

## PROPERTY TAX - PUBLIC UTILITY TANGIBLE

### TAX BASE

In Ohio, local telephone, long distance telephone, telegraph, electric, natural gas, pipe-line, water-works, water transportation, heating, rural electric, and railroad companies are defined as public utilities for tangible property tax purposes. The true value of tangible personal property is based on composite of annual allowances and is assessed at 25%, except:

- a) 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%;
- b) rural electric transmission and distribution property is assessed at 50%.

For information on public utility taxable real property, (see Property Tax - Real.)

### APPORTIONMENT OF TAX BASE

Generally, public utilities are valued as statewide units and the values are distributed to the taxing districts in which the 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.

### RATES

Vary with taxing jurisdiction. Total tax rate includes all voted levies.

### MAJOR EXEMPTIONS

Property of municipally-owned utilities.

Certified air, water and noise pollution control equipment.

Registered motor vehicles.

Personal property under construction.

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### REVENUE (IN MILLIONS)

Calendar Year	Taxes Levied
1997	\$985.9
1998	1,002.2
1999	960.2
2000	967.7

### 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 personal property tax revenue.

### SECTIONS OF OHIO REVISED CODE

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

### RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner assesses personal property of all public utilities.

### REMITTER OF TAX

All public utilities that are subject to the tax, and all other telecommunications companies.

### 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.

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### HISTORY OF MAJOR CHANGES

- 1910 • Public utility property assessed by Tax Commission.
  
- 1939 • Public utility property assessed by newly-created Tax Commissioner, a new position to replace 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 is 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 is apportioned to the taxing district in which the property is physically located. Remaining value is 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 whose cost exceeds \$1 billion, the amount in excess of \$420 million is apportioned according to the distribution base.
  - True value of public utility personal property is based on composite annual allowances, and taxable property of most public utilities is 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.

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### HISTORY OF MAJOR CHANGES (con't.)

- 1995 • All interexchange telecommunication company personal property is assessed at 25% of true value. Local telephone company personal property added to the tax rolls during tax year 1995 and thereafter is assessed at 25% of true value.
  
- 1999 • Beginning January 1, 2001, electric and rural electric utility personal property, excluding transmission and distribution property, will be assessed at 25%.
  - Beginning January 1, 2001, electric production equipment will be 100% situated in the taxing district in which property is located.
  
- 2000 • Beginning January 1, 2001, natural gas personal property tax assessment rates are lowered from 88% to 25%.

### COMPARISON WITH OTHER STATES

#### California

- |             |   |
|-------------|---|
| Assessor:   | State Board of Equalization.  |
| Assessment: | Fair 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.  |

#### 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.  |

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### COMPARISON WITH OTHER STATES (con't.)

#### Indiana

Assessor:	Township officials assess the fixed property of public utility companies, while the State Board of Tax Commissioners assess the distributable property of public utility companies.
Assessment:	Thirty-three and one-third percent of true cash value through February 28, 2001. Increases to 100% after February 28, 2001.
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 state's Revenue Cabinet.
Assessment:	Fair cash value.
Tax Rate:	State rates per \$100 of assessed value: 14.1¢ on real property, 45¢ on tangible personal property and 0.15¢ on telephonic equipment. The Railroad Revitalization and Regulatory Reform tax rate for intrastate railroads is 23.21¢ per \$100 of assessed value, while the aggregate of state and local levies is 67.58¢ per \$100 of assessed value. Local rates may apply.

#### 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.

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### COMPARISON WITH OTHER STATES (con't.)

#### 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. Telegraph, telephone and messenger companies assessed specially.
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% 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.

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### COMPARISON WITH OTHER STATES (con't.)

#### Ohio

Assessor:	The Tax Commissioner assesses the tangible personal property of all public utilities.
Assessment:	Distribution and transmission property of electric public utilities is assessed at 88% of true value. Most other public utility personal property is assessed between 25% and 88% of true value.
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% of its fair market value.
Tax Rate:	Sum of state, county, municipality and school district levies; limitations imposed.