



PUBLIC UTILITY PROPERTY TAX

This chapter describes the taxes levied on both the real and personal property of public utilities during calendar year 2003. However, the data in the tables in this section pertain only to the personal property of public utilities. Data for public utility real property are included in the tables in the **Real Property Tax** chapter.

The assessed valuation of public utility personal property was approximately \$10 billion in tax year 2003. Electric utilities accounted for about 54.6 percent of the total public utility personal property valuation in 2003 and the telephone industry accounted for 26.4 percent of the total valuation.

Revenue from the public utility property tax amounted to about \$751.8 million in calendar year 2003 (see **Table 3 in Revenue from Taxes Administered by the Tax Commissioner**). This revenue was distributed to counties, municipalities, townships, school districts, and special districts, according to the individual millage levied, less local administrative deductions.

Taxpayer:

Local telephone, telegraph, electric, natural gas, pipeline, waterworks, water transportation, heating, rural electric, railroads, and inter-exchange telephone companies holding property in Ohio.

Tax Base (Ohio Revised Code 5715.01, 5727.01, 5727.06, 5727.10, 5727.11, 5727.111, 5727.12, 5727.14, 5727.15):

The property tax base of all public utilities, except railroads and water transportation companies, consists of all tangible personal property owned and located in Ohio on December 31 of the preceding year. The water transportation company tax base consists of all tangible personal property, except watercraft,

owned or operated in Ohio on December 31 of the preceding year and all watercraft owned or operated by the water transportation company in Ohio during the preceding calendar year. Real property includes land and improvements, while personal property includes all plant and equipment either owned or leased by the utility under a sale/lease-back agreement, and not classified as real property or intangible property.

For most public utility personal property, true value is the capitalized cost less the composite annual allowances, which vary according to the actual age and expected life of the property. It should be noted that most utilities are valued by this method.

The true value of electric company production equipment and all taxable property of a rural electric company is 50 percent of capitalized cost. The exception to this is electric company or rural electric company production equipment purchased, transferred, or sold after the effective date of Senate Bill 3, 123rd General Assembly, the electric utility restructuring bill. The true value of electric production equipment in these instances is the capitalized cost on the books and records, less composite annual allowances.

The true value of current gas stored underground is the monthly average value of such gas, determined by dividing the cost of the ending monthly balances by the number of months in business, while the true value of non-current gas

stored underground is 35 percent of cost on lien date.

To determine the true value of railroad real and personal property, the unitary method is used to value the company's entire railroad system. The value is apportioned to this state in the proportion that the length of track in this state bears to the whole length of track. Values for railroad real property used in operation are apportioned on the basis of their relative value,

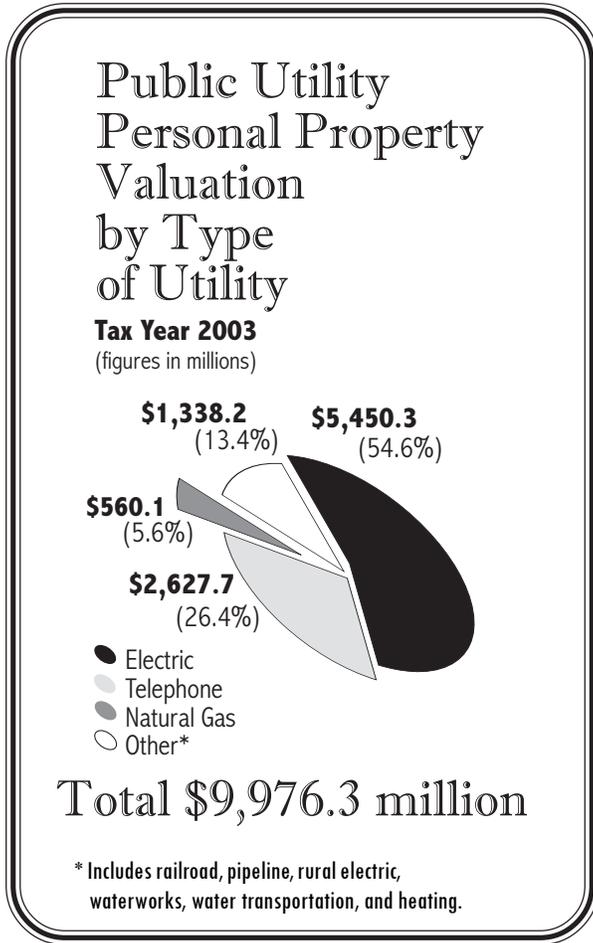
Type of Utility	Assessment Rates
Electric companies and rural electric companies — production personal property	25%
Electric companies — transmission and distribution personal property	88%
Rural electric companies — transmission/distribution personal property	50%
Electric companies — all other tangible personal property	25%
Rural electric companies — all other tangible personal property	25%
Natural gas companies	25%
Railroads — real property only	35%
Railroads — personal property only	25%
Inter-exchange telecommunications companies	25%
Telephone companies (only personal property added in tax year 1995 and thereafter)	25%
All other existing telephone company personal property (prior to 1995); heating, pipeline, and waterworks companies	88%
Water transportation companies	25%

while values for railroad personal property used in operation are apportioned on the basis of miles of track in each taxing district weighted according to traffic density. Values for railroad real and personal property not used in operation are situated on the basis of their physical location.

Public utility real property is assessed at 35 percent of true (market) value while public utility personal property is assessed at varying ratios. Production equipment and non-transmission and distribution property of electric companies and rural electric companies is assessed at 25 percent of true value. Electric transmission and distribution property is assessed at 88 percent of true value, and rural electric transmission and distribution property is assessed at 50 percent of true value. Railroads are assessed at 25 percent of true value for personal property. All inter-exchange telecommunications, natural gas, and water transportation property is assessed at 25 percent of true value. Local exchange telephone companies' personal property, first subject to tax during 1995 and thereafter, is assessed at 25 percent. However, local exchange telephone company personal property listed prior to tax year 1995 is assessed at 88 percent. All other public utility personal property is assessed at 88 percent. Each of the public utility personal property assessment rates is shown in the chart on the preceding page.

Real property values of all utilities except railroads are placed into the various taxing districts according to the physical location of the property.

Personal property values of all utilities are apportioned (using a specific base) among the taxing districts in which the utilities operate. The bases for distributing personal property values among taxing districts for the various classes of utilities are shown in the table to the right.



Class of Utility	Distribution Base
Electric companies	Production equipment Taxable cost of all other property
Natural gas, heating, pipeline, waterworks, rural electric, water transportation	Taxable cost
Telephone and inter-exchange telecommunications companies	Miles of wire/taxable cost
Railroads	Miles of track and trackage rights weighted by use

A major change occurred in the electric utility industry during the 123rd General Assembly.

Substitute S.B. 3 created numerous changes to the electric utility property tax structure. Effective beginning in tax year 2001, the assessment rates for all electric and rural electric property that is not distribution or transmission property was lowered to 25 percent. Electric company transmission and distribution property remains at the 88 percent assessment rate while rural electric transmission and distribution property remains at the 50 percent assessment rate.

Also effective in tax year 2001, the method in which the electric company property is apportioned was changed. Production equipment is situated 100 percent where located, and remaining property is apportioned based upon the taxable cost of the remaining property in each district to all remaining property in the state. Various other electric property tax changes have occurred under this bill as well.

In addition, the 123rd General Assembly, in S.B. 287, made several changes to the tangible personal property taxes of the natural gas industry. Effective in tax year 2001, the assessment rate on all natural gas personal property was lowered from 88 percent to 25 percent. Also, the valuation method for current gas was changed to reflect a 12-month average.

Rates (R.C. 319.30, 319.301, 5705.02-5705.05, 5705.19):

Tax rates vary with the 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 or to which it is apportioned (e.g., county, township, municipal corporation, and school district). Although the nominal tax rates applied to public utility real and personal property are the same, the effective rates on the two types of

property may differ substantially because of the effects of the tax reduction factor applied to real

property taxes. Public utility real property taxes (in addition to other real property taxes) are reduced by a computed reduction factor whenever real property values increase due to reappraisal. This reduction factor does not apply to taxes levied on public utility personal property. State law also requires that all real property tax bills (but not personal property tax bills) be reduced by 10 percent, with the cost of the reduction reimbursed from state funds.

Exemptions and Credits (R.C. 319.302, 5701.03, 5709.111, 5709.25, 5709.61, 5727.01, 5727.05, 6111.31):

1. Municipally-owned utilities.
2. Certified air, water, and noise pollution control facilities.
3. Licensed motor vehicles.
4. Tangible personal property under construction.
5. Real and personal property of nonprofit corporations and political subdivisions used exclusively in the treatment, distribution, and

- sale of water to consumers.
6. Real property tax bills are reduced by 10 percent as provided by state law.
 7. Qualified electric generating property may qualify for a property tax reduction if placed in an enterprise zone.
 8. An allowance is available for funds and interest used during construction. This does not apply to electric company and rural electric company property, except transmission and distribution property first placed into service after December 31, 2000. It also does not apply to the taxable property a person purchases, which includes transfers, if that property was used in business by the seller prior to the purchase.

Disposition of Revenue (R.C. 319.54, 321.24, 321.26, 321.261, 321.31, 321.34):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total millage levied by each.

Administration (R.C. 5713.01, 5727.06):

The Tax Commissioner assesses the tangible personal property of all public utilities and inter-exchange telecommunications companies. The Tax Commissioner also assesses the real estate of railroads. County auditors assess all other public utility real estate.

Ohio Revised Code Citations:

Chapters 319, 321, 323, 5701, 5705, 5709, 5715, 5719, 5727, and 6111.

Recent Legislation:

Amended Sub. House Bill 95, 125th General Assembly (effective September 26, 2003). R.C. 5727.111:

The assessment percentage for telephone company personal property listed prior to tax year 1995 is phased-down from 88 percent to 25 percent over a three-year period beginning in 2005.

Reporting, Certification, and Payment Dates:

Dates	R.C.	Description
March 1 ^(a)	5727.08 5727.48	Company's annual report to Tax Commissioner
On or before the first Monday in October	5727.10 5727.23	Tax Commissioner notifies utilities and county auditors of values
December 31 ^(b)	323.12 323.17	At least half of total tax liability due
June 20 ^(b)	323.12 323.17	Balance of tax liability due

(a) Tax Commissioner may grant extension of up to 60 days.
 (b) These deadlines may be extended by 45 days (longer in certain circumstances).

Table 1
Public Utility Personal Property: Certified Assessed
Value by Class Of Utility and Total Taxes Levied, Tax Years 1999-2003

Class of Utility	Number of Taxpayers (2003)	Assessed Values				
		1999	2000	2001	2002	2003
Electric	21	\$8,000,621,430	\$7,960,469,690	\$5,268,840,110	\$5,457,071,420	\$5,450,273,000
Telephone (1)	595	2,697,475,190	2,607,616,590	2,646,647,630	2,776,522,250	2,627,731,270
Natural Gas	31	1,690,044,870	1,733,474,700	522,365,280	555,361,960	560,131,920
Railroad	40	432,912,370	410,271,630	384,089,250	262,126,650	275,488,860
Pipeline	17	640,480,550	656,000,830	645,520,830	638,727,270	645,206,580
Rural Electric	28	276,794,540	299,881,530	261,197,740	279,920,260	294,763,870
Waterworks	19	89,342,190	99,049,080	109,361,370	102,110,620	119,104,530
Other (2)	8	5,977,590	5,676,240	4,667,040	4,017,170	3,675,010
Totals	759	\$13,833,648,730	\$13,772,440,290	\$9,842,689,250	\$10,075,857,600	\$9,976,375,040
Taxes Levied		\$960,237,298	\$967,674,709	\$722,757,663	\$746,058,859	\$751,787,109

(1) Includes inter-exchange telecommunications.
(2) Includes water transportation and heating.
Source: Department of Taxation.



Table 2
Assessed Value of Public Utility Personal Property and Taxes Levied, by
County, Tax Year 2003

County	Assessed Value of Public Utility Personal Property	Taxes Charged on Public Utility Personal Property	County	Assessed Value of Public Utility Personal Property	Taxes Charged on Public Utility Personal Property
ADAMS	\$141,772,840	\$6,151,824	LOGAN	\$39,364,200	\$2,440,499
ALLEN	85,637,770	4,622,307	LORAIN	306,596,500	24,540,674
ASHLAND	65,317,110	4,185,317	LUCAS	295,117,230	27,282,190
ASHTABULA	107,296,400	8,183,917	MADISON	36,065,030	2,264,870
ATHENS	74,753,240	5,555,881	MAHONING	187,676,380	14,579,216
AUGLAIZE	27,449,370	1,561,065	MARION	60,472,980	4,026,103
BELMONT	70,943,740	4,177,972	MEDINA	112,221,840	9,889,683
BROWN	26,690,370	1,327,246	MEIGS	37,279,600	1,850,465
BUTLER	246,408,050	16,398,526	MERCER	24,264,230	1,257,491
CARROLL	38,919,550	1,987,161	MIAMI	64,629,860	4,446,246
CHAMPAIGN	31,471,760	1,994,076	MONROE	42,458,520	2,097,496
CLARK	89,791,810	6,304,738	MONTGOMERY	376,945,620	34,247,414
CLERMONT	276,979,100	18,239,710	MORGAN	49,783,970	2,609,897
CLINTON	33,794,880	1,779,685	MORROW	31,961,110	1,748,468
COLUMBIANA	77,996,810	4,507,126	MUSKINGUM	76,494,650	5,040,495
COSHOCTON	97,065,600	4,949,549	NOBLE	32,364,600	1,554,660
CRAWFORD	28,489,840	2,121,915	OTTAWA	106,376,504	6,344,863
CUYAHOGA	965,083,788	99,252,816	PAULDING	23,531,290	1,326,367
DARKE	54,972,300	2,709,134	PERRY	38,043,680	2,334,269
DEFIANCE	57,365,130	3,446,504	PICKAWAY	59,383,224	3,216,019
DELAWARE	134,171,070	9,206,942	PIKE	34,102,850	1,901,838
ERIE	72,819,490	5,862,017	PORTAGE	103,452,320	9,090,845
FAIRFIELD	99,644,300	7,037,166	PREBLE	38,241,400	2,005,628
FAYETTE	30,187,190	1,578,875	PUTNAM	28,004,680	1,434,742
FRANKLIN	788,157,430	71,927,202	RICHLAND	103,529,130	8,026,413
FULTON	43,923,160	3,105,222	ROSS	66,624,110	3,591,857
GALLIA	142,397,787	4,811,585	SANDUSKY	48,751,390	2,744,807
GEAUGA	73,341,780	6,890,072	SCIOTO	72,950,030	4,232,054
GREENE	107,535,290	8,054,279	SENECA	60,385,750	3,572,326
GUERNSEY	40,819,310	2,423,994	SHELBY	42,674,580	2,441,395
HAMILTON	750,564,190	67,541,205	STARK	267,214,070	19,859,735
HANCOCK	56,703,820	3,061,316	SUMMIT	325,554,220	27,373,549
HARDIN	24,400,590	1,417,286	TRUMBULL	154,985,600	11,115,669
HARRISON	19,083,680	1,135,523	TUSCARAWAS	68,979,510	4,236,928
HENRY	29,029,620	1,963,575	UNION	52,013,960	3,646,802
HIGHLAND	28,116,860	1,308,323	VAN WERT	20,882,280	1,366,157
HOCKING	50,556,230	3,111,592	VINTON	25,635,490	1,108,844
HOLMES	26,918,180	1,517,453	WARREN	150,538,870	11,494,088
HURON	37,942,920	2,223,568	WASHINGTON	86,779,090	4,636,785
JACKSON	40,344,840	1,795,207	WAYNE	69,046,780	4,889,766
JEFFERSON	207,241,430	10,740,575	WILLIAMS	27,615,700	1,822,584
KNOX	39,154,790	2,464,688	WOOD	98,741,730	7,586,825
LAKE	384,523,350	31,153,724	WYANDOT	14,986,770	766,268
LAWRENCE	56,593,360	2,031,863			
LICKING	132,922,040	7,924,098	TOTAL	\$9,978,013,493	\$751,787,109

Source: Assessed valuation and taxes levied figures are from abstracts filed by county auditors with the Department of Taxation.