



Tax Exemption Application Guidance

This document provides guidance for facilities requesting tax exemption for air, noise, or water pollution control equipment.

Background & Process

Industrial and commercial sites that emit air, noise, or water contaminants can qualify for a tax exemption on pollution control equipment installed. The company should submit an application to the Department of Taxation (Tax). Depending on the type of exemption you're requesting, Tax will send the application to either Ohio EPA, Ohio Department of Natural Resources, or Ohio Department of Development. Ohio EPA handles the tax exemptions for air, noise, and water pollution control equipment. The party that received the application from Tax will evaluate the application materials and make a recommendation to Tax of what should be considered exempt. Tax then issues the final finding letter and the exempt facility certificate. A certificate is issued only if some equipment is approved.

Frequently Asked Questions (FAQs)

Which forms are required?

The applicant will submit one of four applications corresponding to the type of exemption being requested. The applicant may have to submit more than one application if the company is requesting more than one type of exemption (for example, one should submit one application for an air exemption and a separate application for a water exemption) or if the company is requesting exemption for more than one facility/location. Interactive versions of these pdf documents can be found at the Department of Taxation [form](#) webpage (where the search bar asks for a "Tax Type," select "Pollution Control and Exempt Facility Applications"). There are separate applications for original filings and additional property; both are available on the Tax form webpage.

These forms will be submitted by the main tax contact for the applicant or by a representative (such as a law firm or tax consultant). If the application is not being sent directly by someone at the applicant organization requesting the exemption, the outside representative submitting must also include a [TBOR-1 form](#), which is a Declaration of Tax Representative form.

What are the deadlines for these applications?

There are no hard deadlines – Ohio EPA accepts the applications from Tax on a rolling basis and processes them year-round.

Tax Exemption Application Guidance

How long will it take to get a certificate?

The length of time to receive the certification depends on whether all of the necessary information is included in the application, how quickly Ohio EPA receives answers to questions, and what sign-off route the application takes. The process takes 6-12 months under normal circumstances but could take longer. However, an application that has all the necessary information can be processed much more quickly.

Ohio Revised Code 5709.20 through 5709.27 details the tax exemption program, and asking questions to Leah Kessler (Ohio EPA) is encouraged – she is most available over email and phone during regular business hours. Email is the most highly recommended form of communication.

What can I do to expedite my application?

The fastest way to get through the application process is to ensure that all materials have been submitted with supporting attachments – an application will not be processed until those materials are submitted. Submitting your facility's Ohio EPA-issued permit will not satisfy the application requirements. Application attachments are discussed below.

Attachment A

This is the layout of the facility. Examples of acceptable documents include:

- Process flow diagrams.
- Schematics/engineering drawings.
- Other diagrams depicting the physical layout of the facility.

Attachment B

This is a detailed list of the equipment for which the exemption is being requested, including both the property description, cost, and if applicable, the property type, auxiliary percentage, and percentage explanation. For most applications, the property description and cost will be the priority. While a template is provided with the blank application, the list can be submitted in different formats so long as all of the necessary information is present.

What should the property description entail?

- A brief description of each item.
- If listing individual parts of a larger piece of machinery, what machinery the parts belong to.
- If listing costs that include both labor and materials, either break those costs out into distinct line items or notate on the attachment that the item includes both labor and materials.
- Omit items that are not related to pollution control equipment.

Tax Exemption Application Guidance

Attachment C

This attachment is a detailed narrative statement. This should include:

- The purpose and operations of the overall facility.
- Operations of the facility that are subject to the tax exemption.
- Operations of the facility that are not subject to the tax exemption.
- How equipment qualifies for exemption (i.e., why a certain piece of equipment should be considered exempt).
- Any other relevant information to be taken into consideration.

What is a reviewer looking for when they process an application at Ohio EPA?

Tangibles and Intangibles

Ohio EPA cannot recommend approval nor denial on intangible items such as labor, installation, AFUDC, delivery, and engineering costs. Tax reviews intangible costs only in those matters in which Tax does a follow up audit. Intangible items are placed in the recommendation letter in Table 3 (Items Without Recommendation). All tangible items will go in either Table 1 (Equipment Recommended as Tax Exempt) or Table 2 (Equipment Not Recommended as Tax Exempt).

Primary Purpose of Air/Noise/Water Pollution Control

ORC 5709.20(B) defines an “Air pollution control facility” as “any property designed, constructed, or installed for the *primary purpose* of eliminating or reducing the emission of, or ground level concentration of, air contaminants generated at an industrial or commercial plant or site that renders air harmful or inimical to the public health or to property within this state, or such property installed on or after November 1, 1993, at a petroleum refinery for the primary purpose of eliminating or reducing substances within fuel that otherwise would create the emission of air contaminants upon the combustion of fuel” (emphasis added). Noise and water pollution control facility definitions can be found at ORC 5709.20(F) and 5709.20(L) respectively.

What does the recommendation to Tax include?

The recommendation letter – also known as the Director’s Letter – includes 4 main elements: background/context, items recommended for approval, items not recommended for approval, and items that have no recommendation either way. The list of items referenced in the recommendation often comes from Attachment B directly but sometimes will be grouped by theme – for example, Attachment B may list out different parts of a scrubber, but the recommendation letter might combine these items and refer to them as “scrubber and all associated components.”

Items Recommended for Approval (also referred to as “approvals”)

These are the tangible materials that control (or are components of equipment that controls) for air, noise, or water pollution. An example would be flare components.

Tax Exemption Application Guidance

Items Not Recommended for Approval (also called “denials”)

These are tangible items that do not control for pollution such as building foundations or HVAC systems – these are items that are installed for business purposes or purposes that are not primarily air, noise, or water pollution control.

Items Without Recommendation

These are items that Ohio EPA cannot comment on because they are intangible. Included in this section are labor costs, engineering, installation, startup, AFUDC, delivery, and any other intangible costs.

Can I put down more than one distinct facility on an application?

Yes, an applicant can put down more than one facility on an application if it meets certain requirements.

1. The facilities must be located in the same county.
2. The facilities must serve the same/a similar purpose (for instance, two facilities in the same county that are both coal-fired power plants).

How can I get a status update on my exemption application?

For air and noise applications, email or call Leah Kessler for a status update at Leah.Kessler@epa.ohio.gov or 614-644-3684. For water applications, email or call Tony Nosko for a status update at Anthony.Nosko@epa.ohio.gov or 614-644-1987. Oil and gas water pollution control applications are reviewed by Ohio Department of Natural Resources (Brandon.Carbaugh@dnr.ohio.gov) and energy applications are reviewed by Ohio Department of Development (Manny.Anunike@development.ohio.gov).

Revision History

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