



PROPERTY TAX 101

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PROPERTY TAX 101

- Property tax is the predominant method communities use to raise additional revenues in Ohio. Property tax comes in two forms:
 - Real Property tax- This is a tax levied on land and buildings located within the school district. Private individuals, businesses and public utilities that own land and buildings pay this tax.
 - Tangible Personal Property - This is a tax levied on furniture, fixtures, machinery, equipment and inventory owned by business.

PROPERTY TAX 101

- There are two “classes” of Real Property
 - Residential & Agricultural (Class 1)
 - Commercial and industrial (Class 2)
- There are two “types” of Tangible Personal Property
 - General business (which is no longer taxable)
 - Public utility

PROPERTY TAX RATES

- There are two different ways tax levies can be implemented: Unvoted millage or inside millage and voted millage or outside millage
 - Inside millage (unvoted)
 - Approved by the county budget commission, but cannot exceed 10 mills or 1% (a mill is 0.1 percent) for any taxpayer
 - Schools generally receive 4 to 6 mills
 - Inside millage is not subject to reduction factors
 - Outside millage (voted)
 - Voted millage (outside millage) is approved by a popular vote
 - For voted levies, the purpose determines whether tax reduction factors apply

PROPERTY TAX RATES

- There are three different tax rates for each levy that is in effect
 - The voted rate at which the levy was originally enacted, which is the rate that is always applied to tangible property
 - The effective tax rate for Class 1 real property, which is the rate calculated after application of Class 1 reduction factors
 - The effective tax rate for Class 2 real property, which is the rate calculated after application of Class 2 reduction factors

PROPERTY TAX CREDITS

- There are two major forms of tax credits property owners receive: Rollback and Homestead
 - Rollback
 - 10 percent property tax rollback for all residential and business real estate
 - In 1979, an additional 2.5 percent rollback was enacted for owner occupied homes
 - Homestead
 - Available for qualifying taxpayers
 - Eligible homeowners receive an exemption on the first \$25,000 - \$50,000 of appraised value from taxation for a single family home

PROPERTY TAX CREDITS

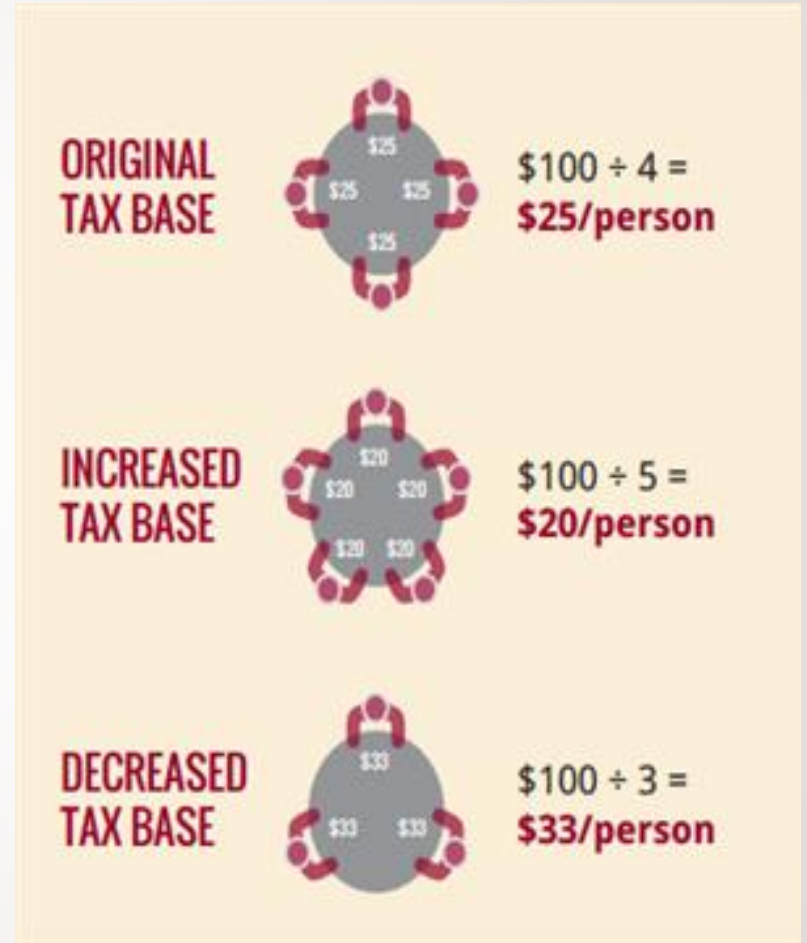
- House Bill 59
 - Beginning in tax year 2013, the State of Ohio enacted House Bill 59 (HB 59)
 - This affected changes to the state reimbursement of the rollback exemption whereby any new levies voted will no longer be reimbursed by the state but paid directly by the real estate owners
 - Any levies approved prior to 2013 will still have the rollback exemption paid for by the state

HOUSE BILL 920

- Enacted in 1976
- Every three years the value of taxable property in the school district is determined by the county auditor.
- If property values increase, the auditor cuts the school tax rate so schools do not receive more money. This is called the EFFECTIVE TAX RATE. As inflation drives up the value of property, H.B. 920 prevents schools from collecting more money.
- The opposite occurs when property valuations decrease, the effective tax rate may increase to collect the original amount of tax passed by the voters.
- This effectively freezes all voted real property millage at the dollar amount collected the first year the millage went into effect
- The inside mills are not affected by the House Bill 920 credit, so a small amount of additional revenue is gained as property values increase
- Does not apply to new construction or improvements to real property
- For school districts, simply keeping up with day-to-day cost increases is impossible under H.B. 920 and the main reason for their return to taxpayers for additional revenue every few years.

HOUSE BILL 920

- For Example: Assume that four people sitting around a table represents the taxpayer in a community, and they have voted to tax (levy) themselves \$100. Each person therefore has a \$25 tax bill.
- The following year, another person moves into the community. The \$100 tax is now divided among five people, resulting in a lower \$20 tax bill for each person. The school still collects the same \$100 as voted in by the community.
- The exact opposite occurs when the school district's tax base decreases. As the tax base decreases the millage rate increases for the community in order to keep the voted amount to be collected the same over the life of the levy. In this example, the tax bill increased to \$33 from its original amount, \$25.



20-MILL FLOOR FOR SCHOOL DISTRICTS

- Only current expense millage (inside or outside) counts toward the 20-mill floor
- The calculation excludes
 - Bonds, permanent improvement levies, and emergency levies.
- The 20-mill floor essentially prevents further reduction of tax rates once it is reached
- Once a district reaches the 20-mill floor, it receives full growth on those 20 mills
 - i.e., H.B. 920's tax reduction factors do not apply
- A district at the floor that has values decline will come off the 20-mill floor
- Getting to the floor creates growth in real property taxes from reappraisal on all 20 mills

PROPERTY TAX CALCULATION

- Local property tax rates are always computed in mills. One mill costs the property owner \$1.00 for every \$1,000 of assessed valuation each year.
- Residential taxes are calculated by multiplying the market value of a homeowner's property by the assessed valuations rate of 35 percent and then the effective millage rate of the school district
- For example, if a home has a fair market value of \$100,000, the homeowner will pay taxes on the \$35,000 assessed value. The millage rate determines the amount of taxes, and then the rollback factor is applied.

CURRENT TAX RATES - CFCSD

CUYAHOGA FALLS CITY SCHOOL DISTRICT				
CURRENT LEVY	ORIGINALLY APPROVED DATE	VOTED MILLAGE	EFFECTIVE MILLAGE TAX YEAR 2019	EFFECTIVE MILLAGE TAX YEAR 2020
GENERAL FUND - INSIDE MILLAGE	N/A	N/A	4.900000	4.900000
GENERAL	1976	31.80	7.627453	6.759631
GENERAL 83A	11/8/1983	6.76	2.696713	2.389890
GENERAL 98A	11/3/1998	3.00	2.303820	2.041701
GENERAL 20R	5/3/2005	7.90	7.290594	6.461094
GENERAL 16R	2/5/1991	9.97	9.200914	8.154064
GENERAL 17R	11/5/2002	4.75	4.117903	3.649382
GEN EMERG 17A*	11/7/2017	4.80	4.800000	4.220000
GENERAL 19A	11/5/2019	4.00	4.000000	3.544892
PERMANENT IMPROVEMENT	11/5/2019	0.50	0.500000	0.443112
BOND 19	11/5/2019	5.33	5.330000	4.650000
TOTALS		78.81	52.767397	47.213766

*** AN EMERGENCY LEVY IS APPROVED FOR A SPECIFIC DOLLAR AMOUNT NOT MILLAGE.
THIS LEVY WAS APPROVED FOR \$3,704,273.00**

PROPERTY VALUATION - CFCSD

CUYAHOGA FALLS CITY SCHOOL DISTRICT

TAX YEAR	VOTED MILLS	INSIDE MILLS	TOTAL MILLS	EFFECTIVE MILLS	TOTAL PROPERTY VALUATION	ASSESSED VALUE 35%	% INCREASE OR DECREASE
2014*	65.06	4.90	69.96	41.762238	\$ 2,072,464,286	\$ 725,362,500	
2015	65.01	4.90	69.91	41.730367	\$ 2,095,493,600	\$ 733,422,760	1.11%
2016	65.05	4.90	69.95	41.785562	\$ 2,078,898,514	\$ 727,614,480	-0.79%
2017*	69.76	4.90	74.66	43.670162	\$ 2,200,340,286	\$ 770,119,100	5.84%
2018	68.99	4.90	73.89	42.944158	\$ 2,201,893,400	\$ 770,662,690	0.07%
2019	78.81	4.90	83.71	52.767400	\$ 2,205,339,629	\$ 771,868,870	0.16%
2020*	77.55	4.90	82.45	47.213766	\$ 2,508,791,371	\$ 878,076,980	13.76%

*2014 and 2020 were sexennial reappraisal years. 2017 was a triennial update year.

INCREASE IN PROPERTY TAX VALUATION

	DISTRICT VALUATION	
TAX YEAR	2019	2020
% INCREASE	13.76%	
TOTAL VOTED MILLS	50	50
TOTAL EFFECTIVE MILLS	45	39.557009
ASSESSED PROPERTY VALUATION	\$771,868,870	\$878,076,980
TOTAL TAX	\$ 34,734,099	\$ 34,734,099


	TAXPAYER #1		TAXPAYER #2	
TAX YEAR	2019	2020	2019	2020
% INCREASE	15%		10%	
TOTAL VOTED MILLS	50	50	50	50
TOTAL EFFECTIVE MILLS	45	39.56	45	39.56
TOTAL PROPERTY VALUATION	\$ 100,000	\$ 115,000	\$ 100,000	\$ 110,000
ASSESSED VALUE 35%	\$ 35,000	\$ 40,250	\$ 35,000	\$ 38,500
TOTAL TAX	\$1,575.00	\$1,592.17	\$1,575.00	\$1,522.94

DECREASE IN PROPERTY TAX VALUATION

	DISTRICT VALUATION	
TAX YEAR	2019	2020
% DECREASE	-13.76%	
TOTAL VOTED MILLS	50	50
TOTAL EFFECTIVE MILLS	45	52.18
ASSESSED PROPERTY VALUATION	\$771,868,870	\$665,659,713
TOTAL TAX	\$ 34,734,099	\$ 34,734,099

	TAXPAYER #1		TAXPAYER #2	
TAX YEAR	2019	2020	2019	2020
% DECREASE	-15.00%		-5.00%	
TOTAL VOTED MILLS	50	50	50	50
TOTAL EFFECTIVE MILLS	45	52.18	45	52.18
TOTAL PROPERTY VALUATION	\$ 100,000	\$ 85,000	\$ 100,000	\$ 95,000
ASSESSED VALUE 35%	\$ 35,000	\$ 29,750	\$ 35,000	\$ 33,250
TOTAL TAX	\$1,575.00	\$1,552.35	\$1,575.00	\$1,734.98

WHAT DOES THIS ALL MEAN TO TAXPAYERS?



While state legislators continue to wrestle with issues of equity and fairness in funding public education in Ohio, public schools continue to depend on the support of local taxpayers. There is no quick fix or easy solution coming from the state or federal level. Despite this, children continue to come through doors of our schools each day asking and deserving to be educated. We must press our elected representatives to find a more efficient way to fund education. Until the state creates a new system on funding schools, local taxpayers in Ohio will continue to shoulder the responsibility of providing quality education for our children.