



Public Utility Property Tax Replacement Fund

This chapter deals with two revenue-sharing funds, the School District Property Tax Replacement Fund and the Local Government Property Tax Replacement Fund. These public utility property tax replacement funds were created by the 123rd General Assembly in 1999 as part of Senate Bill 3, which was amended by Senate Bill 287. Senate Bill 3 restructured the regulation of energy prices in Ohio by permitting supplier competition. Senate Bills 3 and 287 reduced public utility personal property taxes for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. Senate Bill 3 reduced to 25% from 88% the percentage of true value used to determine the assessed value of all tangible personal property of an electric company or a rural electric company, except transmission and distribution property, beginning in tax year 2001. Also for tax year 2001, Senate Bill 287 reduced the assessment percentage for all natural gas company personal property from 88% of true value to 25%.

State consumption taxes were enacted to replace reduced personal property tax revenue, a kilowatt-hour tax (kwh tax) on electricity and a thousand cubic foot tax on natural gas (mcf tax). With the enactment of H.B. 66, effective June 30, 2005, the listing percentages were changed to those currently in use. Beginning with tax year 2006, the percentage of true value used to determine assessed value of taxable personal property of electric companies was reduced to 85% for transmission and distribution property and to 24% for all other property. For rural electric companies, the percentage of true value was reduced to 25% for all non-transmission and distribution property.

Public utility personal property tax was a source of local government revenue. Reimbursement to schools and local governments were established to replace local revenue loss attributed to the reduced assessment rate on certain property. Local revenue reductions were calculated as the product of the applicable tax rate and value. For electric utilities, the loss was determined by calculating the difference between the actual valuations for 1998 and what the valuations would have been in 1998 had the 2001 property tax structure been in effect. For gas utilities, the same calculation was done but for 1999. The tax rates used are generally from the same years as the valuation losses, but with some adjustments. For electric property the tax rates in effect for 1998 are used, except that the 1999 rates are used if they are higher than the 1998 rates (not including levies passed after June 30, 1999). For gas property, the

higher of the 1999 and 2000 tax rates are used, regardless of the dates of elections.

The fiscal year 2012-2013 biennial budget bill, H.B. 153 of the 129th General Assembly, made significant changes to the phase-out of reimbursement payments in August 2011 and thereafter. The changes implemented a measure of relative need in determining the level of reimbursement for school districts and local governments.

During fiscal year 2014, approximately \$27.95 million was distributed to schools and joint vocational districts from the School District Property Tax Replacement Fund. Approximately \$9.56 million was distributed to counties, municipalities, townships, and special districts from the Local Government Property Tax Replacement Fund in calendar year 2014.

Revenue Sources

(Ohio Revised Code 5727.84 (B) & 5727.01 et seq.)

Nine percent of kilowatt-hour receipts are to be deposited in the School District Property Tax Replacement Fund and three percent in the Local Government Property Tax Replacement Fund. A transfer from the General Revenue Fund will be made if the replacement funds are insufficient to make the calculated reimbursement payments. Any balance in the replacement funds, after reimbursements are distributed, is allocated to the General Revenue Fund.

Distributions to Schools & Local Governments

(R.C. 5727.85 & 5727.86)

Local government replacement payments are calculated on a calendar year basis and school district replacement payments are calculated on a fiscal year basis.

In calendar year 2013, replacement payments for the fixed-rate levies of counties, townships and special districts as well as municipal operating levies were equal to the sum of 2011 reimbursement less six percent of the local government's calculated 2011 total resources. Reimbursement for municipal non-operating levies, including pension and capital improvement levies, for calendar year 2013 was equal to 25 percent of the levy's 2011 reimbursement.

In fiscal year 2013, replacement payments to schools and joint vocational districts for fixed-rate operating lev-

ies were equal to fiscal year 2011 reimbursement less four percent of the district's total resources. Reimbursement for non-operating fixed-rate levies, including permanent improvement and classroom facilities levies, was equal to 50 percent of the fiscal year 2011 reimbursement. Reimbursement for fixed-sum levies (including emergency and voted bond levies) is not subject to phase out; final reimbursement for emergency levies is to be made in 2017.

Distribution Procedure

(R.C. 5727.85 C (3))

Distributions are made from the state to counties on or before the 28th day of February and 31st day of August. The county treasurer/auditor then distributes payments to the appropriate local government within 30 days.

Direct payments from the Ohio Department of Education are made to school and joint vocational districts on or before the 28th day of February and 31st day of August.

Use of Funds

Reimbursements to schools and local governments are to be utilized for the purpose of the originally qualifying levy.

Public Utility Personal Property Tax Replacement Payments by County, Fiscal Year 2014			
County	Tax Replacement Payments ^{1,2}	County	Tax Replacement Payments ^{1,2}
Adams	\$4,113,942	Licking	\$1,155
Allen	\$34,189	Logan	\$10,277
Ashland	\$9,707	Lorain	\$591,752
Ashtabula	\$28,627	Lucas	\$59,664
Athens	\$8,658	Madison	\$2,256
Auglaize	\$126	Mahoning	\$90,243
Belmont	\$117,540	Marion	\$2,952
Brown	\$5,301	Medina	\$17,250
Butler	\$278,672	Meigs	\$84,425
Carroll	\$240	Mercer	\$194
Champaign	\$232	Miami	\$16,036
Clark	\$7,859	Monroe	\$12
Clermont	\$8,775,005	Montgomery	\$217,188
Clinton	\$1,357	Morgan	\$95,808
Columbiana	\$15,002	Morrow	\$51
Coshocton	\$313,498	Muskingum	\$3,077
Crawford	\$1,128	Noble	\$189
Cuyahoga	\$1,125,917	Ottawa	\$5,325,990
Darke	\$731	Paulding	\$152
Defiance	\$383	Perry	\$307
Delaware	\$7,136	Pickaway	\$2,503
Erie	\$22,478	Pike	\$2,636
Fairfield	\$7,135	Portage	\$3,921
Fayette	\$3,718	Preble	\$305
Franklin	\$46,469	Putnam	\$327
Fulton	\$11,461	Richland	\$1,329
Gallia	\$299,196	Ross	\$686
Geauga	\$3,922	Sandusky	\$484
Greene	\$49,750	Scioto	\$4,807
Guernsey	\$23,581	Seneca	\$2,620
Hamilton	\$1,011,859	Shelby	\$14,404
Hancock	\$12,253	Stark	\$19,069
Hardin	\$124	Summit	\$69,479
Harrison	\$24,494	Trumbull	\$54,272
Henry	\$4,564	Tuscarawas	\$56,372
Highland	\$593	Union	\$569
Hocking	\$201	Van Wert	\$3,584
Holmes	\$120	Vinton	\$249
Huron	\$397	Warren	\$15,632
Jackson	\$244	Washington	\$136,313
Jefferson	\$1,704,514	Wayne	\$523
Knox	\$276	Williams	\$2,204
Lake	\$11,663,594	Wood	\$11,751
Lawrence	\$9,338	Wyandot	\$251
		Total	\$36,668,797

¹ Consists of payments made to school districts and local governments.

² Schools are on a fiscal year basis and represent approximately \$27.95 million of the \$36.67 million shown.

Local governments and special districts operate on a calendar year basis and represent about \$8.72 million for FY 2014.

Source: Ohio Department of Taxation Records.