

## WESTERVILLE CITY SCHOOL DISTRICT

### *School Finance: Tax Rates/Millage*

#### **1. What are property taxes?**

A major share of all financial support for local school districts is raised by taxing property located within the district. A property tax takes two forms:

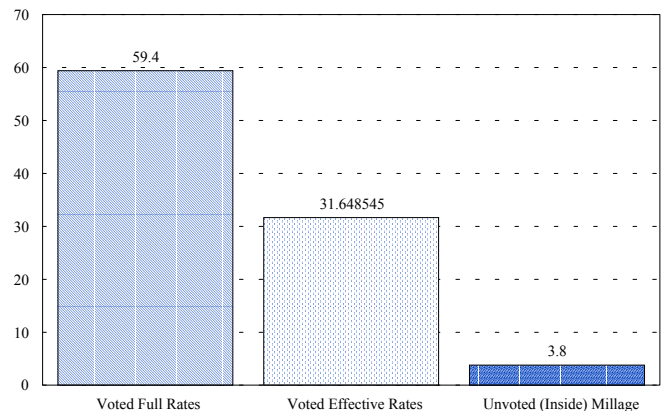
- The general property tax is levied upon land and buildings located within the school district. It is essentially a real estate or real property tax that every owner of private and business property, including public utilities, must pay. Real estate is assessed at 35% of market value. For example, a \$100,000 home value would be assessed at \$35,000 for tax purposes.
- The tangible personal property tax is paid only by businesses. It is a tax upon furniture and fixtures, machines, equipment, supplies and inventory used in the business.

#### **2. What is the difference between unvoted and voted millage?**

- Unvoted millage, also known as inside millage, is levied by local governments without a vote of the people. The maximum allocation of inside millage is 10 mills and is divided between county, school district, municipalities, and/or the township of each taxing district. The Westerville Schools collect 3.8 mills in this category.
- Voted millage, also known as outside millage, is approved by a vote of the people. No outside millage can be collected without a majority vote from the voters in that specific district or community.

#### **3. When property values are increased by reappraisals, what happens to voted millage?**

Under Ohio law, the assessed value of real property is updated every three years through a sexennial reappraisal or a triennial update. Property taxes are reduced correspondingly so that the real property tax of the average homeowner for voted millage will not be increased as a result of reappraisals or triennial update. Therefore, even though a total of 59.40 mills have been approved by the Westerville City School District, the residents pay only 31.648545 on their property for school district taxes (see graph at right).



#### **4. Does the District receive more money as property increases in value?**

No, except for inside millage (see Question 6). School revenue does not increase as property values increase. In October 1976, the Ohio Legislature literally stopped increases in tax revenue to schools as a result of increased valuation or property by approving Substitute House Bill 920. As a result, schools are locked into income from the tax valuations in place at the time a levy is passed. Schools do not benefit by increased property valuations due to inflation unless another levy is passed. Ohio is one of only a few states in the nation with a bill of this nature.

#### **5. Is it true that the current millage is less than the total previously voted?**

Yes. What you voted for is called voted millage. This millage represents a maximum amount of money voted by you that can be collected for operating the schools. But, because of increased property values, the full voted levy would raise more money than authorized. Therefore, HB920 requires millages to be lowered to an "effective millage rate" so taxes do not generate an increase in revenue due to an increase in valuation as a result of reappraisal or triennial update.

#### **6. How much does a Westerville resident pay currently in school taxes and potentially with new values?**

A Westerville resident currently pays \$1,085.61 in school district taxes for a \$100,000 home value. As stated above, no additional money is received by the school district for increased values, except for inside, or unvoted, millage. If the value of a \$100,000 home increases by 10% to \$110,000, the same taxpayer would expect to see a tax increase of \$11.64, a less than 1% increase.