

# NATURAL GAS CONSUMPTION TAX

**T**

he Natural Gas Consumption tax was created by Amended Substitute Senate Bill 287 (123<sup>rd</sup> General Assembly). This tax, effective July 1, 2001, replaces the revenue the local governments lost when the assessment rate for natural gas distribution companies' personal property was reduced from 88 percent to 25 percent. The tax is levied on natural gas distribution companies for the purpose of raising revenue for public education and state and local government operations.

## TAX BASE (R.C. 5727.811):

The Natural Gas Consumption tax base is the amount of natural gas distributed through the meter of an end user in this state.

## RATES (5727.811):

Mcf (1,000 cubic feet) of Natural Gas Distributed to an End User per Month	Rate per Mcf
0 - 100 Mcf's	\$.1593
101 - 2000 Mcf's	\$.0877
2001 and above Mcf's	\$.0411

- The rate to a flex customer is \$.02 per Mcf. A flex customer is an industrial or a commercial facility that has consumed more than one billion cubic feet of natural gas a year at a single location during any of the previous five years, or has purchased natural gas distribution services at discounted rates or charges established in any of the following:
  - A special arrangement subject to review and regulation by the Public Utilities Commission under R.C. 4905.31;
  - A special arrangement with a natural gas distribution company pursuant to a municipal ordinance;
  - A variable rate schedule that permits rates to vary between defined amounts, provided that the schedule is on file with the Public Utilities Commission.
- A natural gas distribution company with 50,000 customers or less may elect to apply the rates to the total of the natural gas distributed to all its customers in this state.

## EXEMPTIONS AND DEDUCTIONS (R.C. 5727.811):

- Federal government;
- Natural gas produced by an end user in this state and consumed by the natural gas producer or its affiliates, and not distributed through the facilities of a natural gas company.

## CREDITS:

There are no credits applicable to this tax.

## FILING AND PAYMENT DATES (R.C. 5727.82):

Quarterly Returns	Due Date
January - March	May 20
April - June	August 20
July - September	November 20
October - December	February 20

## DISPOSITION OF REVENUE (5727.84):

Fund	Percentage
School District Property Tax Replacement Fund	70 %
Local Government Property Tax Replacement Fund	30 %

## OHIO REVISED CODE CITATIONS:

Chapter 5727.

## RECENT LEGISLATION:

**Amended Substitute House Bill 94, Effective September 6, 2001 (Biennial Budget Bill). R.C. 5727.811 - Effective July 1, 2001** — Clarifies that the tax applies to natural gas that is included in a measurement period that includes July 1, 2001.

**R.C. 5727.82 - Effective January 1, 2003** — Transfers tax payment functions previously assigned to the Treasurer of State to the Tax Commissioner.

**R.C. 5727.84** — Changes the distribution of the tax.

**Amended Substitute Senate Bill 287, Effective December 21, 2000. R.C. 5727.80 - 5727.99, effective July 1, 2001** — Enacts the natural gas consumption tax.

**Table  
Natural Gas Consumption  
Tax Collections and Distributions  
for Fiscal Year 2002 <sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Total Collections</b>	<b>School District Property Tax Replacement Fund</b>	<b>Local Government Property Tax Replacement Fund</b>
2002	\$55,937,596	\$39,155,962	\$16,781,634

(1) Only nine months' collections occurred in FY 2002.

