

PROPERTY TAX – PUBLIC UTILITY TANGIBLE

TAXPAYER

All public utilities and inter-exchange telecommunications companies that are subject to the tax.

TAX BASE

In Ohio, local telephone, telegraph, electric, natural gas, pipeline, waterworks, water transportation, heating, rural electric, and railroad companies are defined as public utilities for tangible personal property tax purposes. This definition also pertains to the tangible personal property of inter-exchange telecommunications companies, which includes long distance and cellular providers.

The true value of tangible personal property is based on composite annual allowances and is assessed at 25 percent, except:

1. All personal property of pipelines, waterworks, and heating companies, electric transmission and distribution property, and local telephone property put into service before tax year 1995 is assessed at 88 percent.
2. Rural electric transmission and distribution property is assessed at 50 percent.

For information on public utility taxable real property, see the **PROPERTY TAX – REAL** section.

Apportionment Of Tax Base:

Generally, public utilities are valued as statewide units and the values are distributed to the taxing districts in which utilities operate. Personal property values are apportioned among the taxing districts based on a specific apportionment base (taxable cost of property, miles of wire, etc.)

Electric production equipment is situated 100 percent in the taxing district where located.

MAJOR EXEMPTIONS

Property of municipally-owned utilities.

Certified air, water and noise pollution control equipment.

Licensed motor vehicles.

Tangible personal property under construction.

PROPERTY TAX – PUBLIC UTILITY TANGIBLE

Qualified electric generating property may qualify for a property tax reduction if in an enterprise zone.

REVENUE (IN MILLIONS)

Calendar

<u>Year</u>	<u>Taxes Levied</u>
1999	\$960.2
2000	967.7
2001	715.3
2002	746.1

DISPOSITION OF REVENUE

Revenue is distributed to counties, municipalities, townships, school districts and special districts according to the taxable values and total millage levied by each. Statewide, school districts receive approximately 70 percent of the public utility personal property tax revenue.

PAYMENT DATES

December 31: at least one-half of total tax liability due.

June 20: balance of tax liability due.

Extensions are automatically granted to counties for 30 days because of certain delays affecting property tax administration.

The Tax Commissioner may grant further extensions upon application by a county auditor and county treasurer. An approved application extends the due date for the tax and provides the county treasurer an extension of time to collect the taxes.

SPECIAL PROVISIONS/CREDITS

None.

SECTIONS OF OHIO REVISED CODE

Chapters 319, 321, 323, 5701, 5705, 5709, 5711, 5713, 5715, 5717, 5719, 5727, and 6111.

RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner assesses personal property of all public utilities and inter-exchange telecommunications companies. The tax is collected by county treasurers and reported by county auditors.

PROPERTY TAX – PUBLIC UTILITY TANGIBLE

HISTORY OF MAJOR CHANGES

- 1910 • Public utility property assessed by Tax Commission.
- 1939 • Public utility property assessed by the Tax Commissioner, a newly-created position replacing the state Tax Commission.
- 1941 • Assessment level for personal property of rural electric companies reduced from 100 percent to 50 percent. (All other public utility property assessed at 100 percent.)
- 1963 • Certified air pollution control facilities exempted.
- 1965 • Certified water pollution control facilities exempted.
- 1973 • Certified noise pollution control facilities exempted.
- 1979 • Personal property of railroads assessed at same level as non-utility tangible personal property; current assessment level is 25 percent.
- 1985 • Seventy percent of the value of production plant equipment of electric companies apportioned to the taxing district in which the property is physically located. Remaining value apportioned to each taxing district based on the percentage of the total cost of transmission and distribution property (distribution base) in each district.
- 1989 • For production equipment at an electric utility plant with a cost exceeding \$1.0 billion, the amount in excess of \$420 million is apportioned according to the distribution base.
 - True value of public utility personal property based on composite annual allowances, and taxable property of most public utilities reduced from 100 percent to 88 percent of true value.
 - True value of electric production equipment statutorily defined as 50 percent of original cost; 100 percent assessment rate retained.

PROPERTY TAX – PUBLIC UTILITY TANGIBLE

- 1995
 - All inter-exchange telecommunications company personal property assessed at 25 percent of true value. Local telephone company personal property added to the tax rolls during tax year 1995 and thereafter assessed at 25 percent of true value.

- 1999
 - Beginning January 1, 2001, electric and rural electric utility personal property, excluding transmission and distribution property, assessed at 25 percent.
 - Beginning January 1, 2001, electric production equipment situated 100 percent in the taxing district in which property is located.

- 2000
 - Beginning January 1, 2001, natural gas personal property tax assessment rates lowered from 88 percent to 25 percent.

- 2003
 - Beginning January 1, 2005, assessment rate for telephone personal property acquired before 1994 phased down from 88 percent to 25 percent over a three-year period.

COMPARISON WITH OTHER STATES (AS OF 12/03)

California

- Assessor: State Board of Equalization. (Note: Beginning in tax year 2003, the California State Board of Equalization will assess an electric generation facility if the facility has a generating capacity of 50 megawatts or more and is owned by or used by an electrical corporation.)
- Assessment: Fair (or full) market value, with special provisions for private railroad cars.
- Tax Rate: Total of local tax levies.

Florida

- Assessor: State Department of Revenue assesses railroad property. Remaining property is assessed by county officials.
- Assessment: Fair market value.
- Tax Rate: Aggregate of all local levies.

PROPERTY TAX – PUBLIC UTILITY TANGIBLE

Illinois

- Assessor: State Department of Revenue assesses railroads. Local officials assess all other utilities.
- Assessment: Thirty-three and one-third percent of true cash value. Personal property exempt from taxation.
- Tax Rate: Aggregate of county and local levies.

Indiana

- Assessor: Township officials assess the fixed property of public utility companies, while the State Board of Tax Commissioners assesses the distributable property of public utility companies.
- Assessment: 100 percent of true cash value.
- Tax Rate: Aggregate of all state and local levies (limitations imposed) for all public utility property, except railroad property which is taxed at a rate equal to the average levy in the state.

Kentucky

- Assessor: Kentucky Revenue Cabinet.
- Assessment: Fair cash value.
- Tax Rate: State rates per \$100 of assessed value: 13.3 cents on real property, 45 cents on tangible personal property and 0.15 cents on telephonic equipment. Local rates may apply. The Railroad Revitalization and Regulatory Reform tax rate for intrastate railroads is 23.49 cents per \$100 of assessed value, while the aggregate of state and local levies is 66.98 cents per \$100 of assessed value.

Massachusetts

- Assessor: Municipal boards of assessors are responsible for assessing all property; however, certain utility property is determined and certified by the State Tax Commissioner of Revenue.
- Assessment: Fair cash value.
- Tax Rate: Subject to state, county and local levies.

PROPERTY TAX – PUBLIC UTILITY TANGIBLE

Michigan

- Assessor: Certain public utilities (railroad, telegraph, and telephone) are assessed by the State Board of Assessors. All other utilities are assessed by local officials.
- Assessment: Fifty percent of true cash value.
- Tax Rate: Average rate of taxation upon other commercial, industrial and utility property.

New Jersey

- Assessor: Division of Taxation assesses railroad property; local officials assess all telephone, telegraph, and messenger companies' property.
- Assessment: True cash value for railroad property; otherwise property is assessed at its taxable value. Telephone, telegraph, and messenger companies are specially assessed (see below).
- Tax Rate: Aggregate of all local levies; personal property of telephone, telegraph and messenger companies is taxed at the general real property tax rate of the taxing district location; state tax rate is 4.75 percent of true value for railroad property.

New York

- Assessor: Primarily local officials with state involvement in special franchise areas. Separate assessment for railroads. Personal property is exempt.
- Assessment: Determined locally based on classification of property.
- Tax Rate: Aggregate of all local levies; limitations are imposed.



PROPERTY TAX – PUBLIC UTILITY TANGIBLE

Ohio

- Assessor:** Tax Commissioner assesses the tangible personal property of all public utilities and inter-exchange telecommunications companies.
- Assessment:** Most public utility personal property is assessed at either 25 percent or 88 percent of true value with heating, pipeline, waterworks and electric transmission and distribution personal property assessed at 88 percent and rural electric transmission and distribution personal property assessed at 50 percent.
- Tax Rate:** Aggregate of all local levies.

Pennsylvania

- Assessor:** State Department of Revenue.
- Assessment:** Public utility realty tax is based on fair market value. This tax is in lieu of local real estate taxes.
- Tax Rate:** A variable tax rate is calculated every year.

Texas

- Assessor:** Local tax officials.
- Assessment:** Utility unit values based on one or more of the cost, income or market approaches.
- Tax Rate:** Aggregate of all local levies.

West Virginia

- Assessor:** West Virginia Board of Public Works.
- Assessment:** All property is assessed at 60 percent of its fair market value.
- Tax Rate:** Sum of state, county, municipality and school district levies; limitations imposed.

