



Bethany Boyd

Bill Analysis
Legislative Service Commission

Sub. H.B. 362

125th General Assembly
(As Passed by the House)

Reps. Hoops, Allen, Calvert, C. Evans, D. Evans, Flowers, Hartnett, Jerse, Martin, Miller, T. Patton, Peterson, Schmidt, Strahorn, Aslanides, Barrett, Brown, Callender, Chandler, Cirelli, Collier, DeBose, Domenick, Gilb, Hollister, McGregor, Niehaus, Olman, Otterman, Price, Schlichter, Seaver, Seitz, Slaby, D. Stewart, J. Stewart, Walcher

BILL SUMMARY

- Changes a term that describes a type of permanent improvement for which a school district may pass a property tax levy, from "general on-going permanent improvements" to "general permanent improvements."
- Defines "general permanent improvements" and specifies that the change of the term does not change the purpose for which such levies are or may be imposed.
- If a school district imposes a levy for a specific permanent improvement or class of improvements for a specific period of time, provides that the district may propose to replace the levy for the same purpose or for the purpose of general permanent improvements and that the maximum term of the replacement levy for general permanent improvements may be for a continuing period of time.
- Provides that if a school district imposes one or more existing levies for a specific permanent improvement or class of improvements for a specific period of time, it may propose to renew one or more of those existing levies, or to increase or decrease a single such existing levy, for the purpose of general permanent improvements.

CONTENT AND OPERATION

Change of term

(R.C. 3318.05(C), 3318.052, 3318.08(C)(1) and (2), 3318.44(B), and 5705.21(A); Section 3)

Under current law, a board of education of a school district may levy property taxes with voter approval for, among other things, the construction or acquisition of any specific permanent improvement or class of improvements¹ that the district may include in a single bond issue (even though bonds are not issued in connection with this kind of levy). Such a levy may be in effect for a period not to exceed five years (that is, "for a specific period of time"). In addition, a board of education may levy property taxes for "general on-going permanent improvements," for either a period not to exceed five years, or on a continuing basis (that is, "for a continuing period of time").

The bill eliminates the word "*on-going*" and instead refers only to "general permanent improvements" as the purpose for this latter kind of levy. The bill defines the term "general permanent improvements" to mean permanent improvements that are not limited to a specific improvement or class of improvements that may be included in a single bond issue. Finally, the bill specifies that the change of the term does not change the purpose for which such levies are imposed or may be imposed and is intended only to change the name by which those levies are referred to in law and in resolutions, election notices, and ballot forms.

Replacement and renewal of permanent improvement levies

(R.C. 5705.192(B) and 5705.21(B); Section 3)

Current law establishes procedures for the voter-approved *replacement* of school district property tax levies. With respect to a replacement levy, a board of education of a school district may (1) propose to replace a levy in its entirety at the rate at which it is authorized to be levied, (2) propose to replace a portion of the existing levy at a lesser rate, or (3) propose to replace the existing levy in its entirety and increase the rate at which it is levied. A replacement levy is required

¹ For property tax purposes, "*permanent improvement*" or "*improvement*" means any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more (R.C. 5705.01, not in the bill).

to be limited to the purpose of the existing levy, and is subject to the same limitations as to its maximum term as the existing levy. The bill creates an exception to these requirements by specifying that if a school district imposes a levy for a specific permanent improvement or class of improvements for a specific period of time, the district may propose a replacement levy for the same purpose or for the purpose of general permanent improvements. Further, the bill specifies that such a replacement levy for general permanent improvements is not limited to the term of the existing levy and may be levied for a continuing period of time.

Current law also establishes procedures for the *renewal* by school districts of levies for permanent improvements. Subject to voter approval, one or more existing levies may be renewed, or a single levy may be increased or decreased. If two or more existing levies are renewed, the levies must be levied for the same purpose. The bill instead specifies that if a board of education imposes one or more existing levies for a specific permanent improvement or class of improvements for a specific period of time, the board may propose to renew one or more of those existing levies, or to increase or decrease a single such existing levy, for the purpose of general permanent improvements.²

Issuance of anticipation notes for "general permanent improvements"

(R.C. 5705.21(C)(2) and (3))

Current law authorizes a board of education to issue anticipation notes after approval of a levy for a specific permanent improvement or class of improvements for a specific period of time. The notes may be issued in a principal amount not exceeding 50% of the total estimated proceeds of the levy remaining to be collected in each year over a five-year period after the issuance of the notes. The bill specifies that a board of education may also issue such anticipation notes after approval of a levy for general permanent improvements for a specified number of years.

Currently, anticipation notes may also be issued by a board of education after approval of a levy for general on-going permanent improvements in a principal amount not to exceed 50% of the total estimated proceeds of the levy over a specified number of years not to exceed ten. The bill eliminates the word "on-going" and provides that such anticipation notes may be issued after approval of a levy for general permanent improvements for a continuing period of time.

² *The bill is not clear regarding whether the levy also may be renewed for a continuing period of time, as for replacement levies under the bill. Failing to address this may conflict with R.C. 5705.21, which allows general permanent improvement levies to be levied for up to five years, or for a continuing period of time.*

Use of permanent improvement levy proceeds for Ohio School Facilities Commission program

(R.C. 3318.052)

Under current law, proceeds from school district levies for general on-going permanent improvements may be applied to certain costs related to financing or maintaining projects for classroom facilities for which funding is provided by the Ohio School Facilities Commission. The bill authorizes a school district to apply the proceeds from any permanent improvement levy to pay for such costs, not just proceeds from levies for general permanent improvements.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	12-30-03	p. 1345
Reported, H. Finance & Appropriations	04-29-04	pp. 1795-1796
Passed House (95-2)	05-11-04	pp. 1885-1886

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