

2025 TAX INCREASE DUE TO 20-MILL FLOOR FOR SCHOOL DISTRICTS

Information provided by Ottawa County Auditor Jennifer Widmer and
Ottawa County Treasure Anthony Hatmaker

1. What exactly is going on?

In 1976, House Bill 920 went into effect. This bill made sure that any voted levy could not collect more than it collected in the year it was voted in. Shortly after this, the Ohio Legislature created a guaranteed exception that schools would never go below 20 “effective” mills of operating revenue and, if they did, they would automatically be brought back up to 20 “effective” mills at the current (or new) valuation. This is known as the “20-mill floor” and it only exists for school districts. Emergency levies, substitution levies, permanent improvements and bond issues do not count against the 20-mill floor. Every school district in Ottawa County is currently at a 20-mill floor.

Due to the recent reappraisals and current State law (regarding inside millage and the 20-mill floor for school districts), the Danbury Local School District stands to gain an unvoted windfall of approximately \$3.9 million dollars in 2025 from additional property taxes. Taxing entities (which include schools) can accept less millage than is allowed by law provided they inform the County Budget Commission of that desire through a formal action before the end of November. This unvoted amount begins collection in 2025 and will continue every year thereafter.

2. Is this an annual increase?

Yes, as stated above this unvoted \$3.9 million increase, funded by property taxes, begins in 2025 and will continue forever as a permanent annual increase. It will become the new floor (base) funding amount going forward. The school district can request less each year but, under current law, it is solely their decision. In 3 years, if new valuations go up again, they will get an additional unvoted increase which will compound on top of the \$3.9 million.

Should valuations decrease or stay the same in the future, the district will still collect the same amount of money as the prior year as long as the “effective” millage does not exceed the voted millage of a particular levy. In the event valuations decrease, the only decrease the district would see would be on their inside millage (they receive 5.1 mills of inside millage).

Of the \$3.9 million, approximately \$2.9 million will be due to the 20-mill floor adjustment and about \$1 million will be due to gains on the inside millage.

3. Why is this happening?

This is occurring due to the recent reappraisals and current State law (regarding inside millage and the 20-mill floor for school districts).

4. How much will this 20-mill floor adjustment cost me each year?

An example: A house with a new appraised value of \$200,000 (assessed value at 35% equals \$70,000) will pay an estimated \$273 additionally each yearly beginning in 2025.

For your own calculation, go to the auditor's website: www.ottawacountyauditor.org Look at VALUATION, then on the fourth line down you will find Total Value (Assessed 35%). The amount to the far right is your taxable value. Let's keep using the above example to keep it simple. If your taxable (assessed) value is \$70,000 the calculation is 70,000 x 3.9 mills divided by 1,000. The estimated additional amount you would be paying yearly beginning in 2025 is \$273 for the 20-mill floor adjustment.

Note: The \$273 in this example is just an estimate for only the 20-mill floor adjustment.

Additional amounts will be due to inside millage increases, most of which will go to Danbury schools.

Also, 2.2 mills for the EHOVE bond issue will be coming on to tax rolls as well as 1.1 mills inside millage reinstatement for the Danbury Township Road and Bridge Fund for 2025. (By law, this township inside millage reinstatement will not affect residents of the Village of Marblehead). Additionally, voters approved replacement levies for the Ida Rupp Public Library and Riverview Nursing Home in November 2023 which will begin collection of increased amounts in 2025 due to these two levies being replaced instead of renewed.

5. How long will I be paying this new amount? Does it go on forever?

Forever. Please see item 8 below.

6. Does the Danbury school board or superintendent or school treasurer have anything to say about this?

The Ottawa County Budget Commission met with the superintendent, the school treasurer and two school board members on November 6 to discuss the situation and impact on the taxpayers. From that discussion, it appears that the district intends to collect the entire \$3.9 million unvoted windfall. It was indicated that these additional funds would be used to pay off debt associated with recent construction projects as quickly as possible. That amount was approximately \$8 million plus interest. They commented they may be willing to consider a reduction in the millage collected after the debt was retired.

Typically, large school construction projects are funded through bond issues with the cost to taxpayers being spread out over 30 to 35 years.

So you are aware, the EHOVE bond issue which was approved on November 5th will collect about \$210 million from EHOVE's service area over the next 36 years. The service area includes Danbury School District.

7. What can I do as an affected taxpayer?

You can reach out to the school board and express your opinion by contacting or emailing the board members and attending school board meetings. Their next meeting will be Wednesday, November 20 at 6 p.m. Their contact information is:

Board President, Mary Lou Rinaldo - rinaldom@danburyschools.org

Board Vice President, Tim Mackey – mackeyt@danburyschools.org

Board Member, Mike Cole – colem@danburyschools.org

Board Member, Paul Dunfee – dunfeep@danburyschools.org

Board Member, Julie McDonald – mcdonaldj@danburyschools.org

You can also contact Superintendent Buehler buehlerc@danburyschools.org and Treasurer Baumgardner baumgardners@danburyschools.org

8. What happens if the school board or superintendent or treasurer refuse to do anything after I contact them?

The only method to take money "off the books" is by repealing enough levies via referendum to get them well under the 20-mill floor. Even then, the remaining levies would be adjusted to their full voted millage each year as long as the 20-mill floor stays in effect. If the referendum process is successful, it would lower the amount the district could collect and effectively lower what you are paying.

The State Legislature has the authority to provide tax relief to property owners. As an example, this could be done by an increased homestead exemption and increased owner/occupancy credit as well as other avenues such as eliminating the 20-mill floor. Contact State Senator Theresa Gavarone gavarone@ohiosenate.gov and State Representative D.J. Swearingen djswear12@gmail.com and ask them for help in lowering your property tax burden.

For further questions, please do not hesitate to contact Ottawa County Auditor Widmer at: jwidmer@co.ottawa.oh.us or Ottawa County Treasurer Hatmaker at: ahatmaker@co.ottawa.oh.us.

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