Guide to Estimated Local Government Reimbursements for Tangible and Public Utility Personal Property Tax Losses under the Governor’s FY16/17 Budget Proposal

Please see http://www.obm.ohio.gov/Budget/operating/doc/fy-16-17/OBM-TAX_letter_TPPReplacement_payment_phase-out.pdf for a detailed description of the Governor’s proposed changes to the existing reimbursements for tangible personal property (TPP) and public utility tangible personal property (PUTP) losses. The guide below and accompanying spreadsheet are intended to assist local governments in understanding proposed changes to the reimbursements. Please note, the numbers provided are estimates.

House Bill 64 (the biennial operating budget bill) includes an opportunity for schools and local governments to appeal the reimbursement classification and the data used for each variable, but any appeal must be done during fiscal year 2016. Schools and local governments are encouraged to review the accompanying spreadsheet.

Please contact TPP@tax.state.oh.us with any questions or concerns.

A. Indicate, this variable identifies the type of levy and political jurisdiction reimbursed. As under current law, county levies are, in general, divided by levy purpose into six service classifications. Those classifications, along with the five non-county reimbursement classifications, are listed below:

- County aging
- County children’s services
- County health services
- County mental health and developmental disability services (MH/DD)
- County operating
- County inside millage (IM) debt
- Townships
- Municipal operating

1 Municipal operating includes all property tax levies of a municipality, except those with the following levy names: library, airport resurfacing; bond or any levy name including the word "bond"; capital improvement or any levy name including the word "capital"; debt or any levy name including the word "debt"; equipment or any levy name including the word "equipment," unless the levy is for combined operating and equipment; employee termination fund; fire pension or any levy containing the word
Municipal inside millage (IM) debt
Special district
Library district

B. **Home County Number**, number 1 through 88 identifying home county, calculations are based on the sum of total resources for all counties in which a jurisdiction has property; as with current distributions, estimates are organized by the home county responsible for making distributions to the jurisdiction.

C. **Home County Name**, name of the home county, see **Home County Number** (B).

D. **Political Unit Number**, this variable is a numerical identifier used by the Department of Taxation.

E. **Jurisdiction Name**, name of the political unit. In the case of townships with excluding areas having levy authority, this is the primary name of the township.

F. **TPP 2014**, this is the sum of reimbursements for the loss of general business tangible personal (TPP) property revenue received by the jurisdiction for the stated purpose in 2014. This amount may be verified at [http://www.tax.ohio.gov/government/distribution_cat.aspx](http://www.tax.ohio.gov/government/distribution_cat.aspx). This amount will be updated to exclude reimbursement for levies no longer charged and payable in 2014, and therefore not reimbursed in 2015.

G. **PUTP 2014**, this is the sum of reimbursements for the loss of public utility personal property tax (PUTP) revenue received by the jurisdiction for the stated purpose in 2014. This amount may be verified at [http://www.tax.ohio.gov/government/distribution_kwhmcf.aspx](http://www.tax.ohio.gov/government/distribution_kwhmcf.aspx). This amount will be updated to exclude reimbursement for levies no longer charged and payable in 2014, and therefore not reimbursed in 2015.

H. **Total 2014 Distribution**, this is the sum of TPP 2014 and PUTP 2014.

I. **Est. Property Taxes Charged**, this is the estimated property taxes charged for the stated purpose based on 2014 tax rates, 2014 real property values, and 2013 public utility property values. Debt levies are excluded for all jurisdictions.

J. **Est. CULGF**, this is the estimated distribution the jurisdiction will receive from the County Undivided Local Government Fund (CULGF) in 2015 based on the product of the jurisdiction’s share of the 2015 CULGF as certified to the Tax Commissioner by the County Auditor and the actual amount distributed to the CULGF in 2014.

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"pension," including police pensions; fireman's fund or any practically similar name; sinking fund; road improvements or any levy containing the word "road"; fire truck or apparatus; flood or any levy containing the word "flood"; conservancy district; county health; note retirement; sewage, or any levy containing the words "sewage" or "sewer"; park improvement; parkland acquisition; storm drain; street or any levy name containing the word "street"; lighting, or any levy name containing the word "lighting"; and water. Under current law, levies for these enumerated purposes were reimbursed in 2014 at 25% of the total levy loss; H.B. 64 completes the phase-out of reimbursement on these levies and no reimbursement shall be paid in FY 2016 or thereafter.
K. *Est. PLF*, this is the distribution to the library district from the Public Library Fund (PLF). Numbers shown are estimates to be updated to reflect actual 2014 distributions as reported by county auditors.

L. *State share of instruction*, this is a component of total resources for institutions of higher education and is the final state share of instruction allocated for fiscal year 2014 as calculated by the board of regents and reported to the state controlling board; this only applies to Lorain County Community College.

M. *Sales Tax*, this variable is a component of the total resources of County Operating jurisdictions. The sales tax variable is the sum of the amounts distributed to the county in calendar year 2014 for sales and use taxes levied under sections 5739.021 and 5741.021 of the Revised Code for the purpose of providing additional general revenues for the county or supporting criminal and administrative justice services in the county, or both; collections from additional county tax (ACT) are excluded from this sum. This variable may be verified [http://www.tax.ohio.gov/government/distributions_sales_.aspx](http://www.tax.ohio.gov/government/distributions_sales_.aspx).

N. *Est. Casino*, for municipalities this is the sum of amounts distributed from the gross casino revenue host city fund. For county operating jurisdictions, this is the sum of amounts distributed from the gross casino revenue county fund. Estimated casino distributions are based on data available as of January 2015; final calculations under the proposal will use actual distributions in FY 2015.

O. *Municipal Income Tax*, this is the sum of municipal income tax collected and reported to the tax commissioner. This estimate uses 2012 data which is available at [http://www.tax.ohio.gov/tax_analysis/tax_data_series/individual_income/publications_tds_municipal.aspx](http://www.tax.ohio.gov/tax_analysis/tax_data_series/individual_income/publications_tds_municipal.aspx); final calculations will be updated to reflect 2013 data.

P. *Direct LGF Municipal Distribution*, this is the direct distribution from the Local Government Fund (LGF) received by qualifying municipalities in 2014; this data is available [here](http://www.tax.ohio.gov/tax_analysis/tax_data_series/individual_income/publications_tds_municipal.aspx).

Q. *Est. Total Resources*, this is the sum of all applicable revenue sources in Columns H through P. Many variables will be updated before the final calculations of proposed reimbursements.

R. *Est. Reliance*, this is the quotient of Total 2014 Distribution (Column H) divided by Est. Total Resources (Column Q).

S. *Est. PROPOSED Aug 2015 Distribution*, distributions will be made from the Department of Taxation to the county auditors on or before the last day of August, the county auditor will then make distributions to the local jurisdictions. The proposed August distribution will be 50% of the total fiscal year distribution (50% * Est. Proposed FY16 Distribution in Column U).

T. *Est. PROPOSED Feb 2016 Distribution*, distributions will be made from the Department of Taxation to the county auditors on or before the last day of February, the county auditor will then make distributions to the local jurisdictions. The proposed February distribution will be 50% of the total fiscal year distribution (50% * Est. Proposed FY16 Distribution in Column U).
U. Est. PROPOSED FY 16 Distribution, for county and municipal inside millage debt reimbursements, this is the sum of 2014 distributions. For all other jurisdictions and reimbursements, this is the greater of zero or the difference between Total 2014 Distribution (Column H) less the product of 2% and Estimated Total Resources (Column Q). Est. PROPOSED FY 16 Distribution is the sum of the Est. PROPOSED Aug 2015 Distribution (Column S) and Est. PROPOSED Feb 2016 Distribution (Column T).

V. Est. PROPOSED Aug 2016 Distribution, distributions will be made from the Department of Taxation to the county auditors on or before the last day of August, the county auditor will then make distributions to the local jurisdictions. The proposed August distribution will be 50% of the total fiscal year distribution (50% * Est. Proposed FY17 Distribution in Column X).

W. Est. PROPOSED Feb 2017 Distribution, distributions will be made from the Department of Taxation to the county auditors on or before the last day of February, the county auditor will then make distributions to the local jurisdictions. The proposed February distribution will be 50% of the total fiscal year distribution (50% * Est. Proposed FY17 Distribution in Column X).

X. Est. PROPOSED FY 17 Distribution, for county and municipal inside millage debt reimbursements; this is the sum of 2014 distributions for TPP losses and the sum of 50% of the 2014 distributions for PUTP losses\(^2\). For all other jurisdictions and reimbursements, this is the greater of zero or the difference between Total 2014 Distribution (Column H) less the product of 4% and Estimated Total Resources (Column Q). Est. PROPOSED FY 17 Distribution is the sum of the Est. PROPOSED Aug 2016 Distribution (Column V) and Est. PROPOSED Feb 2017 Distribution (Column W).

Y. Est. PROPOSED Aug 2017 Distribution, distributions will be made from the Department of Taxation to the county auditors on or before the last day of August, the county auditor will then make distributions to the local jurisdictions. The proposed August distribution will be 50% of the total fiscal year distribution (50% * Est. Proposed FY18 Distribution in Column AA).

Z. Est. PROPOSED Feb 2018 Distribution, distributions will be made from the Department of Taxation to the county auditors on or before the last day of February, the county auditor will then make distributions to the local jurisdictions. The proposed February distribution will be 50% of the total fiscal year distribution (50% * Est. Proposed FY18 Distribution in Column AA).

AA. Est. PROPOSED FY 18 Distribution, for county and municipal inside millage debt reimbursements; this is the sum of 50% of the 2014 distributions for TPP\(^2\). For all other jurisdictions and reimbursements, this is the greater of zero or the difference between Total 2014 Distribution (Column H) less the product of 6% and Estimated Total Resources (Column Q). Est. PROPOSED FY 18 Distribution is the sum of the Est. PROPOSED Aug 2017 Distribution (Column Y) and Est. PROPOSED Feb 2018 Distribution (Column Z).

\(^2\) Under current law, which is unchanged in H.B. 64, PUTP reimbursement for inside millage debt losses is not paid in calendar year 2017. Under current law, which is unchanged in H.B. 64, TPP reimbursement for inside millage debt losses is not paid in calendar year 2018.