

EXPLANATION OF THE PROPERTY TAX ADMINISTRATION FUND

The property tax administration fund was established to cover the costs the Department of Taxation incurs in administering local property tax programs. Specifically, the fund is used to pay the operating costs of the divisions involved in overseeing real property taxation and administering and auditing the personal property taxes of public utilities and inter-county companies (i.e., taxpayers with tangible personal property in more than one Ohio county).

Fees are charged against all local taxing units to provide revenues for the property tax administration fund. The fees are based on a percentage of the taxes associated with three components of property. The percentages for each component were established to generate sufficient revenues to cover the Department of Taxation's costs of administering the three taxes. For FY 2009 the fee charged to each taxing unit is set equal to the sum of the following three components:

- 0.35% of the amount of the 10 percent rollbacks calculated on the real property in the district in the preceding tax year;
- 0.725% of the amount of personal property taxes charged against the public utility property located in or apportioned to the district in the preceding tax year;
- 0.725% of the amount of the property taxes charged against the general personal property of inter-county companies located within the district in the preceding tax year.

While the fees are calculated on the basis of these three components, they are collected by deducting them from the semiannual payments made by the state General Revenue Fund (GRF) to school districts, counties and other local jurisdictions to reimburse them for the cost of the 10 percent real property tax rollback program. Thus, the fees are charged to school districts and joint vocational school districts by deducting those amounts from the semiannual 10 percent rollback reimbursements paid by the Department of Education. The fees are charged to all other taxing units by deducting those amounts from the semiannual 10 percent rollback reimbursements paid by the Department of Taxation. (These reimbursement payments are typically made in April and October, after final settlement of the real and public utility property tax collections, due in February and August, respectively, of each year.) The first such deduction was made from the rollback reimbursements that occurred in the Fall of 2003.

Ohio Revised Code (ORC) section 5703.80, which creates the fund, requires the Tax Department to calculate the fees for each taxing district in each county and certify the total amount to the Office of Budget and Management by July 15 of each year. ORC section 321.24 further requires the Tax Commissioner to make available to taxing units "such information as is sufficient for a taxing district to be able to determine the amount of the reduction in its distribution" as a result of the property tax administration fees. Tables are posted on the ODT website for this purpose.