

# Potential Tax Loss Implications due to Ohio House Bill-1

Mayfield City Schools  
Regular Board of Education Meeting  
March 22, 2023

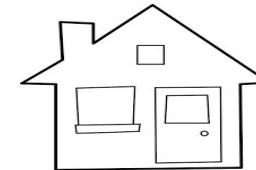
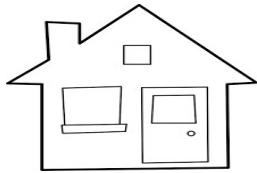
# SIGNIFICANT CHANGES HB-1

- A potential loss of revenue to local governments beginning for tax year 2024 in 2025 (second half of FY 2025).
- The legislation strikes R.C. 319.302 providing the 10% rollback on residential property on property tax bills. And strikes the corresponding reimbursement to local governments. Alone, this change increases the residential property tax bill by 10%. Under current law there is no rollback on commercial/industrial property.
- Under current law the County Treasurer is required to reduce the property tax on owner occupied property by 2.5%. R.C. 323.152(B). The State of Ohio reimburses local governments and schools for the cost of this rollback. H.B. No. 1 proposes to replace the 2.5% credit with a flat credit of \$125.
- Under current law owner-occupants who are age 65 or older or who are permanently and totally disabled may qualify for an additional reduction in their real property taxes by applying for a homestead exemption. R.C. 323.152(A). H.B. No. 1 makes changes as to indexing of the \$25,000 valuation exemption for inflation and creates a valuation exemption of \$50,000 for individuals who have owned the home for 20 years or more.

# SIGNIFICANT CHANGES HB-1 cont.

- Under H.B. No. 1 local governments will continue to be fully reimbursed from the state general revenue fund for the tax reductions from the Owner-occupancy credit and homestead exemption.
- To not increase taxes on residential taxpayers from eliminating the 10% rollback, the assessment percentage is reduced by 10% from 35% to 31.5%. The logic is that the reduction in the 10% assessment percentage will offset the additional property taxes from eliminating the 10% rollback.
- Commercial and industrial taxpayers will be assessed at 31.5% of market value in place of 35% of market value to create up to a potential 10% tax break to business property taxpayers.
- The 31.5% assessment percentage (in place of 35%) can annually change on account of inflation beginning for tax year 2025 for collection in 2026. The assessment percentage can be lower than 31.5% but not greater than 31.5%.

# Residential Property Tax Calculation, HB-1 Impact



CURRENT LAW	
Auditor's FMV	\$100,000
Times: <b>Assessment Rate</b>	<b>35%</b>
Assessed Value	\$35,000
Times: Mayfield CSD Class I Effective Rate	.04674
<b>GROSS SCHOOL TAXES</b>	<b>\$1,635.90</b>
Less: 10% Rollback Credit*	(\$163.50)
Paid by the State of Ohio	
Less: 2.5% Homestead Credit**	(\$40.89)
Paid by the State of Ohio	
<b>SCHOOL TAXES PAID BY HOMEOWNER</b>	<b>\$1,431.51</b>

3.5% or 10% reduction in the Assessment Rate

Complete Elimination of 10% Rollback

No real change in tax bill to homeowner

PROPOSED HB-1 IMPACT	
Auditor's FMV	\$100,000
Times: <b>Assessment Rate</b>	<b>31.5%</b>
Assessed Value	\$31,500
Times: Mayfield CSD Class I Effective Rate	.04674
<b>GROSS SCHOOL TAXES</b>	<b>\$1,472.31</b>
Less: 10% Rollback Credit(1)	(0.00)
Paid by the State of Ohio	
Less: 2.5% Homestead Credit	(\$36.80)
Paid by the State of Ohio	
<b>SCHOOL TAXES PAID BY HOMEOWNER</b>	<b>\$1,435.51</b>

**THE STATE SAVES \$163.50 IN CREDIT PAYMENTS TO MAYFIELD CSD!!!**

**CALCULATION NOTES:**  
 - This is a simplified calculation focusing on the main concepts or tenets and therefore is not intended to reflect all aspects of HB-1

\* HB-59 eliminated the 10% rollback to any property tax levy passed after November 2013. The District passed a 6.9 combination levy in November 2016 and is therefore not eligible for the 10% rollback credit but for ease in calculating the impacts of HB-1 applied the 10% credit to all effective millage.

\*\*HB-1 includes changes to the Homestead Credit but fore ease in calculation the impacts did not consider.

# RESIDENTIAL TAX BILL EXAMPLE

## Summary By Tax Year

Please use the Tax Bill to pay your tax bill for the current tax year

### Assessed Values

Land Value	\$21,700
Building Value	\$78,160
Total Value	<u>\$99,860</u>
Homestead Value	\$

### Market Values

Land Value	\$62,000
Building Value	\$223,300
Total Value	<u>\$285,300</u>

### Flags

Owner Occupancy Credit	Y
Homestead Reduction	N
Foreclosure	N
Cert. Pending	N
Cert. Sold	N
Payment Plan	N

### Half Year Charge Amounts

Gross Tax	\$6,031.54
Less 920 Reduction	<u>\$2,435.53</u>
Sub Total	\$3,596.01
Non-business Credit	\$294.48
Owner Occupancy Credit	\$73.62
Homestead Reduction Amount	<u>\$0.00</u>
Total Assessments	<u>\$156.84</u>
Half Year Net Taxes	<u>\$3,384.75</u>

### Rates

Full Rate	120.80
920 Reduction Rate	.403799
Effective Rate	72.021096

### Escrow

Escrow	Y
Payment Amount	\$1,138.16

Tax Balance Summary	Charges <b>\$6,769.50</b>	Payments <b>\$6,769.50</b>	Balance Due <b>\$0.00</b>
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# HB-1 Estimated Revenue Losses to our Local Governments

## POTENTIAL PROPERTY TAX LOSS DUE TO HB-1

Local Government	TOTAL TAX LOSS	Millage Loss Equivalent	Class II		
			Rollback Loss	Business Tax Loss	Public Utility Tax Loss
Gates Mills Village	337,933	1.53	333,560	3,526	847
Highland Heights City	221,529	0.48	185,804	33,036	2,689
Mayfield Heights Village	732,445	1.14	440,823	274,959	16,663
Mayfield Village	85,699	0.44	55,656	27,412	2,631
Mayfield City Schools	8,260,340	5.43	5,633,083	2,344,576	282,681
<b>TOTAL LOCAL GOV'T LOSS</b>	<b>9,637,946</b>	<b>9.03</b>	<b>6,648,926</b>	<b>2,683,509</b>	<b>305,511</b>

# QUESTIONS