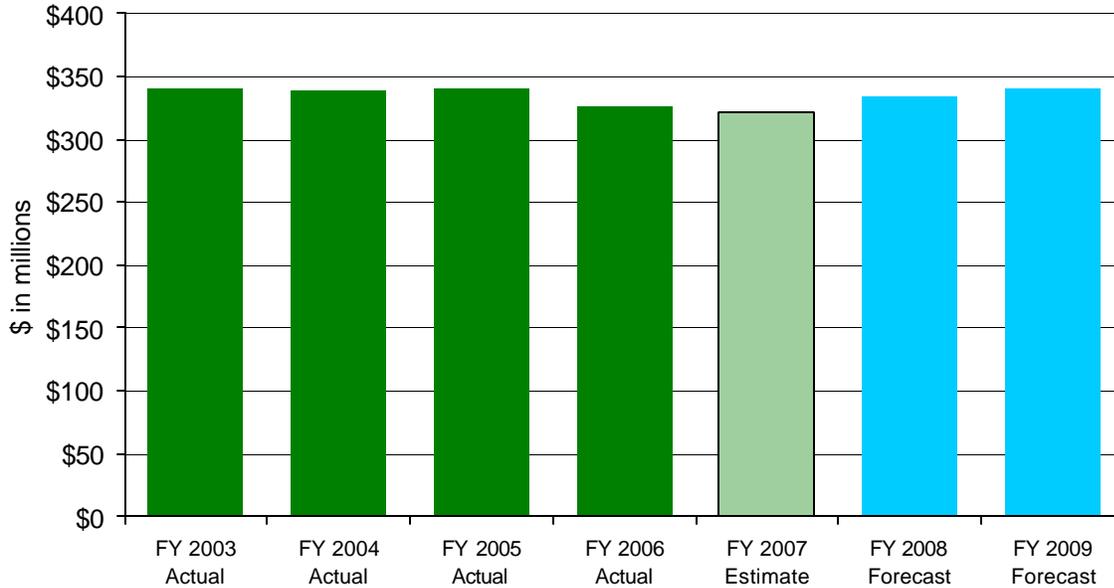


**Kilowatt-Hour Tax**

**GRF Revenues from the Kilowatt-Hour Tax**

(in millions)



	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Revenue	\$339.9	\$339.0	\$339.8	\$325.3	\$320.5	\$333.5	\$339.9
Growth	5.1%	-0.3%	0.3%	-4.3%	-1.5%	4.1%	1.9%

The kilowatt-hour tax is levied on electric distribution companies, which remain regulated, and which include the tax in the rates they charge for distributing electricity. The tax rate depends on the volume of electricity used by the customer. There are three distinct marginal tax rates, \$0.00465 per kilowatt-hour (kWh) for the first 2,000 kilowatt-hours consumed in a month, \$0.00419 per kWh for the next 13,000 kilowatt-hours consumed, and \$0.00363 per kWh for all kWh consumed over 15,000. Very large users, those that use over 45 million kWh per year, have the option of self-assessing, which enables them to pay a still lower rate.

Historical growth in GRF revenue from the tax has been skewed due to the local government fund freezes contained in the last three operating budget bills. Revenue to all funds from the tax decreased by 0.7% in FY 2004, then increased by 0.2% in FY 2005 and 3.3% in FY 2006. The 4.1% increase in revenue shown for FY 2008 is higher than the increase in electricity usage forecast due to the ending of the freeze. Revenue to all funds through the end of February 2007 has decreased by about 2.3% as compared with February 2006. The decline so far this year is likely to be primarily weather related, since receipts from taxpayers that self-assess the tax, the biggest industrial users in the

state, have grown by 3.7% between the first seven months of FY2006 and the comparable period in FY 2007.

The forecast assumes that kilowatt-hours used in Ohio grow by the amount forecast by the U.S. Energy Information Administration for retail sales of electricity in the East North Central region in the February 2007 edition of its publication *Short-Term Energy Outlook*.