

OMAC MuniNews

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News & Views About the Ohio Municipal Finance Industry

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OHIO REFORMS TAX SYSTEM – Every major state tax changed on July 1st

COLUMBUS – Nearly every Ohio taxpayer – both individual and business – will see some tax relief as a result of a sweeping tax reform package initiated and signed into law by Ohio Gov. Bob Taft. The tax changes are part of the biennial state budget bill that took effect July 1.

The reform substantially modernizes state tax laws and provides significant tax relief with cuts to the state income and sales taxes. The budget bill also phases out two major business taxes, corporation franchise and tangible personal property, and phases in the new commercial activity tax (CAT) on businesses.

“We’re committed to providing the support it takes to make the transition as smooth as possible for all taxpayers,” said Ohio Tax Commissioner William W. Wilkins. “From sending more than a million pieces of mail to offering numerous seminars and workshops, we will do all we can to disseminate information to all Ohioans.”

The most significant tax law changes include:

- Introduction of the new commercial activity tax (CAT), an annual business privilege tax measured by a business’s gross receipts. The amount of taxable gross receipts determines whether or how the CAT applies. Businesses with annual gross receipts of \$150,000 or less are not subject to the CAT; those with receipts from \$150,001 – \$1,000,000 pay a minimum \$150 tax; receipts exceeding one million dollars – when the tax is fully phased in – will be taxed at a rate of 0.26 percent (the rate for the first tax period from July 1, 2005 to Dec. 31, 2006 is only 0.06 percent). Businesses subject to the CAT must register by Nov. 15, 2005. Registration includes a one-time refundable fee of \$15 for registering on-line or a \$20 fee for paper registration. On-line (electronic) registration became available July 1 at the Ohio Business Gateway (obg.ohio.gov); paper applications will be available on the ODT web site (tax.ohio.gov). Information regarding filing and payment of the CAT will be sent to all registered

taxpayers. The first CAT returns must be filed by Feb. 10, 2006.

- Phase-out over five years of the corporation franchise tax at the rate of 20 percent annually beginning in tax year 2006.
- Phase-out of the tangible personal property (TPP) tax on most businesses’ inventory, manufacturing machinery and equipment, and furniture and fixtures over four years at about 25 percent annually beginning in tax year 2006. Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will be subject to no TPP tax.
- The individual income tax rate cut for all tax brackets of 4.2 percent for tax year 2005 and an additional 4.2 percent (from 2004 rates) each year through 2009 for a total cut of 21 percent.
- The state sales tax rate cut from 6 to 5.5 percent. The vendor discount of .9 percent remains for timely filed and paid sales tax returns.
- A cigarette excise tax increase of \$.70 to a total of \$1.25 per pack of 20 cigarettes. Cigarette retailers and wholesalers must pay the additional 70 cents per pack on cigarettes that were previously taxed but still in inventory at the end of business June 30th.
- Elimination of the ten percent property tax rollback on most commercial and industrial real property. The rollback remains for residential and agricultural real property.
- Ohio’s additional estate tax (sponge tax) is eliminated. The Ohio basic estate tax remains in effect.

For questions regarding the CAT and other major changes, taxpayers are encouraged to visit the ODT web site (tax.ohio.gov) for information and updates.

(For information, contact Gary Gudmundson, ODT Communications Director, at 614-644-6903.)

Steps for Creating an Account and Making a Filing with DisclosureUSA

Creating an account

1. Click the "Create Account" menu option, read and accept the terms and conditions, and complete the information requested.
2. After you create your account, you will be sent to a login page.
3. Your username will be your e-mail address, and the system will immediately e-mail your temporary password.
4. The only persons authorized to create an account with DisclosureUSA are issuers, obligated persons, or designated agents or indenture trustees authorized to act on their behalf in connection with the submission of Rule 15c2-12 filings.

Making a Filing

1. Select the "Make a Filing" menu option.
2. Select the type of filing you will be making (annual, quarterly, material event, other).
3. Select or add issuer(s) associated with this filing by six-digit CUSIP number(s).
4. Select the bond issue(s) and CUSIP(s) associated with this filing.
5. If filing material event or other filing by nine-digit

CUSIP number, key in the CUSIP number(s).

6. Click "Upload a Document."
7. Select the type of document from the list, and then press the "Browse" button to locate and select the document on your computer. Key in the title and document date and press the "Upload Document" button.
8. Upload additional document(s) or press the "Review and Complete" button.
9. Review the generated filing cover sheet with a confirmation number. You may edit your filing by clicking "Make Changes to This Filing." Clicking "Complete and Send to NRMSIRs/SIDs" will finalize the filing and forward the documents to the NRMSIRs and appropriate SIDs. This will take you to an e-mail reminder page where you can sign up to receive e-mail reminders of future filings and print the generated confirmation page for your records.

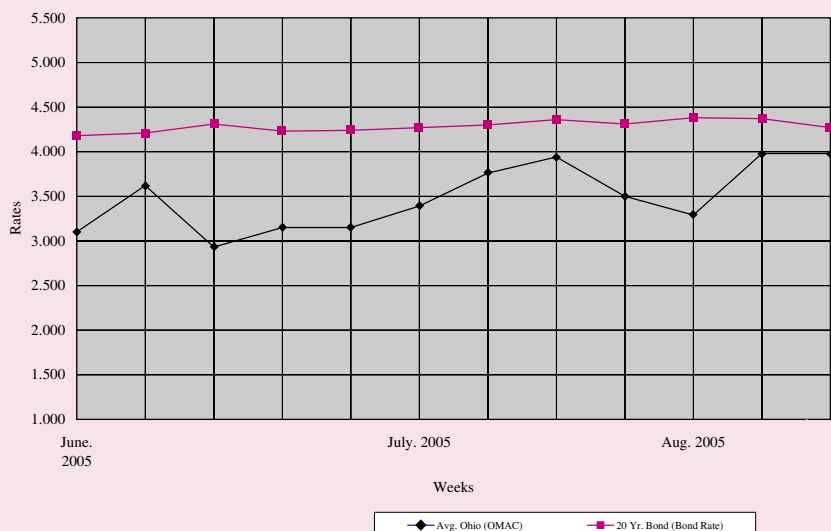
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MARKET UPDATE

GENERAL OBLIGATION

Note and Bond Interest Rates for June thru August

The following graph compares Ohio short-term note rates with the Bond Buyer's 20 year bond index. The short-term rates represent actual rates reported to OMAC by Ohio purchasers and reported on OMAC's weekly calendar.



OMAC Training Days Update

OMAC would like to thank all of the attendees of our first three training days, which have taken place over the last twelve months. Based on the responses from the attendees, these sessions have been very successful. We have had attendees from all sectors of the OMAC membership. The OMAC employees and the attendees have acquired valuable knowledge on the inner workings of each side of the business relationship.

To those OMAC member employees that have not yet been able to attend one of these Training Days, OMAC will be continuing to offer these sessions in 2006. We will be holding our next training day sometime in mid spring. We hope that we can have the privilege to host all of our members' employees over the next few years.

Employee Profile



Name: Jeff Gurney

Length of Service: 10 Years

Main Dues with OMAC

Responsible for maintaining the following databases: CUSIP (from Bloomberg); Continuing Disclosure; Official Statements; and CD-ROM (from Clearview software). Also responsible for fulfilling official statement requests; generating letters to be sent to issuers as their filing deadline approaches; Internet and special projects; maintaining subdivision population files; researching Bond Buyer clippings; election calls and attending out of town meetings and conferences. Backup on the Account Payables and SID Filings

Family:

My wife Beth whom I've been married to for just over a year. And my new 5 month old puppy Boone.

Interests:

Fly Fishing
Camping
Softball
Sports



Ohio Municipal Advisory Council

9321 Ravenna Rd, Unit K
Twinsburg, OH 44087-2445

PRSRT STD
US POSTAGE
P A I D
CLEVELAND OHIO
PERMIT 4584

CALENDAR

Calendar of Issuer Conferences & Outings for 2005

NAME	EVENT	DATE	LOCATION
MFOA (OML)	Annual Conference	October 5 - 7	Columbus Convention Center - Columbus, Ohio
CCAO	Winter Conference	Dec. 11 - 14	Hyatt Regency – Columbus, Ohio
OSBA	Capital Conference	November 13 - 16	Hyatt Regency - Columbus Convention Center
OAPT	Annual Conference	October 12 – 14	Sawmill Creek Resort – Huron, Ohio
CAAO	Winter Conference	November 14 - 16	Embassy Suites - Dublin, Ohio

CCAO – County Commissioners Association of Ohio – (614) 221-5627
GFOA – Government Finance Officers Association – (614) 221-1900
MFOA – Municipal Finance Officers Association of Ohio – (614) 221-4349
NACO – National Association of Counties – (614) 221-5627
OASBO – Ohio Association of School Business Officials – (614) 431-9116
OMCA – Ohio Municipal Clerks Association – (614) 221-4349

OSBA – Ohio School Boards Association – (614) 540-4000
OAPT – Ohio Association of Public Treasurers – (440) 885-8812
CAAO – County Auditor’s Association of Ohio – (614) 228-2226
OPFOTP – Ohio Public Finance Officers Training Program – (330) 672-7148
BMA – Bond Market Association – (212) 440- 9429
OPEC – Ohio Public Expenditure Council – (614) 221-7738

If you would like your event highlighted, contact Chris Scott at 1-800-969-6622, or by email at Chris@ohiomac.com