

## Tangible Personal Property

Taxes levied on tangible personal property totaled approximately \$1.77 billion in tax year 2002, on a taxable value of approximately \$23.3 billion. The \$10,000 exemption reduced the statewide taxable value by approximately \$1.19 billion, and taxes levied by \$95.6 million, in 2002. 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 2003 is 25 percent on everything except inventories. The inventory assessment percentage for tax year 2003 is 23 percent.

The inventory assessment percentage will be phased out by reducing the assessment percentage by 2 percent each year for tax years 2005 and 2006, if collections from the second preceding year exceed collections from the third preceding year. Effective for tax year 2007 and thereafter, the assessment rate for inventory will be reduced by 2 percent until the assessment rate equals zero.

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

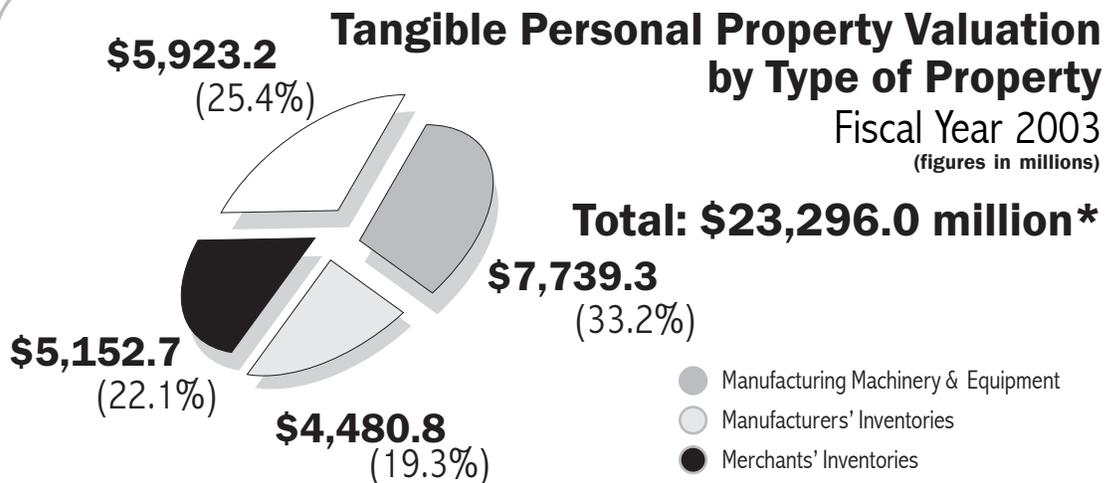
true value of manufacturers' and merchants' inventories is determined by the average monthly value (basically cost of acquisition) of the inventories. Inventories of other taxpayers are listed at their value as of the tax listing date (generally December 31).

### 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 2002 was 75.91 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).



\* Figures may not add due to rounding.

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** and **Recent Legislation**).

### **FILING AND PAYMENT DATES (R.C. 319.29,**

### **323.17, 5711.01, 5711.04, 5711.25, 5719.02, 5719.03):**

**February 15<sup>th</sup> 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 2002, school districts received 71.6 percent of the total tax revenue, while municipalities received 5.8 percent, townships 3.8 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.

<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:**

**Am. Sub. H.B. 95, 125<sup>th</sup> General Assembly (effective September 26, 2003, FY 2004-2005 Biennial Budget Bill).**

**R.C. 5709.20 through 5709.27** – The various sections dealing with exemption applications have been combined into these sections and new language related to the administration of these sections has been added.

**R.C. 5709.62** – Enterprise zone agreement program is extended until 2009.

**R.C. 5711.02 and R.C. 5711.13** – Beginning in tax year 2004, taxpayers with a taxable value of less than \$10,000 will no longer be required to file a return. The reimbursement of the revenues lost due to the exemption will be phased-down over a 10-year period.

**R.C. 5711.22** – Effective for tax years 2005 and 2006, the inventory assessment percentage will be reduced by 2 percent each year if collections increase.

**R. C. 5711.22** – Effective for tax year 2007, the inventory assessment percentage will be reduced by 2 percent automatically.

**R.C. 5711.27** – Beginning in tax year 2003, the loss of one-half of the \$10,000 exemption for late filing has been repealed.

**R.C. 5711.33** – Beginning in tax year 2003, reasonable cause can now be considered in the abatement of a late payment penalty.

**Am. Sub. S.B. 180, 124<sup>th</sup> General Assembly (effective April 9, 2003).**

**R.C. 5709.211** – Effective in 2003, the Department of Taxation will provide certain information to the county auditor related to exemption facility applications received by the department. The department will forward to the county auditor a copy of the exemption application, a statement of the estimated value of the exempt facility if it were taxable, and a statement of the estimated taxes if the exempt facility were taxable.

**Sub. H.B. 589, 123<sup>rd</sup> General Assembly (effective October 17, 2000).**

**R.C. 5709.61** – Removed the requirement that a facility can only generate electricity for a specified number of hours in a calendar year in order to be able to qualify for an enterprise zone agreement.

**Table 1  
Assessed Value of Tangible Personal Property and Taxes Levied,  
Tax Years 1998-2002**

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (in mills)
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
2002	23,296,013,406	1,768,343,517	-3.10	-1.9	75.91

**Table 2  
Taxes Levied on Tangible Personal Property by Subdivision,  
Tax Years 1997-2002**

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
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
2002	102,036,281	1,267,303,840	67,062,769	331,940,627	375,529,812	2,143,873,330

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

## Tangible Personal Property

**Table 3**  
**Taxes Levied on Tangible Personal Property**  
**in Ohio Cities, by Subdivision,**  
**Tax Years 1997-2002**

Tax Year	Taxes Levied by Subdivision				Delinquent Taxes from Prior Years	Total Taxes and Delinquencies
	City and Village	School District <sup>(a)</sup>	Township	County <sup>(b)</sup>		
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
2002	90,971,227	867,288,963	7,793,821	228,421,803	254,458,590	1,448,934,404

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

**Table 4**  
**Assessed Value of Tangible Personal Property,**  
**by Class of Property, Tax Years 2001 - 2002 (figures in millions)**

Class of Property	Assessment Levels (% of True Value)		Assessed Taxable Value			
	2001/2002		Inter-County Taxpayers		All Taxpayers	
			2001	2002	2001	2002
Manufacturing Machinery & Equipment	25%	25%	\$5,693.8	\$5,604.8	\$7,823.4	\$7,739.3
Manufacturers' Inventories	25%	24%	2,948.5	2,713.3	4,785.4	4,480.8
Merchants' Inventories	25%	24%	3,054.2	2,946.7	5,346.8	5,152.7
Furniture, Fixtures, & All Other Property	25%	25%	<u>4,300.5</u>	<u>4,129.1</u>	<u>6,090.6</u>	<u>5,923.2</u>
<b>Total</b>			<b>\$15,997.0</b>	<b>\$15,393.9</b>	<b>\$24,046.2</b>	<b>\$23,296.0</b>

**Table 5**  
**Listing Percentages Applied to True Value of Tangible**  
**Personal Property to Determine Taxable Value, Tax Years 1993-2003**  
**(figures in millions)**

Tax Year	Manufacturing Machinery and Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment*	All Other Property**
1993-2001	25	25	25	100	25
2002	25	24	24	100	25
2003	25	23	23	100	25

\* Properly 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 2002**

County	Value of Taxable Property	Current Taxes Levied	Average County Rate (in mills)	County	Value of Taxable Property	Current Taxes Levied	Average County Rate (in mills)
ADAMS	\$21,702,660	\$1,080,585	49.79	LOGAN	\$142,405,112	\$8,689,700	61.02
ALLEN	383,554,089	20,214,405	52.70	LORAIN	569,515,990	45,019,803	79.05
ASHLAND	98,908,484	6,540,074	66.12	LUCAS	886,882,970	77,683,811	87.59
ASHTABULA	199,457,959	14,698,700	73.69	MADISON	66,422,650	4,097,670	61.69
ATHENS	33,711,993	2,733,282	81.08	MAHONING	321,607,930	24,932,839	77.53
AUGLAIZE	140,590,615	8,197,235	58.31	MARION	130,301,458	8,668,707	66.53
BELMONT	95,371,750	5,702,286	59.79	MEDINA	278,995,292	24,339,803	87.24
BROWN	22,562,116	1,081,929	47.95	MEIGS	32,388,480	1,528,833	47.20
BUTLER	694,221,309	45,149,034	65.04	MERCER	60,043,710	2,982,309	49.67
CARROLL	30,944,527	1,751,417	56.60	MIAMI	305,155,700	19,993,585	65.52
CHAMPAIGN	82,063,898	5,716,518	69.66	MONROE	61,890,219	3,032,326	49.00
CLARK	224,187,128	15,157,570	67.61	MONTGOMERY	1,089,557,996	92,244,324	84.66
CLERMONT	186,029,400	14,597,855	78.47	MORGAN	22,609,020	1,104,936	48.87
CLINTON	119,477,592	6,522,770	54.59	MORROW	23,434,790	1,516,345	64.70
COLUMBIANA	134,554,660	8,173,716	60.75	MUSKINGUM	139,502,013	8,844,759	63.40
COSHOCTON	75,004,483	4,063,596	54.18	NOBLE	17,210,145	817,026	47.47
CRAWFORD	103,174,334	7,420,329	71.92	OTTAWA	90,022,221	5,923,049	65.80
CUYAHOGA	2,657,787,807	244,092,172	91.84	PAULDING	26,500,984	1,530,119	57.74
DARKE	89,450,240	4,665,668	52.16	PERRY	22,584,549	1,376,784	60.96
DEFIANCE	94,958,250	5,534,139	58.28	PICKAWAY	108,509,288	6,128,760	56.48
DELAWARE	266,830,436	17,927,502	67.19	PIKE	145,831,973	7,588,848	52.04
ERIE	195,049,800	15,806,055	81.04	PORTAGE	251,422,472	21,695,695	86.29
FAIRFIELD	134,890,855	10,008,953	74.20	PREBLE	77,133,920	4,265,484	55.30
FAYETTE	58,404,170	3,161,924	54.14	PUTNAM	59,096,723	2,650,877	44.86
FRANKLIN	2,588,323,649	228,596,992	88.32	RICHLAND	285,964,097	21,178,525	74.06
FULTON	125,908,020	8,762,388	69.59	ROSS	158,358,533	8,481,604	53.56
GALLIA	37,565,670	1,523,329	40.55	SANDUSKY	155,478,490	8,524,154	54.83
GAUGA	155,424,650	14,264,970	91.78	SCIOTO	82,950,070	4,698,660	56.64
GREENE	168,024,204	12,389,408	73.74	SENECA	96,924,822	6,037,536	62.29
GUERNSEY	85,571,890	5,026,321	58.74	SHELBY	264,599,391	14,396,558	54.41
HAMILTON	1,959,119,360	164,420,672	83.93	STARK	808,548,072	56,894,227	70.37
HANCOCK	262,681,269	14,591,222	55.55	SUMMIT	1,137,242,507	92,890,389	81.68
HARDIN	54,616,914	3,024,595	55.38	TRUMBULL	450,888,527	30,489,385	67.62
HARRISON	16,728,080	984,374	58.85	TUSCARAWAS	204,206,730	12,748,574	62.43
HENRY	80,956,777	5,313,489	65.63	UNION	197,681,709	13,237,325	66.96
HIGHLAND	53,631,689	2,531,903	47.21	VAN WERT	49,429,900	3,152,551	63.78
HOCKING	29,912,956	1,823,209	60.95	VINTON	12,644,303	523,629	41.41
HOLMES	87,190,550	4,674,860	53.62	WARREN	425,173,976	32,192,546	75.72
HURON	130,210,270	7,903,087	60.69	WASHINGTON	222,225,800	11,681,263	52.56
JACKSON	46,123,051	2,242,948	48.63	WAYNE	259,314,750	19,367,633	74.69
JEFFERSON	101,440,650	5,737,429	56.56	WILLIAMS	120,777,870	7,944,428	65.78
KNOX	105,179,145	6,316,119	60.05	WOOD	315,759,725	23,785,353	75.33
LAKE	533,593,230	44,282,255	82.99	WYANDOT	67,684,160	3,543,002	52.35
LAWRENCE	44,901,550	1,573,160	35.04				
LICKING	241,142,240	13,939,341	57.81	<b>Total</b>	<b>\$23,296,013,406</b>	<b>\$1,768,343,517</b>	<b>75.91</b>

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

## Tangible Personal Property

**Table 7**  
**Tangible Personal Property Tax —**  
**Reduction in Value and Amount**  
**Reimbursed for \$10,000 Exemption, by**  
**County, Tax Year 2002**

County	Reduction in Taxable Value	Amount Reimbursed by State	County	Reduction in Taxable Value	Amount Reimbursed by State
ADAMS	\$2,025,510	\$104,933	LOGAN	\$5,329,335	\$347,867
ALLEN	12,215,605	694,855	LORAIN	26,759,930	2,118,436
ASHLAND	6,115,930	423,254	LUCAS	44,256,080	4,048,233
ASHTABULA	10,775,951	815,195	MADISON	3,322,410	214,866
ATHENS	4,757,821	407,176	MAHONING	26,539,580	2,085,561
AUGLAIZE	6,099,260	343,794	MARION	5,488,383	372,353
BELMONT	7,279,860	444,591	MEDINA	20,084,647	1,817,936
BROWN	2,895,691	144,727	MEIGS	1,880,040	88,082
BUTLER	30,547,267	2,247,862	MERCER	6,454,270	326,500
CARROLL	2,696,626	148,606	MIAMI	12,538,920	849,050
CHAMPAIGN	3,532,492	231,842	MONROE	1,567,420	80,861
CLARK	11,442,078	805,628	MONTGOMERY	53,095,511	5,434,371
CLERMONT	15,316,603	1,231,234	MORGAN	1,122,090	58,241
CLINTON	3,977,236	228,710	MORROW	2,423,960	150,812
COLUMBIANA	11,517,450	683,516	MUSKINGUM	9,636,872	643,814
COSHOCTON	3,823,713	229,777	NOBLE	1,203,005	58,401
CRAWFORD	5,359,960	405,384	OTTAWA	6,315,701	424,146
CUYAHOGA	145,045,167	14,463,411	PAULDING	2,064,216	104,675
DARKE	7,772,958	402,784	PERRY	2,495,493	157,392
DEFIANCE	4,275,270	248,065	PICKAWAY	3,664,899	212,085
DELAWARE	12,404,808	866,556	PIKE	1,933,633	120,129
ERIE	10,342,423	861,680	PORTAGE	15,204,445	1,389,770
FAIRFIELD	10,712,785	806,549	PREBLE	3,516,500	196,069
FAYETTE	2,715,780	151,871	PUTNAM	4,567,174	225,924
FRANKLIN	102,355,929	9,796,169	RICHLAND	13,479,025	1,032,999
FULTON	6,258,290	445,851	ROSS	6,012,407	332,342
GALLIA	2,869,169	126,427	SANDUSKY	7,558,780	433,480
GEAUGA	13,945,490	1,317,139	SCIOTO	6,280,510	394,986
GREENE	11,357,606	860,522	SENECA	6,361,040	390,312
GUERNSEY	5,016,610	319,474	SHELBY	6,597,245	375,808
HAMILTON	95,078,550	8,749,301	STARK	40,364,274	3,030,013
HANCOCK	9,337,894	550,755	SUMMIT	58,164,120	4,938,429
HARDIN	2,765,027	157,855	TRUMBULL	21,957,996	1,558,195
HARRISON	1,367,140	83,444	TUSCARAWAS	12,482,895	803,927
HENRY	3,712,399	247,289	UNION	4,204,694	291,430
HIGHLAND	4,047,940	187,680	VAN WERT	3,672,679	239,783
HOCKING	2,771,972	173,021	VINTON	1,043,342	46,038
HOLMES	10,334,530	561,185	WARREN	15,636,434	1,138,413
HURON	7,954,740	493,676	WASHINGTON	8,228,680	463,985
JACKSON	2,974,746	145,604	WAYNE	15,894,414	1,160,797
JEFFERSON	5,701,010	333,130	WILLIAMS	5,776,340	380,023
KNOX	5,986,344	370,399	WOOD	13,002,499	1,007,903
LAKE	30,435,608	2,621,399	WYANDOT	<u>3,081,030</u>	<u>161,595</u>
LAWRENCE	3,373,050	125,652			
LICKING	13,961,890	839,766	<b>Total</b>	<b>\$1,186,517,096</b>	<b>\$95,603,766</b>

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