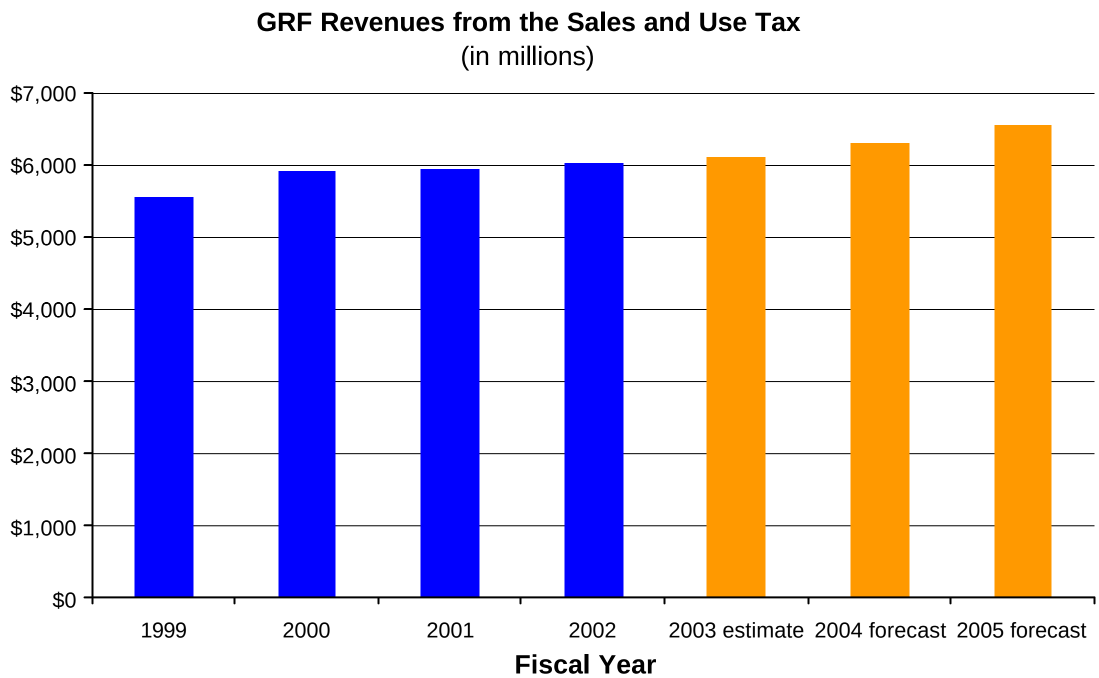
Sales and Use Tax



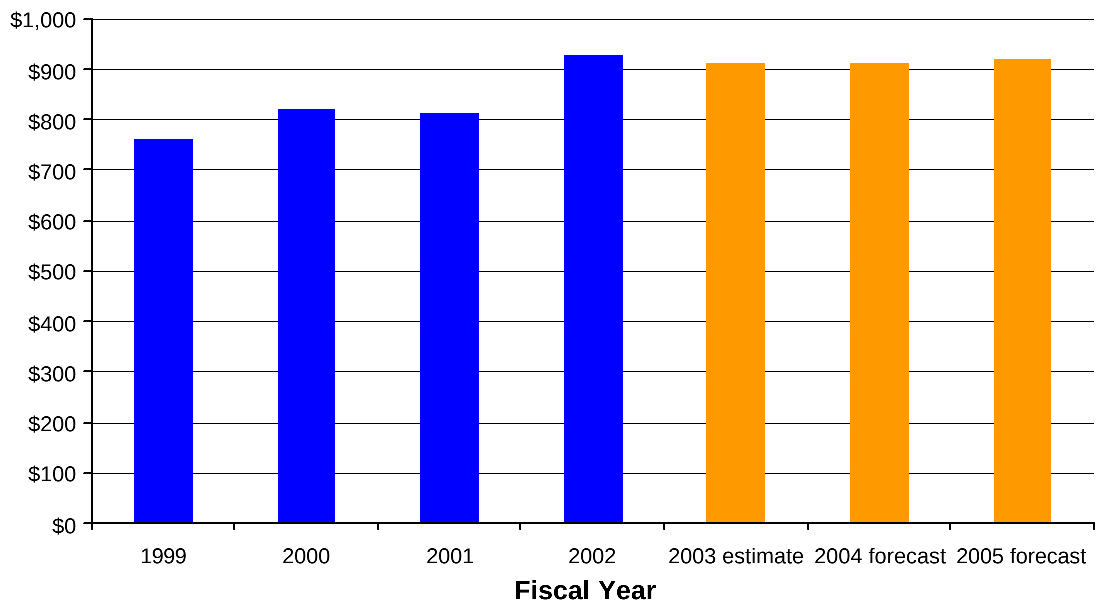
	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Forecast	FY 2005 Forecast
Sales and Use Tax	$5,545.3	$5,913.7	$5,935.6	$6,038.0	$6,111.0	$6,293.9	$6,550.3
growth	5.3%	6.6%	0.4%	1.7%	1.2%	3.0%	4.1%

The state sales and use tax is levied at a rate of 5 percent on retail sales of tangible personal property, rental of some tangible personal property, and selected services. Major exemptions include: food for human consumption off the premises where sold; newspapers and magazine subscriptions sent by second class mail; motor fuel (taxed separately); packaging and packaging equipment; prescription drugs and medical supplies; property used primarily in manufacturing or used directly in mining or agriculture; and credit for trade-ins on new motor vehicles.

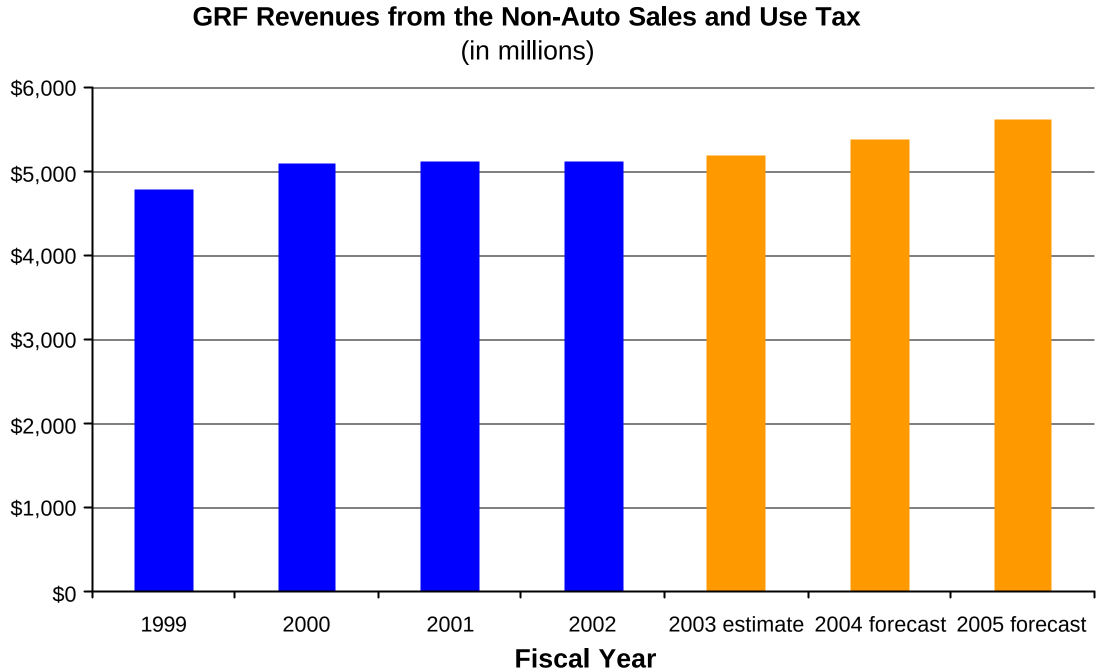
The revenue collected is disposed of as follows: 95.2 percent to the General Revenue Fund, 4.2 percent to the Local Government Fund, and 0.6 percent to the Local Government Revenue Assistance Fund. For forecasting purposes, the tax is separated into two parts: Auto and Non-Auto. Auto includes revenue collected from the sale or use of automobiles and trucks. Non-auto includes all other sales and use tax collections. Auto taxes arising from auto leases are paid immediately at the lease signing and mostly recorded under the non-auto tax, instead of the auto tax. The level of auto sales has become dependent on the level of incentives provided by manufacturers and dealers. The incentives have also changed the way consumers decide whether to purchase or lease their vehicles. As the share of vehicles leased and manufacturers' incentives have varied over the years, the auto tax has become more volatile. Also, those changes have affected the non-auto sales tax because taxes arising from leases are recorded under the non-auto sales tax.

The forecast for the sales and use tax revenue is based primarily on expected growth in Ohio personal income. Total sales and use tax receipts have stagnated in the last two fiscal years. The non-auto sales and use tax portion has shown little or no growth, while auto tax revenues have increased. The forecast shows a growth in tax receipts from the non-auto sales and use tax. The forecast for non-auto sales and use tax is based on a regression of non-auto sales tax revenue against Ohio personal income, housing starts and manufacturing employment. The results were adjusted for the negative impact on non-auto sales and use tax revenues of the growth in retail e-commerce sales. The forecast for auto sales tax is based on a regression of auto sales tax revenues against expected consumer spending on purchased and leased vehicles.

GRF Revenues from the Auto Sales Tax
(in millions)



	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Forecast	FY 2005 Forecast
Auto Sales Tax	$760.4	$821.7	$811.5	$927.5	$914.0	$912.4	$922.0
growth	5.2%	8.1%	-1.2%	14.3%	-1.5%	-0.2%	1.1%



	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Forecast	FY 2005 Forecast
Non-Auto Sales & Use Tax	$4,784.9	$5,092.0	$5,124.1	$5,110.4	$5,197.0	$5,381.5	$5,628.3
growth	5.3%	6.4%	0.6%	-0.3%	1.7%	3.6%	4.6%