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Senate Finance Subcommittee on Primary and Secondary Education

SB 224 Sponsor Testimony

Good morning, Chairman Brenner, Vice Chairwoman Lehner, Ranking Member Fedor and Committee Members. Thank you for allowing me the opportunity to testify on SB 224 which I think of as a “fix it” bill.

The fix I am proposing will alleviate the severe impact that rolling back the tangible personal property tax (TPP) has had on two school districts in Ohio, the St. Bernard Elmwood City School District in my district and Warrensville Heights City School District in Sen. Yuko’s district.

The elimination of the TPP tax meant a loss of state funding to school districts. The TPP reimbursement was intended to supplement funding to schools when businesses were no longer required to pay taxes on tangible personal property.

Purpose of SB 224:

The purpose of SB 224 is to alleviate the impact on taxpayers that has occurred over the five-year phase out of the fixed-sum TPP replacement payments for the St. Bernard Elmwood City School District and Warrensville Heights City School District.

Background:

Among all districts in Ohio, St. Bernard-Elmwood Place uniquely bears the most significant burden of the fixed-sum TPP replacement phase out. These taxpayers will experience an almost 20 percent (more than 11 mills) increase in school tax payments over those five years of the fixed-sum TPP replacement phase out—without ever voting for a tax increase.

St. Bernard-Elmwood Place City School district is surrounded by the City of Cincinnati. The population of the localities that make up the school district is slightly over 6800 people. 82% of their students are on free or reduced lunch. The 2016 census updates indicate that 30% of the Elmwood Place residents exist below the poverty level, an even higher percentage than that for

the City of Cincinnati. Notably, these taxpayers have supported all school levies because they are proud of their schools and want their children to have a decent education.

The district has a large business percentage so there are few residents and homeowners across whom to spread the levy burden, many of whom are already economically disadvantaged. The district is small, so they have less ability to absorb these changes. Plus their TPP reimbursement levies are fixed sum—this means they keep getting the same amount of money, but it increases the burden over time.

Making things worse, the district is capped for state aid. Currently, removal of that cap for the district would net approximately \$458,000 more, enough to make up for about half the increased millage taxpayers are poised to incur.

What the bill does:

For these two school districts, the bill lifts their FY 19 cap for the purpose of their FY20-21 funding. The school districts are only those that were on fixed-sum levies for TPP reimbursement and have very little in total residential property value but a high amount of local effort. This effectively is only St. Bernard-Elmwood \$457,754 in each fiscal year, and Warrensville Heights \$457,028 in each fiscal year.

Please consider the unique situation of St. Bernard Elmwood among the more than 600 districts in this state with regard to the impact of the TPP replacement phase out. It is both fair and equitable and a fix we need to make.