

OHIO TAXES OVERVIEW

OHIO 2005 BUSINESS TAX REFORM

Ohio Governor, Bob Taft has initiated Ohio's tax reform plan to improve Ohio's economic climate for business. The Governor's plan phases out the tax on tangible personal property over 4 years, and the corporation franchise tax over 5 years. It also reduces all personal income tax rates by 21% over 5 years.

The centerpiece of the plan is a commercial activity tax ("CAT"). The CAT is essentially a tax on gross receipts from commercial activities. "Taxable gross receipts" means those gross receipts allocated to Ohio receipts from the sale of tangible personal property delivered to customers in Ohio and from the sale of services in proportion to the extent that the benefit is received in Ohio, are allocated to Ohio.

The tax is effective beginning July 1, 2005. While the tax may not be passed through to customers as an itemized charge, its cost may be passed on in the form of an increase in price. The tax is included as part of the sales tax base. The minimum tax on the first \$1 million in taxable receipts per calendar year is \$150. If a taxpayer has receipts in excess of \$1 million, the tax is the sum of \$150 and the product of the tax rate and the receipts in excess of \$1 million. For the six month period beginning July 1, 2005, the tax for 2005 is \$75 plus the product of .06% (the phased tax rate) and receipts in excess of \$500,000. Initial returns and payment are due February 15, 2006. Beginning April 1, 2006, the tax is phased in by increasing increments of 20% for the subsequent 12 months, until it is fully in place by April 1st 2009.

Limited credits are available against the tax. These include the jobs creation tax credit, the jobs retention tax credit, a qualified research and development credit under R.C. 5751.51, equal to 7% of the excess of qualifying expenditures during the year over the average for the prior three years; and the borrowers qualified research and development loan payment credit, which is capped at \$150,000 annually.

The accompanying table on the next page displays the abbreviated tax reform package with the *phase-out* and *phase-in* schedule.



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Ohio's 2005 - 2010 Business Tax Reform

Tax Year	Commercial Activity Tax	Tangible Personal Property (TPP) Tax			Corporation Franchise Tax*	Individual Income Tax
		Inventory	Machinery & Equipment	Furniture & Fixtures		
2005	7/1-"-12/31 .06% (23% x .26%)	23%**	Existing - 25%**	25%**	100% x tax liability	4.2% cut across all brackets from 2004 rates
2006	1/1-3/31 23% x .26% 4/1 - 12/31 40% x .26%	18.75%	New M&E: not taxable Existing - 18.75%	18.75%	80% x tax liability	8.4% cut from 2004 rates
2007	1/1 - 3/31 40% x .26% 4/1 - 12/31 60% x .26%	12.5%	New M&E: not taxable Existing ."-12.5%	12.5%	60% x tax liability	12.6% cut from 2004 rates
2008	1/1 - 3/31 60% x .26% 4/1 - 12/31 80% x .26%	6.25%	New M&E: not taxable Existing - 6.25%	6.25%	40% x tax liability	16.8% cut from 2004 rates
2009	1/1- 3/31 80% x .26% 4/1-..-12/31 .26%	No Tax	No Tax	No Tax	20% x tax liability	21 % cut from 2004 rates
2010	0.26%	No Tax	No Tax	No Tax	No Tax	21 % cut from 2004 rates

** new personal property acquired after January 1st 2005 is not subject to tax

Ohio's Changing Tax Structure

An [Ohio corporate franchise \(income\) tax](#) is imposed on all corporations doing businesses in Ohio. Corporations pay the higher of two computations: a tax rate of 4.00 mills on the value of the corporation's net worth, with a \$150,000 maximum liability; or a 5.1 percent tax rate on the first \$50,000 of net income plus 8.5 percent of the net income over \$50,000. The tax applies only to the income attributable to Ohio sources. The minimum corporate franchise tax is \$50. **Phased out in 5 years.**

The [Ohio sales and use tax](#) underwent major changes at the end of FY 2003 with the enactment of the state's two-year budget. The 125th General Assembly passed H.B. 95, the FY 2004-2005 Biennium Budget Bill, on June 26, 2003. This bill temporarily increased the statewide sales and use tax rate to 6.0 percent from 5.0 percent as of July 1, 2003, to remain in effect until June 30, 2005. Stark County also has a sales tax of .25 percent and use tax of .25 percent supporting RTA. Stark County has a total sales tax of 6.0 percent, which makes it one of the four lowest counties in Ohio.

All [real](#) and [tangible personal property](#) used by businesses, unless exempted, is subject to property taxation. Real property is assessed at 35 percent of true value. The tangible personal tax base is property located and used in business in Ohio - including machinery, equipment, and inventories. The assessment percentage for tax year 2004 is 25 percent on everything except inventories. The inventory assessment percentage for tax year 2004 is 23 percent. **Personal property tax is phased out in 4 years.**

The [personal income tax](#) rates are **reduced 4.2% per year for 5 years**, until the top marginal bracket is reduced to 5.95% in 2010. The Ohio individual income tax is the largest revenue producer for the state with total collections in Fiscal Year 2004 exceeding \$8.53 billion, or 43.4 percent of general revenues. Income tax revenue is split between state government, local governments, and libraries in proportions mandated by state law. Ohio's municipalities may also impose a municipal income tax up to 2%.

Ohio taxable income	2004 tax rate
0 - \$5,000	.743 of Ohio taxable income
\$5,001 - \$10,000	\$37.15 plus 1.486% of excess over \$5,000
\$10,001 - \$15,000	\$111.45 plus 2.972% of excess over \$10,000
\$15,001 - \$20,000	\$260.05 plus 3.715% of excess over \$15,000
\$20,001 - \$40,000	\$445.80 plus 4.457% of excess over \$20,000
\$40,001 - \$80,000	\$1,337.20 plus 5.201% of excess over \$40,000
\$80,001 - \$100,000	\$3,417.60 plus 5.943% of excess over \$80,000
\$100,001 - \$200,000	\$4,606.20 plus 6.9% of excess over \$100,000
Over \$200,000	\$11,506.20 plus 7.5% of excess over \$200,000

TREASURER'S NOTICE

STARK COUNTY RATES OF TAXATION FOR 2004

Pursuant to law, I, Gary D. Zeigler, Treasurer of Stark County, Ohio, do hereby publish notice of the rates of taxation for the year 2004 as provided by Section 323.08 and 7.11 of the Revised Code of the State of Ohio. Rates are expressed in dollars and cents on each \$1,000.00 of taxable valuation and will be used to compute real estate taxes for the year 2004, payable in 2005. Your tax is computed by multiplying the tax value of your property times the total tax rate less the applicable reduction factor, 10% rollback and, if applicable, a 2 1/2% discount for owner occupied residence and homestead exemptions, for the elderly and physically disabled, who qualify.

The total tax rate is the combination of rates and levies established as a result of elections in your district for schools, townships, cities, villages and county.

GARY D. ZEIGLER - Stark County Treasurer

Dist. No	District Name	TOTAL 2004 TAX RATE	DISTRIBUTION OF 2004 TAX RATES				Municipal Corp. Levy	Special District	Percentage Reduction Factor for Agriculture Residential	Percentage Reduction Factor for Commercial Industrial Pub. Utilities Min. Rights	Prior Total 2003 Tax Rate
			County Levy	School Levy	Vocational School Levy	Township Levy					
1	ALLIANCE CITY Alliance City - Alliance CSD	77.50	11.50	61.50			4.00	0.50	0.410608	0.267920	70.10
2	CANTON CITY Canton City - Canton CSD	83.50	11.50	66.10			3.40	2.50	0.425920	0.233288	74.60
3	Canton City - Plain LSD	73.60	11.50	57.60			2.00	2.50	0.442530	0.329985	72.70
4	Canton City - Canton LSD	62.80	11.50	46.20			2.60	2.50	0.422793	0.334644	61.80
5	MASSILLON CITY Massillon City - Tuslaw LSD	78.40	11.50	60.20	2.00		3.20	1.50	0.488195	0.377803	78.20
6	Massillon City - Massillon CSD	67.80	11.50	51.10			4.70	0.50	0.240958	0.196682	68.40
7	Massillon City - Perry LSD	64.30	11.50	48.70			2.60	1.50	0.290427	0.261747	63.60
8	Massillon City - Jackson LSD	65.30	11.50	49.00			3.00	1.50	0.353761	0.267081	61.90
9	Massillon City - Fairless LSD	70.80	11.50	51.60	2.00		4.20	1.50	0.297684	0.265920	65.00
10	BETHLEHEM TOWNSHIP Fairless LSD	73.60	11.50	51.60	2.00	7.00		1.50	0.293408	0.263448	67.80
11	Tuscarawas Valley LSD	59.80	11.50	37.00	2.80	7.00		1.50	0.203900	0.173046	59.95
12	Navarre Village - Fairless LSD	68.80	11.50	51.60	2.00	0.50	2.70	0.50	0.297983	0.269400	64.00
13	CANTON TOWNSHIP Canton LSD	67.30	11.50	46.20		8.10		1.50	0.400192	0.313274	66.30
14	Canton CSD	88.20	11.50	66.10		8.10		2.50	0.413099	0.223356	79.30
15	Meyers Lake Village - Canton CSD	89.00	11.50	66.10		6.10	2.80	2.50	0.409386	0.221348	80.10
16	JACKSON TOWNSHIP Jackson LSD	77.75	11.50	49.00		15.75		1.50	0.320234	0.271279	74.65
17	Plain LSD	86.35	11.50	57.60		15.75		1.50	0.436241	0.326057	85.45
18	Hills & Dales Village - Plain LSD	97.00	11.50	57.60		8.90	17.50	1.50	0.382767	0.269527	96.10
19	LAKE TOWNSHIP Lake LSD	83.60	11.50	60.60		10.00		1.50	0.448907	0.368865	83.10
20	North Canton CSD	88.30	11.50	65.80		10.00		1.00	0.485022	0.372016	88.00
21	Plain LSD	80.60	11.50	57.60		10.00		1.50	0.433875	0.327947	79.70
22	Uniontown Police District - Lake LSD	91.60	11.50	60.60		18.20		1.50	0.449772	0.381419	91.10
23	Hartsville Village - Lake LSD	80.85	11.50	60.60		0.60	7.05	1.50	0.438261	0.353463	80.35
24	LAWRENCE TOWNSHIP Tuslaw LSD	89.00	11.50	60.20	2.00	13.80		1.50	0.459212	0.345689	88.80
25	Jackson LSD	75.80	11.50	49.00		13.80		1.50	0.296436	0.244137	72.70
26	Northwest LSD	80.20	11.50	60.20	2.00	13.80		0.50	0.383358	0.342171	80.65
27	Canal Fulton City - Northwest LSD	79.30	11.50	60.20	2.00	0.60	4.50	0.50	0.391744	0.362835	79.90
28	LEXINGTON TOWNSHIP Marlington LSD	79.00	11.50	56.90		10.10		0.50	0.440728	0.327848	79.00
29	Alliance CSD	83.60	11.50	61.50		10.10		0.50	0.401900	0.261343	76.20
30	Limaville Village - Marlington LSD	82.00	11.50	56.90		5.20	7.90	0.50	0.422354	0.324678	82.00
31	MARLBORO TOWNSHIP Marlington LSD	78.15	11.50	56.90		9.25		0.50	0.433133	0.326336	78.65
32	Lake LSD	82.85	11.50	60.60		9.25		1.50	0.427851	0.352764	82.85
33	NIMISHILLEN TOWNSHIP Louisville LSD	77.50	11.50	55.50	2.00	8.00		0.50	0.412773	0.342428	77.90
34	Marlington LSD	76.90	11.50	56.90		8.00		0.50	0.434811	0.328307	76.90
35	Plain LSD	78.60	11.50	57.60		8.00		1.50	0.413191	0.312538	77.70
36	LOUISVILLE CITY Louisville City - Louisville CSD	72.30	11.50	55.50	2.00		2.80	0.50	0.436982	0.361090	72.70
37	OSNABURG TOWNSHIP Osnaburg LSD	78.10	11.50	57.20		7.90		1.50	0.444692	0.353965	77.10
38	Canton LSD	67.10	11.50	46.20		7.90		1.50	0.396181	0.318749	66.10
39	Minerva LSD	66.90	11.50	45.00	2.00	7.90		0.50	0.246959	0.224669	67.60
40	East Canton Village - Osnaburg LSD	78.40	11.50	57.20		5.90	2.30	1.50	0.442990	0.352611	77.40
41	PARIS TOWNSHIP Minerva LSD	65.10	11.50	45.00	2.00	6.10		0.50	0.260602	0.235502	65.80
42	Minerva Village - Minerva LSD	67.30	11.50	45.00	2.00	2.30	6.00	0.50	0.271193	0.242310	68.00
43	PERRY TOWNSHIP Perry LSD	71.45	11.50	48.70		9.75		1.50	0.287561	0.248694	70.75
44	Fairless LSD	76.35	11.50	51.60	2.00	9.75		1.50	0.300560	0.258887	70.55
45	Jackson LSD	71.75	11.50	49.00		9.75		0.50	0.303083	0.259522	69.65
46	Massillon CSD	72.85	11.50	51.10		9.75		0.50	0.249948	0.195917	73.45
47	Tuslaw LSD	84.95	11.50	60.20	2.00	9.75		1.50	0.472587	0.359725	84.75
48	PIKE TOWNSHIP Sandy Valley LSD	67.00	11.50	43.90		5.60		6.00	0.373288	0.341633	66.70
49	Canton LSD	69.30	11.50	46.20		5.60		6.00	0.426493	0.347688	68.30
50	Tuscarawas Valley LSD	62.90	11.50	37.00	2.80	5.60		6.00	0.232170	0.202377	63.05
51	East Sparta Village - Sandy Valley LSD	80.90	11.50	43.90		0.60	18.90	6.00	0.333001	0.288082	80.60
52	PLAIN TOWNSHIP Plain LSD	82.25	11.50	57.60		11.65		1.50	0.401477	0.294251	81.35
53	Canton LSD	70.85	11.50	46.20		11.65		1.50	0.381125	0.295424	69.85
54	Jackson LSD	73.65	11.50	49.00		11.65		1.50	0.274953	0.232709	70.55
55	North Canton CSD	89.95	11.50	65.80		11.65		1.00	0.454462	0.340396	89.85
56	North Canton City - North Canton CSD	84.30	11.50	62.80		0.10	5.90	1.00	0.603482	0.385498	84.00
57	North Canton City - Jackson LSD	67.50	11.50	49.00		0.10	5.40	1.00	0.323184	0.281747	64.40
58	North Canton City - Plain LSD	76.10	11.50	57.60		0.10	5.40	1.50	0.454483	0.342720	75.20
59	Canton CSD	91.75	11.50	66.10		11.65		2.50	0.397877	0.213051	82.85
60	Meyers Lake Village - Canton CSD	83.00	11.50	66.10		0.10	2.80	2.50	0.428486	0.234693	74.10
61	SANDY TOWNSHIP Sandy Valley LSD	63.70	11.50	43.90		4.80		3.50	0.347681	0.322713	63.40
62	Canton LSD	66.00	11.50	46.20		4.80		3.50	0.404438	0.329730	65.00
63	Osnaburg LSD	77.00	11.50	57.20		4.80		3.50	0.452462	0.363881	76.00
64	Brown LSD	59.40	11.50	38.60	2.00	4.80		2.50	0.293224	0.267907	59.00
65	Magnolia Village - Sandy Valley LSD	80.40	11.50	43.90		4.80	20.90	3.50	0.338717	0.288838	80.10
66	Waynesburg Village - Sandy Valley LSD	82.90	11.50	43.90		0.60	23.40	3.50	0.313570	0.285088	82.60
67	SUGARCREEK TOWNSHIP Fairless LSD	75.30	11.50	51.60	2.00	8.70		1.50	0.310138	0.261497	69.50
68	Southeast LSD	70.90	11.50	45.10	4.10	8.70		1.50	0.395056	0.282327	69.90
69	Beech City Village - Fairless LSD	78.80	11.50	51.60	2.00	0.40	11.80	1.50	0.283335	0.248556	76.00
70	Brewster Village - Fairless LSD	72.80	11.50	51.60	2.00	0.40	6.80	0.50	0.313369	0.277496	68.00
71	Winnet Village - Fairless LSD	69.80	11.50	51.60	2.00	0.40	2.80	1.50	0.293854	0.265605	64.00
72	TUSCARAWAS TOWNSHIP Tuslaw LSD	80.90	11.50	60.20	2.00	5.70		1.50	0.482710	0.377656	80.70
73	Fairless LSD	72.30	11.50	51.60	2.00	5.70		1.50	0.302252	0.273303	66.50
74	Massillon CSD	68.80	11.50	51.10		5.70		0.50	0.248746	0.207359	69.40
75	WASHINGTON TOWNSHIP Marlington LSD	73.90	11.50	56.90		5.00		0.50	0.453824	0.339304	73.90
76	Alliance CSD	78.50	11.50	61.50		5.00		0.50	0.411705	0.267808	71.10
77	ALLIANCE CITY Alliance City - Marlington LSD	70.90	11.50	56.90			2.00	0.50	0.466020	0.350006	70.90
78	PARIS TOWNSHIP Brown LSD	58.70	11.50	38.60	2.00	6.10		0.50	0.301820	0.269853	58.70
79	WASHINGTON TOWNSHIP Louisville CSD	74.50	11.50	55.50	2.00	5.00		0.50	0.430745	0.353905	74.90
80	Minerva LSD	64.00	11.50	45.00	2.00	5.00		0.50	0.257756	0.230692	64.70
81	PERRY TOWNSHIP Navarre Village - Perry LSD	70.45	11.50	48.70		8.25		1.50	0.291504	0.252160	70.75
82	CANTON CITY Canton City - Louisville CSD	73.30	11.50	55.50	2.00		2.80	1.50	0.437699	0.358248	73.70
83	CANTON TOWNSHIP Canton City - Canton LSD	68.30	11.50	46.20		6.10	2.00	2.50	0.401500	0.310923	67.30
84	PLAIN TOWNSHIP Canton City - Plain LSD	73.60	11.50	57.60		.10	1.90	2.50	0.442530	0.329985	72.70
85	WASHINGTON TOWNSHIP Alliance City - Marlington LSD	73.90	11.50	56.90		3.10	1.90	0.50	0.453824	0.339304	73.90
86	PLAIN TOWNSHIP Canton City - Canton CSD	83.50	11.50	66.10		.10	3.30	2.50	0.425920	0.233288	0.00

TAX BURDEN COMPARISONS AMONG THE STATES

Summary courtesy of the Ohio department of taxation.

[HTC 1 & 2](#)

[Nos. 42 & 43 \(2004\)](#)

[October 18, 2004](#)

Ohio's per capita state and local taxes were \$3,170 in 2001-02, ranking Ohio 19th among the 50 states and the District of Columbia. The high was \$5,636 (District of Columbia) and the low was \$2,170 (Alabama).

The U.S. average was \$3,142. As a percent of personal income, combined state and local taxes in Ohio ranked 13th at 11.0 percent. This compares to a high of 13.2 percent (Maine) and a low of 8.4 percent (New Hampshire). The US average was 10.4 percent. State and local taxes include all taxes levied within the State of Ohio, including such state taxes as the personal income tax, sales tax, and corporate franchise tax, as well as local taxes that include municipal income, local permissive sales and various property taxes. State and local taxes as well as population and personal income data for this publication are derived from the "Government Finances" data series of the U.S. Department of Commerce, Bureau of the Census (issued July 2004). The tax data are for fiscal year 2002, meaning any twelve-month accounting period that ended between July 1, 2001 and June 30, 2002. Most states (including Ohio) use a July through June accounting period so the state data generally reflects the July 1, 2001 - June 30, 2002 period. Most local governments (including those in Ohio) use a calendar year based accounting period, so the local tax figures most commonly reflect the January 1 - December 31, 2001 period. Personal income data ([Used in table TC-2H](#)) are for calendar year 2001 while the population data (used in [HTable TC-1H](#)) are as of April 1, 2000.

For the first time, the District of Columbia was included in the [HTC-1 and TC-2 tables](#). The District of Columbia's income and population data was obtained from the US Department of Commerce, Bureau of Economic Analysis. TC 1 & 2 Nos. 42 & 43 (2004) October 18, 2004

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As a percent of personal income, combined state and local taxes in Ohio ranked 13th at 11.0 percent. This compares to a high of 13.2 percent (Maine) and a low of 8.4 percent (New Hampshire). The US average was 10.4 percent.

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