

Fiscal Accountability and Communication for Taxpayers

Voters hold key to WCSD revenue

Why do school districts keep asking for more money?

Property owners frequently and fairly ask their officials this question during tax levy campaigns. They receive their tax bills and find themselves paying more out of pocket yet school districts still claim they need more money.

This common confusion results from a 1976 tax reform measure designed to protect property owners from unvoted tax increases. House Bill 920 applies to school districts, cities and townships.

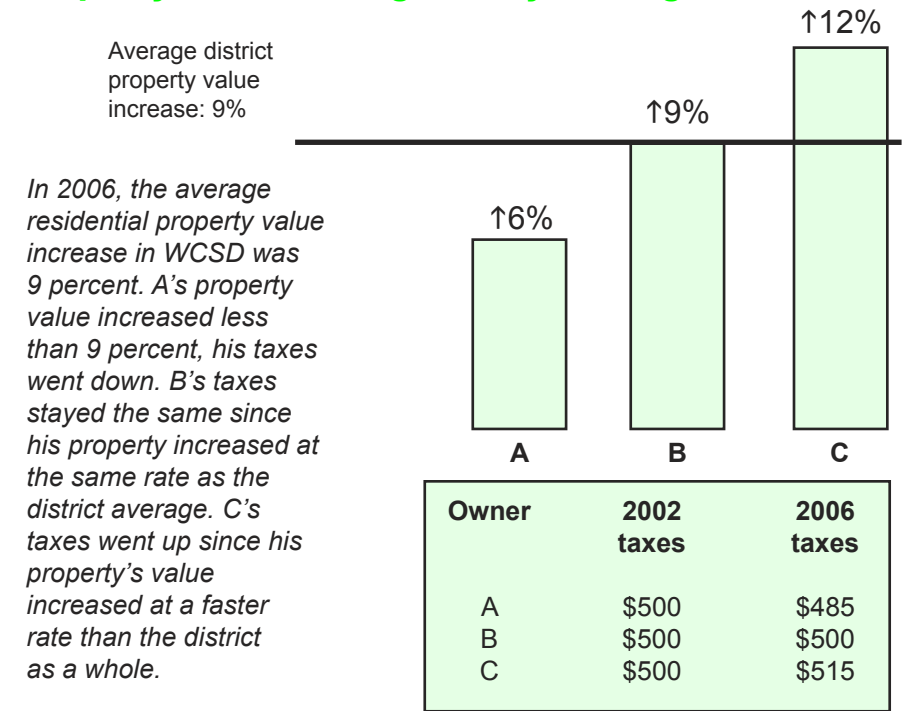
When voters approve a tax levy, they agree to pay a specific amount of money for a specific purpose over a specific time period. Each property owner pays his share, according to the value of his property. When property values fluctuate, House Bill 920 goes to work to ensure that the total amount of money the voters agreed to pay does not increase.

Suppose a school district receives voter approval to raise \$5 million through a 5 mill levy. The following year, after a reappraisal, property values have increased. House Bill 920 does not allow the school district to receive any additional revenue from this voted levy. The voted 5 mills will be reduced to a millage amount that will generate \$5 million, and each taxpayer will pay a lower "effective" tax rate. In order for the school system to raise more revenue, it must go to the voters for approval of another levy.

For example, when West Carrollton School District voters approved a 6.9 mill property tax levy in November 2003, they agreed to pay \$3.2 million as a group to the district each year for three years. The key number to remember is not the millage amount, but the dollar amount. That dollar amount is divided among the district property owners according to the value of their property as determined by the county auditor.

When property in the district was reappraised in 2006, many individual property owners saw their tax bills increase. However, other property owners saw their

Property value changes vary throughout WCSD



*Note: Numbers here are for illustrative purposes only. Illustration discusses only voted millage.

bills decrease. The "bill" for the \$3.2 million voters had agreed to was divided differently in 2004 and 2005 than it is in 2006. The state auditor reduced the 6.9 millage amount so that the overall "bill" did not exceed what voters had agreed to pay.

If the value of your property increased by exactly the same percentage as the value of the property in the district as a whole, the taxes for your property will stay the same. If the value of your property increased by less than the average, your taxes will decrease. If the value of your property increased by more than the average, your taxes will increase.

Reappraisal of properties means the collection of the same amount of taxes by redistributing the property taxes to be collected. Some property owners pay more,

some less and some the same. While the total tax dollars raised stays the same because schools are on a fixed income, an individual taxpayer's share will be based on his new property value. In this way, House Bill 920 equalizes the burden of a voted tax.

School districts do not get more money when property values increase. House Bill 920 makes sure of it. Cities, townships and other taxing entities face the same issue. They are all on fixed incomes. However, expenses are not fixed. Costs for insurance, utilities and quality personnel continually rise. Hence, school districts, cities and other entities must return to voters regularly and ask them to agree to pay more.

West Carrollton Schools' revenue only grows if voters allow it to grow.

FACT\$ will have a new format next month! The WCSD financial newsletter will be more informal and will also be distributed to every parent in the district through backpacks and school newsletters. If you are an email or U.S. Mail subscriber, you will continue to receive

FACT\$ as you always have.

FACT\$ is intended to answer your questions. Send your thoughts and questions to Sharon Naragon, community relations coordinator at snaragon@wcsd.k12.oh.us or call her at 859-5121, ext. 1133.