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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 313
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Johnson

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SUMMARY

- Requires the Department of Education to make a payment to each school district with more than a 10% decrease in the taxable value of utility tangible personal property (TPP) subject to taxation between tax years 2017 and 2019 (for the FY 2020 payment) or tax years 2017 and 2020 (for the FY 2021 payment).
- Requires the Tax Commissioner to determine which districts are eligible for this payment no later than ten days after the bill's effective date (for the FY 2020 payment) or May 15, 2021 (for the FY 2021 payment) and to certify specified information to the Department regarding tax valuations for each district eligible for the payment.
- Requires the Department to make FY 2020 payments no later than 14 days after the bill's effective date and to make FY 2021 payments between June 1, 2021, and June 30, 2021.
- Specifies that, if a school district experienced an increase in the taxable value of all utility TPP subject to taxation by the district between tax years 2016 and 2017 and, as a result, had funds deducted from its state education aid, the Department must credit the deducted amount to the district no later than ten days after the bill's effective date.

DETAILED ANALYSIS

Payment for districts with decreases in utility TPP value

The bill requires the Department of Education to make a payment, for FY 2020 and 2021, to each school district with more than a 10% decrease in the taxable value of utility tangible personal property (TPP) subject to taxation. In order to qualify for the FY 2020 payment, a district must have experienced this decrease between tax years 2017 and 2019. In order to qualify for the FY 2021 payment, a district must have experienced this decrease between tax years 2017 and 2020.

Eligibility determination by the Tax Commissioner

The Tax Commissioner must determine which districts are eligible for this payment no later than ten days after the bill's effective date (for the FY 2020 payment) or May 15, 2021 (for the FY 2021 payment). For each district eligible for the payment, the Commissioner must certify the following information to the Department:

1. If the district is eligible for the FY 2020 payment, the district's total taxable value for tax year 2019 and the change in taxes charged and payable on the district's total taxable value for tax year 2017 and tax year 2019;
2. If the district is eligible for the FY 2021 payment, the district's total taxable value for tax year 2020 and the change in taxes charged and payable on the district's total taxable value for tax year 2017 and tax year 2020;
3. If the district is eligible for either payment, the taxable value of the utility TPP decrease and the change in taxes charged and payable on the change in taxable value.¹

Computation of payment amount

The bill requires the Department, for purposes of computing the payment, to replace the three-year average valuations used in computing a district's state education aid for FY 2019 with the district's total taxable value for tax year 2019 (for the FY 2020 payment) or tax year 2020 (for the FY 2021 payment). It then must recompute the state education aid for FY 2019 without applying any funding limitations enacted by the General Assembly.

The amount of a district's payment is equal to the lesser of (1) the positive difference between the district's state education aid for FY 2019 prior to the recomputation and the district's recomputed state education aid for FY 2019 and (2) the absolute value of the changes in taxes charged and payable on the district's total taxable value for tax year 2017 and tax year 2019 (for the FY 2020 payment) or for tax year 2017 and tax year 2020 (for the FY 2021 payment).²

Deadline for payment

The Department must make FY 2020 payments no later than 14 days after the bill's effective date and must make FY 2021 payments between June 1, 2021, and June 30, 2021.³

Funding adjustment for districts with utility TPP value increases

The bill also specifies that, if a school district experienced an increase in the taxable value of all utility TPP subject to taxation by the district between tax years 2016 and 2017 and, as a result, had funds deducted from its state education aid in accordance with a provision of

¹ Section 3(A)(1) and (B)(1).

² Section 3(A)(2) and (B)(2).

³ Section 3(C).

former law,⁴ the Department must credit the deducted amount to the district no later than ten days after the bill's effective date.⁵

HISTORY

Action	Date
Introduced	05-15-20

S0313-I-133/ar

⁴ Division (B) of former R.C. 3317.028.

⁵ Section 3(D).