

# Tangible Personal Property

**T**he tangible personal property tax is a tax on businesses in Ohio. Taxes levied on tangible personal property totaled approximately \$1.65 billion in tax year 2004 on a taxable value of approximately \$21.3 billion. The \$10,000 exemption reduced the statewide taxable value by approximately \$0.7 billion and taxes levied by \$55.9 million in tax year 2004. The state reimbursed schools and local governments for this revenue loss. A phase-down of this reimbursement began in Fiscal Year 2004.

The tangible personal property tax is being phased out between 2006 and 2009 as part of the tax changes contained in Amended Substitute House Bill 66, the two-year state budget bill for Fiscal Years 2006-2007 (see **Recent Legislation**).

## 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 2005 is 25 percent on everything except inventories. The inventory assessment percentage for tax year 2005 is 23 percent.

Taxable value is determined by applying various assessment percentages to the true value of different classes of tangible personal property. The true value of business property 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):

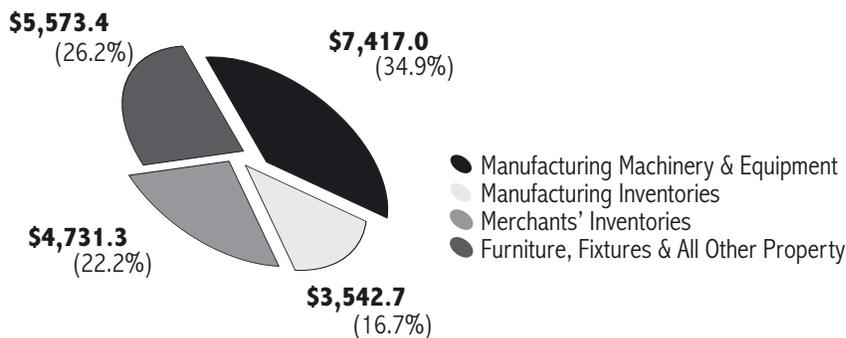
Tangible personal property tax rates vary by taxing jurisdiction. The total tax rate includes all levies enacted by legislative authority or approved by voters for all taxing jurisdictions within which the property is located (e.g. county, township, municipal corporation, school district, etc.). The rates applied to tangible personal property are the same as the rates applied to 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 2004 was 77.67 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. A phasedown of the reimbursement to local subdivisions for the revenues lost due to this exemption began in FY 2004. The phase-down will end in FY 2009.
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).

## Tangible Personal Property Valuations by Type of Property

Fiscal Year 2005  
(figures in millions)



Total \$21,264.4 million

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 facility equipment (R.C. 5709.25).
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. 5709.25).
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. 5709.25).
11. Certified solid waste energy conversion facilities — property used to convert solid waste from industrial operations into energy for some useful purpose (R.C. 5709.25).
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 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).
18. Public recreational facility used by a major league athletic team if certain conditions are met (R.C. 5709.081).

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 phase-down of the reimbursement to local subdivisions for the revenues lost due to this exemption began in FY 2004. The phase-down will end in FY 2009 (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 to April 30:** 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.

**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 2004, school districts received 71.5 percent of the total tax revenue, while municipalities received 5.6 percent, townships 3.9 percent, and counties and special districts 19.0 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.

## Special Provisions

### Enterprise Zone Abatement and \$10,000 Exemption (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

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

**Am. Sub. H.B. 66, 126<sup>th</sup> General Assembly (FY 2006-2007 biennium budget bill, effective June 30, 2005).**

### Tangible Personal Property Tax Phase-Out

The general business tangible personal property tax will be phased-out beginning in tax year 2006. The listing percentage (i.e., taxable portion) of the true value of all tangible personal property including inventory will be 18.75 percent for tax year 2006, 12.5 percent for tax year 2007, 6.25 percent for tax year 2008 and 0 percent for tax year 2009 and thereafter.

The one exception to these percentages will be for manufacturing equipment

not previously used in business in this state by the owner, or related member, or predecessor of the owner before January 1, 2005. This equipment will not be taxed in tax year (i.e., calendar year) 2006 and thereafter. This exception does not apply to inventory.

New definitions for manufacturer, manufacturing equipment, manufacturing facility, and manufacturing inventory were created to distinguish manufacturing equipment that will not be taxed from other tangible personal property.

Other changes are highlighted below.

### Starting in tax year 2007:

- Telephone companies and inter-exchange telecommunications companies will be defined as general business taxpayers instead of public utilities and will be valued and assessed under R. C. 5711;
- taxable value of telephone and inter-exchange telecommunications personal property will continue to be apportioned under R. C. 5727;
- assessment of telephone company and inter-exchange telecommunications company personal property will be phased-out over four years; and
- assessment percentage for all telephone and inter-exchange telecommunications personal property will be 20 percent in 2007, 15 percent in 2008, 10 percent in 2009, 5.0 percent in 2010 and 0 percent in 2011.

### Starting in tax year 2009:

- Defines a "public utility lessor company" as a taxpayer that leases personal property to a public utility other than a railroad, water transportation company, telephone or telegraph company and requires this taxpayer to report and pay the tax on the taxable personal property under R. C. 5727; and
- requires a taxpayer that is engaged in some other primary business to which the supplying of electricity to others is incidental to be treated as an electric company and required to report and pay the tax on the electric generation personal property.

**Table 1**  
**Assessed Value of Tangible Personal Property and Taxes Levied,**  
**Tax Years 2000 - 2004**

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (in mills)
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
2004	21,264,429,182	1,651,707,142	-0.9	0.9	77.67

**Table 2**  
**Taxes Levied on Tangible Personal Property by Subdivision,**  
**Tax Years 2000 - 2004**

Tax Year	Taxes Levied by Subdivision				Delinquent Taxes from Prior Years	Total Taxes and Delinquencies
	City and Village	School District(a)	Township	County(b)		
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
2004	91,805,256	1,180,559,846	65,186,570	314,155,470	422,188,610	2,073,895,751

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

**Table 3**  
**Taxes Levied on Tangible Personal Property in Ohio Cities, by**  
**Subdivision, Tax Years 2000 - 2004**

Tax Year	Taxes Levied in Cities				Delinquent Taxes from Prior Years	Total Taxes and Delinquencies
	City and Village	School District(a)	Township	County(b)		
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
2004	81,650,597	794,411,073	7,009,862	212,647,084	290,270,093	1,385,988,710

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



**Table 4**  
**Assessed Value of Tangible Personal Property,**  
**by Class of Property, Tax Years 2003 - 2004 (figures in millions)**

Class of Property	Assessment Levels (% of True Value)		Assessed Taxable Value of All Taxpayers	
	2003	2004	2003 (a)	2004 (b)
Manufacturing Machinery & Equipment	25%	25%	\$7,200.5	\$7,417.0
Manufacturers' Inventories	23%	23%	3,854.8	3,542.7
Merchants' Inventories	23%	23%	4,759.5	4,731.3
Furniture, Fixtures, & All Other Property	25%	25%	5,637.0	5,573.4
<b>Total</b>			<b>\$21,451.8</b>	<b>\$21,264.4</b>

(a) Figures by class of property are estimated.  
(b) Figures are derived by determining the percentage share accounted for by each tangible personal property class, using figures reported by the Department of Taxation for purposes of computing the tangible personal property tax value losses under H.B. 66, and applying those percentage shares to the total tangible personal property taxable value reported on county auditor abstracts. Railroad property has been excluded from these figures.

**Table 5**  
**Listing Percentages Applied to True Value of Tangible Personal Property to Determine Taxable Value, Tax Years 1995 - 2005**

Tax Year	Manufacturing Machinery and Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment*	All Other Property**
1995-2001	25 %	25%	25 %	100 %	25%
2002	25	24	24	100	25
2003-2005	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 2004**

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	\$21,092,160	\$1,039,463	49.28	LOGAN	\$147,935,226	\$9,164,247	61.95
ALLEN	348,819,423	18,672,384	53.53	LORAIN	478,747,700	37,283,742	77.88
ASHLAND	82,742,270	5,459,085	65.98	LUCAS	818,804,370	75,671,421	92.42
ASHTABULA	194,743,560	14,875,032	76.38	MADISON	64,332,330	4,107,377	63.85
ATHENS	34,140,202	2,837,958	83.13	MAHONING	320,246,470	25,424,067	79.39
AUGLAIZE	131,634,580	8,138,325	61.83	MARION	133,972,644	8,920,228	66.58
BELMONT	101,325,740	5,988,932	59.11	MEDINA	270,015,893	23,982,880	88.82
BROWN	19,952,466	976,351	48.93	MEIGS	13,333,910	649,442	48.71
BUTLER	725,428,781	47,916,290	66.05	MERCER	63,338,900	3,199,395	50.51
CARROLL	28,894,765	1,637,421	56.67	MIAMI	274,246,400	18,726,904	68.28
CHAMPAIGN	76,619,532	5,026,164	65.60	MONROE	23,920,650	1,175,362	49.14
CLARK	198,361,036	13,607,716	68.60	MONTGOMERY	957,605,747	85,669,099	89.46
CLERMONT	187,676,532	15,281,357	81.42	MORGAN	10,520,059	529,700	50.35
CLINTON	108,947,622	5,926,348	54.40	MORROW	22,481,780	1,400,473	62.29
COLUMBIANA	118,368,450	7,028,140	59.38	MUSKINGUM	132,770,565	8,852,426	66.67
COSHOCTON	69,525,420	3,980,215	57.25	NOBLE	14,678,570	701,891	47.82
CRAWFORD	96,865,320	7,359,847	75.98	OTTAWA	75,247,714	5,316,734	70.66
CUYAHOGA	2,301,118,453	221,785,477	96.38	PAULDING	23,467,166	1,362,011	58.04
DARKE	81,935,904	4,286,430	52.31	PERRY	23,790,978	1,446,599	60.80
DEFIANCE	88,731,710	5,336,750	60.14	PICKAWAY	96,379,475	5,448,418	56.53
DELAWARE	230,226,578	15,837,490	68.79	PIKE	49,899,518	2,969,376	59.51
ERIE	201,660,195	16,743,224	83.03	PORTAGE	252,825,944	22,071,405	87.30
FAIRFIELD	132,636,353	10,038,242	75.68	PREBLE	75,319,600	4,088,928	54.29
FAYETTE	60,720,615	3,357,099	55.29	PUTNAM	60,289,645	3,137,437	52.04
FRANKLIN	2,144,871,804	191,109,445	89.10	RICHLAND	291,908,819	22,606,540	77.44
FULTON	120,723,740	8,469,295	70.15	ROSS	133,078,020	7,165,014	53.84
GALLIA	45,177,704	1,786,580	39.55	SANDUSKY	158,859,956	8,531,983	53.71
GAUGA	146,720,040	13,323,109	90.81	SCIOTO	72,068,000	4,134,855	57.37
GREENE	165,190,986	12,376,242	74.92	SENECA	94,196,987	5,986,924	63.56
GUERNSEY	83,597,560	4,780,292	57.18	SHELBY	275,648,773	15,946,526	57.85
HAMILTON	1,750,930,182	151,154,932	86.33	STARK	700,034,008	51,091,698	72.98
HANCOCK	249,127,286	13,888,759	55.75	SUMMIT	1,057,763,907	86,283,125	81.57
HARDIN	46,778,086	2,615,011	55.90	TRUMBULL	396,191,078	27,920,802	70.47
HARRISON	18,563,680	1,130,801	60.91	TUSCARAWAS	194,661,340	12,595,105	64.70
HENRY	87,738,871	5,985,883	68.22	UNION	236,356,050	17,335,226	73.34
HIGHLAND	54,681,766	2,614,034	47.80	VAN WERT	48,816,210	3,278,176	67.15
HOCKING	31,680,436	1,927,863	60.85	VINTON	13,333,369	582,139	43.66
HOLMES	89,628,260	4,718,458	52.64	WARREN	418,113,398	33,549,368	80.24
HURON	132,838,780	7,985,407	60.11	WASHINGTON	219,723,090	11,516,977	52.42
JACKSON	54,962,481	2,619,652	47.66	WAYNE	241,533,940	18,718,181	77.50
JEFFERSON	123,007,697	7,175,431	58.33	WILLIAMS	106,101,210	7,336,876	69.15
KNOX	98,542,581	5,893,185	59.80	WOOD	295,136,567	23,772,720	80.55
LAKE	477,211,599	40,471,392	84.81	WYANDOT	66,699,510	3,394,227	50.89
LAWRENCE	46,705,010	1,634,099	34.99				
LICKING	229,187,480	13,865,508	60.50	<b>TOTAL</b>	<b>\$21,264,429,182</b>	<b>\$1,651,707,142</b>	<b>77.67</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 2004**

County	Reduction in Taxable Value	Reduction in Taxes Levied*	County	Reduction in Taxable Value	Reduction in Taxes Levied*
ADAMS	\$1,005,340	\$51,164	LOGAN	\$3,377,150	\$212,688
ALLEN	7,781,850	429,596	LORAIN	15,187,440	1,168,876
ASHLAND	3,984,752	263,639	LUCAS	27,676,595	2,631,404
ASHTABULA	6,038,340	462,702	MADISON	1,723,330	113,204
ATHENS	2,605,282	213,243	MAHONING	17,454,190	1,384,112
AUGLAIZE	3,664,960	215,085	MARION	2,860,770	191,677
BELMONT	3,573,700	217,367	MEDINA	11,169,250	1,000,803
BROWN	1,587,156	78,977	MEIGS	818,680	39,728
BUTLER	19,352,091	1,357,498	MERCER	3,786,790	198,097
CARROLL	1,408,730	77,379	MIAMI	7,083,980	483,926
CHAMPAIGN	2,010,300	130,289	MONROE	649,600	33,021
CLARK	6,660,890	477,644	MONTGOMERY	32,502,750	2,986,259
CLERMONT	8,476,581	680,242	MORGAN	534,740	27,150
CLINTON	2,215,555	119,718	MORROW	1,273,800	71,840
COLUMBIANA	6,245,740	361,071	MUSKINGUM	5,541,440	375,685
COSHOCTON	2,373,370	148,792	NOBLE	536,770	25,696
CRAWFORD	2,850,640	219,881	OTTAWA	3,559,450	248,785
CUYAHOGA	83,578,358	8,400,336	PAULDING	1,150,902	70,697
DARKE	3,951,440	203,645	PERRY	2,507,672	156,962
DEFIANCE	2,801,700	168,107	PICKAWAY	1,889,210	106,651
DELAWARE	7,688,024	533,423	PIKE	1,055,040	64,625
ERIE	5,402,630	444,216	PORTAGE	9,630,381	857,149
FAIRFIELD	6,049,140	465,851	PREBLE	2,013,930	108,848
FAYETTE	1,604,293	88,589	PUTNAM	2,665,190	135,847
FRANKLIN	64,550,850	5,797,854	RICHLAND	7,726,510	607,682
FULTON	3,746,920	262,941	ROSS	3,290,850	178,613
GALLIA	1,695,884	71,084	SANDUSKY	4,221,809	228,706
GEAUGA	7,137,060	668,584	SCIOTO	3,673,620	226,697
GREENE	6,539,635	492,233	SENECA	3,340,564	204,829
GUERNSEY	2,474,100	152,560	SHELBY	3,903,890	234,467
HAMILTON	57,156,560	5,151,552	STARK	24,266,434	1,818,481
HANCOCK	5,637,680	326,572	SUMMIT	35,409,405	2,921,408
HARDIN	1,427,810	83,847	TRUMBULL	11,634,996	829,359
HARRISON	546,620	32,946	TUSCARAWAS	7,447,240	479,654
HENRY	2,028,266	138,946	UNION	2,629,540	190,831
HIGHLAND	2,564,730	118,467	VAN WERT	1,976,820	134,188
HOCKING	1,306,810	79,783	VINTON	562,911	25,909
HOLMES	7,223,380	379,362	WARREN	10,168,620	791,463
HURON	4,269,380	256,297	WASHINGTON	5,512,670	303,504
JACKSON	1,729,730	82,435	WAYNE	9,261,370	678,284
JEFFERSON	2,990,390	173,113	WILLIAMS	3,579,120	247,654
KNOX	3,244,987	201,995	WOOD	7,876,295	632,942
LAKE	17,905,530	1,524,590	WYANDOT	1,822,085	92,991
LAWRENCE	1,655,480	59,840			
LICKING	7,955,500	470,704	<b>TOTAL</b>	<b>\$701,651,963</b>	<b>\$55,855,548</b>

\* Beginning in FY 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 total reimbursement in FY 2005 was \$74.8 million. In addition, due to a recent change in state law, taxpayers with less than \$10,000 in assessed valuation (before the \$10,000 exemption) no longer have to file a tax return. As a result, beginning in tax year 2004 the amount of reported reduced value and taxes foregone due to the \$10,000 exemption is smaller than what was reported in previous years.

Source: Abstracts filled by county auditors with the Department of Taxation and records of the department.