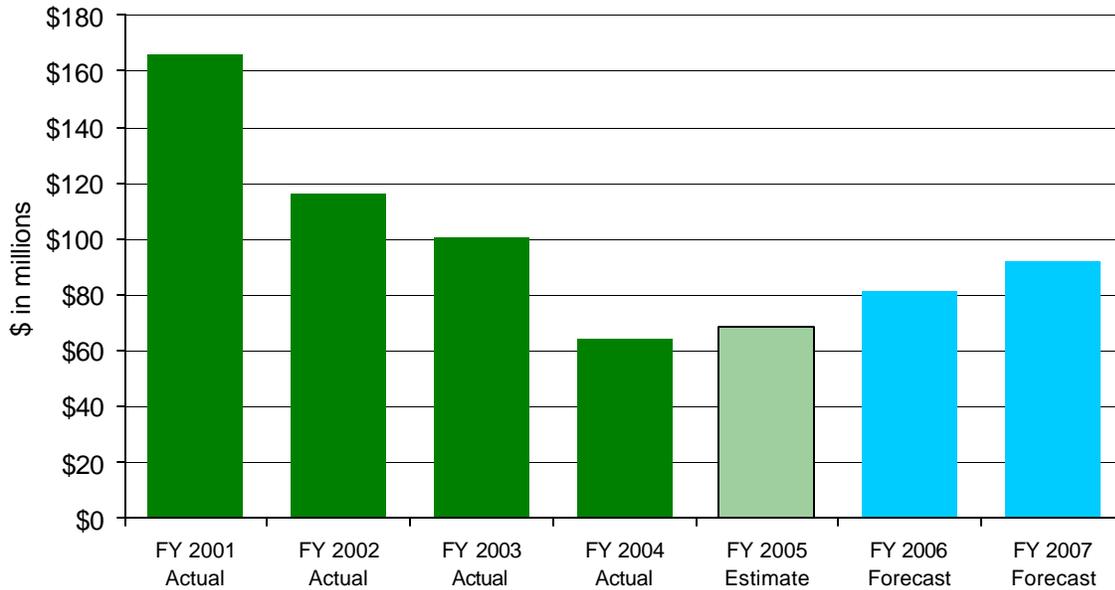


Estate Tax

**GRF Revenues from the Estate Tax**  
(in millions)



	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Forecast	FY 2007 Forecast
Revenue	\$166.0	\$116.3	\$100.8	\$64.2	\$68.8	\$81.3	\$91.8
Growth	18.6%	-29.9%	-13.3%	-36.3%	7.2%	18.2%	12.9%

The forecast for the estate tax is based on historical trend analysis and assumptions on economic conditions. Estate tax revenues are estimated to increase from \$64.2 million in FY 2004 to \$68.8 million in FY 2005. In FY 2006 and FY 2007, estate tax revenues are estimated to increase to \$81.3 million and \$91.8 million, respectively.

The estate tax is one of the more volatile state revenue sources as the estate of a very wealthy individual can account for a significant amount of the total state estate tax revenues. Estate tax returns are filed within nine months of a person's date of death. However, an automatic six months extension is granted to all estates. Estate tax payment is due at the expiration of nine months from the date of death to the county treasurer where the estate tax return was filed. The tax is progressive with rates ranging from 2% of the taxable estate to 7% of the value of the taxable estate over \$500,000. Estates with dates of death on or after January 2002 receive a \$13,900 credit, which effectively exempts the first \$338,333 of estate value from taxation. The municipal corporation or township of origin receives 80% of the revenue and the GRF receives the remaining 20%, less the cost of local administration for estates with dates of death on or after January 1, 2002.

The estate tax is assessed upon the total assets owned by a decedent (either solely or in conjunction with another person) who was a resident of Ohio at time of death. The tax due is based on the net value of the decedent's estate. This net value is based on the gross value minus the debts and administration expenses of the estate. The gross value is made up of all assets, such as real estate, bank accounts, stocks, bonds, etc. The debts and administration expenses include funeral costs, attorney and executor fees, and outstanding bills in the name of the decedent. Ohio also allows an unlimited marital deduction that allows property to pass from one spouse to another without taxation for dates of death on and after July 1, 1993. This can result in no estate tax on property passing to a surviving spouse.