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## Foreword

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The several articles which are embraced in the over-all title of "Ohio Taxation" should be of the utmost interest to practitioners, teachers and students of law. In the last quarter of a century state and local taxation has grown up. Twenty-five years ago the local subdivisions relied almost exclusively on the general property tax and state government was supported in the main by excise taxes on private corporations, insurance companies, public utilities and inheritances and for the first time had just entered the selective sales tax field by the levy of a 2c per gallon tax on gasoline for the construction and maintenance of public highways.<sup>1</sup>

Since 1925 there has been a tremendous acceleration in the financing of local governments and schools by the state. These requirements, coupled with the demand for new and expanded services, have placed greatly increased budgetary requirements upon local subdivisions and the state. We are told that total state and local taxes in Ohio for the year 1925 were less than \$300,000,000, while in 1948<sup>2</sup> they had reached the sum of \$660,000,000. The expanded fiscal requirements resulting from state assistance to local subdivisions and expanded services have compelled both local governments and the state to enter many new revenue fields. For illustration, the state in its search for new money sources turned to the cigarette excise tax in 1931, the excise tax on alcoholic beverages in 1933, the state liquor monopoly in the same year and the retail sales tax in 1934 while local governments looked to public utility consumer taxes, declared unconstitutional by the Supreme Court

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\* Of the firm of Dargusch, Caren, Greek and King; Tax Commissioner of Ohio, 1933-1937.

<sup>1</sup> As a matter of historical interest it may be noted that during the period 1925 to 1932 there was a levy on the grand duplicate for the benefit of the state.

<sup>2</sup> Latest year available.

of Ohio in *Haefner v. City of Youngstown*<sup>3</sup> (1946) and recently to municipal income taxes, the legality of which was determined in the case of *Angell v. City of Toledo*.

The state now returns to local subdivisions as grants in aid from the General Revenue Fund more than \$168,000,000 (not including old age pensions and shared taxes), whereas in 1925 state assistance to local subdivisions amounted to only \$2,700,000 (not including shared taxes). The constantly increasing requirements of state and local government, combined with the centralization of tax assessments in the State Department of Taxation have produced in recent years a more intensive and scientific approach to tax administration in Ohio as contrasted to the more or less voluntary methods that prevailed a quarter of a century ago.

Where twenty-five years ago the property taxpayer made a voluntary return, often based upon his best guess of what he should pay, today Ohio taxpayers are required to make complicated returns based upon the taxpayer's books and the returns as made are subject to detailed and searching audits on the part of the Department of Taxation.

The increased emphasis on administration of tax laws in this state and the introduction of the direct appeal to the Supreme Court of Ohio (1939) from decisions of the State Department of Taxation has resulted in an extremely large number of decisions by that court in the last decade upon a myriad of state and local tax problems. While it is not practicable to deal with all of the legal questions affecting Ohio taxation, there has been appropriately included in this issue a number of pertinent and important papers, the first of which is that dealing in an over-all fashion with tax administration in Ohio by C. Emory Glander, Tax Commissioner of Ohio. The second is a paper by Carl R. Johnson on "The Ohio Retail Sales Tax Act" which has conceivably produced greater and more varied problems than any other form of taxation in this state.

In recent years the classification of property has come to be a matter of considerable interest and that subject will be dealt with by Mr. Paul Holden in an article entitled "Classification of Property as Real or Personal for Ohio Property Taxes: An Appraisal."

The attempt of the General Assembly to create a statutory situs for intangibles as distinguished from the principles of common law situs has given rise to serious and perplexing questions, particularly in the field of accounts receivable. This problem will be considered by Messrs. Glander and Dewey in "Taxation of Accounts Receivable in Ohio—The Impact of Constitutional Limitations."

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<sup>3</sup> 147 Ohio St. 58, 68 N.E. 2d 64 (1946).

While the constitution and statutes of the state have long provided for the exemption from real property taxes of property used by charitable institutions, that problem has come to the forefront as a result of recent decisions of the Supreme Court of Ohio and will be the subject of a timely article by John M. Caren entitled "Constitutional Limitations on the Exemption of Real Property from Taxation."

Of first importance today to taxpayers and local governments alike is the legality of the gross income tax as presently levied in six Ohio municipalities. As previously noted, this problem was recently decided by the Supreme Court and will be considered in this issue in an article by Dean Jefferson B. Fordham and Mr. W. Thomas Mallison, Jr., of the College of Law, under the title "Local Income Taxation."

I am sure that all of those who are concerned with Ohio tax problems will find much of interest and benefit in this particular issue of the Ohio State Law Journal.

