

As Introduced

**128th General Assembly
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H. B. No. 117

Representative Jones

**Cosponsors: Representatives Boose, Combs, Evans, Gardner, Grossman,
Hall, Hite, Morgan, Ruhl, Uecker, Wagner, Zehringer**

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A B I L L

To amend sections 5751.20 and 5751.22 of the Revised Code to require 30% of commercial activity tax revenue to be used indefinitely for local government purposes. 1
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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5751.20 and 5751.22 of the Revised Code be amended to read as follows: 5
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Sec. 5751.20. (A) As used in sections 5751.20 to 5751.22 of the Revised Code: 7
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(1) "School district," "joint vocational school district," "local taxing unit," "recognized valuation," "fixed-rate levy," and "fixed-sum levy" have the same meanings as used in section 5727.84 of the Revised Code. 9
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(2) "State education aid" for a school district means the sum of state aid amounts computed for the district under division (A) of section 3317.022 of the Revised Code, including the amounts calculated under sections 3317.029 and 3317.0217 of the Revised Code; divisions (C)(1), (C)(4), (D), (E), and (F) of section 3317.022; divisions (B), (C), and (D) of section 3317.023; 13
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divisions (L) and (N) of section 3317.024; section 3317.0216; and 19
any unit payments for gifted student services paid under sections 20
3317.05, 3317.052, and 3317.053 of the Revised Code; except that, 21
for fiscal years 2008 and 2009, the amount computed for the 22
district under Section 269.20.80 of H.B. 119 of the 127th general 23
assembly and as that section subsequently may be amended shall be 24
substituted for the amount computed under division (D) of section 25
3317.022 of the Revised Code, and the amount computed under 26
Section 269.30.80 of H.B. 119 of the 127th general assembly and as 27
that section subsequently may be amended shall be included. 28

(3) "State education aid" for a joint vocational school 29
district means the sum of the state aid computed for the district 30
under division (N) of section 3317.024 and section 3317.16 of the 31
Revised Code, except that, for fiscal years 2008 and 2009, the 32
amount computed under Section 269.30.80 of H.B. 119 of the 127th 33
general assembly and as that section subsequently may be amended 34
shall be included. 35

(4) "State education aid offset" means the amount determined 36
for each school district or joint vocational school district under 37
division (A)(1) of section 5751.21 of the Revised Code. 38

(5) "Machinery and equipment property tax value loss" means 39
the amount determined under division (C)(1) of this section. 40

(6) "Inventory property tax value loss" means the amount 41
determined under division (C)(2) of this section. 42

(7) "Furniture and fixtures property tax value loss" means 43
the amount determined under division (C)(3) of this section. 44

(8) "Machinery and equipment fixed-rate levy loss" means the 45
amount determined under division (D)(1) of this section. 46

(9) "Inventory fixed-rate levy loss" means the amount 47
determined under division (D)(2) of this section. 48

- (10) "Furniture and fixtures fixed-rate levy loss" means the amount determined under division (D)(3) of this section. 49
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- (11) "Total fixed-rate levy loss" means the sum of the machinery and equipment fixed-rate levy loss, the inventory fixed-rate levy loss, the furniture and fixtures fixed-rate levy loss, and the telephone company fixed-rate levy loss. 51
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- (12) "Fixed-sum levy loss" means the amount determined under division (E) of this section. 55
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- (13) "Machinery and equipment" means personal property subject to the assessment rate specified in division (F) of section 5711.22 of the Revised Code. 57
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- (14) "Inventory" means personal property subject to the assessment rate specified in division (E) of section 5711.22 of the Revised Code. 60
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- (15) "Furniture and fixtures" means personal property subject to the assessment rate specified in division (G) of section 5711.22 of the Revised Code. 63
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- (16) "Qualifying levies" are levies in effect for tax year 2004 or applicable to tax year 2005 or approved at an election conducted before September 1, 2005. For the purpose of determining the rate of a qualifying levy authorized by section 5705.212 or 5705.213 of the Revised Code, the rate shall be the rate that would be in effect for tax year 2010. 66
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- (17) "Telephone property" means tangible personal property of a telephone, telegraph, or interexchange telecommunications company subject to an assessment rate specified in section 5727.111 of the Revised Code in tax year 2004. 72
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- (18) "Telephone property tax value loss" means the amount determined under division (C)(4) of this section. 76
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- (19) "Telephone property fixed-rate levy loss" means the 78

amount determined under division (D)(4) of this section. 79

(B) The commercial activities tax receipts fund is hereby 80
 created in the state treasury and shall consist of money arising 81
 from the tax imposed under this chapter. All money in that fund 82
 shall be credited for each fiscal year in the following 83
 percentages to the general revenue fund, to the school district 84
 tangible property tax replacement fund, which is hereby created in 85
 the state treasury for the purpose of making the payments 86
 described in section 5751.21 of the Revised Code, and to the local 87
 government tangible property tax replacement fund, which is hereby 88
 created in the state treasury for the purpose of making the 89
 payments described in section 5751.22 of the Revised Code, in the 90
 following percentages: 91

Fiscal year	General Revenue Fund	School District Tangible Property Tax Replacement Fund	Local Government Tangible Property Tax Replacement Fund	
2006	67.7%	22.6%	9.7%	93
2007	0%	70.0%	30.0%	94
2008	0%	70.0%	30.0%	95
2009	0%	70.0%	30.0%	96
2010	0%	70.0%	30.0%	97
2011	0%	70.0%	30.0%	98
2012	5.3%	70.0%	24.7%	99
2013	10.6%	70.0%	19.4%	100
2014	14.1%	70.0%	15.9%	101
2015	17.6%	70.0%	12.4%	102
2016	21.1%	70.0%	8.9%	103
2017	24.6%	70.0%	5.4%	104
2018	28.1%	70.0%	1.9%	105
2019 <u>2011</u> and thereafter	30.0%	70%	0 <u>30%</u>	106

(C) Not later than September 15, 2005, the tax commissioner shall determine for each school district, joint vocational school district, and local taxing unit its machinery and equipment, inventory property, furniture and fixtures property, and telephone property tax value losses, which are the applicable amounts described in divisions (C)(1), (2), (3), and (4) of this section, except as provided in division (C)(5) of this section:

(1) Machinery and equipment property tax value loss is the taxable value of machinery and equipment property as reported by taxpayers for tax year 2004 multiplied by:

(a) For tax year 2006, thirty-three and eight-tenths per cent;

(b) For tax year 2007, sixty-one and three-tenths per cent;

(c) For tax year 2008, eighty-three per cent;

(d) For tax year 2009 and thereafter, one hundred per cent.

(2) Inventory property tax value loss is the taxable value of inventory property as reported by taxpayers for tax year 2004 multiplied by:

(a) For tax year 2006, a fraction, the numerator of which is five and three-fourths and the denominator of which is twenty-three;

(b) For tax year 2007, a fraction, the numerator of which is nine and one-half and the denominator of which is twenty-three;

(c) For tax year 2008, a fraction, the numerator of which is thirteen and one-fourth and the denominator of which is twenty-three;

(d) For tax year 2009 and thereafter a fraction, the numerator of which is seventeen and the denominator of which is twenty-three.

(3) Furniture and fixtures property tax value loss is the

taxable value of furniture and fixture property as reported by	137
taxpayers for tax year 2004 multiplied by:	138
(a) For tax year 2006, twenty-five per cent;	139
(b) For tax year 2007, fifty per cent;	140
(c) For tax year 2008, seventy-five per cent;	141
(d) For tax year 2009 and thereafter, one hundred per cent.	142
The taxable value of property reported by taxpayers used in	143
divisions (C)(1), (2), and (3) of this section shall be such	144
values as determined to be final by the tax commissioner as of	145
August 31, 2005. Such determinations shall be final except for any	146
correction of a clerical error that was made prior to August 31,	147
2005, by the tax commissioner.	148
(4) Telephone property tax value loss is the taxable value of	149
telephone property as taxpayers would have reported that property	150
for tax year 2004 if the assessment rate for all telephone	151
property for that year were twenty-five per cent, multiplied by:	152
(a) For tax year 2006, zero per cent;	153
(b) For tax year 2007, zero per cent;	154
(c) For tax year 2008, zero per cent;	155
(d) For tax year 2009, sixty per cent;	156
(e) For tax year 2010, eighty per cent;	157
(f) For tax year 2011 and thereafter, one hundred per cent.	158
(5) Division (C)(5) of this section applies to any school	159
district, joint vocational school district, or local taxing unit	160
in a county in which is located a facility currently or formerly	161
devoted to the enrichment or commercialization of uranium or	162
uranium products, and for which the total taxable value of	163
property listed on the general tax list of personal property for	164
any tax year from tax year 2001 to tax year 2004 was fifty per	165

cent or less of the taxable value of such property listed on the 166
general tax list of personal property for the next preceding tax 167
year. 168

In computing the fixed-rate levy losses under divisions 169
(D)(1), (2), and (3) of this section for any school district, 170
joint vocational school district, or local taxing unit to which 171
division (C)(5) of this section applies, the taxable value of such 172
property as listed on the general tax list of personal property 173
for tax year 2000 shall be substituted for the taxable value of 174
such property as reported by taxpayers for tax year 2004, in the 175
taxing district containing the uranium facility, if the taxable 176
value listed for tax year 2000 is greater than the taxable value 177
reported by taxpayers for tax year 2004. For the purpose of making 178
the computations under divisions (D)(1), (2), and (3) of this 179
section, the tax year 2000 valuation is to be allocated to 180
machinery and equipment, inventory, and furniture and fixtures 181
property in the same proportions as the tax year 2004 values. For 182
the purpose of the calculations in division (A) of section 5751.21 183
of the Revised Code, the tax year 2004 taxable values shall be 184
used. 185

To facilitate the calculations required under division (C) of 186
this section, the county auditor, upon request from the tax 187
commissioner, shall provide by August 1, 2005, the values of 188
machinery and equipment, inventory, and furniture and fixtures for 189
all single-county personal property taxpayers for tax year 2004. 190

(D) Not later than September 15, 2005, the tax commissioner 191
shall determine for each tax year from 2006 through 2009 for each 192
school district, joint vocational school district, and local 193
taxing unit its machinery and equipment, inventory, and furniture 194
and fixtures fixed-rate levy losses, and for each tax year from 195
2006 through 2011 its telephone property fixed-rate levy loss, 196
which are the applicable amounts described in divisions (D)(1), 197

(2), (3), and (4) of this section:	198
(1) The machinery and equipment fixed-rate levy loss is the machinery and equipment property tax value loss multiplied by the sum of the tax rates of fixed-rate qualifying levies.	199 200 201
(2) The inventory fixed-rate loss is the inventory property tax value loss multiplied by the sum of the tax rates of fixed-rate qualifying levies.	202 203 204
(3) The furniture and fixtures fixed-rate levy loss is the furniture and fixture property tax value loss multiplied by the sum of the tax rates of fixed-rate qualifying levies.	205 206 207
(4) The telephone property fixed-rate levy loss is the telephone property tax value loss multiplied by the sum of the tax rates of fixed-rate qualifying levies.	208 209 210
(E) Not later than September 15, 2005, the tax commissioner shall determine for each school district, joint vocational school district, and local taxing unit its fixed-sum levy loss. The fixed-sum levy loss is the amount obtained by subtracting the amount described in division (E)(2) of this section from the amount described in division (E)(1) of this section:	211 212 213 214 215 216
(1) The sum of the machinery and equipment property tax value loss, the inventory property tax value loss, and the furniture and fixtures property tax value loss, and, for 2008 through 2017 the telephone property tax value loss of the district or unit multiplied by the sum of the fixed-sum tax rates of qualifying levies. For 2006 through 2010, this computation shall include all qualifying levies remaining in effect for the current tax year and any school district levies imposed under section 5705.194 or 5705.213 of the Revised Code that are qualifying levies not remaining in effect for the current year. For 2011 through 2017 in the case of school district levies imposed under section 5705.194 or 5705.213 of the Revised Code and for all years after 2010 in	217 218 219 220 221 222 223 224 225 226 227 228

the case of other fixed-sum levies, this computation shall include 229
only qualifying levies remaining in effect for the current year. 230
For purposes of this computation, a qualifying school district 231
levy imposed under section 5705.194 or 5705.213 of the Revised 232
Code remains in effect in a year after 2010 only if, for that 233
year, the board of education levies a school district levy imposed 234
under section 5705.194 or 5705.213 of the Revised Code for an 235
annual sum at least equal to the annual sum levied by the board in 236
tax year 2004 less the amount of the payment certified under this 237
division for 2006. 238

(2) The total taxable value in tax year 2004 less the sum of 239
the machinery and equipment, inventory, furniture and fixtures, 240
and telephone property tax value losses in each school district, 241
joint vocational school district, and local taxing unit multiplied 242
by one-half of one mill per dollar. 243

(3) For the calculations in divisions (E)(1) and (2) of this 244
section, the tax value losses are those that would be calculated 245
for tax year 2009 under divisions (C)(1), (2), and (3) of this 246
section and for tax year 2011 under division (C)(4) of this 247
section. 248

(4) To facilitate the calculation under divisions (D) and (E) 249
of this section, not later than September 1, 2005, any school 250
district, joint vocational school district, or local taxing unit 251
that has a qualifying levy that was approved at an election 252
conducted during 2005 before September 1, 2005, shall certify to 253
the tax commissioner a copy of the county auditor's certificate of 254
estimated property tax millage for such levy as required under 255
division (B) of section 5705.03 of the Revised Code, which is the 256
rate that shall be used in the calculations under such divisions. 257

If the amount determined under division (E) of this section 258
for any school district, joint vocational school district, or 259
local taxing unit is greater than zero, that amount shall equal 260

the reimbursement to be paid pursuant to division (E) of section 261
5751.21 or division (A)(3) of section 5751.22 of the Revised Code, 262
and the one-half of one mill that is subtracted under division 263
(E)(2) of this section shall be apportioned among all contributing 264
fixed-sum levies in the proportion that each levy bears to the sum 265
of all fixed-sum levies within each school district, joint 266
vocational school district, or local taxing unit. 267

(F) Not later than October 1, 2005, the tax commissioner 268
shall certify to the department of education for every school 269
district and joint vocational school district the machinery and 270
equipment, inventory, furniture and fixtures, and telephone 271
property tax value losses determined under division (C) of this 272
section, the machinery and equipment, inventory, furniture and 273
fixtures, and telephone fixed-rate levy losses determined under 274
division (D) of this section, and the fixed-sum levy losses 275
calculated under division (E) of this section. The calculations 276
under divisions (D) and (E) of this section shall separately 277
display the levy loss for each levy eligible for reimbursement. 278

(G) Not later than October 1, 2005, the tax commissioner 279
shall certify the amount of the fixed-sum levy losses to the 280
county auditor of each county in which a school district, joint 281
vocational school district, or local taxing unit with a fixed-sum 282
levy loss reimbursement has territory. 283

Sec. 5751.22. (A) Not later than January 1, 2006, the tax 284
commissioner shall compute the payments to be made to each local 285
taxing unit for each year according to divisions (A)(1), (2), (3), 286
and (4) of this section, and shall distribute the payments in the 287
manner prescribed by division (C) of this section. The calculation 288
of the fixed-sum levy loss shall cover a time period sufficient to 289
include all fixed-sum levies for which the commissioner 290
determined, pursuant to division (E) of section 5751.20 of the 291

Revised Code, that a fixed-sum levy loss is to be reimbursed.	292
(1) Except as provided in division (A)(4) of this section,	293
for machinery and equipment, inventory, and furniture and fixtures	294
fixed-rate levy losses determined under division (D) of section	295
5751.20 of the Revised Code, payments shall be made in an amount	296
equal to each of those losses multiplied by the following:	297
(a) For tax years 2006 through 2010, one hundred per cent;	298
(b) For tax year 2011, a fraction, the numerator of which is	299
fourteen and the denominator of which is seventeen;	300
(c) For tax year 2012, a fraction, the numerator of which is	301
eleven and the denominator of which is seventeen;	302
(d) For tax year 2013, a fraction, the numerator of which is	303
nine and the denominator of which is seventeen;	304
(e) For tax year 2014, a fraction, the numerator of which is	305
seven and the denominator of which is seventeen;	306
(f) For tax year 2015, a fraction, the numerator of which is	307
five and the denominator of which is seventeen;	308
(g) For tax year 2016, a fraction, the numerator of which is	309
three and the denominator of which is seventeen;	310
(h) For tax year 2017, a fraction, the numerator of which is	311
one and the denominator of which is seventeen;	312
(i) For tax years 2018 and thereafter, no fixed-rate payments	313
shall be made.	314
Any qualifying levy that is a fixed-rate levy that is not	315
applicable to a tax year after 2010 shall not qualify for any	316
reimbursement after the tax year to which it is last applicable.	317
(2) Except as provided in division (A)(4) of this section,	318
for telephone property fixed-rate levy losses determined under	319
division (D)(4) of section 5751.20 of the Revised Code, payments	320

shall be made in an amount equal to each of those losses	321
multiplied by the following:	322
(a) For tax years 2009 through 2011, one hundred per cent;	323
(b) For tax year 2012, seven-eighths;	324
(c) For tax year 2013, six-eighths;	325
(d) For tax year 2014, five-eighths;	326
(e) For tax year 2015, four-eighths;	327
(f) For tax year 2016, three-eighths;	328
(g) For tax year 2017, two-eighths;	329
(h) For tax year 2018, one-eighth;	330
(i) For tax years 2019 and thereafter, no fixed-rate payments	331
shall be made.	332
Any qualifying levy that is a fixed-rate levy that is not	333
applicable to a tax year after 2011 shall not qualify for any	334
reimbursement after the tax year to which it is last applicable.	335
(3) For fixed-sum levy losses determined under division (E)	336
of section 5751.20 of the Revised Code, payments shall be made in	337
the amount of one hundred per cent of the fixed-sum levy loss for	338
payments required to be made in 2006 and thereafter.	339
(4) For taxes levied within the ten-mill limitation for debt	340
purposes in tax year 2005, payments shall be made based on the	341
schedule in division (A)(1) of this section for each of the	342
calendar years 2006 through 2010. For each of the calendar years	343
2011 through 2017, the percentages for calendar year 2010 shall be	344
used, as long as the qualifying levy continues to be used for debt	345
purposes. If the purpose of such a qualifying levy is changed,	346
that levy becomes subject to the payment schedules in divisions	347
(A)(1)(a) to (h) of this section. No payments shall be made for	348
such levies after calendar year 2017.	349

(B) Beginning in 2007, by the thirty-first day of January of 350
each year, the tax commissioner shall review the calculation 351
originally made under division (A) of this section of the 352
fixed-sum levy losses determined under division (E) of section 353
5751.20 of the Revised Code. If the commissioner determines that a 354
fixed-sum levy that had been scheduled to be reimbursed in the 355
current year has expired, a revised calculation for that and all 356
subsequent years shall be made. 357

(C) Payments to local taxing units required to be made under 358
division (A) of this section shall be paid from the local 359
government tangible property tax replacement fund to the county 360
undivided income tax fund in the proper county treasury. Beginning 361
in May 2006, one-seventh of the amount certified under that 362
division shall be paid by the last day of May each year, and 363
three-sevenths shall be paid by the last day of August and October 364
each year. Within forty-five days after receipt of such payments, 365
the county treasurer shall distribute amounts determined under 366
division (A) of this section to the proper local taxing unit as if 367
they had been levied and collected as taxes, and the local taxing 368
unit shall apportion the amounts so received among its funds in 369
the same proportions as if those amounts had been levied and 370
collected as taxes. 371

(D) For each of the fiscal years 2006 through 2019, if the 372
total amount in the local government tangible property tax 373
replacement fund is insufficient to make all payments under 374
division (C) of this section at the times the payments are to be 375
made, the director of budget and management shall transfer from 376
the general revenue fund to the local government tangible property 377
tax replacement fund the difference between the total amount to be 378
paid and the amount in the local government tangible property tax 379
replacement fund. ~~For each fiscal year after 2019, at the time 380~~
~~payments under division (A)(2) of this section are to be made, the 381~~

~~director of budget and management shall transfer from the general 382
revenue fund to the local government property tax replacement fund 383
the amount necessary to make such payments. 384~~

(E) On the fifteenth day of June of each year from 2006 385
through ~~2018~~ 2011, the director of budget and management may 386
transfer any balance in the local government tangible property tax 387
replacement fund to the general revenue fund. At the end of each 388
fiscal year beginning with fiscal year 2012 and ending with fiscal 389
year 2018, any balance in the local government tangible property 390
tax replacement fund shall remain in the fund to be used in future 391
fiscal years for local government purposes. In each fiscal year 392
beginning with fiscal year 2019, all amounts credited to the local 393
government tangible property tax replacement fund shall be 394
appropriated for local government purposes. As used in this 395
division, "local government purposes" means providing monetary 396
assistance to local taxing units including, but not limited to, 397
supplementing payments from the local government fund and 398
continuing the payments provided in divisions (A) and (C) of this 399
section. 400

(F) If all or a part of the territories of two or more local 401
taxing units are merged, or unincorporated territory of a township 402
is annexed by a municipal corporation, the tax commissioner shall 403
adjust the payments made under this section to each of the local 404
taxing units in proportion to the tax value loss apportioned to 405
the merged or annexed territory, or as otherwise provided by a 406
written agreement between the legislative authorities of the local 407
taxing units certified to the commissioner not later than the 408
first day of June of the calendar year in which the payment is to 409
be made. 410

Section 2. That existing sections 5751.20 and 5751.22 of the 411
Revised Code are hereby repealed. 412