
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, water works, 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%, except:

- All personal property of pipelines, water works, and heating companies, electric transmission and distribution property, and local telephone property put into service before tax year 1995 is assessed at 88%.
- Rural electric transmission and distribution property is assessed at 50%.

The personal property tax on railroad personal property will be phased-out over three years beginning in 2006. The personal property tax on telephone company and inter-exchange telecommunications company personal property will be phased-out over four years beginning in 2007.

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% in the taxing district where located.

Major Exemptions

- Property of municipally-owned utilities.
- Certified air, water, and noise pollution control equipment.

Property Tax-Public Utility Tangible

- Licensed motor vehicles.
- Tangible personal property under construction.
- Qualified electric generating property may qualify for a property tax reduction if located in an enterprise zone.

Revenue (In Millions)

Calendar

Year	Taxes Levied
2000	\$967.7
2001	715.3
2002	746.1
2003	751.8
2004	775.4

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% of the public utility tangible 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

Property Tax-Public Utility Tangible

tax is collected by county treasurers and reported by county auditors.

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% to 50% (all other public utility property assessed at 100%).
- 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%.
- 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% to 88% of true value.
 - True value of electric production equipment statutorily defined as 50% of original cost; 100% assessment rate retained.

Property Tax-Public Utility Tangible

- 1995 • All inter-exchange telecommunications company personal property assessed at 25% of true value. Local telephone company personal property added to the tax rolls during tax year 1995 and thereafter assessed at 25% of true value.
- 1999 • Beginning January 1, 2001, electric and rural electric utility personal property, excluding transmission and distribution property, assessed at 25%.
• Beginning January 1, 2001, electric production equipment situated 100% in the taxing district in which property is located.
- 2000 • Beginning January 1, 2001, natural gas personal property tax assessment rates lowered from 88% to 25%.
- 2003 • Beginning January 1, 2005, assessment rate for telephone personal property acquired before 1994 decreased from 88% to 25% over a three-year period.
- 2005 • Beginning January 1, 2006, the tax on railroad personal property is phased-out over three years. The assessment rate for 2006 is 18.75%; for 2007 12.50%; for 2008 6.25%; and for 2009 and thereafter 0.0%.
• Beginning January 1, 2006, railroad real property not used in operations is valued and assessed by the county auditor.
• Beginning January 1, 2007, telephone companies and inter-exchange telecommunications companies are classified as general business taxpayers and valued and assessed under Chapter 5711.
• Beginning January 1, 2007, the tax on telephone company and inter-exchange telecommunications company personal property is phased-out over four years. The assessment rate for 2007 is 20%; for 2008 15%; for 2009 10%; for 2010 5.0%; and for 2011 and thereafter 0.0%.
• Beginning January 1, 2009, persons that lease personal property to some public utilities are defined as public utility personal property lessors and are required to file returns listing personal property pursuant to Chapter 5727.
• Beginning January 1, 2009, persons engaged in some other primary business to which the supplying of electricity is incidental are required to file returns as an electric

Property Tax-Public Utility Tangible

company and list personal property used to supply electricity to others pursuant to Chapter 5727.

- Beginning January 1, 2006, the taxable personal property of an electric company includes the cost of patterns, jigs, dies, and drawings.
- Beginning January 1, 2006, the assessment percentage on electric transmission and distribution personal property is 85% and the assessment percentage on electric production personal property is 24%.

Comparison with Other States (As of 01/06)**California**

Assessor: State Board of Equalization.

Assessment: Fair (or full) market value, with special provisions for private railroad cars.

Tax Rate: Aggregate of all local levies.

Florida

Assessor: State Department of Revenue assesses railroad property. Remaining property is assessed by county officials.

Assessment: Full cash value.

Tax Rate: Aggregate of all local levies.

Illinois

Assessor: State Department of Revenue assesses railroads. Local officials assess all other utilities.

Assessment: Railroad property is assessed at 33 1/3% of true cash value. Personal property is 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 Department of Local Government Finance assesses the distributable property of public utility companies.

Property Tax-Public Utility Tangible**Comparison with Other States (As of 01/06)**

- Assessment:** 100% 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:** State Department of Revenue.
- Assessment:** Fair cash value.
- Tax Rate:** Aggregate of all state, county, and local levies.

Massachusetts

- Assessor:** Local officials are responsible for assessing most property; however, certain utility property is determined and certified by the State Tax Commissioner of Revenue.
- Assessment:** Fair cash value.
- Tax Rate:** Aggregate of all state, county, and local levies.

Michigan

- Assessor:** Certain public utilities (railroad, telegraph, and telephone) are assessed by the State Board of Assessors. The State Board of Assessors will determine annually the true cash value and taxable value of the property of telephone and telegraph companies in the same manner as property assessed under general property tax laws. All other utilities are assessed by local officials.
- Assessment:** 50% of true cash value.
- Tax Rate:** Average rate of taxation upon all taxable state-assessed property.

New Jersey

- Assessor:** Division of Taxation assesses railroad property; local officials, with the advice of state 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.

Property Tax-Public Utility Tangible

Comparison with Other States (As of 01/06)

Tax Rate: Aggregate of all local levies; state tax rate for railroad property is 4.75% of true value.

New York

Assessor: State Board of Property Services assess special franchise areas. Local officials assess railroads. Personal property is exempt.

Assessment: Determined locally based on classification of property.

Tax Rate: Aggregate of all local levies; limitations are imposed.

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: Rates are set annually to raise required revenue, plus an additional 7.6 mills is levied on state taxable value.

Texas

Assessor: County appraisal districts.

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: State Board of Public Works.

Assessment: All property is assessed at 60% of its fair market value.

Tax Rate: Sum of state, county, municipality, and school district levies; limitations imposed.