

— *Democracy Dialogues* —

PROPERTY TAXES, BOND ISSUES & LEVIES: HOW THEY WORK & WHY THEY MATTER



Agenda

1. General Voter Information

prepared by League of Women Voters of Northern Portage County

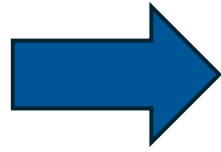
Basic definitions and calculations, general background on role of property taxes

2. Moderated Discussion Panel

3. Question & Answer portion

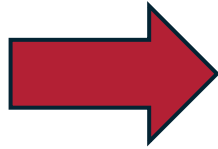
May 6 Election: Bonds and Levies are on the ballot

Statewide Issue 2



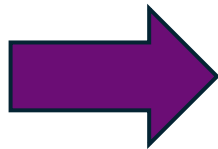
new \$2.5B 10 yr public infrastructure bond issue

**Aurora City
School District**



5 yr 5.61-mill renewal levy

Hiram Township



5 yr 3-mill replacement levy

Bond Issue

Asks voters' permission for the gov't to **issue bonds** that pay for a specific capital purpose

Typical Examples:

Major building and infrastructure projects

- Roads, bridges
- Sewer systems, wastewater mgt
- Public school buildings
- Other Public buildings

Tax Levy

Asks voters to raise **funds** by taxing the value of property

Typical Examples:

Operating expenses, salaries and maintenance of

- Public schools
- Public Safety: Police and Fire
- Libraries
- Public health services and programs

Bond and Levy funds are collected through Property Taxes

Bonds

Levies

Property Taxes

Who pays?
EVERYONE



Property Owners: directly assessed
Property Renters: landlords build in to rent

When voting for tax levies, ballot language includes dollars and “mills”

What is a “mill”?

1.0 mill =

\$1 per \$1,000 of **assessed** property value



Appraised Property Value,

fair market value

\$100,000



Assessed Property Value,

35% of appraised value, OH rule

\$35,000



1.0 mill = \$35

In 1976, Ohio HB 920 set key rules for levies

Two important concepts from those rules

Ballot levies can not ever exceed the **dollar** amount shown

- ✓ The **millage** shown on the ballot is based on the calculation at the time the levy is passed
- ✓ When / If property values increase or more houses are built (more property value in total) after the election, the amount of **dollars** raised by the levy **can not increase**.

“Inside” millage exists

- ✓ 10 mills can be assessed by municipalities without voter approval for basic city services
- ✓ A small portion of school taxes also functions like inside millage (“floor”, based on 1980’s legislation)
- ✓ Inside millage is based on **mills**. When / If property values increase, the amount of **dollars** **increases**.
- ✓ Depending on where you live, inside millage and unvoted school floor is less < 50% of total taxes

Levies are for the dollar amount, but reference mills

EXAMPLE: Aurora City Schools 2023, new operating levy. (This passed in Nov 2023.)

How you heard about it:

“A 5.9 mill levy”

How it appeared on the ballot

An additional tax for the benefit of the Aurora City School District for the purpose of current operating expenses that the county auditor estimates will collect **\$5,130,000** annually, at a rate not exceeding **5.9 mills** for each \$1 of taxable value, which amounts to **\$207 for each \$100,000 of the county auditor's appraised value**, for a continuing period of time, commencing in 2023, first due in calendar year 2024.

What it means:

A total dollar amount of **\$5,130,000** annually is on the ballot.

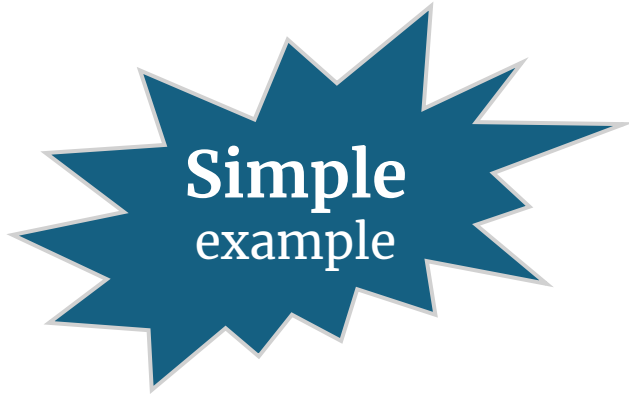
\$5,130,000 converts to **5.9 mills** of **assessed value** at the time of the election.

A calculation of \$207 per \$100,000 of **appraised value** is shown to make it easier for voters to do the “mill math”.

HB 920 “dollar” rule means effective millage can change

Year 1, School passes a new **1.0 mill**, 5 year levy

Year 3, Everyone’s property value increases by **10% equally**



Appraised,
fair market value

\$100,000



Assessed,
35% of appraised

\$35,000



\$35 collected =
1.0 mill

Appraised,
fair market value

\$110,000



Assessed,
35% of appraised

\$38,500



still \$35 collected =
0.9 mill

HB 920 “dollar” rule means effective millage can change

2023, School passed a **5.9 mill** operating levy to raise **\$5,130,000 annually**

2024, Everyone’s property value increases by **30% equally**, the levy still can only raise **\$5,130,000**



Closer to home example

Appraised,
fair market value

\$500,000



Assessed,
35% of appraised

\$175,000



\$1,035 collected =
5.9 mill

Appraised,
fair market value

\$650,000



Assessed,
35% of appraised

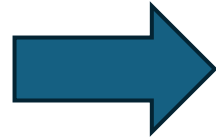
\$227,500



still \$1,035 collected =
now effective 4.6 mill

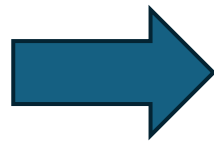
Sustaining existing budgets requires re-approval of levies when they expire; millage can change again.

Renewal levy




- Must be for the same original purpose
- Based on **original dollar amount**
- If property values went up since original was passed, the effective millage will be lower than the mill number shown on ballot


Replacement levy




- Must be for the same original purpose
- Based on **original millage amount**
- The \$ collected is based on applying the original millage to the most updated property values. If values went up, **more dollars are collected.**

Final property tax bills also include “discounts”

SHOPPING CART  Item

STYLE #	DESCRIPTION	PRICE	REMOVE
	<p>Appraised, Fair Market Valuation X 35% to get Assessed Value X Inside mills + Locally voted levies</p> <p>Your house, 123 Main St.</p>		

Add a Promo Code 

APPLY

= Your property tax

The State legislature decides what discounts / reductions will be available to property owners.

Examples:

Owner occupancy credit

Homestead exemption
(for seniors, disabled, surviving spouses of fallen first responders w/ income < \$38,600)

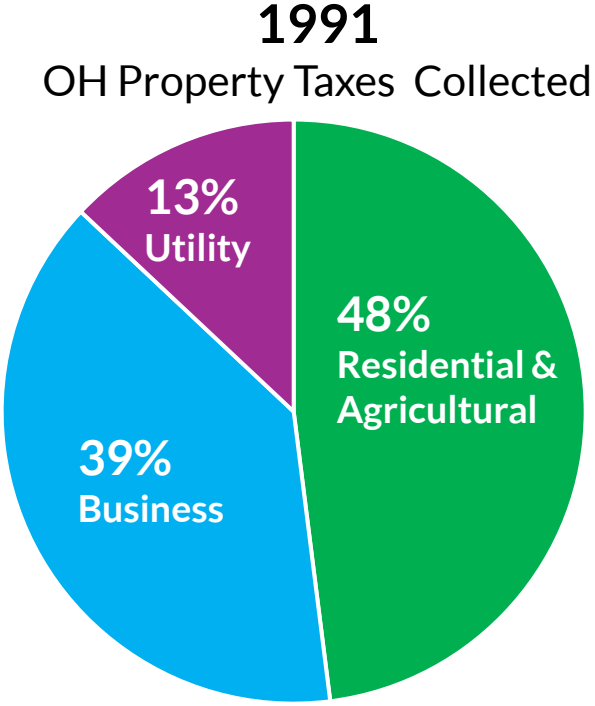
Other credits from the state
("rebates")

Abatements (for businesses)

Why does it feel like there are so many levies?

- Levies are fixed to the **dollar** amount
- New construction and increasing property values only raises more inside millage, which is less than 50% of total property tax revenue.
- New construction and/or increasing property values does not add more revenue to the existing levies. It instead lowers the **effective millage**.
- Growing communities do need more services.
- Existing levies must be renewed by voters just to hold existing budgets.

Ohio's Property Tax system is more reliant on residential / agricultural owners than ever

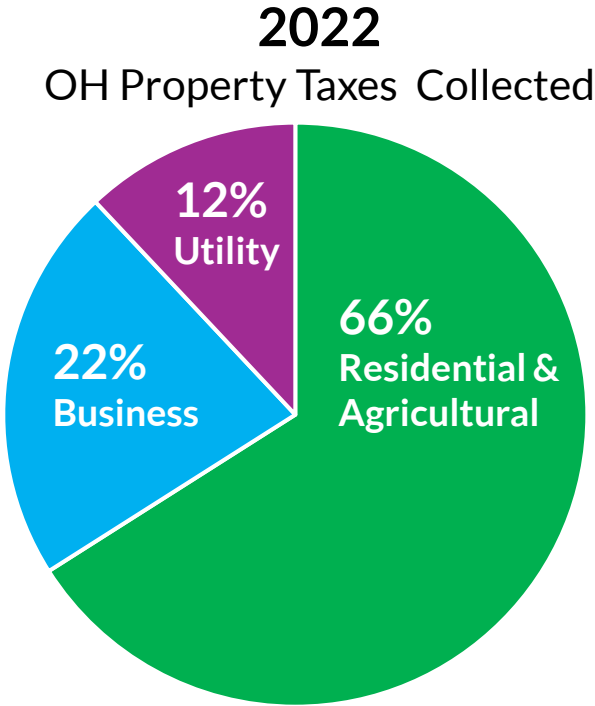


2006

To incent job creation and economic activity, the State eliminated personal property taxes for businesses

2013

To manage the State budget, the State reduced discounts for residential & agricultural payers

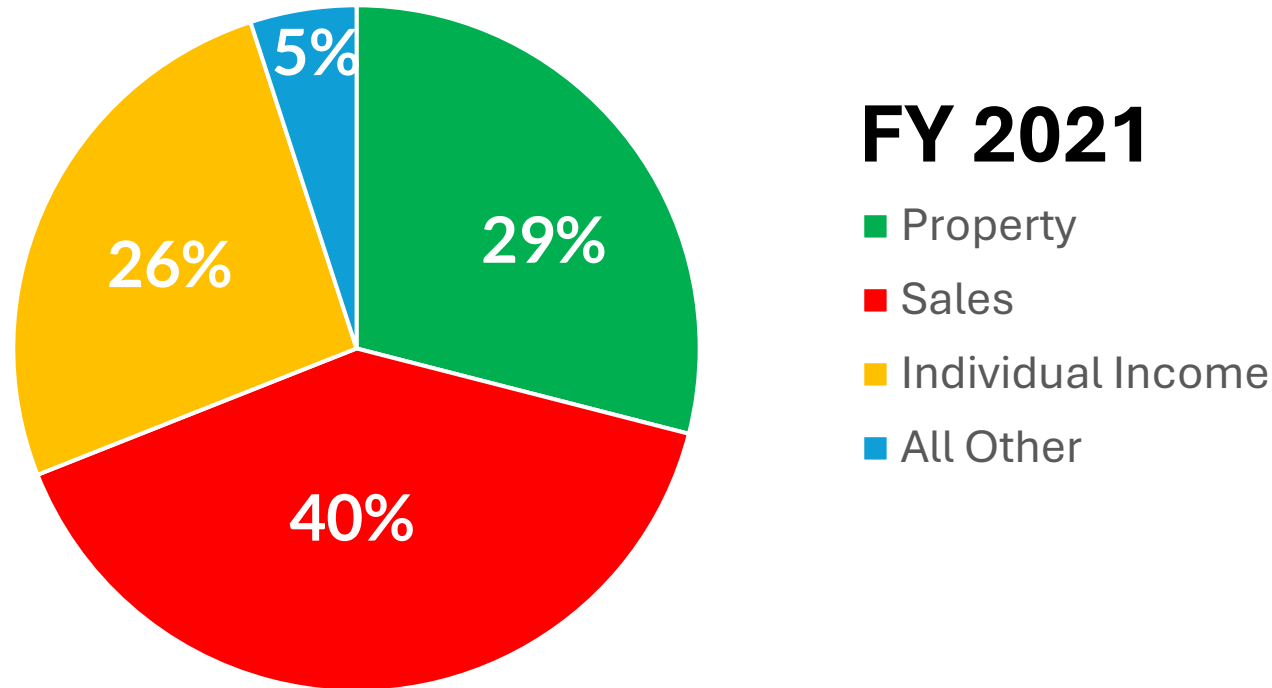


Source: <http://www.oepiohio.org/wp-content/uploads/2024/02/OEPI-Ohio-Prop-Tax-Trends-1975-2022-Feb-2024.pdf>

What if we paid less in property taxes?

Sales and/or Income taxes would need to increase, or major service cuts

Ohio State and Local Tax Revenue, by source



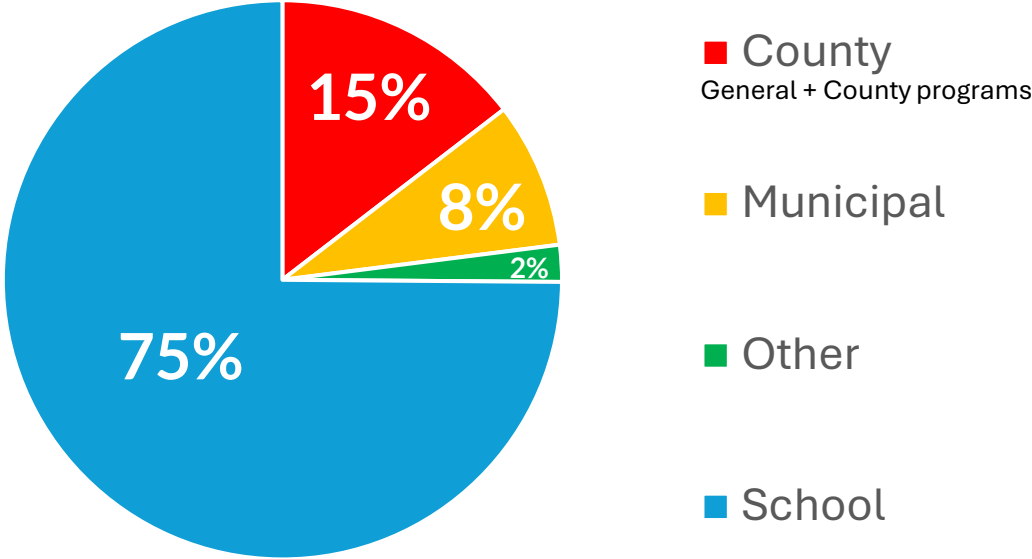
State choices are driving further reliance on property taxes for schools

In 2011: Aurora Schools got **27.8%** of funding from State



In 2024: Aurora Schools got **18.1%** of funding from State

Example Aurora
2024 property tax bill split



State has now expanded to \$1B+ in funding for private school vouchers, which reduces state funds to public schools = higher property taxes

Thank you and please meet our panel



Matt Kelly,
Portage Co Auditor

The auditor's office establishes Fair Market Value and does the tax calculation based on voter approvals and state rules on discounts and reductions.



John Kennedy,
Portage Co Treasurer

The treasurer's office collects property taxes.



Tim Clymer
Aurora Finance Dir.

The city's Finance office manages all municipal spending and contracts.



Mike Roberto
Aurora School Super.

The Superintendent manages all School District operations with oversight from the elected Board of Education.



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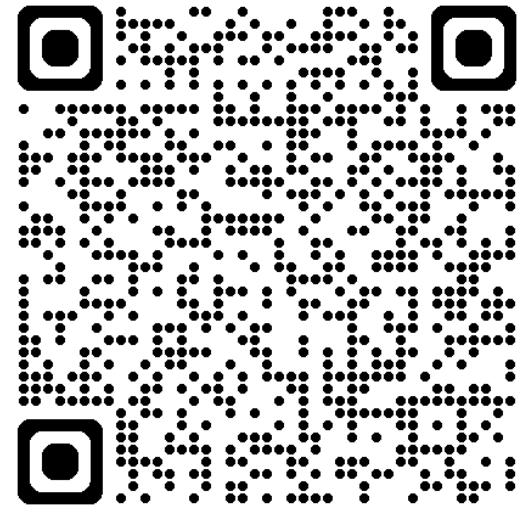
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