

LOCAL TAXES  
**PROPERTY TAX – PUBLIC  
UTILITY TANGIBLE**

**Taxpayer**

Public utilities subject to tangible personal property tax are electric, natural gas, pipeline, water works, water transportation, heating, rural electric, railroad companies, and telegraph companies.

Beginning January 1, 2007, telephone companies and inter-exchange telecommunications companies are classified as general business taxpayers and are subject to the tangible personal property tax.

**Tax Base**

The tax is levied on tangible personal property used in business in Ohio by a public utility taxpayer in providing a public utility service.

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 is assessed at 88%.
- Beginning January 1, 2006, electric transmission and distribution personal property is assessed at 85% and electric production personal property is assessed at 24%.
- Rural electric transmission and distribution property is assessed at 50%.

The tax on railroad personal property is phased-out over three years beginning January 1, 2006. The assessment rate for 2006 was 18.75%; for 2007, 12.50%; for 2008, 6.25%; and for 2009 and thereafter, 0.0%.

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 sited 100% in the taxing district where located.

**Major Exemptions**

- Property of municipally-owned utilities.

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- Certified air, water, and noise pollution control equipment.
- 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
2001	\$715.3
2002	746.1
2003	751.8
2004	775.4
2005	755.2

**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 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.
- 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%.

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- 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 phased down from 88% to 25% over a three-year period.
- 2005 • 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%.
- 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 telecommunication companies are classified as general business taxpayers and will be valued according to the annual allowance rates used in their 2006 and prior years' returns and assessed under Ohio Revised Code Chapter 5711.
- Beginning January 1, 2007, the tax on telephone company and inter-exchange telecommunication 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 company and list personal property used to supply electricity to others pursuant to Chapter 5727.

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## Comparison with Other States (As of 05/07)

### California

- Assessor: State Board of Equalization  
Assessment: Fair 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.  
Assessment: Railroad real property is assessed at 33 1/3% of true cash value. Personal property is exempt from taxation.  
Tax Rate: Aggregate of all local levies.

### Indiana

- Assessor: Department of Local Government Finance assesses operating property of railroads and distributable property of other utilities. Local officials assess all remaining property.  
Assessment: Unit value based on factors including book value, cost of replacement, and earnings.  
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: The Revenue Cabinet.  
Assessment: Fair cash value.  
Tax Rate: Aggregate of all state and local levies.

### Massachusetts

- Assessor: The Division of Revenue assesses certain telephone and telegraph properties, plus petroleum and gas transmission pipelines. Local officials assess all other utility property.  
Assessment: Fair cash value.  
Tax Rate: Aggregate of all state, county, and local levies. Levies are limited to 2.5% of fair cash value.

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**Michigan**

- Assessor: State Board of Assessors.  
Assessment: 50% of true cash value.  
Tax Rate: Average rate of taxation upon all taxable state-assessed property.

**New Jersey**

- Assessor: Localities determine the value of tangible personal property of local exchange telephone companies; railroad operating property is valued by the State Division of Taxation.  
Assessment: True value.  
Tax Rate: Aggregate of all local levies; state tax rate for railroad operating property other than main stem, tangible personal property, and passenger service facilities is 4.75% of true value.

**New York**

- Assessor: State Board of Real Property Services. Values utility property in the public right of way; local officials value utility property on privately owned rights of way. Taxable real property of utilities includes tangible utility property operating on, under, or above both privately and publicly owned rights of way.  
Assessment: Determined locally based on classification of property.  
Tax Rate: Aggregate of all local levies; limitations are imposed.

**Pennsylvania**

- Assessor: Local assessors.  
Assessment: Pennsylvania utilities real property tax is based on market value calculated by adjusting for the common level ratio of assessed to market values. This tax is in lieu of local real estate taxes.  
Tax Rate: Rates are set annually based on the amount of real estate taxes the local taxing authority could have imposed, plus an additional 7.6 mills are levied on state taxable value.

**Texas**

- Assessor: County appraisal districts.  
Assessment: Unit values based on one or more of the cost, income, or market approaches.  
Tax Rate: Aggregate of all county levies.



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**West Virginia**

Assessor: State Board of Public Works.

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

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