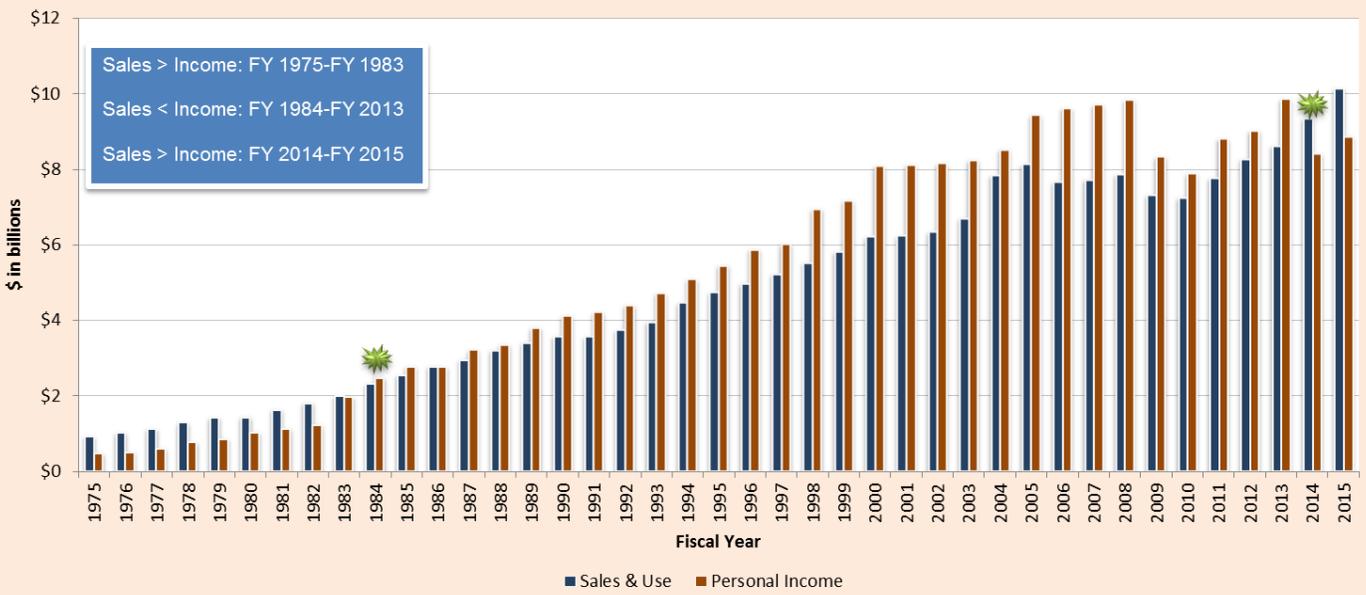


# Ohio Legislative Service Commission

## PERSONAL INCOME & SALES TAXES

- Over the last 40 years, the title for largest tax revenue source has switched hands twice, once in FY 1984 when personal income tax receipts exceeded sales and use tax receipts, and again in FY 2014 when sales and use tax receipts exceeded income tax receipts for the first time since FY 1984.
- These two taxes accounted for almost 86% of total tax receipts in FY 2015.

All-Funds Personal Income and Sales Tax Receipts, FY 1975-FY 2015



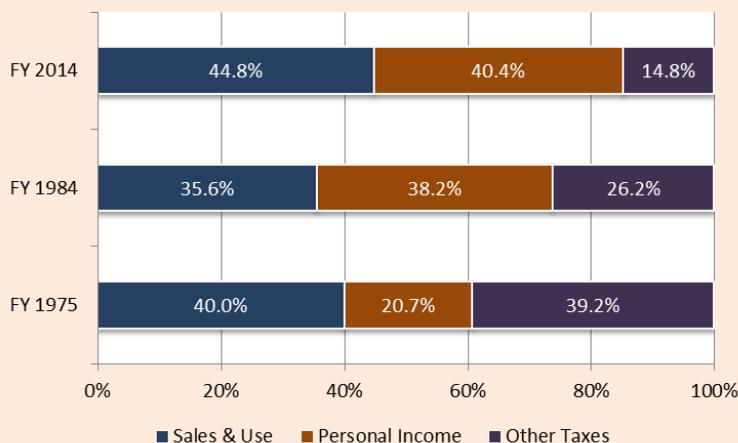
### Personal Income Tax

- The personal income tax first became effective January 1, 1972. The current nine-tiered tax brackets have been in place since tax year (TY) 1993.
- The rate for the top bracket (for income of \$200,000 or more) decreased from 7.5% in TY 1993 to 4.997% in TY 2015 while the rate for the bottom bracket (for income of \$5,000 or less) decreased from 0.743% to 0.495% during the same period.
- The small business income deduction was first enacted for TY 2013. Beginning in TY 2016, the deduction will increase to 100% for the first \$250,000 of business income (or \$125,000 for spouses filing separate returns), with any excess business income subject to a 3% flat tax.

### Sales and Use Tax

- A 3% sales tax first became effective January 1, 1935 and a companion use tax followed one year later. County governments and transit authorities were authorized to levy “piggyback” taxes in 1967 and 1974, respectively.
- The state sales and use tax rate increased from 5.5% to 5.75%, effective September 1, 2013. The 5.5% rate was established on July 1, 2005.
- The combined state and local rate currently ranges from 6.5% (in 4 counties) to 8.0% (1). The other rates and the numbers of counties are: 6.75% (18), 7.0% (12), 7.25% (52), and 7.5% (1).

Compositions of Tax Receipts



\$ in billions

FY 1975

FY 1984

FY 2014

Sales & Use

\$0.93

\$2.32

\$9.34

Income

\$0.48

\$2.49

\$8.41

Other

\$0.91

\$1.70

\$3.08

Total

\$2.32

\$6.51

\$20.83

Income & sales taxes' combined share:

- 60.8% in FY 1975
- 73.8% in FY 1984
- 85.2% in FY 2014

Note: The tax revenue figures used in this infographic are nominal dollars and reflect tax policy changes.