

That Darn CAT - Ohio's Tax Reform Package, One Year After Passage

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Old Stuff – What Ohio Tax Reform Did, and Why

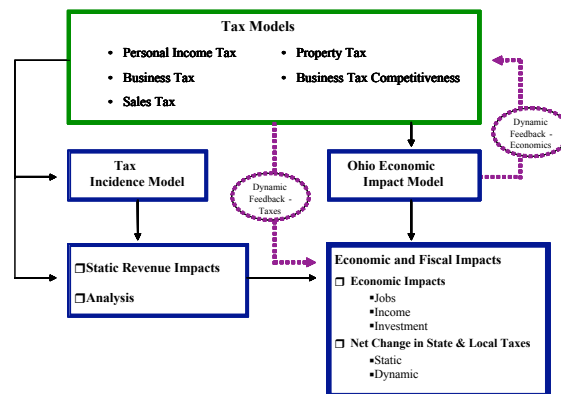
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Principles of Tax Reform

- Encourage capital investment and job creation.
- Tax consumption rather than investment.
- Broaden the tax base and lower the tax rates.
- Create a tax structure that grows as the economy grows.
- Do not unfairly shift the tax burden to either businesses or individuals or unduly burden any one business sector or size of business.
- Meaningful tax reform cannot be accomplished unless it is coupled with significant spending restraints.

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Models Used in the Reform Effort



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HB 66 Tax Reform – Business Tax Changes

- Replace both the Tangible Personal Property Tax (TPP Tax) and Corporate Franchise Tax (except for financial institutions and their affiliates) with a new Commercial Activity Tax (CAT)
- Phase in changes over 5 years (FY 2006-2010) to minimize dislocation

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HB 66 Tax Reform – TPP Tax Reimbursement

- In Ohio, TPP tax is only a local tax, and is a significant revenue source for school districts and local governments
- State will reimburse schools and local governments for the loss in TPP revenue
- For tax years 2006-2010, there will be full reimbursement to schools and local governments relative to prior law

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HB 66 Tax Reform - TPP Tax Reimbursement

- Beginning in tax year 2011 (FY 2012), these reimbursements will be gradually phased out, ending in tax year 2017 (2018 for telephone property)
- Reimbursement mechanism is patterned after the mechanism that was used for Ohio's utility restructuring
 - Losses will be calculated using values for a base year (tax year 2004)
 - Levies eligible for reimbursement will be those in existence for tax years 2004 or 2005 or voted before September of 2005, to be levied in tax year 2006

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HB 66 Tax Reform - TPP Tax Reimbursement

- School district reimbursements are phased out also, but with two important differences
 - Only the direct payments are phased out, whereas the additional foundation aid provided because of lower chargeoff valuations continues
 - The total amount of revenue going to school district property tax replacement from the new CAT will be constant or growing, but the amount that goes back to the district of origin will be phased down; the General Assembly will choose some mechanism for distributing the remaining dollars in the fund

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HB 66 Tax Reform – Business Tax Revenue Projections

- Savings to taxpayers from repeal of TPP tax and elimination of most of CFT reaches \$2.8 billion by tax year 2011 (relief to pass-through entities due to 21% income tax rate cuts not included)
- Savings from TPP tax elimination alone amount to \$1.7-\$1.8 billion, requiring reimbursement to schools and local governments
- New CAT projected to bring in about \$1.3 billion by FY 2010, not enough to make TPP reimbursement payments during their peak years

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New Commercial Activity Tax: Theory and Operation

- A new broad-based, low rate tax (0.26%) on gross receipts from business activity in Ohio
- A business privilege tax, not a transactional tax (sales tax law and rules don't apply)
- A business privilege tax, not an income tax (PL 86-272 restrictions don't apply)

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New Commercial Activity Tax: Theory and Operation

- Tax applies to Ohio-generated gross receipts
 - Tax applies to imports of goods and services – modest “use tax” or “anti-sham tax” on some business purchases brought into Ohio
 - Tax does not apply to exports of goods and services
- Theory is that tax should be commensurate with “economic presence,” or degree to which a business utilizes the Ohio market as measured by in-state sales
- Tax is designed to benefit manufacturing, creating a favorable “platform for production” in Ohio

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New Commercial Activity Tax: Theory and Operation

- Taxpayers with less than \$150,000 in taxable gross receipts are not subject to the CAT
- Rate structure of the tax:
 - Pay \$150 minimum tax on first \$1 million in receipts
 - Receipts above \$1 million, pay \$150 plus 0.26% on amount in excess of \$1 million (at full phase-in; first payment tax rate was only 0.06%)
- Tax is on gross receipts: no Texas-style deductions for cost of goods sold or for payroll expenses

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New Commercial Activity Tax: Theory and Operation

- Legislature added exemptions for motor fuel and certain wholesaling operations – “qualified distribution centers”
- Legislature added credit for unused NOL deductions in excess of \$50 million, to the extent they could actually be booked for accounting purposes
- Legislature added various and sundry other exemptions, e.g. state and federal excise taxes on motor fuel, cigarettes, and alcoholic beverages

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New Commercial Activity Tax: Theory and Operation

- The bill provides clear guidance on when an out-of-state business with taxable gross receipts in this state is required to register and remit the gross receipts tax (“bright line nexus” test) – similar to MTC “factor presence nexus” concept

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New Commercial Activity Tax: “Bright-line Presence”

- Bright-line nexus is a non-sales tax nexus standard
- Person has “bright-line presence” for quarter and remainder of year if any of the following applies:
 - Property of at least \$50,000 within state
 - Payroll of at least \$50,000 within state
 - Annual taxable receipts of at least \$500,000
 - Has at least 25% of total property, payroll, or receipts in this state
 - Is domiciled in this state (commercially or legally)

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New Commercial Activity Tax: “Bright-line Presence”

- In order to get exemption for related entity revenues – e.g. from a subsidiary to a parent – companies must forego the nexus battle and agree to file consolidated returns with everyone in the group
- Taxpayers can file combined rather than consolidated and only include entities that clearly have nexus, but then no related entity exemptions are allowed

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New Commercial Activity Tax: Estimating

- Core of the estimating process was painstaking examination and compilation of economic census revenue data to get “Ohio production”
 - Estimates were made for 19 separate sectors, and then aggregated
 - Judgments were made about which revenue line codes to include in each sector (that is, judgments were made about the level of detail to be captured by sector in case specific industry changes were proposed or inquiries were made)
 - Economic census data from 1997 or 2002 then had to be projected forward

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New Commercial Activity Tax: Estimating

- Because of the nature of the tax - i.e. taxing imports and exempting exports - adjusting production for exports and imports was crucially important
- Ohio Department of Taxation (ODT) originally used IMPLAN for exports and imports, but eventually primarily used REMI estimates by industry to make these adjustments
- Ernst & Young did estimates for the Ohio Business Roundtable, and used IMPLAN data (even for the “Ohio production” estimates)

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New Commercial Activity Tax: Estimating

- **Simple Example – The Construction Sector**
(This is a sector where actual revenues were very close to the estimates in FY 06)
- Economic Census Data (NAICS Code 23)
 - Building Construction
 - Non-building Construction
 - Construction Work, nsk
- At the time the estimate was done, only 1997 Ohio state data was available
 - Use Ohio share of national, 1997, multiplied by national figure 2002, to get Ohio 2002 basic estimates

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New Commercial Activity Tax: Estimating

- **Simple Example – The Construction Sector**
- Many subcategories of non-building construction in Ohio had zero entries due to disclosure issues
 - Fortunately almost 80% of the total value of construction work was in building construction
- Expand value of construction to value of “business done” by using national ratio
- Result is an Ohio production estimate of \$44.65 billion in 2002

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New Commercial Activity Tax: Estimating

- Simple Example – The Construction Sector
- Import and Export Adjustments
- First tried to use IMPLAN, using detailed data on imports and exports compared to total Ohio industry output
 - Seemed to work poorly in some sectors where we had some a priori knowledge or expectations about imports and exports
- Eventually settled on using REMI coefficients

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New Commercial Activity Tax: Estimating

- Simple Example – The Construction Sector
- Import and Export Adjustments
- Use REMI regional control estimates of exports and imports (to or from rest of nation and rest of world) as percentage of output
- Resulting estimated exports of \$2.65 billion, imports of \$5.72 billion
- Resulting estimated 2002 CAT base of \$47.72 billion, if every dollar were taxable

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New Commercial Activity Tax: Estimating

- Simple Example – The Construction Sector
- Reducing the tax base for companies with revenues below \$1 Million (Annual Minimum Tax of \$150, or \$75 for First Payment in FY 2006)
- Based on Census of Enterprise Statistics, about 32,500 construction companies below \$1 million in annual gross receipts, about 8,100 above that threshold
 - Estimated 22,600 companies above \$150,000 threshold but below \$1 million threshold
- Subtract \$7.26 billion in gross receipts for companies below \$1 million threshold (pay \$2.4 million in minimum tax only)
- Remaining \$40.46 billion reduced by 15% for related entity exclusion and other exclusions in administration plan, leaving \$34.39 billion

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New Commercial Activity Tax: Estimating

- Simple Example – The Construction Sector
- Legislature enacted additional non-industry specific exclusions expected to reduce tax base of all sectors by about additional 36.5%, reducing the tax base to \$21.84 billion
- ODT made an additional downward 8% adjustment for noncompliance, reducing the base to \$20.09 billion
- Ohio GSP had been growing at about 2.9% annually, so that rate was used to project the estimated 2002 tax base into the future
- Ohio construction tax base subject to the CAT rate was estimated at \$22.53 billion in FY 2006
 - Payments in FY 06 were for three quarters of activity
 - $\$22.53 \text{ billion} \times 0.75 \times 0.06\% = \10.1 million

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New Commercial Activity Tax: Estimating

- Simple Example – The Construction Sector
- In addition to the \$10.1 million, there were two minimum tax payments in FY 2006; one for CY 2005 (\$75), and one for CY 2006 (\$150)
 - After this, minimum tax payments will be \$150, due in February (e.g. the 2007 minimum tax will be \$150, paid in Feb-2007)
- Some of the exemptions, exclusions, etc. were estimated to reduce the number of taxpayers who were above the \$150,000 threshold. Total estimated reduction was 20%.
 - So, instead of 22,600 “pure” minimum taxpayers, only 18,100.
- $(18,100 \text{ minimum taxpayers} + 8,100) \times \$225 = \$5.9 \text{ million}$
- Total FY06 estimated CAT from construction = \$16.0 million

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New Stuff – What Has Happened Due to Reform So Far

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New Commercial Activity Tax – Experience So Far

- CAT Taxpayers – Number and Type
 - Number of entities paying tax has been roughly what was expected (about 245,000 so far, compared to estimate of about 235,000) although revenue has been higher than forecasted
 - Tables show 170,000 taxpayers, but consolidated and combined groups make the entity count about 1.5 times that number
 - There are approximately 62,000 entities in consolidated groups, and about 14,000 in combined groups (76,000 altogether)
 - About 27,000 of these members of combined or consolidate groups are companies located outside Ohio

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New Commercial Activity Tax – Experience So Far

- Three payments have been made:
 - February 2006, for Jul-05 through Dec-05 activity
 - May 2006, for first quarter 2006
 - August 2006, for second quarter 2006
- Payments have exceeded the estimates each time
 - First payment – 35.9%
 - Second payment – 15.5%
 - Third payment – so far 31.2% above original estimate, 19.6% above revised estimate
- FY 2006 revenues exceeded the estimates by 27.5%
- FY 2007 estimates were increased by 15.0%

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New Commercial Activity Tax – Data on Collections by Sector

FY 2006 CAT Data by 19 Sectors

Two Payments - One for Half-Year and One for Calendar Quarter

Dollar amounts in millions - note that liability of \$260.2 million is less than \$273.4 million in collections

Industrial Classification	NAICS Code Ranges	Number of Taxpayers	Net Taxable	Gross Receipts	Total Tax	HB 66 Estimate of Tax Due	Actual minus Estimate
			(After Exclusion)	(After Exclusion)	Due: 0.06% Minimum Tax		
Agriculture, Forestry, and Fishing	111100-115310	5,711	\$2,317.4	\$2.5	\$1.9	\$0.7	
Mining	211110-213110	758	\$2,727.2	\$1.8	\$2.0	-\$0.3	
Utilities (excluding telecommunications)	221100-221300	126	\$13,762.5	\$8.3	\$4.7	\$3.6	
Construction	236110-238900	18,192	\$20,452.5	\$15.8	\$16.0	-\$0.2	
Manufacturing	311110-339900	14,651	\$114,466.9	\$71.5	\$58.3	\$13.2	
Wholesale Trade	423100-425120	8,853	\$44,104.0	\$28.2	\$45.4	-\$17.2	
Retail Trade	441110-454390	23,691	\$73,675.8	\$48.8	\$38.9	\$9.8	
Transportation and Warehousing	481000-493100	4,867	\$8,264.7	\$5.9	\$3.6	\$2.3	
Information (including telecommunications)	511110-519100	1,708	\$18,607.0	\$11.5	\$8.2	\$3.3	
Finance and Insurance	522110-525990	5,478	\$5,955.8	\$4.6	\$2.0	\$2.7	
Real Estate, and Rental & Leasing of Property	531110-533110	14,377	\$8,310.7	\$7.8	\$3.0	\$4.8	
Professional, Scientific and Technical Services	541110-541990	15,145	\$17,052.7	\$13.2	\$9.7	\$3.5	
Management of Companies (Holding Companies)	551111-551112	917	\$15,283.8	\$9.3	\$0.8	\$8.5	
Administrative & Support Services, and Waste Management & Remediation Services	561110-562000	4,382	\$4,822.8	\$3.7	\$5.0	-\$1.3	
Education, Health Care and Social Assistance	611000-624410	12,790	\$9,235.9	\$8.1	\$6.2	\$1.9	
Arts, Entertainment, and Recreation	711100-713900	1,692	\$1,148.9	\$1.0	\$0.9	\$0.1	
Accommodation and Food Services	721110-722410	8,903	\$5,542.3	\$5.0	\$5.2	-\$0.1	
Other Services	811110-812990	8,759	\$2,952.1	\$3.5	\$2.8	\$0.7	
Unclassified	n/a	19,660	\$9,991.5	\$9.7	\$0.0	\$9.7	
TOTAL		170,660	\$378,674.6	\$260.2	\$214.5	\$45.7	

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New Commercial Activity Tax – Experience So Far

- CAT by Industry Sector - Caution
 - Because taxpayers in a combination or consolidation are subsumed under the “primary” reporting entity, the industry data are not wholly accurate; for example, many wholesalers may be reported under their manufacturing parent

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New Commercial Activity Tax – Data on Collections by Size

Fiscal Year 2006 Commercial Activity Tax:

February 2006 & May 2006 Tax Returns, by Size of Taxable Gross Receipts

Dollar amounts are in millions

Note that reported liabilities are less than total collections of \$273.4 million

Size of Taxable Gross Receipts, as reported on combined February 2006 and May 2006 returns	Number of Taxpayers	Net Taxable Gross Receipts After Exclusion	Tax at 0.06% Rate	Annual Minimum Tax	Total Tax Due: 0.06% Tax and Minimum Tax
Less than \$1,000,000 (f)	138,946	\$2,712.1	\$1.6	\$26.6	\$28.2
\$1,000,000 - \$1,999,999	12,576	\$9,415.3	\$5.6	\$2.5	\$8.1
\$2,000,000 - \$2,999,999	5,516	\$9,625.7	\$5.8	\$1.1	\$6.9
\$3,000,000 - \$3,999,999	2,843	\$7,824.6	\$4.7	\$0.6	\$5.3
\$4,000,000 - \$4,999,999	1,907	\$7,148.4	\$4.3	\$0.4	\$4.7
\$5,000,000 - \$9,999,999	4,043	\$25,384.6	\$15.2	\$0.8	\$16.1
\$10,000,000 - \$24,999,999	2,787	\$40,833.0	\$24.5	\$0.6	\$25.1
\$25,000,000 - \$49,999,999	965	\$32,297.3	\$19.4	\$0.2	\$19.6
\$50,000,000 - \$99,999,999	544	\$37,548.5	\$22.5	\$0.1	\$22.6
\$100,000,000 and above	533	\$205,885.0	\$123.5	\$0.1	\$123.6
TOTAL	170,660	\$378,674.6	\$227.2	\$33.0	\$260.2

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New Commercial Activity Tax – Experience So Far

• CAT General Observations

- Revenue overages have been broadly distributed across sectors, except for wholesaling (but see caution above)
- “Before and after” tax burden comparisons by NAICS code are difficult because the “before” picture for the CFT and TPP tax was not clear
- Census for Enterprise Statistics Data did a reasonably good job at predicting gross receipts by size, particularly for the largest companies; this was helpful in determining the impact of the \$1 million quasi-exemption

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Can Sales Tax Data Provide Some Estimating Help?

Sales and Use Tax Collections and Tax Base vs. CAT Taxable Gross Receipts for July 2005 through December 2005, by Industrial Classification

Industrial Classification	NAICS codes	Sales Tax Base	CAT Taxable Gross		Sales Tax Base as % of CAT Taxable GR
			Receipts	GR	
1 Agriculture, Forestry, and Fishing	111100-115310	\$12,564,726	\$4,261,016,667		0.29%
2 Mining	211110-213110	\$23,863,481	\$2,211,670,000		1.08%
3 Utilities (excluding telecommunications)	221100-221300	\$221,260,073	\$8,736,168,333		2.53%
4 Construction	236110-238900	\$162,426,768	\$22,913,455,000		0.71%
5 Manufacturing	311110-339900	\$1,159,444,579	\$84,985,626,667		1.36%
6 Wholesale-Durable Goods	423100-423900	\$965,595,991	\$16,416,416,667		5.88%
7 Wholesale-Non-durable Goods	424100-424900	\$82,126,759	\$17,003,096,667		0.48%
8 Wholesale Agents and Brokers	425110-425120	\$71,960,544	\$511,623,333		14.07%
9 Motor Vehicle and Parts Dealers (see footnote)	441110-441300	\$2,587,970,637	not comparable basis		NA
10 Furniture and Home Furnishings Stores	442110-442299	\$1,640,330,861	\$1,721,331,667		95.29%
11 Electronics and Appliance Stores	443111-443130	\$2,522,917,534	\$1,343,451,667		187.79%
12 Building Material and Garden Stores	444110-444200	\$6,952,475,165	\$5,316,263,333		130.78%
13 Food and Beverage Stores	445110-445310	\$2,971,779,649	\$11,138,958,333		26.68%
14 Drug and Personal Care Stores	446110-446190	\$1,816,853,563	\$5,090,885,000		35.69%
15 Gasoline Stations	447100	\$1,129,383,244	\$1,038,473,333		108.75%
16 Clothing and Accessory Stores	448110-448320	\$2,538,662,383	\$2,587,336,667		98.12%
17 Sporting Goods, Hobby, Book and Music Stores	451110-451220	\$1,775,365,791	\$1,292,451,667		137.36%
18 General Merchandise Stores	452110-452900	\$8,955,778,190	\$9,711,275,000		92.22%
19 Miscellaneous Store Retailers	453110-453900	\$7,651,087,637	\$9,114,716,667		83.94%

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Can Sales Tax Data Provide Some Estimating Help?

Sales and Use Tax Collections and Tax Base vs. CAT Taxable Gross Receipts for July 2005 through December 2005, by Industrial Classification

Industrial Classification	NAICS codes	Sales Tax Base	CAT Taxable Gross		Sales Tax Base as % of CAT Taxable GR
			Receipts	GR	
Electronic Shopping and Other Nonstore					
20 Retailers	454110-454390	\$1,067,863,380	\$1,991,080,000		53.63%
21 Transportation and Warehousing	481000-483100	\$80,465,449	\$7,470,981,667		1.08%
22 Information (including telecommunications)	511110-519100	\$4,432,505,938	\$14,115,816,667		31.40%
23 Finance and Insurance	522110-525990	\$390,454,582	\$6,288,713,333		6.21%
24 Real Estate, and Rental & Leasing of Property	531110-533110	\$1,658,849,884	\$11,967,785,000		13.86%
25 Professional, Scientific and Technical Services	541110-541990	\$393,197,736	\$18,141,910,000		2.17%
26 Management of Companies	551111-551112	\$2,082,246	\$10,032,695,000		0.02%
27 Administrative and Support Services	561110-562000	\$2,446,715,351	\$5,200,908,333		47.04%
28 Education, Health Care and Social Assistance	611000-624410	\$51,247,230	\$11,897,530,000		0.43%
Performing Arts, Spectator Sports, and					
29 Independent Artists & Performers	711100-711510	\$14,689,999	\$506,071,667		2.90%
30 Cultural Institutions (Museums, etc.)	712100	\$524,010	\$32,155,000		1.63%
31 Amusement and Recreation	713100-713900	\$255,139,395	\$1,121,351,667		22.75%
32 Hotels, Motels, Inns, and Other Accommodation	721110-721310	\$480,066,019	\$845,710,000		56.76%
33 Food Services and Drinking Places	722110-722410	\$4,774,987,925	\$6,826,403,333		69.95%
34 Repair and Maintenance Services	811110-811490	\$1,132,950,208	\$2,995,326,667		37.82%
35 Personal and Laundry Services	812111-812990	\$397,119,680	\$2,919,041,667		13.60%
Religious, Civic, Professional & Similar					
36 Organizations	813000	\$14,762,853	NA		NA
37 Unclassified	na	\$1,123,852,210	\$14,874,526,667		7.56%
Motor Vehicle and Parts Dealers					
			\$11,720,455,000		
TOTAL		\$61,959,321,678	\$334,342,638,333		18.53%

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CAT and Sales Tax Experience

- Sales tax unfortunately does not provide much guidance as to how much taxable gross receipts might be, except in sectors that do not account for much CAT revenue
- This result is to be expected given the vastly different definitions of the tax base

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New Commercial Activity Tax – Experience So Far

- General Observations
 - Revenues are still forecasted to be short of the required TPP reimbursements, but the gap has closed somewhat

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
CAT Revenues - official					
HB 66 estimates	\$214.4	\$443.6	\$781.4	\$1,012.7	\$1,305.1
TPP Reimbursement	\$86.8	\$571.3	\$931.6	\$1,275.0	\$1,624.1
Difference = Needed					
GRF Subsidy	NA	(\$127.7)	(\$150.2)	(\$262.3)	(\$319.0)
CAT Revenues - new actual or estimated figures					
	\$273.4	\$506.6			
TPP Reimbursement	\$86.8	\$571.3	\$931.6	\$1,275.0	\$1,624.1
Difference = Needed					
GRF Subsidy	NA	(\$64.7)			

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New Commercial Activity Tax – Experience So Far

- General Observations

- If the same 15% upward adjustments that were made to FY 2007 CAT revenues were also made to FY 2008-2010, the needed GRF subsidies would shrink to \$53 million in FY 2008, \$140 million in FY 2009, and \$161 million in FY 2010

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New Commercial Activity Tax – Experience So Far

- Legal Challenges

- Grocers have sued on grounds that the CAT violates Ohio constitutional bans against imposing taxes on food consumed off-premises and against taxing food at the wholesale level
- No suit filed yet on bright line nexus, although one will probably come soon

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New Commercial Activity Tax – Experience So Far

- Economic Impacts

- Estimates of positive economic impact were based on the tax reform package as a whole
 - Simulation was done without offsetting government expenditure decreases
- REMI simulations predicted Ohio employment gains of about 5,500 in FY 2006, 14,600 in FY 2007, 25,200 in FY 2008, 34,500 in FY 2009, and 43,000 in FY 2010
- One obviously can't answer whether the FY 2006 prediction was "correct" or not
 - Actual Ohio employment in FY 2006 (average of months) was 28,400 higher than in FY 2005

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Reform Process from the Business Perspective – Bob Cline Questions (2005)

- Is the CAT a consumption tax?
- Are GRTs going to spread? Ohio, NJ AMA, Washington, NM, SBT alternative base, health care taxes (Maine, MN)
- Is the CAT an interim step to the next state value-added tax?
- Will business become more proactive in advancing state tax reform?

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Reform Process from the Business Perspective – Bob Cline Questions (2005)

- Is the CAT a consumption tax?
 - It's at least more of a consumption tax than the taxes that it replaces
- Are GRTs going to spread?
 - The adoption of the New Jersey AMA, Ohio CAT, Kentucky AMC and Texas's "margin tax", or modified franchise tax, suggest that the answer is yes.

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Reform Process from the Business Perspective – Bob Cline Questions (2005)

- Is the CAT an interim step to the next state value-added tax?
 - This is unclear. Washington had a tax study committee recommend replacing the B&O tax with a subtraction VAT, but this has not happened. On the other hand, the Texas subtractions for cost-of-goods sold or for payroll costs give the margin tax some VAT qualities.
- Will business become more proactive in advancing state tax reform?
 - Business seems to be primarily seeking outright limitations on state taxes, such as through the BATSA bill (HR 1956/S 2721) rather than seeking structural reform.

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Ohio's Corporate Franchise Tax, Post-Reform

- Now that Ohio is phasing out the CFT, it is finally seeing strong growth in the tax base again

Corporate franchise tax revenues
amounts in millions of \$
collections adjusted for HB 95 base-
broadening and HB 66 phase-out

Year	Amounts	% chg
FY 1999	\$1,150.3	
FY 2000	\$1,029.9	-10.5%
FY 2001	\$973.0	-5.5%
FY 2002	\$774.4	-20.4%
FY 2003	\$794.7	2.6%
FY 2004	\$839.9	5.7%
FY 2005	\$1,060.2	26.2%
FY 2006	\$1,242.5	17.2%

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Ohio's Corporate Franchise Tax, Post-Reform

- By FY 2010, the only remaining CFT will be for financial institutions and various affiliated companies
- Ohio OBM and ODT had originally projected that this tax would bring in about \$165 million by FY 2010
 - Recent experience suggests that this may be optimistic

Corporate Franchise Tax on Financial Institutions
Net Worth Tax
amounts in millions of dollars

	tax before		net tax
	credits	credits	
Tax Year 2000	\$189.7	\$0.0	\$189.7
Tax Year 2001	\$177.0	\$0.0	\$177.0
Tax Year 2002	\$157.9	\$1.7	\$156.2
Tax Year 2003	\$162.2	\$1.9	\$160.3
Tax Year 2004	\$189.3	\$20.9	\$168.4
Tax Year 2005	\$149.7	\$24.7	\$125.0

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