

## TAX TERMS

### **Assessed Valuation**

The percentage of valuation that is subject to taxation. Residential property is valued at 35% of market value as determined by the County Auditor's property appraisal.

### **Bond Levy**

Property tax levies used to provide the local revenue for construction purposes.

Proceeds from the levy are used to pay the principal and interest on construction bonds and are offered for a specified dollar amount and a specified period of time. The district currently has two bond levies for which it collects taxes: a levy approved in 1998 funded districtwide renovations and the construction of Montgomery Elementary and Blue Ash Elementary. A levy approved in 2010 funds the construction of the new Maple Dale Elementary.

### **Class I Property**

Residential and agricultural property.

### **Class II Property**

Commercial, industrial and all other property.

### **Continuing Levy**

Levy proposing millage rate or school district income tax that is assessed indefinitely. Voters have approved 10 continuing levies since 1960.

### **Effective Mills**

The actual rate of taxation realized when the tax reduction factor reduces the taxes charged by a voted levy. It equals the taxes charged divided by the taxable value of the class of property against which they apply.

### **Exempt Property**

Real property not subject to taxation. Typically, exempt property is owned by federal, state or local branches of government, and religious or educational institutions.

### **Fiscal Year (FY)**

Annual period used for government accounting purposes. Begins July 1 and ends June 30 of the next year. Named for the calendar year in which it ends (i.e., FY 13 begins July 1, 2013 and ends June 30, 2014).

### **Homestead Property**

Property where the owner occupies the property as a residence. Such property qualifies for the additional 2.5% rollback. This term should not be confused with the homestead exemption that provides specific property tax relief to low-income elderly or disabled homeowners.

### **Inside Mills**

Millage that is imposed by local governments without voter approval. The authorization to do so is defined in the Ohio Constitution. Inside mills are not subject to the property tax reduction factor. Sycamore currently levies 4.63 inside mills.

### **Limited Levy**

A limited levy is for a specified period of time and is eligible for renewal or replacement. Voters approved a 5.5 mill, 5-year limited property tax levy in November 2004. This levy was renewed as a continuing levy in 2009.

### **Millage**

Factor applied to the taxable, i.e. 35% of market value for residential property, valuation of property to produce tax revenue. A mill is defined as one-tenth of a percent or one tenth of a cent (0.1¢) in cash terms.

### **Operating Levy**

Levy used primarily for district operating purposes. Operating levies can be for either a continuing or limited period of time.

**Outside Mills**

Millage approved by voters. Outside mills are subject to the property tax reduction factor and are sometimes referred to as "voted mills".

**Permanent Improvement Levy**

Limited or continuing levy used for maintenance and repair of school property, and, in some limited circumstances, for renovation and building projects. Can be a property tax or an income tax. Sycamore currently has no permanent improvement levies.

**Property Tax Reduction Factor**

Sometimes referred to as the "House Bill 920" effect. An adjustment by which the taxes charged by voted mills in Class I and Class II real property are reduced to yield the same amount as those same mills yielded in the preceding year, exclusive of new construction.

**Property Tax Rollback**

A percentage reduction in the taxes charged against residential and agricultural property. The percentage equals 10% for residential and agricultural property and an additional 2.5% for owner-occupied residential property. The state reimburses schools and other local governments for the full amount of the rollback. The rollback applies after the reduction in taxes charged against real property as determined by the tax reduction factor.

**Public Utility Property**

Tangible personal property used in the operations of a public utility company.

**Real Property**

Land and improvements to land such as structures or buildings. In Ohio, real property is divided into two classes: Class I (residential and agricultural property) and Class II (commercial, industrial and all other real property).

**Reappraisal**

The County Auditor is responsible for conducting an appraisal to determine the value of real property for tax purposes. It occurs every sixth year. Three years after each reappraisal, the County Auditor adjusts appraised values based on recent sales of property in that county. This adjustment is referred to as the triennial "update". The last reappraisal occurred in 2011 and began to impact taxes collected in 2012. A triennial update will occur in 2014 and will begin to impact taxes in 2015.

**Renewal Levy**

Voter approval to extend the term of a limited levy when it expires. The renewal levy must state the same purpose as the original levy. The effective rate of the renewal begins from the point where the original levy ends. A renewal levy proposal can combine with a proposal to raise additional millage.

**Replacement Levy**

Like a renewal levy in that it seeks voter approval to extend the term of a limited levy when it expires. Replacement levies differ from renewal levies because the replacement begins with an effective rate equal to the original effective rate of the levy which it replaces. In this way, a replacement levy allows a district to obtain the benefit of growth in the real property tax since the approval of the replaced levy. Replacement levies cannot be used for an emergency levy and cannot be combined with other changes in millage in a single proposed levy.

**Valuation of a School District**

Taxable value of all Class I and Class II real property, general tangible personal property and public utility personal property in a district.