Am. Sub. S.B. 3 (123rd General Assembly) restructured the electric utility industry in Ohio. Prior to this, electric companies had been subject to the public utility excise tax and they were subject to higher assessment rates on their tangible personal property than general taxpayers. The Act removed electric and rural electric companies from the public utility excise tax, reduced the assessment rates on their tangible personal property, made them subject to the corporate franchise tax (eventually replaced by the commercial activity tax) and created the kilowatt-hour tax. The kilowatt-hour tax is levied on electric distribution companies and is measured by the end-user’s consumption of electricity as measured in kilowatt-hours. Qualifying large end-users of electricity may elect to self-assess the tax based on the number of kilowatt-hours consumed at a tax rate structure specific only to self-assessors. The kilowatt-hour tax became effective in May 2001.

**Tax Base**

The tax base for the kilowatt-hour tax is the number of kilowatt-hours distributed to the end-user by electric distribution companies. The base for self-assessors is the number of kilowatt-hours consumed.

**Tax Rate**

Kilowatt-hour tax rate:

<table>
<thead>
<tr>
<th>Kilowatt-Hours Distributed to the End-User Per Month</th>
<th>Rate Per Kilowatt-Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 2,000 Kilowatts</td>
<td>$0.00465</td>
</tr>
<tr>
<td>2,001-15,000 Kilowatts</td>
<td>$0.00419</td>
</tr>
<tr>
<td>Over 15,000 Kilowatts</td>
<td>$0.00363</td>
</tr>
</tbody>
</table>

Self-assessor option: End-users above 45 million kilowatt-hours in annual consumption may register to self-assess the tax. Self-assessors pay $0.00257 on the first 500 million kilowatt-hours consumed and $0.001832 per kilowatt-hour consumed in excess of 500 million.

**Significant Changes Enacted by the 133rd General Assembly**

There were no significant changes affecting the public utility excise tax.
Kilowatt-Hour Tax Expenditure Estimate

Data used to estimate the kilowatt-hour tax expenditures are primarily from return filings with ODT, industry data and data from the U.S. Energy Information Agency (U.S. Department of Energy).

A. Tax expenditures with revenue impact below $1 million

6.01 Exemption for qualified end-users

R.C. 5727.81(D); originally enacted 1999, revised 2009, 2017.

[39 In order not to risk disclosure of confidential taxpayer information, several small kilowatt-hour tax exemptions are included here, as they are all “qualified end-users.” These include: electricity distributed to the federal government, electricity distributed to an end-user located at a federal facility that uses electricity for the enrichment of uranium, an end-user of electricity that uses more than 3 million kilowatt-hours of electricity at one manufacturing location in this state for a calendar day for use in a qualifying manufacturing process, electricity distributed to a manufacturer who is using the electricity in a qualified chlor-alkali process to manufacture chlorine and other chemicals, and electricity distributed to a qualified regeneration facility.]