MAJOR CHANGES TO COMMERCIAL ACTIVITY TAX IN THE 2024-25 BUDGET

Changes to Commercial Activity Tax (CAT) liability

<table>
<thead>
<tr>
<th>Taxable gross receipts</th>
<th>Old CAT liability</th>
<th>New CAT liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000 or less</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$150,001 - $1,000,000</td>
<td>$150</td>
<td>$0</td>
</tr>
<tr>
<td>$1,000,001 - $2,000,000</td>
<td>$800 + .25%*(Receipts - $1 Million)</td>
<td>$0</td>
</tr>
<tr>
<td>$2,000,001 - $4,000,000</td>
<td>$2,100 + .26%*(Receipts - $1 Million)</td>
<td>$0</td>
</tr>
<tr>
<td>$4,000,001 - $6,000,000</td>
<td>$2,600 + .26%*(Receipts - $1 Million)</td>
<td>$0</td>
</tr>
<tr>
<td>Above $6,000,000</td>
<td>$2,600 + .26%*(Receipts - $1 Million)</td>
<td>.26%*(Receipts - $6 Million)</td>
</tr>
</tbody>
</table>

Table: Policy Matters Ohio • Created with Datawrapper

- The new Commercial Activity Tax (CAT) structure does away with annual minimums and excludes a corporation’s first $3 million in receipts starting in Fiscal Year 2024 and $6 million in FY 2025.
- Reduces CAT revenue by about $238 million in FY 2024 and $460 million in FY 2025, according to the LSC.

- Businesses that have less than $150,000 in Ohio receipts do not pay the CAT and will see no liability change.
- More than 100,000 CAT filers (62% of total filers) with receipts between $150,000 and $1 million will save $150.
- Corporations with receipts over $6 million will see the largest tax savings $15,600 per company.

Big breaks for big corporations

Annual commercial activity tax savings by corporate taxable receipts

- Large corporations with over $6 million in receipts will receive an estimated 53% of the value of the cut but they make up only about 10% of total filers.
- The bottom 62% of filers making less than $1 million in receipts will get only about 4% of the cut.

Large corporations will benefit most from cut

Distribution of savings on Commercial Activity Tax liability (before credits) and filers by taxable gross receipts.

- Large corporations with over $6 million in receipts will receive an estimated 53% of the value of the cut but they make up only about 10% of total filers.
- The bottom 62% of filers making less than $1 million in receipts will get only about 4% of the cut.

$500M ongoing per year reduction in CAT revenue
53% of cuts will go to the top 10% of filers
$15,600 in savings for corporations with more than $6M in receipts

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