

# TANGIBLE PERSONAL PROPERTY TAX

Taxes levied on tangible personal property totaled approximately \$1.6 billion in calendar year 1999, on a taxable value of \$22.5 billion. The \$10,000 exemption reduced the statewide taxable value by approximately \$1.2 billion and taxes levied by \$91.8 million in 1999. However, the state reimbursed local governments for this revenue loss.

**TAX BASE (R.C. 5701.03, 5701.08, 5709.01, 5711.03, 5711.15-5711.18, 5711.22):**

The tax base is tangible personal property located and used in business in Ohio - including machinery, equipment, and inventories. The assessment percentage for tax year 2000 is 25%. However, the inventory assessment percentage will be phased out by reducing the assessment percentage by one-percent each year starting in tax year 2002. The phase-out will be completed no later than 2031.

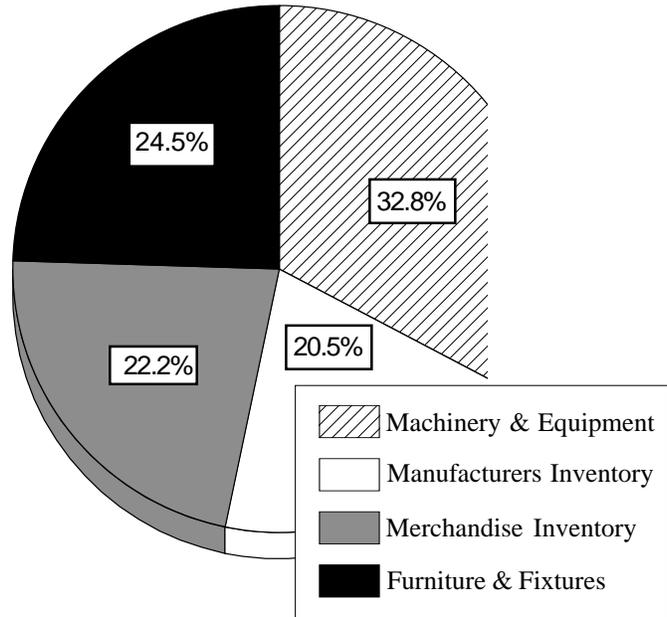
Taxable value is determined by applying various assessment percentages to the true value of different classes of tangible personal property. The true value of depreciable assets (machinery and equipment, furniture and fixtures, etc.) is statutorily defined as depreciated book value unless the assessor determines otherwise. The true value of manufacturers' and merchants' inventories is determined by the average monthly value (basically cost of acquisition) of the inventories. Inventories of other taxpayers are listed at their value as of the tax listing date (generally December 31).

**RATES (R.C. 319.31, 5705.02, 5705.03, 5705.05, 5705.19):**

Tangible personal property tax rates vary by taxing jurisdiction. Total tax rate includes all levies enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located (e.g. county, township, municipal corporation,

## Tangible Personal Property Valuation By Type of Property

Calendar Year 1999 Total -- \$22.5 Billion



school district, etc.). The rates applied to tangible personal property are the same as the rates applied to the previous year's listing of real estate and public utility property. However, gross taxes levied on real property are reduced when real property values increase, while taxes levied against tangible property are not reduced. The statewide average effective tax rate on tangible property in 1999 was 73.21 mills.

## EXEMPTIONS AND EXCEPTIONS:

1. The first \$10,000 of otherwise taxable value for each company. (R.C. 5709.01)
2. Property not used in business; i.e., property owned and not used for gain by any level of government, schools, churches, colleges, etc. (R.C. 5701.08, 5709.07, 5709.08, and 5709.12)
3. Registered motor vehicles and licensed aircraft. (R.C. 5701.03 and 5709.01)
4. Personal property used in agriculture. (R.C. 5701.08)
5. Patterns, jigs, dies, and drawings used in business which are held for use and not for sale. (R.C. 5701.03)
6. Certified air, water, and noise pollution control equipment. (R.C. 5709.25 and 6111.35)
7. Tangible personal property of domestic and foreign insurance companies, financial institutions,

and dealers in intangibles (except property held for the purpose of leasing to others). (R.C. 5725.25 and 5725.26)

8. Machinery and equipment while under installation or construction in a plant or facility and not capable of operation. (R.C. 5701.08)
9. Certified energy conversion facilities — property used to convert a commercial or industrial facility from the use of natural gas or fuel oil to any other fuel except propane, butane, or naphtha. (R.C. 5709.50)
10. Certified thermal efficiency improvement facilities — property used for recovery and use of waste heat, or steam produced in generating electricity, heat generation, lighting, refrigeration, or space heating. (R.C. 5709.50)
11. Certified solid waste energy conversion facilities — property used to convert solid waste from industrial operations into energy for some useful purpose. (R.C. 5709.50)
12. Inventories held for use in a foreign trade zone. (R.C. 5709.44)
13. Property in a public recreational facility used for athletic events if certain criteria are met. (R.C. 5709.081)
14. Property shipped from outside Ohio, held in storage only, and shipped back out of Ohio. (R.C. 5701.08)
15. Leased property used by the lessee exclusively for agricultural purposes. (R.C. 5701.08)
16. New and used machinery, equipment, and accessories designed and built for agricultural use while in the inventory of a merchant. (R.C. 5701.08)
17. Property owned by a port authority and leased to a railroad is partially exempt for a period of ten years. (R.C. 5709.71)
18. Property used in the production of grape juice or wine and grape juice and wine inventory not held in labeled containers in which it will be sold. (R.C. 5709.55)
19. Public recreational facility used by a major league athletic team if certain conditions are met. (R.C. 5709.081)

### **SPECIAL PROVISIONS (R.C. 321.24, 5709.61-5709.69):**

1. Companies may receive up to a 75% exemption for up to ten years for tangible personal property used in an enterprise zone located within a municipality. The exemption is limited to 60% for zones in unincorporated areas. Exemptions may exceed these levels if agreed upon by school districts. Companies seeking to receive an exemption must submit an investment proposal to the local authority that created the zone where the operation will be located. Special exemptions are available for property being used at a facility located initially within a contaminated site which is being remedied, and for property at a large manufacturing operation that has ceased or will cease operation.
2. The local revenue loss caused by the \$10,000 exemption is reimbursed from state revenues (**See Exemptions and Exceptions**).

### **FILING AND PAYMENT DATES (R.C. 319.29, 323.17, 5711.01, 5711.04, 5711.25, 5719.02, 5719.03):**

**February 15th to April 30th** - Returns are filed by all businesses during this period unless an extension of up to 45 days is allowed by the county auditor or Tax Commissioner. Taxpayers first engaging in business after January 1 file a return within 90 days of the day they start business. Single-county corporations, unincorporated businesses, and individuals pay one-half of tax due when filing tax returns. Businesses whose only taxable property is exempt under the \$10,000 exemption must still file a return and report the value of that property. The value of the \$10,000 exemption is reduced by 50 percent for companies filing late.

**Second Monday in August** - Tax Commissioner certifies preliminary tangible personal property valuations of inter-county corporations to county auditors.

**Third Monday in August** - County auditor certifies and delivers tangible personal property list to county treasurer.

**September 20th** - Inter-county corporations pay total tax liability by this date. Second half of tax due from all other taxpayers. This due date may be extended for up to 30 days.

**DISPOSITION OF REVENUE (R.C. 319.50, 319.54, 5705.10, 5719.02, 5719.05):**

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total voted millage levied by each, or as apportioned by the county budget commission (millage inside the 10-mill limit). In 1999, school districts received 71.5 percent of the total tax revenue, while municipalities received 6.1 percent, townships 3.6 percent, and counties and special districts 18.8 percent.

**ADMINISTRATION (R.C. 5711.11, 5711.13):**

Each county auditor is a deputy of the Tax Commissioner for purposes of this tax. Taxpayers are required to file annual returns with either the Tax Commissioner or the county auditor. The following table indicates where the returns are filed and who is responsible for assessing the property.

Taxpayer	Filed with and assessed by
Inter-county taxpayers (businesses with taxable property in more than one county)	Tax Commissioner
Single-county taxpayers* (businesses with taxable property in only one county)	County Auditor
* Returns are filed in duplicate with one copy forwarded to the Tax Commissioner.	

**OHIO REVISED CODE CITATIONS:**

Chapters 319, 323, 5701, 5705, 5709, 5711, and 5719.

**RECENT LEGISLATION:**

*Substitute Senate Bill 3; effective October 3, 1999 (Electric Deregulation Bill).*

**R.C. 5711.22** - Beginning tax year 2002, the assessment rate on electrical generating equipment is reduced from the current 100 percent to 25 percent.

*Substitute House Bill 27; effective September 24, 1999, Section 3 (Temporary Law).*

Temporarily provides for a limited abatement of property taxes and penalties and interest owed that would have been exempt except for failure to comply with certain procedures.

**R.C. 5723.06** - Prohibits sales of forfeited land to delinquent taxpayers.

**R.C. 5709.61** - Extends the Enterprise Zone program to certain qualified electric generating peaking units.

*House Bill 283; effective June 30, 1999 (Biennial Budget Bill).*

**R.C. 5709.62** - Extends the Enterprise Zone program for a five-year period from June 30, 1999 to June 30, 2004.

**R.C. 5711.22** - Beginning tax year 2002 to 2006, the assessment rate on inventories is reduced by one-percent per year dependent upon certain conditions. After 2007 the rate is reduced by one-percent per year until it is eliminated, no later than 2031.

**RECENT SIGNIFICANT COURT DECISIONS:**

*Ohio Locomotive Crane Co. v Tracy (July 16, 1999), BTA 97-918. (Appealed to 8th District Ct. of Appeals).* The Board of Tax Appeals did not allow a "902 Claim" (deduction from book value) based on "obsolete" inventory, which remained on the taxpayer's books and had not been scrapped. The taxpayer's assertions concerning the value of inventory of a division, which was sold, were not supported by credible evidence, and so were not allowed.

***Harsco Corp. v Tracy (1999), 86 Ohio St. 3d 189.*** Harsco Corporation sold one of its operating divisions to Astro Metallurgical Corporation on December 1, 1989, and both corporations continued in business in Ohio after that date. Astro listed the average value of its inventory for one month. Harsco was assessed the average value of its property for the 11 months preceding the sale date. Harsco contended that assessing both corporations violated the federal Equal Protection Clause. The Supreme Court held there was no violation, and that the state has a legitimate interest in levying a tax on average business inventory and avoiding the inequality of fluctuating inventories.

***Campbell Soup Co. v Tracy (2000), 88 Ohio St. 3d 473.*** The Court affirmed the Board's decision rejecting the use of an appraisal to determine the true value of the appellant's personal property. The Court reversed the Board's allowance of additional depreciation for assets that had reached the residual floor value described by the Tax Commissioner in the 302 Computation.

***Bush Industries, Inc. v Tracy (June 9, 2000), BTA No. 98-396.*** The Board discussed the proper starting date of an enterprise zone agreement. In this case the start date was the first tax lien date, i.e., the date the appellant filed its new taxpayer property tax return.

**Table 75**  
**Assessed Value of Tangible Personal Property and Taxes Levied,**  
**Calendar Years 1994-1999**

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change		Average Tax Rate (in mills)
			Value	Taxes	
1994	\$18,067,155,514	\$1,233,324,557	1.15	2.25	68.26
1995	18,813,449,176	1,309,448,002	4.13	6.17	69.60
1996	20,047,309,172	1,422,137,182	6.56	8.61	70.94
1997	20,980,248,076	1,519,348,520	4.65	6.84	72.42
1998	21,692,067,360	1,576,061,071	3.39	3.73	72.66
1999	22,466,755,621	1,644,773,487	3.57	4.36	73.21

**Table 76**  
**Taxes Levied on Tangible Personal Property, by Subdivision,**  
**Calendar Years 1994-1999**

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City and Village	School District <sup>(a)</sup>	Township	County <sup>(b)</sup>		
1994	\$81,808,218	\$870,493,578	\$42,773,681	\$238,249,081	\$253,477,295	\$1,486,801,853
1995	85,888,749	927,703,443	45,442,595	250,413,215	230,364,565	1,539,812,568
1996	91,863,081	1,010,961,359	49,125,009	270,187,733	237,190,021	1,659,327,203
1997	95,082,900	1,087,429,496	52,106,292	284,729,832	276,372,605	1,795,721,125
1998	97,541,525	1,128,804,694	55,008,737	294,706,114	283,341,307	1,859,402,377
1999	99,900,678	1,176,507,997	58,928,318	309,436,494	264,098,149	1,644,773,487

*(a) Includes JVS.*

*(b) Includes special districts.*

**Table 77**  
**Taxes Levied on Tangible Personal Property in Ohio Cities, by Subdivision**  
**Calendar Years 1994-1999**

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City and Village	School District <sup>(a)</sup>	Township	County <sup>(b)</sup>		
1994	\$72,497,872	\$586,458,130	\$3,859,494	\$163,898,316	\$155,799,571	\$982,513,383
1995	77,438,442	627,408,615	4,317,218	173,079,046	141,201,519	1,023,444,840
1996	81,609,628	687,906,706	5,008,897	187,072,798	140,711,396	1,102,309,425
1997	84,229,820	740,574,447	5,321,781	195,630,520	163,939,185	1,189,695,753
1998	86,031,622	764,216,355	5,665,629	200,970,136	169,666,803	1,226,550,547
1999	88,523,555	794,459,009	6,047,422	210,258,954	149,332,224	1,248,621,163

(a) Includes JVS.

(b) Includes special districts.

**Table 78**  
**Assessed Value<sup>(a)</sup> of Tangible Personal Property of Inter-County**  
**Corporations,<sup>(b)</sup> by Industry Class and Class of Property,**  
**Calendar Year 1999**

Industry Class	Manufacturing Machinery & Equipment <sup>(c)</sup>	Manufacturers' Inventories	Merchants' Inventories	Furniture, Fixtures & All Other Property	Total
Agriculture & Forestry	\$12,341,904	\$5,716,334	\$3,988,156	\$6,834,937	\$28,881,330
Mining	138,596,312	33,573,658	23,942,751	86,505,958	282,618,680
Construction	40,866,024	10,517,682	15,207,939	56,118,075	122,709,720
Manufacturing	4,049,059,929	2,317,149,030	442,820,910	956,133,771	7,765,163,640
Transportation & Communication	139,477,255	6,033,348	12,960,318	185,779,580	344,250,500
Wholesale Trade	111,401,734	144,391,081	493,778,557	155,917,967	905,489,340
Retail Trade	38,547,596	11,236,776	1,194,944,372	620,197,615	1,864,926,360
Finance <sup>(d)</sup>	96,181,650	31,885,294	26,524,726	338,464,051	493,055,720
Service	134,841,136	27,881,950	131,334,037	637,636,547	931,693,670
Unclassified	<u>554,477,345</u>	<u>248,879,532</u>	<u>467,955,351</u>	<u>786,345,522</u>	<u>2,057,657,750</u>
Total	\$5,315,790,885	\$2,837,264,685	\$2,813,457,118	\$3,829,934,022	\$14,796,446,710

(a) After the \$10,000 exemption.

(b) Inter-county corporations are corporations with taxable property in more than one Ohio county.

(c) Also includes property used in mining, laundries, drycleaning, towel and linen supply, stone and gravel plants, and radio and television broadcasting.

(d) Primarily property leased from financial institutions.

**Table 79**  
**Assessed Value of Tangible Personal Property, by Class of Property,**  
**Calendar Years 1998-1999**  
**(in millions of dollars)**

Class of Property	Schedule	Assessment Levels (% of True Value)	Assessed Taxable Value			
			Inter-County Corporations		All Business <sup>(a)</sup>	
			1998/1999	1998	1999	1998 <sup>(b)</sup>
Manufacturing Machinery & Equipment	2	25%	\$5,128.2	\$5,315.8	\$7,063.3	\$7,345.2
Manufacturers' Inventories	3	25	2,869.6	2,837.3	4,538.8	4,587.7
Merchants' Inventories	3A	25	2,767.1	2,813.4	4,850.4	4,998.2
Furniture, Fixtures, & All Other Property	4	25	<u>3,613.1</u>	<u>3,829.9</u>	<u>5,239.6</u>	<u>5,535.7</u>
Total			\$14,378.1	\$14,796.4	\$21,692.1	\$22,466.8

(a) Includes single-county corporations and unincorporated businesses as well as inter-county corporations.  
(b) Partially estimated.

**Table 80**  
**Listing Percentages Applied to True Value of Tangible Personal Property**  
**to Determine Taxable Value, Tax Years 1991- 2000**

Tax Year	Manufacturing Machinery & Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment*	All Other Property**
1991	27	27	27	100	27
1992	26	26	26	100	26
1993 - 2000	25	25	25	100	25

\* Property used in generating or distributing electricity to others (except utilities).  
\*\* Includes furniture and fixtures.

**Table 81**  
**Assessed Value of Tangible Personal Property, Taxes Levied, and**  
**Average County Rates on Tangible Property, by County, Calendar Year 1999**

County	Value of Taxable Property	Current Taxes Levied*	Average County Rate (inmills)	County	Value of Taxable Property	Current Taxes Levied*	Average County Rate (inmills)
Adams	\$23,209,870	\$1,117,544	48.15	Logan	\$137,417,220	\$7,824,484	56.94
Allen	364,941,363	18,448,796	50.55	Lorain	532,606,055	39,200,623	73.60
Ashland	93,098,754	6,128,393	65.83	Lucas	824,761,596	70,015,819	84.89
Ashtabula	178,453,230	12,512,693	70.12	Madison	52,272,350	2,901,220	55.50
Athens	39,942,208	3,005,329	75.24	Mahoning	305,280,910	23,113,472	75.71
Auglaize	131,370,372	7,349,874	55.95	Marion	129,021,590	8,212,021	63.65
Belmont	89,100,770	5,019,681	56.34	Medina	244,390,447	20,641,140	84.46
Brown	20,894,077	1,014,229	48.54	Meigs	22,746,390	1,055,762	46.41
Butler	665,023,611	40,512,111	60.92	Mercer	56,275,314	2,794,431	49.66
Carroll	29,099,751	1,650,328	56.71	Miami	272,492,510	17,198,716	63.12
Champaign	74,531,615	4,768,998	63.99	Monroe	76,975,447	3,637,536	47.26
Clark	218,774,722	14,496,397	66.26	Montgomery	1,094,686,972	89,592,881	81.84
Clermont	204,776,580	15,352,250	74.97	Morgan	26,584,018	1,214,247	45.68
Clinton	105,122,382	5,886,827	56.00	Morrow	25,380,135	1,608,745	63.39
Columbiana	133,618,080	8,277,278	61.95	Muskingum	117,770,405	7,461,234	63.35
Coshocton	75,959,784	3,890,381	51.22	Noble	12,632,615	624,324	49.42
Crawford	91,183,953	6,487,221	71.14	Ottawa	139,766,817	8,148,487	58.30
Cuyahoga	2,762,711,354	238,547,060	86.35	Paulding	26,444,160	1,401,777	53.01
Darke	105,863,572	5,523,379	52.17	Perry	22,150,595	1,332,052	60.14
Defiance	80,972,261	4,596,050	56.76	Pickaway	116,035,478	6,444,800	55.54
Delaware	185,855,268	12,085,257	65.03	Pike	113,565,362	5,805,605	51.12
Erie	187,364,321	14,954,254	79.81	Portage	212,108,025	18,354,618	86.53
Fairfield	123,682,448	9,050,409	73.17	Preble	64,458,150	3,476,014	53.93
Fayette	54,002,995	3,019,536	55.91	Putnam	58,933,497	2,645,833	44.90
Franklin	2,280,705,992	199,291,758	87.38	Richland	289,601,136	21,465,086	74.12
Fulton	111,533,000	7,550,482	67.70	Ross	165,131,910	8,886,541	53.81
Gallia	37,248,105	1,406,184	37.75	Sandusky	148,421,800	7,788,410	52.47
Geauga	124,077,900	10,691,283	86.17	Scioto	71,627,850	3,956,499	55.24
Greene	162,283,493	11,385,576	70.16	Seneca	109,678,405	6,551,676	59.74
Guernsey	84,833,650	4,961,385	58.48	Shelby	252,818,792	12,793,732	50.60
Hamilton	2,007,902,150	159,584,288	79.48	Stark	789,117,912	53,944,595	68.36
Hancock	258,385,404	14,376,444	55.64	Summit	1,093,128,234	83,565,678	76.45
Hardin	49,492,073	2,573,399	52.00	Trumbull	490,648,636	32,674,035	66.59
Harrison	18,111,630	1,061,832	58.63	Tuscarawas	186,651,542	11,588,720	62.09
Henry	86,018,074	5,691,911	66.17	Union	180,078,875	11,646,572	64.67
Highland	48,391,034	2,157,062	44.58	Van Wert	48,437,020	3,027,093	62.50
Hocking	25,493,983	1,427,390	55.99	Vinton	13,981,928	629,049	44.99
Holmes	77,942,210	4,288,484	55.02	Warren	312,135,521	22,095,793	70.79
Huron	130,494,720	8,068,498	61.83	Washington	207,062,350	10,315,400	49.82
Jackson	45,841,924	2,147,222	46.84	Wayne	258,973,567	18,592,067	71.79
Jefferson	136,296,311	8,070,746	59.21	Williams	110,653,720	7,285,762	65.84
Knox	100,185,058	6,105,659	60.94	Wood	289,369,091	20,704,289	71.55
Lake	598,274,355	48,888,242	81.72	Wyandot	<u>55,425,430</u>	<u>2,860,803</u>	<u>51.62</u>
Lawrence	53,332,670	1,937,610	36.33				
Licking	232,658,767	14,336,116	61.62	Statewide Total	\$22,466,755,621	\$1,644,773,487	73.21

SOURCE: Abstracts filed by county auditors with the Ohio Department of Taxation.

**Table 82**  
**Tangible Personal Property Tax -- Reduction in Value and Amount Reim-**  
**bursed for \$10,000 Exemption, by County, Calendar Year 1999**

County	Reduction of Taxable Value	Amount Reimbursed by State	County	Reduction of Taxable Value	Amount Reimbursed by State
Adams	\$1,875,580	\$96,153	Logan	\$5,286,487	\$329,850
Allen	12,046,755	629,309	Lorain	25,802,015	1,924,523
Ashland	5,914,093	390,019	Lucas	44,512,017	3,870,758
Ashtabula	10,573,890	733,911	Madison	3,146,220	182,872
Athens	4,780,875	374,217	Mahoning	25,910,020	1,974,716
Auglaize	5,992,100	366,589	Marion	5,938,095	385,656
Belmont	7,304,890	425,345	Medina	18,446,507	1,597,008
Brown	2,789,576	145,089	Meigs	1,968,300	93,926
Butler	29,543,139	1,905,091	Mercer	6,395,530	319,143
Carroll	2,687,361	148,429	Miami	12,245,520	796,049
Champaign	3,490,133	213,562	Monroe	1,358,440	64,448
Clark	11,189,813	778,030	Montgomery	55,432,208	4,946,586
Clermont	14,734,899	1,200,870	Morgan	1,154,755	54,043
Clinton	3,940,141	227,653	Morrow	2,167,675	133,264
Columbiana	12,011,980	743,026	Muskingum	9,745,434	649,096
Coshocton	3,923,790	218,085	Noble	1,175,225	58,931
Crawford	5,513,761	409,254	Ottawa	6,294,532	415,120
Cuyahoga	153,768,353	14,660,051	Paulding	2,058,350	117,360
Darke	7,294,818	381,161	Perry	2,430,992	153,624
Defiance	4,447,886	261,525	Pickaway	3,522,718	196,073
Delaware	9,476,485	636,216	Pike	1,908,541	114,091
Erie	10,214,579	826,100	Portage	14,742,111	1,309,501
Fairfield	10,664,219	809,564	Preble	3,524,550	188,088
Fayette	2,843,020	161,406	Putnam	4,415,408	211,526
Franklin	99,583,017	9,374,325	Richland	13,358,150	1,033,663
Fulton	6,105,660	413,816	Ross	6,000,162	331,062
Gallia	2,859,652	117,655	Sandusky	7,431,241	403,983
Geauga	13,190,290	1,177,456	Scioto	6,622,570	394,516
Greene	11,529,468	835,883	Seneca	6,322,700	380,418
Guernsey	4,874,390	308,401	Shelby	6,069,190	332,441
Hamilton	97,874,690	8,596,269	Stark	40,430,085	3,028,296
Hancock	8,941,239	529,023	Summit	58,805,080	4,691,391
Hardin	2,762,969	153,502	Trumbull	22,813,211	1,573,676
Harrison	1,361,000	82,942	Tuscarawas	12,184,580	776,775
Henry	3,702,956	245,532	Union	3,848,805	254,506
Highland	3,311,100	144,774	Van Wert	3,614,760	229,981
Hocking	2,640,594	152,502	Vinton	951,647	45,602
Holmes	8,949,400	493,338	Warren	13,974,030	982,410
Huron	7,649,530	494,359	Washington	8,069,240	434,199
Jackson	2,966,966	138,188	Wayne	15,659,984	1,083,606
Jefferson	5,704,431	334,646	Williams	5,323,040	352,024
Knox	5,310,393	328,609	Wood	12,576,505	931,454
Lake	30,583,605	2,628,077	Wyandot	<u>3,158,090</u>	<u>167,024</u>
Lawrence	3,162,370	118,267			
Licking	13,830,240	893,779	Totals	\$1,180,710,816	\$91,815,278

SOURCE: Abstracts filed by county auditors with the Ohio Department of Taxation.