

# Belpre City School District

2014 Rockland Ave., Belpre, OH 45714

(740) 423-9511 FAX (740) 423-3050

Tony Dunn, Superintendent

Missy Griffith, Treasurer

## HB 64 Testimony

Before the

House Subcommittee on Primary and Secondary Education

Tony Dunn, Superintendent, Belpre City Schools

March 19, 2015

Chairman Cupp and members of the House Finance Primary and Secondary Education Subcommittee, my name is Tony Dunn. I am the Superintendent of Belpre City Schools, and I am here to testify on behalf of the Belpre City School District. Also with me is Missy Griffith, our Treasurer. Belpre is a member district of the Coalition for Fiscal Fairness in Ohio (CFFO).

Mr. Chairman and members of the committee, thank you for the opportunity to submit testimony today. As part of the Administrative team and a representative of Belpre City School District, I would like to express our opposition to ending the tangible personal property tax reimbursements to school districts. Prior to the state's 2005 tax reform of tangible personal property and franchise business taxes, thirty (30) percent of Belpre Schools' revenue came from tangible personal property taxes.

Belpre currently receives \$1,946,328 in TPP reimbursement for its fixed rate millage levies, and \$260,071 for its fixed sum (emergency) levy. Today, our TPP reimbursement is about \$800, or 29%, less per pupil than the local tangible personal property taxes provided in 2004. If this reimbursement is eliminated our district's students would each lose \$1,948 in funding.

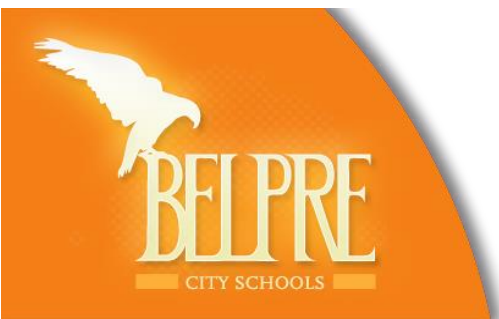
Belpre's taxpayers would need to vote to increase their tax rate by 56%, which is equivalent to \$449 for a \$100,000 house, to make up this loss. Approximately 60% of Belpre students receive free or reduced school lunches. Clearly, our schools' families struggle financially. Since 2003, the number of individuals in Belpre filing State Income Tax returns and receiving

Belpre High School (Grades 7-12)  
612 Third Street  
Belpre, OH 45714  
(740) 423-3000  
FAX (740) 423-3003

Board of Education:  
Mike Wile, President  
Robert Wallace, Vice President  
Fred Meredith  
Pat Taylor  
Leonard Wiggins

Belpre Elementary (Grade K-6)  
2000 Rockland Ave.  
Belpre, OH 45714  
(740) 423-3010  
FAX (740) 423-3012

*"An equal provider of services and an equal opportunity employer"*



# Belpre City School District

2014 Rockland Ave., Belpre, OH 45714

(740) 423-9511 FAX (740) 423-3050

Tony Dunn, Superintendent

Missy Griffith, Treasurer

the Senior Credit has increased 45.5%. There are currently more Belpre residents over the age of 65 years than there are residents 18 years or younger. With many of our elderly taxpayers on fixed incomes, I cannot get the support for a 56% tax increase, and I hope that you would not ask me to do so.

The Belpre Schools and community have always been supportive of business. We worked hand in hand with local businesses, granting tangible personal property tax abatements for improvements and updates. We want the businesses in our community, providing jobs for our community.

In the 2013 school year, Belpre City Schools spent \$9,311 per student. The elimination of TPP reimbursement will, over time, erode \$1,948 per student, bringing the amount available for the education of each student to \$7,363.

Today, Belpre City Schools faces the challenge of how to survive with the State taking the TPP reimbursement portion of its revenue. We have already stated the 56% increase Belpre citizens would see in their taxes. Businesses now paying the replacement Commercial Activity Tax would also face similar, significant increases in local property taxes to provide students with the same level of funding received in 2013.

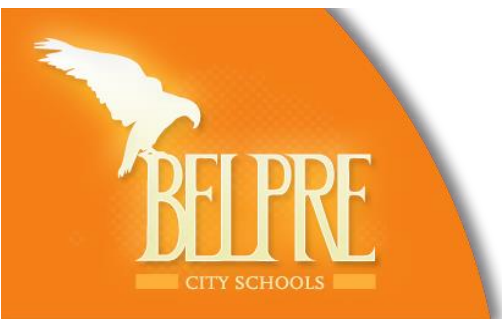
Belpre City Schools has been proactive in maintaining its fiscal stability despite continued unfunded mandates and reduced State support. As stated, Belpre City Schools spent \$9,311 per pupil in 2013, well under the state average. Since the 2007-2008 school year, our district has reduced the number of certified staff members by 24 % and our classified staff by 15% to address the lack of adequate funding to our students. In addition, our employees have accepted a 0% base wage increase three times and have made concessions on health insurance. None of these reductions even begins to address the impossible task of maintaining our outdated and inefficient facilities. Belpre students enjoy 1960s and older facilities while trying to compete in a 21<sup>st</sup> century world. Just supplying electricity for modern technology is incredibly difficult in classrooms with only two (2) electrical outlets. The Ohio

Belpre High School (Grades 7-12)  
612 Third Street  
Belpre, OH 45714  
(740) 423-3000  
FAX (740) 423-3003

Board of Education:  
Mike Wile, President  
Robert Wallace, Vice President  
Fred Meredith  
Pat Taylor  
Leonard Wiggins

Belpre Elementary (Grade K-6)  
2000 Rockland Ave.  
Belpre, OH 45714  
(740) 423-3010  
FAX (740) 423-3012

*"An equal provider of services and an equal opportunity employer"*



# Belpre City School District

2014 Rockland Ave., Belpre, OH 45714

(740) 423-9511 FAX (740) 423-3050

**Tony Dunn, Superintendent**

**Missy Griffith, Treasurer**

School Facilities Commission said in 2008 that our buildings are not worthy of being renovated. A bond issue to finance a new building in Belpre could be funded 40% by the state if the citizens of Belpre would fund the other 60%. Our community might be able to afford a single new building if that ratio was reversed. Until then, we use our money wisely to fix and maintain those things we must to provide the safest environment we can.

Please leave all forms of TPP reimbursement at the current levels or return them to the levels promised when the tax was phased out.

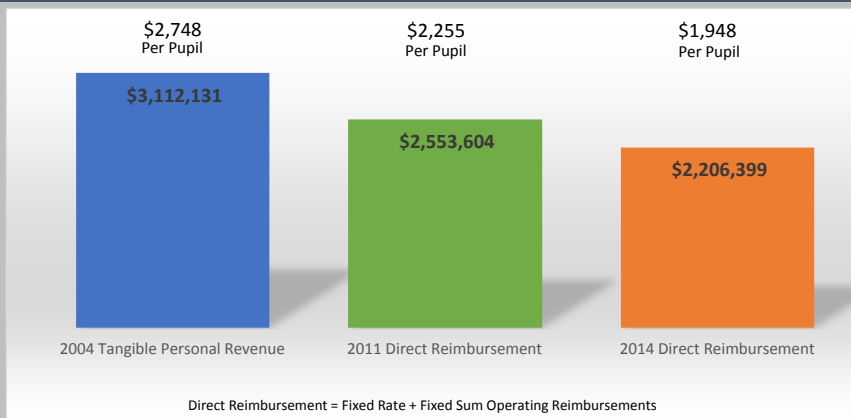
Mr. Chairman and members of the committee, thank you for your time today. I am happy to address any questions you may have about our district and how we are affected by this important issue. Thank you.

Belpre High School (Grades 7-12)  
612 Third Street  
Belpre, OH 45714  
(740) 423-3000  
FAX (740) 423-3003

Board of Education:  
Mike Wile, President  
Robert Wallace, Vice President  
Fred Meredith  
Pat Taylor  
Leonard Wiggins

Belpre Elementary (Grade K-6)  
2000 Rockland Ave.  
Belpre, OH 45714  
(740) 423-3010  
FAX (740) 423-3012

# Belpre City SD



## 1. Tangible Personal Local Revenue Vs. State Replacement

(Direct Reimbursement)

Calendar year 2004 calculated local tangible personal property (TPP) taxes amounted to \$3,112,131. After Ohio eliminated the local tax, the replacement reimbursement revenue totaled \$2,553,604 at its highest point. By 2014 the direct reimbursement replacing the tax had been reduced to \$2,206,399.

This change in state-wide tax policy caused both a combination of loss of revenue, and a shift in tax burden with respect to local taxpayers.

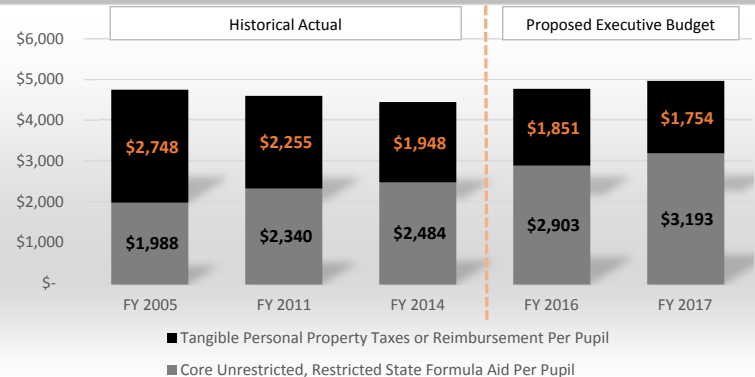
Note: Direct reimbursement includes telephone property phase-out which is not part of the 2004 TPP calculation.

Source: Ohio Dept of Taxation, Ohio Department of Education 2015 ADM

## 2. TPP Revenue and Direct Reimbursement Per Pupil

Since fiscal year 2005 (includes CY 2004 taxes), the state has continued to reduce the reimbursement to Belpre City SD for the local loss of tangible personal property revenue while providing only minimal, if any, increases in state per pupil foundation funding.

In fiscal year 2005, the district's tangible personal property tax revenue generated nearly \$2,748 per pupil, and the state foundation provided \$1,988 per pupil. By 2014 Ohio's reimbursement for local tangible personal property taxes was only \$1,948 per pupil, a reduction of \$800 per pupil; while the state foundation revenue for the district changed by \$496 per pupil. The Executive Budget proposes to reduce the district's TPP reimbursement to \$1,754 per pupil by fiscal year 2017.

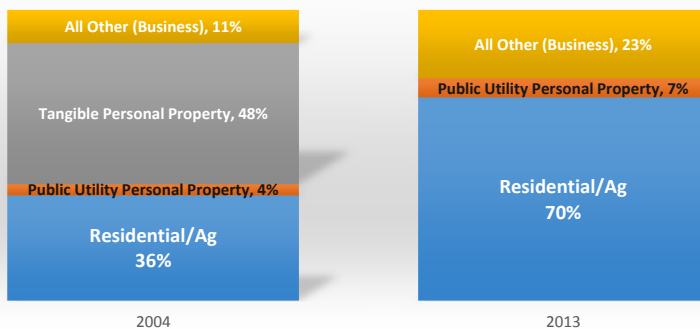


Source: ODE 2015 ADM, ODT TPP Reimbursement, ODE Foundation Funding Reports (Annual)

## 3. Change in Local Property Valuation Capacity

In calendar year 2004, 48% of the district's local property tax valuation was comprised of locally placed tangible personal property. By 2013 this valuation was eliminated, and residential valuation now makes up 70% of the district's local property tax revenue capacity.

The district's general local property tax revenue capacity is forever diminished by this change in Ohio tax policy. All levies passed since TPP tax reform will be 48% higher than if the 2004 level of tangible personal property tax valuation still existed.



Source: ODT Valuation Data

## 4. Shift to Residential Taxpayers

Home Market Value of: \$100,000

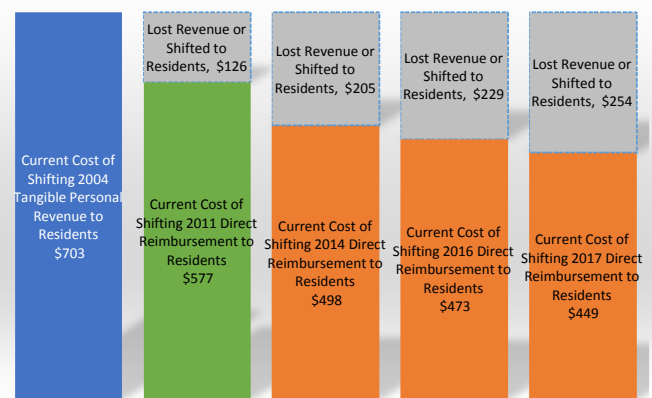
If TPP taxes had been shifted to the remaining taxpayers, then the residential taxpayer's current taxes would have increased by \$703 on a \$100,000 home. Agricultural and other tax payers would be similarly affected.

If the 2014 level of state replacement/reimbursement for local tangible personal property tax revenue was eliminated, and this revenue need was fully shifted to the remaining taxpayers, then residents would have expected to pay \$205 in additional taxes. This would occur only if the local taxpayers approved the necessary local tax levies.

Lost revenue resulting from the loss of tangible personal property tax revenue often is reflected in reduced services, or other cost savings measures at the district level.

Based on the October, 2014 forecast Belpre City SD is expected to experience a revenue shortfall of -\$59,566 in fiscal year 2018.

Source: Ohio Department of Education filed Five Year Forecast Data, Ohio Dept. of Taxation, ODE 2014 ADM



Source: ODE Five Year Forecast and ODT Valuations and Tax Rates