise tax are deposited into the General Revenue Fund.

Tables & Charts

Table 2. Public Utility Excise Tax Revenue (FY 2012-2016, in millions)

Fiscal Year	Revenue	Refunds	Total
2012	$113.9	$2.6	$116.5
2013	96.7	0.2	96.9
2014	106.0	< 0.1	106.0
2015	97.5	17.0	114.5
2016	103.3	0.5	103.7

Source: Office of Budget and Management.

Table 3. Public Utility Excise Tax Levied by Class of Utility (TY 2011-2015)

Class of Utility	Number of Taxpayers	Tax Rate	2011	2012	2013	2014	2015
Natural Gas	32	4.75%	$117,578,649	$92,037,145	$93,148,668	$103,355,955	$105,699,223
Waterworks	8	4.75%	1,312,944	3,944,237	4,048,664	6,279,007	4,302,162
Pipeline	10	6.75%	123,570	380,200	246,087	1,154,568	724,565
Other[1]	3	4.75%	537,328	1,537,402	1,305,216	1,481,935	1,442,314
Totals	**53**		**$119,552,491**	**$97,898,984**	**$98,748,636**	**$112,271,465**	**$112,168,264**

Source: Treasurer of State

[1]Includes water transportation and heating.

Comparison with Other States (July 1, 2016)

State	Tax
Georgia	All electric, railroad, water, steam, and natural gas companies are subjected to the state's corporate income tax and franchise tax in the same manner as other non-utility corporations. The state charges specific assessments on tele- communication companies to ensure basic services as well as a surcharge on natural gas customers to help pay for services to low-income customers.
Indiana	A 1.4% excise tax is imposed on the gross receipts from the sale of electricity, natural gas, water, steam, sewage, or telecommunications services within the state. A 1.4% use tax is imposed on the consumption of utility services purchased from out-of-state providers
Kentucky	Public utilities pay a utility gross receipts license tax for schools of up to 3%. In addition, telecommunications providers pay a 3% telecommunications tax on multichannel video programming (MVP) services, a 2.4% gross revenue tax on MVP services, and a 1.3% gross revenue tax on communications services.
Michigan	The state does not levy a specific public utility excise tax. Utilities organized as C corporations are subject to Michigan corporate income tax. Cities that are organized as corporations with a population over 600,000 may levy a "utility users tax" on utility and intra- state communications service. Detroit levies such a tax at a 5% rate.
North Carolina	Telecommunication, railroad, transportation, and water and sewerage companies are subject to the state's corporate income tax and general business franchise tax. Sales of electricity and piped natural gas in the state are subject to the state sales tax (4.75%) and local sales taxes (in most counties, the combined rates amount to 6.75% or 7%).
Pennsylvania	Electric companies pay a rate of 4.4% on gross receipts, plus a "revenue-neutral reconciliation" rate of .5%, for a total rate of 5.9%. Transportation, telecommunications, and telegraph companies pay a rate of 5% on gross receipts comprised of a base rate of 4.5% and a surtax of 0.5%.
Tennessee	Gas, water, and electric utilities pay a utility gross receipts tax rate of 3% on gross receipts from intrastate commerce. Telecommunication companies and oil companies are exempt from that tax. A separate gross receipts tax is imposed at a 3% rate on the gross receipts of other "public utilities. Companies that manufacture or distribute manufactured or natural gas pay a rate of 1.5% on gross receipts. A credit is allowed against liability for franchise and excise taxes paid by the utility.
Texas	Three utility classes (gas, electric, and water) pay utility gross receipts tax rates ranging from 0.581% to 1.997% of gross receipts from business done in incorporated cities or towns, depending upon the population of the incorporated city or town in which the utility operates.
West Virginia	West Virginia levies business and occupation taxes measured by gross receipts on public utilities. Water companies pay tax at a rate of 4.4%. Natural gas companies and toll bridges pay tax at a rate of 4.29%. Other public service/ utility businesses pay tax a rate of 2.86%. Street, inter-urban and electric railways pay at a rate of 1.4%. Electric power companies (producers) pay a rate based on the generating capacity of their electric generating facilities.

History of Major Changes

1894	Legislature enacted tax.
1911	Current tax structure established.
1935	A 1% rate increase is applied to certain utilities.

1938	Rates increased for certain utilities.
1963	Advance payment system begins.
1966	Starting July 1, 1966, all revenue is allocated to the state's general revenue fund. Previously, close to half of the revenue was distributed to counties and cities for poor relief and other welfare programs.
1971	Rates are increased from 3% to 4% for most utilities.
1980	For 1981, rates are temporarily increased from 4% to 5% for most utilities.
1981	For 1982, rates are temporarily increased from 4% to 4.5% for most utilities. In addition, a 5.55% surtax is imposed on utilities' 1982 liabilities.
1982	For 1983, rates are temporarily increased from 4.25% to 4.5% for most utilities. In addition, a 5.55% surtax is imposed on utilities’ 1983 liabilities.
1983	For 1983, rates are temporarily increased from 4.5% to 5% for most utilities. For 1984 and thereafter, rates are permanently increased from 4.25% to 4.75% for most utilities.
1987	Long-distance telephone companies are exempted from the public utility excise tax.
1991	In response to a 1987 federal court decision (General American Transportation Corp. v. Limbach) the legislature repealed the tax for freightline and equipment companies as well as interstate toll bridge, artificial gas, union depot. cooling, express and messenger companies, starting with the 1990 tax year.
1999	Electric and rural electric companies shifted to the kilowatt-hour tax, effective May 1, 2001. Final public utility excise tax payments for such companies are due June 2001.
2000	Large natural gas companies required to begin paying the excise tax on a quarterly basis.
2003	Telephone companies shifted from the public utilities excise tax to the corporation franchise tax, effective after the 2004 tax year.

Replacement Tire Fee

Overview. The replacement tire fee generates revenue intended to defray the cost of regulating scrap tire facilities and to abate accumulations of scrap tires. Revenue from the fee also funds grants to promote research regarding alternative methods of recycling scrap tires and loans to promote the recycling or recovery of energy from scrap tires. The fee was enacted by the Ohio General Assembly effective Dec. 1, 1993.

Taxpayer (Ohio Rev. Code § 3734.903). The tire fee is paid by any wholesale distributor of replacement tires or by any retail dealer acquiring tires on which the fee has not been paid.

Tax Base (Ohio Rev. Code § 3734.90-.901). The tire fee applies to the sales of new tires with rims of 13 inches or more designed for use on a motor vehicle and sold as replacements. Tires that are used, or retreads, or tires on a new motor vehicle are not subject to the tire fee.

Tax Rate (Ohio Rev. Code § 3734.901). The tire fee is $1.00 per tire.

Filing and Payment Dates (Ohio Rev. Code § 3734.904). Returns and payments are due on the 20th day of each month. If the return and total fees due are filed and paid timely, the taxpayer is entitled to a discount of 4% on the total amount due.

Disposition of Revenue (Ohio Rev. Code § 3734.901-.9010). The Tire Fee Administration Fund receives 2% for appropriation to ODT to cover administrative costs. The remaining 98% is distributed evenly between the Scrap Tire Management Fund and the Soil and Water Conservation District Assistance funds.

Tables & Charts

Table 1. Replacement Tire Fee Revenue (FY 2012-2016)

Fiscal Year	Total
2012	$7,271,123
2013	$7,047,554
2014	$7,649,409
2015	$7,348,806
2016	$7,627,343

Source: Office of Budget and Management

Comparisons with Competitor States (as of June 30, 2016)

Georgia	$1 per tire.
Indiana	25 cents per tire on new tires.
Kentucky	$1 per tire on new tires.
Michigan	$1.50 tire disposal surcharge assessed on vehicle title transfers.
North Carolina	2 percent privilege tax on all tires sold that are less than 20 inches in bead diameter;1 percent for tires with a bead diameter at least 20 inches.
Ohio	$1 per tire on new replacement tires.
Pennsylvania	$1 per tire on new replacement tires.
Tennessee	$1.35 per tire on new replacement tires.
Texas	No state fee.[1]
West Virginia	$5.00 imposed on each car registration.
[1]Texas: Generators (tire dealers, junkyards and others that scrap tires) may charge customers a fee for transportation and storage of scrap tires.	

History of Major Changes

1993	SB 165 created the fee effective December 1, 1993 with a sunset date of June 30, 2002.
1999	HB 283 extended the fee through June 30, 2006.
2001	HB 94 increased the fee from 50 cents to $1 per tire.
2005	HB 66 extended the tire fee through June 30, 2011. The percentage of revenue distributed to the Tire Fee Administration Fund is reduced from 4% to 2%. The percentage to the Scrap Tire Management Fund rises to 98%.
2011	HB 153 extended the tire fee through June 30, 2013 and stipulated that a portion of the revenue be distributed to the Soil & Water Conservation District Conservation Fund.
2013	HB 59 extended the tire fee through June 30, 2016.

Sales and Use Taxes

Overview. The sales and use tax is the state's primary source of revenue. The Ohio sales tax dates to 1934, when the General Assembly enacted a 3% sales tax effective January 1935. The use tax followed a year later. In 1967, the legislature adopted a 4% state rate and, for the first time, authorized county governments to levy piggyback taxes, subject to repeal by a majority vote of the county electorate. In 1974, transit authorities were also granted the authority, with voter approval, to levy piggyback taxes.

The current state sales and use tax rate, 5.75%, was established on Sept. 1, 2013. During fiscal year 2016, the tax generated more than $10.5 billion in revenue. Of that amount, approximately 98.2% or about $10.3 billion was distributed to the General Revenue Fund (GRF). The balance was distributed to the Public Library Fund.

Chart 1. FY 2016 Distribution of Revenue from the Sales and Use Tax

GRF	$10,347,997,909
Public Library Fund	$189,285,713
Total	**$10,537,283,621**

Taxpayer (Ohio Rev. Code § 5739.01, 5739.03, 5739.031, 5739.17, 5741.01). With limited exceptions, the general rule is the sales tax imposed is paid by the consumer to the vendor who collects the tax as a trustee for the State of Ohio. Any person who makes a retail sale subject to tax, or stores, uses, or consumes tangible personal property, or realizes a benefit in this state from any taxable service on which sales tax has not been paid is required to file a return and remit the sales or use tax due. See Exhibit 1 for a description of taxpayers and applicable vendor's licenses.

Exhibit 1. Sales and Use Taxpayers and License, Permit or Account Types

Taxpayer	Cost of License	Description
Vendor	$25	Each person or business establishment located in Ohio making retail sales.
Transient Vendor	$25	Retailer who makes sales in any county in which they have no fixed place of business. The license is valid statewide.
Seller	No Fee	Retailer located outside of Ohio who makes retail sales of property or services for storage, use, or consumption in Ohio.
Direct pay permit holder	No Fee	Consumers authorized by the Tax Commissioner to remit tax directly to the state instead of to the vendor. This authority can only be issued upon application if the Commissioner determines that granting the authority would improve compliance and increase the efficiency of the administration of the tax.
Clerks of court	No Fee	Dealers remit taxes collected on sales of motor vehicles, watercraft, and outboard motors to county clerks of court when a title is issued. Clerks of court also collect the tax on casual sales of motor vehicles, and sales of watercraft and outboard motors required to be titled. Clerks of court remit these receipts to the state.
JobsOhio Beverage System	No Fee	Collects and remits sales tax paid on state-controlled spirituous liquor sold in state-contracted liquor agencies.
Consumers' use tax account	No Fee	Purchasers who have not paid the tax to a vendor or seller (in most cases for out-of-state transactions) make payments directly to the state.
Streamlined sales and streamlined use tax accounts	No Fee	Remote sellers in any other state that has passed laws conforming to the Streamlined Sales Tax Agreement and that sell their products to customers in Ohio using the Internet, mail order, or telephone, without having a physical presence in Ohio, collect and remit on such sales.

Tax Base (Ohio Rev. Code § 5739.01, 5741.01). State, county, and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempted by state law. The taxes also apply to the rental of tangible personal property, the rental of hotel rooms by transient guests, and sales of the following enumerated services:

- repair of tangible personal property;
- installation of tangible personal property;
- washing, cleaning, waxing, polishing and painting of a motor vehicle;
- laundry and dry cleaning services;
- automatic data processing, computer services and electronic information services used in business;
- telecommunications services;
- lawn care and landscaping services;
- private investigation and security services;
- building maintenance and janitorial services;
- employment services and employment placement services;
- exterminating services;
- physical fitness facility services;
- recreation and sports club services;
- mobile telecommunications services;
- satellite broadcasting services;
- personal care services;
- transportation of persons by motor vehicle or aircraft entirely within this state;
- motor vehicle towing services;
- snow removal services; and
- electronic publishing services.

The tax also applies to all transactions by which:

- a warranty, maintenance or service contract is, or is to be, provided;
- all transactions by which tangible personal property is, or is to be, stored;
- health care services are paid for or reimbursed, provided, delivered, arranged for, or otherwise made available by a Medicaid health insuring corporation pursuant to the corporation's contract with the state on and after Oct. 1, 2009;
- a specified digital product is provided for permanent use or less than permanent use, regardless of whether continued payment is required.

The use tax base is identical to that of the sales tax. Use tax applies to the storage, use or other consumption in this state of taxable tangible personal property and the benefit realized in this state of any taxable service provided the vendor did not charge sales tax. For additional information on the use tax, see the discussion in Rates, below, under Sourcing.

Tax Rates (Ohio Rev. Code § 5739.02, 5739..021, 5739.023, 5739.026, 5741.02, 5741.021-5741.023)

State rate. The state sales and use tax rate has been 5.75% since Sept. 1, 2013.

Local rates. Please see the section of this report entitled Sales and Use Tax – Counties and Transit Authorities for a discussion of permissive sales and use taxes.

Rate schedule. A combined sales tax schedule that includes local levies is codified at R.C. 5739.025.

Sourcing. For taxable sales made by Ohio vendors and delivered to an Ohio consumer, the sales tax rate is based on the location where the vendor receives the order. Sales made by out-of-state sellers are generally sourced to the location where the consumer receives the tangible personal property. Exceptions include services where the rate is based on the location where the service is received. Special sourcing rules are in place for certain sales of electronic information services, electronic publishing services and software delivered electronically that are concurrently available for use by the consumer in multiple locations, for certain types of direct mail, for telecommunications services, and for leases. Generally, the applicable use tax rate for all taxable sales on which no sales tax was paid to the vendor is based on the location of the purchaser. Effective Jan. 1, 2010, a consumer has no additional use tax liability on the purchase of tangible personal property if the consumer paid sales tax to a vendor, regardless of whether the amount of sales tax invoiced is calculated at the rate where the consumer receives the property or the rate where the vendor received the order. Consumers do, however, have a liability on purchases made out-of-state, by catalog or via the Internet on which no sales tax has been paid. Taxpayers with an annual consumer's use tax liability exceeding $1,000 must register for a consumer's use tax account and file returns. Other taxpayers can remit consumer use tax either on state income tax returns or by filing a use tax voluntary payment form.

Exemptions and Exceptions (Ohio Rev. Code § 5709.25, 5739.01, 5739.011, 5739.02, 571.02, 6121.16, 6123.041). The sales and use tax does not apply to:

- service transactions in which tangible personal property is an inconsequential element for which no separate charge is made except for the services that are specifically taxable (see Tax Base);
- tangible personal property or the benefit of a taxable service to be resold in the form received;
- the refundable deposit paid on returnable beverage containers, cartons and cases;
- transportation of persons or property, except the transportation of persons specifically taxed as a service;
- sales to the state or any of its political subdivisions;
- food for human consumption off the premises where sold;
- food sold to students in a dormitory, cafeteria, fraternity or sorority;
- newspapers;
- food served without charge to employees as part of their compensation;
- motor vehicle fuel subject to the state motor fuel excise tax;
- gas, water and steam delivered through pipes or conduits by a utility company (or if applicable, a municipal gas company) and electricity delivered through wires;
- communications services provided by telegraph companies;
- casual sales except for motor vehicles, titled watercraft and outboard motors, snowmobiles and all-purpose vehicles;
- sales by churches and nonprofit organizations (except for the sale of motor vehicles) provided that the number of sales does not exceed six days each year;
- sales to churches, nonprofit organizations included under Internal Revenue Code (I.R.C.) 501(c)(3), nonprofit scientific research organizations, and to other nonprofit charitable organizations;
- sales to nonprofit hospitals and to those privately held homes for the aged and hospital facilities that are financed with public hospital bonds;
- sales to nonprofit community centers and to producers offering presentations in music, dramatics, the arts, and related fields to foster public interest and education;
- sales to non-commercial, educational broadcasting stations;
- sales to U.S. government agencies;
- transportation of persons or property, unless the transportation is by a private investigation and security service or a transaction under R.C. 5739.01(B(3)(r);
- building and construction material sold to contractors for incorporation into real property constructed for federal, state or local governments; for religious and certain other nonprofit charitable institutions; for horticulture and livestock structures; and for other specified organizations and industries;
- ships and rail rolling stock used in interstate or foreign commerce and material used for the repair, alteration, or propelling of such vessels;
- material, machinery, equipment and other items used in packaging property to be sold at retail;

- as defined by federal law, normally taxable food items, such as soft drinks, sold to persons using food stamps;
- sales of property for use in agricultural production;
- all drugs for a human dispensed by prescription; urine and blood testing materials used by diabetics or persons with hypoglycemia; medical oxygen and medical oxygen equipment for personal use; hospital beds for personal use; and epoetin alfa for persons with a medical disease;
- prosthetic devices, durable medical equipment for home use, or mobility enhancing equipment sold by prescription for use by a human;
- emergency and fire protection vehicles used exclusively by nonprofit organizations in providing emergency and fire protection services for political subdivisions;
- property manufactured in Ohio and immediately shipped outside the state for use in retail business, if sold by the manufacturer to the retailer and shipped in vehicles owned by the retailer;
- sales of services provided by the state or any of its instrumentalities;
- motor vehicles sold in Ohio to nonresidents for titling and use in most other states and Canada, provided that the other state or province does not collect sales tax from Ohio residents for motor vehicles purchased there or provided that the state offers a credit to their residents for vehicles purchased in Ohio;
- property used in the preparation of eggs for sale;
- bulk water for residential use;
- fees paid for the inspection of emission control equipment on motor vehicles;
- items used in preserving, preparing, or serving food, or material used in maintaining or cleaning these items in a commercial food service operation;
- sales of animals by nonprofit animal shelters and county humane societies;
- tangible personal property used by holders of exempt facility certificates issued by the tax commissioner in air, noise, or water pollution control facilities or in energy conversion, solid waste energy conversion, or thermal efficiency improvement facilities;
- sales and installation of agricultural land tile and the sale and installation of portable grain bins to farmers;
- sales, leases, repairs and maintenance of motor vehicles used primarily in providing highway transportation for hire;
- sales to state headquarters of veterans' organizations chartered by Congress or recognized by the U.S. Department of Veterans Affairs;
- sales of tangible personal property and services used directly in providing a telecommunications service, mobile telecommunications service, or satellite broadcasting service;
- property used to store and handle purchased sales inventory in a warehouse or similar facility, when the inventory is primarily distributed outside Ohio to retail stores of the person who owns or controls the warehouse, to retail stores of an affiliated group of which the owner of the warehouse is a member, or by means of direct marketing;
- sales of computer equipment made to qualifying certified teachers and used for educational purposes;
- sales of certain tangible personal property made to qualified motor racing teams;
- sales of used manufactured and mobile homes;
- sales of tangible personal property and services to a provider of electricity used or consumed directly and primarily in generating, transmitting, or distributing electricity for use by others, including property that is or is to be incorporated into and will become a part of the consumer's production, transmission, or distribution system and that retains its classification as tangible personal property after incorporation; fuel or power used in the production, transmission, or distribution of electricity; and tangible personal property and services used in the repair and maintenance of the production, transmission, or distribution system, including only those motor vehicles as are specially designed and equipped for such use. The exemption provided in this division shall be in lieu of all other exemptions in division (B)(42)(a) of section 5739.02 of the Revised Code to which a provider of electricity may otherwise be entitled based on the use of the tangible personal property or service purchased in generating, transmitting, or distributing electricity;
- sales of personal property and services used directly and primarily in providing taxable intrastate transportation of persons;

- property and labor used to fulfill a warranty or service contract;
- items used in acquiring, formatting, editing, storing and disseminating data or information by electronic publishing;
- tangible personal property used or consumed in commercial fishing;
- sales of equipment used in qualified research and development;
- sales of coin-operated car washes;
- the provision of self-service laundry or dry cleaning facilities;
- repair and replacement parts and repair and maintenance services for aircraft used primarily in a fractional aircraft ownership program;
- sales of telecommunications services used directly and primarily to perform the functions of a call center;
- items used in the repair and maintenance of aircraft and avionics systems for aircraft;
- repair, remodeling, replacement or maintenance services performed on aircraft or on an aircraft's engine, avionics, or component materials or parts;
- sales of full flight simulators that are used for pilot or flight-crew training and repair and replacement parts or components for such full flight simulators; and repair and maintenance services for full flight simulators.; and
- sales of investment metal bullion and investment coins.

Also, Ohio law:

- permits a 25 percent sales tax refund for qualified computer purchases for providers of electronic information services;
- caps at $800 the sales or use tax on any aircraft sold as a fractional share aircraft;
- exempts from the use tax items that are held by a person, but not for that person's own use, and donated to a charitable organization or to the state or its political subdivisions for exclusively public purposes;
- does not include sales to or by a cable service provider, video service provider or radio or television broadcast station regulated by the federal government of cable service or programming, video service or programming, audio service or programming, or electronically transferred digital audiovisual or audio work;
- does not tax intrastate transportation of persons by transit bus or ambulance or by a person that holds a Certificate of Public Convenience and Necessity under 49 United States Code 41102; or does not include in the tax base copyrighted motion picture films unless solely used for advertising.

Ohio law also includes direct use and primary use exemptions. The direct use exemption applies to:

- material incorporated as a component part of tangible personal property produced for sale by manufacturing, assembling, processing or refining;
- material used or consumed directly in the production of tangible personal property by mining, farming, agriculture, horticulture, floriculture, or used in the production of and exploration for crude oil and natural gas;
- tangible personal property used directly in rendering a public utility service;
- tangible personal property used or consumed in the preparation for sale of printed and other reproduced material and magazines distributed as controlled circulation publications; and
- certain property used in making retail sales including: advertising material or catalogs used or consumed in making retail sales that price and describe property; preliminary materials sold to direct marketing vendors that will be used in printing advertising material; printed matter that offers free merchandise or chances to win sweepstakes prizes and includes advertising material; equipment primarily used to accept orders for direct marketing retail sales; and certain automatic food vending machines.

The primary use exemption refers to tangible personal property used primarily in a manufacturing operation to produce a product for sale. The primary use exemption includes, but is not necessarily limited to, the following items:

- production machinery and equipment that act upon the product being produced;
- handling and transportation equipment (except licensed motor vehicles) used in moving property in or between plants during the production process;
- property used in producing property that is used or consumed in the production of a final product (use on use);
- coke, gas, water, steam and similar substances used in the manufacturing operation;
- catalysts, solvents, water, acids, oil and similar consumables that interact with the product and are an integral part of the manufacturing operation;
- property that is used to control, physically support, or is otherwise necessary for functioning of machinery and equipment and continuation of the manufacturing operation;
- machinery and equipment, detergents, supplies, solvents and any other tangible personal property located at a manufacturing facility that are used in the process of removing soil, dirt or other contaminants from, or otherwise preparing in a suitable condition for use, towels, linens, articles of clothing, floor mats, mop heads or other similar items, to be supplied to a consumer as part of laundry and dry cleaning services, only when the towels, linens, articles of clothing, floor mats, mop heads or other similar items belong to the provider of the services;
- ORC section 122.175, allows a taxpayer that proposes a capital improvement project for an eligible computer data center in this state to apply to the tax credit authority to enter into an agreement for a complete or partial sales and use tax exemption on computer data center equipment used at the eligible computer data center.

Special Provisions

Cumulative filing (Ohio Rev. Code § 5739.12 and Ohio Admin. Code 5703-9-09). The Tax Commissioner may require a vendor that operates from multiple locations or has multiple vendors' licenses to report all liabilities on one consolidated return. Vendors with two or more places of business in Ohio may, upon approval by the tax commissioner, file a single monthly consolidated return reporting on one form the information that normally is required to be reported from each location.

Pre-arranged agreements (Ohio Rev. Code § 5739.05 and Ohio Admin. Code 5703-9-08). Vendors, such as fast food outlets, whose business is of a nature that keeping records of which sales are taxable and which are exempt would impose an unreasonable burden, may be authorized by the tax commissioner to pay an amount based on a test check conducted to determine the proportion of taxable sales to total sales.

Pre-determined agreements (Ohio Rev. Code § 5739.05 and Ohio Admin. Code 5703-9-08). Vendors, such as coin-operated vending machine operators, whose business is of a nature that the collection of the tax from consumers would impose an unreasonable burden, may be authorized by the tax commissioner to pay the tax at a pre-determined rate based on an analysis of sales and prices.

Construction contractors (Ohio Rev. Code § 5739.01 and Ohio Admin. Code 5739-9-14). Construction contractors are considered to be the consumers of property incorporated into the construction of or improvement to real property and, thus, are responsible for paying the tax on such property.

Payment by EFT (Ohio Rev. Code § 5739.032, 5739.122, 5741.121). Vendors are required to remit payment by electronic funds transfer (EFT) in cases where annual liability exceeds $75,000 per calendar year. Taxpayers required to use this payment method will be notified by the department. Vendors that do not meet the $75,000 threshold may request authorization by the treasurer of state to remit tax payments by EFT.

Accelerated tax payment (Ohio Rev. Code § 5739.032, 5739.122, 5741.121). Vendors required to remit tax by EFT are required to make advance payment of 75% of each month's anticipated tax by the 23rd day of that month. These vendors are still required to file a return by the 23rd of the next month and pay the balance of their tax due, along with that month's accelerated payment.

Filing and Payment Dates (Ohio Rev. Code § 5739.031, 5739.12, 5739.17, 5741.12, Ohio Admin. Code 5703-9-10). See Exhibit 2 for a summary of filing and payment dates.

Exhibit 2. Types of Sales Tax Returns and Filing Payment Dates

Type of Return	Taxpayer	Payment Date
Weekly	Clerks of court	Payment of Friday for taxes collected during the preceding week on motor vehicles, and on watercraft and outboard motors, titled.
Semi-monthly	JobsOhio Beverage System	By the 15th day of the month for the tax collected during the last 15 days of the previous month, and by the last day of the month for the tax collected during the first 15 days of the month, on spirituous liquor sold in state-contracted liquor agency stores.
Monthly	Vendors, sellers, transient vendors, direct pay permit holders, consumer use tax accounts, streamlined sales tax accounts, streamlined use tax accounts, delivery vendors	By the 23rd day of the month following the close of the reporting period, which is the previous month. Taxpayers whose annual liability in a prior year exceeded $75,000 are required to pay by EFT. These same taxpayers are required to make accelerated payments during each month.
Quarterly	Direct pay permit holders, consumer use tax accounts	By the 23rd day of January, April, July, and October for their tax liability during the preceding three months, this method of payment may be authorized for accounts with less than $5,000 in quarterly tax liability.
Semi-annual	Vendors, sellers, transient vendors, delivery vendors	By the 23rd day of the month following the close of each semi-annual period (predetermined by filing schedule) for the tax collected during the preceding six-month period; this method of payment may be authorized for vendors and sellers whose tax liability is less than $1,200 per six-month period.

Discount (Ohio Rev. Code § 5739.12, 5741.12). Payments made on or before the due date entitle the vendor to a discount of 0.75% of the amount due. (Example: $5,000 tax due – $37.50 discount = $4,962.50 net tax due.)

Disposition of Revenue (Ohio Rev. Code § 5739.21, 5741.03). During fiscal year 2016, the General Revenue Fund (GRF) received approximately 98.2% of sales and use tax revenues, and the Public Library Fund (PLF) received approximately 1.8%. The amount of state sales tax revenue credited to the PLF varies from year to year based on a fixed percentage of all tax collections into the GRF. One half of each monthly transfer from the GRF to the PLF is credited against the state sales tax portion of GRF revenues.

Table 1. State and Permissive (Local) Sales and Use Tax Collections by Industrial Classification for FY 2016

Industrial classification and subsector	North American Industry Classification (NAICs) codes	Number of Business Entities[1]	State Sales and Use Tax Collections	Permissive Sales and Use Tax Collections	Total (State and Permissive) Sales and Use Tax Collections
Agriculture, Forestry, and Fishing	111100-115310	1,112	$6,790,717	$1,524,852	$8,315,570
Mining	211110-213110	201	17,855,670	4,215,039	22,070,709
Utilities (excluding telecommunications)	221100-221500	156	69,792,866	18,281,895	88,074,761
Construction	236110-238900	3,039	58,528,461	13,798,002	72,326,464
Manufacturing	311110-339900	12,731	368,413,224	88,437,144	456,850,368
Wholesale Trade	423100-425120	5,640	300,772,477	73,674,913	374,447,390
Retail Trade:					
Motor Vehicle and Parts Dealers (4)	441110-441300	5,522	376,887,102	91,521,714	468,408,817
Furniture and Home Furnishings Stores	442110-442299	3,370	178,676,000	43,541,383	222,217,382
Electronic and Appliance Stores	443111-443130	2,596	308,121,621	77,924,709	386,046,330
Building Material and Garden Equipment & Supplies	444110-444200	6,628	723,357,872	170,122,768	893,480,640
Food and Beverage Stores	445110-445310	6,945	443,038,249	107,041,008	550,079,258
Health and Personal Care Stores	446110-446190	6,886	202,687,781	50,729,908	253,417,689
Gasoline Stations	447100	1,436	144,420,327	34,355,209	178,775,536
Clothing and Clothing Accessories Stores	448110-448320	5,065	327,261,338	83,648,257	410,909,595
Sporting Goods, Hobby, Book, and Music Stores	451110-451220	5,680	174,876,343	42,678,390	217,554,733
General Merchandise Stores	452110-452900	4,576	992,303,029	237,230,357	1,229,533,386
Miscellaneous Store Retailers	453110-453990	23,549	685,416,211	168,671,636	854,087,847
Nonstore Retailers	454110-454390	6,481	254,582,537	61,306,082	315,888,620
Transportation and Warehousing	481000-493100	2,241	42,454,538	9,703,395	52,157,933
Information (including telecommunications)	511110-519100	3,476	653,806,733	162,193,423	816,000,155
Finance and Insurance	522110-525990	576	818,292,769	215,437,275	1,033,730,043
Real Estate, and Rental & Leasing of Property	531110-533110	4,050	246,398,225	61,666,722	308,064,947
Professional, Scientific and Technical Services	541110-541990	8,609	183,660,185	47,698,520	231,358,705
Management of Companies (Holding Companies)	551111-551112	96	13,771,606	3,412,725	17,184,332
Administrative & Support Services and Waste Managemen	561110-562000	11,720	344,647,743	86,809,481	431,457,225
Education, Health Care and Social Assistance	611000-624410	3,896	24,043,629	5,862,390	29,906,019
Arts, Entertainment, and Recreation	711100-713900	4,375	59,621,136	15,595,450	75,216,586
Accommodation and Food Services	721110-722515	20,393	784,549,987	196,291,160	980,841,148
Other Services	811110-812990	20,488	250,869,774	61,255,388	312,125,161
Unclassified	n/a	14,124	35,016,645	5,836,815	40,853,460
SUBTOTAL		**195,657**	**$9,090,914,798**	**$2,240,466,010**	**$11,331,380,808**

Collections from Clerks of Court[2]	State Sales and Use Tax Collections	Permissive Sales and Use Tax Collections	Permissive) Sales and Use Tax Collections
Collections from sales of motor vehicles	$1,345,893,707	$312,729,667	$1,658,623,374
Collections from sales of watercraft	14,039,991	3,113,388	17,153,379
SUBTOTAL	**$1,359,933,697**	**$315,843,055**	**$1,675,776,752**
GRAND TOTAL	**$10,450,848,495**	**$2,556,309,065**	**$13,007,157,560**

[1]Indicates the number of separate legal entities (not the number of separate locations) that filed and remitted sales or use tax at any time during the January through June 2016 period. [2]Tax collections from automobile and watercraft sales are listed separately, and are not assigned an industrial classification. Such taxes are collected by the county clerks of court and then remitted to the state.

Table 2. Total State and Permissive Sales and Use Tax Collections attributed to membership in Streamlined Sales Tax, Fiscal Years 2012-2016 (1,2)

Fiscal Year	Total collections attributed to membership in Streamlined Sales Tax
2012	$37,198,356
2013	43,811,607
2014	69,861,947
2015	66,992,782
2016	79,343,428

Source: Ohio Department of Taxation

(1) The State of Ohio became an associate member of Streamlined Sales Tax on October 1, 2005, and became a full member on January 1, 2014.

(2) Total collections attributed to Ohio's membership in Streamlined Sales Tax are remitted under a variety of account types. Collections from all known accounts associated with Streamlined Sales Tax are summarized here. However, taxpayers may remit sales and use tax due to Ohio's membership with Streamlined Sales Tax without notifying the Deprtment of Taxation of this distinction.

Table 3. Number of Sales and Use Tax Accounts by Type and Payment Schedule, as of June 30, 2016

	Payment Schedule			
Account Type	**Semi-Annual**	**Monthly**	**Quarterly**	**Total**
Vendor's	82,190	76,805	0	158,995
Master (accounts issued by the state)	1,059	4,852	0	5,911
Transient	41,412	12,972	0	54,384
Consumer's	0	2,768	18,295	21,063
Direct Pay	0	306	105	411
Out of State	7,836	10,352	0	18,188
Streamlined Sales and Streamlined Use (1)	0	1,063	0	1,063
Totals	**132,497**	**109,118**	**18,400**	**260,015**

Source: Ohio Department of Taxation

(1) A subset of total collections attributed to Ohio's membership in Streamlined Sales Tax are remitted under Streamlined Sales and Streamlined Use accounts. The remainder of total collections attributed to Ohio's membership in Streamlined Sales Tax are remitted under other account types.

Comparisons with Competitor States (as of June 30, 2016)

State	State Rate	Maximum Local Rate	Maximum Total Rate
Georgia	4.00%	4.00%	8.00%
Indiana	7.00	---	7.00
Kentucky	6.00	---	6.00
Michigan	6.00	---	6.00
North Carolina	4.75	2.75	7.50
Ohio	5.75	2.25	8.00

Pennsylvania	6.00	2.00	8.00
Tennessee	7.00	2.75	9.75
Texas	6.25	2.00	8.25
West Virginia	6.00	1.00	7.00

History of Major Changes

1934	General Assembly enacts a 3 percent sales tax effective Jan. 1, 1935.
1935	Legislature enacts a companion use tax effective Jan. 1, 1936.
1936	Ohio voters approve a constitutional amendment exempting food for human consumption off the premises where sold.
1962	The use of sales tax stamps is discontinued.
1967	Legislature increases rate to 4 percent and broadens the tax base to include cigarettes and beer.
1971	Cigarettes again become exempt.
1980	State sales tax rate temporarily increased to 5 percent from Jan. 1 through June 30, 1981.
1981	HB 694 increased the state sales tax rate from 4 percent to 5.1 percent. Some vendors claimed the new rate was incompatible with their registers. Subsequently, HB 552 lowered the state rate to 5 percent. Other provisions of HB 694 stand, including broadening the base to again include cigarettes, as well as repairs and other selected services. Other legislation establishes a credit for trade-ins on new motor vehicles.
1983	Tax base broadened to include business data processing services.
1987	Purchases made with food stamps exempted from the tax; long distance telecommunications service made taxable.
1990	Tangible personal property primarily used in manufacturing operations exempted from the tax, replacing a direct use exemption for manufacturers. Also, a credit is established for trade-ins on new or used watercraft.
1991	Tax base broadened to include lawn care, landscaping, private investigation, and security ser-
1993	Legislature broadens tax base to include building cleaning and maintenance, exterminating, employment agency and personnel supply services as well as memberships in physical fitness facilities and recreation and sports clubs. Exemptions established for qualified property used in research and development and for nonprofit scientific organizations. Vendor discount lowered from 1.5 percent to 0.75 percent of tax collections.
1994	Purchases made by organizations defined under Internal Revenue Code 501(c)(3) exempted.
1997	Sale of personal computers and qualified equipment to licensed and certified teachers exempted.
1999	Sale of used manufactured and mobile homes exempted, effective Jan. 1, 2000.
2000	For the purposes of the sales and use tax, sales of new manufactured or mobile homes are no longer considered motor vehicle sales.
2000	Transient vendor's license fee reduced from $100 to $25. Definition of an exempt casual sale is changed to include items that had been subject to the taxing jurisdiction of another state.
2001	The application of the sales and use tax on certain leased motor vehicles, watercraft, aircraft, and on the lease of tangible personal property by businesses is changed so that the tax is paid upon consummation of the lease.
2002	Refunds allowed to be issued directly to consumers in cases where the consumer illegally or erroneously paid tax to the vendor.

2003	State sales tax rate temporarily increased from 5 percent to 6 percent from July 1, 2003 to June 30, 2005. Vendor discount temporarily increased from 0.75 percent to 0.9 percent during the same period. Also: • tax base expanded to laundry and dry cleaning, satellite broadcasting service, personal care services, intrastate transportation of persons by motor vehicle or aircraft, towing service, snow removal and the storage of tangible personal property. • threshold increased for mandatory payment by electronic funds transfer from $60,000 annual tax liability to $75,000, and such taxpayers begin paying on an accelerated schedule. • some definitions of food, beverages and medical supplies changed to conform to the provisions of the multistate Streamlined Sales Tax Project.
2005	State sales tax rate reset to 5.5 percent and temporary vendor discount rate of 0.9 percent extended through June 30, 2007.
2006	Property withdrawn from inventory and donated to a charitable organization exempted from the use tax.
2008	General Assembly enacts HB 429, which allows Ohio to retain origin sourcing for most sales of tangible personal property made by Ohio vendors to Ohio consumers effective Jan. 1, 2010.
2009	Electronic filing of sales tax returns becomes mandatory. General Assembly, in HB 1, applies sales tax to monthly Medicaid premiums received by health insuring corporations in lieu of a former 5.5 percent franchise fee.
2013	State sales and use tax rate increased to 5.75 percent, effective Sept. 1, 2013.
2014	Ohio became a full member of the Streamlined Sales Tax Project.
2015	HB 64 redefines and expands conditions under which substantial nexus is presumed, and provides a mechanism whereby a seller may rebut the presumption of substantial nexus.
2016	The definition of substantial nexus was redefined and expanded. One of the expansions of conditions under which substantial nexus is presumed includes "click-through" nexus, in which the seller enters into an agreement with one or more residents of the state under which the resident, for a commission or other consideration, directly or indirectly refers potential customers to the seller. This referral may occur by a link on a web site, an in-person oral presentation, telemarketing, or otherwise, provided the cumulative gross receipts from sales to consumers referred to the seller by all such residents exceeded ten thousand dollars during the preceding twelve months. Sales tax holidays took place Aug. 7-9, 2015 and Aug. 5-7, 2016. On those days, sales and use taxes did not apply to the sale of an item of clothing, priced $75 or less; an item of school supplies, priced $20 or less; or an item of school instructional material, priced $20 or less.

Severance Tax

Overview. The severance tax, effective in 1972, is paid by persons or firms that extract, or sever, certain natural resources from the soil or waters of Ohio. The tax produced $40.1 million during fiscal year 2015. Severers are licensed by the Tax Commissioner or other designated state agencies.

Tax Base (Ohio Rev. Code § 5749.02). The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

Tax Rates (Ohio Rev. Code § 5749.02). The tax rates on the severance of most natural resources are as follows:

Resource	Tax Rate
Clay, sandstone, shale, conglomerate, gypsum and quartzite	1 cent per ton
Dolomite, gravel, sand and limestone	2 cents per ton
Natural gas	2.5 cents per Mcf
Oil	10 cents per barrel
Salt	4 cents per ton

Coal: The base tax rate on coal is 10 cents per ton. This does not include two additional levies that have applied since April 1, 2007:

- an additional 1.2 cents per ton on surface mining operations.
- an additional 12, 14 or 16 cents per ton reclamation tax on operations without a full cost bond, depending on the amount. This rate varies based on the amount remaining in the state Reclamation Forfeiture Fund at the end of each state budget biennium. The rate is 12 cents if the balance of the fund is $10 million or more; 14 cents if it is between $10 million and $5 million; and 16 cents if it is $5 million or less.

Exemptions and Credits (Ohio Rev. Code § 5749.03). An annual exemption applies to natural resources used on the land from which they are taken by the severer, as part of the improvement of or use in the severer's homestead. The exemption is limited to resources with a yearly cumulative market value of $1,000 or less.

Special Provisions

The Chief of the Division of Mineral Resources Management certified on June 30, 2013 that the balance of the Reclamation Forfeiture Fund was greater than $10 million. As a result, the reclamation tax rate on coal mining operations without a full cost bond is 12 cents per ton effective Jan. 1, 2014. Although not part of the severance tax, oil and gas well owners are subject to the oil and gas regulatory cost recovery assessment. Owners of exempt domestic wells are not subject to the regulatory cost recovery assessment. The assessment is based on a formula that takes into consideration the number of wells owned, the production of those wells, and the amount of severance tax paid. This assessment is in addition to the 2.5 cents per Mcf tax paid on natural gas and 10 cents per barrel paid on oil. The assessment is reported on the severance tax return by either the owner or severer. In fiscal year 2016, the assessment amounted to approximately $9 million and 100% is deposited into the Oil & Gas Well Fund.

Filing and Payment Dates (Ohio Rev. Code § 5749.06). Payments are due May 15, August 14, November 14, and February 14 for the quarterly periods ending the last day of March, June, September and December, respectively. Annual returns are due February 14. Electronic filing and payment are required.

Disposition of Revenue (Ohio Rev. Code § 5749.02).

Fund	Revenue source
Geological Mapping Fund	4.76% of the 10 cent per ton base severance tax on coal All salt severance revenue 7.5% of limestone, dolomite, sand and gravel severance tax collections
Unreclaimed Lands Fund	14.29% of the 10 cent severance tax on coal 42.5% of linestone, dolomite, sand and gravel severance tax collections All of the 1.2 cent tax on coal mined using surface mining methods
Oil and Gas Well Fund	90% of the oil and gas severance tax collections
Coal Mining Administration Fund	80.95% of the 10 cent tax on coal
Reclaimation Forfeiture Fund	All revenue from the tax on coal operations without a full cost bond, which may vary from 12 cents to 16 cents depending upon the amount in the fund.
Surface Mining Administration Fund	50% of limestone, dolomite, sand and gravel severance tax collections All clay, sandstone, conglomerate, shale, gypsum, and quartzite severance tax collections

Table 1. Severance Tax Revenues (FY 2012 - 2016, in millions)

Fiscal Year	Total
2012	$10.2
2013	12.3
2014	15
2015	26.9
2016	40.1

Source: Office of Budget and Management fiscal reports.

Amounts shown do not reflect the Regulatory Cost Recovery Fee.

Table 2: Severance Tax Collections[1] Fiscal Years 2012 - 2016

Natural Resource	Tax Rate	Measurement	2012	2013	2014	2015	2016
Coal	25.2	cents per ton	$5.60	$7.40	$4.50	$4.90	$3.70
Natural Gas	2.5	per 1,000 cubic feet	$2.00	$2.30	$3.30	$14.40	$26.70
Limestone	2	cents per ton	$1.20	$1.10	$1.00	$1.20	$1.30
Oil	10	cents per barrel	$0.50	$0.60	$0.70	$1.50	$2.60
Gravel	2	cents per ton	$0.30	$0.30	$0.30	$0.30	$0.30
Sand	2	cents per ton	$0.30	$0.40	$0.30	$0.30	$0.40
Dolomite	2	cents per ton	<0.1	<0.1	<0.1	<0.1	<0.1
Salt	4	cents per ton	$0.20	$0.20	$0.10	$0.20	$0.20
Clay	1	cents per ton	<0.1	<0.1	<0.1	<0.1	<0.1
Sandstone	1	cents per ton	<0.1	<0.1	<0.1	<0.1	<0.1
Shale	1	cents per ton	<0.1	<0.1	<0.1	<0.1	<0.1
Gypsum	1	cents per ton	<0.1	<0.1	<0.1	<0.1	<0.1
Quartzite	1	cents per ton	<0.1	<0.1	<0.1	<0.1	<0.1
Severance Tax Receipts Fund[2]					$4.80	$4.00	$4.80
Total			$10.20	$11.30	$15.00	$26.90	$40.10

[1]Excludes revenue from Oil and Natural Gas Regulatory Cost Recovery assessments.

[2]Severance taxes are paid into this holding account and then allocated by using tax returns.

Comparisons with Competitor States (as of June 30, 2016)

Indiana	Oil & gas – greater of either 1% of the petroleum value or 3 cents per Mcf from natural gas and 24 cents per barrel of oil
Kentucky	Oil – 4.5% of market value of all crude petroleum produced Gas and other minerals – 4.5% of the gross value of the natural resource severed, with a minimum tax of 50 cents per ton of coal
Michigan	Oil – 7.42% of gross cash market value[1] Gas – 5.82% of the gross cash market value[2] Nonferrous metallic minerals – 2.72% of the taxable mineral value
North Carolina	Oil and condensate – 2% of gross price paid
Pennsylvania	Impact fee on horizontal wells ranging from $50,300 in the first year of production to $20,100 in the fourth year of production, varying with the price of natural gas; fee for vertical wells in 20% of the fee for horizontal wells
Tennessee	Crude oil & gas – 3% of sales price Coal – $1 per ton Mineral – Counties may tax up to 15 cents per ton
Texas	Oil & condensate – Greater of 4.6% of market value or $0.046 per barrel plus 1/15th of 1 percent per 1,000 cubic feet of natural gas; 2.3% for recovered oil Crude petroleum – in addition to tax on oil, 10/16th of 1 cent per barrel Gas – 7.5% of market value plus 1/15th of 1 cent per mcf Sulfur – $1.03 per long ton
West Virginia	Oil – 5% of gross value at wellhead Natural g as – 5% of gross value at wellhead plus $0.047 per Mcf of natural gas Coal – 5% of gross value plus 56 cents per ton of clean coal[3] Timber – 1.5% of gross value

[1]Production from a marginal or stripper well taxed at $4.82.
[2]Carbon dioxide secondary or enhanced recovery project production taxes at 4.85% of gross cash market value.
[3]Reduced rates apply to certain mines based on seam thickness; additional taxes apply to clean coal.

History of Major Changes

1971	Legislature enacted H.B. 475 creating tax effective January 1, 1972.
1981	H.B. 1051 enacted an additional temporary 1 cent per ton tax on coal to be collected depending on the balance in the Defaulted Areas Fund.
1983	H.B. 291 increased the rate from 3 cents to 10 cents per barrel of oil and from 1 cent to 2.5 cents per Mcf of natural gas.
1985	H.B. 238 increased the permanent rate on coal from 4 cents to 7 cents per ton and included an additional 1 cent per ton temporary tax on coal, also conditioned on the balance of the Defaulted Areas Fund.
1989	Effective July 1, 1989, H.B. 111 increased the rate on limestone, dolomite, shale, conglomerate, gypsum, and quartzite.
1998	The 122nd General Assembly enacted S.B. 187 making permanent one of the temporary 1 cent per ton coal levies.
2006	H.B. 433 changed the base rate on coal to 10 cents per ton. The bill also levied an additional 1.2 cents per ton for surface mining operations and an additional levy of up to 16 cents per ton on operations without a full cost bond.
2009	H.B. 1 directed all revenue from the salt component of the tax to the Geological Mapping Fund where previously the fund received 15% of the revenue.
2010	S.B. 165 created an oil and gas "regulatory cost recovery assessment" effective July 1, 2010. While not part of the severance tax, the assessment is reported on severance tax returns.
2013	H.B. 59 required electronic filing and payment of the tax.

Wireless 9-1-1 Fee

Overview. Wireless 9-1-1 fees provide state level funding for local wireless 9-1-1 services. Current law imposes a 9-1-1 charge on each wireless phone number of a wireless service subscriber who has a billing address in Ohio at the rate of 25 cents per month and on the purchase of prepaid wireless services occurring in Ohio at the rate of 0.005% of the purchase price.

Taxpayer (Ohio Rev. Code § 128.42). Each wireless service subscriber of a wireless telephone number who has a billing address in Ohio pays a monthly charge of 25 cents. Each retail purchaser of a prepaid wireless calling service occurring in Ohio pays a wireless 9-1-1 charge of 0.005% of the sale price. The charge is collected by the retailer at the point of sale for prepaid wireless services.

Tax Base (Ohio Rev. Code § 128.42). For post-paid wireless, it is each wireless phone number of a wireless service subscriber with a billing address in Ohio. For prepaid wireless service, it is the sales price.

Rates (Ohio Rev. Code § 128.42). For post-paid wireless, 25 cents per month. For prepaid wireless, 0.005% of the purchase price.

Special Provisions (Ohio Rev. Code § § 128.44 and 128.46). A wireless service provider reseller and seller may retain 3% of the wireless 9-1-1 fees as a collections fee. Returns and payments of fees must be remitted electronically except upon showing of good cause. The Department of Taxation must provide not less than 30 days advance notice to known wireless service providers, resellers, and sellers of prepaid wireless calling services of any increase or decrease in 9-1-1 fees.

Filing and payment dates (Ohio Rev. Code § 128.46). Returns and payments are due on the 23rd day of each month.

Disposition of Revenue (Ohio Rev. Code § 128.54-.55, 128.57). The revenues from the fees are allocated as follows:

- 97% to the Wireless 9-1-1 Government Assistance Fund
- 2% to the 9-1-1 Program Fund
- 1% to the Wireless 9-1-1 Administration Fund

Counties receive a monthly distribution from the Wireless 9-1-1 Government Assistance Fund. The distribution is to occur by the end of each month. The counties receive the same amount as they received in the corresponding month during calendar year 2013. In the event of insufficient moneys to make the distributions, each county receives a distribution in proportion to the county's share during the corresponding month in calendar year 2013. Any shortfall in distributions from a previous month must be remedied in the following month. The Next Generation 9-1-1 Fund is to receive from the Wireless 9-1-1 Government Assistance Fund any remainder in the administration funds at the end of each fiscal year.

Tables & charts

Table 1. Wireless 9-1-1 Charge Net Revenue (in millions) FY 2014-2016

Fiscal Year	Wireless 9-1-1 Government Assistance Fund	9-1-1 Program Fund	Wireless 9-1-1 Adminstrative Fund	Total
2014	$15.3	$0.3	$0.2	$15.8
2015	24.8	0.5	0.3	25.6
2016	24.8	0.5	0.3	25.6

Note: FY 2014 represents only a partial year's collections.
Source: Ohio Office of Budget and Management

Table 2, Wireless 9-1-1 Government Assistance Fund distributions for FY 2016

County	Amount	County	Amount	County	Amount
Adams	$90,000	Hamilton	$2,245,169	Noble	$90,000
Allen	$228,858	Hancock	$164,443	Ottawa	$91,556
Ashland	$104,182	Hardin	$90,000	Paulding	$90,000
Ashtabula	$216,515	Harrison	$90,000	Perry	$90,000
Athens	$106,792	Henry	$90,000	Pickaway	$108,076
Auglaize	$98,821	Highland	$90,199	Pike	$90,000
Belmont	$131,075	Hocking	$90,000	Portage	$306,712
Brown	$90,000	Holmes	$90,000	Preble	$90,000
Butler	$716,485	Huron	$128,329	Putnam	$90,000
Carroll	$90,000	Jackson	$90,000	Richland	$247,081
Champaign	$90,000	Jefferson	$131,231	Ross	$148,107
Clark	$278,102	Knox	$120,177	Sandusky	$122,882
Clermont	$382,893	Lake	$480,106	Scioto	$139,324
Clinton	$95,966	Lawrence	$115,910	Seneca	$115,981
Columbiana	$210,417	Licking	$333,249	Shelby	$99,191
Coshocton	$90,000	Logan	$97,934	Stark	$799,808
Crawford	$92,528	Lorain	$615,538	Summit	$1,180,419
Cuyahoga	$2,841,552	Lucas	$948,174	Trumbull	$417,792
Darke	$102,620	Madison	$90,000	Tuscarawas	$183,049
Defiance	$90,000	Mahoning	$513,233	Union	$123,473
Delaware	$602,464	Marion	$139,815	VanWert	$90,000
Erie	$162,184	Medina	$349,589	Vinton	$90,000
Fairfield	$292,661	Meigs	$90,000	Warren	$435,272
Fayette	$90,000	Mercer	$90,000	Washington	$128,742
Franklin	$2,492,425	Miami	$203,079	Wayne	$216,172
Fulton	$91,575	Monroe	$90,000	Williams	$90,000
Gallia	$90,000	Montgomery	$1,197,228	Wood	$250,434
Geauga	$177,273	Morgan	$90,000	Wyandot	$90,000
Greene	$309,512	Morrow	$90,000	**Total**	**$25,689,296**
Guernsey	$90,476	Muskingum	$176,447		

Source: Ohio Department of Taxation

Comparison with competitor states (as of June 30, 2016)

Georgia	Prepaid $0.75 Post-paid $1.00
Indiana	Prepaid $0.50 Post-paid $0.90
Kentucky	Pre- and post-paid $0.70
Michigan	Prepaid 1.92% of the sale price Post-paid $0.19 state fee and $0-$3.00 county fee
North Carolina	Pre- and post-paid $0.60
Pennsylvania	Pre- and post-paid $1.00
Tennessee	Pre- and postpaid $1.16
Texas	Prepaid 2% of sale price Post-paid $0.50
West Virginia	Prepaid 6% of sale price. Post-paid $3.00

Taxes no longer in effect

Charts and tables. Certain taxes are no longer in effect yet still result in the collection (or refund) of limited revenues from assessments, audits, refunds, etc. from prior tax periods. Reported here are collections from the repealed Corporate Franchise Tax, Dealers in Intangibles Tax, and the Estate Tax. The Corporate Franchise Tax was repealed for tax years 2015 and thereafter. The Dealers in Intangibles Tax was repealed for tax years 2014 and thereafter. The Estate Tax was repealed for the estates of persons dying on or after January 1, 2013.

Table 1. Corporate Franchise Tax Collections (FY 2012-2016, in millions)

Fiscal Year	Gross Tax Collections	Refunds	Net Tax Collections
2012	$266.9	$149.5	$117.1
2013	341.5	79.6	261.9
2014	72.6	83.8	(11.2)
2015	49.6	47.0	2.6
2016	37.5	4.3	33.2

Source: Office of Budget and Management financial reports

Table 2. Dealer in Intangibles Tax Collections (FY 2012-FY 2016, in millions)

Fiscal Year	State General Revenue Fund
2012	$20.2
2013	38.4
2014	0.5
2015	<0.1
2016	0.1

Source: Office of Budget and Management

Table 3. Estate Tax Collections (FY 2012-2016, in millions)

Fiscal Year	Total Collections	State General Revenue Fund[1]	Local Governments[1]
2012	$351.8	$66.5	$285.3
2013	445.7	105.2	340.5
2014	206.8	39.4	167.4
2015	17.6	3.1	14.5
2016	12.3	2.2	10.1

[1]State GRF figures are based on actual receipts reported by the Office of Budget and Management financial reports. Local government figures represent the certified local share of the estate tax (including fees) from the semi-annual settlements that occur each year. Effective January 1, 2002, the state share of the estate tax became 20 percent and the local share became 80 percent.

Business Tax Credits

Overview. A number of Ohio's business tax credits can be claimed against more than one state tax (i.e., commercial activity tax (CAT), financial institutions tax (FIT), personal income tax (PIT), pass-through entity (PTE), Petroleum Activity Tax (PAT)). Rather than list the same business tax credits in multiple chapters of the annual report, the data and information about them has been consolidated here. Credits are not refundable unless specifically noted to be refundable (i.e., refundable credits can reduce tax liability below zero allowing the taxpayer to receive a refund from the state).

Business Tax Credit	Taxes	TOTAL
Refundable Total		**$146,971,187**
Job Creation	CAT, FIT, PIT/PTE, PAT	$107,303,225
Job Retention	CAT, FIT, PIT/PTE	$11,291,235
Motion Picture	CAT, FIT, PIT/PTE	$14,772,685
Historic Preservation	CAT, FIT, PIT/PTE	$11,675,885
Financial Institutions	PIT/PTE	$1,928,157
Non-Refundable Total		**$96,375,546**
Job Retention	CAT, FIT, PIT/PTE, PAT	$42,144,175
Venture Capital Loan Loss	FIT, PIT/PTE	$0
Historic Preservation	CAT, FIT, PIT/PTE	$3,402,864
Bank Organization Assessment	FIT	$6,251,734
InvestOhio Small Business Investment	CAT, FIT, PIT/PTE	$1,229,127
Qualifying Dealer in Intangibles	FIT	$0
New Markets	FIT	$2,846,149
Ohio Qualified R & D Investment Expenses	CAT, FIT	$34,728,870
R & D Loan Payments	CAT	$1,374,320
Unused Net Operating Losses Under CFT	CAT	$4,341,303
Technology Investment	PIT/PTE	$57,004
Purchases of Grape Production Property	PIT/PTE	supressed
Total of Refundable and Non-Refundable Credits		**$243,346,733**

Source: Ohio Department of Taxation

Major Business Tax Credits

Historic building preservation credit (Ohio Rev. Code § 149.311, 5725.34, 5726.52, 5729.17, 5747.76, and Am. Sub. HB 64, section 757.170). This refundable credit is based on the expenses incurred by the owner or qualified lessee of an historic building to rehabilitate such a building. The credit, if approved by the Ohio Development Services Agency, equals 25 percent of the owner's or qualified lessee's "qualified rehabilitation expenditures" paid or incurred during the 24- or 60-month rehabilitation period.

Job creation credit (Ohio Rev. Code § 122.17, 5725.32, 5726.50, 5729.032, 5736.50, 5747.058, 5751.50). The Ohio Tax Credit Authority may award taxpayers a refundable credit for new jobs created according to an agreement pursuant to R.C. 122.17. The credit equals a designated percentage of the additional Ohio employee payroll paid by the employer to employees at a project site or to home-based employees over a baseline amount intended to represent the amount of employee payroll paid by the employer before the job creation agreement. The exact percentage of the credit is established by agreement between the taxpayer and the Tax Credit Authority. The credit is permitted for a period of up to 15 years.

Job retention credit (R.C. 122.171, 5726.50, 5747.058, 5751.50). Previously, the Ohio Tax Credit Authority could award a refundable tax credit if a project had retained at least 500 full-time jobs and minimum annual retained payroll of at least $20 million, or minimum annual retained payroll of $35 million with no required job retention threshold; and a fixed asset investment of at least $5 million. Currently, the Ohio Tax Credit Authority may award a nonrefundable credit to an eligible business that retains at least 500 full-time jobs or has an annual payroll of at least $35 million, and invests at least $50 million in fixed-assets for manufacturing operations or invests at least $20 million in fixed assets for significant corporate administrative functions. The amount and term of the credit, determined by agreement with the Ohio Tax Credit Authority, equals an agreed upon percentage of Ohio employee payroll. The nonrefundable credit may be carried forward for up to three years.

Motion picture production credit (Ohio Rev. Code § 122.85, 5726.55, 5747.66. 5751.54). This refundable credit can be claimed against FIT, CAT, or individual income tax liability based on awards from the Development Services Agency for motion picture production work performed in Ohio. Productions with budgets that exceed $300,000 may qualify for the credits, which are based on 35 percent of payroll expenditures for Ohio resident cast and crew and 25 percent of other eligible production expenses. The value of each credit may not exceed $5 million per production, and the total credits to be issued are capped at $40 million for fiscal biennium, beginning on or after July 1, 2011.

New markets tax credit (Ohio Rev. Code § 5725.33, 5726.54, 5729.16). This credit is a nonrefundable tax credit with a four-year carry forward for financial institutions and insurance companies that invest in "community development entities," as defined by the federal New Markets Tax Credit program. To qualify, a taxpayer must first qualify for the federal credit program by holding an equity investment in a qualified community development entity. The Ohio Development Services Agency may issue a maximum of $10 million worth of credits each fiscal year.

Research expense credit (Ohio Rev. Code § 5726.56, 5733.351, 5751.51). This nonrefundable credit equals 7 percent of the amount by which the taxpayer's "qualified research expenses" (as defined in Internal Revenue Code section 41) in Ohio during the taxable year exceed the taxpayer's average annual qualified research expenses in Ohio for the three preceding years.

Research and development loan payments credit (Ohio Rev. Code § 5751.52). The amount of this nonrefundable credit equals the borrower's qualified research and development loan payments during the calendar year that immediately precedes the report year. The payments include principal and interest on a loan made to the borrower from Ohio's research and development fund administered by the Ohio Development Services Agency.

Unused net operating losses credit (Ohio Rev. Code § 5751.53). Beginning in calendar year 2010, qualifying taxpayers may claim a nonrefundable tax credit equal to 8 percent of the taxpayer's franchise tax net operating loss carry forwards and other deferred tax items against the commercial activity tax. This credit is limited to taxpayers that elected to claim the credit by filing with the Tax Commissioner before July 1, 2006.

Venture capital credit (Ohio Rev. Code § 150.07, 5725.19, 5726.53, 5727.241, 5729.08, 5747.80). The Ohio Venture Capital Authority has the authority to issue refundable tax credits to its creditors. The credits are redeemable in the event of losses on loans to the authority.

State Revenue Sharing with Local Governments

Local Government Fund

Overview. The Local Government Fund (LGF) dates back to the Jan. 1, 1935 establishment of the state sales tax. The fund has undergone many changes in the ensuing decades, but the basic elements remain: a designated portion of state revenues is deposited into the LGF, a statutory formula is used to allocate revenue monthly to the undivided LGFs of each of Ohio's 88 counties, and county budget commissions determine the distribution of the undivided moneys to local subdivisions. In 1972, the state added a new element by allowing municipalities to receive a share of the LGF because the state enacted a personal income tax.

Recent changes (Ohio Rev. Code § 131.44, 5727.45, 5727.84, 5733.12, 5739.21, 5741.03, 5747.03). Beginning in August 2013, the LGF began to receive 1.66 percent of all General Revenue Fund tax collections of the previous month, and a guaranteed minimum distribution amount for counties was codified by HB 59 (130th General Assembly). HB 64 (131st General Assembly) required the Tax Commissioner to reduce the total amount available for direct distribution to municipal corporations by redirecting in state fiscal year 2016 $5 million (increased to $10 million in FY 2017) to the Law Enforcement Assistance Fund and $12 million to Townships and Small Villages (villages with less than 1,000 in population in the 2010 Census of Population). This enactment specified that each month, $833,333 were to be redirected to townships and $166,667 to be redirected to small villages.

Distributions (Ohio Rev. Code § 5747.50). Starting with the 2008 calendar year and thereafter:

- Subject to available resources, each county's undivided LGF fund receives at least what it received in combined distributions from the LGF and LGRAF during the 2007 calendar year
- Subject to available resources, each of the more than 500 municipalities that received a direct distribution from the LGF in 2007 receives an equal amount in subsequent calendar years.
- When additional revenue is available once these distributions have been made, it is distributed to the 88 county undivided LGFs based on each county's proportionate share of the state population, using U.S. Census Bureau estimates from the previous year. No additional revenue would be allocated directly to municipalities.
- Counties are guaranteed an amount not less than $750,000 or the amount they received during fiscal year 2013. Any additional money required to bring a county to the guarantee would be contributed by counties that received more than the $750,000 floor in proportion to their fiscal year 2013 distributions.
- Distributions from the state LGF to counties and municipalities occur on or before the tenth day of each month.

Use of the Funds (Ohio Rev. Code § 5747.50). The amount that each county receives from the state's LGF is expressly designated for deposit into the county's undivided LGF. The Department of Taxation does not determine distributions from the county's undivided LGF. The amount received by a municipal corporation directly from the state LGF is paid into the municipality's general fund to be used for any lawful purpose.

Tables & charts

Table 1. Local Government Fund (LGF) and Dealer in Intangibles (DIT) distributions

	LGF Amount	% Change	DIT Amount	Combined Amount	% Change
2011	$648,162,293		$13,751,305	$661,913,598	
2012	$464,967,126	-28.3%	$6,619	$464,973,745	-29.8%
2013	$357,452,112	-23.1%	$0	$357,452,112	-23.1%
2014	$350,096,602	-2.1%	$0	$350,096,602	-2.1%
2015	$372,858,582	6.5%	$0	$372,858,582	6.5%

Source: Ohio Department of Taxation

Table 2. Local Government Fund - Amounts Distributed to Counties and Municipalities by County - Calendar Year 2015

County	To Counties	To Municipalities	Total	County	To Counties	To Municipalities	Total
ADAMS	$750,000	$320	$750,320	LOGAN	$1,050,309	$44,724	$1,095,034
ALLEN	$2,637,203	$119,788	$2,756,991	LORAIN	$9,354,167	$424,003	$9,778,170
ASHLAND	$1,229,971	$62,465	$1,292,436	LUCAS	$14,208,777	$1,334,951	$15,543,728
ASHTABULA	$2,330,670	$88,499	$2,419,169	MADISON	$835,491	$29,373	$864,864
ATHENS	$1,186,818	$53,597	$1,240,415	MAHONING	$5,806,208	$281,418	$6,087,627
AUGLAIZE	$1,331,118	$66,514	$1,397,632	MARION	$1,536,740	$75,380	$1,612,121
BELMONT	$1,645,176	$8,902	$1,654,077	MEDINA	$3,953,949	$120,924	$4,074,872
BROWN	$750,000	$6,246	$756,246	MEIGS	$686,137	$3,796	$689,933
BUTLER	$8,380,537	$423,518	$8,804,055	MERCER	$1,078,491	$26,647	$1,105,138
CARROLL	$750,000	$5,814	$755,814	MIAMI	$2,971,580	$160,467	$3,132,048
CHAMPAIGN	$836,034	$32,773	$868,807	MONROE	$440,232	$2,194	$442,427
CLARK	$3,299,701	$196,685	$3,496,386	MONTGOMERY	$18,058,773	$1,506,826	$19,565,599
CLERMONT	$2,526,812	$20,182	$2,546,994	MORGAN	$442,257	$3,549	$445,806
CLINTON	$936,083	$23,459	$959,541	MORROW	$750,000	$7,916	$757,916
COLUMBIANA[1]	$2,384,671	$73,241	$2,457,912	MUSKINGUM	$1,769,295	$82,178	$1,851,473
COSHOCTON	$832,009	$22,009	$854,018	NOBLE	$401,561	$0	$401,561
CRAWFORD	$1,218,574	$51,852	$1,270,426	OTTAWA	$967,412	$23,952	$991,365
CUYAHOGA	$62,237,881	$4,940,535	$67,178,416	PAULDING	$713,525	$737	$714,262
DARKE	$1,377,859	$39,004	$1,416,863	PERRY	$750,000	$7,189	$757,189
DEFIANCE	$1,036,413	$42,700	$1,079,113	PICKAWAY	$1,063,133	$32,075	$1,095,208
DELAWARE	$2,806,431	$80,956	$2,887,387	PIKE	$750,000	$6,555	$756,555
ERIE	$2,161,543	$66,477	$2,228,020	PORTAGE	$3,618,698	$177,126	$3,795,823
FAIRFIELD	$2,892,095	$98,319	$2,990,414	PREBLE	$877,169	$27,080	$904,249
FAYETTE	$750,000	$24,242	$774,242	PUTNAM	$842,717	$22,619	$865,337
FRANKLIN	$42,829,216	$3,902,640	$46,731,856	RICHLAND	$3,532,104	$209,817	$3,741,920
FULTON	$1,146,252	$59,867	$1,206,119	ROSS	$1,650,077	$62,529	$1,712,606
GALLIA	$750,000	$10,906	$760,906	SANDUSKY	$1,659,322	$67,107	$1,726,429
GEAUGA	$1,584,755	$41,371	$1,626,126	SCIOTO	$1,473,677	$43,821	$1,517,497
GREENE	$4,702,065	$103,548	$4,805,613	SENECA	$1,582,370	$82,177	$1,664,548
GUERNSEY	$862,836	$23,133	$885,970	SHELBY	$1,388,325	$86,015	$1,474,339
HAMILTON	$29,611,388	$2,562,251	$32,173,640	STARK	$9,040,309	$495,653	$9,535,962
HANCOCK	$2,264,664	$92,701	$2,357,365	SUMMIT	$19,730,874	$1,320,629	$21,051,503
HARDIN	$750,000	$23,618	$773,618	TRUMBULL	$5,266,452	$202,042	$5,468,494
HARRISON	$593,998	$5,519	$599,518	TUSCARAWAS	$2,495,108	$78,406	$2,573,514
HENRY	$750,000	$22,334	$772,334	UNION	$890,431	$30,218	$920,649
HIGHLAND	$765,263	$26,517	$791,780	VAN WERT	$750,000	$33,741	$783,741
HOCKING	$750,000	$15,122	$765,122	VINTON	$356,348	$0	$356,348
HOLMES	$750,000	$5,404	$755,404	WARREN	$3,941,065	$162,297	$4,103,362
HURON	$1,566,880	$96,021	$1,662,901	WASHINGTON	$1,358,623	$51,588	$1,410,212
JACKSON	$750,000	$0	$750,000	WAYNE	$2,856,889	$102,179	$2,959,068
JEFFERSON	$2,248,292	$79,826	$2,328,117	WILLIAMS	$1,119,481	$56,851	$1,176,333
KNOX	$1,153,586	$47,380	$1,200,966	WOOD	$3,262,656	$183,503	$3,446,159
LAKE	$9,799,101	$498,966	$10,298,067	WYANDOT	$750,000	$22,191	$772,191
LAWRENCE	$1,091,342	$14,990	$1,106,331				
LICKING	$3,811,925	$136,032	$3,947,958	**Total**	**$350,849,896**	**$22,008,687**	**$372,858,582**

Source: Ohio Department of Taxation

[1]Includes $1.2 million redirected from Columbiana County to its fiscal agent.

Public Library Fund

Overview. The Public Library Fund (PLF) was created by the General Assembly in 1985 as the Library and Local Government Support Fund. Its creation was part of a broader effort to phase out the intangible personal property tax. The PLF was designed to offset the loss of revenue from the intangible personal property tax, then a significant source of revenue for local libraries. A share of state income tax collections was distributed to a fund established in each county. In turn, county officials distributed the revenue from that county fund to libraries and local governments. The Library and Local Government Support Fund was renamed the PLF by the 127th General Assembly.

Distributions (Ohio Rev. Code § 5747.47). The PLF receives 1.66 percent of all General Revenue Fund tax revenue collections of the previous month. HB 64 (131st General Assembly state fiscal year 2016-2017 biennial budget) temporarily increased this percentage to 1.7% for the state fiscal year 2016-2017 period. Distributions from the state PLF to counties are made on or before the 10th day of each month. In July of each year, the Department of Taxation certifies an estimate of each county's total entitlement for the following calendar year. Estimates reflect the best projection of state tax revenues for the subsequent calendar year and incorporate updated county population estimates and an inflation factor. Each December, the department certifies (1) the amounts that each county was entitled to receive under the distribution formula during the current calendar year, (2) the amount each county received, and (3) the difference between the two. The amount of PLF to which a county is entitled is not known until the end of each year when the total amount of revenue into the PLF is known. During the first six months of the following year, each county's distribution is adjusted for any overpayment or underpayment received in the preceding year. Each June, the estimates for the current calendar year distributions are revised to account for recent actual state tax revenues and any revised projections of tax revenues.

Use of Funds (Ohio Rev. Code § 3375.05, 3375.121, 3375.40, 3375.403, 3375.82, 3375.85, 5705.32). County budget commissions determine the amounts to be allocated to all libraries. The amount is given to each library based on its needs for building construction and improvement, operations, maintenance, and other expenses required by the library and its branches. By law, libraries collectively may never receive a smaller share of county PLF distributions than the average percentage of the county's intangible property taxes that were distributed to all libraries in 1982, 1983, and 1984. After fixing the amount to be distributed to libraries within the county, the county budget commission fixes an amount to distribute to municipal corporations in the county. By law, each municipal corporation receives a percentage of the remainder equal to the percentage share of all classified, or intangible, property taxes originating from that municipality in 1984. Generally speaking, the vast majority of revenue distributed from the PLF is provided to libraries, with the remainder provided to other local governments.

Tables and charts

Table 1. Public Library Fund Distributions to Counties: Calendar Years 2011-2015

Calendar Year	Total Distribution	% change in total distribution
2011	$364,671,108	
2012	344,026,827	-5.70%
2013	351,913,895	2.30%
2014	345,132,620	-1.90%
2015	380,895,472	10.40%

Source: Ohio Department of Taxation

Table 2. Transfers from the Public Library Fund to the Ohio Public Library Information Network (OPLIN) and the Library for the Blind, FY 2012-2016

Fiscal Year	OPLIN Distribution	Library for the Blind Distribution	Total Distribution
2012	$3,689,401	$1,274,194	$4,963,595
2013	$3,689,788	$1,274,194	$4,963,982
2014	$3,689,788	$1,274,194	$4,963,982
2015	$3,689,788	$1,274,194	$4,963,982
2016	$3,689,788	$1,274,194	$4,963,982

Source: Ohio Department of Taxation

Table 3. Public Library Fund Amounts Distributed to Counties, Calendar Year 2015

County	Amount	County	Amount	County	Amount
Adams	$838,713	Hamilton	$38,898,721	Noble	$392,980
Allen	$3,482,507	Hancock	$2,480,840	Ottawa	$1,305,172
Ashland	$1,624,283	Hardin	$972,128	Paulding	$624,677
Ashtabula	$3,154,623	Harrison	$563,245	Perry	$1,028,602
Athens	$1,863,183	Henry	$905,379	Pickaway	$1,572,216
Auglaize	$1,478,297	Highland	$1,199,752	Pike	$817,269
Belmont	$2,244,230	Hocking	$845,950	Portage	$4,635,010
Brown	$1,196,571	Holmes	$1,113,444	Preble	$1,280,991
Butler	$9,896,479	Huron	$1,842,399	Putnam	$1,067,613
Carroll	$868,824	Jackson	$1,003,704	Richland	$4,159,451
Champaign	$1,145,586	Jefferson	$2,429,833	Ross	$2,257,386
Clark	$4,564,690	Knox	$1,621,256	Sandusky	$1,951,895
Clermont	$5,164,400	Lake	$7,316,222	Scioto	$2,493,713
Clinton	$1,229,987	Lawrence	$1,952,693	Seneca	$1,908,755
Columbiana	$3,434,615	Licking	$4,310,300	Shelby	$1,493,491
Coshocton	$1,151,560	Logan	$1,375,809	Stark	$12,391,832
Crawford	$1,506,315	Lorain	$8,740,762	Summit	$17,811,053
Cuyahoga	$52,906,208	Lucas	$15,423,230	Trumbull	$7,161,500
Darke	$1,686,780	Madison	$1,226,229	Tuscarawas	$2,739,735
Defiance	$1,239,012	Mahoning	$8,356,723	Union	$1,188,752
Delaware	$3,049,567	Marion	$2,044,704	Van Wert	$946,689
Erie	$2,620,801	Medina	$4,337,306	Vinton	$369,255
Fairfield	$3,705,690	Meigs	$728,878	Warren	$4,427,237
Fayette	$878,083	Mercer	$1,274,818	Washington	$1,970,927
Franklin	$34,883,902	Miami	$3,137,511	Wayne	$3,526,056
Fulton	$1,294,031	Monroe	$471,057	Williams	$1,219,496
Gallia	$986,897	Montgomery	$19,629,342	Wood	$4,120,278
Geauga	$3,214,108	Morgan	$443,585	Wyandot	$711,330
Greene	$4,559,544	Morrow	$932,271		
Guernsey	$1,241,745	Muskingum	$2,632,789	**Total**	**$380,895,472**

Source: Ohio Department of Taxation

Tangible Property Tax Replacement Funds

Overview. This chapter deals with two revenue-sharing funds, the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund. The tangible property tax replacement funds were created by in 2005 as part of House Bill (HB) 66 (126th General Assembly). HB 66 phased out the tangible personal property tax and made a number of other tax code changes including the enactment of the Commercial Activity Tax (CAT). The tangible personal property (TPP) tax, which applied to property used in business in Ohio, was a significant source of local property tax revenue. Reimbursements to schools and local governments were established to replace local revenue losses attributed to the phase-out of the tax on TPP. Reimbursements were based on the product of millage, levied as of Sept. 1, 2005, and 2004 tangible personal property tax values. Reimbursement payments increased as local revenues decreased due to the phase-out, with full reimbursement provided in 2010.

HB 153 (129th General Assembly) made significant changes to the phase-out of reimbursement payments in November 2011 and thereafter. The changes implemented a measure of relative need in determining the level of reimbursement for school districts and local governments. Thirty-five percent of CAT receipts are to be deposited in the School District Tangible Property Tax Replacement Fund and 15 percent in the Local Government Tangible Property Tax Replacement Fund. A transfer from the General Revenue Fund will be made if the replacement funds were insufficient to make the calculated reimbursement payments. Any balance in the replacement funds, after reimbursements are distributed, would be allocated to the General Revenue Fund

Distributions to Schools & Local Governments (Ohio Rev. Code § 5751.21 and 5751.22). Local government replacement payments are calculated on a calendar year basis and school district replacement payments are calculated on a fiscal year basis. All levies must be charged and payable to remain eligible for reimbursement. In calendar year 2014, replacement payments for the fixed-rate levies of counties, townships and special districts as well as municipal operating levies were equal to the sum of 2011 reimbursement less six percent of the local government's calculated 2011 total resources. Reimbursement for municipal non-operating levies, including pension and capital improvement levies, for calendar year 2013 was equal to 25 percent of the levy's 2011 reimbursement. In fiscal year 2015, replacement payments to schools and joint vocational districts for fixed-rate operating levies were equal to fiscal year 2011 reimbursement less four percent of the district's total resources. Reimbursement for non-operating fixed-rate levies, including permanent improvement and classroom facilities levies, was equal to 50 percent of the fiscal year 2011 reimbursement. Reimbursement for fixed-sum levies (including emergency and voted bond levies) is not subject to phase out; final reimbursement for emergency levies is to be made in 2017.

Distribution Procedure (Ohio Rev. Code § 5751.21 and 5751.22). Distributions are made from the state to counties on or before the 30th day of November and 31st day of May. The county treasurer/auditor then distributes payments to the appropriate local government within 30 days. Direct payments from the Ohio Department of Education are made to school and joint vocational districts on or before the 20th day of November and the last day of May. Use of Funds Reimbursements to schools and local governments are to be utilized for the purpose of the originally qualifying levy.

Tables and charts

Table 1. Personal Property Tax Replacement Payments by County (FY 2016)

County	Tax Replacement Payments	County	Tax Replacement Payments
Adams	$3,675,183	Licking	$2,717,588
Allen	8,140,652	Logan	3,016,544
Ashland	1,736,612	Lorain	5,067,126
Ashtabula	4,919,227	Lucas	17,957,637
Athens	134,674	Madison	815,638
Auglaize	2,278,634	Mahoning	3,848,620
Belmont	701,185	Marion	1,667,188
Brown	10,326	Medina	4,811,954
Butler	6,772,813	Meigs	80,413
Carroll	41,601	Mercer	227,094
Champaign	1,497,908	Miami	4,042,047
Clark	1,223,176	Monroe	271,478
Clermont	9,475,723	Montgomery	18,756,480
Clinton	1,028,021	Morgan	71,449
Columbiana	1,270,030	Morrow	68,085
Coshocton	557,583	Muskingum	684,542
Crawford	2,078,966	Noble	24,273
Cuyahoga	53,256,847	Ottawa	5,636,546
Darke	262,830	Paulding	128,987
Defiance	1,575,895	Perry	61,447
Delaware	884,036	Pickaway	723,880
Erie	7,488,314	Pike	1,731,983
Fairfield	909,486	Portage	5,732,000
Fayette	355,515	Preble	528,517
Franklin	41,821,287	Putnam	422,209
Fulton	3,185,978	Richland	6,974,170
Gallia	216,834	Ross	3,340,859
Geauga	3,766,823	Sandusky	2,502,942
Greene	982,035	Scioto	330,262
Guernsey	1,086,730	Seneca	1,503,543
Hamilton	50,833,563	Shelby	3,949,987
Hancock	6,544,967	Stark	11,647,750
Hardin	649,038	Summit	18,209,011
Harrison	98,885	Trumbull	9,862,412
Henry	2,213,732	Tuscarawas	2,958,059
Highland	40,868	Union	9,137,502
Hocking	26,143	Van Wert	243,458
Holmes	854,685	Vinton	17,222
Huron	1,450,831	Warren	11,815,575
Jackson	162,584	Washington	4,035,322
Jefferson	2,719,448	Wayne	6,372,027
Knox	690,623	Williams	2,183,182
Lake	20,901,820	Wood	8,398,513
Lawrence	29,978	Wyandot	298,092
		Total	$431,425,700

Source: Ohio Departtment of Taxation records.

Local Taxes Administered by the Tax Commissioner

Alcoholic Beverage Taxes

Overview
Cuyahoga County is the only county in the state that levies a separate local tax on alcoholic beverages. In 2008, the General Assembly prohibited localities from levying any new taxes on alcoholic beverages. However, in 2013, the General Assembly authorized Cuyahoga County to extend its current levy subject to a resolution adopted by the County Council (Cuyahoga County as a Charter form of government) and approved by a majority of voters in the county. Cuyahoga County voters last approved an extension of their alcoholic beverage taxes (along with cigarette taxes) in May 2014, for a 20-year period. Cuyahoga County levies the maximum rates specified in state law on gallons of beer, wine, mixed drinks, cider and liquor. Revenues from these taxes (along with a portion of the county's revenues from cigarette taxes) are used for construction and renovation costs for professional sports facilities in the county along with related economic development projects. In fiscal year 2016, a total of $11.7 million was collected in the permissive alcohol taxes, with $0.1 million deposited into the Department of Taxation's administration fund and the remainder to be distributed to Cuyahoga County.

Taxpayer (Ohio Rev. Code § 4301.422)
The tax is paid by manufacturers, importers, and wholesale distributors of beer, wine, cider and mixed beverages (up to 21% alcohol by volume or ABV). The tax also is paid by the Ohio Department of Commerce's Division of Liquor Control, the state's sole purchaser and distributor of liquor containing more than 21% ABV. The Division of Liquor Control in the Department of Commerce administers the taxes for liquor.

Tax Base (Ohio Rev. Code § 4301.421 and 4301.01)
The tax applies to beer, wine, mixed beverages, cider and liquor, defined as follows:

- Beer is brewed or fermented from malt products and contains at least 0.5% but not more than 12% ABV.
- Wine, including sparkling wine and vermouth but excluding cider, consists of fermented juices of grapes, fruits or other agricultural products. It contains at least 0.5% and not more than 21 percent ABV.
- By law, wine with less than 4% alcohol is not subject to the alcoholic beverage excise tax.
- Mixed beverages are mixtures of wine or distilled spirits with carbonated or noncarbonated flavoring materials. They contain at least 0.5% and not more than 21% ABV.
- Cider consists of fermented juices of apples, including flavored, sparkling or carbonated cider. It contains at least 0.5% and not more than 6% alcohol by weight.
- Liquor or "spirituous liquor" includes all intoxicating liquors that contain more than 21% ABV.

Rates (Ohio Rev. Code § 4301.421)

Maximum Rates Established in State Law for County Alcoholic Beverage Taxes

Beverage	Rate per gallon
Beer	$0.16
Wine and mixed drinks	$0.32
Cider	$0.24
Liquor	$3.00

Exemptions (Ohio Rev. Code § 4301.421). The tax does not apply to sacramental wine or to sales made to the federal government.

Disposition of Revenues (Ohio Rev. Code § 4301.432). The county receives 98% of the revenues the month after the revenues are collected by the Department of Taxation. Two percent of beer, wine, and mixed beverage tax revenues are allocated to the Department of Taxation to administer the tax.

Payment Dates (Ohio Rev. Code § 4301.422). Returns and payments must be received by the last day of the month following the reporting period.

Special Provisions/Credits (Ohio Rev. Code § 4301.422). Taxpayers receive a 2.5% discount for timely payment of taxes.

Tables and charts

Table 1. Cuyahoga County Alcoholic Beverage Tax Revenue (FY 2014-2016, in millions)

Fiscal Year	Beer	Wine and Mixed Beverages	Liquor	State Administrative Fee	Total
2014	$4.0	$1.3	$5.7	$0.1	$11.2
2015	4.1	1.4	6.3	0.1	11.9
2016	3.9	1.3	6.3	0.1	11.7

Source: Office of Budget and Management financial reports.

Table 2. Cuyahoga County Beer and Wine Liability (FY 2014-2016, in millions)

Beverage	2014	2015	2016
Beer	$4.0	$4.1	$4.1
Wine	$1.3	$1.4	$1.3
Total	$5.2	$5.5	$5.5

Note: Amounts represent tax liability as opposed to tax payments reported on Table 1.
Source: Department of Taxation, as reported on tax returns.

History of Major Changes

1986	General Assembly authorizes county sports facility liquor taxes.
1990	General Assembly authorizes county sports facility taxes on beer, wine and mixed beverages and amends law on county sports facility liquor taxes. Later, Cuyahoga County voters enact taxes on beer, wine and liquor at the maximum rate through July 31, 2004.
1995	General Assembly permits counties to enact alcoholic beverage taxes that do not take effect until a current levy expires. Cuyahoga County voters approve a 10-year extension of beer, wine and liquor taxes.
2008	Future local taxes on alcoholic beverages prohibited by House Bill 562.
2013	Cuyahoga County authorized under HB 59 to renew the county alcoholic beverage (and cigarette) taxes for up to 20 years, by adopting a resolution by Sept. 15, 2015 subject to voter approval.
2014	Cuyahoga County voters extend alcoholic beverages (and cigarette) taxes at current rates for 20 years.

Cigarette Tax – County

Overview. In 1990, Cuyahoga County became the first and only county in the state that levies a local tax on cigarettes. In 2008, the General Assembly prohibited localities from levying any new taxes on cigarettes. However, in 2013, the General Assembly authorized Cuyahoga County to extend its current levy subject to a resolution adopted by the County Council (Cuyahoga County has a charter form of government) and approved by a majority of voters in the county. Cuyahoga County voters approved cigarette taxes (along with alcohol taxes) in May 2014 for a 20-year period. Cuyahoga County levies the maximum rates specified in state law. Revenues from these taxes generally may be used for funding a regional arts and cultural district; some revenues are used for the construction and renovation costs for professional sports facilities in the county along with related economic development projects.

Taxpayer (Ohio Rev. Code § 5743.025). The tax is paid by cigarette dealers (primarily wholesalers), who must be licensed and who pay the tax by purchasing tax indicia (stamps or impressions). The indicia must be affixed to all packs of cigarettes before sale at retail in a county that levies such taxes.

Tax Base (Ohio Rev. Code § 5743.026). The tax is assessed per each cigarette sold.

Rates (Ohio Rev. Code § 5743.021 and 5743.026). Cuyahoga County levies two separate cigarette taxes at the maximum rates permitted under state law:

- Up to 1.5 cents per cigarette (30 cents per pack of 20 cigarettes) for the purpose of funding a regional arts and cultural district; and
- Up to 0.225 cents per cigarette (4.5 cents per pack of 20 cigarettes) for construction of a sports facility.

For one pack of 20 cigarettes purchased, a total of 34.5 cents is assessed.

Disposition of Revenue (Ohio Rev. Code § § 5743.021, 5743.024). The county receives 98 percent of revenues from each tax to use for the specified purposes listed above. The remaining two percent of revenue is allocated to the Department of Taxation to administer the tax.

Payment Dates & Special Provisions. See the **Cigarette and Other Tobacco Products Tax** chapter in the State Taxes section.

Charts and Tables

Table 1. Revenue from Cigarette Tax in Cuyahoga County, Fiscal Years 2012-2016

Fiscal Year	Cuyahoga County Revenue	Arts District Allocation[1]	Sports Faciliites Allocation[1]	State Administration Fee	Total Revenue
2012	$19,687,486	$17,119,553	$2,567,933	$402,357	$20,089,843
2013	19,411,367	16,879,450	2,531,917	396,666	19,808,033
2014	18,482,584	16,071,812	2,410,772	377,194	18,859,778
2015	18,002,387	15,654,250	2,348,137	367,394	18,369,781
2016	17,995,489	15,648,251	2,347,238	367,254	18,362,743

Source: Ohio Office of Budget and Management fiscal reports, calculations by the Department of Taxation.
[1]Allocation by purpose calculated by Department of Taxation based on proportion of respective tax rates.

Table 2. Cuyahoga County Cigarette Tax Receipts, Fiscal Years 2012 - 2016

Fiscal Year	Gross Stamp Tax	Discount	Net Tax Collected
2012	$19,763,236	$355,738	$19,407,498
2013	20,187,170	363,369	19,823,801
2014	18,449,161	332,085	18,117,076
2015	19,706,581	354,718	19,351,863
2016	22,738,367	409,291	22,329,076

Source: Ohio Treasurer of State, Ohio Department of Taxation

History of Major Changes

1986	General Assembly authorizes county sports facility cigarette taxes.
1990	Cuyahoga County voters approve 4.5 cents per pack cigarette tax through July 31, 2005, with revenue designated to finance sports facilities for the Cleveland Indians and Cavaliers.
1995	General Assembly permits counties to extend cigarette taxes that have not yet expired. Later, Cuyahoga County voters extend the cigarette tax for 10 years to support facility improvements for the Cleveland Browns.
2006	General Assembly permits counties with a population of 1.2 million or more to levy a cigarette tax to fund a regional arts and cultural district. Cuyahoga County voters approve the tax at a rate of $0.30 per pack (effective February 2007).
2008	HB 562 includes a provision that prohibits future local taxes on cigarettes (and alcoholic beverages).
2013	HB 59 authorizes Cuyahoga County to renew county cigarette and alcoholic beverage taxes for up to 20 years, by adopting a resolution, subject to voter approval.
2014	Cuyahoga County voters extend the cigarette and alcoholic beverage taxes for 20 years.

Individual Income Tax – School Districts

Overview. The ability of school districts to levy and income tax dates back to 1979 when the Ohio General Assembly permitted such a tax solely to repay a state loan. Two years later, lawmakers repealed this law which had not been used, and enacted Chapter 5745, granting broader authority for school districts to levy an income tax, subject to voter approval. In 1983, after voters in six districts approved such taxes, the legislature blocked other districts from enacting new income taxes by repealing most of the chapter. The ability of a school district to enact an income tax was restored in 1989. Unlike state or municipal income taxes, school district income tax may be levied only on the income of residents of the school district.

Effective calendar year 2016, 191 of Ohio's 614 school districts levied the tax. In 144 districts, the tax applies to Ohio adjusted gross income less the exemptions provided by R.C. 5747.02 plus any amount deducted under R.C. 5747.01 (A) (31); this base is known as the "traditional" tax base, which includes income to estates and taxable income for the taxable year in the case of the estates of persons who, at the time of their death, were domiciled in the school district. In 47 districts, the tax applies only to earned income, such as wages, salaries, tips and other employee compensation and net earnings from self-employment to the extent they are included in Ohio adjusted gross income; this base is known as the "earned income" tax base.

The Department of Taxation administers the school district income tax, including collections through employer withholding, individual quarterly estimated payments, and annual returns. During fiscal year 2016, school district income tax revenue collections totaled about $421.7 million. During fiscal year 2016, net distributions to all districts totaled slightly more than $410.4 million.

Taxpayer (Ohio Rev. Code § 5748.01). The tax applies to every individual residing in a taxing school district. In districts that use the traditional tax base, the tax is also paid by the estates of persons who, at the time of their death, were domiciled in such taxing school district.

Tax Base (Ohio Rev. Code § 5748.01)

"Traditional base" school districts

The "traditional base" of the tax is Ohio adjusted gross income less the exemptions provided by R.C. 5747.02 plus any amount deducted under R.C. 5747.01(A) (31). In the case of the estate of a decedent who was domiciled in the school district, the base is taxable income for the taxable year as defined in R.C. 5747.01(S).

"Earned income only" school districts

Earned income includes wages, salaries, tips and other employee compensation as well as net earnings from self-employment, to the extent they are included in Ohio adjusted gross income. Earned income does not include retirement income, unemployment compensation, workers' compensation, lottery winnings, interest, dividends, capital gains, profit from rental activities, distributive shares of profit from S corporations, alimony received, distributions from trusts and estates, and all other types of income that are not earned income but that are part of Ohio adjusted gross income. Most exemptions and deductions permitted for the federal income taxes - such as those claimed on the front page of IRS form 1040 - are not permitted for the "earned income only" version of the school district income tax. Military pay and allowances received by the taxpayer while stationed outside Ohio for active duty service in the U.S. Army, Air Force, Navy, Marine Corps, Coast Guard or Reserve components thereof, or the National Guard are exempt from the tax.

Tax Rates (Ohio Rev. Code § 5748.02). Rates are proposed by the school district board of education and must be approved by voters in the school district. Rates are set in increments of 0.25 percent. During fiscal year 2016, rates ranged from 0.25 percent to 2 percent.

Special Provisions

Senior citizen credit (Ohio Rev. Code § 5748.06). A taxpayer 65 years of age or older during the taxable year receives a $50 credit against the amount of school district income tax due. Only one credit is allowed for each return.

Filing and Payment Dates (R.C. 5747.06 - 5747.09)

Individuals and estates

Most taxpayers file their annual return by April 15 of the calendar year immediately following the end of the taxpayer's taxable year. Taxpayers must make quarterly estimated payments if they expect to be under withheld by more than $500 on the combined school district and state individual income taxes. For calendar year taxpayers, quarterly payments of the tax must typically be made on or before April 15, June and September 15 of the current year and January 15 of the next year. For fiscal year taxpayers, quarterly payments of tax must be made on the 15th day of the fourth, sixth and ninth months of the fiscal year and on the 15th day following the end of the fiscal year.

Employers

If the employer remits on a quarterly basis for state income tax purposes, payment is due for both the state and school district income taxes by the last day of the month following March, June, September and December. If the employer remits on a monthly basis or by electronic funds transfer for state income tax purposes, remittances of school district income taxes withheld are made within 15 days after the end of each month.

Disposition of Revenue (Ohio Rev. Code § 5747.03). Collections are deposited into the School District Income Tax Fund for distribution to school districts, less 1.5% retained for state administrative purposes. Deposited amounts accrue interest. Distributions are made to school districts on the last day of April, July, October and January. Payments are for the net amount in each school district's account, after refunds and administrative fees, as of the end of the prior calendar quarter.

Tables and charts

Table. 1 School District Income Tax Revenue (FY 2012-2016, in millions)

Fiscal Year	School District Income Tax Fund	School District Income Tax Administration Fund	Total Revenue
2012	$342.2	$5.5	$347.7
2013	362.7	5.9	368.6
2014	380.8	5.8	386.6
2015	397.2	6	403.2
2016	415.4	6.3	421.7

Source: Office of Budget and Management fiscal reports

History of Major Changes

1979	General Assembly grants school districts authority to levy an income tax solely for repaying a state loan.
1981	General Assembly repeals 1979 law and enacts Chapter 5748 of the Ohio Revised Code, authorizing school districts to enact a school district income tax based on Ohio taxable income (meaning Ohio adjusted gross income, less personal and dependent exemptions claimed on the Ohio individual income tax return).

1983	General Assembly blocks additional school districts from enacting the tax by repealing most of Chapter 5748, but permits the six districts that had enacted the tax before Aug. 3, 1983 to continue doing so.
1989	General Assembly reinstates portions of Chapter 5748, allowing additional school districts to levy the tax. Lawmakers also enact a $50 senior citizen credit.
1991	For the first time, school districts are permitted to seek voter approval for income taxes for finite periods of time. Previously, all levies had to be continuing levies.
1992	General Assembly permits districts to submit to voters an income tax levy and a property tax reduction with a single ballot issue.
2000	Personal exemptions indexed to inflation.
2005	General Assembly gives districts the option of levying the tax on earned income – meaning, only wages and self- employment income – instead of on the traditional base of Ohio taxable income.
2009	The Congressional "Military Spouses Residency Relief Act of 2009" extended the principle of domicile that applies to service members to their spouses.

Municipal Income Tax for Electric Light and Local Exchange Telephone Companies

Overview. The municipal income tax for electric light companies and local exchange telephone companies, set forth in Chapter 5745 of the Ohio Revised Code, was enacted by the Ohio General Assembly in 2000. This tax is sometimes referred to as the "Chapter 5745 municipal income tax" to distinguish it from the conventional municipal income tax, which may be levied and administered by various Ohio cities and villages pursuant to Chapter 718 of the Revised Code. The Chapter 5745 municipal income tax applies only to electric light companies and local exchange telephone companies. It is administered by the Ohio Department of Taxation.

“Electric light companies" meaning electric companies and certain marketers and brokers of electricity, were first subject to the Chapter 5745 tax for their taxable year that included Jan. 1, 2002. The tax began to apply to local exchange telephone companies two years later, starting with the taxable year that included Jan. 1, 2004.

Before the enactment of Chapter 5745, only certain marketers and brokers of electricity - defined by the Revised Code as "an electric light company that is not an electric company"- were subject to traditional municipal income taxes. Such marketers and brokers of electricity may elect to be subject to the state-administered tax (Chapter5745). Otherwise, they remain subject to any conventional municipal income tax levied by a municipality to which the entity has taxable nexus (Chapter 718).

Taxpayer (Ohio Rev. Code § 5745.01). Chapter 5745 taxpayers include:
• Electric companies engaged in the business of generating, transmitting or distributing electricity within Ohio for use by others. This definition does not include rural electric companies;
• Combined companies engaged in the activity of an electric company or rural electric company that is also engaged in the activity of a heating company or a natural gas company, or any combination thereof;
• Certain marketers or brokers of electricity that meet the requirements and make the election set out in Ohio Rev. Code § 5745.031; and
• Telephone companies primarily engaged in the business of providing local exchange telephone service, excluding cellular radio service, in Ohio.

Tax base (Ohio Revised Code § 5745.01 and .02). The "starting point" for Chapter 5745 municipal income taxpayers is federal taxable income. After making certain adjustments to federal taxable income (described below), the taxpayer computes Ohio net income by multiplying the taxpayer's adjusted federal taxable income by the taxpayer's Ohio apportionment ratio. Then, municipal income is computed for each municipality that has enacted an income tax and where the company has taxable nexus by multiplying Ohio net income by the taxpayer's apportionment ratio for that municipality. Finally, municipal income tax liability is determined by multiplying the income apportioned to each municipality by the municipality's income tax rate.

Ohio Apportionment Ratio (Ohio Rev. Code § 5745.02). The Chapter 5745 Ohio apportionment formula is generally the Uniform Division of Income for Tax Purposes Act (UDITPA) three-factor formula, where the property, payroll and sales factors are equally weighted.

Municipal Apportionment Ratio (R.C. 5745.02). For purposes of determining the taxpayer's apportionment ratio for each municipality, the taxpayer's property, payroll and sales are generally sitused consistent with the UDITPA tax situsing provisions. However, for purposes of the municipal payroll factor, compensation is sitused based upon the amount of compensation that is earned in the municipality for services performed for the taxpayer by the taxpayer's employees and that is subject to income tax withholding by the municipality.

Adjustments to Federal Taxable Income (Ohio Rev. Code § 5745.01). Net intangible income – Taxpayers may deduct intangible income as defined in Ohio Rev. Code § 718.01, adding back expenses incurred in the production of such intangible income. Intangible income is generally not part of the municipal income tax base under R.C. 718.01(CH)(3). Book-tax difference – Both electric companies and telephone companies must compute a book-tax difference adjustment which is either added to or subtracted from federal taxable income. For details, see the Ohio Municipal Income Tax Instructions for Electric Light Companies and Local Exchange Telephone Companies on the department's web site at www.tax.ohio.gov.

Tax Rates (Ohio Rev. Code § 5745.03). Tax rates are levied locally by the municipality. The rate that applies is the rate that was in effect as of January 1 of the taxable year. If a taxpayer's taxable year is for a period of less than 12 months and does not include January 1, then the rate that applies is the rate that was in effect on January 1 of the preceding taxable year.

Credits (Ohio Rev. Code § 5745.06). If the taxpayer has an interest in a pass-through entity that is also subject to and has paid the Chapter 5745 municipal income tax, then the taxpayer may claim a credit against its own Chapter 5745 liability. The credit equals the taxpayer's proportionate share of the tax due from, or paid by, the qualifying pass-through entity, whichever is less.

Special Provisions (Ohio Rev. Code § 5745.01, 5745.031, and 5745.02). Taxpayer elections – An "electric light company that is not an electric company" may elect to be a taxpayer under Chapter 5745 if, during the company's most recently concluded taxable year, at least 50 percent of the company's total sales in Ohio, as determined under R.C. 5733.059, consist of sales of electricity and other energy commodities. The election is effective for five consecutive taxable years and, once made, is irrevocable for those five years. An "electric light company that is not an electric company" that does not make this election remains subject to the conventional municipal income tax as enacted by the municipalities with which the entity has taxable nexus (Chapter 718).

Qualified subchapter S subsidiaries – If an electric company or a telephone company is a qualified subchapter S subsidiary as defined in Internal Revenue Code (I.R.C.) section 1361 or a disregarded entity, the company's parent S corporation or owner is the taxpayer for the purposes of the municipal income tax.

Combined companies (R.C. 1701.18(F)(6)) – If the taxpayer is a "combined company'; it must adjust the numerator of its municipal property, payroll and sales factors (but not the numerator of its Ohio property, payroll and sales factors) to include only the company's activity as an electric company. This is so because only a combined company's income from its activity as an electric company is subject to taxation by a municipal corporation.

Alternative apportionment methods - If the standard provisions for apportioning adjusted federal taxable income to Ohio or for apportioning Ohio net income to an Ohio municipality do not fairly represent the extent of a taxpayer's business activity in Ohio or Ohio's municipalities, the taxpayer may request, or the tax commissioner may require, that the taxpayer's adjusted federal taxable income or Ohio net income be determined by an alternative method, including any of the alternative methods set out in R.C. 5733.05(8)(2)(d).

Municipality cannot require tax return (R.C. 5745.03(E), R.C. 718.02) – A municipality that has enacted a Chapter 718 municipal income tax cannot require a Chapter 5745 municipal income taxpayer to file a Chapter 718 municipal income tax return for that municipality. The Chapter 718 municipal income tax does not apply to taxpayers that are required to file Chapter 5745 municipal income tax. However, to the extent necessary for a municipality to compute a taxpayer's property, payroll and sales factors for that municipality, the municipality may require the taxpayer to report to the municipality the value of the taxpayer's real and tangible personal property situated in the municipality, the taxpayer's compensation paid to its employees in the municipality and the taxpayer's sales made in the municipality.

Filing and Payment Dates (Ohio Rev. Code § 5745.03 and 5745.04)

Estimated payment requirements

For each taxable year, each taxpayer must file a declaration of estimated tax report and make payment as follows:

• Not later than the 15th day of the fourth month after the end of the preceding taxable year, the taxpayer must pay at least 25% of the combined tax liability for the preceding taxable year or 20% of the combined tax liability for the current taxable year.
• Not later than the 15th day of the sixth month after the end of the preceding taxable year, the taxpayer must pay at least 50% of the combined tax liability for the preceding taxable year or 40% of the combined tax liability for the current taxable year.
• Not later than the 15th day of the ninth month after the end of the preceding taxable year, the taxpayer must pay at least 75% of the combined tax liability for the preceding taxable year or 60% of the combined tax liability for the current taxable year.
• Not later than the 15th day of the 12th month after the end of the preceding taxable year, the taxpayer must pay at least 100 percent of the combined tax liability for the preceding taxable year or 80% of the combined tax liability for the current taxable year. The term "combined tax liability" means the total of the taxpayer's income tax liabilities to all Ohio municipalities for a taxable year.

Returns and extensions (Ohio Rev. Code § 5745.03). Returns are due by the 15th day of the fourth month following the end of the taxpayer's taxable year. An extension will be granted if, by that date, the taxpayer filed with the tax commissioner a copy of the taxpayer's federal extension. The granting of an extension does not extend the last day for paying taxes without penalty unless the tax commissioner extends the payment date.

Payment by electronic funds transfer (Ohio Rev. Code § 5745.041). If any remittance of estimated Chapter 5745 municipal income tax is for $1,000 or more or the amount payable with the report exceeds $1,000, the taxpayer must make the remittance by electronic funds transfer (EFT).

Disposition of Revenue (R.C. 5745.05). Revenue from the Municipal Income Tax Fund is distributed to municipal corporations quarterly, by the first day of March, June, September and December. The Department of Taxation certifies the amount distributed to each municipality and, to defray the costs of administering the tax, receives 1.5% of collections.

Taxable Year (R.C. 5745.01). A taxpayer's taxable year is the same as the taxpayer's taxable year for federal income tax purposes.

Tables and charts

Table 1. Revenue from Municipal Income Tax for Electric Light & Telephone Companies (FY 2012 - 2016 in millions)

Fiscal Year	Municipal Income Tax	Municipal Income Tax Administration Fund	Total
2012	$10.7	0.1	$10.8
2013	9.9	<0.1	9.9
2014	8.7	0.1	8.8
2015	7.4	<0.1	7.4
2016	15.1	0.2	15.3

Source: Office of Budget and Management financial reports

Table 2. Distributions to Local Governments of Municipal Income Tax for Electric Light & Telephone Companies (CY 2010- 2014 in millions)

Calendar Year	Total Distributions
2011	$22.0
2012	10.1
2013	8.9
2014	8.3
2015	8.7

Source: Ohio Department of Taxation

History of Major Changes

2000	HB 483 created a uniform municipal income tax for electric light companies in Chapter 5745 effective Jan. 1, 2002. Later that year, SB 287 clarified uniform procedures for computing and apportioning municipal taxable income.
2003	H.B. 95 places local exchange telephone companies in the Chapter 5745 municipal income tax for taxable years beginning on or after Jan. 1, 2004.
2007	Ohio Rev. Code § 5745.13 is amended to clarify that the Department of Taxation is required to notify a municipality of the department's adjustment to a particular taxpayer's tax for that municipality only if the adjustment increases or decreases the taxpayer's tax for that municipality for the taxable year by more than $500.

Property Tax – Public Utility Property

Overview. This chapter deals largely with property taxes levied on the tangible personal property of public utilities. Public utility personal property is the only personal property that is subject to property taxation now that changes enacted by the Ohio General Assembly in 2005 are fully phased in. Some of these tax changes also apply to the taxation of public utility property and will, over time, decrease property tax revenue from some utilities. This chapter also touches on the taxation of public utility real property, since the Ohio Department of Taxation has a role in assessing the real property of railroads. However, tables showing the taxes paid on public utility real property are located in the **Property Tax - Real Property** chapter.

The assessed value of public utility personal property was approximately $13.88 billion in tax year 2015. Electric utilities accounted for 71.9% of total public utility personal property value in 2015 and the pipeline industry (i.e., transporting natural gas, oil, or coal or its derivatives) accounted for 12.5%. Revenue from the public utility property tax amounted to about $1,103.2 million in calendar year 2015. This revenue was distributed to counties, municipalities, townships, school districts, and special districts, according to the individual millage levied locally, less local administrative deductions. See Ohio Rev. Code § 5701.03 for the definition of personal property.

Taxpayer (Ohio Rev. Code § 5727.06). Public utilities subject to taxation on their tangible personal property include electric, rural electric, energy, natural gas, pipeline, water works, water transportation, heating and telegraph companies. Railroads formerly paid tax on tangible personal property but saw the tax eliminated as part of a three-year phase-out that also applied to general business taxpayers. The assessment rate on railroad personal property was reduced by 6.25 percentage points per year from 25% of true value in 2005 to 0% for 2009 and thereafter.

The tax on tangible personal property was phased out for telephone companies and inter-exchange telecommunications companies, which were reclassified as general business taxpayers as of Jan. 1, 2007. The assessment rate for telephone companies and inter-exchange telecommunications companies was reduced by 5 percentage points per year from 20% of true value for 2007 to 0% in 2011 and thereafter. House Bill 153 (129th General Assembly) extended until Jan. 1, 2014 the deadline by when construction of a renewable energy facility must begin in order to qualify as a "qualified energy project"; and extended until Jan. 1, 2015 (or Jan. 1, 2019 for nuclear, clean coal and cogeneration projects) the deadline by when energy must be produced.

Renewable energy facilities that are not financed through the Ohio Air Quality Development Authority can be exempt from the tangible personal property tax if certified by the Director of the Development Services Agency as a "qualified energy project." Such a facility will require a payment in lieu of taxes on the basis of each megawatt of production capacity. In order to be certified as a "qualified energy project," among other requirements, construction must begin before Jan. 1, 2012, energy must be produced by 2013 (or 2017 for nuclear, clean coal and cogeneration projects) and Ohio jobs must be created. Ohio Rev. Code § 5727.75.

Beginning in 2009, any person or entity that is not a public utility or an inter-exchange telecommunications company and that leases its personal property to a public utility is considered a "public utility lessor" and is required to report and pay tax on its property in the same manner as the utility to which it leases its property. This treatment applies to all such leased property that would otherwise be subject to public utility property tax if it were owned and used directly by the utility except property leased to a public utility in a sale and leaseback transaction and property leased to a railroad, water transportation, telephone or telegraph company. Ohio Rev. Code § 5727.01(M). Also, beginning in 2009, a taxpayer that produces electricity for its own (non-utility) business and sells excess electricity to others is treated as an electric company for property taxation purposes. Those taxpayers are required to report and pay the tax on a percentage of the true value of their eligible equipment based on the amount of electricity generated in the preceding year that was sold to other parties. Ohio Rev. Code § 5727.031.

Tax Base (Ohio Rev. Code § 5715.01, 5727.01, 5727.06, 5727.10, 5727.11-.12, 5727.14-.15). For most public utilities, the personal property tax base consists of all tangible personal property owned and located in

Ohio on December 31 of the preceding year. The exceptions: • For water transportation companies, the tax base consists of all tangible personal property, except watercraft owned or operated in Ohio on Dec. 31 of the preceding year and all watercraft owned or operated by the water company in Ohio during the preceding calendar year. • Railroad property, both real and personal, is valued according to the unitary method described under Determining true value, below.

Listing percentages. The percentage of true value at which personal property is listed for taxation varies according to the type of public utility. The percentages are as follows:

Electric and Energy Companies	
Production personal property	24%
Transmission and distribution personal property	85%
All other tangible personal property	24%
Rural electric companies	
Transmission and distribution personal property	50%
All other tangible personal property	25%
Natural gas companies	25%
Heating, pipeline, and water works companies	88%
Water transportation companies	25%

The table above does not include the listing percentages for the personal property of railroads and telephone companies and inter-exchange telecommunications companies, whose rates fell to zero in 2009 and 2011, respectively, according to schedules described in the Taxpayer section.

The above table also does not apply to real property. All public utilities also pay tax on real property, which is uniformly listed at 35 % of true value in Ohio. Real property includes land and improvements. Personal property includes all plant and equipment either owned or leased by the utility under a sale-lease back agreement, and not classified as real property or intangible property.

Determining true value. For most public utility personal property, true value is the capitalized cost less the composite annual allowances, which vary according to the actual age and expected life of the property.

Exceptions: The true value of electric company production equipment and all taxable property of a rural electric company is 50% of capitalized cost, except for the production equipment of electric or rural electric companies purchased, transferred or sold after July 6, 1999, the date when the electric deregulation legislation known as Senate Bill 3 became effective. The true value of production equipment purchased, transferred or sold after this date is the capitalized cost on the books and records, less composite annual allowances.

The true value of current gas (gas available for market) stored underground is the monthly average value of such gas in the preceding tax year. The true value of non-current gas (gas not available for market that provides pressure for cycling current gas) stored underground is 35 percent of the cost of that gas shown on the books and records of the public utility on the 31st day of December of the preceding year.

To determine the true value of railroad real and personal property used in railroad operations, the unitary method is used to value the company's entire railroad system property as a whole. The value is apportioned to Ohio in the proportion that the length of track in this state bears to the whole length of track. The value of railroad personal property not used in operations is assessed by the tax commissioner, while real property not used in operations is assessed by county auditors, both using the normal means of valuing each type of property.

Apportionment of value. Real property values of all utilities except railroads are assigned to local taxing districts throughout Ohio according to the physical location of the property. The taxable personal property values of all utilities are apportioned among the taxing districts as follows: • Natural gas, heating, pipeline, water works, rural electric, and water transportation companies: taxable value is apportioned according to the cost of all taxable personal property physically located in each taxing district as a proportion of the total cost of all such taxable personal property physically located in the state. • Electric companies: for production equipment, the total taxable value is apportioned to the taxing district in which the property is physically located. For all other property, the taxable value is apportioned according to the cost of this property physically located in each taxing district as a proportion of the total cost of all such taxable personal property physically located in the state.

Tax Rates (Ohio Rev. Code § 319.30, 319.301, 5705.02 – .05, 5705.19). Tax rates vary by taxing jurisdiction. The total tax rate is the sum of all levies enacted by legislative authority or approved by voters for all taxing jurisdictions in which the property is located or to which it is apportioned. Examples of taxing jurisdictions include counties, townships, municipal corporations, school districts, joint vocational school districts, and special service districts. These total rates, or gross tax rates, apply to personal property. For real property, the application of tax reduction factors according to Ohio Rev. Code § 319.301, commonly known as "House Bill 920," results in lower "effective" tax rates. For details on tax reduction factors, see the section on credits in the Property Tax – Real Property chapter.

Exemptions and Credits (Ohio Rev. Code § 319.302, 5701.03, 5709.111, 5709.25, 5709.61, 5727.01, 5727.05, 6111.31). The following types of public utility property are exempt:

- municipally-owned utilities;
- certified air, water and noise pollution control facilities;
- licensed motor vehicles;
- tangible personal property under construction; and
- real and personal property of nonprofit corporations and political subdivisions used exclusively in the treatment, distribution and sale of water to consumers.

An allowance is available for funds used during construction and interest used during construction. This does not apply to electric company and rural electric company property, except transmission and distribution property first placed into service after Dec. 31, 2000. It also does not apply to the taxable property a person purchases, which includes transfers, if that property was used in business by the seller prior to the purchase. Also, qualified electric generating property may qualify for a property tax reduction if placed in an enterprise zone.

Reporting, Certification, and Payment Dates (Ohio Rev. Code § 323.12, 323.17, 5727.08, 5727.10, 5727.23, 5727.48). Payment Dates Annual reports are due by March 1, but the Tax Commissioner may grant an extension of up to 60 days. The Tax Commissioner notifies utilities and county auditors of values on or before the first Monday in October. Tax payments, which are made to the county auditor, are due according to the same first- and second-half due dates for real property taxes. According to statute, at least one half of a real property tax bill is due by December 31, with the balance due by June 20. In practice, these deadlines may be extended by 45 days, or even longer in certain circumstances, on a county-by-county basis.

Disposition of Revenue (Ohio Rev. Code § 319.54, 321.24, 321.26 –.261, 321.31, 321.34). After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts and special districts according to the taxable values and total millage levied by each.

Tables and charts

Table 1. Public Utility Property Taxes Levied, Tax Years 2011-2015 (in millions)

Calendar Year	Total
2011	$784.5
2012	862.1
2013	934.6
2014	1,013.2
2015	1,103.2

Source: Abstracts filed by county auditors with the Ohio Department of Taxation

Table 2. PUPP: Certified Assessed Value by Class of Utility and Total Taxes Levied, Taxable Years 2011-2015

Class of Utility	Number of Taxpayers	Assessed Values	Assessed Values	Assessed Values	Assessed Values	Assessed Values
	2015	2011	2012	2013	2014	2015
Electric	33	$7,044,584,850	$7,646,894,200	$8,284,130,750	$9,075,235,430	$9,983,051,000
Natural Gas	30	$916,554,800	$1,018,970,920	$1,113,364,730	$1,223,953,310	$1,371,449,820
Pipeline	21	$1,576,986,300	$1,580,410,660	$1,579,145,880	$1,621,003,620	$1,783,250,460
Rural Electric	27	$421,504,940	$452,399,890	$509,055,830	$515,077,430	$529,877,010
Waterworks	11	$158,444,090	$163,938,670	$162,165,350	$185,027,170	$181,246,040
Lease/Rental[1]	12	$38,444,700	$36,087,730	$32,181,330	$29,292,960	$26,057,490
Other [2]	11	$2,686,560	$2,653,060	$3,290,720	$4,271,880	$3,743,920
Total[3]	**145**	**$10,159,206,240**	**$10,901,355,130**	**$11,683,334,590**	**$12,653,861,800**	**$13,878,675,740**
Taxes Levied		$784,469,930	$862,109,396	$934,646,188	$1,013,193,975	$1,103,204,896

Source: Ohio Department of Taxation

[1]This category consists of tangible personal property leased by or rented to a public utility property taxpayer. Such property was included in tangible values for 2008 and prior years. Because of the repeal of the tangible personal property tax in 2009, this type of property has been added to this table.

[2]Includes water transportation, heating, and energy.

[3]Only companies with taxable property are included.

Table 3. Assessed Value of Public Utility Personal Property and Taxes Levied by County: Tax Year 2015

Counties	Taxable Value	Taxes Levied & Charged	Counties	Taxable Value	Taxes Levied & Charged
Adams	$243,408,870	$10,845,424	Logan	$39,846,560	$2,542,924
Allen	$121,980,940	$7,683,574	Lorain	$267,129,110	$24,327,111
Ashland	$74,825,510	$5,391,649	Lucas	$289,963,550	$30,887,893
Ashtabula	$110,918,430	$8,693,534	Madison	$46,259,840	$2,987,801
Athens	$102,533,500	$7,818,095	Mahoning	$239,790,470	$20,143,772
Auglaize	$31,613,560	$1,915,080	Marion	$85,801,420	$5,608,370
Belmont	$136,906,680	$8,671,661	Medina	$126,330,260	$12,254,351
Brown	$39,491,330	$2,067,271	Meigs	$52,152,550	$2,694,924
Butler	$454,750,310	$34,734,505	Mercer	$22,675,840	$1,303,097
Carroll	$111,651,500	$5,809,268	Miami	$71,268,500	$5,118,616
Champaign	$30,472,730	$2,215,231	Monroe	$137,936,400	$7,045,956
Clark	$100,092,780	$7,875,067	Montgomery	$389,694,590	$43,786,471
Clermont	$331,883,920	$24,015,760	Morgan	$54,716,110	$3,091,367
Clinton	$66,449,160	$3,371,275	Morrow	$32,624,020	$1,872,541
Columbiana	$130,103,890	$7,717,688	Muskingum	$234,941,980	$14,197,122
Coshocton	$162,884,660	$8,893,158	Noble	$155,872,330	$7,554,713
Crawford	$31,540,120	$2,455,248	Ottawa	$231,504,930	$12,767,448
Cuyahoga	$938,484,240	$111,089,227	Paulding	$42,920,610	$2,370,442
Darke	$55,315,292	$3,027,460	Perry	$113,791,250	$7,095,450
Defiance	$103,756,620	$6,727,980	Pickaway	$151,342,120	$8,997,185
Delaware	$288,816,130	$23,023,790	Pike	$76,007,300	$3,740,449
Erie	$79,909,280	$7,217,980	Portage	$116,655,920	$11,045,335
Fairfield	$219,116,700	$16,892,784	Preble	$38,430,770	$2,150,338
Fayette	$87,884,730	$4,651,823	Putnam	$47,710,070	$2,523,252
Franklin	$862,763,940	$96,458,476	Richland	$128,381,160	$10,884,783
Fulton	$45,672,060	$3,438,125	Ross	$74,076,310	$4,828,406
Gallia	$282,176,930	$11,679,914	Sandusky	$81,059,890	$4,911,517
Geauga	$105,961,860	$10,750,866	Scioto	$105,317,270	$6,514,382
Greene	$119,157,070	$10,152,432	Seneca	$68,217,870	$4,783,780
Guernsey	$134,429,470	$7,638,997	Shelby	$37,910,240	$2,274,398
Hamilton	$927,152,410	$94,511,077	Stark	$422,157,620	$36,077,689
Hancock	$96,767,120	$5,849,219	Summit	$390,603,360	$37,942,410
Hardin	$32,911,020	$1,961,293	Trumbull	$153,371,410	$12,375,468
Harrison	$78,282,070	$5,360,708	Tuscarawas	$116,851,800	$7,775,558
Henry	$23,378,810	$1,786,921	Union	$88,721,580	$7,103,945
Highland	$34,304,890	$1,678,552	Van Wert	$58,135,010	$3,478,502
Hocking	$68,069,700	$3,972,090	Vinton	$114,168,850	$4,988,939
Holmes	$45,874,940	$2,567,191	Warren	$297,320,090	$25,603,526
Huron	$40,447,690	$2,569,582	Washington	$190,281,590	$11,071,820
Jackson	$55,594,980	$2,398,534	Wayne	$104,943,280	$8,139,310
Jefferson	$329,582,530	$19,665,606	Williams	$25,043,950	$1,818,724
Knox	$65,039,660	$4,410,809	Wood	$140,069,080	$11,027,313
Lake	$363,599,720	$32,696,792	Wyandot	$18,244,610	$1,013,432
Lawrence	$198,956,500	$6,862,282			
Licking	$217,031,240	$15,270,068	**Total**	**$ 13,862,186,962**	**$ 1,103,204,896**

Source: Ohio Department of Taxation

History of Major Changes

1910	The newly-created Tax Commission of Ohio is charged with the assessment of public utility property.
1939	Responsibility for assessing public utility property shifts to the Ohio Department of Taxation, which replaces the state Tax Commission.
1941	The assessment level for personal property of rural electric companies is reduced from 100 percent to 50 percent of true value. All other public utility property continues to be assessed at 100 percent.
1963	Certified air pollution control facilities are exempted.
1965	Certified water pollution control facilities are exempted.
1973	Certified noise pollution control facilities are exempted.
1979	Personal property of railroads begins to be assessed annually at the same percentage of true value as the tangible personal property of general businesses, which at the time was 42 percent of true value.
1985	General Assembly changes apportionment of electric company production plant equipment so that 70 percent is apportioned to the taxing district in which the property is physically located. The remaining 30 percent is apportioned to each taxing district according to the distribution base, meaning the percentage of the total cost of transmission and distribution property located in each district. Previously, production plant equipment had been apportioned entirely according to the value of overhead and underground lines.
1989	General Assembly enacts legislation that: bases the true value of most public utility personal property on the cost as capitalized on the utility's books less composite annual allowances as prescribed by the tax commissioner; reduces the taxable value of most public utilities from 100 percent to 88 percent of true value; defines the true value of electric company production equipment as 50 percent of original cost, while maintaining the 100 percent assessment rate on such property; revises the apportionment of production equipment at an electric utility plant with a cost exceeding $1 billion so that all of the cost in excess of $420 million is apportioned according to the distribution base. Previously, 70 percent of the amount above $420 million would have been apportioned to the taxing district in which the property is physically located.
1995	All inter-exchange telecommunications company personal property begins to be assessed at 25 percent of true value. Local telephone company personal property is added to the tax rolls during tax year 1995 and is thereafter assessed at 25 percent of true value.
1999	Beginning Jan. 1, 2001, all electric and rural electric utility personal property – except for transmission and distribution property – is assessed at 25 percent of true value. Also, electric production equipment is sitused 100 percent in the taxing district in which property is located.
2000	Beginning Jan. 1, 2001, the assessment percentage of natural gas personal property is lowered from 88 percent to 25 percent of true value.
2003	Beginning Jan. 1, 2005, the assessment rate of telephone personal property acquired before 1994 is phased down from 88 percent to 25 percent of true value over a three-year period.
2005	House Bill 66 includes the following changes effective Jan. 1, 2006: lowered the assessment percentage on electric transmission and distribution personal property from 88 percent to 85 percent and on electric production personal property from 25 to 24 percent; began phase-out over three years of the tax on railroad personal property according to the same schedule that applies to general business tangible personal property: listing percentages of 18.75 for 2006, 12.5 for 2007, 6.25 for 2008 and zero thereafter; railroad real property in a single county and not used in operations is valued and assessed by the county auditor; included the cost of patterns, jigs, dies and drawings in the taxable personal property of an electric company. Also, beginning January 1, 2007, classified telephone companies and inter-exchange telecommunications companies as general business taxpayers, with the personal property for these companies to be phased out according to a four-year schedule; beginning January 1, 2009, defined persons that lease personal property to some public utilities as public utility personal property lessors and required the filing of returns listing this property; beginning Jan. 1, 2009, required persons that generate electricity and supply some of it to others, but whose primary business is not supplying electricity, to report their electricity-related property as an electric company does.
2010	S.B. 232 provided that energy companies that are not classified as "qualified energy projects" are classified as public utilities and are subject to the public utility property tax.

Property Tax – Real Property

Overview. The real property tax is Ohio's oldest tax. It has been an ad valorem tax – meaning, based on value – since 1825, and the Ohio Constitution has generally required property to be taxed by uniform rule according to value since 1851. ODT ensures uniformity through its oversight of the appraisal work of Ohio's county auditors. According to state law and department rules, auditors conduct a full reappraisal of real property every six years and update values in the third year following each sexennial reappraisal. ODT's Division of Tax Equalization compares the assessed values of properties to sale prices, then uses these "sales ratios" to evaluate assessments and, if necessary, seek changes.

In tax year 2015 (bills payable during 2016), the assessed valuation of real property in Ohio was about $234.4 billion ($669.2 billion in appraised true value). Revenue from taxes levied on this assessed value was distributed by county auditors to the local taxing authorities during calendar year 2016. Taxes charged after the application of reduction factors required by Ohio Revised Code section 319.301 (frequently described as House Bill 920) were about $15.7 billion for tax year 2015, an increase of 1.4 percent from 2014. This amount does not include deductions for the 10 percent credit on certain residential and agricultural property (known as the non-business credit), the 2.5 percent credit for owner-occupied dwellings, or the homestead exemption for qualifying senior citizens and certain disabled homeowners.

The state reimburses local governments and school districts for the full amounts of the two credits (when they apply) and the homestead exemption. The amount of property tax relief for calendar year 2015 (reimbursed in 2016) is estimated to be $1.14 billion for the non-business credit, $210.8 million for the owner-occupied credit, and $426.1 million for the homestead exemption. These figures do not include those taxpayers who filed late for the homestead or owner-occupied reductions.

Taxpayer (Ohio Rev. Code § 5709.01). All real property owners who are not specifically exempt are subject to the real property tax.

Tax Base (Ohio Rev. Code § 5713.03, 5715.01, 5713.30-.31). The real property tax base is the taxable (assessed) value of land and improvements. The taxable value is 35 percent of true (market) value, except for certain land devoted exclusively to agricultural use.

Rates (Ohio Rev. Code § 319.301, 5705.02 – 5705.05, 5705.19). Real property tax rates are levied locally and vary by taxing authority. The total tax rate for any particular parcel includes all levies either enacted by a legislative body or approved by the voters of all taxing authority in which the property is a part. Examples of such jurisdictions include school districts, counties, municipalities, townships and special service districts.

During taxable year 2015, the statewide average tax rate before reduction factors (total tax liabilities at tax rates before reduction factors ÷ taxable value) was 92.1 mills on residential and agricultural property and 95.8 mills on commercial and industrial property. The statewide average tax rate after reduction factors (total tax liabilities at actual tax rates after reduction factors ÷ taxable value) was 64.5 mills on residential and agricultural real property and 76.0 mills on commercial and industrial property. The difference between the gross and effective rate is due to tax reduction factors that generally prevent changes in tax liabilities from voted taxes even though the valuation of real property increases or decreases because of reappraisal or triennial update (see Credits).

The Ohio Constitution prohibits governmental units from levying property taxes that, in the aggregate, exceed 1 percent of true value, unless they are approved by voters. This is known in state law as the 10-mill limitation on non-voted or "inside" millage. Since these inside mills are levied on taxable value, which is 35 percent of true value, the result is a statutory limit of 0.35 percent, or nearly three times as strict as the constitutional 1 percent limit.

Exemptions (Ohio Rev. Code § 5709 et seq.). State law exempts certain facilities and organizations from real property tax. Expressed major exemptions include:

- primary and secondary schools (public and nonpublic);
- public colleges, academies and state universities;
- churches and property used for public or charitable purposes;
- government and public property;
- public recreational facilities used for athletic events;
- nature preserves.

Disposition of Revenue (Ohio Rev. Code § 319.54, 321.24, 321.26 –.261, 321.31, 321.33–.34). After local administrative fee deductions, revenue is distributed to local taxing authorities according to the taxable values and total millage levied by each.

Credits (Ohio Rev. Code § 319.301–.302, 323.151–.157)

Property tax credits. Since 1971, a 10% credit has applied to each taxpayer's real property tax bill. In 2005, as part of a broader series of tax reforms, the General Assembly limited the 10% credit to all real property not intended primarily for use in a business activity. The state reimburses local governments and schools for the cost of this credit, now called the non-business credit. In addition, since the 1979 tax year, a 2.5% credit, called the owner occupancy credit, of real property taxes has been available to homesteads – meaning a dwelling plus up to one acre occupied by the homeowner. The state reimburses local governments and schools for the cost of this credit.

These two credits do not apply to new local levies or replacement local levies passed after Sept. 29, 2013; they will continue to apply only to existing and renewed levies.

Tax reduction factors. Each year, the department calculates effective tax rates based on tax reduction factors that eliminate the effect of a change in the valuation of existing real property on certain voted taxes. This law, outlined in R.C. 319.301, was enacted in 1976 by the 111th General Assembly as House Bill 920. Reduction factors are applied to eligible tax rates for each taxing unit, such as a school district, a county or a municipality. For the purpose of applying tax reduction factors, real property is divided into two classes: Class I for residential and agricultural property and Class II for all other real property. Tax reduction factors are separately calculated for each class of property.

Reduction factors are calculated only on "carryover" property. Carryover property is property that is taxed both in the same class for the current year and the preceding year. For example, the value of new construction does not trigger a change in reduction factors. When new buildings are constructed, the tax generated will be additional moneys received by a taxing authority. Likewise, reduction factors do not change when value is removed as a result of exemption, demolition or reclassification. Finally, if tax reduction factors would reduce the effective tax rate of fixed-rate levies for current expenses of a school district below 20 mills on property in either class, the reduction factors are adjusted to yield a minimum of 20 effective mills. Districts that levy less than 20 mills do not automatically reach this 20 mill floor; a district that only levies 18 gross mills for current expense purposes will never receive more than 18 mills. The reduction factors of joint vocational school districts are adjusted in a similar manner to yield a minimum of two effective mills on each class of real property.

Homestead exemption. Eligibility for new exemptions is limited to qualifying taxpayers by age and Ohio adjusted gross income. The income threshold is adjusted annually for inflation and is $31,000 for tax year 2015. The homestead exemption dates back to 1971. It is available to the homesteads of qualified homeowners who are either:

- at least 65 years old;
- permanently and totally disabled; or
- at least 59 years and the surviving spouse of a deceased taxpayer who previously received the exemption.

Each qualified homeowner receives a credit equal to the taxes that would otherwise be charged on up to $25,000 of the true value (meaning, $8,750 in taxable value) of the homestead. In effect, the homestead exemption shields up to $25,000 of the value of an eligible homestead from property taxation.

Veterans who have received a 100% permanent total disability rating or a total disability rating for a service-connected disability or combination of service-connected disabilities are exempt from this income threshold and are eligible to receive a homestead credit value of $50,000. There were 902,352 taxpayers who qualified for the homestead exemption in 2013 on their tax bills payable in 2014 (see table 9), an increase of 1.7% from the previous year (2013 is the most recent year for which survey data is available on the count of taxpayers who qualified for the exemption). According to the same survey data, the total tax savings (exemptions reported granted × average tax savings) was approximately $448.9 million or 5.1% more than the previous year.

Special Provisions

Current agricultural use value (Ohio Rev. Code § 5713.30 – 5713.36). The Ohio Constitution requires real property (land and improvements) to be taxed by uniform rule according to value. But land devoted exclusively to commercial agricultural use may be valued according to its current use instead of its "highest and best" potential use. Such land must meet one of the following requirements for three years before the year in which application for the current use treatment is made:

- 10 acres or more must be devoted to commercial agricultural use; or
- under 10 acres must be devoted to commercial agricultural use and produce an average yearly gross income of at least $2,500.

In addition, when land valued according to its commercial agricultural use is converted to a different use, a charge is assessed on the land in an amount equal to the difference in the amount of tax levied on the converted land during the three tax years immediately preceding the year in which the conversion occurs.

In 2015, a total of 16.1 million acres were assessed at their current agricultural use value of approximately $11.5 billion, which is approximately $9.7 billion less than the highest and best use value of $21.2 billion.

Forest land (Ohio Rev. Code § 5713.22 – 5713.26). Forest land, devoted exclusively to forestry or timber under the rules of the Ohio Department of Natural Resources' Division of Forestry, may be taxed at 50 percent of the local rate.

Manufactured home tax (Ohio Rev. Code § 4505.01, 4503.06, 4503.065). Manufactured homes are subject to an annual property tax. The valuation method and tax calculation depend on whether or not the manufactured home is taxed like (but not as) real property. Details on this tax are located in the Manufactured Home Tax chapter in the Local Taxes section of this report.

Filing and Payment Dates (Ohio Rev. Code § 323.12, 323.17). According to statute, at least one-half of a real property tax bill is due by December 31, with the balance due by June 20. In practice, these deadlines are often extended in the ways described below. When the delivery of the tax duplicate is delayed for certain statutory reasons, the payment dates may be automatically extended for 30 days. Further extensions, not to exceed 15 days, may be granted for emergencies by application of the county auditor or treasurer to the Tax Commissioner. When an unavoidable delay occurs, an additional extension may be granted by application of both the county auditor and treasurer to the Tax Commissioner in order to avoid penalties to taxpayers.

Administration (Ohio Rev. Code § 319.28, 5705.03, 5713.01, 5715.01–.02, 5719.05). The Tax Commissioner supervises the taxation of real property and is charged with the duty of achieving uniformity in the taxation of it. County auditors are responsible for assessing all real property and for preparing a general tax list and duplicate. Using the duplicate, county treasurers prepare property tax bills and are responsible for the actual collection of the tax. County boards of revision hear complaints on the assessment or valuation of real property and may increase or decrease an assessment in the value of any property dispute properly before it.

History of Major Changes

1803	Ohio gains statehood. General Assembly continues territorial practice of taxing land (but not improvements) based on whether the fertility of the land is "first rate," "second rate" or "third rate."
1825	General Assembly abolishes land classification system, replacing it with an ad valorem tax on land, improvements and select forms of personal property.
1846	General Assembly enacts "Kelley Law," which requires that "all property, whether real or personal… unless exempted, shall be subject to taxation." Previously, the legislature had exempted from taxation many forms of personal property, such as tools and machinery.
1851	New state constitution requires that all real and personal property be taxed according to uniform rule, except for exemptions specifically permitted by the constitution, such as for churches and schools.
1902	Legislature repeals state property tax levies for the general fund. State levies persist for other purposes, such as public universities, common schools and highways.
1910	General Assembly creates the Tax Commission of Ohio to supervise local property tax administration.
1911	General Assembly enacts "Smith 1 percent law," which sets an overall 10 mill limit on unvoted levies. Further levies are permitted up to a 15 mill limit, as long as they are approved through a vote of the people.
1925	General Assembly enacts first statutory requirement for a six-year reappraisal cycle.
1927	General Assembly repeals Smith Law and replaces it with a 15 mill cap on unvoted levies. Additional millage is permitted above this mark through a vote of the people.
1929	Ohio voters approve a constitutional amendment that, starting in 1931, generally limits levies enacted without voter approval to 1.5 percent of true value. The amendment also limits the principle of taxation by uniform rule to real property, rather than all property.
1932	For the first time in more than a century, no state tax is levied on real property
1933	Voters approve a constitutional amendment that tightens the cap on non-voted levies to 1 percent of true value.
1934	Through statute, the General Assembly reduces the aggregate tax limit on nonvoted levies from 15 mills to 10 mills.
1939	The Tax Commission of Ohio is replaced by the Department of Taxation, the Board of Tax Appeals (which begins supervising real property tax administration), and a Tax Commissioner (who assumes functions with respect to taxation of public utility property).
1965	For the first time, the General Assembly explicitly permits real property to be uniformly assessed at less than true value. The legislature requires that taxable values be no more than 50 percent of true value, with the actual uniform percentage to be established by rule of the Board of Tax Appeals.
1968	A state tax applies to real property for the last time – 0.2 mills to retire bonds issued to provide bonus compensation to veterans of the Korean conflict.
1970	Ohio voters approve constitutional amendment permitting a homestead exemption for low- and middle-income senior citizens.
1971	General Assembly enacts 10 percent property tax credit. Homestead exemption begins.
1972	Board of Tax Appeals requires taxable values to be set at 35 percent of true value as counties complete their sexennial reappraisals, with annual adjustments to maintain the 35 percent level.
1973	Voters approve a constitutional amendment permitting the valuation of agricultural property based upon current use.
1974	Voters approve a constitutional amendment that permits the extension of the homestead exemption to permanently and totally disabled homeowners.
1976	General Assembly enacts HB 920, which calls for the calculation of effective tax rates based on reduction factors. These factors are intended to eliminate from certain voted levies the changes in

	revenue that might occur when values grow on existing real property as part of a reappraisal or update. HB 920 also creates the Ohio Department of Tax Equalization to supervise real property tax administration and requires real property valuations to be updated every three years, instead of annually.
1977	SB 221 establishes a 20 mill floor for school districts, after the application of "House Bill 920" reduction factors.
1979	Legislature enacts a 2.5 percent tax credit for owner occupied residential property.
1980	Voters approve a constitutional amendment that calls for separate reduction factors to be applied to two classes of real property: residential and agricultural property (Class I) and all other real property (Class II).
1983	Department of Tax Equalization is eliminated; all of its functions are transferred to the Department of Taxation.
1990	Voters approve a constitutional amendment that permits the homestead exemption to be extended to the surviving spouses of homestead exemption recipients.
2005	As part of a larger series of tax reforms, HB 66 narrows the 10 percent credit to real property not intended primarily for use in a business activity.
2007	HB 119 expands the homestead exemption to all senior citizens, qualifying disabled homeowners, and surviving spouses of previously qualified homeowners, regardless of income. The bill eliminates the tiered benefits and instead allows all eligible participants to exempt $25,000 of the true value of their homestead from taxation
2014	HB 59 limits the application of the non-business and owner occupied real property tax credits to levies approved before Sept. 29, 2013, and to subsequent renewals of these levies. The bill also implemented a means test for the availability of the homestead exemption for homeowners not receiving the exemption in tax year 2013. The test is to be adjusted annually for inflation. HB 85 increases the homestead exemption available to veterans who are permanently and totally disabled due to a service-related disability from a value of $25,000 to $50,000. The bill also exempts such veterans from the income threshold to be eligible for the homestead exemption.

Tables and charts

Table 1. Real Property Comparison of Largest Cities in Selected States

City	State	Median Home Value [1]	Estimated Property Tax Less Tax Reduction or Exemption	Effective Tax Rate per $100 [2]
Detroit	MI	$41,900	$1,441	3.44
Indianapolis	IN	117,000	3,416	2.92
Houston	TX	134,500	3,457	2.57
Columbus	OH	129,600	2,851	2.2
Memphis	TN	91,800	1,790	1.95
Atlanta	GA	217,700	3,766	1.73
Philadelphia	PA	148,700	1,993	1.34
Louisville[3]	KY	142,000	1,789	1.26
Charlotte	NC	174,400	2,110	1.21
Charleston[4]	WV	97,800	802	0.82

[1]Source: Table B25077, US Census Bureau, American Factfinder 2014 American Community

[2]Source: Calculations by Ohio Department of Taxation based on Table 4 of Tax Rates and Tax Burdens in the District of Columbia, A Nationwide Comparison (issued December 2015).

[3]Median home value for Louisville/Jefferson County metro area

Table 2. Taxable Real Estate Taxable Years 2011 - 2015

	2011	2012	2013	2014	2015
Value Of Taxable Property	$231,287,062,255	$225,256,753,218	$226,381,891,791	$230,422,584,611	$234,353,495,743
Residential & Agricultural	179,385,998,963	174,973,816,712	176,119,657,612	179,955,524,967	183,586,965,174
Other	51,901,063,292	50,282,936,506	50,262,234,179	50,467,059,644	50,766,530,569
Taxes Charged [1]	$14,595,848,723	$14,761,417,298	$15,154,803,677	$15,481,360,814	$15,700,155,752
Residential & Agricultural	10,961,568,418	11,084,164,366	11,391,519,184	11,646,691,090	11,841,297,489
Other	3,634,280,305	3,677,252,932	3,763,284,493	3,834,669,724	3,858,858,263
Average Effective Tax Rate[2]	63.11	65.53	66.94	67.19	66.99
Residential & Agricultural	61.11	63.35	64.68	64.72	64.50
Other	70.02	73.13	74.87	75.98	76.01
Nonbusiness Credit [3]	$1,100,575,320	$1,114,953,759	$1,124,457,342	$1,132,589,274	$1,138,067,859
Owner-Occupied Credit[3]	210,629,313	212,690,754	213,130,155	211,189,302	210,998,585
Homestead Exemption Reduction[3]	397,689,035	424,656,425	447,001,069	440,446,933	428,386,856
Net Taxes Collectible (after applicable credits and homestead exemption)	$12,886,955,055	$13,009,116,360	$13,370,215,111	$13,697,135,305	$13,922,702,452

Source: Records of and abstracts filed by county auditors with the Ohio Department of Taxation.

[1]Net taxes charged after application of percentage reduction required by O.R.C. 319.301.

[2]Taxes charged divided by value of taxable property.

[3]These figures exclude those taxpayers that filed late for the tax reduction and the administrative fees associated with this program.

Table 3. Taxable Real Estate by County for Tax Year 2015 (figures in thousands)

County	Class 1 Taxable Value	Class 2 Taxable Value	Total Taxable Value	Class 1 Effective Rate	Class 2 Effective Rate	Taxes Charged	Non-business credit	Owner-Occupied credit	Homestead Exemption Reduction	Net Taxes Charged	Effective Tax Rate
Adams	$328,504	$98,218	$426,722	41.24	45.31	$17,997	$1,339	$80	$655	$15,922	37.31
Allen	$1,403,917	$415,280	$1,819,197	51.31	58.57	$96,353	$6,709	$1,087	$3,203.24	$85,354	46.92
Ashland	$813,932	$137,143	$951,075	48.10	59.45	$47,305	$3,859	$580	$1,707.14	$41,159	43.28
Ashtabula	$1,380,085	$337,423	$1,717,507	54.37	62.55	$96,139	$6,771	$936	$3,933.65	$84,498	49.20
Athens	$708,413	$205,910	$914,324	55.92	56.88	$51,330	$3,605	$484	$1,645.02	$45,597	49.87
Auglaize	$890,551	$147,363	$1,037,914	42.60	53.72	$45,853	$3,676	$512	$1,135.56	$40,530	39.05
Belmont	$923,661	$361,147	$1,284,808	43.69	47.48	$57,497	$3,728	$628	$2,148.94	$50,993	39.69
Brown	$689,572	$64,867	$754,439	39.34	43.43	$29,946	$2,711	$278	$1,069.36	$25,889	34.32
Butler	$5,478,130	$1,518,400	$6,996,530	60.68	67.46	$434,839	$32,804	$6,595	$11,005.61	$384,435	54.95
Carroll	$482,003	$229,628	$711,631	42.69	39.86	$29,732	$2,010	$242	$816.23	$26,664	37.47
Champaign	$708,258	$84,733	$792,991	47.23	66.23	$39,064	$3,125	$383	$1,285.98	$34,271	43.22
Clark	$1,722,837	$440,403	$2,163,240	59.90	67.63	$132,984	$10,034	$1,705	$5,825.13	$115,420	53.36
Clermont	$3,238,887	$686,344	$3,925,231	61.15	69.86	$246,003	$20,375	$4,101	$5,854.29	$215,672	54.95
Clinton	$749,264	$149,532	$898,795	40.33	50.43	$37,757	$3,020	$348	$938.76	$33,451	37.22
Columbiana	$1,314,643	$265,543	$1,580,186	45.70	48.96	$73,086	$5,878	$903	$3,370.00	$62,936	39.83
Coshocton	$533,109	$128,729	$661,837	44.04	50.48	$29,977	$2,237	$271	$1,054.43	$26,414	39.91
Crawford	$595,446	$88,228	$683,673	50.05	66.44	$35,662	$2,867	$306	$1,700.88	$30,788	45.03
Cuyahoga	$18,774,750	$7,766,900	$26,541,650	88.12	94.62	$2,389,431	$151,200	$30,024	$63,021.02	$2,145,186	80.82
Darke	$1,064,257	$128,093	$1,192,350	40.43	52.13	$49,702	$4,218	$483	$1,583.70	$43,418	36.41
Defiance	$691,667	$113,504	$805,170	44.17	53.86	$36,662	$2,873	$398	$1,275.58	$32,115	39.89
Delaware	$5,816,038	$762,311	$6,578,348	68.25	70.98	$451,051	$39,621	$8,346	$4,994.47	$398,089	60.52
Erie	$1,521,466	$427,549	$1,949,014	52.18	64.57	$106,996	$7,693	$1,240	$2,957.00	$95,106	48.80
Fairfield	$2,702,572	$507,943	$3,210,515	55.99	56.40	$179,958	$14,133	$2,533	$3,905.76	$159,386	49.65
Fayette	$569,626	$131,125	$700,751	44.88	47.28	$31,763	$2,394	$239	$780.06	$28,351	40.46
Franklin	$18,044,048	$7,735,604	$25,779,652	79.55	87.35	$2,111,207	$144,817	$30,413	$36,609.83	$1,899,368	73.68
Fulton	$821,904	$136,656	$958,560	50.60	66.19	$50,631	$4,037	$525	$1,306.96	$44,763	46.70
Gallia	$393,520	$122,125	$515,646	40.28	40.96	$20,854	$1,566	$162	$826.05	$18,299	35.49
Geauga	$2,632,046	$337,685	$2,969,731	64.68	71.10	$194,239	$15,723	$2,903	$4,060.00	$171,553	57.77
Greene	$3,024,739	$743,496	$3,768,235	70.13	73.40	$266,686	$19,179	$2,837	$6,710.87	$237,959	63.15
Guernsey	$542,287	$169,657	$711,944	47.01	51.68	$34,261	$2,327	$259	$1,205.00	$30,469	42.80
Hamilton	$12,830,212	$4,591,011	$17,421,223	69.66	81.72	$1,268,898	$90,364	$18,189	$25,594.42	$1,134,751	65.14
Hancock	$1,349,839	$325,934	$1,675,773	43.41	56.83	$77,117	$5,795	$1,001	$1,759.20	$68,561	40.91
Hardin	$602,398	$60,375	$662,773	41.40	50.07	$27,963	$2,374	$202	$780.41	$24,606	37.13
Harrison	$231,341	$163,161	$394,503	47.23	62.41	$21,109	$926	$97	$592.06	$19,495	49.42
Henry	$668,909	$64,383	$733,292	50.73	73.30	$38,650	$2,985	$287	$960.55	$34,417	46.94
Highland	$666,533	$77,956	$744,488	40.71	45.08	$30,650	$2,650	$254	$1,083.91	$26,663	35.81
Hocking	$468,225	$49,720	$517,945	45.89	47.35	$23,839	$2,132	$304	$858.79	$20,544	39.66
Holmes	$720,700	$149,786	$870,487	43.19	47.22	$38,198	$3,090	$365	$655.90	$34,087	39.16
Huron	$926,892	$161,629	$1,088,521	43.37	51.50	$48,521	$3,699	$546	$1,525.46	$42,751	39.27
Jackson	$386,637	$80,776	$467,412	41.16	46.15	$19,641	$1,505	$154	$851.06	$17,131	36.65
Jefferson	$748,438	$217,564	$966,002	43.95	52.47	$44,314	$3,046	$444	$2,300.79	$38,523	39.88
Knox	$1,119,499	$127,177	$1,246,676	48.98	56.12	$61,970	$5,424	$721	$1,742.42	$54,082	43.38
Lake	$4,326,485	$1,145,526	$5,472,010	66.95	74.52	$375,021	$27,597	$5,430	$10,623.79	$331,371	60.56
Lawrence	$733,248	$109,144	$842,392	33.96	36.99	$28,941	$2,429	$350	$1,661.20	$24,502	29.09
Licking	$3,041,722	$648,941	$3,690,663	58.30	59.68	$216,048	$16,233	$2,963	$5,648.46	$191,204	51.81

Table 3. Taxable Real Estate by County for Tax Year 2015 (figures in thousands) - continued

County	Class 1 Taxable Value	Class 2 Taxable Value	Total Taxable Value	Class 1 Effective Rate	Class 2 Effective Rate	Taxes Charged	Non-business credit	Owner-Occupied credit	Homestead Exemption Reduction	Net Taxes Charged	Effective Tax Rate
Logan	$934,603	$176,091	$1,110,694	44.04	51.22	$50,180	$3,884.96	$402.30	$1,133.94	$44,758	40.30
Lorain	$5,122,626.54	$1,121,332.69	$6,243,959	66.25	70.97	$418,932	$32,107.53	$6,081.00	$12,231.30	$368,512	59.02
Lucas	$4,997,756.33	$1,868,145.70	$6,865,902	81.15	91.41	$576,341	$37,215.36	$7,585.82	$19,090.19	$512,449	74.64
Madison	$932,501.72	$138,603.27	$1,071,105	43.18	55.34	$47,931	$3,797.46	$515.30	$1,006.86	$42,611	39.78
Mahoning	$2,905,561.82	$948,814.13	$3,854,376	63.97	70.14	$252,411	$17,502.49	$3,369.50	$11,434.92	$220,104	57.10
Marion	$861,225.70	$176,302.69	$1,037,528	43.61	51.97	$46,724	$3,691.39	$541.84	$1,746.59	$40,744	39.27
Medina	$3,699,139.14	$748,981.74	$4,448,121	60.09	62.98	$269,439	$21,316.21	$4,267.77	$6,747.33	$237,107	53.31
Meigs	$257,393.03	$50,110.62	$307,504	41.58	49.50	$13,184	$1,026.77	$123.83	$701.77	$11,332	36.85
Mercer	$982,762.11	$91,985.46	$1,074,748	43.77	52.26	$47,825	$4,211.79	$493.19	$1,028.69	$42,091	39.16
Miami	$1,688,634.95	$391,569.26	$2,080,204	49.71	57.12	$106,304	$8,226.85	$1,478.27	$3,381.86	$93,217	44.81
Monroe	$211,132.10	$90,098.71	$301,231	36.04	48.99	$12,024	$723.56	$66.27	$368.49	$10,865	36.07
Montgomery	$6,646,859.55	$2,013,255.51	$8,660,115	88.71	97.97	$786,878	$55,209.24	$11,409.88	$31,119.97	$689,139	79.58
Morgan	$222,428.43	$27,611.05	$250,039	37.28	45.66	$9,552	$794.26	$72.45	$402.82	$8,283	33.13
Morrow	$697,612.50	$50,158.27	$747,771	44.57	52.17	$33,712	$2,771.40	$312.58	$948.18	$29,680	39.69
Muskingum	$1,126,531.94	$352,390.21	$1,478,922	44.28	46.96	$66,424	$4,923.09	$705.20	$2,366.51	$58,430	39.51
Noble	$216,004.06	$91,795.66	$307,800	37.31	42.41	$11,952	$805.17	$81.11	$317.95	$10,748	34.92
Ottawa	$1,439,339.85	$251,002.96	$1,690,343	41.92	44.94	$71,612	$5,585.13	$511.60	$1,569.07	$63,946	37.83
Paulding	$377,636.08	$35,084.29	$412,720	42.77	52.65	$17,999	$1,524.86	$151.84	$637.56	$15,685	38.00
Perry	$490,258.61	$53,751.18	$544,010	45.24	51.53	$24,949	$1,999.28	$323.10	$972.08	$21,655	39.81
Pickaway	$1,080,502.37	$140,432.69	$1,220,935	45.10	56.78	$56,702	$4,808.26	$657.67	$1,442.13	$49,794	40.78
Pike	$314,777.74	$41,253.65	$356,031	40.85	54.51	$15,108	$1,248.51	$176.48	$789.94	$12,894	36.21
Portage	$2,586,229.75	$669,828.91	$3,256,059	58.79	64.20	$195,050	$14,819.04	$2,617.14	$5,112.74	$172,501	52.98
Preble	$795,816.21	$83,310.82	$879,127	41.40	49.09	$37,034	$3,274.75	$423.45	$1,237.14	$32,098	36.51
Putnam	$823,169.62	$64,920.62	$888,090	39.79	45.90	$35,736	$2,956.24	$392.79	$815.66	$31,571	35.55
Richland	$1,547,101.04	$333,702.31	$1,880,803	59.51	75.91	$117,406	$8,561.26	$1,467.17	$5,007.58	$102,370	54.43
Ross	$961,221.51	$185,485.38	$1,146,707	47.79	58.28	$56,748	$4,324.79	$657.89	$2,271.34	$49,494	43.16
Sandusky	$980,887.32	$203,960.31	$1,184,848	46.08	51.05	$55,615	$4,380.22	$625.95	$1,836.17	$48,773	41.16
Scioto	$762,705.00	$163,751.54	$926,457	48.47	55.80	$46,107	$3,258.86	$558.37	$2,551.55	$39,738	42.89
Seneca	$967,772.98	$128,793.35	$1,096,566	44.71	63.58	$51,457	$4,012.50	$492.79	$1,545.98	$45,405	41.41
Shelby	$924,823.67	$191,980.72	$1,116,804	42.30	51.16	$48,943	$3,770.71	$510.44	$1,179.77	$43,482	38.93
Stark	$5,330,666.65	$1,395,436.84	$6,726,103	59.50	65.85	$409,092	$30,451.95	$5,707.50	$15,523.54	$357,409	53.14
Summit	$8,587,223.34	$2,465,135.38	$11,052,359	70.61	75.58	$792,676	$59,454.10	$11,716.57	$22,995.00	$698,510	63.20
Trumbull	$2,462,568.82	$611,494.79	$3,074,064	63.76	68.17	$198,703	$15,214.29	$2,427.43	$10,231.00	$170,830	55.57
Tuscarawas	$1,301,269.07	$307,421.76	$1,608,691	49.52	56.45	$81,796	$5,924.78	$953.77	$2,814.92	$72,103	44.82
Union	$1,190,808.98	$215,717.67	$1,406,527	60.13	75.61	$87,909	$7,484.70	$1,162.12	$1,346.16	$77,916	55.40
Van Wert	$628,131.31	$56,216.74	$684,348	37.84	63.01	$27,312	$2,396.72	$248.71	$826.37	$23,840	34.84
Vinton	$159,724.95	$13,185.51	$172,910	42.13	47.18	$7,352	$620.45	$71.76	$444.22	$6,215	35.95
Warren	$5,002,713.74	$890,785.19	$5,893,499	60.69	64.61	$361,177	$29,702.11	$6,126.15	$6,489.10	$318,860	54.10
Washington	$827,995.69	$243,433.50	$1,071,429	41.51	47.13	$45,846	$3,390.19	$515.16	$1,681.83	$40,258	37.57
Wayne	$1,853,708.54	$416,502.89	$2,270,211	52.14	69.05	$125,415	$9,427.35	$1,493.08	$3,441.89	$111,053	48.92
Williams	$628,744.58	$123,459.74	$752,204	48.62	59.20	$37,881	$2,859.50	$369.54	$1,299.15	$33,353	44.34
Wood	$2,233,065.52	$673,965.26	$2,907,031	59.27	71.37	$180,461	$12,139.85	$1,704.41	$4,199.45	$162,418	55.87
Wyandot	$444,121.26	$54,651.80	$498,773	36.17	42.87	$18,408	$1,515.57	$163.98	$551.61	$16,177	32.43
Statewide Total/ Average	**$183,586,965**	**$50,766,531**	**$234,353,496**	**64.50**	**76.01**	**$15,700,156**	**$1,138,090**	**$210,839**	**$426,065**	**$13,925,162**	**59.42**

Source: Abstracts filed by county auditors with the Ohio Department of Taxation and Ohio Department of Taxation records.

Resort Area Gross Receipts Tax

Overview. The resort area gross receipts tax is a business privilege tax that a municipality or township that has declared itself to be a resort area may enact. Revenue from the tax benefits the municipality or township. The tax was authorized by House Bill 327 of the 120th General Assembly, which became law on June 30, 1993. The village of Kelley's Island enacted the first resort area gross receipts tax in 1993. The village and township of Put-In-Bay followed suit in 1996. Municipalities and townships may declare themselves to be a resort area and enact the tax when they meet a three-pronged test:

- At least 62 percent of total housing units are for seasonal use as of the last federal census.
- Entertainment and recreation facilities are provided within the community that are primarily intended to provide seasonal leisure activity for nonresidents.
- The municipality or township experiences seasonal peaks of employment and service demand because of a seasonal population increase.

Taxpayer (Ohio Rev. Code § 5739.101). The resort area gross receipts tax is imposed on persons making general sales, or providing intrastate transportation or other services taxable under the state sales tax base, within a designated resort area.

Tax Base (Ohio Rev. Code § 5739.101). The tax is levied on the privilege of doing business in the resort area. It is measured by gross receipts generated from sales made and services provided within the boundaries of a designated resort area, as well as intra-state transportation to and from such an area.

Gross receipts are defined as activities, without deduction for the cost of goods sold or other expenses incurred, that contribute to the production of the gross income of a business. Gross receipts that are part of the tax base include:

- Rentals and leases of tangible personal property such as watercraft, golf carts, bicycles, videos, and fishing tackle;
- Wholesale and retail sales, including food consumed on the premises;
- Hotel and motel room rentals;
- Repair or installation of tangible personal property;
- Warranties, maintenance or service contracts; and
- Sales of certain services that are also subject to sales tax under Ohio Rev. Code § 5739.01(B).

Rates (Ohio Rev. Code § 5739.101). The tax may be levied at rates of 0.5%, 1.0%, or 1.5%. Currently, only three jurisdictions have enacted the tax: the village of Kelley's Island, the village of Put-In- Bay and the township of Put-In-Bay. The rate in each jurisdiction is 1.5%. A tourism development district may levy a tax rate of up to 2.0%.

Exemptions (Ohio Rev. Code § 5739.101). Sales of food may only be included to the extent such sales are subject to the state's sales tax. Transportation of passengers as part of a tour or cruise in which the passengers will stay in the municipal corporation or township for no more than one hour are exempted from the calculation of the tax.

Special Provisions (Ohio Rev. Code § 5739.101). The resort area gross receipts tax is not a sales tax or a tax on transactions. It cannot be separately listed on an invoice or receipt to customers, nor can it be collected directly from customers.

Filing and Payment Dates (Ohio Rev. Code § 5739.102 and R.C. 5739.103). There are two semi-annual reporting periods for the tax. Returns are due to the Tax Commissioner approximately 30 days after the close of each reporting period: January 1 through June 30 - returns are due July 31; July 1 through December 31 - returns are due January 31.

Administration and Disposition of Revenue (Ohio Rev. Code § 5739.102). The Tax Commissioner administers the resort area gross receipts excise tax and distributes the revenue to the general fund of the township or municipality that levied the tax within 45 days after the end of each month that the tax was paid. One percent is withheld and deposited into the GRF to cover the costs of administering the tax.

Tables and Charts

Table 1: Resort Area Tax Distributions, FY 2012-2016

Fiscal Year	Kelly's Island	Put-in-Bay Village	Put-in-Bay Township	Total
2012	$119,876	$646,320	$235,914	$1,002,111
2013	$142,375	$642,981	$282,322	$1,067,678
2014	$143,297	$735,381	$293,698	$1,172,376
2015	$136,867	$820,164	$298,213	$1,255,244
2016	$146,833	$714,514	$321,572	$1,182,920

Source: Ohio Department of Taxation records.

Table 2: Resort Area Gross Receipts Tax Revenue, Fiscal Years 2012-2016

FiscalYear	Revenue to Local Governments	State Administrative Fee	Total Tax Revenue
2012	$995,528	$10,056	$1,005,583
2013	1,083,129	10,936	1,094,065
2014	1,154,319	11,660	1,165,978
2015	1,285,222	12,746	1,297,968
2016	1,175,730	11,876	1,187,606

Source: Office of Budget and Management financial reports.

History of Major Changes

1993	The General Assembly enacts House Bill 327, authorizing municipalities or townships that meet certain requirements to declare themselves a "resort area" and levy a resort area gross receipts tax. Shortly thereafter, the village of Kelley's Island enacts the tax.
1996	The village of Put-In-Bay and township of Put-In-Bay both enact the tax.
2015	HB 64 authorized resort area tax for qualified tourism development districts.

Sales and Use Taxes – County and Transit Authority

Overview. Counties and transit authorities are permitted to levy sales and use taxes that "piggyback" on the statewide 5.75% sales and use tax, subject to repeal by a majority vote of the county electorate. The department collects the combined state and local tax and then distributes the local share of revenue directly to the counties and transit authorities. The same exemptions, exceptions, credits, and return deadlines apply to the permissive taxes as to the state tax. All of Ohio's 88 county governments levied permissive sales and use taxes as of Dec. 31, 2015, ranging from 0.50% to 1.50%. During calendar year 2015, the state collected approximately $2.01 billion for county governments from such levies (distributed March 2015 – February 2016).

In addition, eight transit authorities levied sales and use taxes as of Dec 31, 2015, ranging from 0.25% to 1.00%. They were: Greater Cleveland Regional Transit Authority; Central Ohio Transit Authority; Laketran Transit Authority (Lake County); Western Reserve Transit Authority (Mahoning County); Greater Dayton Regional Transit Authority; Portage Area Regional Authority; Stark Area Regional Transit Authority; and Metro Regional Transit Authority (Summit County).

In calendar year 2015, the state collected approximately $450.9 million for these transit authorities (distributed March 2015 – February 2016).

Taxpayer (Ohio Rev. Code § 5739.01, 5739.03, 5739.031, 5739.17, 5741.01). Any person, retailer, business, organization or provider of taxable goods or services that makes retail sales or taxable purchases on which sales tax has not been paid is required to file a return and remit the sales or use tax due. (See **Sales and Use Tax** in the **State Taxes** section of this document for a list of specified services, for a description of taxpayers, and applicable vendor's licenses).

Tax Base (Ohio Rev. Code § 5739.01, 5741.01). The state, county and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempt. The tax also applies to the rental of tangible personal property, the rental of hotel rooms by transient guests and the sales of certain specified services. The use tax base is identical to that of the sales tax. Use tax applies to purchases made outside of Ohio and to purchases made from Ohio vendors if the vendor did not charge sales tax. For additional information on use tax, see the discussion in ***Rates***, below, under ***Sourcing***.

See **Sales and Use Tax** in the **State Taxes** section of this document for a list of specified services and for more information of sourcing for the use tax.

Local Rates (Ohio Rev. Code § 5739.02-.21, 5739.023, 5739.025-.26, 5741.02-.021, 5741.023. Current law gives counties the option of levying a sales tax of up to 1.00 percent for county general revenue, plus an additional tax of up to 0.50 percent for county general revenue for several specific purposes outlined in the Ohio Revised Code § 5739.026. These taxes, which must be in 0.25 percent increments, may be repealed by county voters. Transit authorities are also authorized to levy additional permissive sales and use taxes at rates of 0.25 percent to 1.50 percent, also in 0.25 percent increments.

Table 1 shows the number of counties at each total combined state and local tax rate, as of Dec. 31, 2015. Four Ohio counties, Delaware, Fairfield, Licking, and Union, have more than one combined sales and use tax rate in effect because a small part of their area lies within the territory of the Central Ohio Transit Authority (COTA). Table 1 does not reflect the 0.50 percent COTA rate that applies in parts of these four counties.

Table 3 shows the permissive tax rate for each county and transit authority as of Dec. 31, 2015, the date of initial enactment of the permissive tax, the effective date of the current rate, and the county and transit authority permissive sales tax collections for the most recent six calendar years.

Table 1. Rates and Jurisdictions (as of Dec. 31, 2015)

Rate	Number of Jurisdictions
6.50%	4
6.75%	18
7.00%	13
7.25%	51
7.50%	1
8.00%	1

Source: Ohio Department of Taxation

Exemptions, Deductions, Credits. Since local sales and use taxes "piggyback" on the state sales and use tax, exemptions are identical. For more information, see the **Sales and Use Tax** in the **State Taxes** section of this document.

Filing and Payment Dates. Since local sales and use taxes "piggyback" on the state sales and use tax and are administered by the Department of Taxation, filing and payment dates are identical. For more information, see the **Sales and Use Tax** in the **State Taxes** section of this document.

Disposition of Revenue

State Disposition of Revenue (Ohio Rev. Code § 5739.21, 5741.03. In any case where any county or transit authority has levied a tax or taxes pursuant to section 5739.021 (county permissive sales tax), 5739.023 (transit authority permissive sales tax), 5739.026 (additional county permissive sales tax), 5741.021 (county permissive use tax), 5741.022 (transit authority permissive use tax), or 5741.023 (county permissive use tax for specific purposes), the tax commissioner shall, within 45 days after the end of each month, determine and certify to the director of budget and management the amount of the proceeds of such tax of taxes received during that month from billings and assessments, or associated with tax returns or reports filed during that month, to be returned to the county or transit authority levying the tax or taxes. The aggregate amount to be returned to any county or transit authority shall be reduced by one percent, which shall be certified directly to the Local Sales Tax Administrative Fund. On or before the 20th day of the month in which such certification is made, payment is made to the county treasurer and to the fiscal officer of the transit authority levying the tax or taxes.

County Disposition of Revenue (Ohio Rev. Code § 5739.021, 5739.026, 5741.021, 5741.023). The moneys received by a county levying county permissive sales tax pursuant to 5739.021 and county use tax pursuant to 5741.021, shall be deposited in the county general fund to be expended for any purpose for which general fund moneys of the county may be used, including the acquisition or construction of permanent improvements, or in the bond retirement fund for the payment of debt service charges on notes or bonds.

The money received by a county levying additional county permissive sales tax pursuant to 5739.026 and county use tax pursuant to 5741.023 can be used to provide additional revenues for the local transit authority, certain permanent improvements, convention facility notes or bonds, implementation of a 9-1-1 system in the county, operation and maintenance of a detention facility, or conservation easements. Additionally, counties and transit authorities are allowed to share incremental sales tax growth derived from vendors located within a tourism development district with a municipality or township where the district is located.

Transit Authority Disposition of Revenue (Ohio Rev. Code § 306.31, 5739.021, 5741.022)

The moneys received by a transit authority shall be expended for any authorized purchase, including for acquiring, constructing, operating, maintaining, replacing, improving, extending, and enlarging transit facilities, and for the payment of debt service charges on notes or bonds of the transit authority.

Tables and charts

Table 2. County (A-L) Permissive Sales Tax Collections, Calendar Years 2013 - 2015

County	CY2013	CY2014	CY2015	Initial Enactment	Tax Rate %	Footnote	Effective Date of Rate
Adams	$3,666,729	$3,916,094	$4,116,507	Jun 1, 1991	1.50	1	Apr 1, 2006
Allen	$15,343,644	$15,761,819	$16,873,866	May 1, 1970	1.00		Jun 1, 1987
Ashland	$6,977,472	$7,378,828	$7,736,334	Mar 1, 1971	1.25	2	Jan 1, 1998
Ashtabula	$9,790,782	$10,260,302	$10,821,914	Apr 1, 1977	1.00		Jul 1, 1985
Athens	$7,488,235	$7,975,117	$8,372,286	Feb 1, 1982	1.25	2	Jan 1, 1994
Auglaize	$8,139,373	$8,411,706	$8,890,987	Nov 1, 1973	1.50	1	Jun 1, 1996
Belmont	$15,002,545	$17,652,874	$18,976,374	May 1, 1985	1.50	1	Jan 1, 1995
Brown	$4,662,396	$4,871,886	$5,333,140	Aug 1, 1979	1.50	1	Oct 1, 2010
Butler	$35,147,525	$37,454,674	$41,394,470	Jun 1, 1985	0.75		Jan 1, 2008
Carroll	$3,398,388	$3,944,886	$3,349,253	Sep 1, 1985	1.00		Jul 1, 2006
Champaign	$5,320,190	$5,359,151	$5,558,745	Jan 1, 1986	1.50	1	Jul 1, 2003
Clark	$22,772,072	$23,856,108	$25,014,911	Nov 1, 1972	1.50	1	Jan 1, 2008
Clermont	$22,916,220	$24,337,920	$26,361,050	Aug 1, 1979	1.00		Oct 1, 1983
Clinton	$7,260,061	$7,834,178	$8,624,907	May 1, 1972	1.50	1	Oct 1, 2005
Columbiana	$15,972,858	$16,378,210	$16,846,129	Aug 1, 1985	1.50	1	Apr 1, 2007
Coshocton	$5,609,489	$5,556,825	$5,908,648	Jun 1, 1971	1.50	1	Jan 1, 2006
Crawford	$5,262,266	$5,441,681	$5,894,876	May 1, 1978	1.50	1	Jul 1, 1994
Cuyahoga	$239,081,321	$249,716,331	$257,779,440	Sep 1, 1969	1.25	2	Oct 1, 2007
Darke	$7,637,488	$8,033,120	$8,640,042	Jul 1, 1975	1.50	1	Oct 1, 2005
Defiance	$5,281,160	$5,442,135	$5,733,557	Feb 1, 1987	1.00		Feb 1, 1987
Delaware	$47,374,799	$49,609,864	$51,867,177	Jan 1, 1972	1.25	2	Oct 1, 1996
Erie	$15,227,593	$20,709,834	$15,639,360	Mar 1, 1977	1.00	1	Oct 1, 2014
Fairfield	$18,355,967	$19,326,958	$20,524,858	Sep 1, 1981	1.00		Jan 1, 2010
Fayette	$7,654,966	$8,160,500	$8,363,190	Mar 1, 1983	1.50	1	Jan 1, 2008
Franklin	$154,019,523	$257,799,894	$288,203,613	Sep 1, 1985	1.25	2	Jan 1, 2014
Fulton	$6,557,821	$7,215,852	$7,722,450	May 1, 1972	1.50	1	Jan 1, 2010
Gallia	$4,500,383	$4,691,462	$4,980,566	Dec 1, 1981	1.25	1	Feb 1, 1995
Geauga	$12,577,635	$13,274,704	$14,201,029	Aug 1, 1987	1.00	2	Feb 1, 2004
Greene	$22,962,447	$24,403,645	$25,613,181	Mar 1, 1971	1.00		Feb 1, 1987
Guernsey	$8,558,536	$10,148,488	$9,603,657	Feb 1, 1971	1.50	1	Aug 1, 1993
Hamilton	$140,201,008	$150,281,687	$182,812,124	Jun 1, 1970	1.25	1	Apr 1, 2015
Hancock	$12,582,246	$13,152,188	$14,331,460	Feb 1, 1979	1.00		Jan 1, 2010
Hardin	$3,952,818	$4,123,018	$4,368,605	Oct 1, 1985	1.50	1	Jan 1, 2005
Harrison	$5,346,385	$5,375,131	$4,923,070	Dec 1, 1985	1.50	1	Jun 1, 1994
Henry	$3,783,289	$3,817,207	$4,035,878	Mar 1, 1972	1.50	1	Apr 1, 2007
Highland	$5,920,471	$6,268,499	$6,548,897	May 1, 1979	1.50	1	Jul 1, 2005
Hocking	$3,393,091	$3,634,352	$4,066,166	Apr 1, 1979	1.25	2	Jan 1, 1998
Holmes	$6,052,287	$6,569,038	$7,207,424	Jul 1, 1977	1.00		Jan 1, 1998
Huron	$8,765,559	$9,396,408	$10,019,599	Feb 1, 1978	1.50	1	Jan 1, 1996
Jackson	$4,923,710	$5,263,852	$5,539,327	Apr 1, 1982	1.50	1	Jan 1, 1998
Jefferson	$11,539,702	$11,932,786	$13,906,062	Jun 1, 1973	1.50	1	Nov 1, 1994
Knox	$6,169,288	$6,798,781	$6,980,530	May 1, 1971	1.00	2	Feb 1, 1994
Lake	$32,694,931	$34,360,000	$35,744,258	Jul 1, 1969	1.00		Apr 1, 2012
Lawrence	$8,101,288	$8,849,330	$9,046,073	Jun 1, 1986	1.50	1	Jun 1, 1998
Licking	$28,188,970	$29,796,212	$32,780,686	Feb 1, 1971	1.50	1	Jan 1, 2006
Logan	$9,060,093	$9,009,897	$9,312,911	Jan 1, 1974	1.50	1	Jul 1, 1997
Lorain	$25,911,789	$27,539,423	$29,169,467	Jul 1, 1985	0.75	2	Apr 1, 2010
Lucas	$76,655,401	$81,480,799	$97,978,604	Feb 1, 1971	1.50	2	Apr. 1, 2015

Table 2. County (M-W and totals) Permissive Sales Tax Collections, Calendar Years 2013 - 2015

County	CY2013	CY2014	CY2015	Initial Enactment	Tax Rate %	Footnote	Effective Date of Rate
Madison	$5,578,051	$5,960,048	$6,320,725	Mar 1, 1983	1.25	2	Jul 1, 1999
Mahoning	$31,772,188	$33,971,826	$39,984,654	Apr 1, 1980	1.25	1	Apr 1, 2015
Marion	$7,462,343	$10,525,121	$12,328,051	Sep 1, 1985	1.5	1	Apr 1, 2014
Medina	$21,754,963	$23,359,099	$24,923,254	Apr 1, 1971	1	1	Oct 1, 2007
Meigs	$2,307,753	$2,489,734	$2,650,874	Feb 1, 1987	1.5	1	Oct 1, 2012
Mercer	$7,021,076	$7,073,613	$7,689,662	Nov 1, 1971	1.5	1	Apr 1, 2008
Miami	$15,653,669	$16,400,267	$17,321,802	Dec 1, 1986	1.25	2	Oct 1, 2009
Monroe	$2,158,619	$2,998,449	$6,844,456	Oct 1, 1986	1.5	1	Jan 1, 2010
Montgomery	$70,997,307	$74,878,470	$78,695,964	Jan 1, 1971	1		Jul 1, 1989
Morgan	$1,460,799	$1,666,764	$1,742,097	Feb 1, 1972	1.5	1	Apr 1, 1990
Morrow	$3,252,715	$3,546,465	$3,902,984	Jul 1, 1971	1.5	1	Jul 1, 1995
Muskingum	$17,192,632	$18,054,594	$19,295,167	May 1, 1971	1.5	1	Apr 1, 1993
Noble	$2,128,186	$2,664,674	$2,323,512	Jan 1, 1971	1.5	1	Feb 1, 1995
Ottawa	$7,158,981	$8,152,773	$8,613,077	Oct 1, 1973	1.25	2	Jul 1, 2010
Paulding	$1,811,818	$1,825,761	$1,951,263	Apr 1, 1984	1.5	1	Nov 1, 1991
Perry	$3,533,855	$3,801,179	$4,093,271	Mar 1, 1971	1.5	1	Apr 1, 2010
Pickaway	$7,405,987	$7,587,196	$8,211,873	Oct 1, 1983	1.5	1	Dec 1, 2001
Pike	$4,232,002	$4,087,950	$4,716,659	May 1, 1988	1.5	1	Jan 1, 2006
Portage	$18,268,622	$19,626,374	$20,840,534	Apr 1, 1971	1		Dec. 1, 1999
Preble	$4,870,479	$5,190,364	$5,579,574	Nov 1, 1979	1.5	1	May 1, 1994
Putnam	$5,035,693	$4,309,218	$4,314,653	Jan 1, 1974	1.25	2	Jan 1, 2014
Richland	$20,500,645	$20,873,735	$23,446,736	Jun 1, 1979	1.5	2	Jul 1, 2015
Ross	$13,867,896	$14,482,331	$15,594,642	Jan 1, 1980	1.5	1	Oct 1, 1993
Sandusky	$10,200,869	$10,743,818	$11,269,091	Aug 1, 1979	1.5	1	Oct 1, 2010
Scioto	$11,157,550	$11,846,601	$12,238,294	May 1, 1979	1.5	1	May 1, 2001
Seneca	$7,816,971	$8,248,680	$8,675,367	Oct 1, 1983	1.5	1	Aug. 1, 2003
Shelby	$8,767,135	$9,897,391	$9,910,435	Feb 1, 1971	1.5	1	Apr 1, 2008
Stark	$25,739,194	$28,062,558	$28,700,995	Jan 1, 1987	0.5		Apr 1, 2012
Summit	$39,829,474	$42,715,778	$44,713,963	Feb 1, 1973	0.5		Nov 1, 1995
Trumbull	$23,692,177	$24,911,940	$25,811,929	Jun 1, 1985	1		Jul 1, 2005
Tuscarawas	$11,589,435	$12,531,569	$13,072,600	Apr 1, 1971	1		Jul 1, 1998
Union	$13,010,640	$12,999,348	$13,920,386	Apr 1, 1989	1.25	2	Jul 1, 2008
Van Wert	$4,073,414	$4,193,767	$4,450,659	Mar 1, 1972	1.5	1	Mar 1, 1991
Vinton	$1,147,638	$1,282,446	$1,419,254	May 1, 1985	1.5	1	Mar 1, 1992
Warren	$32,701,492	$35,006,529	$36,952,384	Jan 1, 1972	1	1	Jan 1, 1992
Washington	$11,803,105	$12,973,256	$13,826,648	Oct 1, 1983	1.5	1	Jan 1, 1990
Wayne	$9,630,568	$10,480,676	$11,617,230	Mar 1, 1971	0.75		Jan 1, 1992
Williams	$5,201,682	$5,761,516	$5,778,736	Dec 1, 1977	1.5	1	Oct 1, 2003
Wood	$17,815,418	$19,929,248	$20,358,674	Jun 1, 1971	1		Nov 1, 1987
Wyandot	$3,650,982	$3,995,605	$3,878,602	Feb 1, 1985	1.5	1	Oct 1, 2005
County Total	**$1,651,016,232**	**$1,851,680,387**	**$2,005,698,387**				

Source: Ohio Department of Taxation.

Note: These figures represent permissive sales tax collections for the calendar year net of the 1.0% administration fee.

Distributions to the counties and transit authorities occur two months following the collection month.

[1]Includes a 0.50% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

[2]Includes a 0.25% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

Table 3. Transit Authority Permissive Sales Tax Collections, Calendar Years 2013-2015

Transit Authority	CY2013	CY2014	CY2015	Initial Enactment	Tax Rate %	Effective Date of Rate
Greater Cleveland Regional Transit Authority	$191,069,353	$199,464,841	$205,958,010	Oct 1, 1975	1.00	Oct 1, 1975
Central Ohio Regional Transit Authority	111,079,221	118,024,328	124,068,001	Sep 1, 1980	0.50	Jan 1, 2008
Laketran Transit Authority	8,152,976	8,592,079	8,890,398	Aug 1, 1988	0.25	Aug 1, 1988
Western Reserve Transit Authority	7,916,969	8,482,907	8,549,177	Apr 1, 2009	0.25	Apr 1, 2009
Miami Valley Regional Transit Authority	35,447,034	37,383,511	39,293,987	Jul 1, 1980	0.50	Jul 1, 1980
Portage Area Regional Transit Authority	4,556,008	4,901,782	5,205,431	Feb 1, 2002	0.25	Feb 1, 2002
Stark Area Regional Transit Authority	12,790,270	14,022,748	14,381,968	Jul 1 1997	0.25	Jul 1, 1997
Metro Regional Transit Authority	39,683,549	42,555,138	44,525,509	Feb 1 1991	0.50	Jul 1, 2008
Transit Authority Total	**$410,695,379**	**$433,427,334**	**$450,872,480**			

Source: Ohio Department of Taxation.

Note: These figures represent permissive sales tax collections for the calendar year net of the 1.0% administration fee. Distributions to the counties and transit authorities occur two months following the collection month.

[1]Includes a 0.50% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

[2]Includes a 0.25% tax authorized for one or more specific purposes under Sections 5739.026 and 5741.023 of the Ohio Revised Code.

History of Major Changes

1967	General Assembly grants counties the authority to levy a county sales tax at a rate of 0.50 percent.
1969	Lake County becomes the first county to levy a county sales tax, effective July 1.
1974	General Assembly authorizes transit authorities to levy a sales tax, subject to voter approval, at the following rates: 0.50 percent, 1.00 percent, or 1.50 percent.
1975	The Greater Cleveland Regional Transit Authority becomes the first to adopt a sales tax. A 1.00 percent rate takes effect October 1.
1982	General Assembly permits counties to levy the county sales tax at rates of either 0.50 percent or 1.00 percent.
1986	Legislature permits counties to levy an additional county sales tax at 0.50 percent for specified purposes, including the county general fund, subject to voter approval.
1987	General Assembly permits all local sales tax levies to be enacted in 0.25 percent increments.
1992	A county 9-1-1 system is added to the list of purposes for which a county may enact an additional county sales tax.
1999	Conservation easements are added to the list of purposes for which the additional county sales tax may be levied.
2015	Am. Sub. HB 64, of the 131st General Assembly, allowed sharing of incremental sales tax growth of county or transit permissive sales tax from vendors located within a tourism development district with municipality or township where district is located.

Surveys of Locally Administered Taxes

Admissions Tax

Overview. Municipal corporations are permitted to levy a tax on admissions to places of amusement or entertainment such as movies, theme parks, and professional sporting events. The tax is generally charged as a percent of the cost of entrance, though one municipality charges a nominal flat rate per ticket. The tax may not be imposed on admissions charged to events sponsored by public institutions such college or high school sporting events. According to surveys completed by local governments, in calendar year 2014, the most recent year available, total admissions tax revenue of $28.9 million was collected by those municipalities levying the tax.

Table 1. Revenue to Municipal Corporations from Admissions Tax (CY 2010-2014, in millions)

Calendar year	Total
2010	$22.7
2011	24.2
2012	22.9
2013	26.3
2014	28.9

Source: Surveys completed for the Ohio Department of Taxation

Taxpayer (Ohio Rev. Code § 715.013). The tax applies to operators of movie theaters, theme parks, professional sporting events, and other activities for which there is an admissions charge.

Tax base. The base of the tax varies from municipality to municipality but commonly includes admissions charges to theaters, sporting events, and other places of amusement as well as country club dues. State and local sales taxes usually do not apply to admissions charges.

Tax Rates. Admissions tax rates vary among municipalities. In 2014, a total of municipalities levied an admissions tax. The majority levied the tax at rates of either 3% or 5%. Seven municipalities had other rates ranging from 1.5% to 8%; the remainder charged a flat rate per ticket.

History of major changes

1998	General Assembly enacted HB 770, which explicitly permits municipalities to levy taxes on admissions; though some municipalities had been taxing admissions for decades.
2015	General Assembly enacted HB 64 which allowed admissions taxes to be levied in qualified tourism development districts.

Lodging Tax

Overview. Local governments may levy a tax on lodging furnished to transient guests by hotels and motels. Municipalities or townships may levy a lodging tax of up to 3% plus an additional tax of up to 3% when located wholly or partly in a county that has not levied a lodging tax. Counties may levy a lodging tax of up to 3% but may not levy such a tax in any municipality or township that already has levied the additional lodging tax. State law also permits local governments to levy lodging taxes for special purposes (e.g., convention centers).

In 2014, the latest year for which survey data is available, local governments reported collecting approximately $172.2 million in lodging taxes.

Tax rates (Ohio Rev. Code § 307.672, 5739.08, 5739.09). The maximum combined rate permitted in most jurisdictions is 6%. However, due to the enactment of special lodging taxes in some jurisdictions, the maximum combined rate might exceed 5%. Under House Bill (HB) 519 enacted in 1967, municipalities and townships are permitted to enact a lodging tax of up to 3 percent. Under HB 355 enacted in 1980, municipalities and townships may levy an additional lodging tax of up to 3 percent, but only if the county in which the municipality or township is located has not already imposed a tax under this same law. Therefore, with one exception, noted below, municipal and township lodging taxes have a maximum 6% rate.

In 2002, the legislature enacted HB 518, which permitted a municipality to levy an additional 1% tax for funding a convention center, contingent on the county in which the municipality is located also enacting a special lodging tax for funding a convention center. Cincinnati enacted a 1% tax under this law, bringing its total rate to 4%.

Counties

Under HB 355 enacted in 1980, counties may levy a lodging tax of up to 3%, except in those townships and municipalities that have already enacted their own lodging tax under the same law. In addition, various special county lodging taxes have been authorized under state law. Most of these special taxes could only be adopted by a board of county commissioners during a limited time period. Furthermore, revenue produced from these special taxes may only be used for specified purposes. Most of the special county lodging taxes have been restricted to a narrow class of counties, such as counties meeting certain population levels and counties that already had an existing lodging tax imposed for specific purposes.

County Convention Facility Authorities

In HB 772 enacted in 1988, the General Assembly permitted convention facility authorities to enact an additional lodging tax of up to 4% only during a designated six-month period of that calendar year. The legislature also permitted an additional 0.9% rate during this time period as long as this tax and the municipal or township tax authorized by the 1967 law did not exceed 3.3%.

Also, in 2005, H.B. 66 allowed convention facility authorities in certain Appalachian counties (those with populations of less than 80,000 and already lacking a lodging tax) for a limited time to enact a tax of up to 3% to pay the cost of constructing, equipping or operating a convention, entertainment, or sports facility.

Disposition of Revenue (R.C. 5739.09). Under the lodging tax authorized in 1967, all tax collections are deposited in the general revenue fund of the municipality or township. Under the lodging tax authorized in 1980, counties are required to return to municipalities and townships that do not levy any hotel/motel tax a uniform percentage (not to exceed one-third) of revenue generated within the municipality and township. The remainder of the revenue is to be deposited in a separate fund to be used for county convention and visitor bureau expenses. Municipalities and townships are required to allocate at least one-half of the revenues from the lodging tax authorized in 1980 for convention and visitors bureaus located within the county. Remaining revenues are retained by the municipality or township and deposited into the local general revenue fund. All revenue from a convention facility authority lodging tax levy is for constructing, equipping, and operating a convention or sports center. Revenue from a special county or municipal lodging tax is to be used for the purpose designated for that tax levy in state law.

Special Provisions/Credits (Ohio Rev. Code § § 505.56 and 5739.09). The General Assembly has permitted certain special lodging taxes for various projects and durations. Usually, the General Assembly specifies a time period of weeks or months within which a local jurisdiction may authorize a special levy. Recent ones are listed below.

• Allen County - in 2014, the General Assembly permitted the county to levy a lodging tax of up to 3% for the purpose of expanding, maintaining, or operating a soldiers' memorial (the Veterans Memorial, Civic and Convention Center in Lima).

• Stark County - beginning in 2014, the General Assembly permitted the county convention and visitors' bureau to use up to $500,000 from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.

Responsibility for Administration. County commissioners, township trustees, the legislative authority of a municipality, and/or convention facilities authorities are responsible for administering the taxes.

Tables & Charts

Table 1: Lodging Tax Collections by Local Governments 2010-2014 (in millions)

Calendar Year	Total Local Collections
2010	$124.4
2011	$134.3
2012	$150.4
2013	$159.8
2014	$172.2

Source: Amounts reported by counties, townships and municipalities in surveys sent by the

History of major changes

1967	General Assembly enacted law authorizing municipalities and townships to levy a lodging tax of up to 3%.
1980	General Assembly enacted law allowing counties to levy a lodging tax of up to 3%, but only if no municipality or township located wholly or partly within the county already enacted a tax under the same law. Also, municipalities and townships are authorized to enact an additional tax of up to 3% if a county lodging tax is not in effect.
1994	General Assembly revised1980 law so that counties may enact a lodging tax of up to 3.0 percent in those areas of the county where a municipal or township tax had not been levied under the 1980 law.
2001	General Assembly enacted law allowing counties, cities, villages and townships to broaden their lodging taxes to include establishments with fewer than five rooms, and also permitting the assessment of penalties and interest for late payments.
2013	General Assembly enacted law requiring that lodging tax revenues distributed by a county to a convention and visitors' bureau be used solely for tourism sales, marketing and promotion, and their associated costs.

Manufactured Home Tax

Overview. State law establishes a tax on manufactured homes (i.e., mobile homes or house trailers). The tax is computed and assessed by the county auditor where the manufactured home is located and is paid to and collected by the treasurer of the same county. In calendar year 2014, approximately $30.4 million in tax was levied on 197,410 manufactured homes in Ohio.

Taxpayer (Ohio Rev. Code § 4503.05 and 4503.061). The tax is paid by all owners of manufactured homes sitused on real property in Ohio and used as a residence.

Tax base (Ohio Rev. Code § 4503.06). The base is calculated based on one of two methods. For manufactured homes first sitused in Ohio before Jan. 1, 2000, the assessed value is 40% of the amount calculated by multiplying the greater of either the home's cost or market value at the time of purchase by a depreciation percentage (from one of 2 schedules). For manufactured homes first sitused in Ohio (or transferred on or after) Jan. 1, 2000, the assessed value is 35% of true value consistent with the property tax on real property. Manufactured home owners whose manufactured homes were sitused in Ohio before Jan. 1, 2000, may elect to have their home taxed in this manner rather than the depreciation method. When a manufactured home is affixed to real property by a foundation, the property becomes subject to the property tax on real property.

Tax Rates (Ohio Rev. Code § 4503.06). Rates vary according to the property tax levies in effect for the taxing district in which the manufactured home is sitused. The effective rate charged depends on the method of assessment described above. For homes assessed using the depreciation method, the tax is based on the gross local rate with a minimum tax of $36 per year, or no minimum tax if the home owner qualifies for the homestead exemption.

Exemptions, deductions, and credits (Ohio Rev. Code § 4503.06). The tax does not apply when a manufactured home is:

- part of the inventory of a new motor vehicle dealer, manufacturer, remanufacturer, or distributor;
- a travel trailer not exceeding 35 feet in length.
- licensed in another state, unless located in Ohio for more than 30 days in any calendar year.
- taxed as real property.
- exempt from taxation under Chapter 5709 of the Ohio Rev. Code.

Filing and payment dates (Ohio Rev. Code § 4503.06). When the manufactured home is located in Ohio on January 1 of a year, one-half of the tax is due by March 1 of that year with the balance due by July 31.

Distribution of Revenue (Ohio Rev. Code § 4503.06). Revenue is distributed to the taxing subdivision of each county in the same manner as other taxes from real property. However, 4% is retained by the county auditor and 2% by the county treasurer as reimbursement for administrative costs.

Table 1: Manufactured Home Valuation and Taxes, 2010-2015*

Calendar Year	Number of Manufactured Homes	Taxable Value	Tax Levied on Depreciation Basis	Tax Levied Like Real Property	Total Tax
2010	207,442	$731,457,508	$8,241,063	$24,495,409	$32,736,472
2011	205,028	$721,099,212	$7,726,520	$23,333,502	$31,060,022
2012	201,650	$701,130,275	$7,699,112	$23,004,564	$30,703,676
2013	199,226	$687,531,892	$6,687,740	$23,774,879	$30,462,619
2014	197,410	$681,030,305	$6,049,709	$24,395,774	$30,445,484
2015	195,468	$680,411,307	$5,906,343	$5,906,343	$23,611,772

Source: Surveys received from local governments; data compiled by Department of Taxation {Table MH-1}.

•This table includes data on manufactured homes that are subJect to the depreciated cost-based manufactured home tax as well as manufactured homes that are subJectto the manufactured home tax that is like the real property tax. Manufactured homes that are taxed as real property (as well as manufactured homes not used for residential purposes) are not included in this table.

History of Major Changes

1920	Separate license taxes enacted for motorcycles, passenger cars, and commercial vehicles. Trailers are taxed as commercial vehicles, at 20 cents per 100 lbs. of gross weight or fractional part thereof.
1949	An $18 a year annual house trailer tax levied effective March 1, 1951.
1961	House trailer tax enacted as an ad valorem tax. Starting in 1962, house trailers were to be valued at 40% of cost or market value at the time of purchase, whichever is greater, less a depreciation percentage. A minimum tax of $18 applied.
1963	Legislature enacts a second depreciation schedule for house trailers that are purchased unfinished.
1969	Depreciation schedule allowances increased.
1980	Taxes owed must be collected before a certificate of title is issued.
1986	Homestead exemption extended to qualifying owners of manufactured homes.

1999	Manufactured homes must be taxed like real property when first located in Ohio or when ownership is transferred on or after Jan. 1, 2000. These homes remain on the manufactured home tax list but the same rates and credits that apply to residential real property apply to manufactured homes. Manufactured homes sitused in Ohio prior to this data may elect to be taxed like real property. Used manufactured homes subject to transfer fees and taxes beginning on that data. Owners are required to obtain relocation notice from county auditor and pay outstanding taxes before moving manufactured home.
2003	Manufactured home park owners are allowed remove abandoned homes from park and sell or destroy them.
2004	Ohio Manufactured Homes Commission established to regulate the installation of manufactured housing in Ohio including the affixing of a manufactured home to a permanent foundation before such home can be converted to real property.

Municipal Income Tax

Overview. In 2014, 614 municipalities in Ohio levied a municipal income tax. In accordance with the Ohio Constitution, municipal income tax ordinances must comport with the uniformity limitations of Chapter 718 of the Ohio Rev. Code.

Taxpayer (Ohio Rev. Code § 718.01 and municipal ordinances). Generally, for municipalities that levy an income tax, taxpayers are residents, nonresidents earning income or receiving net profits in a municipality, and businesses that have net profits sitused or apportioned to the municipality. Withholding requirements generally apply to employers located within municipalities that levy an income tax.

Tax base (Ohio Rev. Code § 718.01 and municipal ordinances). The first municipal income tax predated the state's income tax. The municipal income tax bases usually differ from the state's income tax base. Generally speaking, the municipal income tax base is earned income and net profits of residents and of nonresidents that is earned or received in the municipal corporation, distributive shares of net income of residents from ownership interests in businesses organized as pass-through entities, and the net profits of businesses (e.g., partnerships, limited liability companies, and corporations) sitused or apportioned to the municipality. Under a grandfathering provision in Chapter 718, some municipalities may continue to levy income tax on shareholders' distributive shares of net profits from S corporations. In the case of a "qualified municipal corporation," the tax is levied on "Ohio adjusted gross income" as defined in Ohio Rev. Code § 5747.01.

Tax rates (Ohio Rev. Code § 718.04 and municipal ordinances). Chapter 718 of the Ohio Rev. Code requires the rate to be a uniform rate. The rate itself is determined locally. The maximum rate permitted to be levied without the approval of voters in the municipality is 1%.

In 2014, the most recent year for which survey data is available, 614 municipalities responded that they levied an income tax (240 cities and 374 villages). Rates ranged from 0.5% to 3%. The following rates were the most common: 256 municipalities (41.7%) levied a tax rate of 1%; 127 municipalities (20.7%) levied a tax rate of 1.5%; 114 municipalities (18.6%) levied a tax rate of 2%. Of the remaining municipalities submitting survey data, they levied taxes at various tax rates from 2% to 3%. Ohio's three largest municipalities (i.e., Cincinnati, Cleveland, and Columbus) levied tax rates at or above 2%.

Credits, deductions, and exemptions (Chapter 718 and municipal ordinances). Various credits, deductions and exemptions may be allowed or be required to be allowed under Chapter 718 including under Ohio Rev. Code § 718.01(C) that defines "exempt income." Some municipalities allow resident individuals partial or full credit for municipal income taxes paid to another municipality.

Filing and payment dates (Ohio Rev. Code § 718.03, 718.05-.051 and municipal ordinances). Annual returns are due from taxpayers on the same date as federal and state returns; normally April 15. The annual municipal return reconciles tax liability with the amount remitted through withholding and quarterly estimated payments.

Tax Revenue. For calendar year 2014, the most recent year for which survey data is available, municipal income tax revenues totaled $4.84 billion statewide. Revenues were the greatest in Ohio's three largest cities, which accounted for almost one third of total municipal income tax revenues statewide.

Ohio's largest municipalities reported the following revenues for calendar year 2014:

- Columbus – $792.3 million (16.4%)
- Cleveland – $348.7 million (7.2%)
- Cincinnati – $345.1 million (7.1%)
- Toledo – $164.7 million (3.4%)
- Akron – $134.7 (2.9%)
- Dayton – $102.6 million (2.1%)

Of the remaining municipalities reporting revenues for calendar year 2014, revenues were less than $100 million for each:

- 100 municipalities had revenues ranging from $10 million to under $100 million;
- 226 municipalities had revenues ranging from $1 million to $10 million; and
- The remaining 282 municipalities had revenues of less than $1 million.

Disposition of Revenues (municipal ordinances). Collections may be used for general revenues, capital improvements, bond retirements, and costs to administer the tax.

Administration. Municipal income taxes, except for Chapter 5745 taxes, are administered by the municipality or in many cases by a third-party administrator. Third party administrators include the Regional Income Tax Agency (262 municipalities), Central Collection Agency (Cleveland, 45 surrounding municipalities and 10 Joint Economic Development Districts), City of Columbus (Columbus, 6 surrounding municipalities and 3 JEDDs), and City of St. Mary's (10 surrounding villages).

The Ohio Department of Taxation administers the municipal income tax for a taxpayer that is an electric company, combined company, or telephone company and that is subject to and required to file reports under Chapter 5745. Please see the **Municipal Income Tax for Electric Light and Telephone Companies** section in this part.

ODT maintains a list of links to municipalities that impose a municipal income tax and the finder (which provides information on municipal income tax rates for all addresses in Ohio) on its web site at www.ohio.tax.gov. Additionally, taxes on net profits and employer withholding taxes may be paid via the Ohio Business Gateway at http://business.ohio.gov/efiling. Income paid by the state to members and employees of the Ohio General Assembly and the Lieutenant Governor may be taxed only by the municipal corporation of residence.

Tables and charts

Table 1. Municipal Income Taxes Collected (CY 2010 - 2014)

Calendar Year	All Municipalities (614)	Cities (240)	Villages (374)
2010	$4,052,605,606	$3,749,316,357	$303,289,248
2011	$4,309,421,010	$3,975,423,750	$333,997,259
2012	$4,528,544,397	$4,178,641,914	$349,902,483
2013	$4,712,043,367	$4,349,844,065	$362,199,303
2014	$4,838,081,944	$4,455,455,798	$382,626,146

Source: Data submitted to the Ohio Department of Taxation.

Table 2. Municipal Income Taxes Collected by County (CY 2014)

County	Tax Revenue for Cities	Number of Cities	Tax revenue for villages	Number of Villages	Total Tax Revenue	Total Number of Taxing Municipalities
Adams	$0	0	$764,662	2	$764,662	2
Allen	$18,986,681	2	$3,336,481	6	$22,323,162	8
Ashland	$8,736,909	1	$1,256,187	3	$9,993,096	4
Ashtabula	$10,602,260	3	$3,599,527	6	$14,201,787	9
Athens	$12,899,990	2	$0	0	$12,899,990	2
Auglaize	$7,141,234	2	$7,404,390	6	$14,545,624	8
Belmont	$3,321,395	3	$1,024,775	2	$4,346,170	5
Brown	$0	0	$2,394,225	5	$2,394,225	5
Butler	$77,439,154	5	$7,600,916	2	$85,040,071	7
Carroll	$0	0	$1,269,489	3	$1,269,489	3
Champaign	$7,236,328	1	$882,686	4	$8,119,015	5
Clark	$31,560,150	2	$601,634	3	$32,161,784	5
Clermont	$3,172,858	1	$2,759,617	6	$5,932,475	7
Clinton	$4,389,785	1	$284,587	1	$4,674,372	2
Columbiana	$8,725,725	3	$4,665,839	6	$13,391,564	9
Coshocton	$4,296,076	1	$417,583	1	$4,713,659	2
Crawford	$9,913,851	2	$1,530,931	4	$11,444,782	6
Cuyahoga	$913,184,337	38	$73,668,207	18	$986,852,544	56
Darke	$7,514,428	1	$3,070,173	7	$10,584,601	8
Defiance	$8,895,403	1	$1,185,658	2	$10,081,061	3
Delaware	$21,537,420	1	$8,192,504	4	$29,729,924	5
Erie	$12,940,590	3	$537,516	1	$13,478,106	4
Fairfield	$22,967,271	2	$1,635,343	7	$24,602,614	9
Fayette	$5,253,046	1	$299,442	2	$5,552,488	3
Franklin	$1,076,438,413	13	$40,544,965	10	$1,116,983,378	23
Fulton	$3,561,006	1	$6,424,319	5	$9,985,325	6
Gallia	$1,545,007	1	$308,795	1	$1,853,802	2
Geauga	$0	0	$10,153,927	4	$10,153,927	4
Greene	$23,753,478	2	$2,228,755	3	$25,982,233	5
Guernsey	$7,420,599	1	$348,142	1	$7,768,741	2
Hamilton	$495,276,150	19	$33,235,396	13	$528,511,546	32
Hancock	$20,984,637	1	$1,105,310	2	$22,089,947	3
Hardin	$3,014,026	1	$2,456,910	8	$5,470,936	9
Harrison	$0	0	$1,659,106	6	$1,659,106	6
Henry	$4,002,571	1	$941,890	7	$4,944,461	8
Highland	$4,563,229	2	$431,769	1	$4,994,998	3
Hocking	$2,634,472	1	$0	0	$2,634,472	1
Holmes	$0	0	$2,062,198	2	$2,062,198	2
Huron	$13,245,920	3	$1,448,752	4	$14,694,672	7
Jackson	$1,138,352	1	$45,108	1	$1,183,460	2
Jefferson	$12,752,858	2	$2,465,550	5	$15,218,408	7
Knox	$11,725,532	1	$1,807,099	4	$13,532,631	5
Lake	$89,766,842	9	$3,705,044	7	$93,471,886	16
Lawrence	$2,205,791	1	$255,268	1	$2,461,059	2

Table 2. Municipal Income Taxes Collected by County (CY 2014 - continued)

County	Tax Revenue for Cities	Number of Cities	Tax Revenue for Villages	Number of Villages	Total Tax Revenue	Total Number of Taxing Municipalities
Licking	$30,396,899	3	$6,777,412	4	$37,174,312	7
Logan	$6,013,107	1	$1,351,383	9	$7,364,489	10
Lorain	$93,515,032	8	$7,962,167	5	$101,477,198	13
Lucas	$219,922,175	4	$12,138,671	4	$232,060,846	8
Madison	$5,331,666	1	$5,511,107	4	$10,842,773	5
Mahoning	$50,590,963	4	$2,118,770	2	$52,709,733	6
Manon	$14,717,572	1	$126,031	2	$14,843,603	3
Medina	$37,279,100	3	$2,571,360	2	$39,850,460	5
Meigs	$0	0	$598,347	2	$598,347	2
Mercer	$5,220,191	1	$4,018,353	4	$9,238,544	5
Miami	$30,247,120	3	$1,920,918	4	$32,168,038	7
Monroe	$0	0	$451,471	1	$451,471	1
Montgomery	$245,353,151	14	$5,300,233	5	$250,653,384	19
Morgan	$0	0	$478,580	2	$478,580	2
Morrow	$0	0	$1,608,334	3	$1,608,334	3
Muskingum	$16,095,330	1	$1,311,954	4	$17,407,284	5
Ottawa	$2,288,259	1	$2,169,354	4	$4,457,613	5
Paulding	$0	0	$1,182,061	5	$1,182,061	5
Perry	$898,010	1	$682,655	2	$1,580,665	3
Pickaway	$5,173,012	1	$1,699,576	3	$6,872,588	4
Pike	$1,442,976	1	$453,792	1	$1,896,769	2
Portage	$45,354,419	4	$2,550,175	5	$47,904,595	9
Preble	$3,958,339	1	$1,412,155	6	$5,370,495	7
Putnam	$0	0	$6,108,589	10	$6,108,589	10
Richland	$30,345,364	2	$7,048,495	5	$37,393,859	7
Ross	$11,093,639	1	$32,949	1	$11,126,588	2
Sandusky	$12,739,597	2	$615,402	1	$13,354,999	3
Scioto	$10,151,503	1	$1,440,775	1	$11,592,278	2
Seneca	$12,556,952	2	$506,378	3	$13,063,330	5
Shelby	$14,954,779	1	$3,785,858	5	$18,740,637	6
Stark	$86,812,578	5	$8,090,946	8	$94,903,524	13
Summit	$284,631,485	13	$19,413,858	9	$304,045,343	22
Trumbull	$27,600,100	4	$8,231,458	3	$35,831,558	7
Tuscarawas	$16,171,898	3	$5,836,945	13	$22,008,843	16
Umon	$15,042,306	1	$683,673	2	$15,725,980	3
VanWert	$6,457,958	1	$348,216	4	$6,806,174	5
Warren	$51,080,665	4	$3,201,936	6	$54,282,601	10
Washington	$10,995,242	2	$284,175	1	$11,279,417	3
Wayne	$22,587,032	3	$3,085,591	10	$25,672,623	13
Williams	$6,529,173	1	$4,421,424	6	$10,950,597	7
Wood	$44,149,494	4	$3,399,510	14	$47,549,004	18
Wyandot	$3,014,939	1	$1,684,430	3	$4,699,369	4
Totals	**$4,455,455,798**	**240**	**$382,626,146**	**374**	**$4,838,081,944**	**614**

Source: Data submitted to the Ohio Department of Taxation.

Forty-eight muncipalitles did not submit calendar year 2014 data. For these municipalities, revenues from the previous year were used.

History of Major Changes

1946	Toledo enacts first municipal income tax.
1957	General Assembly enacts the first uniform municipal income tax law.
1987	General Assembly passes law restricting municipalities from taxing income from intangibles, unless voters in a municipality that taxed such income voted to continue taxing such income beyond the taxable year 1988. Residents in two, Wyoming and Indian Hills, vote to continue taxing intangible income.
1992	State law authorizes municipalities to grant job creation tax credits.
1993	General Assembly passes law allowing municipal income tax revenues to be shared with a school district.
1997	State law permits municipalities to exempt stock options from the income tax.
1999	Beginning in 2001, state law restricts municipal income taxes by excepting from tax a non-resident working in the municipality for 12 or fewer days, except for professional athletes, entertainers, or promoters. Also, beginning in 2003, a municipality taxing pass-through entities' net profits is required to grant resident taxpayers a credit for taxes paid by a pass-through entity to another municipality if the pass-through entity does not conduct business in the municipality where the taxpayer resides.
2000	General Assembly passes law prohibiting new municipal income taxes that share income with school districts.
2004	Certain single member limited liability companies can elect to be treated as separate taxpayers from the single member. Also, businesses are required to add-back tax exempt stock options in the apportionment of their net profits.
2007	General Assembly enacts HB 24 permitting municipalities to allow an income tax deduction to self-employer taxpayers for amounts paid for medical care insurance for themselves, their spouses, and their dependents.
2014	Effective Jan. 1, 2016, General Assembly (HB 5) adopts a more uniform tax base including specific criteria for determining residency, a 20-day withholding rule, and a uniform 5-year carryforward of net operating losses (with some variations allowed under law).

Comparisons with Other States (as of June 30, 2016)

Georgia, North Carolina, Tennessee, Texas, and West Virginia do not have local governments that impose income taxes. Similar taxes in other states are described below.

Indiana	Until June 30, 2016, a county may levy either a "county adjusted gross income tax" or a "county option income tax." Counties are also permitted to levy a "county economic development income tax." The total of a county's economic development tax and the adjusted gross income tax cannot exceed 3.75%. The economic development tax combined with the county option income tax cannot exceed 3.5%. The economic development tax levied alone cannot exceed 0.75%. All these taxes are to be replaced by a consolidated income tax by Jan. 1, 2017.
Kentucky	Cities, counties, transit districts and school districts may levy a license tax on the net profits of businesses located in the district and the salaries and wages of employees earned in the jurisdiction. Rates can vary between the two types of occupational license taxes.
Michigan	Cities may impose a tax up to the rate of 2% on residents and 1% on non-residents. Detroit may impose rates of up to 2.4% for residents and 1.2% for nonresidents.
Pennsylvania	Municipalities may impose an earned income tax on wages and net profits. The tax may be imposed on either residents only or both residents and nonresidents. Most municipalities have a 1% cap. Home rule municipalities (such as Philadelphia, Pittsburgh, and Scranton) are not subject to the cap. If the local school district also imposes an earned income tax, the tax revenue must be shared between the school district and the municipality. • Pittsburgh: The city imposes an earned income and net profits tax at the rate of 1 percent. Additionally, the city levies a flat $52 local services tax that is withheld in equal amounts

	from employee payrolls and a 0.55 percent tax on payroll amounts generated as a result of employers conducting business in the city. • Philadelphia: The city imposes an earned income tax on salaries, wages, commissions, and net profits. The resident tax rate is 3.9102 percent. The nonresident tax rate is 3.4828 percent.

Real Property Conveyance Fee

Overview. State law establishes a mandatory conveyance fee on the transfer of real property. The fee is calculated based on a percentage of the property value that is transferred. In addition to the mandatory fee, all but one county levies a permissive real property transfer fee. The revenue from both the mandatory fee and the permissive fee is deposited into the general revenue fund of the county in which the property is located. In 2014, the latest year for which survey data is available, conveyance fees generated approximately $116 million in revenues to the counties. The breakdown of these revenues was approximately $36.4 million from mandatory fees and $79.6 million from permissive fees.

Taxpayer (Ohio Rev. Code § 319.202, 319.54, 322.02, 322.06). The real property conveyance fee is paid by persons that transfer real estate or sell a used manufactured or used mobile home.

Tax base (Ohio Rev. Code § 319.202). The tax base is the value of the real estate or used manufactured or mobile home.

Tax rates (Ohio Rev. Code § 319.54 and 322.02). The fee consists of two parts: (1) a statewide mandatory fee of 1 mill (0.001) or $1 per $1,000 of the value of the property transferred or sold and applies in all 88 counties and (2) an optional county permissive real property transfer fee of up to 3 mills. County commissioners may prescribe a lower permissive rate for conveyances of property receiving the homestead exemption. As of 2014 survey data, 87 of 88 counties levied an additional permissive fee at rates ranging from 1- 3 mills. The exception was Ross County.

Exemptions, deductions, and credits (Ohio Rev. Code § 319.54). The tax does not apply to certain transfers or sales as set forth in Ohio Rev. Code § 319.54(G)(3).

Filing and payment dates (Ohio Rev. Code § 319.202 and 322.06). The fee is paid at the time of transfer.

Disposition of Revenue (Ohio Rev. Code § 319.202 and 322.06). All revenues from the fees are deposited into the general fund of the county, except that fees charged and received for a transfer of real property to a county land reutilization corporation must be credited to the county's land reutilization corporation fund established under Ohio Rev. Code § 321.263.

History of major changes

1967	A mandatory real property transfer fee of 1 mill becomes required by state law and county commissioners are permitted to impose additional fees of up to 3 mills on conveyances on or after Jan. 1, 1968. The revenues from both components of the tax are distributed to the county's general fund.
1969	State law allows for a vote of the electorate to repeal a permissive transfer fee adopted as an emergency.

Tables and charts

Table 1. Real Property Conveyance Fees (Calendar Years 2008-2013)

Year	Number of Conveyance Fees Paid	Mandatory fees	Permissive fees	Total fees	Average fee per conveyance
2009	211,997	$24,301,894.00	$53,440,047.00	$77,741,941.00	$366.71
2010	210,547	25,486,256.00	56,190,681.00	81,676,937.00	$387.93
2011	198,502	25,022,052.00	55,328,795.00	80,350,847.00	$404.79
2012	221,139	35,874,007.00	84,298,353.00	120,172,360.00	$543.42
2013	245,277	33,964,096.00	74,724,792.00	108,688,888.00	$443.13
2014	229,751	36,402,913.00	79,581,965.00	115,984,878.00	$504.83

Source: Surveys completed locally for the Ohio Department of Taxation.

Recent State Legislation

The legislative power of the State of Ohio is vested in the Ohio Legislature and the people of the State of Ohio who retain the right to enact laws and to approve or disapprove of laws enacted by the Ohio Legislature. One power of the Ohio Legislature and of the people of the State of Ohio is the taxing power. The taxing power is the power to levy and collect taxes to raise revenues to fund the expenses of the State of Ohio including its debts. The taxing power is limited by the Ohio and the U.S. Constitutions. Each General Assembly meets during a two-year period commonly referred to as a biennium. The biennium is divided into two annual sessions. Bills introduced during the first session carry to the second session. However, bills not enacted by the end of the second session "die" and do not carry over to the next General Assembly. Each General Assembly is designated a sequential number. The current one is the 131st General Assembly.

House Bill (HB) 166 – allows municipalities located in a charter county to certify garbage collection fees to the property tax list for collection in the same manner as property taxes, specified that property owned by an economic development corporation is not considered to be "publicly owned" unless the corporation obtains a property tax exemption based on the property's public use, extends the filing deadline for the homestead exemption and 2.5% property tax reduction until the end of the tax year to which the exemption or reduction applies, extends the dates by which county auditors must take certain actions involving agricultural property enrolled in the CAUV program, requires county auditors to advertise that the county board of revision has completed its annual property tax equalization once a week for two consecutive weeks, rather than for 10 consecutive days, eliminates the requirement that county auditors certify interest rates to local courts and that the courts post the notice, eliminates the requirement that notices be provided to local taxing authorities regarding pending applications for tax exemption of pollution control or energy conversion or conservation property used in industrial or commercial operations, removes the requirement that statements submitted by persons contracting with local governments certifying whether they owe delinquent tangible personal property taxes in the county be incorporated into a contract if no delinquent tax is owed, requires a party appealing the decision of the Board of Tax Appeals on a complaint originally filed with a county board of revision to submit a copy of the appellate notice to the board of revision and the county auditor, modifies a provision that waives penalties for the late payment of property taxes under certain circumstances by specifying that the county treasurer, not the county auditor, be notified that the waiver requirements are met.

HB 182 – revises the laws governing the creation and operation of joint economic development districts (JEDDs) and enterprise zones, exempts from property taxation real property owned by a nonprofit organization selected by the Federal Small Business Administration as an intermediary lender in the Federal Microloan Program, lowers the contribution threshold necessary to maintain an income tax refund contribution check-off option, extends the deadline for municipal corporations to report information to enable a computation of fiscal effects of recent changes to net operating loss deductions for municipal income tax purposes, and modifies eligible investment criteria for the state New Markets Tax Credit.

HB 277 – authorizes a county, township, or municipal corporation to impose a 9-1-1 system levy in only the portion of the subdivision that would be served by the 9-1-1 system.

HB 340 – authorized a reduction in the commercial activity tax for railways' purchases of dyed diesel fuel, eliminated the regulatory assessments imposed on certain financial institutions by the Division of Financial Institutions to fund the Division's operations, and repealed the financial institutions tax (FIT) credit allowed to those institutions for the payment of those assessments, authorized a qualifying partnership formed by a career-technical education compact, subject to voter approval, to issue general obligation bonds for the purpose of acquiring the classroom facilities, increased the maximum principal amount and maturity of notes issued by a qualifying partnership in anticipation of a property tax levy to 75% of the estimated levy proceeds and 10 years, respectively, and corrected an error related to the law authorizing a property tax exemption for fraternal organizations.

HB 390 – makes changes to the refundable motion picture tax credit, exempts from sales and use tax the sale of natural gas by a municipal gas company and applies the exemption retroactively, authorizes abatement of unpaid property taxes, penalties, and interest owed on property owned by a metropolitan housing authority that would have qualified for tax exemption if not for a failure to comply with certain exemption procedures, clarifies the role of the Director of Budget and Management, Tax Commissioner, and Superintendent of Insurance in reviewing taxpayer applications for job retention tax credits, eliminates the authority of counties to levy a tax on utility services purchased by consumers in the county, authorizes library boards to issue special obligation bonds for facilities backed by a property tax levied for the library board by the board's taxing authority.

HB 466 – under the sales tax law, amends the definition of “personal and professional services” to include providing digital advertising services.

HB 483 – authorizes certain renewal or replacement developmental disabilities property tax levies to be for a different stated purpose than, or for a term longer than, the renewed or replaced levy, authorizes developmental disabilities property tax levies to be combined into a single renewal levy, expands the purposes for which certain developmental disability property taxes may be levied, removes references to "mental retardation" in developmental disabilities property tax levy law, requires reimbursement of certain developmental disability levy revenue foregone because of the creation of a tax increment financing (TIF) incentive district, authorizes more than two existing levies to be combined into a single replacement levy, authorizes a personal income tax deduction for contributions to an "Achieve a Better Living Experience" (ABLE) savings account, which is used to pay qualified disability expenses of a beneficiary, authorizes residents of other states to open accounts under Ohio's ABLE account program, authorizes the Treasurer of State to issue interests to ABLE account beneficiaries, requires the guardian or trustee of a disabled beneficiary to furnish certain personal information when applying for an ABLE account on behalf of that beneficiary.

HB 523 - requires that land used to cultivate or process medical marijuana be taxed based on fair market value rather than current agricultural use, requires the Ohio Department of Taxation to provide the Department of Commerce and the State Board of Pharmacy information on whether an applicant for medical marijuana related licensure is compliant with applicable state tax laws, has past or pending violation of these tax laws, and penalties imposed on the applicant for such a violation and makes information provided confidential.

Senate Bill (SB) 2 - expressly incorporates federal changes to the Internal Revenue Code since April 1, 2015, into Ohio law.

SB 75 - applies current agricultural use valuation to land used for agritourism for property tax purposes.

SB 172 – exempts from sales and use taxes the sale or use of investment metal bullion and coins, expands eligibility for the fraternal organization property tax exemption to property of an organization operating under a state governing body that has been operating in Ohio for at least 85 years, extends the deadline for payments of quarterly municipal income tax withholding taxes, and modifies the rules for when municipal income tax withholding payments are considered to have been made.

SB 208 – modifies the commercial activity tax exclusion for receipts from the sale of certain consumer products within an integrated supply chain, makes technical changes to the state income tax law, provides that, for the 2015 taxable year, any taxable business income under $125,000 for married taxpayers filing separately or $250,000 for other taxpayers is subject to graduated tax rates similar to those applicable to nonbusiness income, while business income in excess of those amounts remains subject to the existing 3% flat tax, to modify the formula for calculating reimbursement payments to school districts for their loss of tangible personal property tax revenue, and to establish a formula for making supplemental foundation aid payments to school districts in fiscal year 2017.

SB 264 – provided for a three-day sales tax "holiday" in August 2016 during which sales of clothing and school supplies are exempt from sales and use taxes.

Recent Ohio Appellate Decisions

Disputes over the exercise of the taxing power in Ohio are filed typically with either county boards of revision that hear disputes over real property valuation, with the Tax Commissioner who hears dispute over state taxes, and with municipal boards of appeals that hear municipal tax disputes. Appeals of final decisions may be made to the Ohio Board of Tax Appeals and then from the Ohio Board of Tax Appeals to an Ohio appellate court or the Ohio Supreme Court.

The U.S. Supreme Court may entertain appellate jurisdiction over decisions of the Ohio Supreme Court on federal law issues. The federal Tax Anti-Injunction Act codified at 28 U.S.C. § 1341 prohibits U.S. federal district courts from enjoining, suspending, or restraining the assessment, levy, or collection of any tax under State law where a plain, speedy, and efficient remedy may be had in the courts of such State.

Cunningham v. Testa, 144 Ohio St.3d 40, 2015-Ohio-2744 **-** The Cunningham case answered the question: Can the Tax Commissioner look beyond an affidavit of non-Ohio domicile in order to determine residency of a taxpayer? Cunningham was a long-time resident of the Cincinnati area who, with his spouse, owned a vacation home in Tennessee. With his 2008 tax return Cunningham included an affidavit of non-Ohio domicile; his wife did not. In reviewing the matter, the Tax Commissioner identified contradictory claims that Cunningham made about his domicile on various state, local, and federal tax filings. As such, the Commissioner determined that Cunningham made a false statement about his domicile on the affidavit and was not entitled to an irrebuttable presumption of nonresidency. Since Cunningham's affidavit contained a false statement, the Commissioner determined that Cunningham's residency was based upon the common law notions of domicile. Cunningham challenged the tax department's ability to look beyond the affidavit. The Ohio Supreme Court agreed with the Tax Commissioner, finding that the General Assembly's creation of a "bright-line" test for domicile did alter the basic concept of what constitutes common-law domicile. Since Cunningham was not entitled to an irrebuttable presumption of nonresidency and admitted that he met the test of "common-law" domiciliary for the 2008 tax year, the Court found that the Tax Commissioner was correct in determining that he was domiciled in the state of income tax purposes.

Navistar v. Testa, 143 Ohio St. 3d 460, 2015-Ohio-3283 **-** This decision deals with the interplay of certain corporate franchise tax net operating losses and the Commercial Activities Tax (CAT). When the CAT was instituted, the CAT net operating loss (NOL) tax credit was included so that Ohio corporate franchise taxpayers would not lose the value of franchise tax NOLs, which, under the corporate franchise tax, were permitted to be carried forward. These losses under the corporate franchise tax were permitted to be taken against the CAT in the form of the CAT NOL credit if the taxpayer filed a report by June 30, 2006 disclosing the value of the Ohio NOLS. The statute required the NOLS to be determined in accordance with generally accepted accounting principles. Navistar complied with the filing requirement. At the time, however, the company was working on restatement of its financial condition. The Tax Commissioner utilized the restated financials to calculate the NOL, instead of the originally filed amounts. The company challenged the Tax Commissioner's reduced NOL through appeal to the Board of Tax Appeals (BTA), which determined that the report could be changed after June 30, 2006 and, therefore, accepted the Tax Commissioner's modifications. The Ohio Supreme Court agreed with the BTA's finding that the restated financial statements could be utilized, although it changed the standard for modifying the credit. The Court held that the important question was whether the original financial statement was kept in accordance with generally accepted accounting principles (GAAP). If such statements were kept in accordance with GAAP, then the company could use the NOL carryforward, as it met the statutory requirements. However, if the restatement was done because of the failure to meet generally accepted accounting principles, then the Tax Commissioner was correct in using the restated amounts. The matter was returned to the BTA for a review of the testimony regarding whether the old financials complied with GAAP.

Epic Aviation, L.L.C. v. Testa 2016-Ohio-3392 **-** Epic Aviation is an aviation fuel supplier. One of its custom-

Net's business was the transport of checks for transfer among financial institutions, the company also carried other specialized items. Special exemption from the sales and use tax exist for sales to a public utility. The definition of "public utility" includes a requirement that the entity show that it is subject to special regulation

was the Federal Aviation Administration. The Tax Commissioner denied the claim, relying on an earlier case, Castle Aviation v. Wilkins, which held that smaller air carriers did not qualify as public utilities because they did not meet the more stringent FAA requirements placed on large air carriers. In the present case, however, the Ohio Supreme Court set forth a test separate from the Castle Aviation test. Instead, the Court concluded that the correct test to determine whether AirNet was a public utility concerned whether AirNet met the qualifications for "common carriage" - that is, whether an indefinite public had the right to demand the company's services. In this case, the Court concluded, at least for a part of AirNet's services, that, in fact, AirNet did meet the this standard. Therefore, the Court remanded the matter to the Tax Commissioner for a determination as to how much of AirNet's services were offered as common carriage and how much as contract carriage, and refund use tax accordingly.

Renacci v. Testa 2016-Ohio-3394 - The Ohio Supreme Court ruled that the Tax Commissioner abused his discretion when he denied a refund claim filed by a taxpayer pursuing a position regarding the taxation of income from an electing small business trust. The taxpayers were beneficiaries of an electing small business trust that sold the bulk of its assets and dissolved in the year of sale. In a prior case, the Ohio Supreme Court ruled that beneficiaries of Grantor trusts, which are similar to electing small business trusts, were subject to Ohio individual income taxation realized from the trust's the sale of the assets. After the earlier Supreme Court decision, a previous Tax Commissioner issued an information release which suggested that if taxpayers did not report the income from the trust's sale on individual income tax returns, the taxpayers would be subject to penalties when audited. The Court held that the information release did not create a legal obligation and the previous Tax Commissioner overreached when requiring penalties to be paid. The Court required the Tax Commissioner to refund penalties assessed to the taxpayers in this case

Corrigan v. Testa 2016-Ohio-2805 - Corrigan is a nonresident, non-domiciliary of Ohio. Non-residents are generally subject to taxation on their Ohio-sourced income. For example, nonresident investors in pass-through entities, such as S-Corporations, Limited Liability Companies, partnerships and the like, are subject to income tax on income that they received from an entity to the extent that it was generated in Ohio. The specific statute at issue in this case required nonresident investors with a 20% or higher ownership interest to apportion income from the sale of their interest in the entity. In this case, the question was - did capital gains from the sale of a business interest qualify as intangible personal property, (with the tax situs being the taxpayer's domicile) or as business property (with the tax situs in Ohio)? The Tax Commissioner concluded that the sale of the business asset was subject to Ohio income tax pursuant to the relevant statute. The Ohio Supreme Court disagreed, finding that the sale of the business interest was a transfer of intangible property not generated by the entity's Ohio business activity, and therefore, situsable to the state where the sale took place and not subject to Ohio income tax.

Christian Voice of Central Ohio v. Testa 147 Ohio St.3d 217, 2016-Ohio-1527 - A Christian radio station, which had enjoyed a real property tax exemption for a number of years, moved to a new location. The Tax Commissioner denied exemption at the new location, finding that the radio station did not meet the requirements of R.C 5709.07(A)(2), exempting "houses used exclusively for public worship." The Ohio Supreme Court disagreed, relying upon Miami Valley Broadcasting Assn. v. Porterfield, a 1972 case, in which a broadcasting studio and auditorium was granted exemption for sales and use taxes. The court advanced a "holistic" approach to determining whether an organization qualifies as a church, and concluded that a facility can implement the religious objectives of an organization. Finding that the radio station broadcasts contemporary Christian music and employed a pastor as a full-time minister, who gathered on a regular basis in the on-site chapel, was all evidence demonstrating the property had the attributes of a church and should be exempted.

Index of Charts and Tables

This index provides a by-chapter listing of the charts and tables contained in the Annual Report, organized by the major section in which the chapter is found.

Municipal Income Tax

Real Property Conveyance