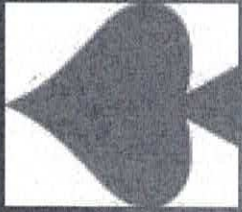


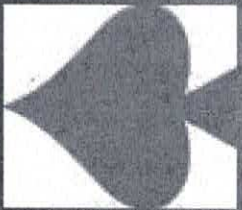
Special Levy Types for School Districts

- * Substitute Levies (ORC 5705.199)
 - * Can only replace existing emergency levies
 - * Revenues allowed to grow to capture new construction
- * Conversion Levies (ORC 5705.219)
 - * Works very similarly to an emergency levy
 - * Allows districts to get to the 20-mill floor
 - * 2014 is the last year these are allowed on the ballot
- * Income Tax Levies (ORC 5748)
 - * One option is a tax on all income
 - * Second option is a tax on earned income only



Tax Reduction Factor Floors

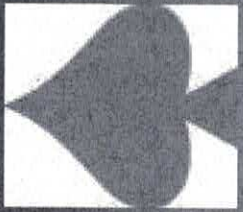
- * Only current expense millage (inside or outside) counts toward the 20-mill floor
- * The calculation excludes:
 - * Bonds, permanent improvement levies, and emergency levies
 - * Although emergency levies are a form of current expense levy, they are excluded from the 20-mill calculation by statute.
- * The 20-mill floor essentially prevents further reduction of tax rates once it is reached



Levy Purposes and Reduction Factors

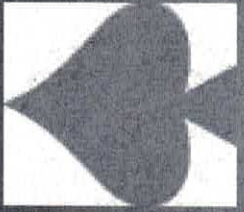
COMMONLY USED SCHOOL LEVIES AND THEIR TREATMENT UNDER TAX REDUCTION FACTORS

Type of Levy	Subject to Reduction Factors	Factored in 20-Mill Floor Calculation
Inside Millage (Current Expense)	No	Yes
Inside Millage (Bond)	No	No
Inside Millage (Permanent Improvement)	No	No
Outside Millage (Current Expense)	Yes	Yes
Outside Millage (Bond)	No	No
Outside Millage (Permanent Improvement)	Yes	No
Outside Millage (Emergency)	No	No



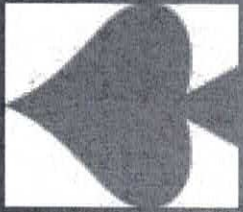
Tax Reduction Factor Floors

- * Once a district reaches the 20-mill floor, it receives full growth on those 20 mills
 - * i.e., H.B. 920's tax reduction factors do not apply
- * Also, there is no "banking" of reduction factors that would have applied below 20 had there been no floor. A district at the 20-mill floor that passes a new levy gets the full revenue impact from that new levy
- * A district at the floor that has values decline will come off the 20-mill floor



Tax Reduction Factor Floors

- * For tax year 2012, 209 districts were at the 20-mill floor for at least one class of real property
- * In tax year 2008, 400 districts were at the 20-mill floor for at least one class of real property
- * Many are just off of the floor because of valuation drops associated with the real estate market



Tax Reduction Factor Floors

- * Getting to the floor creates growth in real property taxes from reappraisal on all 20 mills
- * To get additional money, districts can use emergency levies and/or income taxes because these do not count toward the floor (about 2/3 of districts at the floor have done this)