



# Ohio Legislative Service Commission

## Bill Analysis

Stephen Estelle

### H.B. 218

128th General Assembly  
(As Introduced)

Rep. Winburn

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## BILL SUMMARY

- Modifies the computation for determining the true value of public utility property used to generate electricity from solar or wind energy by eliminating deductions for depreciation.
- Reduces the assessment rate of such property from 24% to 12%.

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## CONTENT AND OPERATION

### True value

Under current law, the true value of an electric company's "production equipment" first placed into service on or before October 4, 1999,<sup>1</sup> equals the property's "cost" as stated on the company's books and records less 50% of that cost as an "allowance for depreciation and obsolescence."<sup>2</sup> If the property was first placed into service after October 4, 1999, the true value equals "the purchase price . . . less composite annual allowances." Composite annual allowances are depreciation deductions established by the Tax Commissioner based on the year the taxpayer first placed the property into use.

The bill eliminates the deduction of composite annual allowances in the true value computation for property that generates electricity from a "renewable resource."

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<sup>1</sup> The date stated as being "the effective date of this amendment" at lines 166 and 167 appears to be incorrect. The applicable bill is S.B. 3 of the 123rd General Assembly. The effective date of the relevant section (R.C. 5727.11) was October 5, 1999.

<sup>2</sup> "Production equipment" is personal property used to generate electricity.

Renewable resources are defined as solar photovoltaic, solar thermal, and wind energy. The change in the computation applies to tax year 2010 and thereafter.

### **Assessment rate**

Under current law, the assessment rate for electric company production equipment is 24%. The assessment rate is the percentage of true value that the tax rates apply to.

The bill reduces this assessment rate to 12% for property that generates electricity from a renewable resource, beginning with tax year 2010.

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### **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	06-10-09

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