

### What is Millage and how does it work?

Millage is the basic factor of the generation of local revenue. Millage is applied to the assessed valuation of real and personal tangible property to produce the revenue. A mill is defined as one-tenth of a percent, or one-tenth of a cent in cash terms. Thus, for every \$1,000 worth of value a mill produces \$1 dollar worth of tax revenue. Assessed valuation is 35% of the appraised value as determined by the County Auditor.

### What is the difference between Inside Millage and Outside Millage?

Inside millage is the first 10 mills that is assessed without a vote of the people. Inside millage is spread among city, township, county, and school governments. In each taxing district a resident will pay 10 mills of inside millage that is subject to growth with inflation. Talawanda receives 4.19 mills of inside millage. Voted Millage are those amounts that appear on the ballot for voter consideration. Voted millage is not allowed to grow with inflation and is subject to rollback when values are increased. Talawanda's voted millage rate is 46.11 but has been reduced to 22.13 because of increased values. Voted millage is reduced in reappraisal years.

### How much does Talawanda gain from a reappraisal?

It is anticipated that the reappraisal caused property values to increase by \$48 million in the Talawanda School District. As a result Talawanda will lose approximately \$900,000 from this Reappraisal. The following illustration should help explain:

<b>\$48 Million Dollar Value Increase From Reappraisal</b>	<b>Effective Tax Rate</b>	<b>Increased Real Estate Tax Dollars</b>	<b>State Reduction</b>	<b>Talawanda's Net Gain/(Loss)</b>
Inside Millage(1)	4.19	\$201,120	\$0	\$201,120
Voted Millage(2)	22.31	\$0	\$0	\$0
State Charge Off(3)	23	\$0	(\$1,104,000)	(\$1,104,000)
<b>Talawanda's Impact from Reappraisal</b>				<b>(\$902,880)</b>

- (1) Inside Millage is an amount that is permitted to grow with inflation.
  - (2) Voted Millage is not permitted to grow with inflation. Millage is rolled back.
  - (3) Amount that State of Ohio keeps from increased values. (Phased in over 3 years)
- Under Ohio law, the state legislature determines a millage figure that is multiplied with the value of local property figure to determine the local share. This millage figure is the chargeoff. It is currently set at 23 mills. The reappraisal increase of \$48 million when multiplied by the 23 mill chargeoff causes \$1.1 million to be reduced from the district's State Aid over a three year period.

### Where does all the extra tax revenue go?

The 22.31 in voted mills as mentioned above will get rolled back with the increase in value so that Talawanda doesn't receive additional revenue on the increased values. Property owners with an increased value that exceeds the average in their taxing district will pay more taxes while property owners with an increased value that was below the average will pay less taxes. Property owners that were at the average will pay no more taxes on voted millage even if their values increased substantially. This is what causes the voted millage rate of 22.31 to get rolled back. Let me attempt to illustrate.

	Value Prior to Reappraisal	Value After Reappraisal	Reappraisal Increase	Impact to Taxpayer (Voted Millage)
Taxpayer A	\$100,000	\$118,000	18%	Tax Increase
Taxpayer B (Avg)	\$150,000	\$174,000	16%	No Change
Taxpayer C	\$200,000	\$228,000	14%	Tax Decrease

This is caused by House Bill 920 (Passed in the late 1970's) to prevent increases on voted millage associated with reappraisals. The property tax burden is shifted from one taxpayer to another on reappraisals and voted millage. This illustration assumes an average increase of 16%.

**Why does the majority of my tax revenue go to schools?**

School Districts are the main beneficiary of property taxes. Cities collect income taxes which grow with inflation. Counties collect sales taxes which grow with sales. Schools receive the majority of property taxes while cities, counties, and townships receive small amounts. Cities and Counties do not have to keep asking for more dollars like schools because they are provided with a means of growing their revenue base. Property taxes paid on voted levies are not allowed to grow with inflation causing school district to come back to the voters every 3 to 5 years.

**What choices do schools have to raise money?**

Approximately 90% of Talawanda's budget is made up of Taxes and State Aid. The current formula for funding schools does not work. We have illustrated that schools cannot grow their property taxes on voted levies and we have seen the impact increased values has on the State Aid. Schools cannot seek a sales tax leaving only a residential income tax as the other alternative.

**Why not consider a residential income tax?**

Residential income taxes are paid by those that live in the Talawanda School District. This tax is not assessed to those that commute to Oxford from another school district. This tax cannot be assessed to commercial property owners. Only residents pay the tax. Talawanda has attempted 4 income tax issues in the past 20 years (one including a substantial property tax rollback) The results were as follows:

	1/2% Income Tax No Millage Rollback Nov-82 % Yes	1.5% Income with 2.5 Mill Rollback Aug-90 % Yes	1.5% Income with 7 Mill Rollback Nov-90 % Yes	3/4% Income with 5.84 Bond Issue Nov-99 % Yes
Hanover Township	24.00%	12.10%	15.40%	18.62%
Milford Township	30.20%	15.80%	21.30%	21.02%
Reily Township	25.30%	18.20%	20.50%	18.59%
Oxford Township	56.30%	35.80%	47.60%	48.10%
Oxford City	66.00%	37.10%	50.20%	57.72%
Total	46.00%	24.50%	35.40%	36.14%

### **How much does the State of Ohio provide for our students?**

The State of Ohio provides \$4,949 for each child that we educate. This excludes kids that are home schooled and sent to private and parochial schools. We receive no funding for these students. While the state provides \$4,949 per student the net impact after they reduce the first 23 mills of property value from us is \$2,485 per student. In addition to this basic support we receive additional dollars for special education and transportation while they deduct money for students being educated by community schools and other districts.

### **Why doesn't the State fix the system?**

Bottom line... Too much money. The State of Ohio doesn't want to accept responsibility for raising taxes. The Supreme Court in its recent decision gave the State a few items to correct and they would declare the system constitutional. The problem... The Supreme Court didn't require the complete overhaul the system needed. The system is flawed and even if the State complies with the Supreme Court it does not change the fact that property tax levies will continue with public schools. Too bad we can't vote on prisons.

### **What is the number one thing needed to fix the problem?**

In my opinion the elimination of the reappraisal is the number one thing that could have an immediate impact on funding schools. The State of Ohio is the only winner in reappraisals. Reappraisals cause a shift in the tax burden among property owners. This results in no additional revenue on voted levies and a reduction in state funding. If reappraisals were eliminated, the Talawanda School District would gain approximately \$900,000 every three years.

### **What impact will this issue have on farmers?**

Farm land will be taxed at a much lower rate based on its Current Agricultural Usage Value (CAUV) Farm land may be taxed as low as 3% of market value depending on the property type. Farm land is valued based on the type of crop and soil type.

### **What can I do as a Taxpayer?**

Contact your State Legislator and express your concerns for how schools are funded. Contact Jim Rowan, Treasurer, Talawanda School District (513) 523-4716 with questions or further explanations on school funding. The information provided in this document can be verified by contacting the Butler County Auditor's Office (513) 887-3135 and/or the Ohio Department of Education (614) 466-6891.



