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 2014, approximately $481.7 million was distributed to schools and joint vocational districts from the school district tangible property tax replacement fund. Approximately $122.7 million was distributed to counties, municipalities, townships, and special districts from the Local Government Tangible Property Tax Replacement Fund in calendar year 2014.

Revenue Sources

(Ohio Revised Code 5751.20)

Thirty-five percent of commercial activity tax receipts are to be deposited in the School District Tangible Property Tax Replacement Fund and fifteen 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

(R.C. 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 2013, replacement payments for the fixed-rate levies of counties, townships and special districts as well as municipal operating levies were equal to the sum of 2011 reimbursement less six percent of the local government's calculated 2011 total resources. Reimbursement for municipal non-operating levies, including pension and capital improvement levies, for calendar year 2013 was equal to 25 percent of the levy's 2011 reimbursement.

In fiscal year 2013, replacement payments to schools and joint vocational districts for fixed-rate operating levies were equal to fiscal year 2011 reimbursement less four percent of the district's total resources. Reimbursement for non-operating fixed-rate levies, including permanent improvement and classroom facilities levies, was equal to 50 percent of the fiscal year 2011 reimbursement. Reimbursement for fixed- sum levies (including emergency and voted bond levies) is not subject to phase out; final reimbursement for emergency levies is to be made in 2017.

Distribution Procedure

(R.C 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.

Use of funds

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

Table 1

Tangible Personal Property Tax Replacement Payments by County, Fiscal Year 2014

County	Tax Replacement Payments[1]	County	Tax Replacement Payments[1]
ADAMS	$44,317	LICKING	$3,820,558
ALLEN	11,345,551	LOGAN	4,685,991
ASHLAND	2,500,144	LORAIN	8,588,606
ASHTABULA	7,105,477	LUCAS	27,554,361
ATHENS	257,097	MADISON	1,771,598
AUGLAIZE	3,214,561	MAHONING	7,290,784
BELMONT	1,389,670	MARION	2,867,006
BROWN	27,721	MEDINA	8,089,611
BUTLER	12,876,266	MEIGS	5,010
CARROLL	69,054	MERCER	395,795
CHAMPAIGN	2,145,959	MIAMI	6,817,110
CLARK	3,054,682	MONROE	873,180
CLERMONT	3,338,353	MONTGOMERY	31,366,663
CLINTON	1,902,345	MORGAN	25,546
COLUMBIANA	2,110,137	MORROW	152,173
COSHOCTON	1,074,770	MUSKINGUM	1,724,978
CRAWFORD	2,860,203	NOBLE	53,565
CUYAHOGA	86,925,274	OTTAWA	1,473,253
DARKE	886,426	PAULDING	230,581
DEFIANCE	2,266,353	PERRY	172,334
DELAWARE	1,816,151	PICKAWAY	1,607,313
ERIE	10,975,454	PIKE	3,104,704
FAIRFIELD	1,851,018	PORTAGE	9,831,182
FAYETTE	616,851	PREBLE	871,669
FRANKLIN	80,846,861	PUTNAM	674,968
FULTON	4,301,977	RICHLAND	10,008,336
GALLIA	62,915	ROSS	4,641,204
GEAUGA	6,271,543	SANDUSKY	3,850,674
GREENE	1,363,558	SCIOTO	793,812
GUERNSEY	1,504,115	SENECA	2,439,439
HAMILTON	76,135,207	SHELBY	5,567,154
HANCOCK	8,265,777	STARK	19,278,212
HARDIN	1,044,773	SUMMIT	31,367,703
HARRISON	159,819	TRUMBULL	13,564,274
HENRY	3,517,327	TUSCARAWAS	4,456,372
HIGHLAND	159,092	UNION	11,624,435
HOCKING	55,057	VAN WERT	574,732
HOLMES	1,521,401	VINTON	58,396
HURON	1,999,704	WARREN	16,780,056
JACKSON	325,595	WASHINGTON	5,480,215
JEFFERSON	1,701,618	WAYNE	9,477,118
KNOX	1,198,989	WILLIAMS	3,145,884
LAKE	16,901,399	WOOD	12,710,763
LAWRENCE	61,062	WYANDOT	519,204
		TOTAL	**$648,438,140**

Source: Ohio Department of Taxation, Ohio Department of Education

[1] Consists of payments made to school districts and local governments. Figures reflect payments made in November 2013 and May 2014.