The public utility excise tax (PUET) is levied on companies classified by statute as public utilities. Originally enacted in 1894, the present tax structure was established in 1911. Historically, electric, natural gas, and local telephone companies have accounted for the bulk of the total PUET revenue collections. However, in 2001, electric and rural electric companies became subject to the kilowatt-hour tax and the corporate franchise tax (eventually replaced by the commercial activity tax) and these entities no longer were subject to the PUET. Similarly, in 2005, telephone companies were no longer subject to the PUET as they became subject to the corporate franchise tax and their services became subject to the sales tax.

**Taxpayer**

Taxpayers include heating, pipeline (excluding businesses primarily consisting of producing or gathering natural gas – rather than supplying or distributing natural gas to consumers – or producing, refining, or marketing petroleum products), water transportation, waterworks, and natural gas companies.

**Tax Base**

The PUET is applied to the gross receipts of natural gas, pipeline, heating, water transportation, and waterworks companies.\(^{38}\)

**Tax Rate**

The tax rate for the PUET for most public utilities is 4.75 percent, except that pipeline companies’ rate is 6.75 percent. There is a minimum tax of $50 for each tax year.

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

There were no significant changes affecting the public utility excise tax.

**Public Utility Excise Tax Expenditure Estimates**

\(^{38}\) In 2001, natural gas companies began to pay the PUET on a different schedule (Am. Sub. S.B. 215, 123rd General Assembly). Additionally, these companies became subject to the natural gas consumption tax (also known as “MCF Tax”) to mitigate the impact of a reduction in their tangible personal property tax assessment rates (Am. Sub. S.B. 287, 123rd General Assembly).
The estimates shown below reflect the estimated revenue foregone by the GRF from each tax expenditure. The report reflects any possible “overlapping” effect (i.e., another credit, exclusion, or exemption available to the taxpayer) that effectively reduces the revenue consequences associated with the tax expenditure.

Data used to estimate the expenditures were primarily derived from PUET returns filed with ODT and other departmental sources. Data from the U.S. Census Bureau were also used as a basis for some estimates.

NOTE: See page 6 for description of data source codes.

A. Exemptions, credits, and deductions

5.01 Exemption for municipal utilities and non-profit waterworks  
*R.C. 5727.05; originally enacted 1896, revised 1999.*

Municipal utilities and non-profit corporations that are engaged in the treatment, distribution, and sale of water to consumers are exempt.

<table>
<thead>
<tr>
<th>Estimate:</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
</tr>
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<td>$102.2</td>
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Data Source Code: A, B, C

5.02 Exemption for sales to other public utilities for resale  
*R.C. 5727.33(B)(4); originally enacted 1961, revised 2004.*

Sales to other public utilities are exempt when the services are to be resold by that public utility.

<table>
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<tr>
<th>Estimate:</th>
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<th>FY 2022</th>
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Data Source Code: A

B. Tax expenditures with revenue impact below $1 million

5.03 $25,000 deduction from gross receipts for each public utility company  
*R.C. 5727.33(E); originally enacted 1934, revised 2004.*