



Stephen Estelle

Bill Analysis
Legislative Service Commission

H.B. 319

127th General Assembly
(As Introduced)

Reps. Gibbs, DeGeeter, J. McGregor, Batchelder, Seitz

BILL SUMMARY

- Reduces the public utility personal property tax assessment rate for new pipe-line company property from 88% to 25%.
- Exempts gross receipts of a pipe-line company from the public utility excise tax.
- Subjects pipe-line companies to taxation, by implication, under the commercial activity tax.

CONTENT AND OPERATION

Public utility personal property tax assessment

(R.C. 5727.111(D) and (H))

Under continuing law, the taxable value of a public utility's personal property equals the property's true value multiplied by an assessment rate. In general, true value equals the cost of the property as it appears on the public utility's books less a composite annual allowance as prescribed by the Tax Commissioner. Assessment percentages are set forth in R.C. 5727.111 and differ according to the type of public utility owning the property. The assessment rate for personal property owned by a pipe-line company currently is 88% of true value. For tax purposes, a pipe-line company is a company in the business of transporting natural gas, oil, or coal (or derivatives) through pipes or tubing.

The bill reduces the pipe-line company assessment rate to 25% for taxable property first subject to taxation in Ohio in tax year 2007 or thereafter. For all other taxable personal property owned by a pipe-line company, the assessment rate remains 88%.

Public utility excise tax

(R.C. 5727.30 and 5727.38)

Under current law, an excise tax measured by annual gross receipts is levied on certain public utility companies, including natural gas companies, heating companies, water-works companies, and pipe-line companies. Gross receipts of a pipe-line company are taxed at a rate of 6.75%. All other public utility companies subject to the excise tax are taxed at a rate of 4.75%.

The bill exempts pipe-line company gross receipts received after April 30, 2007, which is the last day of excise tax year 2007.

Commercial activity tax

(R.C. 5751.01(E)(2))

Currently, public utilities subject to excise taxation under Chapter 5727. are exempt from the commercial activity tax (CAT). By exempting pipe-line companies from the excise tax imposed in R.C. 5727.30, the bill subjects them to taxation under the CAT. Assuming CAT revenue has not exceeded or fallen short of certain ceilings and thresholds, when the CAT is fully implemented the rate levied on annual gross receipts in excess of \$1.0 million will be 0.26%.

HISTORY

ACTION	DATE
Introduced	09-20-07

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