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Republicans in the Ohio House and Senate applied the brakes.

Jul. 29, 2013

After a tradition of some 40 years of subsidizing local taxes, legislators in the Ohio House and Senate have applied the brakes. Local governments and schools heading for the ballot in November to ask voters to support new or replacement levies will have to tell them that the price tags attached will be higher than they were previously told. The taxpayer will pay the entire tab for any new taxes approved.

"If you and your local government decide that you need additional resources, because of whatever reason, you're going to have to have truth in taxation when you go to the people..." said Senate President Keith Faber (R., Celina) as lawmakers recently finalized the \$62 billion, two-year budget.

"They're not going to ask the state taxpayers to subsidize their local levy because that's what's been happening," he said. "For those who say, 'Oh no. You're making it more difficult to raise property tax levies,' the response is, 'Are you for property tax levies?' I'm not."

As part of a broader tax package in the budget, GOP lawmakers have drawn the line on expansion of the so-called property tax rollback for all local taxpayers as well as the homestead exemption benefiting senior citizen and disabled homeowners. The provisions were approved without a single vote by Democratic lawmakers.

Under the rollback program, the state pays the first 10 percent of the tax bill for all property owners plus 2.5 percent for owner-occupied homes. The state will continue to pay the tab on existing levies and their renewals but will no longer subsidize new levies.

In addition, an income limit will be restored to the homestead exemption. The state

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affected by decisions made at the local level and not in Columbus.

‘Disconcerting’

New state Rep. Mike Sheehy (D., Oregon) and his wife, both 65, just applied for the senior homestead exemption.

“This popular, well-regarded, well-deserved exemption for seniors is being taken from people who helped build the economy of Ohio over the last 30 or 40 years,” he said. “That is a little disconcerting.”

The recently passed budget contains \$717 million more in basic per-pupil subsidies for K-12 schools over the next two years, but critics are quick to point out that the funding increase does not fully make up for cuts schools suffered in the prior budget. Those cuts were tied primarily to the expiration of one-time federal stimulus funds and the state’s decision to accelerate the phase out of a pair of unpopular business taxes.

A tougher sell

The Sylvania School District will take the changes into consideration as it considers putting a new levy before voters in possibly November or next May. Laura Sauber, district treasurer and chief financial officer, said the state changes would make any proposal a tougher sell to voters.

“Sure it does,” she said. “It costs taxpayers more money. ... It may make us re-evaluate the millage amount, because the taxpayers will pay more than they have in the past. ... People will be upset about it.”

Aug. 7 deadline

The deadline for the district to file to be on the November ballot is Aug. 7.

“It’s just another shift of the state money received in the past moving over to the

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has probably just gotten harder.

“When the time comes for new money, basically you’re going to have to make sure the public is willing to support a greater amount of the tax burden as a result of this...,” he said. “This is an additional indication that local support for schools is increasingly important.”

Barbara Shaner, associate executive director of the Ohio Association of School Business Officials, tried unsuccessfully to convince lawmakers to put off the effects of the changes until after the November election.

“[Districts] are worried about the fact that they’ve given their public estimates as to what a levy will cost a homeowner, and now they have to go back and tell them that the information is incorrect...,” she said. “They’ll have to reduce the amount of millage or charge homeowners more than was promised.”

Tough on townships

Kevin Haddad, Sylvania Township trustee and president of the Lucas County Township Association, said this represents just the latest blow to local governments after state budget cuts over the last two years and the elimination of the estate tax this year.

“With the changes, statewide we will see people in townships not passing any levies when they realize they’re paying 100 percent of the tax,” he said.

The changes were part of a broader tax overhaul that will also, among other things, include a net \$2.7 billion income tax cut for individuals and small businesses over the next three years and a quarter hike in the state sales tax to 5.75 cents on the dollar.

According to the Ohio Department of Taxation, the state reimbursed school districts,

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