



Ohio Legislative Service Commission

Bill Analysis

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H.B. 43

131st General Assembly
(As Introduced)

Rep. Gerberry

BILL SUMMARY

- Extends the 10% and 2.5% property tax rollbacks to school district tax levies approved after September 29, 2013 (the effective date of H.B. 59 of the 130th General Assembly).
- Specifies that a school district's portion of the total cost of a project to construct classroom facilities under the Classroom Facilities Assistance Program must not be greater than 75%.
- Specifies that a school district's portion of the total cost of a project to construct a single building under the Exceptional Needs School Facilities Assistance Program must be 50%.
- States that a district is not prohibited from receiving assistance under the Exceptional Needs Program because it elected not to receive funding under the Classroom Facilities Assistance Program or because the district's electors failed to approve the required levy for the district to receive funding under that program.

CONTENT AND OPERATION

Overview

The bill applies the 10% and 2.5% partial property tax "rollback" exemptions to new and replacement school district levies approved after September 29, 2013 (the effective date of H.B. 59 of the 130th General Assembly). In effect, the bill grandfathers new and replacement school district levies under the law as it existed before that effective date. Additionally, the bill makes several changes to the law governing classroom facilities assistance programs by: (1) lowering school districts' maximum required contribution toward the cost of constructing classroom facilities funded [under](#)

the Classroom Facilities Assistance Program (CFAP); (2) fixing school districts' required contribution at 50% of the cost of a project funded under the Exceptional Needs School Facilities Assistance Program; and (3) stating that a district is not prohibited from receiving assistance from the Exceptional Needs Program if the district opts not to accept CFAP funding or the district's electors fail to approve the required levy for the district to receive CFAP funding. Property tax rollbacks

Continuing law

Under continuing law, owners of some real property may receive property tax reductions (commonly called "rollbacks") that reduce their property tax bill by up to 12.5%. A 10% rollback applies to all real property that is not intended primarily for use in a business activity (primarily residential and agricultural property). A 2.5% rollback applies to homesteads occupied by the homeowner. The state is required to reimburse local governments and schools for revenue lost because of the rollbacks.¹

H.B. 59 limitations

H.B. 59 limited the application of the 10% and 2.5% rollbacks by specifying that the rollbacks may not be applied to reduce the taxes due on new or replacement levies approved at elections held on or after the act's effective date of September 29, 2013. The rollbacks continue to apply to certain "qualifying levies," i.e. all levies approved at elections held before September 29, 2013, and to subsequent renewals of those levies.² Furthermore, the rollbacks continue to apply to taxes due on all inside millage (unvoted levies) levied at any time.³

Effect of the bill

The bill changes the definition of "qualifying levy" to include new and replacement taxes levied by a city, local, exempted village, cooperative education, or joint vocational school district and approved after September 29, 2013, and subsequent renewals of such levies. The H.B. 59 limitations would continue to apply to other types of levies approved after September 29, 2013.⁴

¹ R.C. 319.302 and 323.152(B).

² R.C. 319.302 and 323.152(B) of H.B. 59 of the 130th General Assembly.

³ R.C. 319.302 and 323.152(B) of H.B. 72 of the 130th General Assembly.

⁴ R.C. 319.302 of the bill.



Classroom facilities assistance programs

Background

As an independent agency of the Ohio Facilities Construction Commission, the School Facilities Commission (SFC) administers several programs that provide state assistance to school districts and community schools in constructing classroom facilities. The main program, the Classroom Facilities Assistance Program (CFAP), is designed to provide each city, exempted village, and local school district with partial funding to address all of the district's classroom facilities needs. It is a graduated, cost-sharing program where a district's portion of the total cost of the project and priority for funding are based on the district's relative wealth. Districts are ranked by wealth into percentiles. The poorest districts are served first and receive a greater amount of state assistance than wealthier districts will receive when it is their turn to be served based on their respective wealth percentile.⁵

The Exceptional Needs School Facilities Assistance Program is one of several other programs administered by SFC to address the particular needs of certain types of districts. It provides funding for school districts in advance of their districtwide CFAP projects to construct single buildings in order to address acute health and safety issues.⁶

School district portion of the total cost of a classroom facilities project

With respect to a project to construct classroom facilities under CFAP, the bill specifies that a school district's portion of the total cost of the project must not be greater than 75%, rather than 95% as under current law.⁷

With respect to a project to construct a single building under the Exceptional Needs Program, the bill specifies that a school district's portion of the total cost of the project must be 50%. Current law provides that a district's portion of its project cost under the program must be the "required percentage of the basic project costs" (1% times the district's wealth percentile for the fiscal year preceding the fiscal year in which the Controlling Board approves the district's project).⁸

⁵ R.C. 3318.01 to 3318.20, not in the bill (except for R.C. 3318.032).

⁶ R.C. 3318.37 and 3318.371, latter section not in the bill.

⁷ R.C. 3318.032.

⁸ R.C. 3318.37(B)(4).



Exceptional Needs Program eligibility

The bill states that a district is not prohibited from receiving assistance under the Exceptional Needs Program because it elected not to receive funding under CFAP or because the district's electors failed to approve the required levy for the district to receive CFAP funding.⁹

HISTORY

ACTION	DATE
Introduced	02-10-15

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⁹ R.C. 3318.37(E).

