



## Phase-out of the Tangible Personal Property Tax and Public Utility Deregulation Replacement (KwH) Payments for School Districts and Joint Vocational Schools

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The FY2012/2013 budget calls for accelerating the scheduled phase-out of certain payments made by the state to localities that replace taxes they once collected on tangible personal property (TPP) and certain types of electricity generation. These spreadsheets were prepared by the Ohio Department of Taxation to show the changes to these payments for various local entities that currently receive them.

The phase-out of these funds is in current law and has been expected: A phase-out of the replacement payments for the TPP tax and for public utility deregulation with respect to fixed rate, current expense levies is already in law. Under the administration proposal, the phase-out will be accelerated for programs with little reliance on these payments. However, school districts that are heavily reliant on these replacement payments will experience a prolonged period of phase-out beyond that in current law.

Methodology for determining total available resources: The reliance on these payments was determined by taking into account the total resources available to each school district. Total resources for school districts include total current expense property tax receipts (including rollbacks/homestead), total current expense income tax receipts, total TPP and public utility reimbursements, and total state aid.

Funding changes to school districts are measured based on their reliance: The test for whether a district continues to get reimbursement is based on the question of whether a district's reimbursement exceeds 2% of calculated total resources.

Payments for fiscal year 2011 are compared to 2% of total resources. If the fiscal year 2011 payments are greater than 2% of total resources, then the fiscal year 2012 payments are equal to the difference between those two amounts. In fiscal year 2013, the annual reduction from fiscal year 2012 in fixed rate reimbursement is limited to no more than 2% of base year total resources. After fiscal year 2013, remaining reimbursements are frozen at the 2013 level through FY 2026 for TPP reimbursements and FY 2030 for SB 3 reimbursements, after which all payments end.

All of the data is presented in a single spreadsheet at the link below. Embedded in the spreadsheet are eight different worksheets. There are separate worksheets for the TPP reimbursements and the SB3 reimbursements for school districts and JVS, as well as separate worksheets for current expense and non-current expense levies. **All calculations in this spreadsheet are subject to change. The calculations represent our best determination at this time as to the proper calculation of every levy in school districts.** If you have concerns or questions about the calculations, please relay them to [tpp@tax.state.oh.us](mailto:tpp@tax.state.oh.us). Under provisions of temporary law, the calculations made in these spreadsheets can be adjusted through June 30, 2013, at which point they become final.