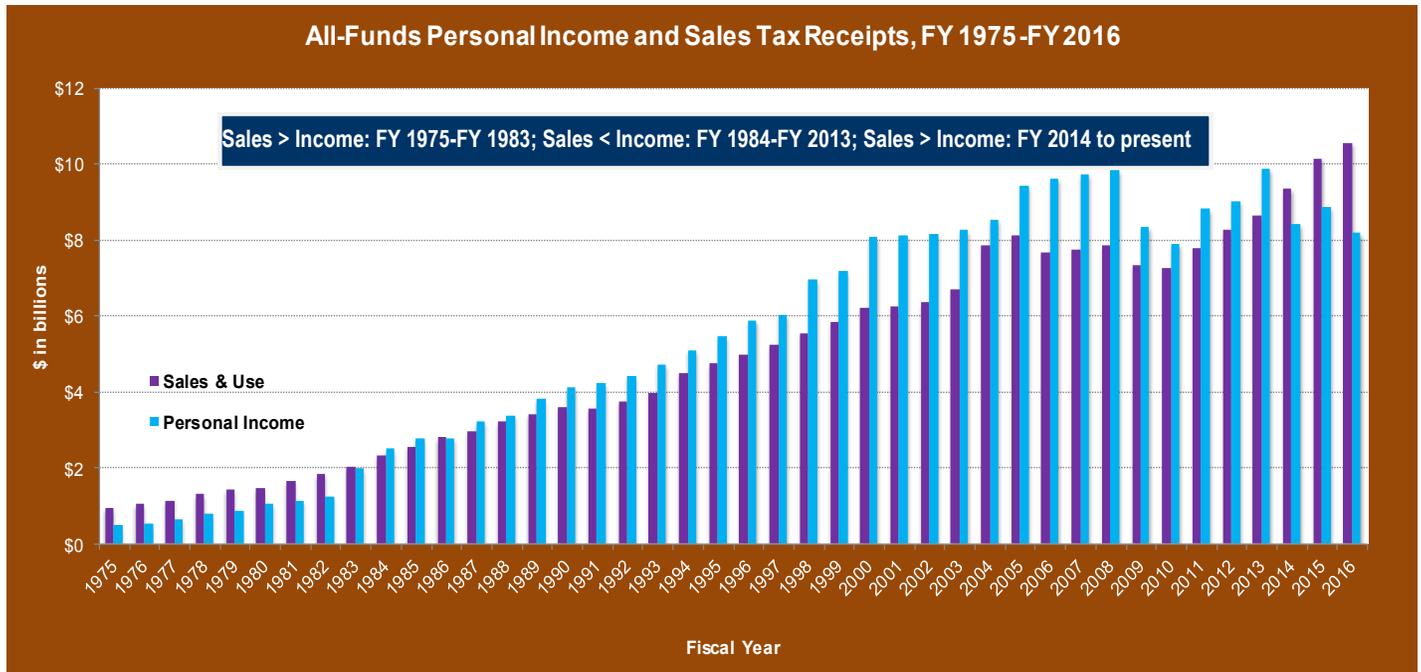


Ohio Legislative Service Commission

PERSONAL INCOME & SALES TAXES

September 2016



Data Notes: 1. The tax revenue figures used in this infographic are nominal dollars and reflect tax policy changes.
 2. In FY 1986, personal income and sales and use tax receipts were almost identical, with the former being slightly lower.

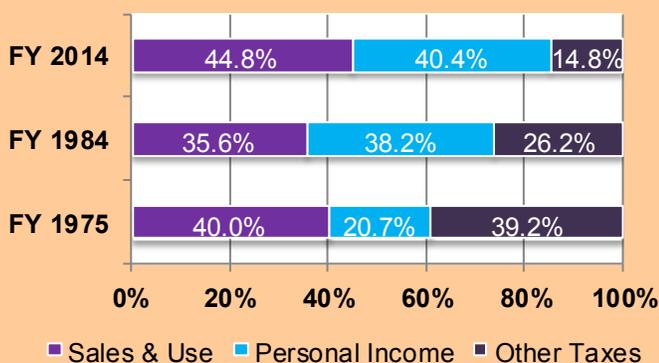
Personal Income Tax

- 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.
- As of June 2016, the combined state and local rate 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% (13), 7.25% (51), 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

- ◆ In FY 2016, sales and uses and personal income tax receipts comprised 46.7% (\$10.54 billion) and 36.2% (\$8.17 billion), respectively, of total tax receipts. Together, they accounted for 82.9% of total tax receipts in FY 2016.
- ◆ In comparison, these two taxes’ combined share of total tax receipts was 60.8% in FY 1975, 73.8% in FY 1984, and 85.2% in FY 2014.