



Tangible Property Tax Replacement Fund

This chapter deals with two revenue-sharing funds, the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund. The tangible property tax replacement funds were created by the 126th General Assembly in 2005 as part of Am. House Bill 66, the fiscal year 2006-07 biennial budget bill. House Bill 66 phased out the tangible personal property taxes, and made a number of other tax code changes including the enactment of the commercial activity tax.

The tangible personal property (TPP) tax, which applied to property used in business in Ohio, was a noteworthy source of local property tax revenue. Reimbursements to schools and local governments were established to replace local revenue losses attributed to the phase out of the tax on TPP. Reimbursements were based on the product of millage levied as of September 1, 2005 and 2004 tangible personal property tax values. Reimbursement payments increased as local revenues decreased due to the phase-out, with full reimbursement provided in 2010. The fiscal year 2012-2013 biennial budget bill, H.B. 153 of the 129th General Assembly, made significant changes to the phase-out of reimbursement payments in November 2011 and thereafter. The changes implemented a measure of relative need in determining the level of reimbursement for school districts and local governments.

During fiscal year 2012, approximately \$764 million was distributed to schools and joint vocational districts from the school district tangible property tax replacement fund. Approximately \$425 million was distributed to counties, municipalities, townships, and special districts from the Local Government Tangible Property Tax Replacement Fund in calendar year 2012.

Revenue Sources

(Ohio Revised Code 5751.20)

In fiscal year 2012, 52.5 percent of commercial activity tax (CAT) receipts were dedicated to the School District Tangible Property Tax Replacement Fund and 22.5 percent was deposited into the Local Government Tangible Property Tax Replacement Fund. In fiscal year 2013 and thereafter, 35 percent of CAT receipts are to be deposited in the School District Tangible Property Tax Replacement Fund and 15 percent in the Local Government Tangible Property Tax Replacement Fund. A transfer from the General Revenue Fund will be made if the replacement funds are insufficient to make the calculated reimbursement payments. Any balance in the replacement funds, after reimbursements are distributed, will be allocated to the General Revenue Fund.

Distributions to Schools & Local Governments

(Ohio Revised Code 5751.21 & 5751.22)

Local government replacement payments are calculated on a calendar year basis and school district replacement payments are calculated on a fiscal year basis.

In calendar year 2012, replacement payments for the fixed-rate levies of counties, townships, and special districts as well as municipal operating levies were equal to the sum 2010 reimbursements less 4 percent of the local government's calculated 2010 total resources. Reimbursement for municipal non-operating levies, including pension and capital improvement levies, for calendar year 2012 was equal to 50 percent of the levy's 2010 reimbursement.

In fiscal year 2012, replacement payments to school and joint vocational districts for fixed-rate operating levies were equal to fiscal year 2010 reimbursements less 4 percent of the district's total resources. Reimbursement for non-operating fixed-rate levies, including permanent improvement and classroom facilities levies, was equal to 75 percent of the fiscal year 2010 reimbursement. Reimbursement for fixed-sum levies (including emergency and voted bond levies) is not subject to phase-out.

Distribution Procedure

(Ohio Revised Code 5751.21 & 5751.22)

Distributions are made from the state to counties on or before the 30th day of November and 31st day of May. The County Treasurer/auditor then distributes payments to the appropriate local government within 30 days.

Direct payments from the Ohio Department of Education are made to school and joint vocational districts on or before the 20th day of November and the last day of May. A portion of the reimbursement is made to schools through the state education funding mechanism.

Use of funds

Reimbursements to schools and local governments are to be utilized for the purpose of the originally qualifying levy.

Table 1

Commercial Activity Tax Revenues vs. Required TPP Tax Replacement Payments						
(Dollar amounts in millions)						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total CAT Revenues	\$594.90	\$963.70	\$1,179.20	\$1,341.60	\$1,436.90	\$1,640.38
GRF Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$417.13
Required Tangible Personal Property Tax						
Replacement Payments	\$571.30	\$931.60	\$1,275.00	\$1,624.00	\$1,651.80	\$1,189.93
Surplus to GRF/ (Shortfall paid from GRF)	\$23.60	\$32.10	(\$95.80)	(\$282.40)	(\$214.90)	\$33.32

Table 2

Tangible Personal Property Tax Replacement Payments by County, Fiscal Year 2012			
County	Tax Replacement Payments ¹	County	Tax Replacement Payments ¹
ADAMS	\$293,488	LICKING	\$9,022,990
ALLEN	18,119,832	LOGAN	7,769,810
ASHLAND	4,384,940	LORAIN	22,294,114
ASHTABULA	11,658,969	LUCAS	53,533,903
ATHENS	1,739,562	MADISON	3,990,404
AUGLAIZE	6,353,096	MAHONING	15,855,563
BELMONT	2,699,171	MARION	6,020,148
BROWN	164,515	MEDINA	14,782,159
BUTLER	36,373,220	MEIGS	120,289
CARROLL	332,929	MERCER	1,524,525
CHAMPAIGN	3,850,579	MIAMI	13,273,351
CLARK	7,974,060	MONROE	2,599,416
CLERMONT	8,630,098	MONTGOMERY	63,416,902
CLINTON	4,030,146	MORGAN	272,391
COLUMBIANA	4,452,137	MORROW	688,949
COSHOCTON	2,441,612	MUSKINGUM	5,800,351
CRAWFORD	5,972,933	NOBLE	338,344
CUYAHOGA	150,926,712	OTTAWA	2,596,781
DARKE	2,335,138	PAULDING	630,652
DEFIANCE	3,876,097	PERRY	700,339
DELAWARE	7,868,574	PICKAWAY	3,638,343
ERIE	14,983,488	PIKE	4,897,619
FAIRFIELD	4,810,512	PORTAGE	15,334,317
FAYETTE	1,890,713	PREBLE	2,624,375
FRANKLIN	139,313,066	PUTNAM	2,172,923
FULTON	6,886,366	RICHLAND	17,324,964
GALLIA	868,738	ROSS	7,623,366
GEAUGA	10,025,871	SANDUSKY	6,927,549
GREENE	6,525,250	SCIOTO	2,497,576
GUERNSEY	3,310,757	SENECA	5,836,740
HAMILTON	114,202,531	SHELBY	12,783,163
HANCOCK	12,182,282	STARK	39,445,085
HARDIN	1,681,911	SUMMIT	61,402,066
HARRISON	652,376	TRUMBULL	24,159,309
HENRY	5,189,415	TUSCARAWAS	9,043,945
HIGHLAND	784,886	UNION	16,983,008
HOCKING	604,557	VAN WERT	1,858,789
HOLMES	2,282,874	VINTON	263,026
HURON	5,813,663	WARREN	25,196,104
JACKSON	1,238,499	WASHINGTON	9,195,597
JEFFERSON	4,500,258	WAYNE	14,834,433
KNOX	3,938,834	WILLIAMS	5,867,794
LAKE	28,355,647	WOOD	17,526,907
LAWRENCE	361,506	WYANDOT	2,382,435
		TOTAL	\$1,189,932,623

¹ Consists of payments made to school districts and local governments. School district payments reflect both "direct" replacement payments and "indirect" replacements made to schools through a reduction in the school foundation charge-off. Figures reflect payments made in November 2011 and May 2012.