

Ohio

Department of Taxation

AUDITOR
WARREN COUNTY, OHIO
FILED
2016 OCT 24 AM 10:49

Tax Equalization
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Equal Opportunity Employer

GEORGE RAITSA
AUDITOR

TO: All County Auditors

FROM: Shelley Wilson, Executive Administrator, Tax Equalization Division *SW*

RE: Interest Rate Certification for Calendar year 2017

DATE: October 18, 2016

The attached Journal Entry certifies the interest rates as determined by the Tax Commissioner as required by Ohio Revised Code section 5703.47. For 2017, the general interest rate is 4%, and the interest rate for unpaid or overpaid general business personal property and estate taxes is 1%.

Please note that Revised Code section 319.19 was repealed by Sub. H.B. 166, effective September 8, 2016. Therefore there is no longer any requirement for the county auditor to notify the various courts of the change in the interest rate.

cmz
Enclosure
cc: County Treasurers

Ohio

Department of
Taxation
DELAWARE COUNTY, OHIO

Administrative Journal Entry

2016 OCT 24 AM 10:49

GEORGE KATISA
AUDITOR
STATE OF OHIO
DEPARTMENT OF TAXATION

OCT 12 2016

In the matter of the Determination
of the Interest Rates Pursuant to
Section 5703.47 of the Ohio Revised
Code.

R.C. 5703.47 requires the Tax Commissioner to consider and do the following each year:

- (A) As used in this section, "federal short-term rate" means the rate of the average market yield on outstanding marketable obligations of the United States with remaining periods to maturity of three years or less, as determined under section 1274 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 1274, for July of the current year.
- (B) On the fifteenth day of October of each year, the tax commissioner shall determine the federal short-term interest rate. For purposes of any section of the Revised Code requiring interest to be computed at the rate per annum required by this section, the rate determined by the commissioner under this section, rounded to the nearest whole number percent, plus three percent shall be the interest rate per annum used in making the computation for interest that accrues during the following calendar year. For purposes of sections 5719.041 and 5731.23 of the Revised Code, references to the "federal short-term rate" are references to the federal short-term rate as determined by the tax commissioner under this section rounded to the nearest whole percent.
- (C) Within ten days after the interest rate per annum is determined under this section, the tax commissioner shall notify the auditor of each county in writing of that rate of interest.

The rounded federal short-term rate for July 2016 is one percent (1%). The rounded short-term rate, plus three percent (3%), yields the applicable per annum interest rate used in making the computation for interest that accrues during calendar year 2017 pursuant to R.C. 5703.47. **Therefore, the Tax Commissioner hereby determines that the interest rate prescribed by R.C. 5703.47 for calendar year 2017 is four percent (4%).**

Solely for purposes of R.C. 5719.041 (personal property tax) and R.C. 5731.23 (estate tax), the interest rate for calendar year 2017 is one percent (1%).

Pursuant to R.C. 5703.47(C), each county auditor will be provided a notice of this journal entry.



Department of
Taxation

Administrative
Journal Entry

Date: OCT 15 2014

In the matter of the Determination)
of the Interest Rates Pursuant to)
Section 5703.47 of the Ohio Revised)
Code)

R.C. 5703.47 requires the Tax Commissioner to consider and do the following each year:

(A) As used in this section, "federal short-term rate" means the rate of the average market yield on outstanding marketable obligations of the United States with remaining periods to maturity of three years or less, as determined under section 1274 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 1274, for July of the current year.

(B) On the fifteenth day of October of each year, the tax commissioner shall determine the federal short-term interest rate. For purposes of any section of the Revised Code requiring interest to be computed at the rate per annum required by this section, the rate determined by the commissioner under this section, rounded to the nearest whole number percent, plus three percent shall be the interest rate per annum used in making the computation for interest that accrues during the following calendar year. For purposes of sections 5719.041 and 5731.23 of the Revised Code, references to the "federal short-term rate" are references to the federal short-term rate as determined by the tax commissioner under this section rounded to the nearest whole percent.

(C) Within ten days after the interest rate per annum is determined under this section, the tax commissioner shall notify the auditor of each county in writing of that rate of interest.

The rounded federal short-term rate for July 2014 is zero percent (0%). The rounded short-term rate, plus three percent (3%), yields the applicable per annum interest rate used in making the computation for interest that accrues during calendar year 2015 pursuant to R.C. 5703.47. **Therefore, the Tax Commissioner hereby determines that the interest rate prescribed by R.C. 5703.47 for calendar year 2015 is three percent (3%)**

Solely for purposes of R.C. 5719.041 (personal property tax) and R.C. 5731.23 (estate tax), the interest rate for calendar year 2015 is zero percent (0%).

Pursuant to R.C. 5703.47(C), each county auditor will be provided a notice of this journal entry. Each county auditor is hereby advised that pursuant to R.C. 319.19 the county auditor should notify the clerk of the court of common pleas and the clerk of each municipal court and county court in the county of this interest rate determination.

Joseph W. Testa
Tax Commissioner

Administrative Journal Entry

Date: **OCT 12 2012**

In the Matter of the Determination)
of the Interest Rates Pursuant to)
Section 5703.47 of the Ohio Revised)
Code.)

R.C.5703.47 requires the Tax Commissioner to consider and do the following each year:

(A) As used in this section, "federal short-term rate" means the rate of the average market yield on outstanding marketable obligations of the United States with remaining periods to maturity of three years or less, as determined under section 1274 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 1274, for July of the current year.

(B) On the fifteenth day of October of each year, the tax commissioner shall determine the federal short-term rate. For purposes of any section of the Revised Code requiring interest to be computed at the rate per annum required by this section, the rate determined by the commissioner under this section, rounded to the nearest whole number per cent, plus three per cent shall be the interest rate per annum used in making the computation for interest that accrues during the following calendar year. For purposes of sections 5719.041 and 5731.23 of the Revised Code, references to the "federal short-term rate" are references to the federal short-term rate as determined by the tax commissioner under this section rounded to the nearest whole number per cent.

(C) Within ten days after the interest rate per annum is determined under this section, the tax commissioner shall notify the auditor of each county in writing of that rate of interest.

The rounded federal short-term rate for July 2012 is zero per cent (0%). The rounded short-term rate, plus three per cent (3%), yields the applicable per annum interest rate used in making the computation for interest that accrues during calendar year 2013 pursuant to R.C. 5703.47. **Therefore, the Tax Commissioner hereby determines that the interest rate prescribed by R.C. 5703.47 for calendar year 2013 is three per cent (3%).**

Solely for purposes of R.C. 5719.041 (personal property tax) and R.C. 5731.23 (estate tax), the interest rate for calendar year 2013 is zero per cent (0%).

Pursuant to R.C. 5703.47(C), each county auditor will be provided notice of this journal entry. Each county auditor is hereby advised that pursuant to R.C. 319.19 the county auditor should notify the clerk of the court of common pleas and the clerk of each municipal court and county court in the county of this interest rate determination.

 
Joseph W. Testa
Tax Commissioner

Statutory Interest Rate For 2013



By Magistrate Barbara Porzio, Medina County Common Pleas Court

Each year, the state tax commissioner certifies the interest rate that will apply to delinquent taxes during the next calendar year. This rate is also used as the interest rate imposed on judgments and other obligations if there is no written contract that provides otherwise. See R.C. 1343.03. For 2013, the tax commissioner certified that the interest rate that will apply will be three percent. The interest rates applied in previous years are:

Calendar Year	Annual Rate
2013	3.0%
2012	3.0%
2011	4.0%
2010	4.0%
2009	5.0%
2008	8.0%
2007	8.0%
2006	6.0%
2005	5.0%
June 2, 2004	4.0%
Prior to June 2, 2004	10.0%

Statutory interest accrues from the time the debt becomes "due and payable" even if the amount of the debt is uncertain. *Royal Elec. Constr. Corp. v. Ohio State Univ.* (1995), 73 Ohio St. 3d 110, 652 N.E.2d 687. The decision to allow or not allow prejudgment interest is not discretionary. The court must award prejudgment interest.

Prior to the entry of final judgment, statutory interest accrues on an obligation in accordance with the rates set forth above. When the final judgment is granted, the judgment accrues interest at the statutory rate in effect on that date, and remains constant until the obligation is paid in full.

Rules about Interest

1. If there is an interest rate stipulated by a contract, the court is required to award the contract interest rate, both prejudgment and post judgment. It is reversible error to substitute statutory interest for the contract rate.
2. If there is no interest rate stipulated by a contract, pre-judgment interest varies each year in accordance with the statutory rates set by the tax commissioner. *Jem Real Estate v. Heyden*, 838 N.E.2d 891, 2005-Ohio-5935. *Mulchin v. ZZZ Anesthesia*, 6th Dist. No. E-05-45, 2006-Ohio-5773; *Hausser & Taylor v. Accelerated System Integration*, 8th Dist. No. 86547, 2006-Ohio-1582. *Lehrner v. Safeco Insurance Co.*, 2nd Dist. No. 21324/21325, 2007-Ohio-795.
3. If there is no interest rate stipulated by a contract, post-judgment interest accrues at the statutory rate in effect when the judgment was entered and remains constant until the judgment is satisfied. R.C. §1343.03(B).
4. An obligation accrues simple interest, absent a specific agreement or statutory provision authorizing compound interest. *Mayer v. Medancic*, 124 Ohio St. 3d 101, 2009-Ohio-6190.
5. Pre-judgment interest is merged into the amount of the judgment and is not considered compound interest. *Nakoff v. Fairview Gen. Hosp.* (1997), 118 Ohio App.3d 786, 694 N.E.2d 107; *Hosford v. Automatic Control Systems, Inc.*, 14 Ohio App. 3d 118, 470 N.E.2d 263 (1984); *Floom v. Prudential Property and Casualty*, 5th Dist. No. 2003CA00122, 2003-Ohio-5957.
6. Pre-judgment interest begins to run when money becomes due, even if the amount owed is uncertain. *Royal Elec. Constr. Corp. v. Ohio State Univ.* (1995), 73 Ohio St.3d 110, 1995 Ohio 131, 652 N.E.2d 687; *Schneider, Smeltz, Ranney & LaFond v. Kedia*, 154 Ohio App. 3d 117, 2003-Ohio-4567, 796 N.E.2d 553.
7. A judgment entered after June 4, 2004 does not accrue interest from the time the judgment becomes dormant to the time it is revived. R.C. 2325.18
8. The court may impose statutory interest (rather than contract interest) where there is insufficient evidence in the record to prove the contract rate of interest. *Capital One Bank v. Heidebrink*, 6th Dist. No. OT-08-049, 2009-Ohio-2931; *Discover Bank v. Lammers*, 2nd Dist. No.08-CA-85, 2009-Ohio-3516; *John Soliday Financial Group v. Stutzman*, 9th Dist. No. 08CA0046, 2009-Ohio-2081.
9. A creditor cannot charge interest on an obligation merely by making a notation on an invoice or account statement. Unless there is a writing to which both parties have agreed, the creditor is limited to charging statutory interest. *Minster Farmers Coop. Exch. Co. v. Meyer*, 117 Ohio St.3d 459; 2008-Ohio-1259, 884 N.E.2d 1056.
10. It is a crime in Ohio to charge interest at a rate exceeding 25 percent per year unless the rate of interest is otherwise authorized by law or the creditor and the debtor are members of the same immediate family. R.C. 2905.21
11. Credit card banks are organized as national banks. They are governed by federal law, which preempts state law. A national bank is entitled to charge its customers the interest rate allowed by the laws of the state where the bank is located, even though that interest rate may be greater than that permitted by the law of the state where the debt was incurred. *Marquette National Bank v. First of Omaha Service Corp.*, (1978), 439 U.S. 299, 99 S.Ct.540, 58 L.Ed.2d 534.
12. The cost of credit depends on two factors, the stated interest rate and the compounding frequency. Credit card companies assess finance charges by compounding the interest on a *daily basis*, even though the interest is not posted to the account until the end of the billing cycle. Although the monthly statements issued by credit card banks use the term APR, (annual percentage rate), this is not the amount of interest charged to the account over a year. It is a rate, divided by 365, which is added to the outstanding balance every day. The true cost of credit is shown in the *effective annual rate* (EAR), but this rate is rarely disclosed on the monthly statement. A nominal APR of 29.99 percent has an effective annual rate of 34.96 percent.
13. "Interest" is defined as any payment compensating a creditor or prospective creditor for an extension of credit. This definition specifically includes numerical periodic rates, late fees, not sufficient fund fees, overlimit fees, annual fees, cash advance fees, and membership fees. This term is also defined as not ordinarily including appraisal fees, premiums, and commissions attributable to insurance guaranteeing repayment of an extension of credit, finders' fees, fees for document preparation or notarization, or fees incurred to obtain credit reports.
14. Effective September 28, 2012, the statute of limitations on any agreement, contract or promise in writing is *eight years* after accrual of the cause of action (formerly