

TANGIBLE PERSONAL PROPERTY TAX

Taxes levied on tangible personal property totaled approximately \$1.7 billion in calendar year 2000, on a taxable value of \$23.3 billion. The \$10,000 exemption reduced the statewide taxable value by approximately \$1.2 billion and taxes levied by \$93.3 million in 2000. 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 2001 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.

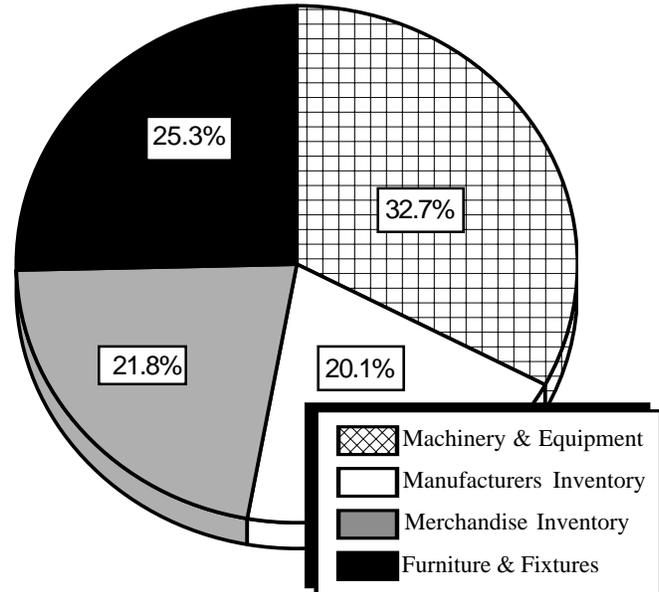
Taxable value is determined by applying various assessment percentages to the true value of different classes of tangible personal property. The true value of depreciable assets (machinery and equipment, furniture and fixtures, etc.) is statutorily defined as depreciated book value unless the assessor 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, school district, etc.). The rates applied to tangible personal property are the same as the rates applied to the previous

Tangible Personal Property Valuation By Type of Property

Calendar Year 2000 Total -- \$23.3 Billion



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 2000 was 73.86 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 on page 138**).

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 2000, school districts received 71.4 percent of the total tax revenue, while municipalities received 6.1 percent, townships 3.6 percent, and counties and special districts 18.9 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:

B.J. Alan Co. v. Zaino, (Jan. 26, 2001) BTA No. 99-448.

The taxpayer, a fireworks distributor, contended that a portion of its property was not taxable because it was not used in business but was held for storage only and for shipment outside Ohio. R.C. 5701.08(B)(1) provides an exception from the definition of “used in business” for property which is to be shipped from a warehouse or place of storage in Ohio to the owner of the property or persons other than customers at locations outside this state for use, processing, or sale. In this case, the fireworks at the taxpayer’s Ohio facility were taken from master cartons, combined in assortments, wrapped, placed into boxes, and shipped. The BTA held that this combining of the various fireworks into packages constituted processing, and the property therefore did not qualify for the “storage only” exception.

S & Z Tool & Die Co., Inc. v. Tracy, (April 6, 2001), BTA No. 98-430.

The taxpayer filed “902” claims for deductions from book value for years 1994 and 1995 based on the allocation of a two-step arm’s-length sale of the stock which occurred in 1992 and 1995. The BTA found the evidence presented by the taxpayer to be insufficient to support its claims for deduction.

Table 72
Assessed Value of Tangible Personal Property and Taxes Levied,
Calendar Years 1995-2000

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change		Average Tax Rate (in mills)
			Value	Taxes	
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
2000	23,298,302,564	1,720,740,378	3.70	4.62	73.86

Table 73
Taxes Levied on Tangible Personal Property, by Subdivision,
Calendar Years 1995-2000

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City and Village	School District ^(a)	Township	County ^(b)		
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	1,908,871,636
2000	104,293,885	1,229,297,276	62,229,758	324,919,460	309,354,628	2,030,095,007

(a) Includes JVS.

(b) Includes special districts.

Table 74
Taxes Levied on Tangible Personal Property in Ohio Cities, by Subdivision
Calendar Years 1995-2000

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City and Village	School District ^(a)	Township	County ^(b)		
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
2000	92,726,568	838,712,173	6,796,621	223,796,859	176,718,073	1,338,750,294

(a) Includes JVS.
(b) Includes special districts.

Table 75
Assessed Value^(a) of Tangible Personal Property of Inter-County
Corporations,^(b) by Industry Class and Class of Property,
Calendar Year 2000

Industry Class	Manufacturing Machinery & Equipment ^(c)	Manufacturers' Inventories	Merchants' Inventories	Furniture, Fixtures & All Other Property	Total
Agriculture, Forestry & Fishing	\$15,064,969	\$6,419,833	\$5,859,132	\$8,927,466	\$36,271,400
Mining	99,055,665	13,745,312	27,354,027	83,450,986	223,605,990
Construction	53,999,772	10,495,605	16,950,733	61,056,830	142,502,940
Manufacturing	3,908,456,162	2,262,781,266	375,978,289	934,121,365	7,481,337,081
Transportation & Communication	113,036,432	6,271,263	11,812,655	205,858,829	336,979,180
Wholesale Trade	147,586,408	126,098,750	475,021,816	162,765,137	911,472,110
Retail Trade	29,083,395	10,225,277	1,246,009,018	667,618,956	1,952,936,645
Finance ^(d)	78,139,242	25,366,430	37,281,166	381,564,203	522,351,040
Service	149,235,089	37,847,420	121,039,665	682,593,262	990,715,435
Unclassified	<u>959,211,363</u>	<u>398,493,473</u>	<u>530,227,243</u>	<u>970,663,595</u>	<u>2,858,595,674</u>
Total	\$5,552,868,497	\$2,897,744,627	\$2,847,533,743	\$4,158,620,628	\$15,456,767,495

(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 76
Assessed Value of Tangible Personal Property, by Class of Property,
Calendar Years 1999-2000
(in millions of dollars)

Class of Property	Schedule	Assessment Levels (% of True Value)	Assessed Taxable Value			
			Inter-County Corporations		All Business ^(a)	
			1999/2000	1999	2000	1999 ^(b)
Manufacturing, Machinery, & Equipment	2	25%	\$5,315.8	\$5,552.9	\$7,345.2	\$7,627.5
Manufacturers' Inventories	3	25	2,837.3	2,897.7	4,587.7	4,687.3
Merchants' Inventories	3a	25	2,813.4	2,847.5	4,998.2	5,081.1
Furniture, Fixtures, & All Other Property	4	25	<u>3,829.9</u>	<u>4,158.6</u>	<u>5,535.7</u>	<u>5,902.4</u>
Total			\$14,796.4	\$15,456.7	\$22,466.8	\$23,298.3

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

Table 77
Listing Percentages Applied to True Value of Tangible Personal Property
to Determine Taxable Value, Tax Years 1991- 2001

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 - 2001	25	25	25	100	25

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

Table 78
Assessed Value of Tangible Personal Property, Taxes Levied, and
Average County Rates on Tangible Property, by County, Calendar Year 2000

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	\$29,200,160	\$1,411,594	48.34	Logan	\$128,352,635	\$7,623,606	59.40
Allen	385,455,722	20,019,628	51.94	Lorain	538,461,180	40,796,402	75.76
Ashland	95,789,994	6,285,311	65.62	Lucas	890,113,940	75,107,275	84.38
Ashtabula	199,967,455	13,651,197	68.27	Madison	59,920,750	3,353,630	55.97
Athens	38,211,307	3,030,219	79.30	Mahoning	323,684,940	24,440,609	75.51
Auglaize	137,989,671	7,709,146	55.87	Marion	133,512,115	8,728,332	65.37
Belmont	88,132,820	5,229,671	59.34	Medina	266,632,450	23,181,101	86.94
Brown	20,811,377	1,011,545	48.61	Meigs	31,516,710	1,440,772	45.71
Butler	692,549,976	42,721,979	61.69	Mercer	57,185,080	2,913,278	50.94
Carroll	32,625,306	1,802,091	55.24	Miami	292,560,370	19,067,365	65.17
Champaign	77,619,892	4,774,098	61.51	Monroe	65,822,000	3,116,723	47.35
Clark	225,207,908	14,813,153	65.78	Montgomery	1,158,564,393	95,354,241	82.30
Clermont	175,559,656	13,611,301	77.53	Morgan	23,837,970	1,162,316	48.76
Clinton	118,843,057	6,405,994	53.90	Morrow	24,278,060	1,626,215	66.98
Columbiana	128,920,590	7,607,271	59.01	Muskingum	129,121,915	8,175,698	63.32
Coshocton	71,319,584	3,679,390	51.59	Noble	13,860,050	679,921	49.06
Crawford	94,181,696	6,649,877	70.61	Ottawa	119,144,785	7,286,581	61.16
Cuyahoga	2,859,682,238	251,557,415	87.97	Paulding	27,991,205	1,517,066	54.20
Darke	94,902,810	4,970,783	52.38	Perry	22,085,507	1,347,921	61.03
Defiance	85,377,356	4,881,396	57.17	Pickaway	112,673,990	6,357,238	56.42
Delaware	216,944,763	14,887,629	68.62	Pike	121,250,246	6,340,825	52.30
Erie	194,276,770	15,679,845	80.71	Portage	231,870,910	19,904,765	85.84
Fairfield	136,170,027	10,017,716	73.57	Preble	68,757,280	3,628,531	52.77
Fayette	53,897,386	3,115,109	57.80	Putnam	63,420,111	2,793,258	44.04
Franklin	2,450,547,760	212,785,463	86.83	Richland	300,161,287	22,132,746	73.74
Fulton	118,319,880	8,016,472	67.75	Ross	174,425,720	9,399,727	53.89
Gallia	35,052,220	1,410,109	40.23	Sandusky	150,806,784	7,975,769	52.89
Geauga	132,110,620	11,555,577	87.47	Scioto	73,704,660	4,090,107	55.49
Greene	174,951,889	12,484,552	71.36	Seneca	116,423,267	6,983,610	59.98
Guernsey	83,586,740	5,149,596	61.61	Shelby	254,525,963	12,946,952	50.87
Hamilton	1,982,852,090	160,141,911	80.76	Stark	789,531,565	55,818,541	70.70
Hancock	237,054,673	13,147,197	55.46	Summit	1,104,357,344	84,759,800	76.75
Hardin	54,172,762	2,815,780	51.98	Trumbull	498,835,161	33,141,891	66.44
Harrison	19,797,730	1,171,293	59.16	Tuscarawas	195,000,228	12,136,073	62.24
Henry	82,702,648	5,521,739	66.77	Union	184,535,770	12,059,686	65.35
Highland	45,150,994	1,980,652	43.87	Van Wert	49,581,216	3,095,656	62.44
Hocking	27,069,337	1,518,344	56.09	Vinton	17,835,220	730,745	40.97
Holmes	80,495,880	4,349,145	54.03	Warren	372,265,478	26,168,106	70.29
Huron	138,853,540	8,592,143	61.88	Washington	246,708,160	12,162,961	49.30
Jackson	48,509,920	2,343,768	48.32	Wayne	264,157,843	19,790,434	74.92
Jefferson	147,181,156	8,453,154	57.43	Williams	117,567,650	7,792,060	66.28
Knox	118,197,542	6,952,455	58.82	Wood	302,124,796	21,746,166	71.98
Lake	592,094,049	48,842,113	82.49	Wyandot	56,683,115	2,959,939	52.22
Lawrence	50,605,600	1,847,109	36.50				
Licking	251,508,194	14,303,808	56.87	Total	\$23,298,302,564	\$1,720,740,378	73.86

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

Table 79
Tangible Personal Property Tax -- Reduction in Value and Amount Reim-
bursed for \$10,000 Exemption, by County, Calendar Year 2000

County	Reduction of Taxable Value	Amount Reimbursed by State	County	Reduction of Taxable Value	Amount Reimbursed by State
Adams	\$1,982,740	\$102,201	Logan	\$5,193,950	\$339,730
Allen	12,199,087	674,671	Lorain	26,381,288	2,024,715
Ashland	5,934,186	397,793	Lucas	44,674,530	3,980,192
Ashtabula	10,645,775	752,326	Madison	3,281,840	200,393
Athens	4,851,421	398,106	Mahoning	26,657,780	2,030,102
Auglaize	5,903,540	325,818	Marion	5,865,195	400,314
Belmont	7,213,840	451,612	Medina	19,372,290	1,744,385
Brown	2,853,761	147,628	Meigs	1,962,510	92,041
Butler	30,370,980	2,064,101	Mercer	6,353,786	325,028
Carroll	2,602,720	142,884	Miami	12,308,900	820,412
Champaign	3,399,921	211,773	Monroe	1,447,640	70,494
Clark	11,188,524	766,429	Montgomery	55,167,757	5,131,290
Clermont	14,660,805	1,128,621	Morgan	1,131,460	56,348
Clinton	4,034,090	224,823	Morrow	2,140,830	139,953
Columbiana	11,791,420	707,630	Muskingum	9,913,140	656,314
Coshocton	4,074,300	227,486	Noble	1,132,600	56,986
Crawford	5,483,206	402,669	Ottawa	6,525,353	438,433
Cuyahoga	150,822,459	14,680,852	Paulding	1,919,294	112,040
Darke	7,466,570	383,249	Perry	2,518,727	156,047
Defiance	4,416,875	262,233	Pickaway	3,590,897	206,539
Delaware	10,349,504	729,331	Pike	1,943,647	117,252
Erie	10,276,233	847,843	Portage	14,661,995	1,287,317
Fairfield	10,891,595	849,215	Preble	3,502,360	185,892
Fayette	2,851,890	166,991	Putnam	4,417,004	210,563
Franklin	100,310,906	9,567,003	Richland	13,723,805	1,082,644
Fulton	6,239,520	430,636	Ross	6,131,940	341,214
Gallia	2,861,139	121,885	Sandusky	7,578,673	417,987
Geauga	13,656,580	1,250,837	Scioto	6,493,250	390,456
Greene	11,486,506	856,365	Seneca	6,352,519	371,045
Guernsey	5,012,040	334,947	Shelby	6,386,704	350,214
Hamilton	97,757,010	8,712,422	Stark	40,568,870	3,016,824
Hancock	9,199,614	548,156	Summit	59,327,413	4,683,281
Hardin	2,736,936	148,275	Trumbull	22,150,510	1,558,226
Harrison	1,413,300	86,993	Tuscarawas	12,210,550	791,523
Henry	3,746,525	249,685	Union	3,991,380	270,256
Highland	3,715,090	162,857	Van Wert	3,612,805	235,869
Hocking	2,694,440	154,512	Vinton	1,021,894	44,729
Holmes	9,590,000	526,571	Warren	14,482,515	1,011,972
Huron	7,793,810	487,327	Washington	8,268,870	447,262
Jackson	3,006,862	147,670	Wayne	16,257,140	1,148,862
Jefferson	6,058,659	356,554	Williams	5,552,940	366,868
Knox	5,711,390	345,372	Wood	12,888,651	952,358
Lake	30,898,100	2,669,499	Wyandot	<u>3,164,515</u>	<u>167,543</u>
Lawrence	3,256,710	126,009			
Licking	14,190,600	805,777	Total	\$1,189,830,896	\$93,567,551

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