



**Business Taxes and Incentives in
Youngstown-Warren, Ohio MSA**

2009

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Ohio Business Taxes Introduction

Ohio's business taxes are undergoing a dramatic transformation intended to make the Buckeye State a friendlier place to do business. To that end, the corporation franchise tax and the tangible personal property tax are being phased out. In their place, a new commercial activity tax (CAT) is being phased in with a broad base and a low rate. Other changes include a 21 percent cut in income tax rates gradually being phased in over five years.

In addition to this restructuring of the tax system, Ohio also offers a number of incentives to attract new businesses and encourage business expansion. These incentives are administered by the Ohio Department of Development, in coordination with other state and local agencies. More can be learned by visiting the business.ohio.gov Web site.

The 2008 tax year marks the midpoint of a transformation of Ohio's tax code intended to make the Buckeye State a friendlier place to do business. The reforms, enacted by the Ohio General Assembly in 2005, include:

- the elimination of the general business tax on tangible personal property.
- the elimination of the corporation franchise tax.
- a new commercial activity tax with a low rate and a broad base.
- a 21 percent cut in income tax rates.

In 2009, the tax rate on machinery, equipment, furniture, fixtures and inventory, drops to zero, eliminating the tax for most businesses, and making Ohio just one of ten states without a general tax on the tangible personal property of business.

Ohio is also phasing out the corporation franchise tax. This tax is based on net profits or net worth. As of the 2008 tax year, 60 percent of the corporate franchise tax has been eliminated for most businesses. In 2009, 80 percent of the tax will expire, and it will be fully phased out for the 2010 tax year.

As a partial replacement for these two taxes, the department is gradually phasing in the commercial activity tax (CAT). When fully implemented for the 2010 fiscal year, the CAT will represent a 0.26 percent tax on gross receipts in excess of \$1 million for nearly all businesses conducting operations in Ohio, whether located in or out of the state.

The Ohio Department of Taxation is currently phasing in a 21 percent, across the board cut in income tax rates that is expected to mean an estimated \$2.3 billion in annual income tax relief when fully phased in for the 2009 tax year.

Overall, Ohio's tax reform effort represents a significant break with the past. The following tables summarize the changes.

	Purpose	Before Tax Reform	Implementation Process January 1, 2005 to June 30, 2010	After Tax Reform
State Personal Income Tax	Reduce the high marginal tax rates that put Ohio at a competitive disadvantage in attracting and keeping high paying jobs	Progressive Tax Structure; 9 brackets, with top rate of 7.5% on income over \$200,000	Reduce tax rates by 21.0%, at 4.2% per year over 5 years. Implementation "low income credit" to exempt taxpayers with income under \$10,000	Progressive Structure; 9 brackets, with top rate of 5.95% on income over \$200,000
State Sales Tax	Lower tax rate paid by Ohio consumers	6.0% state sales/use tax	Immediately reduce the tax rate by one-half of one percent.	5.5% state sales/use tax
Corporate Franchise Tax	Eliminate non-competitive tax with high marginal rates and numerous loopholes	5.1% on net income under \$50,000; 8.5% on net income above \$50,000	Phase-out over 5 years at 20% per year	Eliminated
Tangible Personal Property	Eliminate tax that penalizes investment in new equipment and places Ohio at competitive disadvantage	Local implementation, with state supervision; Tax at total of all legal tax levies, with 2003 state average rate 76.33 mills	Phase-out over 4 years; beginning January 1, 2005, all new investments in manufacturing machinery and equipment is exempt from taxation	Eliminated
Commercial Activity Tax (CAT)	Create broad-based, low rate business tax that is flatter and fairer than current business taxes	Not applicable	Beginning July 1, 2005; phase in over 5 years at 20% per year.	No Tax on gross receipts under \$150,000 \$150 on gross receipts under \$1 million \$150 plus 0.26% on net gross receipts over \$1 million

Implementation Schedule

Tax Year	Commercial Activity Tax (CAT)	Tangible Personal Property (TPP) Tax			Corporation Franchise Tax	Individual Income Tax
		Inventory	Manufacturing Machinery & Equipment (M&E)	Furniture & Fixtures		
2005	7/1 – 12/31 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	1/1 -- 12/31 .26%	No Tax	No Tax	No Tax	No Tax	21% cut from 2004 rates

Because no guide can anticipate all the circumstances of all business taxpayers, this document should be used only as a reference, but this should give you a general understanding of Ohio's tax as it applies to business in Ohio. At the end of each section we have included the appropriate offices in the Ohio Department of Taxation and other sources which can provide more specific information.

Commercial Activity Tax

In General

The commercial activity tax (CAT) is a tax imposed on the privilege of doing business in Ohio. It is not a tax on transactions, unlike the sales tax. The tax is measured by Ohio gross receipts and is paid either quarterly or annually by most businesses, located both in Ohio and outside Ohio, that operate in Ohio. It replaces the corporation franchise tax and the tangible personal property tax. The CAT was enacted in 2005 and became effective July 1, 2005.

Tax Paid By

The CAT is paid by any business with taxable gross receipts of \$150,000 or more in a calendar year. This includes sole proprietors, partnerships, or corporations, as well as service providers such as medical professionals, attorneys, and accountants, and persons engaged in the sale or rental of any type of property.

The tax also applies to out of state businesses that either:

- (a) have more than \$500,000 in taxable gross receipts in Ohio;
- (b) have more than \$50,000 in real or personal property in Ohio;
- (c) expend more than \$50,000 in payroll for work in Ohio; or
- (d) have more than 25 percent of their property, payroll, or gross receipts in Ohio.

There are a limited number of exceptions to the CAT, namely nonprofit organizations; financial institutions; insurance companies; affiliates of financial institutions and insurance companies; dealers in intangibles; and certain receipts by public utilities that are subject to the public utility excise tax.

There is also an exception for distribution centers whose annual costs for goods shipped into their facility equal or exceed \$500 million and that ship at least 50 percent of those goods out of state. However, qualified distribution centers are subject to a \$100,000 annual fee. Sales of motor fuel are included in gross receipts.

Base and Rates

The base of the CAT is gross receipts, which is defined as the total amount realized, without deduction for the cost of goods sold or other expenses incurred, from activities that contribute to the production of gross income. Examples are sales; performance of services; and rentals or leases. The calculation for gross receipts is based on what the taxpayer is required to use for federal income tax purposes, i.e., accrual or cash basis.

The tax is being phased in over a five-year period in approximately equal increments beginning July 1, 2005. Businesses with annual gross receipts of \$150,000 or less are not subject to the CAT. Annual gross receipts from \$150,001 - \$1.0 million are subject to a minimum \$150 tax (the minimum tax for the first tax period was \$75).

For gross receipts over \$1.0 million, rates are:

- 0.104 percent from Jan. 1, 2007 to March 31, 2007 and 0.156 percent from April 1, 2007 to Dec. 31, 2007.
- 0.156 percent from Jan. 1, 2008 to March 31, 2008 and 0.208 percent from April 1, 2008 to Dec. 31, 2008.
- 0.208 percent from Jan. 1, 2009 to March 31, 2009 and 0.26 percent from April 1, 2009 to Dec. 31, 2009.
- On Jan. 1, 2010, the permanent rate of the CAT will be 0.26 percent.

Credits

The following credits are allowed against CAT liability beginning July 1, 2008:

- job creation credit. This includes companies that contract with an unrelated third party to build a new headquarters and make other significant capital investment, subject to three conditions:
 - (i) the initial term of the lease with the developer must be at least 20 years;
 - (ii) the total term of the lease must be at least twice the term of the tax credit; and

- (iii) the headquarters must be part of a mixed use development – for offices, research and development, retail, or a hotel – and must include at least two of these uses. A second provision effective July 1, 2007, allows business that are eligible for this credit and are organized as pass-through entities (such as partnerships, S corporations, and limited liability companies) to irrevocably elect to apply the credit against either the entity's CAT liability or the income tax liability of the entity's owners.
- job retention credit. Effective July 1, 2007, a business that is eligible for this credit and is organized as a passthrough entity (such as partnerships, S corporations, and limited liability companies) can irrevocably elect to apply the credit against either the entity's CAT liability or the income tax liability of the entity's owners.
- credit for qualified research expenses.
- credit for research and development loan payments.

For Further Information

Ohio Department of Taxation
Commercial Activity Tax Division
P.O. Box 16158
Columbus, OH 43216-6158

Phone: (888) 722-8829 (CAT Division)

Fax: (614) 644-9641

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

E-mail from **tax.ohio.gov**

Corporation Franchise Tax

In General

The corporation franchise tax must be paid annually by most corporations operating in Ohio. However, this tax is being phased-out for most taxpayers as part of the tax reforms enacted in 2005 (see Corporation Franchise Tax Phase-Out, below).

Tax Paid By

The annual corporation franchise tax is due from corporations organized under Ohio law and corporations organized under the laws of other states which do business in Ohio. For-profit electric companies, combined electric companies (those that provide electricity as well as heating or natural gas services), and local exchange telephone companies are also subject to the tax.

The following entities are exempt from the annual corporation franchise tax: S corporations, insurance companies, businesses subject to the public utility excise tax, credit unions, dealers in intangibles, limited liability companies not taxed as corporations, and nonprofit corporations.

Base and Rates

General rate:

The general franchise tax liability is the greater of:

- 4.0 mills on net worth, with a maximum liability of \$150,000, or
- 5.1 percent on the first \$50,000 of net income plus 8.5 percent on net income in excess of \$50,000, or
- a minimum tax of \$1,000 if either: (a) the sum of the taxpayer's gross receipts from activities in and outside Ohio during the taxable year equals or exceeds \$5.0 million; or (b) the total number of the taxpayer's employees in and outside Ohio during the taxable year equals or exceeds 300. The minimum tax for all other taxpayers is \$50.
- Financial institutions rate: 13 mills on net worth. Generally, "financial institutions" are banks, savings and loans, trust companies, and their affiliates. Financial institutions do not pay the general corporate franchise tax rate.

Litter tax:

Corporations, except for family farm corporations and financial institutions, are also subject to a litter tax, which is structured in two tiers.

The Tier I rate is paid by most liable corporations, except for "litter stream corporations." The Tier I rate is the greater of:

- 0.14 mill on net worth, or
- 0.11 percent on the first \$50,000 of net income plus 0.22 percent on net income in excess of \$50,000.
- The maximum Tier I tax is \$5,000.

In addition to the Tier I tax, "litter stream corporations" also pay the Tier II rate, which is the greater of:

- 0.14 mill on net worth, or
- 0.22 percent on net income in excess of \$50,000.
- The maximum Tier II tax is \$5,000.
- Litter stream corporations include corporations manufacturing or selling alcoholic beverages, soft drinks, containers, and other litter stream products

Corporation Franchise Tax Phase-Out

For most taxpayers, the corporation franchise tax will be phased out over the five-year period 2006 through 2010 (taxable years ending in 2005 through 2009; rates decrease each year to reach zero in 2010).

During this same period, Ohio's new commercial activity tax (CAT) is being phased in.

For report years 2006, 2007, 2008, 2009, and 2010 most franchise taxpayers must pay, respectively, 80 percent, 60 percent, 40 percent, 20 percent, and 0.0 percent of their tax liability after nonrefundable credits.

However, the nonrefundable credit for tax paid by a qualifying pass-through entity is fully recoverable. The phase-out applies to the 2006 and subsequent years' reports even if the taxpayer's taxable year ended prior to the June 30, 2005 effective date of the new law.

Taxpayers liable for the corporation franchise tax minimum fee will continue to pay the full fee during the phase-out period. Some financial entities, however, are not subject to the CAT and the phase-out of the corporation franchise tax.

Credits

The following credits are allowed against corporation franchise tax liability:

- credit in tax years 2008 and 2009 for retailers who sell alternative fuels equal to 15 cents per gallon of alternative fuel sold during calendar year 2007 that is included in tax year 2007, effective with the tax year 2008 return (for tax year 2009, the credit equals 15 cents per gallon for calendar year 2007 alternative fuel sales included in tax year 2008, plus 13 cents per gallon for alternative fuel sales in calendar year 2008 that are included in tax year 2008).
- credit equal to 25 percent of an owner's qualifying rehabilitation expenditures incurred in the rehabilitation of a historic building (this credit is also available against the dealers in intangibles tax and the individual income tax). The credit must be applied for through the Ohio Department of Development, and only 100 historic preservation tax credits can be approved during a two-year period beginning July 1, 2007.
- job creation credit (converts to a credit against the CAT on Jan. 1, 2008). Effective July 1, 2007, eligibility for this credit was expanded to include companies that contract with an unrelated third party to build a new headquarters and make other significant capital investment, subject to three conditions:
 - (i) the initial term of the lease with the developer must be at least 20 years;
 - (ii) the total term of the lease must be at least twice the term of the tax credit; and
 - (iii) the headquarters must be part of a mixed use development – for offices, research and development, retail, or a hotel – and must include at least two of these uses. A second provision effective July 1, 2007, allows business that are eligible for this credit and are organized as pass-through entities (such as partnerships, S corporations, and limited liability companies) to irrevocably elect to apply the credit against either the entity's CAT liability or the income tax liability of the entity's owners.
- job retention credit (converts to a credit against the CAT on Jan. 1, 2008). Effective July 1, 2007, a business that is eligible for this credit and is organized as a pass-through entity (such as partnerships, S corporations, and limited liability companies) can irrevocably elect to apply the credit against either the entity's CAT liability or the income tax liability of the entity's owners.
- credit or grant for purchases of new manufacturing machinery and equipment (7.5 percent/13.5 percent credit). For taxable years that ended on or after July 1, 2005, the credit converted to a grant administered by the Ohio Department of Development.
- credit for taxes paid by a qualifying pass-through entity.
- credit for qualifying affiliated groups (due to related entity and related member adjustments).
- credit for recycling and litter prevention donations.
- credit for maintaining railroad crossing warning devices.
- job training credit.
- credit for qualified research expenses (converts to a credit against the CAT on Jan. 1, 2008).
- credit for eligible new employees in an enterprise zone.
- credit for eligible costs associated with voluntary action (i.e., brownfield site clean-up, carry forward amount only; must attach credit certificate from Ohio Department of Development to tax return).
- credit for employers that establish an on-site child day care center.
- ethanol plant investment credit.
- credit for grape production property.
- technology investment credit for research and development investors (must attach credit certificate from Technology and Enterprise Advisory Board to tax return).
- enterprise zone day care and training credits.
- research and development loan payment credit (converts to a credit against the CAT on Jan. 1, 2008).
- credit for electric companies equal to \$1 per ton of Ohio coal used in a coal-fired electric generating unit (effective July 1, 2007, this credit was extended for two years and expires Dec. 31, 2009).

In addition, telephone companies may claim the following:

- credit for small companies with 25,000 or fewer access lines.
- credit for eligible nonrecurring 9-1-1 charges (cumulative credit cannot exceed \$15 million).
- credit for providing programs to aid the communicatively impaired (credit becomes refundable for report years 2006-2008 only).

For Further Information

Ohio Department of Taxation

Taxpayer Services

P.O. Box 182382

Columbus, OH 43218-2382

Phone: (888) 405-4039 (Business Taxpayer Assistance)

Fax: (614) 466-1579

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

E-mail from **tax.ohio.gov**

Motor Vehicle Fuel Use Tax

In General

Owners or lessees of trucks, truck-trailers, and tractor-trailers in excess of 26,000 pounds gross vehicle weight that use the public highways of Ohio are required to pay excise taxes equivalent to the amount of the state motor fuel tax on fuel consumed in Ohio or pay an excise tax (equal to the state motor fuel tax rate) on the difference between the amount of fuel purchased in Ohio and the amount of fuel consumed in Ohio.

Permits Required For

- Trucks with three or more axles,
- commercial tractors with two or more axles, and
- two axle trucks which have a gross vehicle weight exceeding 26,000 pounds

The permit, which is the International Fuel Tax Agreement (IFTA) license, may be acquired by the owner, lessee, or lessor. There is no fee for the permits or license.

Tax Paid By

IFTA permit holders.

Base and Rates

A tax is levied on all gallons of fuel consumed on Ohio's highways equal to the regular motor vehicle fuel rate in effect during the period. The current motor fuel use tax rate is 28 cents per gallon. The tax is imposed on all loaded and unloaded miles including those traveled on the Ohio Turnpike. Tax due may be offset by purchasing tax-paid fuel in Ohio.

For Further Information

Ohio Department of Taxation
Fuel Use Tax
P. O. Box 530
Columbus, OH 43216-0530
Phone: (614) 466-3410
Fax: (614) 752-8644

Motor Vehicle License Tax

In General

The state imposes an annual license tax on motor vehicles operating on the public highways of Ohio. The rate is \$34.50 for passenger cars with various rates on other types of vehicles. In addition, counties, townships, and municipalities may levy a permissive tax on license fees, in the amount of \$5 per levy, and never to exceed a total of \$20. A \$3.50 administrative fee for each registration application is also charged by the deputy registrars in Ohio counties.

Tax Paid By

Owners of commercial and noncommercial motor vehicles operated on public roads or highways in Ohio. This includes automobiles, motorcycles, tractors, buses, semi-trailers, trucks, and trailers.

Base and Rates

Vehicle type and annual rate:

- Passenger cars	\$34.50
- House vehicle/moped	\$24.50
- Motorcycles	\$28.50
- House trailers, travel trailers	\$24.50
- Transit buses	\$26.50
- Noncommercial trucks (no more than ¾ ton) and motor homes	\$49.50
- Noncommercial trucks to carry loads more than ¾ ton and less than one ton	\$84.50

The registration fees shown above do not include permissive (local) taxes which vary based on the taxing district of the customer. Permissive tax cannot exceed \$20 per vehicle and may be prorated, by law, by 50 percent if registering for less than six months.

- **Commercial trucks, and tractors:** Rates vary between several weight classes depending on the gross weight of the vehicle. For example, for vehicles with a gross weight under 2,001 lbs., the tax is \$56. For vehicles with a gross weight between 78,001-80,000 lbs., the tax is \$1,351.
- **Commercial trailer and semi-trailer:** \$39.50
- **Non-commercial trailers:** Rates vary between several weight classes depending on the unladen weight of the vehicle. For example, for vehicles with an unladen weight of no more than 3,000 lbs., the tax ranges from \$16 to \$42.
- **Commercial buses:** Rates vary between several weight classes depending on the gross weight of the vehicle. For example, for vehicles with a gross weight under 2,001 lbs., the rate is \$21. For vehicles with a gross weight between 78,001-80,000 lbs., the tax is \$1,641.
- **Farm trucks:** Rates vary between several weight classes depending on the unladen weight of the vehicle. For example, for vehicles with an unladen weight between 2,901-3,000 lbs., the tax is \$31. For vehicles between 10,001-10,100 lbs. unladen weight, the tax is \$138.25.

Registration Procedures

Motor vehicles must be registered annually with the Registrar of the Bureau of Motor Vehicles (BMV) or the appointed deputy registrars in each county. Business owners who sell or otherwise dispose of a vehicle registered to a business are responsible for ensuring that the title of the vehicle is properly transferred.

For Further Information

Registrar of Bureau of Motor Vehicles

P.O. Box 16520

Columbus, OH 43216-6520

Phone: (614) 752-7500 Or:

E-mail from bmv.ohio.gov (select "Contact Us") Deputy Registrars located in each county

For information on Registering a Commercial Vehicle for Interstate Operation

IRP Processing Center
2222 Dividend Drive
Columbus, OH 43228-3808
Phone: (614) 777-8400 or (800) 477-0007

Municipal Income Taxes

In General

Cities and villages in Ohio are permitted by law to levy an income tax on wages, salaries, and other compensation received by:

- residents of the municipality and by nonresidents working in the municipality; and
- business income resulting from activities in the municipality.
- Local exchange telephone companies and electric light companies — including electric companies and certain marketers and brokers of electricity — are also subject to the municipal income tax.

The Department of Taxation offers an online tool, **The Finder**, (www.tax.ohio.gov) to assist business and individual taxpayers in identifying the correct taxing district. When any Ohio address is entered, **The Finder** provides the correct location and rates for sales and use tax, school district income tax, and municipal income tax.

Tax Paid By

Employers who are located in a municipality levying an income tax must withhold taxes from wages and salaries paid to employees, and can withhold taxes from wages and salaries paid to employees who reside in a municipality levying an income tax. Withholding payments are usually made on a monthly or quarterly basis to the local taxing authority. Businesses that have taxable income in a municipality on which tax has not been withheld and firms doing business in the city usually make quarterly estimated payments.

Base and Rates

Base:

Municipal income taxes are generally applied to the following:

- all wages, salaries, commissions, and other compensation received by residents of the municipality;
- wages, salaries, commissions, and other compensation received by nonresidents for work performed in the municipality; and
- the net profits attributable to activities in the municipality by incorporated or unincorporated businesses.

The business apportions its income to the municipality based on its property, payroll, and sales within the municipality compared to its property, payroll, and sales outside the municipality. Partial or full credit may be given to individual resident taxpayers who pay municipal income taxes to a different municipality where they are employed.

Beginning July 1, 2007, a municipality is prohibited from requiring a company to withhold municipal income taxes from sickness or accident disability payments. The liability of the recipient, however, remains unchanged. Compensation paid to employees within a United States Air Force base is exempted from municipal income tax, effective Aug. 1, 2007, unless the employee is a resident of the municipality.

Rates:

The tax rate must be uniform within a municipality, but rates vary among municipalities since they are determined locally. Rates ranged from 0.30 percent to 3.00 percent. See listing by municipality in Appendix.

For Further Information

The municipality where the residence, employment, or business is located.

Real Property Tax

In General

Real property, or real estate, which includes land and improvements to land (buildings, etc.) is subject to property tax in Ohio. The taxable value of real estate is 35 percent of market value, except for land devoted exclusively to commercial agriculture. The average effective tax rate on business real property for taxable year 2006, the most recent year for which data is available, was 63 mills.

Tax Paid By

Owners of real property not specifically exempt.

Base and Rates

The tax rates applied to the taxable value of real estate are determined locally and vary with the location of the property. See listing by municipality in Appendix.

Under state law, all real estate tax bills are reduced by 10 percent (except for real property used in a business activity). Taxes on a homestead (owner-occupied dwelling of one acre or less) are reduced by an additional 2.5 percent. The 2.5 percent rollback is generally not available to businesses (commercial property) because it only applies to property used as an individual's primary residence.

Real estate tax bills for residential, agricultural, commercial, and other types of property are also reduced by the application of reduction factors whenever property is reappraised or values are updated; therefore, tax bills do not rise as rapidly as property values unless the voters approve additional tax millage.

Exemptions/Credits:

As an economic development tool, local political subdivisions or districts may offer real property tax abatements for a period of years to businesses that locate within their subdivisions. Another tool is tax increment financing within a targeted area, in which some portion of the property tax resulting from an increase in values due to improvements made to property is dedicated to infrastructure improvements in the targeted area.

For Further Information

County auditor where the property is located.

Columbiana County 330-424-9515 www.columbianacntyauditor.org
 Mahoning County 330-740-2010 www.mahoningcountyoh.gov
 Trumbull County 330-675-2420 www.co.auditor.trumbull.oh.us

Real Property Tax Calculation:

Land and Buildings		Example
Starting Point	Market Value (cost) of land and buildings	\$1,000,000
Less	Exempt property ^a	0
Equals	Market Value of Taxable Property	\$1,000,000
Multiply by	Assessment percentage	35%
Equals	Taxable Value	\$350,000
Multiply by	Tax Rate (see listing in Appendix) ^b	63 mills
Equals	Tax on Land and Building	\$22,050

^a – Exempt property may include incentive agreements in enterprise zones or community reinvestment areas.

^b – Average 2006 statewide rate is assumed. Actual rate depends on location of facility.

Real Estate Transfer Tax

In General

Sellers of real estate must pay a fee to the county auditor of 0.1 percent of the value of the property sold or transferred, also referred to as the real estate conveyance fee. Counties may also levy an additional fee on such transfers.

Tax Paid By

Owners of real estate selling or transferring the property to others.

Base and Rates

The transfer tax is levied on the face value (either the selling price or estimated selling price) of the property. The statewide rate – revenue from which goes to the county where the property is sold – is 0.1 percent (one dollar per thousand dollars of value). A county may also impose an additional permissive levy of up to 0.3 percent (up to three dollars per thousand dollars of value).

Individuals who purchase residential rental property in counties with populations over 200,000 are required to register contact information with the county auditor within 60 days of the property transfer.

For Further Information

County auditor where the property is located.

Columbiana County 330-424-9515 www.columbianacntyauditor.org
Mahoning County 330-740-2010 www.mahoningcountyoh.gov
Trumbull County 330-675-2420 www.co.auditor.trumbull.oh.us

Sales and Use Taxes

In General

Ohio sales tax applies to the retail sale, lease, and rental of tangible personal property as well as the sale of selected services in Ohio. The Ohio use tax applies to the storage, use, or consumption of tangible personal property in Ohio – or the receipt of the benefit of selected services in Ohio – if sales tax was not paid to the vendor or seller. The state sales and use tax rate is 5.5 percent. Counties and regional transit authorities may levy additional local sales and use taxes.

The Department of Taxation offers an online tool, **The Finder**, at **tax.ohio.gov**, to assist business and individual taxpayers in identifying the correct taxing district. When any Ohio address is entered, **The Finder** provides the correct location and rates for sales and use tax, school district income tax, and municipal income tax.

Tax Paid By

Retailers:

The sales tax is collected from customers and remitted to the state by:

- retailers (vendors) located in Ohio that make taxable retail sales.
- sellers having substantial nexus with Ohio, or who are voluntarily registered with Ohio, that make taxable retail sales from outside of Ohio for use in Ohio.
- vendors providing selected services to consumers in Ohio.

All Businesses:

Companies using, storing, or consuming tangible personal property in Ohio or receiving services subject to the sales tax or use tax must pay the proper tax if the tax was not paid to the vendor or seller. Companies purchasing items or services on which only the state tax was paid to the seller are subject to the additional county and/or transit authority taxes if those items or services are in an area where the county and/or transit taxes are in effect. Some businesses may be authorized to pay the tax on their purchases directly to the state if the taxability of the purchases cannot be determined at the time of purchase. Such businesses would apply for a direct pay permit and file returns on a monthly or quarterly basis.

Base and Rates

The sales tax applies to all retail sales, leases, and rentals of tangible personal property unless specifically exempted. The tax also applies to the rental of hotel rooms by transient guests, the fabrication of tangible personal property, and the provision of warranty, maintenance, or service contracts for tangible personal property. In addition, the following services are taxable:

- repairs of tangible personal property.
- installation of tangible personal property.
- fabrication of tangible personal property.
- storage of tangible personal property.
- washing (except coin-operated), waxing, polishing, and painting of motor vehicles.
- industrial laundry cleaning services.
- specified telecommunications services.
- automatic data processing, computer, and electronic information services for business use.
- landscaping and lawn care services.
- private investigation and security services.
- building maintenance and janitorial services.
- employment services.
- employment placement services.
- exterminating services.
- personal care services.
- physical fitness facility service.
- recreation and sports club service.
- satellite broadcasting services.
- snow removal services.
- transportation of persons by motor vehicle or aircraft entirely within this state.
- motor vehicle towing services.

The use tax applies to tangible personal property purchased, leased, or rented outside Ohio for use, storage, or consumption in the state and the benefit received in Ohio of the services listed above.

The state sales and use tax rate is 5.5 percent. In addition, counties may levy a "piggyback" tax of up to 1.5 percent. Regional transit authorities may levy a tax of up to 1.5 percent.

As of July 1, 2007, permissive sales taxes were levied in all of Ohio's 88 counties and by seven transit authorities. Rates change periodically and are posted to the department Web site at tax.ohio.gov.

Some of the major exemptions from the sales and use tax include:

- the sale of food for off-premises consumption,
- purchases of food with food stamps,
- motor vehicle fuel upon which the fuel excise tax has been paid,
- drugs that may be dispensed only pursuant to a prescription,
- and sales to the federal government, state government, and Ohio's political subdivisions.

Tangible personal property is exempt:

- if used primarily in a manufacturing operation,
- if used directly in the production of tangible personal property for sale by mining or farming,
- or if used directly in the rendition of a public utility service.

Filing Procedures

New Companies Establishing an Account:

All businesses engaged in sales or service and liable for sales and use taxes are required to register with the Department of Taxation prior to obtaining a vendor's license and filing a return.

- Retailers (vendors) with a fixed place of business in Ohio must apply for a vendor's license (ST 1) with the county auditor of the county in which the business will be located, the Department of Taxation, or the **Ohio Business Gateway**.
- Businesses providing taxable services (see **Base and Rates**) apply for a service vendor's license with the Department of Taxation or **Ohio Business Gateway**. There is a \$25 application fee for this license.
- Retailers who sell based on orders received by telephone or mail and deliver the merchandise to the consumer must apply for a delivery vendor license with the Department of Taxation or the Business Gateway.
- Vendors making retail sales from a stock of goods in counties where they have no fixed place of business must apply for a transient vendor license with the Department of Taxation or the Business Gateway. There is a \$25 application fee for each of these licenses.
- Sellers outside of Ohio engaged in the business of selling in Ohio must register (UT 1000) with the Department of Taxation or the Business Gateway (no fee).
- Consumers of taxable goods and services on which no sales tax was charged should register for a consumer's use tax account (UT 1008).

Applications for all types of registration are available on the department's Web site, tax.ohio.gov (look under "Ohio Taxes," select "Sales and Use," then click on "License and Filing Requirements").

Find forms at tax.ohio.gov or call (800) 282-1782.

For Further Information

New Businesses:

Ohio Department of Taxation

Central Registration

P. O. Box 1090

Columbus, OH 43216-1090

Phone: (888) 405-4039 (Business Taxpayer Assistance)

Other inquiries:

Ohio Department of Taxation

Sales and Use Tax

P.O. Box 530

Columbus, OH 43216-0530

Phone: (614) 466-7351

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

E-mail from **tax.ohio.gov** (select "Contact Us")

Unemployment Compensation Contributions

In General

Employers of one or more workers may be required to make payments, called contributions, on wages paid to employees. These payments support Ohio's system of unemployment compensation benefits.

Contributions Paid By

Employers falling into any of the following categories must make unemployment fund contributions:

- regular employment - employ at least one worker in some portion of a day in each of 20 different weeks during the current or preceding calendar year (it need not be the same employee); or pay \$1,500 or more in wages during any calendar quarter of the current or preceding year.
- agricultural employment - workers are covered when the business employs ten or more workers for some portion of a day in each of 20 different weeks during the current or preceding calendar year; or when the employer pays \$20,000 or more in cash remunerations in any calendar quarter during the current or preceding year.
- domestic employment - workers are covered when their employer pays at least \$1,000 in cash remuneration in any calendar quarter of the current or preceding year.
- nonprofit organizations - employ four or more workers for some portion of a day in each of 20 different weeks during the current or preceding year.
- employers subject to the federal unemployment and training act (FUTA) in either the current or preceding year.
- employers that acquire a trade or business from an employer who was subject to the Ohio law.

The following types of workers are not covered by this tax:

- family members (spouse, parents, or children under 18 years of age) not employed by a corporation.
- workers paid solely by commissions and not covered under federal law.
- newspaper and news carriers under 18 years of age.
- independent contractors meeting certain requirements.

Base and Rates

Employers must make contributions on the first \$9,000 of each covered employee's wages. The contribution rate for new employers in 2008 is 2.7 percent, except employers engaged in the construction industry. The rate for new employers engaged in construction is 5.8 percent for 2008. Employers pay this rate until they have made contributions long enough to qualify for an experience rate. Experience rates vary yearly, depending on the ratio of the employer's balance in the unemployment fund to the average annual payroll and several other factors. Experience rates for 2008 vary from 0.5 percent to 9.2 percent.

Additional information is available in the unemployment compensation section of the Ohio Department of Job and Family Service's Web site, jfs.ohio.gov/ouc/uctax.

For Further Information

Ohio Department of Job and Family Services
Contribution Section
P.O. Box 182404
Columbus, OH 43218-2404
Phone: (614) 466-2319

Workers' Compensation Premiums

In General

All employers must pay premiums unless granted the privilege of self-insurance for liabilities associated with work-related accidents. To qualify as a self-insuring employer, an employer must meet requirements established by law. More information on self-insurance may be obtained by contacting the Ohio Bureau of Workers' Compensation (BWC) at (800) OHIOBWC (or (800) 644-6292), or visiting www.ohiobwc.com.

Premiums and Coverage

Employers make premium payments and may not deduct the premiums from an employee's wages. Employers also may not ask an employee to give up the right to workers' compensation benefits.

Premium payments are based on the employer's payroll and type of business.

Sponsoring organizations may provide coverage for apprentice, pre-apprentice, and similar specified training programs. Domestic workers, such as gardeners and housekeeper laborers (employed to work in or around the home) need to be covered when they earn \$160 or more from one employer during a calendar quarter. A calendar quarter is any consecutive 13-week period during a year.

Premium Rates

The Ohio Revised Code requires BWC to classify industries according to classifications established by the National Council on Compensation Insurance (NCCI). Each separate industry classification has its own basic premium rate. The cost of claims in each industry classification and not just an employer's own experience determines rates. Employers with greater than \$8,000 in expected losses are experience rated.

Acquiring Coverage

Ohio law requires every employer with one or more employees to obtain workers' compensation coverage.

Coverage Exceptions

Workers' compensation is optional for ministers, officers of family farm corporations, sole proprietors and partners, and an individual incorporated as a corporation (with no employees).

For Further Information

Ohio Bureau of Workers' Compensation
30 W. Spring Street
Columbus, OH 43215-2256
Phone: (800) OHIOBWC (or (800) 644-6292)

Tax Incentives Summary

Lucrative project incentives are available to qualifying firms expanding or locating in metropolitan Youngstown-Warren, Ohio. The Regional Chamber will work with you to determine eligibility for, explain and secure the incentive programs highlighted below.

All information presented is intended to provide a general overview of incentive programs, as all programs are subject to change. For actual project eligibility and specifics, contact the Youngstown/Warren Regional Chamber.

Ohio Job Creation Tax Credit (JCTC): A refundable corporate franchise/Commercial Activity Tax credit, the JCTC is based on the percentage of state income tax paid by new employees. The maximum rate and term of the credit is 75% for 10 years. The JCTC requires that a business create at least 25 new full-time positions. The average wage of all new employees must be at least 150 percent of the federal minimum wage.

Ohio Job Retention Tax Credit (JRTC): Provides corporate franchise/commercial activity or state income tax credit for businesses that retain at least 1,000 full-time employees and significantly invest in a project site in Ohio. The program is used exclusively for large-scale capital investment projects.

Ohio Research & Development Tax Credit: This non-refundable corporate franchise/commercial activity tax credit is for increased expenses of qualified companies undertaking research and development activities in Ohio. The amount of credit is based on 7 percent of the qualified research expenses and subject to additional conditions.

Ohio Training Tax Credit: Provides tax credits to employers that train existing employees who are risk of losing their jobs primarily due to skill deficiencies. To be eligible, businesses must conduct an eligible training program to correct identified skill deficiencies.

Research and Development Sales Tax Exemption: Provides an exemption from state and county sales tax for companies that purchase equipment for research and development activities.

Manufacturing Machinery & Equipment Sales Tax Exemption: Machinery, equipment, supplies and fuel purchased and used primarily in a manufacturing operation to produce tangible personal property for sales are exempt from state and county sales tax.

Warehouse Machinery & Equipment Sales Tax Exemption: This credit provides an exemption from state and county sales tax for companies that purchase eligible warehousing equipment. This includes machinery and equipment used primarily (51 percent) in storing, transporting, mailing or handling inventory in a warehouse or distribution center, if the inventory is primarily distributed outside Ohio.

Enterprise Zones (EZ): Companies that locate in Youngstown-Warren EZ areas could be eligible for tax abatements on investments in real property (i.e. building construction/expansion/renovation) and/or taxed tangible personal property. The maximum allowable tax abatement is either 60 percent or 75 percent depending on location (to exceed 60%/75% requires school board approval). The maximum abatement term is 10 years, beyond 10 years up to 15 years requires school board approval.

Community Reinvestment Area (CRA): Designated Youngstown-Warren, Ohio, CRAs provide real-property tax exemptions for companies constructing or renovating a facility. Up to 100 percent of the value of building improvements/construction may be exempt from real property taxes for a maximum 15 years.

Ohio Historic Preservation Tax Credit: The Ohio Historic Preservation Tax Credit program provides a tax credit for the rehabilitation expenses to owners of historically significant buildings.

Ohio Job Creation Tax Credit

Program Description

Provides corporate franchise or state income tax credit for businesses that expand or locate in Ohio for companies that incur tax liability under ORC Sections 5733.06 or 5747.02. Program will provide a tax credit against the Commercial Activity Tax (CAT) beginning on July 1, 2008. Insurance companies that pay the annual franchise tax under ORC Sections 5725.18/5729.03 are eligible for the tax credit beginning July 1, 2005.

Rate/Terms

- Ohio Tax Credit Authority determines eligibility and terms.
- Business must demonstrate to the Authority that the tax credit is a major factor in its decision to go forward with the project.
- Local community must also provide financial support for the project.

Benefits

Refundable state franchise or income tax credits that minimize expenditures to encourage business expansion and/or location projects in Ohio. The tax credit will apply against the corporate franchise tax through 6/30/08, and transfer to cover the Commercial Activity Tax (CAT) liabilities for tax period beginning July 1, 2008. The program will continue to be refundable.

Eligibility

Businesses that create at least 25 net new full-time positions at a facility in Ohio and pay a minimum of 150% of federal minimum wage. In special circumstances, a company could create as few as 10 new full-time positions paying at least 400% of the federal minimum wage.

Eligible projects

Eligible projects, as established by the Authority, include headquarter, manufacturing, science and technology, research and development, distribution, and certain types of service projects. Retail projects and lower paying service projects are not eligible.

All projects must meet these 11 criteria in order to be eligible:

1. At least 25 new, full-time jobs must be created and maintained by the company (taxpayer) within three years of initial operations. Full-time is defined as at least 35 hours per week, year-round. Upon the recommendation of the Executive Director and a finding by the Authority that there is an extraordinary circumstance, projects creating as few as 10 new, full-time jobs within three years of initial operations may also be eligible.
2. The average hourly base wage rate (excluding benefits) of the project's new, full-time jobs for three years must be at least 150% of federal minimum wage (\$7.25/as of FY2009). The current hourly base wage rate is \$10.88. In special circumstances, the average hourly base wage rate (excluding benefits) of the 10 new, full-time jobs must be at least 400% of the federal minimum wage, which is \$29.00. In addition, the Authority will consider the amount and type of employee benefits being provided.
3. If the project involves an expansion or consolidation of an existing Ohio facility, the company must commit to retaining the current number of employees. The state tax credit will apply only to the net new, full-time positions in the project at the project location.
4. The project must involve a substantial fixed-asset investment in land, building, machinery/equipment, and/or infrastructure.
5. The company must demonstrate to the state, through its financial statements and sources and uses of funds, that it is economically sound, and financially viable.
6. The project must not have already started at the Ohio site or have been publicly announced to be undertaken at the site prior to approval by the Authority. Employees hired prior to approval by the Authority cannot be counted as eligible, new employees for the purpose of the tax credit.
7. Service projects must demonstrate that a significant portion of the sales or revenues attributable to the project is generated from outside the State of Ohio. A company that does not meet these criteria may be eligible if its products are sold to its Ohio customer(s) and used as a component or

part of a product that can demonstrate that at least 51% of its sales or revenues are generated outside the State of Ohio.

8. Intrastate relocation projects are generally ineligible. Companies receiving tax credits are prohibited from relocating employment positions within Ohio to the project site within the first five years or the term of the tax credit whichever is less. Transferred and/or relocated employees and/or positions within Ohio are ineligible to receive tax credits.
9. The local community must provide direct and primary financial support for the project in an adequate manner, typically equal to approximately 25 percent of the value of the JCTC.
10. The company must demonstrate that the tax credit is a "major factor" in its decision to expand or locate at the Ohio site.
11. The company must agree to maintain operations at the project site for at least twice the term of the tax credit.

For More Information

Office of Tax Incentives
 (614) 466-2317 or (800) 848-1300

Sample Calculation

assuming company to create 100 new, full-time jobs within a three year period

Annual Payroll per employee	\$25,700
Total number of new full time employees	X 100
Total Annual Payroll	\$2,570,000
Amount of Withholding tax per employee	\$700
Total number of new full time employees	X 100
Total employee withholding tax	\$70,000
Percentage of tax credit	40%
Corporate franchise tax credit or rebate	\$28,000
Maximum term of credit	X 5
Total corporate franchise tax/CAT credit or rebate for 5 year term	\$140,000

Ohio Job Retention Tax Credit

Program Description

Provides corporate franchise or state income tax credit for businesses that commit to retain a significant number of full-time jobs. Program will provide a tax credit against the Commercial Activity Tax (CAT) beginning on July 1, 2008.

Rate/Terms

Ohio Tax Credit Authority determines eligibility and terms Credits awarded to companies that are engaged at the project site primarily as a manufacturer or providing significant corporate administrative functions and can demonstrate the tax credit is a major factor in its decision to retain jobs in Ohio. Local community must also provide financial support for the project.

Benefits

Nonrefundable corporate franchise or state income tax credits for corporations, partnerships, limited liability companies and other pass-through entities to minimize the costs of maintaining an operation in the state. The tax credit will transfer to cover the Commercial Activity Tax (CAT) liabilities for tax period beginning July 1, 2008. The program will continue to be non-refundable.

Eligibility

Businesses that currently employ at least 1,000 full-time employees and make a capital asset investment of at least \$200 million. In special circumstances, a company could invest at least \$100 million if the retained positions pay, and will continue to pay, at least 400% of the federal minimum wage.

For More Information

Office of Tax Incentives
(614) 466-2317 or (800) 848-1300

Ohio Research and Development Investment Tax Credit

Program Description

Provides a nonrefundable tax credit against the corporate franchise tax and is designed to encourage Ohio's corporations to invest in increased research and development activities.

Rate/Terms

The credit equals 7% of the excess amount of Qualified Research Expenses.

Benefits

- Nonrefundable tax credit.
- The tax credit currently is applied against a company's corporate franchise tax. The tax credit will transfer to cover the Commercial Activity Tax (CAT) for corporations subject to ORC Section 5733.01(G)(2) after tax year 2008.
- Any excess credit not used in the taxable year in which it is earned by be carried forward for up to 7 years.

Eligibility

- Only those taxpayers subject to the franchise tax provision of ORC Section 5733.06, or those subject to division (G)(2) of section 5733.01 under CAT tax are eligible for the credit.
- Taxpayer must invest in "Qualified Research Expenses", defined within Section 41 of the Internal Revenue Code and includes both in-house research expenses (wages and supplies) and contract research expenses.
- New investment in a taxable year must exceed business' annual average investment in Qualifying Research Expenses for the tree previous taxable years.

For More Information

Office of Tax Incentives
(614) 466-2317 or (800) 848-1300

Training Tax Credit

Program Description

Provides tax credits for employers that train existing employees who are at risk of losing their jobs primarily due to skill deficiencies.

Rate/Terms

\$20 million in credits available annually with no single business receiving more than \$100,000 per year. Tax credit available in tax year 2004, 2005, and 2006.

Benefits

Nonrefundable tax credits to help businesses offset costs of training incumbent workers and improving the business' competitive position

Eligibility

Businesses must conduct an eligible training program to correct identified skill deficiencies in its existing workforce.

Training for management personnel is generally prohibited.

For More Information

Department of Job and Family Services
(614) 644-7104

Technology Investment Tax Credit

Program Description

Offers a variety of benefits to Ohio taxpayers who invest in small, research and development and technology-oriented forms.

Rate/Terms

Provides a tax credit for taxpayers that invest in small, Ohio-based technology companies. The amount of the tax credit is 25% (or 30% in some limited cases) of the amount invested by the taxpayer. The maximum investment to which this credit may be applied is \$250,000 (or \$300,000). The credit may be claimed against personal income tax, corporate franchise tax, public utility excise tax or the dealers in intangibles tax.

To be eligible, the company must have its principal place of business located in Ohio and must also have less than \$2.5 million in revenue or less than \$2.5 million in net assets for the most recently completed fiscal year. Finally, the entity must be engaged in a business that primarily involves R&D and/or technology transfer.

Benefits

Investors may reduce their state taxes by up to 25% of amount invested

Eligibility

- Businesses primarily focused on research and development, technology transfer, or the application of a new technology.
- Business must have gross revenues less than \$1 million, or net book value of less than \$1 million, at the end of most recent fiscal year.
- Principal place of business and 1/2 of its gross assets and employees must be in Ohio Business must have received less than \$1 million in investments that have qualified for the tax credit.

For More Information

Technology Division
(614) 466-3887 or (800) 848-1300 or Ohio's Thomas Edison Program

Research and Development Sales Tax Exemption

Program Description

Provides an exemption from the usual state and county sales tax for companies that purchase equipment for research and development activities. Vendor needs a blanket exemption certificate, available on-line at the Department of Taxation's website (<http://tax.ohio.gov/>)

Rate/Terms

Exempts business from entire state and county sales tax for purchases of machinery and equipment used primarily for research and development

Benefits

Provides significant tax savings for companies undertaking research and development activities in Ohio

Eligibility

Includes research and development activity in both direct and pure research.

- Direct research refers to research conducted to design, create or formulate new or better products, equipment or processes.
- Pure research refers to scientific or technological inquiry and experimentation in the physical sciences.

For More Information

Ohio Department of Taxation, Sales Tax Division
(614) 466-7351 or (888) 405-4039

Manufacturing Machinery & Equipment Sales Tax Exemption

Program Description

Provides an exemption from state and county sales tax for companies that purchase machinery and equipment for manufacturing activities. Vendor needs a blanket exemption certificate, available on-line at the Department of Taxation's website (<http://tax.ohio.gov/>) under Business, Tax Forms

Rate/Terms

Exempts business from entire state and county sales tax for purchases of machinery and equipment used primarily for manufacturing

Benefits

Provides significant tax savings for companies and individuals that are involved in manufacturing in Ohio

Eligibility

Includes machinery, equipment, supplies and fuel used primarily in a manufacturing operation to produce tangible personal property for sales

For More Information

Ohio Department of Taxation, Sales Tax Division
(614) 466-7351 or (888) 405-4039

Warehouse Machinery & Equipment Sales Tax Exemption

Program Description

Provides an exemption from state and county sales tax for companies that purchase eligible warehousing equipment. Vendor needs a blanket exemption certificate, available on-line at the Department of Taxation's website (<http://tax.ohio.gov/>) under Business, Tax Forms

Rate/Terms

Exempts business from entire state and county sales tax for purchases of eligible machinery and equipment

Benefits

Provides significant tax savings for companies purchasing machinery and equipment for warehousing, distribution and direct marketing activities

Eligibility

Includes machinery and equipment used primarily (51%) in storing, transporting, mailing or handling inventory in a warehouse, distribution center or similar facility if the inventory handled by the facility is primarily distributed outside Ohio to retail stores owned by the business or affiliated group that owns the Ohio facility or distributed by means of direct marketing

For More Information

Ohio Department of Taxation, Sales Tax Division
(614) 466-7351 or (888) 405-4039

Enterprise Zones

Program Description

Provides real and personal property tax incentives for businesses that expand or locate in Ohio. In order to apply, the municipality or county must apply to the State Development Director for certification. To secure benefits, non-retail businesses must apply to the local community for local property tax exemptions and to the State Development Director for state franchise or state income tax incentives.

Rate/Terms

Up to 75% exemption in incorporated areas and up to 60% exemption in unincorporated areas on real property improvements or tangible personal property tax valuation for up to 10 years
Local school board approval is required to exceed these rate and/or term limits

Benefits

Substantial tax reductions on new real and/or personal property investment.
Reductions apply to the increase in assessed value for real property and items first-used by the business in Ohio for personal property.
Note that: 1) manufacturing machinery and equipment new to the state purchased after 1/1/05 will not be taxed and 2) once personal property tax is phased out, the personal property tax incentive will no longer be applicable.

Eligibility

Industrial projects (retail/service projects are eligible in limited areas).
Business must finalize agreement to retain or create employment; establish expand, renovate or occupy a facility in an Enterprise Zone; and invest in new real and/or personal property prior to project initiation

For More Information

Office of Tax Incentives
(614) 466-2317 or (800) 848-1300

Community Reinvestment Areas

Program Description

Provides local real-property tax incentives for residents and businesses that invest in designated areas of Ohio. In order to apply, the municipality or county must apply to the State Development Director for confirmation. Investors meeting the local criteria must apply to the municipality or county for the real property tax exemption.

Rate/Terms

Up to 100% exemption of the improved real property tax valuation for up to 15 years depending on the project.

Local legislative authority establishes rates and terms.

In some instances, local school board approval may be required.

Benefits

Substantial real estate property tax reduction for new real property

Eligibility

Real property investment incentives are available for residential, commercial, and/or industrial projects involving remodeling or new construction.

Commercial and industrial projects must have an agreement in place prior to investment.

Local legislative authority establishes project eligibility.

For More Information

Office of Tax Incentives

(614) 466-2317 or (800) 848-1300

Ohio Historic Preservation Tax Credit.

Program Description

The Ohio Historic Preservation Tax Credit program provides a tax credit for the rehabilitation expenses to owners of historically significant buildings. Funding is provided through competitive rounds based on economic benefit and regional distributive balance.

Rate/Terms

The tax credit subsidy is 25% of qualified rehabilitation expenditures (QRE) not to exceed the QRE estimates in the application, with an application cap of \$5M. QREs are hard construction costs that meet the requirements of the US Secretary of Interior's Standards for Rehabilitation of Historic Properties.

Benefits

The tax credit can be applied to applicable dealer in tangible, corporate franchise, or state income taxes.

Eligibility

- Applicants must meet four threshold criteria:
- The applicant is the fee simple owner of the building described in the application and is a non-governmental entity.
- The building is listed on the National Register of Historic Places; is located in a registered historic district and is certified by Ohio's State Historic Preservation Officer as being of historic significance to the district/ or is listed as a historic landmark by a certified local government.
- The rehabilitation work as described in the application is consistent with the United States Secretary of the Interior's Standards for Rehabilitation.
- The issuance of an Ohio Historic Preservation Tax Credit is a major factor in the applicant's decision to rehabilitate the historic building or to increase the level of investment in the rehabilitation of the historic building.

For More Information

Urban Development Division
(614) 995-2292

Ohio Department of Taxation Service Centers

The Ohio Department of Taxation has eight Taxpayer Service Centers located across the state. Each service center is staffed to assist walk-in customers with the preparation of forms and returns or to answer questions about any matter relating to tax returns, bills, or assessments.

Contact information and addresses for all eight Taxpayer Service Centers is listed below.

Toll-free numbers:

Individuals (800) 282-1780

Businesses (888) 405-4039

Ohio Relay for the Hearing Impaired (800) 750-0750

Center Locations

Akron Taxpayer Service Center

Akron Government Center
161 S. High Street, Suite 501
Akron, OH 44308-1600
Fax Machine (330) 643-1470

Cincinnati Taxpayer Service Center

900 Dalton Avenue at W. 8th Street
Cincinnati, OH 45203-1171
Fax Machine (513) 852-3320

Cleveland Taxpayer Service Center

Cleveland State Office Tower
615 W. Superior Avenue, 5th Floor
Cleveland, OH 44113-1891
Fax Machine (216) 787-3710

Columbus Taxpayer Service Centers

30 E. Broad Street, 20th Floor
Columbus, OH 43215
Fax Machine (614) 752-9032

4485 Northland Ridge Blvd
Columbus, OH 43229
Fax Machine (614) 387-1993

Dayton Taxpayer Service Center

40 S. Main Street, 5th Floor
Dayton, OH 45402-2162
Fax Machine (937) 285-6342

Toledo Taxpayer Service Center

One Government Center, Suite 1400
Toledo, OH 43604-2232
Fax Machine (419) 245-2833

Youngstown Taxpayer Service Center

242 Federal Plaza West, Suite 402
Youngstown, OH 44503-1294
Fax Machine (330) 797-9260

Zanesville Taxpayer Service Center

601 Underwood Street
Zanesville, OH 43701-3786
Fax Machine (740) 455-6613

Columbiana – Mahoning – Trumbull County Tax Rates

Columbiana County

*Tax Rates per \$1,000 of assessed value for the year. Effective and Commercial rates.

Area	School District	Real Property*	Personal Income Tax
BUTLER TWP	United L.S.D.	43.001688	0.50%
	West Branch L.S.D.	43.866465	
CENTER TWP	United L.S.D.	38.480934	0.50%
	Southern L.S.D.	46.633010	
	Lisbon E.V.S.D.	44.455557	
	Lisbon Village	44.788392	
ELKRUN TWP	Lisbon Village	47.441855	1.50%
	Beaver L.S.D.	40.898762	
	Lisbon E.V.S.D.	43.046806	
	Crestview L.S.D.	40.742155	
FAIRFIELD TWP	Crestview L.S.D.	40.636241	1.00%
	Columbiana E.V.S.D.	40.429409	1.00%
	Columbiana Village	42.022125	1.00%
	Leetonia Village	48.267547	1.50%
	Columbiana Village Crestview L.S.D.	41.628957	2.00%
	Leetonia Village Crestview L.S.D.	40.313580	2.50%
FRANKLIN TWP	Southern L.S.D.	48.748558	0.50%
	United L.S.D.	40.596482	
	Summitville Village	46.470796	
HANOVER TWP	United L.S.D.	39.418720	0.50%
	Hanoverton Village	39.706670	
KNOX TWP	West Branch S.D. Home F.D.	37.633617	
	West Branch S.D. N. Geo. F.D.	37.632060	
	Alliance S.D. Home F.D.	47.718786	
LIVERPOOL TWP	East Liverpool C.S.D.	52.758281	1.50%
	East Liverpool City	53.337199	
MADISON TWP	Beaver L.S.D.	44.930880	
	Southern L.S.D.	49.256377	
	Wellsville C.S.D.	46.633087	
MIDDLETON TWP	Beaver L.S.D.	43.062475	
	E. Palestine C.S.D.	47.405780	
	Rogers Village	45.562475	
PERRY TWP	Salem C.S.D.	48.040791	1.00%
	Salem City	45.824353	
SALEM TWP	Salem City - Salem C.S.D.	45.624353	1.00%
	United L.S.D. NW FD	37.567784	0.50%
	United L.S.D.	35.926613	0.50%
	Salem C.S.D.	44.774510	
	Washingtonville Village	58.927777	
	Leetonia E.V.S.D.	46.950552	
	Leetonia Village	47.727282	1.50%
	Leetonia E.V.S.D. NW FD	48.591723	

Area	School District	Real Property*	Personal Income Tax
ST. CLAIR TWP	Beaver L.S.D.	47.909429	
	East Liverpool C.S.D.	52.648783	
UNITY TWP	Columbiana Village - E. Pal CSD	44.288604	1.00%
	Crestview L.S.D.	41.655066	1.00%
	New Waterford Village	44.303210	1.00%
	East Palestine C.S.D.	46.154978	
	East Palestine City	48.226030	1.00%
WASHINGTON TWP	Southern L.S.D.	46.302870	
	Salineville Village	53.091111	
WAYNE TWP	Southern L.S.D.	46.970796	
WEST TWP	United L.S.D.	38.215627	0.50%
	Minerva L.S.D.	48.600174	
	Minerva Village	47.074117	
YELLOW CREEK TWP	Southern L.S.D.	47.170796	
	Wellsville C.S.D.	44.547506	
	Wellsville City	52.447175	1.00%

Mahoning County

**Tax Rates per \$1,000 of assessed value for the year. Effective and Commercial rates.*

Area	School District	Real Property*	Personal Income Tax
Austintown Twp	Austintown LSD	62.982451	
	Weathersfield LSD	62.810328	
Beaver Twp	Boardman LSD	62.561952	
	Canfield LSD	59.901005	
	Columbiana EVSD	53.064173	1.00%
	South Range LSD	66.284917	
Berlin Twp	Western Reserve LSD	59.639716	
Boardman Twp	Boardman LSD	60.656325	
	Canfield LSD	57.995378	
	Poland LSD	61.313970	
	Youngstown CSD	78.740599	
Campbell City	Campbell CSD	57.410515	2.50%
	Youngstown CSD	72.950941	2.50%
Canfield City	Canfield LSD	52.605609	1.00%
Canfield Twp	Boardman LSD	54.981230	
	Canfield LSD	52.320283	
Coitsville Twp	Campbell CSD	62.989320	
	Hubbard LSD	67.210853	
	Lowellville LSD	62.599386	
	Struthers CSD	73.902184	
	Youngstown CSD	78.529746	
Craig Beach Village	Jackson Milton LSD	54.617673	
Ellsworth Twp	Canfield LSD	50.317634	
	Jackson-Milton LSD	51.323744	
	Western Reserve LSD	58.451365	

Area	School District	Real Property*	Personal Income Tax
Fairfield Twp	Columbiana City - Columbiana EVSD	45.940851	1.00%
Goshen Twp	West Branch LSD	47.542825	
Green Twp	Canfield LSD	53.495985	
	Leetonia LSD	54.219952	
	South Range LSD	59.879897	
	Washingtonville Village - Leetonia LSD	64.891790	
	Western Reserve LSD	61.629716	
Jackson Twp	Jackson-Milton LSD	54.964283	
Lowellville Village	Lowellville LSD	56.764283	
Milton Twp	Jackson-Milton LSD	56.096984	
New Middletown	Springfield LSD	50.718338	1.00%
Perry Twp	Salem City - South Range LSD	56.966620	1.00%
Poland Twp	Lowellville LSD	58.449593	
	Poland LSD	56.953324	
	Poland Village - Boardman LSD	59.480850	
	Poland Village - Poland LSD	60.138495	
	Struthers CSD	69.752391	
Sebring Village	Sebring LSD	63.851281	3.00%
	West Branch LSD	44.592710	2.00%
Smith Twp	Alliance City - Alliance CSD	58.501776	
	Alliance CSD	56.401776	
	Beloit Village - West Branch LSD	50.113293	
	Sebring LSD	65.575178	1.00%
	West Branch LSD	46.316607	
Springfield Twp	Columbiana EVSD	48.871651	1.00%
	Springfield LSD	47.046538	1.00%
Struthers City	Struthers CSD	66.155077	2.00%
Youngstown City	Youngstown CSD	74.922296	2.75%

Trumbull County

**Tax Rates per \$1,000 of assessed value for the year. Effective and Commercial rates.*

AREA	School District	Real Property*	Personal Income
BAZETTA TWP	CHAMPION LSD	65.770757	
BAZETTA TWP EAST	LAKEVIEW LSD	57.490110	
BAZETTA TWP WEST	LAKEVIEW LSD	57.490110	
BLOOMFIELD TWP	BLOOM/MESPO LSD	53.758914	
BRACEVILLE TWP	LABRAE LSD	64.805706	
	NEWTON FALLS EVSD	51.895783	
BRISTOL TWP	BRISTOL LSD	53.797231	
BROOKFIELD TWP	BROOKFIELD LSD	60.066335	
	YANKEE VILLAGE - BROOKFIELD LSD	56.414964	
CHAMPION TWP	CHAMPION LSD	63.338765	

AREA	School District	Real Property*	Personal Income
CORTLAND CITY	LAKEVIEW LSD	59.899731	
	MAPLEWOOD LSD	65.278434	
	MATHEWS LSD	63.938567	
FARMINGTON TWP	WEST FARMINGTON VILLAGE - BRISTOL LSD	63.517872	
	BRISTOL LSD	56.314387	
	MATHEWS LSD	53.508191	
GIRARD CITY	GIRARD CSD	62.598061	2.00%
	LIBERTY LSD	65.052589	2.00%
	MATHEWS LSD	56.521828	2.00%
	NILES CSD	63.879756	2.00%
GREENE TWP	MAPLEWOOD LSD	56.313142	
GUSTAVUS TWP	JOSEPH BADGER LSD	60.620974	
HARTFORD TWP	JOSEPH BADGER LSD	53.434212	
HOWLAND TWP	HOWLAND LSD	57.630015	
	WARREN CSD	75.019332	
HUBBARD CITY	HUBBARD EVSD	60.236803	1.50%
HUBBARD TWP	HUBBARD EVSD	70.175749	
JOHNSTON TWP	MAPLEWOOD LSD	54.325381	
KINSMAN TWP	JOSEPH BADGER LSD	59.607440	
LIBERTY TWP	GIRARD CSD	74.881111	
	LIBERTY LSD	78.035639	
LORDSTOWN VILLAGE	LORDSTOWN LSD	51.761532	1.00%
MCDONALD VILLAGE	MCDONALD LSD	65.772747	2.00%
MECCA TWP	LAKEVIEW LSD	47.270487	
	MAPLEWOOD LSD	52.149190	
MESOPOTAMIA TWP	BLOOM/MESP LSD	53.310495	
	CARDINAL LSD-GEU	52.704461	
NEWTON FALLS CITY	LABRAE LSD	60.632380	1.00%
	NEWTON FALLS EVSD	47.722457	1.00%
NEWTON TWP	JACK MILTON LSD-MAH NEWTON FALLS CTY- NEWTON FALLS EVSD	51.673123	
	NEWTON FALLS EVSD	48.322457	1.00%
	NEWTON FALLS EVSD	49.188638	
NILES CITY	HOWLAND LSD	49.972671	1.50%
	NILES CSD	57.150982	1.50%
	WEATHERSFIELD LSD	53.325232	1.50%
ORANGEVILLE VILLAGE	JOSEPH BADGER LSD	60.873661	
SOUTHINGTON TWP	SOUTHINGTON LSD	51.832382	
VERNON TWP	JOSEPH BADGER LSD	56.013505	
VIENNA TWP	MATHEWS LSD	54.120747	
WARREN CITY	HOWLAND - WARREN CSD	66.844605	2.00%
	HOWLAND LSD	49.455288	2.00%
	LABRAE LSD	60.598647	2.00%
	LAKEVIEW LSD	45.236835	2.00%
	WARREN CSD	66.844605	2.00%

AREA	School District	Real Property*	Personal Income
WARREN TWP	LABRAE LSD	70.074849	
	LAKEVIEW LSD	55.613037	
	WARREN CSD	76.220807	
WEATHERSFIELD TWP	GIRARD CSD	61.787610	
	MCDONALD LSD	70.833116	
	NILES CSD	63.669305	
	WEATHERSFIELD LSD	60.143555	
YOUNGSTOWN CITY	LIBERTY LSD	57.906432	2.75%