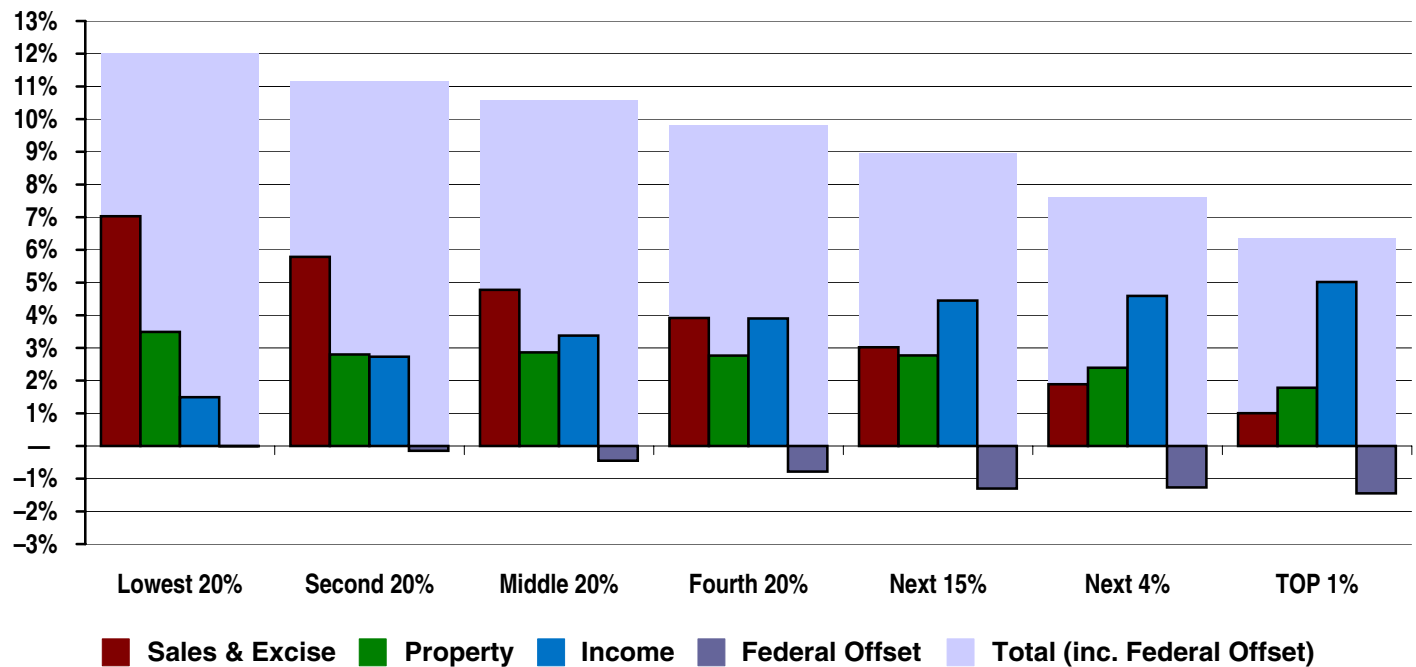


Ohio

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



| Income Group | Lowest 20% | Second 20% | Middle 20% | Fourth 20% | Top 20% | | |
|---------------------------------|--------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|-------------------|
| | | | | | Next 15% | Next 4% | TOP 1% |
| Income Range | Less than \$17,000 | \$17,000 – \$32,000 | \$32,000 – \$50,000 | \$50,000 – \$79,000 | \$79,000 – \$147,000 | \$147,000 – \$352,000 | \$352,000 or more |
| Average Income in Group | \$9,600 | \$24,000 | \$40,500 | \$62,400 | \$102,100 | \$210,000 | \$995,300 |
| Sales & Excise Taxes | 7.0% | 5.8% | 4.8% | 3.9% | 3.0% | 1.9% | 1.0% |
| General Sales—Individuals | 2.8% | 2.6% | 2.3% | 2.0% | 1.6% | 1.0% | 0.6% |
| Other Sales & Excise—Ind. | 2.4% | 1.6% | 1.2% | 0.9% | 0.7% | 0.4% | 0.2% |
| Sales & Excise on Business | 1.9% | 1.6% | 1.3% | 1.0% | 0.8% | 0.5% | 0.3% |
| Property Taxes | 3.5% | 2.8% | 2.9% | 2.8% | 2.8% | 2.4% | 1.8% |
| Property Taxes on Families | 3.4% | 2.7% | 2.8% | 2.7% | 2.6% | 2.1% | 0.9% |
| Other Property Taxes | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.3% | 0.9% |
| Income Taxes | 1.5% | 2.7% | 3.4% | 3.9% | 4.4% | 4.6% | 5.0% |
| Personal Income Tax | 1.5% | 2.7% | 3.4% | 3.9% | 4.4% | 4.6% | 5.0% |
| Corporate Income Tax | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| TOTAL TAXES | 12.0% | 11.3% | 11.0% | 10.6% | 10.2% | 8.9% | 7.8% |
| Federal Deduction Offset | -0.0% | -0.1% | -0.5% | -0.8% | -1.3% | -1.3% | -1.4% |
| TOTAL AFTER OFFSET | 12.0% | 11.2% | 10.6% | 9.8% | 8.9% | 7.6% | 6.4% |

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Ohio

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Offers an income tax credit for child and dependent care expenses

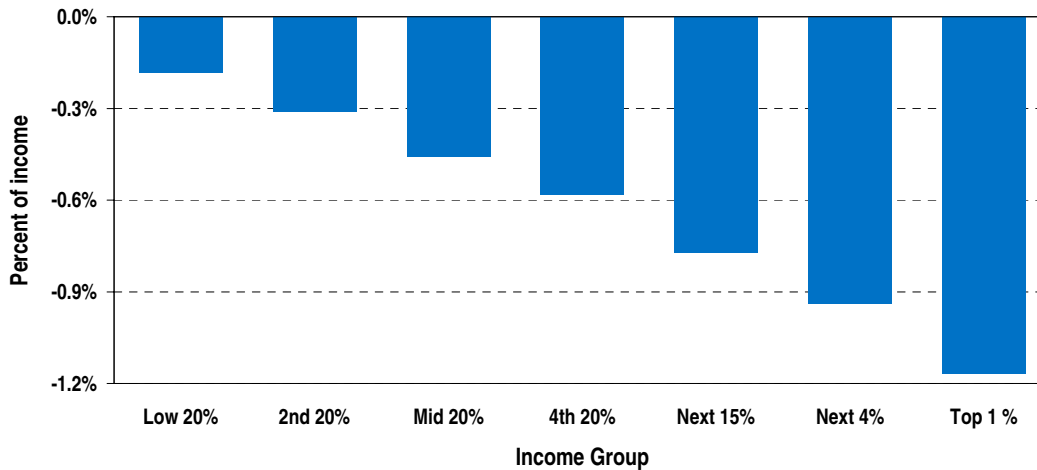
Regressive Features

- ✗ Fails to provide refundable tax credits to offset the impact of sales, excise, and property taxes

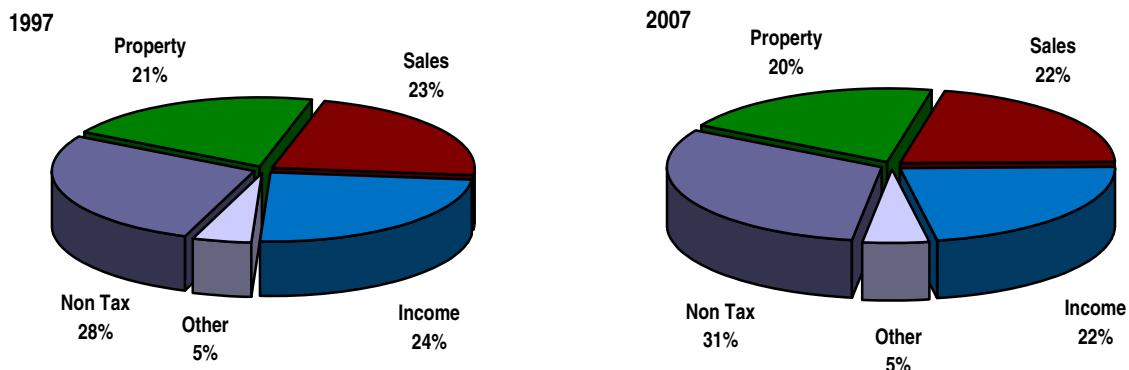
Recent Developments

- ▲ Reduced income tax rates by 20 percent across the board
- ▲ Replaced the tangible personal property tax on businesses and the corporate franchise tax on non-financial businesses with a commercial activity tax (CAT) on Ohio gross receipts
- ▲ Instituted a non-refundable low-income tax credit

Incidence of Recent Personal Income Tax Rate Reductions (Assuming Full Implementation)



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances