

The Proposed Conversion Levy

	District A	District B
Current Voted Millage	50.80	49.07
Mills that count toward Class I floor	26.05	20.00
Emergency Levies	0	5.90
Total Class I Tax Rate	26.05	25.90

District A would use a conversion levy of 6.05 (26.05 mills – 20mills) to have continuing growth on the first 20 mills. In essence, the conversion levy “converts” the 6.05 mills to a fixed sum, or fixed dollar, levy and allows the 20 mills to grow.

However, there is the issue of differentiated tax reductions factors for Class II and utility tangible personal property values.

The State of Ohio would reimburse District A for the loss of Class II and utility tangible personal property tax loss through 2 reappraisals. The reimbursement would be gradually phased out during this period. Each time a district passing the conversion levy would experience a reappraisal or update, the amount of growth in Class I revenues from the update would be determined. The hold harmless payment would be reduced by one-half of the amount of the increase in local property taxes on Class I property. After twelve years of reimbursements, the payments would stop even if they would not otherwise be fully phased out.

As an added incentive to adopt conversion levies, the tangible personal property tax reimbursements on any millage that is converted would be recalculated. Rather than direct payments on the converted millage phasing out beginning in 2011, the reimbursement would continue in full through FY 2017, which is the same as for emergency levies.

Districts would have to have voter approval of the conversion levy within the next four years.

New Current Expense Levy Attempts, November 2002 – November 2008

	Number of Districts	Number on the Ballot	Percentage on the Ballot
Floor All years	281	170	60.5%
Floor Some Years	136	108	79.4%
Floor No Years	190	171	90.0%
All Districts	607	449	74.0%

District analysis excludes island school districts and districts that have merged or split over this time period. Source: Office of Budget and Management

According to the Ohio Department of Taxation, 389 districts are currently at the 20 mill Class I floor.