

School Funding in Ohio

What is the difference between a bond issue and a tax levy?

Bond issues and tax levies are the most common ways Ohio school districts can raise additional tax money. Both are paid through local property taxes through a vote. Because of House Bill 920, voter-approved levies do **not** increase with inflation.

***A bond issue**, by law, can be used only for capital costs — building construction and/or renovations, and vehicle and equipment purchases. The district sells bonds to investors, uses that money and then pays it back to investors over a specific period of time (such as 37 years).

*A **tax levy** generates money to pay a district's operating costs, such as salaries, equipment, utilities, etc. Under Ohio's system of school funding, tax levies do not go up with inflation, requiring districts to return to voters with new requests every three to five years to keep up with rising costs.

There are two main types of operating tax levies:

Regular operating levy seeks a certain millage rate (the taxation rate) that will generate funds either for a specific period of time or on a continuing basis. (Most are continuing.)

A regular levy does provide increased revenue when new construction occurs within the district (assuming the construction is not abated), but the millage rate is rolled back every three years when property is reappraised for inflationary increases.

Emergency levy — An emergency levy is for a specific amount of money, with the millage rate set annually to collect this amount. By Ohio law, an emergency levy cannot last longer than five years and then it must be renewed or it will expire. This is traditionally what is on the ballot in SWL.

The amount of money collected with this levy does not grow, even with new construction. Renewing an emergency levy does not increase property owners' taxes.

School finance is a very complex issue which our legislators have wrestled with for quite some time. The following link to the [Cuyahoga County Treasurer's webpage](#) does a great job of explaining school finance at a quick glance.

You can also go to the Licking County Auditor website [link](#), enter your information, select "Tax" and then "Levy Calculator", "Southwest Licking Local Schools" to get an approximate amount you would pay in property taxes (please note: the calculator is still from the fall of 2016. Due to an increase of interest rates, the current bond issue is 6.7 mills instead of 6.5 mills).