



## TANGIBLE PERSONAL PROPERTY

**T**axes levied on tangible personal property totaled approximately \$1.64 billion in tax year 2003 on a taxable value of approximately \$21.5 billion. The \$10,000 exemption reduced the statewide taxable value by approximately \$1.19 billion and taxes levied by \$93.1 million in tax year 2003. The state reimbursed local governments for this revenue loss. However, a phase-down of this reimbursement began in tax year 2004.

### Taxpayer:

The tangible personal property tax is paid by two types of taxpayers: inter-county and single-county. An inter-county taxpayer is any business holding taxable tangible personal property in more than one county in Ohio. A single-county taxpayer is a business holding taxable tangible personal property in only one county in Ohio.

**Tax Base (Ohio Revised Code 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 2004 is 25 percent on everything except inventories. The inventory assessment percentage for tax year 2004 is 24 percent.

The inventory assessment percentage will be phased out by reducing the assessment percentage by 2.0 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 2.0 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):**

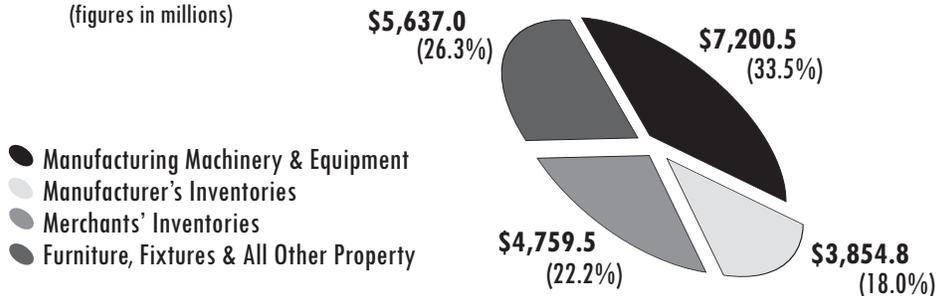
Tangible personal property tax rates vary by taxing jurisdiction. The total tax rate includes all levies enacted by legislative authority or approved by voters for all taxing jurisdictions within which the property is located (e.g. county, township, municipal corporation, school district, etc.). The 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 2003 was 76.33 mills.

### Exemptions and Exceptions:

1. The first \$10,000 of otherwise taxable value for each company (R.C. 5709.01). However, beginning in tax year 2004, taxpayers with a taxable value of less than \$10,000 are no longer required to file a return. The

## Tangible Personal Property Valuation by Type of Property

**Tax Year 2004**  
(figures in millions)



**Total \$21,451.8 million**

reimbursement of the revenues lost due to the exemption is being phased down over a ten-year period that began in Fiscal Year 2004.

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 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 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 percent 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 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. However, taxpayers with a taxable value of less than \$10,000 are no longer required to file a return, beginning in tax year 2004. A ten-year phase-down of the reimbursement for the revenues lost due to the exemption began in FY 2004 (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. Existing businesses whose only taxable property is exempt under the \$10,000 exemption are no longer required to file a return. New businesses are expected to file a return, regardless of list value.

**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 the county treasurer.

**September 20:** Inter-county corporations pay total tax liability by this date. Second half of tax due from all other taxpayers. If an emergency occurs as defined in R.C. 323.17, this due date may be extended for up to 30 days by the 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 (for millage inside the 10-mill limit). In 2003, school districts received 71.7 percent of the total tax revenue, while municipalities received 5.7 percent, townships 3.9 percent, and counties and special districts 18.7 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.

**Am. Sub. H.B. 95, 125<sup>th</sup> General Assembly (effective September 26, 2003). R.C. 5709.20 through 5709.27:**

The various sections dealing with exemption applications were combined into these sections and new language related to the administration of these sections was added.

**R.C. 5709.62:**

Enterprise zone agreement program was 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 are no longer required to file a return. The reimbursement of the revenues lost due to the exemption is being phased down over a ten-year period that began in FY 2004.

**R.C. 5711.22:**

Effective for tax years 2005 and 2006, the inventory assessment percentage will be reduced by 2.0 percent each year if collections increase.

**R. C. 5711.22:**

Effective for tax year 2007, the inventory assessment percentage will be reduced by 2.0 percent automatically.

**R.C. 5711.27:**

Beginning in tax year 2003, the loss of one-half of the \$10,000 exemption for late filing was repealed.

**R.C. 5711.33:**

Beginning in tax year 2003, reasonable cause can be considered in the abatement of a late payment penalty.

**Am. Sub. Senate Bill 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.

### Ohio Revised Code Citations:

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

### Recent Legislation:

**Amended Substitute House Bill 427, 125<sup>th</sup> General Assembly (effective June 9, 2004). R.C. 5709.62 and 5709.63:**

Enterprise zone agreements may be allowed for up to 15 years instead of ten years.

Table 1  
Assessed Value of Tangible Personal Property and Taxes Levied,  
Tax Years 1999-2003

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (in mills)
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
2003	21,451,814,203	1,637,418,361	-7.9	-7.4	76.33

**Table 2**  
**Taxes Levied on Tangible Personal Property by Subdivision,**  
**Tax Years 1999-2003**

<b>Calendar Year</b>	<b>Taxes Levied City and Village</b>	<b>Taxes Levied School District<sup>(a)</sup></b>	<b>Taxes Levied Township</b>	<b>Taxes Levied County<sup>(b)</sup></b>	<b>Delinquent Taxes from Former Years</b>	<b>Total Taxes and Delinquencies</b>
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
2003	93,547,557	1,174,325,644	64,089,237	305,455,923	397,404,921	2,034,823,282

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

**Table 3**  
**Taxes Levied on Tangible Personal Property in Ohio Cities, by**  
**Subdivision,**  
**Tax Years 1999-2003**

<b>Tax Year</b>	<b>Taxes Levied by Subdivision</b>				<b>Delinquent Taxes from Prior Years</b>	<b>Total Taxes and Delinquencies</b>
	<b>City and Village</b>	<b>School District<sup>(a)</sup></b>	<b>Township</b>	<b>County<sup>(b)</sup></b>		
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
2003	83,548,226	797,482,520	7,063,107	208,912,027	291,573,544	1,388,579,423

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

Table 4  
Assessed Value of Tangible Personal Property,  
by Class of Property, Tax Years 2002 - 2003 (figures in millions)

Class of Property	Assessment Levels (% of True Value)		Assessed Taxable Value			
	2002	2003	Inter-County Taxpayers		All Taxpayers (Including Inter-County)	
			2002	2003	2002	2003
Manufacturing Machinery & Equipment	25%	25%	\$5,604.8	\$5,137.1	\$7,739.3	\$7,200.5
Manufacturers' Inventories	24	23	2,713.3	2,217.4	4,480.8	3,854.8
Merchants' Inventories	24	23	2,946.7	2,715.7	5,152.7	4,759.5
Furniture, Fixtures, & All Other Property	25	25	4,129.1	3,902.6	5,923.2	5,637.0
<b>Total</b>			<b>\$15,393.9</b>	<b>\$13,972.8</b>	<b>\$23,296.0</b>	<b>\$21,451.8</b>

Table 5  
Listing Percentages Applied to True Value of Tangible  
Personal Property to Determine Taxable Value, Tax Years 1994 - 2004

Tax Year	Manufacturing Machinery and Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment*	All Other Property**
1994-2002	25 %	25 %	25 %	100 %	25 %
2002	25	24	24	100	25
2003-2004	25	23	23	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 2003

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	\$20,680,530	\$1,022,025	49.42	LOGAN	\$134,612,179	\$8,217,488	61.05
ALLEN	367,450,462	19,731,455	53.70	LORAIN	493,410,240	38,623,570	78.28
ASHLAND	88,663,284	5,863,893	66.14	LUCAS	837,873,504	75,319,855	89.89
ASHTABULA	193,447,265	14,533,484	75.13	MADISON	67,208,160	4,029,727	59.96
ATHENS	33,111,244	2,750,213	83.06	MAHONING	324,778,810	25,060,763	77.16
AUGLAIZE	130,840,345	7,548,381	57.69	MARION	131,543,103	8,789,534	66.82
BELMONT	99,807,279	5,935,286	59.47	MEDINA	266,259,923	23,160,262	86.98
BROWN	20,081,013	956,978	47.66	MEIGS	18,313,120	849,853	46.41
BUTLER	708,697,838	45,575,852	64.31	MERCER	62,092,593	3,210,824	51.71
CARROLL	31,362,818	1,797,430	57.31	MIAMI	293,447,160	19,425,968	66.20
CHAMPAIGN	78,950,276	5,155,773	65.30	MONROE	53,531,080	2,624,151	49.02
CLARK	198,618,033	13,637,601	68.66	MONTGOMERY	959,864,658	84,475,064	88.01
CLERMONT	180,683,528	14,374,846	79.56	MORGAN	20,408,700	1,010,644	49.52
CLINTON	114,247,073	6,197,388	54.25	MORROW	21,131,680	1,314,163	62.19
COLUMBIANA	119,182,490	7,167,861	60.14	MUSKINGUM	133,074,211	8,870,480	66.66
COSHOCTON	73,140,061	3,985,355	54.49	NOBLE	16,679,260	797,533	47.82
CRAWFORD	98,622,075	7,106,136	72.05	OTTAWA	80,836,866	5,382,871	66.59
CUYAHOGA	2,365,758,445	220,436,891	93.18	PAULDING	24,597,784	1,441,758	58.61
DARKE	81,252,740	4,242,290	52.21	PERRY	23,343,723	1,420,177	60.84
DEFIANCE	92,447,620	5,559,047	60.13	PICKAWAY	106,724,614	6,020,564	56.41
DELAWARE	231,661,013	15,973,159	68.95	PIKE	44,669,208	2,766,853	61.94
ERIE	182,316,847	14,757,008	80.94	PORTAGE	240,285,228	20,827,613	86.68
FAIRFIELD	135,548,095	10,211,884	75.34	PREBLE	73,311,300	4,048,609	55.22
FAYETTE	56,850,684	3,219,836	56.64	PUTNAM	62,929,869	3,149,254	50.04
FRANKLIN	2,219,202,036	197,197,018	88.86	RICHLAND	293,330,225	21,675,338	73.89
FULTON	120,121,620	8,359,017	69.59	ROSS	169,995,443	9,112,938	53.61
GALLIA	41,023,439	1,622,191	39.54	SANDUSKY	158,183,001	8,469,793	53.54
GEAUGA	151,756,100	13,916,716	91.70	SCIOTO	73,384,230	4,131,185	56.30
GREENE	166,192,378	12,080,446	72.69	SENECA	97,560,235	6,275,362	64.32
GUERNSEY	90,466,300	5,289,181	58.47	SHELBY	261,219,135	14,997,463	57.41
HAMILTON	1,712,460,490	144,479,134	84.37	STARK	733,462,000	52,172,504	71.13
HANCOCK	238,347,529	13,428,357	56.34	SUMMIT	1,055,966,788	86,153,170	81.59
HARDIN	51,312,145	2,611,744	50.90	TRUMBULL	397,432,462	26,906,751	67.70
HARRISON	18,089,590	1,099,384	60.77	TUSCARAWAS	192,454,594	12,018,608	62.45
HENRY	77,931,547	5,314,285	68.19	UNION	198,984,310	13,427,115	67.48
HIGHLAND	67,541,448	3,276,158	48.51	VAN WERT	48,837,150	3,294,625	67.46
HOCKING	27,565,206	1,677,295	60.85	VINTON	14,091,565	588,066	41.73
HOLMES	83,931,520	4,441,509	52.92	WARREN	414,119,671	32,416,422	78.28
HURON	131,221,230	7,939,135	60.50	WASHINGTON	208,616,190	10,952,883	52.50
JACKSON	54,383,577	2,564,649	47.16	WAYNE	242,211,080	18,149,433	74.93
JEFFERSON	118,801,812	6,920,139	58.25	WILLIAMS	102,822,640	7,246,347	70.47
KNOX	98,705,680	5,925,515	60.03	WOOD	288,568,856	23,005,313	79.72
LAKE	489,705,235	40,891,613	83.50	WYANDOT	64,065,905	3,260,240	50.89
LAWRENCE	42,993,620	1,502,631	34.95				
LICKING	240,408,190	14,051,040	58.45	<b>TOTAL</b>	<b>\$21,451,814,203</b>	<b>\$1,637,418,361</b>	<b>76.33</b>

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

Table 7  
Tangible Personal Property Tax — Reduction in Taxable Value & in Taxes  
Levied Due to the \$10,000 Exemption, by County, Tax Year 2003

County	Reduction in Taxable Value	Reduction in Taxes Levied*	County	Reduction in Taxable Value	Reduction in Taxes Levied*
ADAMS	\$1,967,450	\$100,150	LOGAN	\$5,353,630	\$339,009
ALLEN	11,989,500	660,965	LORAIN	27,407,670	2,114,605
ASHLAND	6,176,342	409,495	LUCAS	44,504,806	4,165,332
ASHTABULA	10,735,825	814,541	MADISON	3,102,040	196,134
ATHENS	4,688,708	385,801	MAHONING	26,716,750	2,060,275
AUGLAIZE	6,134,765	340,118	MARION	5,428,660	363,427
BELMONT	7,331,121	449,392	MEDINA	20,247,159	1,782,556
BROWN	2,774,640	136,140	MEIGS	1,852,780	86,408
BUTLER	30,916,162	2,140,623	MERCER	6,348,532	332,413
CARROLL	2,511,535	136,110	MIAMI	12,217,210	796,806
CHAMPAIGN	3,644,342	233,290	MONROE	1,573,160	79,480
CLARK	10,912,619	776,678	MONTGOMERY	53,106,500	4,806,655
CLERMONT	15,303,149	1,195,447	MORGAN	1,054,225	52,893
CLINTON	4,193,361	228,103	MORROW	2,360,080	133,132
COLUMBIANA	11,823,390	692,672	MUSKINGUM	9,794,057	658,394
COSHOCTON	3,998,559	239,023	NOBLE	1,158,200	55,744
CRAWFORD	5,452,216	399,072	OTTAWA	6,429,980	424,660
CUYAHOGA	142,554,317	14,134,272	PAULDING	2,033,170	128,182
DARKE	7,653,020	389,662	PERRY	2,495,296	155,931
DEFIANCE	4,350,090	259,188	PICKAWAY	3,597,008	201,065
DELAWARE	13,218,660	908,908	PIKE	1,915,782	116,697
ERIE	10,415,913	840,643	PORTAGE	15,349,678	1,353,874
FAIRFIELD	10,907,777	824,251	PREBLE	3,621,010	196,897
FAYETTE	2,580,955	145,983	PUTNAM	4,566,938	233,138
FRANKLIN	103,650,271	9,348,243	RICHLAND	13,292,430	996,368
FULTON	6,317,490	443,361	ROSS	6,114,930	329,765
GALLIA	3,011,311	125,079	SANDUSKY	7,564,715	413,734
GEAUGA	14,340,200	1,328,739	SCIOTO	6,315,650	382,253
GREENE	11,192,569	824,202	SENECA	6,331,040	388,302
GUERNSEY	5,105,270	316,422	SHELBY	6,518,645	387,182
HAMILTON	92,949,630	8,228,869	STARK	40,264,095	2,957,533
HANCOCK	9,457,665	550,087	SUMMIT	58,565,500	4,852,827
HARDIN	2,676,014	142,618	TRUMBULL	21,965,545	1,514,303
HARRISON	1,319,660	79,070	TUSCARAWAS	12,407,162	779,217
HENRY	3,622,403	246,897	UNION	4,308,190	299,189
HIGHLAND	3,680,590	170,847	VAN WERT	3,545,074	239,272
HOCKING	2,894,832	176,811	VINTON	1,016,290	44,849
HOLMES	10,850,550	573,240	WARREN	16,657,240	1,249,626
HURON	8,114,900	488,194	WASHINGTON	8,375,730	461,121
JACKSON	3,105,048	147,037	WAYNE	16,149,940	1,147,457
JEFFERSON	5,623,575	327,022	WILLIAMS	5,370,650	375,821
KNOX	6,037,188	377,513	WOOD	13,193,730	1,032,153
LAKE	30,727,705	2,581,690	WYANDOT	3,175,945	160,072
LAWRENCE	3,256,910	119,738			
LICKING	14,312,960	836,130	<b>TOTAL</b>	<b>\$1,187,847,979</b>	<b>\$93,117,084</b>

\* Beginning in Fiscal Year 2004, the reimbursement from the state to localities for the revenue foregone as a result of the \$10,000 exemption is being phased out. The phase-out will take place over a ten-year period. The total reimbursement in FY 2004 was \$85.9 million.

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