
TAX - OHIO

Veolia Water N. Am. Operating Servs., Inc. v. Testa

Supreme Court of Ohio - March 2, 2016 - N.E.3d - 2016 WL 827776 - 2016 -Ohio- 756

Taxpayer, a private owner and operator of a waste-water-treatment plant, treating both industrial and residential waste water, filed application for an exempt-facility certificate. The tax commissioner granted certificate for only a percentage of the personal property the commissioner deemed to be exempt. Taxpayer appealed. The Board of Tax Appeals affirmed. Taxpayer appealed.

The Supreme Court of Ohio held that Board's application of primary-purpose test to each article of plant's property was reasonable and lawful.

Board of Tax Appeals' application of primary-purpose test to each article of property of waste-water treatment plant individually, in determining tax exempt status of plant pursuant to statute governing tax exemption for industrial water pollution control facilities, was reasonable and lawful. Pollution-control statute imposed a direct functionality test, under which, plant's trucks and general buildings were not themselves designed, constructed, or installed for primary purpose of either "collecting or conducting industrial waste to a point of disposal or treatment," or of "reducing, controlling, or eliminating water pollution caused by industrial waste," as required for exemption.

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