



Ohio Administrative Code

Rule 5703-25-45 Tax reduction factor; computation; minimum for schools.

Effective: January 12, 2018

(A) As used in rules 5703-25-45 to 5703-25-49 of the Administrative Code:

(1) "Tax reduction factor" means the percentage reduction in each real property tax levy of each taxing unit for each class of real property for which a reduction is required and computed under section 319.301 of the Revised Code and this rule.

(2) "Emergency school levy" means a tax authorized under section 5705.194 of the Revised Code.

(3) "Taxes charged and payable" means the amounts for the current year remaining after the reduction required under section 319.301 of the Revised Code but prior to any reduction required under section 319.302 of the Revised Code. It does not include assessments, recoupment charges imposed under section 5713.34 of the Revised Code, taxes charged for a prior year, or penalties and interest on delinquent taxes.

(4) "Carryover property" means all real property on the current year's tax list except:

(a) Land and improvements that were not taxed by the district in both the preceding year and the current year;

(b) Land and improvements that were not taxed in the same class in both the preceding year and the current year;

(c) Land and improvements that were exempt from taxation under a statute granting exemption or abatement from taxation in the preceding year and which are included on the tax list in the current year.

(5) "Real property" means real property as defined in section 5701.02 of the Revised Code and includes real property owned by a railroad or other public utility.



(6) "Taxing unit" means a political subdivision of the state authorized by statute to levy taxes on real property.

(7) "Taxing district" means a municipal corporation or township, or part thereof, in which the aggregate rate of taxation, as expressed in mills, is uniform.

(8) "Net taxes" means the taxes charged and payable for a tax year. In the case of a school district or a joint vocational school district, the net taxes of a prior year equal the taxes charged and payable for that year after the reductions required under section 319.301 of the Revised Code, including any adjustment required for the district under division (E) of that section and paragraph (E) or (F) of this rule. In the case of a tax levy for which an estimated tax reduction factor is used pursuant to division (H) of section 319.301 of the Revised Code and paragraph (A) of rule 5703-25-48 of the Administrative Code, the net taxes of a prior year excludes the amount of taxes attributable to any portion of the tax reduction factors used in that year to adjust for an overpayment or underpayment of taxes in the second preceding year caused by the use of such estimated factors.

(9) "Replacement levy" means a tax levied by a joint vocational school district under section 3311.21 of the Revised Code or a tax levied for emergency medical service under section 5705.191 of the Revised Code and designated as a replacement levy in the ballot language used to submit the levy for voter approval. A replacement levy cannot be submitted for any other purpose.

(1) A tax reduction factor shall be applied to reduce each voted tax levy on each class of real property except those taxes excluded in paragraph (B)(2) of this rule.

(2) Tax reduction factors shall not be computed for and used to reduce:

(a) Taxes levied within the ten-mill limitation provided by section 5705.02 of the Revised Code;

(b) Taxes authorized to be levied by the provisions of a charter adopted by a municipal corporation;

(c) Taxes levied at whatever rate is necessary to pay the interest on and principal of indebtedness;



(d) Taxes levied as an emergency school levy.

(C) Each year the tax commissioner shall make the annual determinations required under section 319.301 of the Revised Code. A separate determination shall be made for each tax levy for each class of property within each taxing unit. Determinations shall be made for a taxing unit regardless whether it contains territory located in a county whose property is subject to an assessment reviewed by the tax commissioner in that year under section 5715.24 of the Revised Code. The two classes of property for which a separate determination is made are:

(1) Lands and improvements thereon used for residential or agricultural purposes which shall be called "residential/agricultural real property"

(2) All other land and improvements thereon and minerals and mineral rights which shall be called "nonresidential/agricultural real property."

(1) The tax commissioner shall compute a tax reduction factor for each tax levied by each taxing unit on each class of real property for each tax except taxes described in paragraph (B)(2) of this rule. The tax reduction factor shall equal the per cent by which the sums levied by each tax against the carryover property in each class of real property would have to be reduced so that the current year's taxes on carryover property equals the prior year's net taxes.

(2) A tax is levied for the first time in the year for which it is first authorized by the voters to be extended on the tax list and duplicate. In the case of taxes levied for the first time, the tax commissioner shall compute the tax reduction factor as follows:

(a) In the first year of a tax authorized to be levied as a renewal of a tax that has expired, the tax reduction factor for that tax shall equal the per cent by which the sums levied by the renewed tax against the carryover property in each class of real property would have to be reduced so that the current year's net taxes on carryover property equals the prior year's net taxes on that class of property. If a tax is renewed at a rate that is less than the rate at which the tax expired, the tax reduction factor for the first year in which the tax is levied as a renewal shall equal the per cent by which the sums levied by the renewed tax would have to be reduced so that the net taxes on carryover property derived in the current year from the renewed rate equals the net taxes that would



have been derived in the prior year from the same rate.

(b) In the first year of a tax authorized to be levied as an additional tax or as a tax designated as a replacement levy, the tax reduction factor shall equal the per cent by which the sums levied by the additional tax or replacement levy against the carryover property in each class of real property would have to be reduced so that the current year's net taxes on carryover property equals the net taxes that would have been levied on that class of property in the preceding year, if such tax had been in effect in that year without any reduction under section 319.301 of the Revised Code.

(c) In the first year of a tax authorized to be levied both as a renewal of a levy that has expired and as an additional tax, the portion of the tax that is a renewal shall have a tax reduction factor computed in accordance with paragraph (D)(2)(a) of this rule, and the portion of the tax that is an additional tax shall have a tax reduction factor computed in accordance with paragraph (D)(2)(b) of this rule.

(3) A tax is a renewal of an existing tax, an additional tax, or a replacement levy according to its designation in the actual ballot language submitted to the voters unless such designation is deceptive or contrary to law.

(4) If a taxing unit has elected not to impose a tax authorized by the voters for one or more years and then elects to impose it in the current year, the tax reduction factor for that year shall be computed as though the tax had been levied and adjusted under section 319.301 of the Revised Code in each year it was authorized at the rate used in the current year.

(E) Each school district is guaranteed an effective tax rate for current expenses equal to two per cent of the taxable value of each class of real property in the district. In the case of a school district whose total tax rate for current expenses as authorized, is less than two per cent, the guarantee equals only the maximum effective rate so authorized by the voters of the district.

Example: A school district is authorized to levy five unvoted mills for current expenses. The voters have approved an additional ten mills. The district's guaranteed effective rate is one and one-half per cent (fifteen mills) because that is the maximum authorized rate.

Annually, for each class of property for each school district, the commissioner shall determine



whether adjustments to the tax reduction factors of the district's taxes are necessary to guarantee that the district levies its guaranteed effective tax rate for current expenses. This determination shall be made as follows:

- (1) Using the tax reduction factor determined under division (D) of section 319.301 of the Revised Code and paragraph (D) of this rule, the commissioner shall compute the sum of the taxes charged and payable for current expenses by the voted tax levies of that district;
- (2) The commissioner shall determine the total taxes charged and payable within the ten-mill limitation for the current expenses of the district;
- (3) The commissioner shall determine the difference between the amount in paragraphs (E)(3)(a) and (E)(3)(b) of this rule. However, if the difference obtained by subtracting the amount in paragraph (E)(3)(b) of this rule from the amount in paragraph (E)(3)(a) of this rule is a negative number, then the amount determined under this paragraph is zero.
 - (a) From the total taxes charged and payable on the tax list against the property of that school district for tax year 1981, after making any reduction required in that year under section 319.301 of the Revised Code, but prior to making any reduction under section 319.302 of the Revised Code, for the current expenses of a joint vocational school district of which the school district is a part in the current year; subtract,
 - (b) The following percentage of the taxable value of all real property in the appropriate class of real property:
 - (i) In 1987, five one-hundredths of one per cent (.0005);
 - (ii) In 1988, one-tenth of one per cent (.001);
 - (iii) In 1989, fifteen one-hundredths of one per cent (.0015);
 - (iv) In 1990 and each subsequent year, two-tenths of one per cent (.002).



(4) The sum of the amounts determined in paragraphs (E)(1), (E)(2), and (E)(3) of this rule equals the unadjusted total taxes of the school district for current expenses in the current year. This total should always exclude emergency school levies and debt levies, except as provided in rule 5703-25-49 of the Administrative Code.

(5) The commissioner shall compare the amount shown as the unadjusted total taxes of the school district for current expenses in paragraph (E)(4) of this rule to the amount obtained by multiplying the total taxable value of all real property in the same class of real property by two per cent.

(a) If the unadjusted total taxes for current expenses of the district charged against the class of real property is more than two per cent of the taxable value of real property in that class, the tax reduction factors for that class are the percentage determined in paragraph (D) of this rule. No adjustment is required.

(b) If the unadjusted total taxes for current expenses of the district charged against that class of real property are less than two per cent of the taxable value of real property in that class, the commissioner shall adjust the tax reduction factors for that class determined under paragraph (D) of this rule by a uniform percentage so that the total taxes for current expenses of the district prior to the reduction under section 319.302 of the Revised Code shall equal exactly two per cent of the taxable value of real property in that class.

(c) In the case of a school district whose total authorized tax rate for current expenses is less than two per cent, if the unadjusted total taxes for current expenses of the district charged against that class of real property are less than the total authorized rate for current expenses multiplied by the taxable value of real property in that class, the commissioner shall adjust the tax reduction factors for that class determined under paragraph (D) of this rule by a uniform percentage so that the total taxes charged and payable for current expenses of the district produce an effective tax rate equal to the district's authorized tax rate for current expenses.

(6) If the commissioner is required to make the adjustment specified under paragraph (E)(5)(b) or (E)(5)(c) of this rule, the commissioner shall certify the tax reduction factors computed under the appropriate paragraph to the county auditor, and the factors certified shall replace the tax reduction factors determined under paragraph (D) of this rule, and the adjusted percentages so certified shall be



the tax reduction factors for that class of property for all purposes.

(7) When the tax reduction factors for a school district's taxes are factors certified under paragraph (E)(6) of this rule, the taxes charged and payable after making the reductions required by such factors equals the net taxes of the school district for that year.

(F) Each joint vocational school district is guaranteed a minimum amount of taxes. This guaranteed amount of taxes is called the "designated amount."

(1) The designated amount for each class of real property in a joint vocational school district equals the taxable value of all real property in that class subject to taxation by the district multiplied by the lowest of the following:

(a) Two-tenths of one per cent;

(b) The district's effective tax rate plus the following percentage:

Taxes Charged For	Add The Following Percentage
1987	0.025% (0.00025)
1988	0.050% (0.00050)
1989	0.075% (0.00075)
1990	0.100% (0.00100)
1991	0.125% (0.00125)
1992	0.150% (0.00150)
1993	0.175% (0.00175)
1994 and thereafter	0.200% (0.00200)

(c) The district's authorized tax rate.

(2) Annually, for each class of property for each joint vocational school district, the commissioner shall determine whether adjustments to the tax reduction factors of the district's taxes are necessary to guarantee that the district levies its designated amount of taxes. This determination shall be made for each class of property as follows:



- (a) Using the tax reduction factor determined under division (D) of section 319.301 for the Revised Code and paragraph (D) of this rule, the commissioner shall compute the sum of the taxes charged and payable by the levies of that district. This sum equals the district's total unadjusted taxes.
- (b) The commissioner shall compare the unadjusted taxes of the district determined in paragraph (F)(2)(a) of this rule to the designated amount for that district for the current year.
- (i) If the unadjusted total taxes charged against the real property in that class for the district are more than the designated amount, then the tax reduction factors for that class are the percentage determined under paragraph (D) of this rule. No adjustment is required.
- (ii) If the unadjusted total taxes of the district charged against that class of real property are less than the designated amount for that class in the district, the commissioner shall adjust the tax reduction factors for that class determined under paragraph (D) of this rule by a uniform percentage so that the total taxes charged and payable against that class of property shall exactly equal the designated amount for that class in that district.
- (3) If the commissioner is required to make the adjustment specified in paragraph (F)(2)(b)(ii) of this rule, the commissioner shall certify the tax reduction factors computed under that paragraph to the county auditor, and the factors certified shall replace the tax reduction factors determined under paragraph (D) of this rule, and the adjusted percentages so certified shall be the tax reduction factors for that class of property for all purposes.
- (G) No reduction shall be made under this rule in the rate at which any tax is levied.
- (H) No tax reduction factor certified under paragraph (E)(6) of this rule shall cause a tax to be imposed at an effective rate greater than that originally authorized for that tax by the voters of a school district.