

# fact\$ *in a backpack*

January 2008

## Property tax bills will be larger in 2008

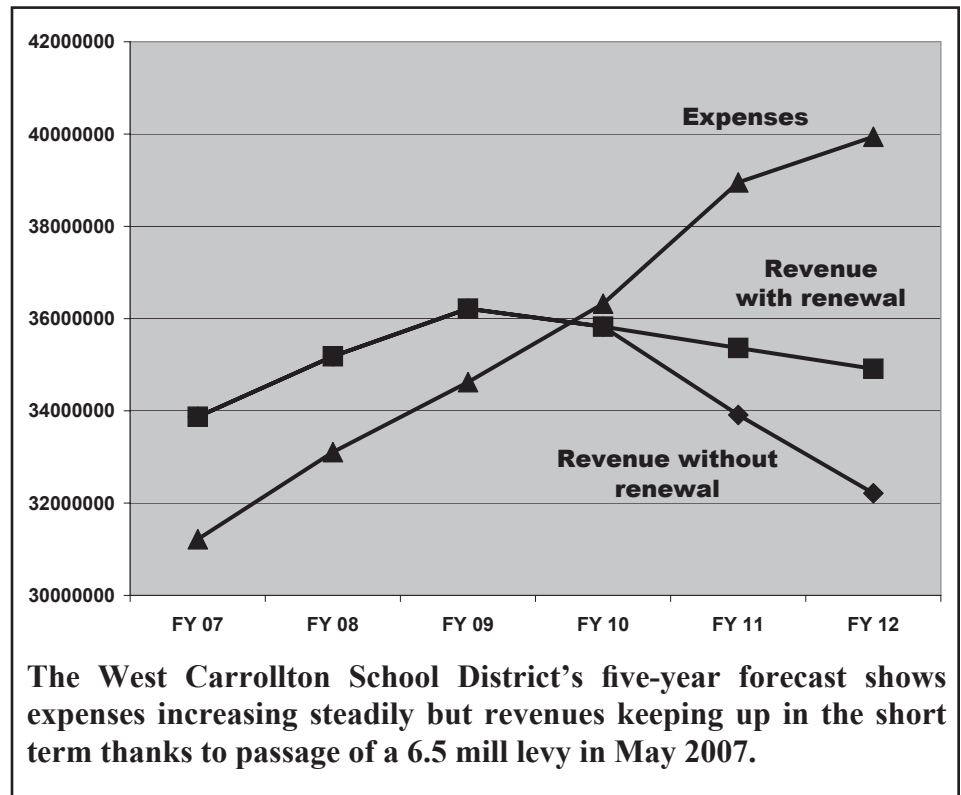
Property owners throughout Montgomery County will be receiving property tax bills this month, or updates from their mortgage company adjusting their payments to account for new tax rates.

This year, West Carrollton School District will receive a tax increase -- because voters approved it last May. New property taxes cannot be levied by school districts without voter approval.

If your tax bill for this year is higher than last, it is at least partly due to the voters support of the WCSD 6.5 mill levy on May 8. The owner of a \$100,000 home will see an increase of \$199 this year.

Without new taxes, however, school districts do not get more money even if your tax bill goes up. Tax bills also increase when your property value increases. In those cases, school districts -- including West Carrollton -- do not get a tax increase. (Please see reverse for an explanation of House Bill 920.)

Even successful levies such as the May 2007 one in WCSD must be monitored. According to Treasurer Ryan Slone, the new 6.5 mill levy must be renewed by the end of 2010 to avoid a shortfall.



## Another view: Cleveland paper urges HB 920 repeal

*This editorial, reprinted with permission, appeared in The Sun News in Cleveland, Ohio in December. It urges the repeal of House Bill 920.*

**By Mary Jane Skala  
Senior Editor**

OK, Columbus: I have one request for 2008: Fix school funding.

Forget stumping for presidential candidates, forget casino gambling and forget the state amphibian. Fix school funding. Please.

I am writing this column at the request of dozens of readers from Cleveland Heights, University Heights, Euclid, Chagrin Falls, Shaker, South Euclid, Lyndhurst, Mayfield Heights, Richmond Heights, Solon, Russell, Chester and Beachwood -- yes, even rich Beachwood.

Many of them voted on school levies Nov. 6 and over and over I heard them say, "We will vote for this levy this time, but the state has got to do something."

I heard that last year and the year before and the year before that, yet not a single legislator who represents the east side is doing anything concrete about school funding.

They claim to, of course. I had lunch with State Rep. Matt Dolan, R-98, in August, and he assured me that the state "fixed" school funding. He said state money had built new schools in southeast Ohio and he said more state money is going to schools than ever before. It was the standard Republican line.

Dolan tried hard to convince me, but it's not me he needs to convince. It's you, the voters, and right now, you see only stagnation.

Gov. Ted Strickland has failed too. A year ago, before he got elected, he sat in my conference room and said he hoped to be the "education governor." When I asked how he'd accomplish this, he said, uh, well, he'd talk to people.

"With all due respect, people have been 'talking' about this issue for 15 years," I said. He didn't know what to say.

And as far as being the "education governor," I think that was Bob Taft's line. Or George Voinovich's. Somebody's but it doesn't matter. School funding is bleeding profusely, and nobody's calling 911.

If I hear my readers correctly, "fixing school funding" means turning off the every-three-year levy faucet and ending reliance on property taxes, as the state Supreme Court mandated back in 1991. The kids who were born that year are about to go off to college and nothing has changed.

Here's what must be done.

First, the state needs to get rid of House Bill 920. What's H.B. 920 you ask? 920 freezes a school district's property tax revenues -- its major source of income -- at the level taxpayers approve when they say yes to a levy. For example, if voters approve a levy that will bring in \$5 million a year, the district will continue to collect \$5 million each year, every year, until voters approve a new levy. Even if home values

**Continued on reverse**

# Voters control revenue increases

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. A homeowner's share of that amount depends on how much his home is worth.

When property values fluctuate, House Bill 920 goes to work to make sure 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 3-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 3 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. Individual property values are determined by the county auditor.

When property in the district was

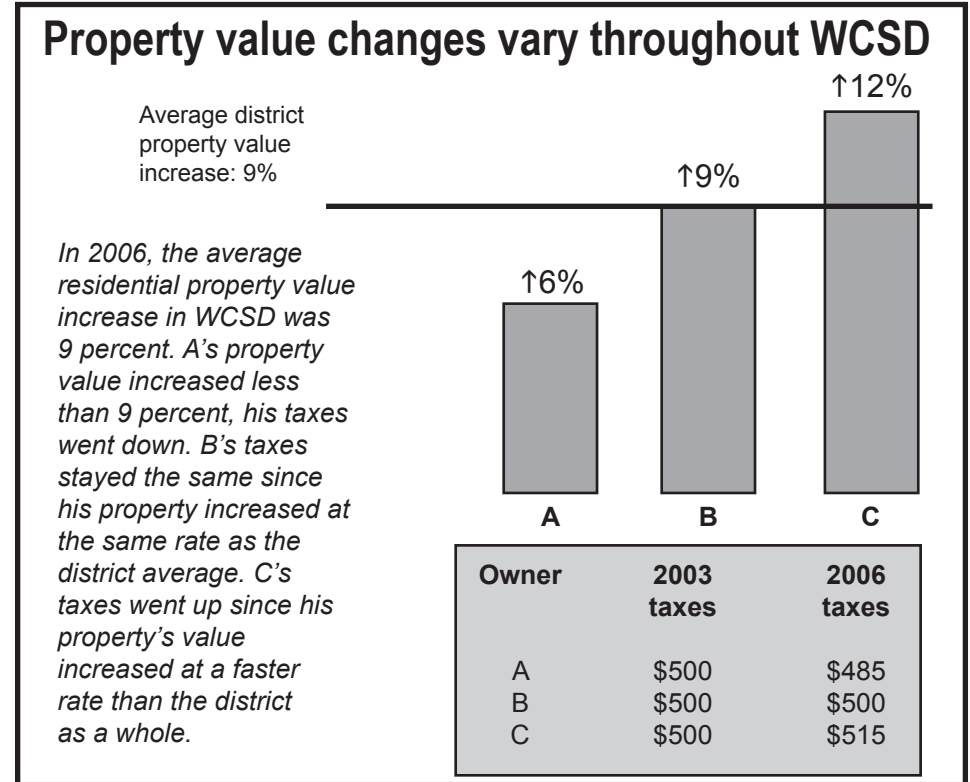
## Cleveland paper ...

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rise, the district will collect \$5 million. It can't collect a penny more until voters approve a new levy, due to H.B. 920.

This is why districts have their hands out every three years, but taxpayers don't understand this. They just think schools spend lavishly.

Nasty little H.B. 920 was approved in 1976 to keep a lid on property taxes



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

reappraised in 2006, many individual property owners saw their tax bills increase. However, other property owners saw their bills decrease.

The "bill" for the \$3.2 million voters had agreed to was divided differently in 2004 and 2005 than it was in 2006 and 2007. 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.

as home values soared with inflation, but the days of soaring home values are gone. Without H.B. 920, most experts say, schools wouldn't need new levies.

Therefore, it would be kinder and gentler to taxpayers to dump 920 and let taxes creep up with inflation. Let's face it: Districts always get their levies, even if it takes them four or five tries. It's like budget billing for natural gas in the end, the payout

is the same. So scrap 920 and end forever the three-ring circus of levy campaigns.

Secondly, the state must lift the yoke of property taxes as a way to fund public schools. Yes, districts can seek income taxes, but voters always say no. It's the suffocating property taxes that have residents screaming for relief.

So how about it, legislators? If not now, when?