

Logan-Hocking Local School District

Treasurer's Update

September 11 2012

Reallocation of .875 mills of Inside Tax Millage

On June 18, 2012, the Logan-Hocking Local Board of Education (Board) unanimously approved a recommendation to reallocate .875 of "unvoted" inside tax millage from General Fund purposes to Permanent Improvement purposes.

Q1) What is meant by "unvoted" inside tax mills? Don't local taxpayers approve all local tax levies?

A1) Local tax levies are divided into two types – "unvoted" inside mills and "voted" outside mills. **"Unvoted" inside mills** are provided by the Ohio Constitution and date back to 1910/1928/1934. There are ten per county. Logan-Hocking School District (LHLS D) is allocated 3.90 total "unvoted" inside mills (no change taking place). **"Voted" outside millage** is millage that is voted on by the public. Local examples of voted "outside" millage are operating tax levies totaling 26.70 mills approved in 1971, 1975 and 1981, and bond issues approved in 1989 and 2001.

Q2) What are "permanent improvements"?

A2) "Permanent improvements" are assets which are expected to last five years or more. This would include buildings, buses, textbooks, equipment, etc. Expenditures out of the permanent improvement fund are restricted. For example, no such funds can be used for administrative or teacher salaries.

Q3) Will this result in a "tax rate jump"? Did the School Board vote to "increase" the School District property tax rate?

A3) No and no. The total number of unvoted, inside tax mills *does not change*. The law authorizes the Board to allocate these mills between current expenses, permanent improvements, *or* debt charges based on its needs. Note that since tax year 2002, the total direct LHLS D tax rate has decreased five times and is anticipated to go down a sixth time for the 2013 collection year!

Q4) Was this recommendation / concept discussed publicly prior to the School Board's action on June 18, 2012? Did the taxpayers have any input in the process?

A4) Yes. Related discussions occurred at the following public meetings:

- School District Tax Budget Hearing for FY 2013 was held on **1/19/12**.
- Hocking County Budget Commission hearing re LHSD was held on **2/27/12**.
- Special Meeting/Work Session of the School Board was held on **4/23/12**.
- Discussed again at **5/21/12** Regular School Board meeting.
- Following public advertisement on **5/24/12** and **5/31/12** a required public hearing to solely address the proposal was held by the Board on **6/18/12**.

Q5) Was there very much discussion at the public hearing held on June 18, 2012?

A5) Yes. The permanent improvement needs of the School District were discussed. The School District's current five-year financial forecast was reviewed. Despite expenditure containment, major operating deficits are forecasted for Fiscal Years 2013 through 2016. The School Board does not feel that the community wants to begin "dismantling" its successful educational programs. Options of a new operating tax levy or income tax levy were discussed. They would have a major negative impact on taxpayers. It was decided that the reallocation of inside millage would result in the least impact on taxpayers, yet possibly reduce operating deficits somewhat for the School District in the short term.

Q6) Could the School Board act again to reallocate unvoted, inside millage?

A6) Yes it could. However, such action is not anticipated in the foreseeable future.

Q7) Could the reallocation of unvoted inside millage result in a tax increase?

A7) Yes! **Absent any other changes**, taxes would more than likely go up.

Q8) But Bottom Line - Will Logan-Hocking Local School District taxpayers see an increase in taxes they pay in calendar year 2013 for school purposes?

A8) NO! School taxes paid in 2013 will be less than paid in 2012. "Absent any other changes" was the key phrase above. There are two other important changes that will be taking place in 2013 that will result in taxes going down. The 1989 bond issue will be paid off (1.10 mills) and the millage required to pay the 2001 bond issue will be reduced (an estimated .60 mills). Total decrease of 1.70 mills.

Q9) Example: If a taxpayer has a home (residential property) that has a \$100,000 value for local tax purposes, how much should he/she expect all of this to impact their tax bill in 2013?

A9) I would expect the School District related property taxes to go **DOWN** around \$25 for the year (a \$52 **decrease**(bond issues) offset by a \$27 **increase**(inside millage).

Q10) Who ultimately computes the School District tax rates that taxpayers will be assessed for calendar 2013?

A10) The Hocking County Auditor will submit information to the Ohio Department of Taxation (ODOT). ODOT's Tax Equalization Division will compute the effective rates mathematically based on the inputs provided. They are not subjective.

Q11) Is it true that "taxes always go up" as stated in the Logan Daily News recently by a contributor who is upset with the School Board's action?

A11) This is *not* true. In fact, an examination of that contributor's recent real estate tax bills indicate that she has seen *decreases* in real estate taxes the past two years.

For more information or if you have additional questions, please contact Logan-Hocking Local School District Treasurer Paul F. Shaw at pshaw@lhsd.k12.oh.us or (740) 385-8510 extension 2725.