

## Appendix A – Tax Structure Ohio

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Following is a description of the applicable tax categories that are calculated in the Goodwill Ohio model:

- Sales Tax

The State of Ohio imposes a sales and use tax that applies to all retail sales of tangible personal property that are not specifically exempt. Exemptions include items such as groceries, motor vehicle fuel subject to the state motor fuel excise tax, gas, water, communications, prescription drugs, medical equipment, construction materials sold to a contractor and other utilities and other items described in statute. The sales tax rate as of July 1, 2005 for the State is 5.5%. Of the total state sales collections, approximately 2.9% is earmarked for the Public Library Fund.

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of taxable spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the state.
- Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

- Public Utility Excise Tax

The State collects a public utility excise tax on the privilege of doing business in Ohio. The tax is levied on gross receipts at a rate of 6.75% for pipeline companies and 4.75% for all other taxpayers. While the tax is ultimately paid by the company, the model estimates residential public utility use and applies the revenues to the direct, indirect and induced employment produced in the model. .

- State Income Tax

The State of Ohio levies income tax on personal income of Ohio residents. The taxable income begins with federal adjusted gross income. The personal income tax rate varies from 0.587% for income less than \$5,000 to 5.925% plus \$9,090 for the amount over \$200,000 depending on income levels. The model uses the effective tax rates applied to the wages and earnings of direct, indirect and induced employment produced in the model.

- Cigarette Tax

The State of Ohio charges a cigarette tax in the amount of \$1.25 per package of 20 cigarettes or \$0.625 per cigarette. This tax is applied to the projected employee count in the model based on statistics from the Center of Disease Control that 20.1% of Ohio residents are smokers and smoke an average of 0.83 packs per day.



- Motor Fuel Tax

The State collects a motor vehicle fuel tax of \$0.28 per gallon. The tax revenue in the model is calculated based on the average vehicle traveling 15,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

