Table 1

Tax	Loophole	Estimated foregone state revenue in FY2009	Approved
Individual Income Tax	Loosened residency test, allowing more people to avoid the tax	$25 million to $30 million	2006
Real property tax	Homestead exemption expansion allows even wealthy homeowners to qualify	At least $118 million	2007
Real property tax	Owners do not have to pay 10 percent of their tax; owners who occupy their properties receive an additional 2.5 percent rollback. The state reimburses schools and local governments for foregone revenue	At least $5.2 million (A)	1971, 1979
Dealers in Intangibles Tax	Payday lenders, mortgage brokers and others pay lower tax than banks	More than $10 million (B)	1931
Commercial Activity Tax/Individual Income Tax	Trusts formed before 1972 can choose which tax to pay	Up to $18 million	2006
Commercial Activity Tax	Companies with previous big losses can write them off against the CAT	Up to $45 million a year starting in 2010	2005
Commercial Activity Tax	Suppliers to certain distribution centers don't pay the tax (C)	$6 million	2006
Sales Tax	Machinery, equipment and software for a new Avon Products distribution center	At least $3.47 million (D)	2008
Sales Tax	Lobbying and public relations services are not covered	$11.6 million (E)	1935
Sales Tax	Debt collection is not covered	$21.5 million (E)	1935
Corporate Franchise Tax	Goodwill, appreciation and abandoned property excluded from net worth tax on financial institutions	NA (F)	1933

(A) -- Based on 2003 estimate by the Taft Administration of revenue gained in FY2005 if tax relief were limited to the first $1 million in market value of each property. A lower limit would produce more revenue. The 10% rollback was approved in 1971; the 2.5% rollback was approved in 1979.

(B) -- Based on an estimated $21 million in additional revenue if these companies were instead taxed under the corporate franchise tax, reduced by half based on possible exclusions they might claim

(C) -- Such distribution centers must have at least $500 million in sales and more than half of those must be shipped outside of Ohio

(D) -- This is a one-time amount for the outfitting of the warehouse. However, the 2007 Tax Expenditure Report estimates the cost of the ongoing exemption for retailers' warehouses at $6.4 million

(E) -- Based on $10.5 million for lobbying and $19.5 million for debt collection shown in Taft proposal for FY2005; the sales tax has been increased from 5.0% to 5.5% since then. The exclusion of these services from taxation is a function of the general definition of the sales-tax base, not an explicit exemption.

(F) -- The current Tax Expenditure Report estimates these exclusions are worth $112 million in FY09. While tightening this exemption could produce millions of dollars in additional revenue, the exact amount is not known

Source: Policy Matters Ohio, "Limiting Loopholes: A dozen tax breaks Ohio can do without", 2008