

As Introduced

**128th General Assembly
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H. B. No. 464

Representatives Winburn, Phillips

**Cosponsors: Representatives Letson, Murray, Mallory, Domenick, Fende,
Lundy, Yuko, Williams, S., Garland, Brown, Hagan**

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A B I L L

To amend sections 5727.01, 5727.02, 5727.06, 5727.11, 1
5727.111, and 5727.15 and to enact section 5727.75 2
of the Revised Code to exempt qualifying wind and 3
solar energy facilities from property taxation for 4
up to 20 years and to require payments in lieu of 5
taxes on the basis of each megawatt of production 6
capacity of such facilities. 7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5727.01, 5727.02, 5727.06, 5727.11, 8
5727.111, and 5727.15 be amended and section 5727.75 of the 9
Revised Code be enacted to read as follows: 10

Sec. 5727.01. As used in this chapter: 11

(A) "Public utility" means each person referred to as a 12
telephone company, telegraph company, electric company, natural 13
gas company, pipe-line company, water-works company, water 14
transportation company, heating company, rural electric company, 15
railroad company, ~~or~~ combined company, wind energy company, or 16
solar energy company. 17

(B) "Gross receipts" means the entire receipts for business 18

done by any person from operations as a public utility, or 19
incidental thereto, or in connection therewith, including any 20
receipts received under Chapter 4928. of the Revised Code. The 21
gross receipts for business done by an incorporated company 22
engaged in operation as a public utility includes the entire 23
receipts for business done by such company under the exercise of 24
its corporate powers, whether from the operation as a public 25
utility or from any other business. 26

(C) "Rural electric company" means any nonprofit corporation, 27
organization, association, or cooperative engaged in the business 28
of supplying electricity to its members or persons owning an 29
interest therein in an area the major portion of which is rural. 30

(D) Any person: 31

(1) Is a telegraph company when engaged in the business of 32
transmitting telegraphic messages to, from, through, or in this 33
state; 34

(2) Is a telephone company when primarily engaged in the 35
business of providing local exchange telephone service, excluding 36
cellular radio service, in this state; 37

(3) Is an electric company when engaged in the business of 38
generating, transmitting, or distributing electricity within this 39
state for use by others, but excludes a rural electric company; 40

(4) Is a natural gas company when engaged in the business of 41
supplying or distributing natural gas for lighting, power, or 42
heating purposes to consumers within this state, excluding a 43
person that is a governmental aggregator or retail natural gas 44
supplier as defined in section 4929.01 of the Revised Code; 45

(5) Is a pipe-line company when engaged in the business of 46
transporting natural gas, oil, or coal or its derivatives through 47
pipes or tubing, either wholly or partially within this state; 48

(6) Is a water-works company when engaged in the business of 49
supplying water through pipes or tubing, or in a similar manner, 50
to consumers within this state; 51

(7) Is a water transportation company when engaged in the 52
transportation of passengers or property, by boat or other 53
watercraft, over any waterway, whether natural or artificial, from 54
one point within this state to another point within this state, or 55
between points within this state and points without this state; 56

(8) Is a heating company when engaged in the business of 57
supplying water, steam, or air through pipes or tubing to 58
consumers within this state for heating purposes; 59

(9) Is a railroad company when engaged in the business of 60
owning or operating a railroad either wholly or partially within 61
this state on rights-of-way acquired and held exclusively by such 62
company, or otherwise, and includes a passenger, street, suburban, 63
or interurban railroad company; 64

(10) Is a wind energy company when engaged in the business of 65
generating, transmitting, or distributing electricity within this 66
state for use by others through means of a wind turbine or wind 67
turbines with an aggregate nameplate capacity in excess of two 68
hundred fifty kilowatts; 69

(11) Is a solar energy company when engaged in the business 70
of generating, transmitting, or distributing electricity within 71
this state for use by others through means of equipment located at 72
a solar energy facility and designed to capture the radiant light 73
and heat from the sun with a nameplate capacity in excess of two 74
hundred fifty kilowatts. 75

As used in division (D)(2) of this section, "local exchange 76
telephone service" means making available or furnishing access and 77
a dial tone to all persons within a local calling area for use in 78
originating and receiving voice grade communications over a 79

switched network operated by the provider of the service within 80
the area and for gaining access to other telecommunication 81
services. 82

(E) "Taxable property" means the property required by section 83
5727.06 of the Revised Code to be assessed by the tax 84
commissioner, but does not include either of the following: 85

(1) An item of tangible personal property that for the period 86
subsequent to the effective date of an air, water, or noise 87
pollution control certificate and continuing so long as the 88
certificate is in force, has been certified as part of the 89
pollution control facility with respect to which the certificate 90
has been issued; 91

(2) An item of tangible personal property that during the 92
construction of a plant or facility and until the item is first 93
capable of operation, whether actually used in operation or not, 94
is incorporated in or being held exclusively for incorporation in 95
that plant or facility. 96

Notwithstanding section 5701.03 of the Revised Code, for tax 97
year 2006 and thereafter, "taxable property" includes patterns, 98
jigs, dies, and drawings of an electric company or a combined 99
company for use in the activity of an electric company. 100

(F) "Taxing district" means a municipal corporation ~~of~~ or 101
township, or part thereof, in which the aggregate rate of taxation 102
is uniform. 103

(G) "Telecommunications service" has the same meaning as in 104
division (AA) of section 5739.01 of the Revised Code. 105

(H) "Interexchange telecommunications company" means a person 106
that is engaged in the business of transmitting telephonic 107
messages to, from, through, or in this state, but that is not a 108
telephone company. 109

(I) "Sale and leaseback transaction" means a transaction in 110
which a public utility or interexchange telecommunications company 111
sells any tangible personal property to a person other than a 112
public utility or interexchange telecommunications company and 113
leases that property back from the buyer. 114

(J) "Production equipment" means all taxable steam, nuclear, 115
hydraulic, and other production plant equipment used to generate 116
electricity. For tax years prior to 2001, "production equipment" 117
includes taxable station equipment that is located at a production 118
plant. 119

(K) "Tax year" means the year for which property or gross 120
receipts are subject to assessment under this chapter. This 121
division does not limit the tax commissioner's ability to assess 122
and value property or gross receipts outside the tax year. 123

(L) "Combined company" means any person engaged in the 124
activity of an electric company or rural electric company that is 125
also engaged in the activity of a heating company or a natural gas 126
company, or any combination thereof. 127

(M) "Public utility property lessor" means any person, other 128
than a public utility or an interexchange telecommunications 129
company, that leases personal property, other than in a sale and 130
leaseback transaction, to a public utility, other than a railroad, 131
water transportation, telephone, or telegraph company if the 132
property would be taxable property if owned by the public utility. 133
A public utility property lessor is subject to this chapter only 134
for the purposes of reporting and paying tax on taxable property 135
it leases to a public utility other than a telephone or telegraph 136
company. A public utility property lessor that leases property to 137
a public utility other than a telephone or telegraph company is 138
not a public utility, but it shall report its property and be 139
assessed in the same manner as the utility to which it leases the 140
property. 141

(N) "Wind energy conversion equipment" means tangible personal property connected to a wind turbine tower and through which electricity is transferred from the turbine generator to controls, transformers, or power electronics and to the transmission interconnection point. "Wind energy conversion equipment" includes, but is not limited to, collection lines, ancillary tangible personal property, substations, and any lines and associated tangible personal property located between substations and the transmission interconnection point. 142
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(O) "Solar energy conversion equipment" means tangible personal property that is connected to and behind solar radiation collector areas and that is designed to convert the radiant energy of the sun into electricity or heat. "Solar energy conversion equipment" includes, but is not limited to, inverters, batteries, switch gears, wiring, collection lines, substations, ancillary tangible personal property necessary for radiant energy conversion or storage, or any lines and associated tangible personal property located between substations and the transmission interconnection point that operate on direct current or generate direct current. 151
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(P) "Wind energy facility" means one or more interconnected wind turbines owned by the same person, including: 161
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(1) All interconnection equipment, devices, and related apparatus connected to the wind turbine generators; 163
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(2) All cables, equipment, devices, and related apparatus that connect the wind turbine generators to an electricity grid or to a building or facility that directly consumes the electricity produced, that facilitate the transmission of electrical energy from the generators to the grid, building, or facility, and, where applicable, that transform voltage before ultimate delivery of electricity to the grid, building, or facility. 165
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(O) "Solar energy facility" means one or more interconnected 172

solar panels owned by the same person, including: 173

(1) All interconnection equipment, devices, and related apparatus connected to the solar panels; 174
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(2) All cables, equipment, devices, and related apparatus that connect the solar panels to an electricity grid or to a building or facility that directly consumes the electricity produced, that facilitate the transmission of electrical energy from the solar panels to the grid, building, or facility, and, where applicable, that transform voltage before ultimate delivery of electricity to the grid, building, or facility. 176
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(R) "Nameplate capacity" means the original maximum rated output of a generator or other electric production equipment under specific conditions designated by the manufacturer, expressed in the number of kilowatts or megawatts. 183
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Sec. 5727.02. As used in this chapter, "public utility," 187
"electric company," "natural gas company," "pipe-line company," 188
"water-works company," "water transportation company" or "heating 189
company" does not include any of the following: 190

(A)(1) Except as provided in division (A)(2) of this section, 191
any person that is engaged in some other primary business to which 192
the supplying of electricity, heat, natural gas, water, water 193
transportation, steam, or air to others is incidental. ~~As used in~~ 194
~~division (A) of this section and in section 5727.031 of the~~ 195
~~Revised Code, "supplying of electricity" means generating,~~ 196
~~transmitting, or distributing electricity.~~ 197

(2) For tax year 2009 and each tax year thereafter, a person 198
that is engaged in some other primary business to which the 199
supplying of electricity to others is incidental shall be treated 200
as an "electric company" and a "public utility" for purposes of 201
this chapter solely to the extent required by section 5727.031 of 202

the Revised Code.	203
<u>(3) For purposes of division (A) of this section and section</u>	204
<u>5727.031 of the Revised Code:</u>	205
<u>(a) "Supplying of electricity" means generating,</u>	206
<u>transmitting, or distributing electricity.</u>	207
<u>(b) A person that leases to others wind energy facilities or</u>	208
<u>solar energy facilities with an aggregate nameplate capacity in</u>	209
<u>this state of two hundred fifty kilowatts or less per lease is not</u>	210
<u>supplying electricity to others.</u>	211
<u>(c) A person that owns, or leases from another person, wind</u>	212
<u>energy facilities or solar energy facilities with an aggregate</u>	213
<u>nameplate capacity in this state of two hundred fifty kilowatts or</u>	214
<u>less is not supplying electricity to others, regardless of whether</u>	215
<u>the owner or lessee engages in net metering as defined in section</u>	216
<u>4928.01 of the Revised Code.</u>	217
(B) Any person that supplies electricity, natural gas, water,	218
water transportation, steam, or air to its tenants, whether for a	219
separate charge or otherwise;	220
(C) Any person whose primary business in this state consists	221
of producing, refining, or marketing petroleum or its products.	222
(D) Any person whose primary business in this state consists	223
of producing or gathering natural gas rather than supplying or	224
distributing natural gas to consumers.	225
Sec. 5727.06. (A) Except as otherwise provided by law, the	226
following constitutes the taxable property of a public utility,	227
interexchange telecommunications company, or public utility	228
property lessor that shall be assessed by the tax commissioner:	229
(1) For tax years before tax year 2006:	230
(a) In the case of a railroad company, all real property and	231

tangible personal property owned or operated by the railroad 232
company in this state on the thirty-first day of December of the 233
preceding year; 234

(b) In the case of a water transportation company, all 235
tangible personal property, except watercraft, owned or operated 236
by the water transportation company in this state on the 237
thirty-first day of December of the preceding year and all 238
watercraft owned or operated by the water transportation company 239
in this state during the preceding calendar year; 240

(c) In the case of all other public utilities and 241
interexchange telecommunications companies, all tangible personal 242
property that on the thirty-first day of December of the preceding 243
year was both located in this state and: 244

(i) Owned by the public utility or interexchange 245
telecommunications company; or 246

(ii) Leased by the public utility or interexchange 247
telecommunications company under a sale and leaseback transaction. 248

(2) For tax years 2006, 2007, and 2008: 249

(a) In the case of a railroad company, all real property used 250
in railroad operations and tangible personal property owned or 251
operated by the railroad company in this state on the thirty-first 252
day of December of the preceding year; 253

(b) In the case of a water transportation company, all 254
tangible personal property, except watercraft, owned or operated 255
by the water transportation company in this state on the 256
thirty-first day of December of the preceding year and all 257
watercraft owned or operated by the water transportation company 258
in this state during the preceding calendar year; 259

(c) In the case of all other public utilities except 260
telephone and telegraph companies, all tangible personal property 261

that on the thirty-first day of December of the preceding year was 262
both located in this state and either owned by the public utility 263
or leased by the public utility under a sale and leaseback 264
transaction. 265

(3) For tax year 2009 and each tax year thereafter: 266

(a) In the case of a railroad company, all real property used 267
in railroad operations and tangible personal property owned or 268
operated by the railroad company in this state on the thirty-first 269
day of December of the preceding year; 270

(b) In the case of a water transportation company, all 271
tangible personal property, except watercraft, owned or operated 272
by the water transportation company in this state on the 273
thirty-first day of December of the preceding year and all 274
watercraft owned or operated by the water transportation company 275
in this state during the preceding calendar year; 276

(c) In the case of all other public utilities except 277
telephone and telegraph companies, all tangible personal property 278
that on the thirty-first day of December of the preceding year was 279
both located in this state and either owned by the public utility 280
or leased by the public utility under a sale and leaseback 281
transaction; 282

(d) In the case of a public utility property lessor, all 283
personal property that on the thirty-first day of December of the 284
preceding year was both located in this state and leased, in other 285
than a sale and leaseback transaction, to a public utility other 286
than a railroad, telephone, telegraph, or water transportation 287
company. The assessment rate used under section 5727.111 of the 288
Revised Code shall be based on the assessment rate that would 289
apply if the public utility owned the property. 290

(4) For tax years 2005 and 2006, in the case of telephone, 291
telegraph, or interexchange telecommunications companies, all 292

tangible personal property that on the thirty-first day of 293
December of the preceding year was both located in this state and 294
either owned by the telephone, telegraph, or interexchange 295
telecommunications company or leased by the telephone, telegraph, 296
or interexchange telecommunications company under a sale and 297
leaseback transaction. 298

(5)(a) For tax year 2007 and thereafter, in the case of 299
telephone, telegraph, or interexchange telecommunications 300
companies, all tangible personal property shall be listed and 301
assessed for taxation under Chapter 5711. of the Revised Code, but 302
the tangible personal property shall be valued in accordance with 303
this chapter using the composite annual allowances and other 304
valuation procedures prescribed under section 5727.11 of the 305
Revised Code by the tax commissioner for such property for tax 306
year 2006, notwithstanding any section of Chapter 5711. of the 307
Revised Code to the contrary. 308

(b) A telephone, telegraph, or interexchange 309
telecommunications company subject to division (A)(5)(a) of this 310
section shall file a combined return with the tax commissioner in 311
accordance with section 5711.13 of the Revised Code even if the 312
company has tangible personal property in only one county. Such a 313
company also is subject to the issuance of a preliminary 314
assessment certificate by the tax commissioner under section 315
5711.25 of the Revised Code. Such a company is not required to 316
file a county supplemental return under section 5711.131 of the 317
Revised Code. 318

(6) In the case of a wind energy company or a solar energy 319
company, for tax year 2011 and each tax year thereafter, all 320
tangible personal property that on the thirty-first day of 321
December of the preceding year was both located in this state and 322
either owned by the wind energy company or solar energy company or 323
leased by the wind energy company or solar energy company under a 324

sale and leaseback transaction, and that is not exempted from 325
taxation under section 5727.75 of the Revised Code. 326

(B) This division applies to tax years before tax year 2007. 327

In the case of an interexchange telecommunications company, 328
all taxable property shall be subject to the provisions of this 329
chapter and shall be valued by the commissioner in accordance with 330
division (A) of section 5727.11 of the Revised Code. A person 331
described by this division shall file the report required by 332
section 5727.08 of the Revised Code. Persons described in this 333
division shall not be considered taxpayers, as defined in division 334
(B) of section 5711.01 of the Revised Code, and shall not be 335
required to file a return and list their taxable property under 336
any provision of Chapter 5711. of the Revised Code. 337

(C) The lien of the state for taxes levied each year on the 338
real and personal property of public utilities and interexchange 339
telecommunications companies and on the personal property of 340
public utility property lessors shall attach thereto on the 341
thirty-first day of December of the preceding year. 342

(D) Property that is required by division (A)(3)(b) of this 343
section to be assessed by the tax commissioner under this chapter 344
shall not be listed by the owner of the property under Chapter 345
5711. of the Revised Code. 346

(E) The ten-thousand-dollar exemption provided for in 347
division (C)(3) of section 5709.01 of the Revised Code does not 348
apply to any personal property that is valued under this chapter. 349

(F) The tax commissioner may adopt rules governing the 350
listing of the taxable property of public utilities and 351
interexchange telecommunications companies and the determination 352
of true value. 353

Sec. 5727.11. (A) Except as otherwise provided in this 354

section, the true value of all taxable property, except property 355
of a railroad company, required by section 5727.06 of the Revised 356
Code to be assessed by the tax commissioner shall be determined by 357
a method of valuation using cost as capitalized on the public 358
utility's books and records less composite annual allowances as 359
prescribed by the commissioner. If the commissioner finds that 360
application of this method will not result in the determination of 361
true value of the public utility's taxable property, the 362
commissioner may use another method of valuation. 363

(B)(1) Except as provided in division (B)(2) of this section, 364
the true value of current gas stored underground is the cost of 365
that gas shown on the books and records of the public utility on 366
the thirty-first day of December of the preceding year. 367

(2) For tax year 2001 and thereafter, the true value of 368
current gas stored underground is the quotient obtained by 369
dividing (a) the average value of the current gas stored 370
underground, which shall be determined by adding the value of the 371
gas on hand at the end of each calendar month in the calendar year 372
preceding the tax year, or, if applicable, the last day of 373
business of each month for a partial month, divided by (b) the 374
total number of months the natural gas company was in business 375
during the calendar year prior to the beginning of the tax year. 376
with the approval of the tax commissioner, a natural gas company 377
may use a date other than the end of a calendar month to value its 378
current gas stored underground. 379

(C) The true value of noncurrent gas stored underground is 380
thirty-five per cent of the cost of that gas shown on the books 381
and records of the public utility on the thirty-first day of 382
December of the preceding year. 383

(D)(1) Except as provided in division (D)(2) of this section, 384
the true value of the production equipment of an electric company 385

and the true value of all taxable property of a rural electric 386
company is the equipment's or property's cost as capitalized on 387
the company's books and records less fifty per cent of that cost 388
as an allowance for depreciation and obsolescence. 389

(2) The true value of the production equipment, wind energy 390
conversion equipment, or solar energy conversion equipment of an 391
electric company ~~or~~, rural electric company, wind energy company, 392
or solar energy company purchased, transferred, or placed into 393
service after ~~the effective date of this amendment~~ October 5, 394
1999, is the purchase price of the equipment as capitalized on the 395
company's books and records less composite annual allowances as 396
prescribed by the tax commissioner. 397

(E) The true value of taxable property, except property of a 398
railroad company, required by section 5727.06 of the Revised Code 399
to be assessed by the tax commissioner shall not include the 400
allowance for funds used during construction or interest during 401
construction that has been capitalized on the public utility's 402
books and records as part of the total cost of the taxable 403
property. This division shall not apply to the taxable property of 404
an electric company or a rural electric company, excluding 405
transmission and distribution property, first placed into service 406
after December 31, 2000, or to the taxable property a person 407
purchases, which includes transfers, if that property was used in 408
business by the seller prior to the purchase. 409

(F) The true value of watercraft owned or operated by a water 410
transportation company shall be determined by multiplying the true 411
value of the watercraft as determined under division (A) of this 412
section by a fraction, the numerator of which is the number of 413
revenue-earning miles traveled by the watercraft in the waters of 414
this state and the denominator of which is the number of 415
revenue-earning miles traveled by the watercraft in all waters. 416

(G) The cost of property subject to a sale and leaseback 417

transaction is the cost of the property as capitalized on the 418
books and records of the public utility owning the property 419
immediately prior to the sale and leaseback transaction. 420

(H) The cost as capitalized on the books and records of a 421
public utility includes amounts capitalized that represent 422
regulatory assets, if such amounts previously were included on the 423
company's books and records as capitalized costs of taxable 424
personal property. 425

(I) Any change in the composite annual allowances as 426
prescribed by the commissioner on a prospective basis shall not be 427
admissible in any judicial or administrative action or proceeding 428
as evidence of value with regard to prior years' taxes. 429
Information about the business, property, or transactions of any 430
taxpayer obtained by the commissioner for the purpose of adopting 431
or modifying the composite annual allowances shall not be subject 432
to discovery or disclosure. 433

Sec. 5727.111. The taxable property of each public utility, 434
except a railroad company, and of each interexchange 435
telecommunications company shall be assessed at the following 436
percentages of true value: 437

(A) ~~Fifty~~ In the case of a rural electric company, fifty per 438
cent in the case of ~~the~~ its taxable transmission and distribution 439
property ~~of a rural electric company, eighty-five per cent in the~~ 440
case of its wind or solar energy conversion equipment, and 441
twenty-five per cent for all its other taxable property; 442

(B) In the case of a telephone or telegraph company, 443
twenty-five per cent for taxable property first subject to 444
taxation in this state for tax year 1995 or thereafter for tax 445
years before tax year 2007, and pursuant to division (H) of 446
section 5711.22 of the Revised Code for tax year 2007 and 447
thereafter, and the following for all other taxable property: 448

(1) For tax years prior to 2005, eighty-eight per cent;	449
(2) For tax year 2005, sixty-seven per cent;	450
(3) For tax year 2006, forty-six per cent;	451
(4) For tax year 2007 and thereafter, pursuant to division	452
(H) of section 5711.22 of the Revised Code.	453
(C) Twenty-five per cent in the case of a natural gas	454
company.	455
(D) Eighty-eight per cent in the case of a pipe-line,	456
water-works, or heating company;	457
(E)(1) For tax year 2005, eighty-eight per cent in the case	458
of the taxable transmission and distribution property of an	459
electric company, and twenty-five per cent for all its other	460
taxable property;	461
(2) For tax year 2006 and each tax year thereafter,	462
eighty-five per cent in the case of the taxable transmission and	463
distribution property of an electric company, and twenty-four per	464
cent for all its other taxable property.	465
(F)(1) Twenty-five per cent in the case of an interexchange	466
telecommunications company for tax years before tax year 2007;	467
(2) Pursuant to division (H) of section 5711.22 of the	468
Revised Code for tax year 2007 and thereafter.	469
(G) Twenty-five per cent in the case of a water	470
transportation company;	471
<u>(H) For tax year 2011 and each tax year thereafter,</u>	472
<u>twenty-four per cent in the case of the taxable production</u>	473
<u>equipment of a solar energy company or wind energy company, and</u>	474
<u>eighty-five per cent for all other taxable property.</u>	475
Sec. 5727.15. When all the taxable property of a public	476
utility is located in one taxing district, the tax commissioner	477

shall apportion the total taxable value thereof to that taxing 478
district. 479

When taxable property of a public utility is located in more 480
than one taxing district, the commissioner shall apportion the 481
total taxable value thereof among the taxing districts as follows: 482

(A)(1) In the case of a telegraph, interexchange 483
telecommunications, or telephone company that owns miles of wire 484
in this state, the value apportioned to each taxing district shall 485
be the same percentage of the total value apportioned to all 486
taxing districts as the miles of wire owned by the company within 487
the taxing district are to the total miles of wire owned by the 488
company within this state; 489

(2) In the case of a telegraph, interexchange 490
telecommunications, or telephone company that does not own miles 491
of wire in this state, the value apportioned to each taxing 492
district shall be the same percentage of the total value 493
apportioned to all taxing districts as the cost of the taxable 494
property physically located in the taxing district is of the total 495
cost of all taxable property physically located in this state. 496

(B) In the case of a railroad company: 497

(1) The taxable value of real and personal property not used 498
in railroad operations shall be apportioned according to its 499
situs; 500

(2) The taxable value of personal property used in railroad 501
operations shall be apportioned to each taxing district in 502
proportion to the miles of track and trackage rights, weighted to 503
reflect the relative use of such personal property in each taxing 504
district; 505

(3) The taxable value of real property used in railroad 506
operations shall be apportioned to each taxing district in 507
proportion to its relative value in each taxing district. 508

(C)(1) Prior to tax year 2001, in the case of an electric company: 509
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(a) Seventy per cent of the taxable value of all production equipment and of all station equipment that is not production equipment shall be apportioned to the taxing district in which such property is physically located; and 511
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(b) The remaining value of such property, together with the value of all other taxable personal property, shall be apportioned to each taxing district in the per cent that the cost of all transmission and distribution property physically located in the taxing district is of the total cost of all transmission and distribution property physically located in this state. 515
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(c) If an electric company's taxable value for the current year includes the value of any production equipment at a plant at which the initial cost of the plant's production equipment exceeded one billion dollars, then prior to making the apportionments required for that company by division (C)(1)(a) and (b) of this section, the tax commissioner shall do the following: 521
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(i) Subtract four hundred twenty million dollars from the total taxable value of the production equipment at that plant for the current tax year. 527
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(ii) Multiply the difference thus obtained by a fraction, the numerator of which is the portion of the taxable value of that plant's production equipment included in the company's total value for the current tax year, and the denominator of which is the total taxable value of such equipment included in the total taxable value of all electric companies for such year; 530
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(iii) Apportion the product thus obtained to taxing districts in the manner prescribed in division (C)(1)(b) of this section. 536
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(iv) Deduct the amounts so apportioned from the taxable value of the company's production equipment at the plant, prior to 538
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making the apportionments required by divisions (C)(1)(a) and (b) 540
of this section. 541

For purposes of division (C)(1)(c) of this section, "initial 542
cost" applies only to production equipment of plants placed in 543
commercial operation on or after January 1, 1987, and means the 544
cost of all production equipment at a plant for the first year the 545
plant's equipment was subject to taxation. 546

(2) For tax year 2001 and thereafter, in the case of an 547
electric company: 548

(a) The taxable value of all production equipment shall be 549
apportioned to the taxing district in which such property is 550
physically located; and 551

(b) The value of taxable personal property, ~~other than~~ 552
including wind and solar energy conversion equipment but excluding 553
production equipment, shall be apportioned to each taxing district 554
in the proportion that the cost of such other taxable personal 555
property physically located in each taxing district is of the 556
total cost of such other taxable personal property physically 557
located in this state. 558

(D) For tax year 2011 and thereafter, in the case of the 559
taxable property of a wind energy company or solar energy company: 560

(1) The taxable value of all production equipment shall be 561
apportioned to the taxing district in which such property is 562
physically located. 563

(2) The taxable value of all other taxable property, 564
including wind or solar energy conversion equipment, shall be 565
apportioned to each taxing district in the proportion that the 566
cost of such other taxable property physically located in each 567
taxing district is of the total cost of such other taxable 568
property physically located in this state. 569

(E) For tax year 2011 and thereafter, in the case of the taxable property of a rural electric company: 570
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(1) The taxable value of all production equipment shall be apportioned to the taxing district in which such property is physically located. 572
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(2) The taxable value of all its other taxable property, including wind or solar energy conversion equipment and excluding production equipment, shall be apportioned to each taxing district in the proportion that the cost of such other taxable property physically located in each taxing district is of the total cost of such other taxable property physically located in this state. 575
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(F) In the case of all other public utilities, the value of the property to be apportioned shall be apportioned to each taxing district in proportion to the entire value of such property within this state. 581
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Sec. 5727.75. (A) For purposes of this section: 585

(1) "Full-time employee" means an individual employed at a qualified energy project for services to be performed for not less than two thousand eighty hours per year, including hours for leave granted by contract, law, or custom. 586
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(2) "Qualified energy project" means a wind or solar energy project certified by the director of development pursuant to this section. 590
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(3) "Wind or solar energy project" means a project to provide electric power through the construction, installation, and use of a wind or solar energy facility. 593
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(B)(1) Tangible personal property of a wind energy project that is a qualified energy project is exempt from taxation for tax years 2011 and 2012 if both of the following circumstances exist on December 31, 2010: 596
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(a) The owner or a lessee pursuant to a sale and leaseback transaction of the wind energy project has obtained a certificate from the power siting board required under section 4906.20 of the Revised Code, or if that section does not apply, has obtained any approval, consent, permit, or certificate or has satisfied any condition required by a public agency or political subdivision of this state for the construction of a wind energy project. 600
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(b) Project construction has commenced. 607

(2) Tangible personal property of a solar energy project that is a qualified energy project is exempt from taxation for tax year 2011. Personal property of a solar energy project that is a qualified energy project is exempt from taxation for tax year 2012 if both of the following occur: 608
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(a) The owner or a lessee pursuant to a sale and leaseback transaction of the solar energy project obtains any approval, consent, permit, or certificate or has satisfied any condition required by a public agency or political subdivision of this state for the construction or initial operation of a solar energy project before January 1, 2011. 613
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(b) Project construction commenced before August 1, 2011. 619

(3) If tangible personal property of a qualified energy project was exempt from taxation under this section for tax years 2011 and 2012 and the certification under division (C) of this section has not been revoked, the tangible personal property of the qualified energy project is exempt from taxation for tax year 2013 and the ensuing seventeen tax years if the property was placed into service before January 1, 2013. Tangible personal property not placed into service on that date is taxable property subject to taxation. A wind or solar energy project for which certification has been revoked is ineligible for further exemption under this section. Revocation does not affect the tax-exempt 620
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status of the wind or solar energy project tangible personal 631
property for the tax year in which revocation occurs or any prior 632
tax year. 633

(C) On or before September 30, 2010, a person may apply to 634
the director of development for certification of a wind or solar 635
energy project as a qualified energy project. At the time the 636
application is submitted, the person shall submit an application 637
fee established by the director. The director shall certify a wind 638
or solar energy project if the application and fee have been 639
timely submitted and the director determines that the person, upon 640
placement of the wind or solar energy facility into service, would 641
be a wind or solar energy company. The director shall revoke a 642
certification if the director determines the person, or subsequent 643
owner or lessee pursuant to a sale and leaseback transaction of 644
the qualified energy project, has failed to comply with any 645
requirement under this section. Upon certification or revocation, 646
the director shall notify the person, owner, or lessee, the tax 647
commissioner, and the county auditor of a county in which the wind 648
or solar energy project is located of the certification or 649
revocation. Notice shall be provided in a manner convenient to the 650
director. 651

(D) The owner or a lessee pursuant to a sale and leaseback 652
transaction of a qualified energy project shall do each of the 653
following: 654

(1) Comply with all applicable regulations; 655

(2) With respect to a wind energy project, require in any 656
contract for the construction or installation of the wind energy 657
facility that all laborers and mechanics employed for the 658
construction or installation of the facility shall be paid at the 659
prevailing rates of wages of laborers and mechanics for the class 660
of work called for, which wages shall be determined in accordance 661
with the requirements of Chapter 4115. of the Revised Code for the 662

determination of prevailing wage rates. 663

(3)(a) Establish a procurement goal of five per cent for 664
contracting with minority or EDGE business enterprises in the 665
award of contracts for the construction, installation, or 666
maintenance of a wind or solar energy facility based on the 667
availability of eligible program participants by region or 668
geographic area. 669

(b) Establish a minority workforce goal of ten per cent in 670
the construction, installation, or maintenance of a wind or solar 671
energy facility. 672

If either goal is not attained, the owner or lessee shall 673
show evidence of a good faith effort to attain the goal. For 674
purposes of division (D)(3) of this section, "minority business 675
enterprise" has the same meaning as in section 122.71 of the 676
Revised Code, "EDGE business enterprise" means a business 677
certified as such pursuant to section 123.152 of the Revised Code, 678
and "minority" means African Americans, American Indians, 679
Hispanics or Latinos, and Asians. 680

(4) File with the director of development a certificate of 681
completion not later than sixty days after completion of the wind 682
or solar energy facility's construction and, if applicable, file a 683
certificate of partial completion on or before March 1, 2013. A 684
certificate of partial completion shall state the nameplate 685
capacity of the facility as of January 1, 2013. 686

(5) File with the director of development, in a manner 687
prescribed by the director, a report of jobs created at the 688
qualified energy project, the total number of full-time employees 689
employed at the project, and the total number of full-time 690
employees employed at the project who are domiciled in Ohio; 691

(6) Repair all roads affected by construction as reasonably 692
required to restore them to their preconstruction condition; 693

(7) Provide or facilitate training for fire and emergency responders for response to emergency situations related to the qualified energy project and, at the person's expense, equip the fire and emergency responders with proper equipment as reasonably required to enable them to respond to such emergency situations; 694
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(8) Maintain a ratio of full-time, Ohio-domiciled employees employed in the qualified energy project to total full-time employees employed in the qualified energy project of not less than eighty per cent in the case of a solar energy project and not less than fifty per cent in the case of a wind energy project. In the case of a wind energy project for which certification from the power siting board is required under section 4906.20 of the Revised Code, the number of employees employed in the qualified energy project equals the number actually employed or the number projected to be employed in the certificate application, if such projection is required under regulations adopted pursuant to section 4906.03 of the Revised Code, whichever is greater. 699
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(9) In the case of a wind or solar energy project with a nameplate capacity in excess of two megawatts, establish a relationship with a member of the university system of Ohio as defined in section 3345.011 of the Revised Code or with a person offering an apprenticeship program registered with the employment and training administration within the United States department of labor or with the apprenticeship council created by section 4139.02 of the Revised Code, to educate and train individuals for careers in the wind or solar energy industry. The relationship may include endowments, cooperative programs, internships, apprenticeships, research and development projects, and curriculum development. 711
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(10) Offer to sell power or renewable energy credits from the qualified energy project to electric distribution utilities or electric service companies subject to renewable energy resource 723
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requirements under section 4928.64 of the Revised Code that have 726
issued requests for proposal for such power or renewable energy 727
credits. If no electric distribution utility or electric service 728
company issues a request for proposal on or before December 31, 729
2010, or accepts an offer for power or renewable energy credits 730
within forty-five days after the offer is submitted, power or 731
renewable energy credits from the qualified energy project may be 732
sold to other persons. Contracts for the sale of power or 733
renewable energy credits before the effective date of this section 734
as enacted by this act are not subject to division (D)(10) of this 735
section. 736

(11) Make annual service payments as required by division (E) 737
of this section. 738

(E) The owner or a lessee pursuant to a sale and leaseback 739
transaction of a qualified energy project shall make annual 740
service payments in lieu of taxes to the county treasurer on or 741
before the final dates for payments of taxes on public utility 742
personal property on the real and public utility personal property 743
tax list for each tax year for which property of the wind or solar 744
energy project is exempt from taxation under this section. Each 745
payment shall be charged and collected in the same manner as such 746
taxes and in the following amount: 747

(1) In the case of a solar energy project that is a qualified 748
energy project, for tax year 2011, seven dollars per kilowatt of 749
nameplate capacity as of January 1, 2013; 750

(2) In the case of a wind energy project that is a qualified 751
energy project, the following for tax year 2011: 752

(a) If the project maintains a ratio of full-time, 753
Ohio-domiciled employees to total full-time employees of not less 754
than seventy-five per cent, six dollars per kilowatt of nameplate 755
capacity as of January 1, 2013; 756

(b) If the project maintains a ratio of full-time, 757
Ohio-domiciled employees to total full-time employees of less than 758
seventy-five per cent but not less than sixty per cent, seven 759
dollars per kilowatt of nameplate capacity as of January 1, 2013; 760

(c) If the project maintains a ratio of full-time, 761
Ohio-domiciled employees to total full-time employees of less than 762
sixty per cent but not less than fifty per cent, eight dollars per 763
kilowatt of nameplate capacity as of January 1, 2013. 764

(3) For tax year 2012 and each subsequent tax year, the 765
amounts stated in divisions (E)(1) and (2) of this section shall 766
increase by an amount equal to the amount applicable to the prior 767
tax year multiplied by one hundred two per cent. 768

(F) The director of development in consultation with the tax 769
commissioner shall adopt rules pursuant to Chapter 119. of the 770
Revised Code to implement and enforce this section. 771

Section 2. That existing sections 5727.01, 5727.02, 5727.06, 772
5727.11, 5727.111, and 5727.15 of the Revised Code are hereby 773
repealed. 774