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Jul. 08, 2013

Your property tax bill took a significant hit a week ago and you probably never heard about it.

It's part of the Ohio budget bill signed June 30 by Gov. John Kasich that Republicans calculate will reduce your total taxes.

The big attention-getter was a change to the state income tax that is designed to help businesses and spark job growth. Lawmakers also decided that on Sept. 1, the state sales tax would increase from 5.5 percent to 5.75 percent.

A more subtle change will cost you money and has irritated school administrators and enraged Democrats.

They say it was passed with virtually no debate and makes it more difficult for schools, libraries and other governments to pass levies.

School officials who talked to the Beacon Journal complained to legislators but didn't get a call back.

Vernon Sykes, the ranking Democrat on the House Finance and Appropriations Committee — the place where tax issues are discussed — was among the angry lawmakers.

"This is the people's house, and the public, school administrators and Democratic legislators were shut out of the process," said Sykes, a longtime representative from Akron.

At issue is the "rollback," and it involves the state paying 12.5 percent of local property tax bills. The public pays the remaining 87.5 percent. The rollback was

created in 1971 as a deal with taxpayers: The state income tax was established in

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The change got the attention of Norton school officials who will ask voters on Nov. 5 to approve a \$22.8 million bond issue that will add about 3.89 mills to tax bills. If passed, it will help build a new high school, stadium auditorium and fund other improvements.

The rollback change affects a key factor voters look for when they make their decision — the annual cost per \$100,000 in property value. Voters look at that figure, use it to determine their own tax bill and decide whether to approve the new tax.

For Norton, it means that instead of paying an estimated \$119 a year for every \$100,000 of property value, Norton property owners would pay \$136, because the state won't be contributing that 12.5 percent rollback.

"We are frustrated with the state because they didn't even give us a chance," said Stephanie Hagenbush, Norton's school treasurer. "They added that to the budget at such a late date that there's no way, planning-wise. If you knew this was coming you might have decided to go in August or you might have decided to do something differently. It was added at such an 11th hour that you can't do anything."

She did complain to lawmakers and Kasich, but no one responded.

Sen. Frank LaRose, R-Copley, approved the change, but said Hagenbush makes a good point about the late notice.

"I think that it's best when state government provides a gentle glide slope or as much advance notice as possible before a big change occurs," he said. "I wish I could have got something done like that on this, but the decision was to make it effective right away."

He maintains the proposal has been talked about since he started his term more than

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State Sen. Tom Sawyer said the General Assembly didn't get a full airing of the issues between June 20, when it was slipped into the budget, and June 30 when the governor signed it into law.

"Almost without discussion in a span of just about a week this will, through a vehicle that has the effect of an emergency clause, be rolled away," he said. "Now, there may be policy justification for all of this, but we will never know."

Sawyer said state Rep. Ron Amstutz, a Republican leader from Wooster, told the General Assembly: "It may be weeks or months before we know what the consequences of what we do here today will be in either tax or policy terms. And he was just simply being honest about it."

Amstutz did not return telephone calls asking for comment.

Rule changes included

About 500 pages of the bill contained purely fiscal information such as budget tables. The rest of the 5,300-page document dealt with a mixture of money and policy.

Sawyer and LaRose agree changes are needed.

"I believe it's time to limit the breadth of the substance that can be considered in the rubric of budgets," Sawyer said. "If you are going to deal with highly specific policy matters, then you ought to deal with those items in committees of specific jurisdiction where you can take testimony, consider the consequences of the proposals and consider them over time."

The practice of creating huge budget bills filled with policy has been evolving for years under both parties, the senators said.

“I would love if we found a way to force the state budget to simply be the spending

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will face two issues in the special August election. The school system, which is in “fiscal emergency,” is seeking approval of a new \$3.7 million, 10-year, emergency levy at 8.3 mills and renewal of a \$2.8 million levy for 6.3 mills. The state will continue to pay 12.5 percent of both taxes if they are approved in August.

However, if they fail and come back in November, the circumstances change. The state would continue to pay 12.5 percent of the renewal but none of the new emergency levy. The annual cost on that new levy for \$100,000 of property would go up about \$36.31 to \$290.50 — a possible source of confusion for voters.

“It makes it even more difficult,” Hudson said. “When we promote a levy and we say, ‘Here’s how much it will cost you,’ and then we turn around and say ‘Oh, but by the way, it’s costing 36.31 more,’ I think that hurts the district’s credibility.”

For a district where every penny counts, taxpayer delinquency becomes a bigger problem. While the state was certain to pay its 12.5 percent share, Hudson said the district only collects about 95 percent of what is owed by taxpayers. That means that the implications of delinquent taxes becomes even larger.

The Ohio Association of School Board Officials also said the overall mix of tax increases and cuts in the budget will not treat taxpayers equally.

“We oppose this provision!” the group said in a newsletter to members. “The elimination of the rollback payments is a major tax shift from the state to local property owners. Not all property owners will benefit from the personal income tax reductions meant to offset the property tax increases.”

The General Assembly’s Legislative Services Commission estimated the state will save about \$35 million — and homeowners will pay \$35 million more — in fiscal year 2015 because it will no longer pay rollback on new taxes.

But Sykes said we really don't know what will happen as voters consider new tax

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