



Ohio Legislative Service Commission

Bill Analysis

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H.B. 275

128th General Assembly
(As Introduced)

Reps. Huffman, J. Adams, Ruhl, Burke, Stebelton, Domenick, Lehner, R. Adams, Grossman, Boose

BILL SUMMARY

- Omits a school district's non-public-utility tangible personal property valuation from the calculation of its three-year "average taxable value" for school facilities assistance, if the district's 2005 non-public-utility tangible personal property valuation made up 20% or more of its total taxable value for that year.
- Declares an emergency.

CONTENT AND OPERATION

Background

The Ohio School Facilities Commission administers several programs that provide state assistance to school districts and community schools in building classroom facilities. The main program, the Classroom Facilities Assistance Program (CFAP) is designed to provide each 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 share of the total cost of the project, and its priority for funding, are based on the district's relative wealth, as indicated on an annual percentile ranking of all districts known as the "equity list." The lowest wealth 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. For most districts, the percentage of the project cost paid by the district is equal to its percentile ranking.

Accounting for reductions in tangible personal property valuation

(R.C. 3318.011; Section 3)

The wealth percentiles are calculated based on each district's adjusted valuation per pupil, averaged over three years. The bill changes the way the average adjusted valuation per pupil is computed for school districts with significant amounts of tangible personal property valuation that is not public utility personal property.

Current law is phasing out the tax on tangible personal property that is not public utility personal property; therefore, each district's tangible personal property tax valuation is declining over time. All other things being equal, this decline also reduces the district's total valuation per pupil, which for some districts will eventually lower the wealth percentile and increase the amount of state funding available for school facilities projects. But since the valuation is averaged over three years when calculating wealth percentiles, a sudden reduction in tangible personal property tax valuation from one year to the next may not affect a district's *average* adjusted valuation and its percentile ranking for some time thereafter.

The bill addresses this delay by specifying that, if a school district's tangible personal property valuation, minus its public utility personal property valuation, made up 20% or more of its total taxable value for tax year 2005, then its three-year "average taxable value" used in determining the wealth percentiles must include only its real property and public utility personal property tax valuations, and not its other tangible personal property tax valuation. For all other districts, the bill continues to require the calculation of average taxable value using both real property and all tangible personal property tax valuations.

Alternative equity list

The Department of Education is required to certify the annual equity list to the Commission by September 1 based on data for the previous fiscal year. Thus, the Department will have already certified the equity list for fiscal year 2010 that is used to determine funding under the Commission's programs for fiscal year 2011 by the time the bill can be considered. So that the bill's changes affect funding for fiscal year 2011, the bill requires the Department to calculate and certify a new, alternate equity list for use in fiscal year 2011 using the bill's new definition of "average taxable value," as described above. However, the bill adds that a district that already has been offered CFAP assistance for fiscal year 2011 prior to the Commission's receipt of the alternate equity list may not be denied the opportunity for assistance for that fiscal year because of a change in equity rankings. Finally, the bill provides that, for any district offered CFAP assistance for fiscal year 2011, the district's share of the cost of its project will be

the lesser of its share based on the district's percentile rank on the alternate equity list or its share based on its percentile rank on the original equity list.

HISTORY

ACTION	DATE
Introduced	09-09-09

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