



Property Tax – Tangible Personal Property

The tangible personal property tax, which applies to property used in business in Ohio, is gradually being phased out as part of a broader series of tax reforms enacted in 2005 by the General Assembly.

During the 2007 tax year, taxes levied on tangible personal property totaled approximately \$1 billion on a taxable value of approximately \$12.3 billion.

The general taxation of tangible personal property in Ohio can be traced back to 1846, when the Ohio General Assembly enacted a law requiring that all property in Ohio be taxed by uniform rule. Since 1931, state law has limited the tax to machinery, inventory, furniture, fixtures and other tangible personal property used in the course of conducting business.

The ongoing phase-out plan calls for the percentage of true value at which tangible personal property is listed for tax purposes to be reduced gradually to zero. For the 2008 tax year, tangible personal property was listed at 6.25 percent of true value. For most taxpayers, the tax ended with the final payments due in September 2008. The listing percentage falls to zero in 2009, when Ohio will no longer have a general tax on tangible personal property used in business.

The tax will temporarily continue to apply to telephone companies and inter-exchange telecommunications companies. For these companies, the tax is being phased out according to a different schedule, with the assessment percentage falling to zero for the 2011 tax year, as described below in **Tax Base**.

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-.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 all tangible personal property, including inventory, was 12.5 percent of true value for tax year 2007 and 6.25 percent of true value for tax year 2008.

Taxable value is determined by applying the appropriate assessment percentage to the true value of different classes of tangible personal property. The true value of business prop-

erty 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 (essentially, the cost of acquisition) of the inventories. Inventories of other taxpayers are listed at their value as of the tax listing date (generally Dec. 31).

Although the tax is phased out for most taxpayers in 2009, it will continue to apply to telephone companies and inter-exchange telecommunications companies. The tax phases out for these companies over a two-year period. Starting with the 2007 tax year, such companies were defined as general business taxpayers instead of public utilities and began to see their listing percentages phased out according to the following schedule: 20 percent in 2007, 15 percent in 2008, 10 percent in 2009, 5 percent in 2010, and zero percent in 2011.

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. Examples of taxing jurisdictions include counties, townships, municipal corporations, school districts, and special districts.

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 tax rate on tangible property in 2007 was 81.68 mills.

Exemptions and Exceptions

Exemptions include:

- the first \$10,000 of otherwise taxable value for each company. Since the 2004 tax year, taxpayers with a taxable value of less than \$10,000 were no longer required to file a return. A phase-out of the reimbursement to local subdivisions for the revenues lost due to this exemption began in fiscal year 2004. The phase-out will end in FY 2009 (R.C. 5709.01).
- property not used in business – for example, property owned and not used for gain by any level of government, or schools, churches or colleges (R.C. 5701.08, 5709.07, 5709.08, and 5709.12).
- registered motor vehicles and licensed aircraft (R.C. 5701.03 and 5709.01).
- personal property used in agriculture (R.C. 5701.08).
- patterns, jigs, dies, and drawings used in business which are held for use and not for sale (R.C. 5701.03).

- certified air, water, and noise exempt facility equipment (R.C. 5709.20 – 5709.28).
- 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).
- machinery and equipment while under installation or construction in a plant or facility and not capable of operation (R.C. 5701.08).
- certified energy conversion facilities, meaning 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).
- certified thermal efficiency improvement facilities, meaning 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).
- certified solid waste energy conversion facilities, meaning property used to convert solid waste from industrial operations into energy for some useful purpose (R.C. 5709.25).
- inventories held in a foreign trade zone (R.C. 5709.44).
- property in a public recreational facility used for athletic events, or by a major league athletic team or a class A to class AAA minor league baseball team, if certain criteria are met (R.C. 5709.081).
- inventories shipped from outside Ohio, held in storage only, and shipped back out of Ohio (R.C. 5701.08 and 5711.22).
- leased property used by the lessee exclusively for agricultural purposes (R.C. 5701.08).
- new and used machinery, equipment, and accessories designed and built for agricultural use, while in the inventory of a merchant (R.C. 5701.08).
- 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).
- manufacturing machinery and equipment first placed in service in Ohio on or after Jan. 1, 2005 (R.C. 5711.16 and 5711.22).

Special Provisions

Enterprise Zone Abatements (5709.61-.69)

Companies may receive up to a 75 percent exemption for up to 15 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 the school district in question.

Companies seeking this 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 remediated and for property at a large manufacturing operation that has ceased or will cease operation.

The \$10,000 Exemption (R.C. 5709.01)

The first \$10,000 of otherwise taxable value for each company is exempt. Since the 2004 tax year, taxpayers with a taxable value of less than \$10,000 were no longer required to file a return. A phase-out of the reimbursement to local subdivisions for the revenues lost due to this exemption began in fiscal year 2004. The phase-out was scheduled to end in fiscal year 2009.

Filing and Payment Dates

(R.C. 319.29, 323.17, 5711.01, 5711.04, 5711.25, 5719.02, 5719.03)

Feb. 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 Jan. 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 – By this date, the Tax Commissioner certifies preliminary tangible personal property valuations of inter-county taxpayers to the county auditors.

Third Monday in August – County auditors certify and deliver tangible personal property lists to county treasurers.

Sept. 20 – Inter-county corporations pay total tax liability by this date, and the second half of tax is also 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).

During 2006, school districts received 71.6 percent of the total tax revenue, while municipalities received 5.4 percent, townships 4.1 percent, and counties and special districts 18.9 percent.

Administration

(R.C. 5711.11, 5711.13)

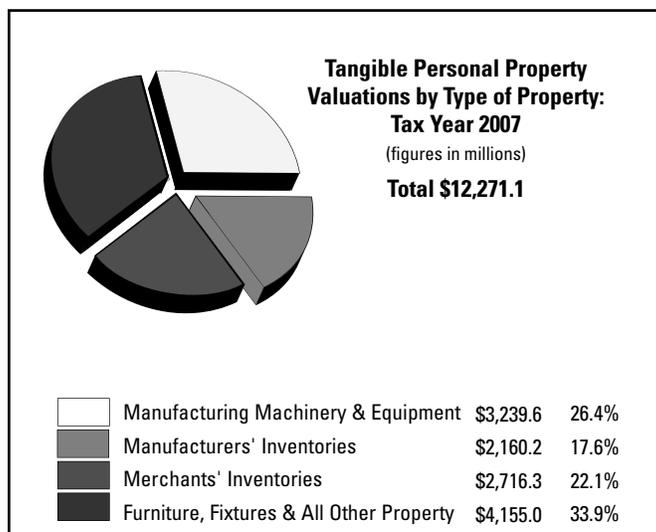
Each county auditor is a deputy of the Tax Commissioner for purposes of this tax.

Inter-county taxpayers – meaning businesses with taxable property in more than one county – file with and are assessed by the Tax Commissioner.

Single-county taxpayers – meaning businesses with taxable property in only one county – file with and are assessed by their county auditor. County auditors forward a copy of each return to the Tax Commissioner.

Ohio Revised Code Citations

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

Chart

Table 1

Assessed Value of Tangible Personal Property and Taxes Levied, Tax Years 2003-2007					
Tax Year	Value of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (in mills)
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
2005	21,330,431,245	1,695,986,799	0.3%	2.7%	79.51
2006	16,666,716,199	1,345,184,777	-21.9%	-20.7%	80.71
2007	12,271,111,018	1,002,333,421	-26.4%	-25.5%	81.68

Table 2

Taxes Levied on Tangible Personal Property by Subdivision, Tax Years 2003-2007						
Tax Year	Taxes Levied by Subdivision				Delinquent Taxes from Prior Years	Total Taxes and Delinquencies
	City and Village	School District ¹	Township	County ²		
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
2005	91,706,105	1,219,108,372	66,583,844	318,588,478	478,564,314	2,174,551,113
2006	72,561,973	963,554,947	54,885,158	254,182,699	464,677,698	1,809,862,475
2007	53,546,471	717,690,030	42,329,372	188,767,548	322,319,603	1,324,653,024

1 Includes Joint Vocational Schools.

2 Includes special districts.

Table 3

Taxes Levied on Tangible Personal Property in Ohio Cities, by Subdivision, Tax Years 2003-2007						
Tax Year	Taxes Levied in Cities				Delinquent Taxes from Prior Years	Total Taxes and Delinquencies
	City and Village	School District¹	Township	County²		
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
2005	81,300,541	820,752,565	6,990,412	214,755,299	307,210,705	1,431,009,522
2006	64,312,033	642,670,771	6,028,868	170,238,065	318,696,436	1,201,946,173
2007	47,675,780	476,905,755	4,671,937	125,867,389	200,012,908	855,133,769

1 Includes Joint Vocational Schools.
2 Includes special districts.

Table 4

Assessed Value of Tangible Personal Property, by Class of Property, Tax Years 2006-2007 (in millions of dollars)				
	Assessment Levels (% of True Value)		Assessed Taxable Value of All Taxpayers	
	2006	2007	2006¹	2007¹
Manufacturing Machinery & Equipment	18.75%	12.50%	\$5,206.4	\$3,239.6
Manufacturers' Inventories	18.75%	12.50%	3,116.3	2,160.2
Merchants' Inventories	18.75%	12.50%	4,084.5	2,716.3
Furniture, Fixtures, & All Other Property	18.75%	12.50%	4,259.5	4,155.0
Total			\$16,666.7	\$12,271.1

1 Figures by class of property are estimated. 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 1999-2008						
Tax Year	Manufacturing Machinery and Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment¹	Telephone and Inter-exchange Telecommunications Property²	All Other Property³
1999-2001	25.00%	25.00%	25.00%	88.00%	--	25.00%
2002	25.00	24.00	24.00	88.00	--	25.00
2003-2005	25.00	23.00	23.00	88.00	--	25.00
2006	18.75	18.75	18.75	85.00	--	18.75
2007	12.50	12.50	12.50	85.00	20.00	12.50
2008	6.25	6.25	6.25	85.00	15.00	6.25

1 Property used in generating or distributing electricity to others (except utilities).
2 Beginning in tax year 2007, telecommunications property is listed as general tangible personal property (and no longer listed as public utility personal property).
3 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 2007							
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	\$27,831,580	\$1,392,288	50.03	LOGAN	\$78,474,010	\$5,011,267	63.86
ALLEN	203,329,500	11,557,168	56.84	LORAIN	273,888,580	22,144,008	80.85
ASHLAND	48,526,881	3,673,776	75.71	LUCAS	469,770,093	44,172,457	94.03
ASHTABULA	113,343,780	8,622,897	76.08	MADISON	42,102,470	2,782,141	66.08
ATHENS	22,366,364	1,986,126	88.80	MAHONING	205,761,000	16,555,861	80.46
AUGLAIZE	74,095,440	4,599,596	62.08	MARION	78,996,797	5,146,252	65.15
BELMONT	55,686,840	3,407,109	61.18	MEDINA	162,596,130	14,991,206	92.20
BROWN	14,734,582	743,371	50.45	MEIGS	6,906,020	324,422	46.98
BUTLER	453,532,419	34,410,042	75.87	MERCER	40,675,020	2,337,418	57.47
CARROLL	17,039,907	1,004,081	58.93	MIAMI	131,017,670	9,143,292	69.79
CHAMPAIGN	43,739,312	2,922,103	66.81	MONROE	9,610,840	476,942	49.63
CLARK	108,223,478	7,747,124	71.58	MONTGOMERY	504,161,421	47,588,433	94.39
CLERMONT	110,183,631	9,559,513	86.76	MORGAN	5,825,540	313,810	53.87
CLINTON	71,360,702	3,633,366	50.92	MORROW	15,488,640	912,432	58.91
COLUMBIANA	64,868,250	3,909,821	60.27	MUSKINGUM	69,974,950	4,673,395	66.79
COSHOCTON	39,320,032	2,242,226	57.03	NOBLE	\$7,106,551	\$325,332	45.78
CRAWFORD	49,513,891	3,624,517	73.20	OTTAWA	45,156,900	3,172,331	70.25
CUYAHOGA	1,403,229,702	140,679,136	100.25	PAULDING	13,440,692	801,547	59.64
DARKE	41,353,640	2,174,153	52.57	PERRY	12,529,180	772,837	61.68
DEFIANCE	49,356,970	3,075,964	62.32	PICKAWAY	39,130,078	2,353,699	60.15
DELAWARE	157,458,553	11,989,218	76.14	PIKE	23,927,981	1,463,453	61.16
ERIE	102,116,750	8,642,670	84.64	PORTAGE	146,106,983	13,238,919	90.61
FAIRFIELD	75,742,054	6,038,278	79.72	PREBLE	42,161,540	2,326,230	55.17
FAYETTE	35,481,671	2,090,855	58.93	PUTNAM	32,309,678	1,659,492	51.36
FRANKLIN	1,266,824,369	124,419,777	98.21	RICHLAND	161,943,782	12,405,980	76.61
FULTON	99,973,010	7,603,114	76.05	ROSS	64,703,330	4,097,576	63.33
GALLIA	22,473,444	1,061,133	47.22	SANDUSKY	77,121,160	4,324,341	56.07
GEAUGA	92,736,550	8,941,480	96.42	SCIOTO	41,068,820	2,470,609	60.16
GREENE	92,850,614	7,269,090	78.29	SENECA	52,041,979	3,469,984	66.68
GUERNSEY	46,633,460	2,601,331	55.78	SHELBY	138,782,421	8,035,178	57.90
HAMILTON	1,002,702,620	87,678,838	87.44	STARK	418,678,654	31,530,755	75.31
HANCOCK	124,536,481	7,773,205	62.42	SUMMIT	601,669,253	52,713,890	87.61
HARDIN	33,509,171	1,778,453	53.07	TRUMBULL	237,676,895	17,482,812	73.56
HARRISON	11,637,840	707,466	60.79	TUSCARAWAS	107,463,223	7,023,814	65.36
HENRY	45,036,420	3,247,465	72.11	UNION	117,567,036	8,861,406	75.37
HIGHLAND	30,301,710	1,418,695	46.82	VAN WERT	26,358,940	1,820,897	69.08
HOCKING	16,656,253	1,013,431	60.84	VINTON	6,536,280	301,065	46.06
HOLMES	49,317,310	2,585,365	52.42	WARREN	254,292,440	22,352,137	87.90
HURON	65,640,740	4,064,279	61.92	WASHINGTON	120,308,380	6,261,089	52.04
JACKSON	31,768,213	1,486,185	46.78	WAYNE	137,805,780	11,093,297	80.50
JEFFERSON	77,446,023	4,610,332	59.53	WILLIAMS	58,232,797	4,148,666	71.24
KNOX	68,231,229	3,917,221	57.41	WOOD	173,015,896	14,591,101	84.33
LAKE	260,444,764	23,487,135	90.18	WYANDOT	28,323,358	1,401,607	49.49
LAWRENCE	26,102,510	993,478	38.06				
LICKING	143,143,170	8,877,173	62.02	TOTAL	\$12,271,111,018	\$1,002,333,421	81.68

Table 7

Tangible Personal Property Tax - Reduction in Taxable Value & in Taxes Levied Due to the \$10,000 Exemption, by County, Tax Year 2007					
County	Reduction in Taxable Value	Reduction in Taxes Levied ¹	County	Reduction in Taxable Value	Reduction in Taxes Levied ¹
ADAMS	\$623,380	\$33,151	LOGAN	\$2,092,250	\$135,500
ALLEN	5,290,410	300,470	LORAIN	9,833,960	776,760
ASHLAND	2,536,762	189,529	LUCAS	18,117,420	1,755,316
ASHTABULA	3,531,610	270,629	MADISON	1,213,110	80,600
ATHENS	1,569,584	137,150	MAHONING	11,509,980	919,739
AUGLAIZE	2,411,210	144,755	MARION	1,798,520	117,115
BELMONT	2,235,260	139,259	MEDINA	6,980,490	650,117
BROWN	975,280	49,857	MEIGS	729,140	34,098
BUTLER	13,539,790	1,062,891	MERCER	2,650,490	155,489
CARROLL	883,280	50,244	MIAMI	4,711,860	325,807
CHAMPAIGN	1,279,118	85,825	MONROE	388,450	19,560
CLARK	4,335,943	323,676	MONTGOMERY	20,389,820	1,960,681
CLERMONT	5,256,520	449,470	MORGAN	275,290	14,916
CLINTON	1,759,670	90,296	MORROW	660,300	35,806
COLUMBIANA	3,958,540	230,751	MUSKINGUM	3,397,540	228,258
COSHOCTON	1,416,740	91,040	NOBLE	370,000	17,000
CRAWFORD	1,706,180	125,892	OTTAWA	1,886,320	131,831
CUYAHOGA	53,214,952	5,453,323	PAULDING	772,730	47,968
DARKE	2,365,650	123,691	PERRY	886,675	56,353
DEFIANCE	1,845,250	116,237	PICKAWAY	1,278,750	78,939
DELAWARE	5,479,216	422,387	PIKE	742,340	45,061
ERIE	3,281,130	279,684	PORTAGE	6,134,170	562,013
FAIRFIELD	3,855,410	307,728	PREBLE	1,157,190	62,765
FAYETTE	1,171,710	69,693	PUTNAM	1,782,360	89,913
FRANKLIN	42,407,770	4,178,929	RICHLAND	4,884,980	376,193
FULTON	2,397,140	179,280	ROSS	2,093,450	131,665
GALLIA	1,217,496	61,800	SANDUSKY	2,625,960	145,620
GEAUGA	4,209,710	407,033	SCIOTO	2,123,140	134,049
GREENE	4,051,946	313,534	SENECA	2,294,447	147,983
GUERNSEY	1,610,400	96,002	SHELBY	2,707,930	165,437
HAMILTON	36,820,910	3,297,853	STARK	14,711,770	1,131,293
HANCOCK	3,550,230	230,297	SUMMIT	23,406,826	2,062,203
HARDIN	927,810	51,834	TRUMBULL	7,719,585	569,554
HARRISON	416,520	25,139	TUSCARAWAS	5,103,750	335,374
HENRY	1,352,880	96,022	UNION	2,052,230	148,491
HIGHLAND	1,622,450	74,817	VAN WERT	1,254,280	87,321
HOCKING	927,990	56,952	VINTON	336,630	16,339
HOLMES	5,039,390	262,722	WARREN	7,267,470	615,745
HURON	3,017,570	185,255	WASHINGTON	3,206,330	175,165
JACKSON	535,410	24,681	WAYNE	6,359,500	485,400
JEFFERSON	2,082,220	123,101	WILLIAMS	2,309,480	164,383
KNOX	2,136,260	128,803	WOOD	5,544,210	463,073
LAKE	12,254,000	1,085,605	WYANDOT	1,080,180	55,136
LAWRENCE	979,760	39,761			
LICKING	4,926,040	302,439	TOTAL	\$453,847,800	\$37,481,516

¹ 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 be fully implemented in fiscal year 2009. The total reimbursement in FY 2008 was \$30.6 million. In addition, beginning in tax year 2004 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, the amount of reported reduced value and taxes foregone due to the \$10,000 exemption is smaller than what was reported prior to tax year 2004.