

# TANGIBLE PERSONAL PROPERTY TAX

**T**axes levied on tangible personal property totaled approximately \$1.8 billion in tax year 2001, on a taxable value of \$24.0 billion. The \$10,000 exemption reduced the statewide taxable value by approximately \$1.2 billion, and taxes levied by \$93.0 million, in 2001. 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 2002 is 25 percent on everything except inventories. The inventory assessment percentage for tax year 2002 is 24 percent.

The inventory assessment percentage will be phased out by reducing the assessment percentage by one percent each year starting in tax year 2002, if collections from the second preceding year exceed collections from the third preceding year. 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).

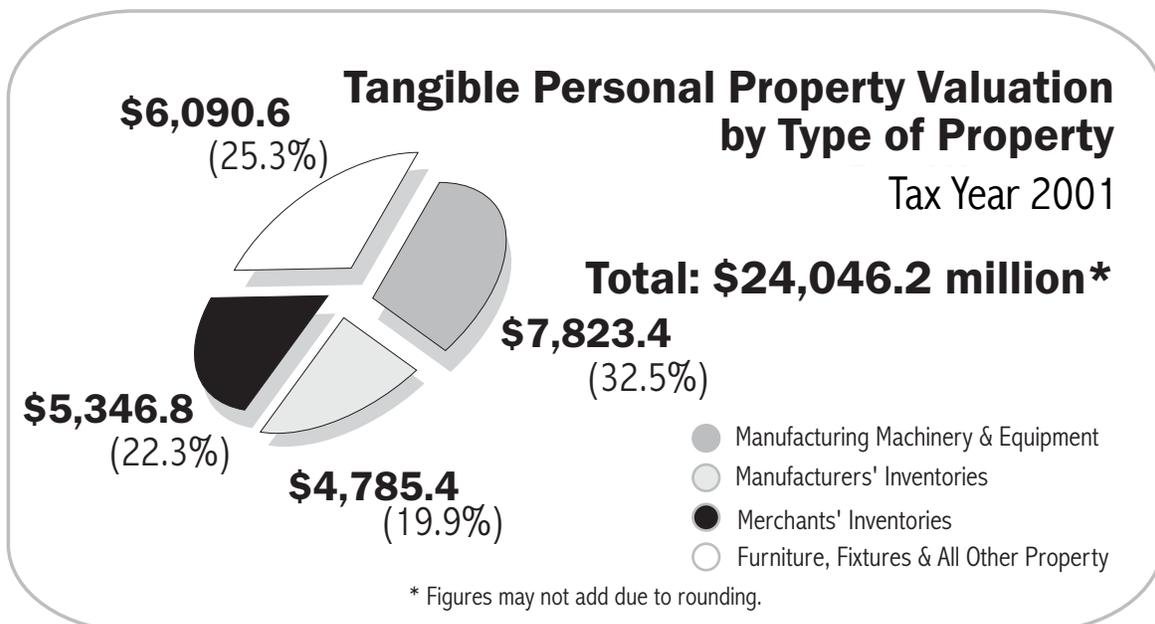
## RATES (R.C. 319.31, 5705.02, 5705.03, 5705.05, 5705.19):

Tangible Personal Property tax rates vary by taxing jurisdiction. The 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 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 2001 was 74.96 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).

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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 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. Inventories shipped from outside Ohio, held in storage only, and shipped back out of Ohio (R.C. 5701.08 and 5711.22).
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 10 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 percent exemption for up to 10 years for tangible personal property used in an enterprise zone located within a municipality. The exemption is limited to 60 percent 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 30<sup>th</sup>:** Returns are filed by all businesses during this period unless the county auditor or Tax Commissioner allows an extension to June 15. Taxpayers first engaging in business after January 1 file a return within 90 days of the day they start business. Single-county taxpayers 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. For late filed tax returns, the exemption is reduced by 50 percent.

**Second Monday in August:** The date the Tax Commissioner certifies preliminary tangible personal property valuations of inter-county taxpayers to the county auditors.

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

**September 20<sup>th</sup>:** Inter-county corporations pay total tax liability by this date. Second half of tax due from all other taxpayers. Because of an emergency as defined in R.C. 323.17, this due date may be extended for up to 30 days by county treasurer.

**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 2001, school districts received 71.7 percent of the total tax revenue, while municipalities received 5.91 percent, townships 3.81 percent, and counties and special districts 18.6 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.

<b>Taxpayer</b>	<b>Filed with and assessed by</b>
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 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 and continuing to tax year 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. Thomas M. Zaino, Tax Commissioner (Jan. 26, 2001), Board of Tax Appeals 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. In R.C. 5701.08(B)(1), it 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. Roger W. Tracy, Tax Commissioner (April 6, 2001), Board of Tax Appeals 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 1  
Assessed Value of Tangible Personal Property and Taxes Levied,  
Tax Years 1996-2001**

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (in mills)
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
2001	\$24,046,239,068	\$1,802,487,778	3.21 %	4.75%	74.96

**Table 2  
Taxes Levied on Tangible Personal Property by Subdivision,  
Tax Years 1996-2001**

Calendar Year	Taxes Levied Currently City and Village	Taxes Levied Currently School District <sup>(a)</sup>	Taxes Levied Currently Township	Taxes Levied Currently County <sup>(b)</sup>	Delinquent Taxes from Former Years	Total Taxes and Delinquencies
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
2001	\$106,582,761	\$1,291,626,108	\$68,679,274	\$335,599,634	\$355,417,154	\$2,157,904,932

(a) Includes Joint Vocational Schools.

(b) Includes special districts.

**Table 3  
Taxes Levied on Tangible Personal Property  
in Ohio Cities, by Subdivision,  
Tax Years 1996-2001**

Tax Year	Taxes Levied Currently				Delinquent Taxes from Prior Years	Total Taxes and Delinquencies
	City and Village	School District <sup>(a)</sup>	Township	County <sup>(b)</sup>		
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
2001	94,906,650	878,897,218	8,637,352	230,648,683	237,729,275	1,450,819,178

(a) Includes Joint Vocational Schools.  
(b) Includes special districts.

**Table 4  
Assessed Value of Tangible Personal Property,  
by Class of Property, Tax Years 2000 - 2001 (in millions of dollars)**

Class of Property	Assessment Levels (% of True Value)	Assessed Taxable Value			
		Inter-County Taxpayers		All Taxpayers	
	2000/2001	2000	2001	2000	2001
Manufacturing Machinery & Equipment	25%	\$5,552.9	\$5,693.8	\$7,627.5	\$7,823.4
Manufacturers' Inventories	25%	2,897.7	2,948.5	4,687.3	4,785.4
Merchants' Inventories	25%	2,847.5	3,054.2	5,081.1	5,346.8
Furniture, Fixtures, & All Other Property	25%	4,158.6	4,300.6	5,902.4	6,090.6
Total		\$15,456.7	\$15,997.0	\$23,298.3	\$24,046.2

**Table 5  
Listing Percentages Applied to True Value of Tangible  
Personal Property to Determine Taxable Value, Tax Years 1992-2002**

Tax Year	Manufacturing Machinery and Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment*	All Other Property**
1992	26	26	26	100	26
1993-2001	25	25	25	100	25
2002	25	24	24	100	25

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

**Table 6  
Assessed Value of Tangible Personal  
Property, Taxes Levied and Average  
County Rates on Tangible Property, by  
County, Tax Year 2001**

<b>County</b>	<b>Value of Taxable Property</b>	<b>Current Taxes Levied</b>	<b>Average County Rate (in mills)</b>	<b>County</b>	<b>Value of Taxable Property</b>	<b>Current Taxes Levied</b>	<b>Average County Rate (in mills)</b>
Adams	\$23,254,990	\$1,144,374	49.21	Logan	\$137,642,918	\$8,625,995	62.67
Allen	405,007,705	21,450,628	52.96	Lorain	565,462,880	42,589,976	75.32
Ashland	103,526,835	6,768,865	65.38	Lucas	942,264,082	82,449,848	87.50
Ashtabula	202,267,825	14,598,064	72.17	Madison	64,480,550	3,600,821	55.84
Athens	34,800,816	2,795,948	80.34	Mahoning	339,862,590	26,095,840	76.78
Auglaize	144,447,505	8,392,854	58.10	Marion	134,067,875	9,040,844	67.43
Belmont	95,903,460	5,632,050	58.73	Medina	283,894,056	24,944,966	87.87
Brown	24,204,165	1,179,970	48.75	Meigs	34,826,160	1,649,157	47.35
Butler	736,232,930	46,700,473	63.43	Mercer	58,171,800	2,883,931	49.58
Carroll	32,526,016	1,800,786	55.36	Miami	303,267,690	19,920,548	65.69
Champaign	78,652,433	5,052,972	64.24	Monroe	71,876,356	3,484,616	48.48
Clark	241,844,987	16,584,151	68.57	Montgomery	1,170,372,636	98,600,505	84.25
Clermont	184,917,515	14,320,879	77.44	Morgan	24,494,470	1,198,512	48.93
Clinton	123,201,477	6,689,235	54.30	Morrow	18,356,214	1,188,579	64.75
Columbiana	133,611,560	8,177,492	61.20	Muskingum	139,877,943	8,788,943	62.83
Coshocton	79,353,455	4,277,984	53.91	Noble	14,238,835	678,396	47.64
Crawford	103,889,783	7,258,793	69.87	Ottawa	133,201,924	8,073,316	60.61
Cuyahoga	2,884,053,875	259,758,401	90.07	Paulding	28,450,979	1,663,413	58.47
Darke	96,899,190	5,064,209	52.26	Perry	21,638,742	1,319,009	60.96
Defiance	90,617,150	5,384,350	59.42	Pickaway	113,835,620	6,412,616	56.33
Delaware	235,508,931	16,164,691	68.64	Pike	122,221,774	6,502,840	53.21
Erie	207,238,945	16,806,689	81.10	Portage	244,439,623	21,233,847	86.87
Fairfield	136,716,821	10,213,669	74.71	Preble	74,322,180	3,892,656	52.38
Fayette	55,249,890	3,159,861	57.19	Putnam	65,773,985	2,882,484	43.82
Franklin	2,477,168,612	217,745,798	87.90	Richland	307,917,465	22,884,328	74.32
Fulton	123,921,330	8,402,956	67.81	Ross	168,394,980	9,066,298	53.84
Gallia	38,735,681	1,563,556	40.36	Sandusky	155,788,272	8,266,670	53.06
Geauga	146,095,010	13,201,305	90.36	Scioto	76,805,130	4,266,544	55.55
Greene	174,345,227	12,634,400	72.47	Seneca	121,022,446	7,349,541	60.73
Guernsey	85,606,640	5,162,958	60.31	Shelby	261,187,808	14,166,691	54.24
Hamilton	2,023,690,090	167,131,474	82.59	Stark	854,643,754	59,982,840	70.18
Hancock	284,400,936	15,805,504	55.57	Summit	1,193,799,877	92,677,978	77.63
Hardin	57,823,299	3,022,860	52.28	Trumbull	488,640,698	32,509,624	66.53
Harrison	20,013,430	1,173,840	58.65	Tuscarawas	209,536,200	13,032,573	62.20
Henry	88,395,856	5,887,993	66.61	Union	194,446,220	12,667,623	65.15
Highland	51,343,535	2,390,605	46.56	Van Wert	52,568,710	3,358,509	63.89
Hocking	29,597,765	1,660,756	56.11	Vinton	13,687,315	564,510	41.24
Holmes	84,857,200	4,622,540	54.47	Warren	411,295,642	29,491,121	71.70
Huron	139,808,150	8,473,556	60.61	Washington	233,450,980	12,094,815	51.81
Jackson	56,023,522	2,712,361	48.41	Wayne	267,321,023	19,965,157	74.69
Jefferson	110,083,244	6,236,057	56.65	Williams	121,965,470	8,027,525	65.82
Knox	91,899,441	5,525,302	60.12	Wood	320,639,381	23,719,939	73.98
Lake	580,940,693	48,026,748	82.67	Wyandot	<u>57,046,715</u>	<u>2,985,434</u>	<u>52.33</u>
Lawrence	49,698,580	1,811,218	36.44				
Licking	260,662,600	15,119,225	58.00	Total	\$24,046,239,068	\$1,802,487,778	74.96

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

**Table 7  
Tangible Personal Property Tax —  
Reduction in Value and Amount  
Reimbursed for \$10,000 Exemption, by  
County, Tax Year 2001**

<b>County</b>	<b>Reduction in Taxable Value</b>	<b>Amount Reimbursed by State</b>	<b>County</b>	<b>Reduction in Taxable Value</b>	<b>Amount Reimbursed by State</b>
Adams	\$1,965,620	\$100,900	Logan	\$5,362,942	\$357,785
Allen	12,115,096	684,889	Lorain	26,702,880	2,040,597
Ashland	6,153,999	415,436	Lucas	44,414,875	4,083,202
Ashtabula	10,834,035	802,463	Madison	3,344,800	202,067
Athens	4,814,733	401,673	Mahoning	26,477,980	2,053,296
Auglaize	6,050,729	342,299	Marion	5,643,575	387,515
Belmont	7,280,740	448,080	Medina	19,906,259	1,819,285
Brown	3,053,758	153,616	Meigs	1,844,130	87,308
Butler	30,240,613	2,168,955	Mercer	6,439,800	324,806
Carroll	2,597,070	140,848	Miami	12,678,290	860,719
Champaign	3,570,007	233,486	Monroe	1,521,400	76,611
Clark	11,236,710	813,071	Montgomery	54,060,635	5,337,998
Clermont	14,765,965	1,126,606	Morgan	1,115,880	55,377
Clinton	3,932,539	218,503	Morrow	2,269,586	140,376
Columbiana	11,668,990	709,203	Muskingum	9,721,712	645,607
Coshocton	4,108,044	248,545	Noble	1,185,020	57,466
Crawford	5,423,511	394,004	Ottawa	6,554,086	445,426
Cuyahoga	148,009,989	14,524,403	Paulding	1,949,907	121,412
Darke	7,716,510	403,995	Perry	2,432,619	152,711
Defiance	4,303,730	257,052	Pickaway	3,668,031	213,436
Delaware	11,050,540	774,466	Pike	1,999,235	126,334
Erie	10,426,160	860,024	Portage	14,585,632	1,312,990
Fairfield	10,775,050	813,403	Preble	3,546,900	189,137
Fayette	2,833,920	167,165	Putnam	4,511,027	219,544
Franklin	100,013,083	9,588,509	Richland	13,401,580	1,035,888
Fulton	6,155,670	421,713	Ross	6,178,310	347,067
Gallia	2,922,138	125,909	Sandusky	7,705,136	435,455
Geauga	14,110,410	1,320,406	Scioto	6,336,590	374,588
Greene	11,373,983	867,798	Seneca	6,466,071	388,481
Guernsey	5,088,720	340,053	Shelby	6,606,705	378,961
Hamilton	96,686,220	8,740,223	Stark	40,855,114	3,027,565
Hancock	9,275,952	550,034	Summit	59,272,036	4,715,815
Hardin	2,726,750	148,338	Trumbull	22,311,571	1,597,950
Harrison	1,352,360	80,447	Tuscarawas	12,450,320	794,632
Henry	3,696,027	249,184	Union	3,889,137	261,809
Highland	4,001,515	183,933	Van Wert	3,640,000	237,074
Hocking	2,741,083	158,948	Vinton	1,024,602	44,992
Holmes	10,137,800	557,003	Warren	14,704,066	1,028,477
Huron	7,949,920	490,783	Washington	8,313,200	459,925
Jackson	2,938,975	141,747	Wayne	16,413,142	1,163,426
Jefferson	5,895,370	345,980	Williams	5,518,800	363,052
Knox	5,789,723	359,351	Wood	12,926,182	977,608
Lake	30,198,142	2,582,561	Wyandot	3,050,525	158,958
Lawrence	3,306,170	128,296			
Licking	14,464,790	841,575	Total	\$1,188,753,147	\$94,528,603

Source: Abstracts filed with the Ohio Department of Taxation and records of the department.