

Ohio Association of Public Treasurers 2023 Public Finance Officers Training Institute

Principles of Public Finance

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Fundamentals of Property Taxation

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Inside & Outside Millage



- Ten-mill limitation – unvoted taxes (inside millage) cannot exceed 1.0% (ten mills) of tax (assessed) valuation (see ORC § 5705.02 & Article XII, Section 2 of the Ohio Constitution).
 - Typically all or almost all of this unvoted 10 mills is already being levied.
 - School districts generally get about 4-6 mills of this “inside” millage, with approximately 4.7 mills being the average.
- Taxes can only exceed the ten-mill limitation if they are voted (outside millage).
- With respect to municipal taxes, municipal charter prevails over ten-mill limitation in ORC § 5705.02.



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Taxable Property



- Real Property – of which there are two classes:
 - **Class I** – residential & agricultural (historically appreciates at a faster rate than Class II)
 - **Class II** – industrial & commercial
 - Both classes are assessed at 35% of true value



- Public Utility Personal Property (“**PUPP**”) – tangible personal property of public utilities
 - True value of PUPP assessed at varying percentages by type of personal property between 24% – 88%

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Reduction Factors



- ORC §319.301 (HB 920 from 1976) establishes reduction factors and effective tax rates (replaced earlier millage rollback system).
- A reduction factor adjusts a tax rate for changes in real property value. They can also restrict decreases in taxes due to valuation declines.
- Designed to control automatic growth in voted property tax levies (outside millage) as property values increase, including due to inflation.



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Reduction Factors (cont.)



- Each **voted** levy that is subject to reduction factors has two reduction factors, one for each class of real property.
- An “**effective tax rate**” is the tax rate that results after the application of reduction factors to the voted rate.
- Reduction factors do not apply to:
 - Taxes on PUPP;
 - **Unvoted (inside) millage**; or
 - Fixed sum levies such as (i) bond millage, or (ii) emergency and substitute levies (for school districts).



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20-Mill Floor



- Reduction factors on **school district current expense** levies cannot go lower than 20 mills, **assuming that a school district has enough voted current expense millage to get them up to or above the 20-mill floor**. JVSDs have a 2-mill floor.
- Only current expense millage (both inside and outside) counts towards the 20-mill floor.
- Bond millage, PI levies, and **emergency levies** are all excluded, as are **income taxes**.



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Property Tax Rates



There are **three** different tax rates that apply for each voted, fixed-rate tax levy that is in effect:

- The gross rate of the levy, which applies for:
 - PUPP taxes – the full voted rate for fixed-rate levies
 - Fixed-sum levies – tax rate can change over time as property values change
- The effective rate for class I real property (calculated with class I reduction factors)
- The effective rate for class II real property (calculated with class II reduction factors)

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Terminology



- **Additional** levy – a new levy that increases taxes. For real property taxes, reduction factors (if applicable) begin immediately in the first year of collection.
- **Renewal** levy – extends the term of an existing tax. For real property taxes, existing reduction factors (if applicable) stay in place so that there is no increase in tax revenue.
 - Often permitted to renew with an increase or a decrease.
- **Replacement** levy – extends the term of an existing levy, but for real property taxes the previous reduction factors are removed resulting in a tax increase.

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Rollbacks



- Under ORC §§ 319.302 and 323.152(B), the State reimburses political subdivisions for real property taxes for “qualifying levies” as follows:
 1. Non-Business Credit – 10% reduction in tax for residential and agricultural property; and
 2. Owner Occupancy Credit – an additional 2.5% reduction in tax for owner-occupied residential property
- After September 28, 2013, the following levies are **not** “qualifying levies” within the meaning of R.C. 319.302:
 1. Additional (new) levies;
 2. Replacement levies; and
 3. The increase portion of a renewal levy combined with an increase.

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Real Property Tax Calculation



In Ohio, *each* real property tax levy is calculated as follows:

$$\left(\begin{array}{c} \text{Property} \\ \text{Value} \end{array} \times \begin{array}{c} \text{Assessment} \\ \text{Rate (35\%)} \end{array} \right) \times \left(\begin{array}{c} \text{Tax} \\ \text{Rate} \end{array} \times \begin{array}{c} \text{Reduction} \\ \text{Factors} \\ \text{(If Applicable)} \end{array} \right)$$

$$= \begin{array}{c} \text{Gross Real} \\ \text{Property} \\ \text{Taxes} \end{array} - \begin{array}{c} \text{Tax Credits} \\ \text{Paid by State} \\ \text{(If Applicable)} \end{array} = \begin{array}{c} \text{Net Real Property} \\ \text{Tax Due from} \\ \text{Property Owner} \end{array}$$

* The total real property tax due for each parcel is the sum of all tax levies applicable to that parcel.

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Voted Property Tax Levies



- Primary authority for **non-school** property tax levies is found in ORC § 5705.19.
- Allows “taxing”/legislative authority to submit to the voters a property tax levy that specifies a millage rate.
- Voted rate and renewals or replacements thereof are subject to the reduction factors.
- After approval, the subdivision will only benefit from new construction and not from the inflationary growth of its tax base over the life of the levy.

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Non-School Subdivisions



ORC § 5705.19 (see definition of “subdivision” in ORC § 5705.01) authorizes property tax levies for:

- Counties;
- Municipalities;
- Townships;
- Joint fire / police / ambulance / EMS districts;
- Joint recreation districts; and
- Various other types of districts.



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Levy Options



- ORC § 5705.19 has roughly 50 different levy options by purpose plus additional options to combine certain types of purposes.
- Not every option is available to every type of subdivision, either due to purpose or specific statutory restriction.
- Default term limitation on these levies is five years, but some purposes can be for up to 10 years; up to 20 years; up to five years or a continuing term; or any number of years or continuing.

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Levy Purposes

Some notable levy purposes under ORC § 5705.19 include:

- (A) current expenses (*limited to 5 years*);
- (B) payment of debt charges;
- (D) public library (*may be any # of years or continuing*);
- (F) permanent improvements;
- (G) streets, roads & bridges (*may be any # of years or continuing*);
- (H) parks & recreation (*may be any # of years or continuing*);
- (I) fire purposes (*may be continuing*);
- (J) police purposes (*may be continuing*);
- (U) ambulance & EMS services (*may be continuing*);
- (MM) jails & detention facilities; and
- (OO) sidewalks, trails, bicycle paths, etc.

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Bonds

- ORC § 133.18 – available for any “subdivision,” as defined in ORC § 133.01(MM) – 19 types listed plus a catch-all.
- Used to finance “permanent improvements,” which is any property or asset having an estimated useful life of five years or more.
- Maximum term of a bond issue is the weighted average maturity of the assets financed pursuant to the guidelines in ORC § 133.20
- Voted bonds are “unlimited tax” – millage is set at whatever is necessary to pay debt service (principal + interest)



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Procedures for Approving Voted Property Tax Levies



Generally a four-step process:

- Resolution of necessity
- Certification of estimated revenue & cost by county auditor
- Resolution to proceed
- File such election proceedings with the board of elections by the applicable filing deadline

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Election Proceedings



The procedural steps to place a levy under ORC § 5705.19 on the ballot are as follows:

Resolution of Necessity

- The “taxing authority” (legislative authority) (1) declares the necessity of the levy and the specific purpose; (2) specifies whether the levy is additional, renewal or replacement, or a renewal or replacement with an increase or decrease; (3) states the ORC section authorizing submission; (4) specifies the term of years of the levy or that it will be for a continuing period of time; (5) states that the tax will be levied upon the entire territory of the subdivision or, if authorized by the ORC, describes the portion of the territory of the subdivision in which the tax will be levied; (6) specifies the election date; (7) states that the ballot measure shall be submitted to the entire territory of the subdivision or, if authorized by the ORC, describes the portion of the territory of the subdivision to which the ballot measure shall be submitted; (8) states the tax year in which the tax will first be levied and the calendar year in which the tax will first be collected; (9) states the millage rate of the levy (expressed in mills for each one dollar of tax valuation); and (10) requests that the County Auditor certify as to the total current tax valuation of the subdivision and the amount of revenue that would be generated by the specified number of mills.
- Two-thirds vote of all members of the taxing authority is required.

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Election Proceedings (cont.)



County Auditor's Certification – under ORC § 5705.03, the County Auditor determines the total current tax valuation, the dollar amount of revenue the levy will generate in the first year of collection, and the cost per \$100,000 of “county auditor’s appraised value,” i.e. true value.

- Recommend reviewing certifications carefully for compliance with HB 140 changes.
- Certification must occur between passage of the two resolutions.

Resolution to Proceed

- The “taxing authority” (legislative authority) (1) determines to proceed with the levy; (2) reiterates much of the information about the levy that was set forth in the Resolution of Necessity; and (3) provides the ballot form, including specific language if imposed in the current tax year, e.g. “commencing in _____, first due in calendar year _____.”
- Two-thirds vote of all members of the taxing authority is required.

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Election Considerations



- All three of the foregoing documents (the Resolution of Necessity, the County Auditor’s certification, and the Resolution to Proceed) must be certified to the Board of Elections by the applicable filing deadline, which is usually not less than 90 days prior to the date of the election (including for levies under ORC § 5705.19).
 - Filing deadlines should **not** be viewed as an adequate proxy for the time needed for community engagement.
- While electronic filing is permitted, we always recommended that this filing be done **in person** at the office of the Board of Elections.
- ORC § 3501.01 provides that election dates generally are the first Tuesday after the first Monday in **(A)** May (Primary) and November (General), or **(B)** March (Primary, which is now the third Tuesday after the first Monday in March unless otherwise changed by the General Assembly) and November (General) in presidential election years. **Note that the May election in an odd-numbered year is a special election and there may be no contested candidate races to share the election cost of a levy.**
 - ORC § 3501.022 provides for using an August special election (first Tuesday after the first Monday) when a political subdivision is in fiscal emergency.

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HB 140



- Referred to as the Ballot Uniformity and Transparency Act.
- Effective date was September 11, 2022.
- Began affecting ballot language starting with the May 2023 election.



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HB 140



Highpoints from LSC bill analysis:

- Requires property tax election notices and ballot language to convey a property tax levy's rate in dollars for each \$100,000 of the "county auditor's appraised value" (**i.e., true value**), instead of in dollars for each \$100 of taxable value, in the following manner:
 - For a levy that is a renewal, decrease, increase, or expansion of an existing tax, the levy's effective tax rate for property classified as **residential/agricultural**; and
 - For all other levies, the levy's voted millage rate.
- Requires most ballot language and election notices to state the estimated amount the levy would collect annually.

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Example of Ballot Changes



Example of how ballot form for a **new** ORC § 5705.19 levy is amended in ORC § 5705.25:

Current Ballot Language	HB 140 Ballot Language
An additional tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____ at a rate not exceeding _____ mills for each one dollar of valuation, which amounts to (rate expressed in dollars and cents) _____ for each one hundred dollars of valuation, for _____ (life of indebtedness or number of years the levy is to run).	An additional tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____, that the county auditor estimates will collect \$ _____ annually, at a rate not exceeding _____ mills for each one dollar \$1 of valuation taxable value , which amounts to (rate expressed in dollars and cents) \$ _____ for each one hundred dollars \$100,000 of valuation the county auditor's appraised value , for _____ (life of indebtedness or number of years the levy is to run).

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Example of Ballot Changes



Example of how ballot form for a **renewal** ORC § 5705.19 levy is amended in ORC § 5705.25:

Current Ballot Language	HB 140 Ballot Language
A renewal of a tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____ at a rate not exceeding _____ mills for each one dollar of valuation, which amounts to (rate expressed in dollars and cents) _____ for each one hundred dollars of valuation, for _____ (life of indebtedness or number of years the levy is to run), commencing in _____ (first year the tax is to be levied), first due in calendar year _____ (first calendar year in which the tax shall be due).	A renewal of a tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____, that the county auditor estimates will collect \$ _____ annually, at a rate not exceeding _____ mills for each one dollar \$1 of valuation taxable value , which amounts to (rate expressed in dollars and cents) \$ _____ for each one hundred dollars \$100,000 of valuation the county auditor's appraised value [required to use "estimated effective rate" for residential/agricultural property for this calculation] , for _____ (life of indebtedness or number of years the levy is to run), commencing in _____ (first year the tax is to be levied), first due in calendar year _____ (first calendar year in which the tax shall be due).

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Cost Hypothetical



Assume a 5.00 mill levy on the ballot:

- *Pre*-HB 140, the cost to the taxpayer would have been **\$0.50** per \$100 of taxable value
- *Post*-HB 140, the cost to the taxpayer would now be on the ballot as **\$175** (millage x 35, rounded to the nearest dollar) per \$100,000 of true/market value (terminology is “county auditor’s appraised value”)



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Educational Efforts



- Local governments must help voters understand their needs on a continuing basis, not just at levy time.
- It will be easy for voters to focus on the amount estimated to be collected on the ballot before any other levy particulars.
- Voters will need educated on the difference between how property taxes are **levied** versus **paid**.
- Pending AOS guidance will make education efforts more challenging.



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Other Sources of Local Revenue



- Counties derive significant revenue from sales taxes.
- Municipalities generate most of their revenue from income taxes, but school districts can also use an income tax.
 - ❖ Two different tax bases: municipal income taxes are levied based on a combination of where you **work & live**, school district income taxes are levied solely based on where you **live**.
 - ❖ The long-term impact to municipal income tax revenues due to more remote work is still developing.



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Fund Accounting

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Reserving Funds



- ORC 5705.13 allows taxing authorities of political subdivisions to reserve / reallocate funds for the following specific purposes:
 1. Reserve balance accounts
 2. Termination benefits funds
 3. Capital projects funds
- The taxing authority must authorize the creation of such a fund or account by a majority vote on a resolution.

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Reserving Funds (cont.)



- Not a transfer of funds, but is rather a unique type of fund reallocation permitted by statute.
- Any cash from any fund that is authorized for the same purpose as the reserve balance account, termination benefits fund, or capital projects fund may transfer money into such a fund or account without regard to the transfer procedures set forth in ORC 5705.14 to 5705.16.
- The taxing authority may, by a simple majority vote, may pass a resolution rescinding such a fund or account. Any cash in such a fund or account is transferred back to the fund from which it came.

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Capital Projects Funds



- A taxing authority may establish by resolution a capital projects fund (“CPF”) for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the political subdivision.
 - “Fixed assets” includes motor vehicles.
- More than one CPF may be established and may exist at any time.

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Capital Projects Funds



Pursuant to ORC 5705.13(C), the legislation establishing a CPF must contain the following information:

1. Identify the fixed assets that the taxing authority intends to acquire, construct, or improve with the money to be accumulated in the CPF;
 - This identification of fixed assets can be done at a reasonable level of specificity.
2. Identify the source of the money to be used to fund the CPF;
3. The amount of money to be accumulated for such purposes; and
4. The period of time over which that amount is to be accumulated.

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CPFs – Additional Requirements



- Money cannot be accumulated indefinitely in a CPF. A political subdivision must **begin** spending it within 10 years after the legislation establishing the CPF is adopted.
 - A political subdivision does not have to complete spending all of the funds in a CPF within the 10-year time period.
- If a political subdivision does not enter into a contract to acquire, construct, or improve the fixed assets before the 10-year period is over, the treasurer must transfer all money in the capital projects fund to the fund or funds from which the money originally was transferred or the fund that originally was intended to receive the money.

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CPFs – Additional Requirements (cont.)



- A taxing authority can rescind a CPF at any time, in which case money that has accumulated in the CPF shall be transferred to the fund or funds from which the money originally was transferred.
- A taxing authority can also transfer money out of a CPF and back to the fund or funds from which the money originally was transferred without having to rescind the entire CPF.

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Reserve Balance Accounts



Reserve balance accounts (“RBAs”) authorized by ORC 5705.13(A) may be established for the purpose of accumulating currently available resources to:

- Stabilize budgets against cyclical changes in revenues and expenditures (a “rainy day fund”);
- Provide for payment of claims and deductibles under an individual or joint self-insurance program; or
- Provide for payments of claims, assessments, and deductibles under various types of workers’ compensation insurance plans.

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RBAs - Initial Requirements



The legislation establishing a reserve balance account (“RBA”) must state:

- The purpose for which the RBA is established;
 - Money to the credit of an RBA may be expended only for the purpose for which the account was established.
- The fund in which the RBA is to be established; and
- The total amount of money to be reserved in the RBA.

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RBA - Additional Requirements



As to which fund the RBA may be established in:

- For budget stabilizing RBAs, the account may be in the general fund or any one or more special funds for operating purposes.
 - In other words, more than one RBA may be established for budget stabilization purposes.
- For RBAs for the payment of (1) claims and deductibles under an individual or joint self-insurance program or (2) claims, assessments, and deductibles under various types of worker's compensation insurance plans, the RBA may be established in the general fund or in a separate internal service fund.
 - For each of these two purposes, only one RBA may be established per purpose.

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RBA – Budget Stabilization



- The amount of money to be reserved in an RBA for budget stabilization in any fiscal year shall not exceed 5% of the revenue credited in the preceding fiscal year to the fund in which the account is established.
- As a general rule, the county budget commission is prohibited from reducing a political subdivision's taxing authority due to the existence of an RBA, but that is subject to a reasonableness determination by the commission [see ORC 5705.29(F)].

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Termination Benefits Fund



- Sometimes referred to as a “**severance fund**,” it is a special revenue fund that can be established for the purpose of:
 1. accumulating resources for the payment of accumulated sick leave, vacation leave, and payments in lieu of taking compensatory time off upon the termination of employment or retirement of officers and employees of the political subdivision; or
 2. accumulating revenues for the payment of salaries during any year in which the number of pay periods exceeds the customary number of pay periods.
- As with RBAs and CPFs, a taxing authority can rescind a termination benefits fund at any time, in which case money that has accumulated is transferred back to the fund or funds from which the money originally was transferred.

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Introduction to Transfers



- Fund accounting ensures that legally restricted cash is segregated into a fund for a specific purpose.
- Transferring cash out of one fund and into another potentially permits spending the restricted cash in violation of its restricted purposes.
- The guidelines in the Ohio Revised Code and from the Auditor of State help to prevent such errors.

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Transfers



- A transfer is the permanent reallocation of cash or other assets without an equivalent flow of assets in return and without a repayment requirement. Transfers are made pursuant to ORC 5705.14 to 5705.16.
- ORC 5705.14 has a blanket prohibition on fund transfers unless an exception applies.
- In most instances, a transfer is from an unrestricted fund to restricted fund.
- For example, ORC 5705.14(E) allows transfers from the general fund to any other fund by just a majority vote of the taxing authority.

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Transfers (cont.)



- Once transferred, cash or assets is changed and subject to the restrictions of the receiving fund.
- Generally speaking, cash may never be transferred from restricted funds to unrestricted funds absent compliance with Ohio law for certain, limited situations.
- In rare instances, a transfer may be from a restricted fund to another restricted fund with the same purpose.

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Authorizing Transfers



- Other than transfers from the general fund and a few other very limited exceptions (such as a school district's transfer from the BRF to the PI fund), most other transfers require a resolution of the taxing authority and approval from the State tax commissioner pursuant to the procedures set forth in ORC 5705.16.
- Legislation authorizing a transfer from the general fund is adopted by a majority vote, other transfers require a 2/3 vote.
- The tax commissioner's office carefully evaluates each transfer request.

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Advances



- In contrast to the permanency of a transfer, an advance is a temporary reallocation of cash from one fund to another with an expectation of repayment within 12 months.
- Advances must be from a fund (the "creditor" fund) with statutory authority to use the cash for the same purpose for which the fund (the "debtor" fund) receiving the cash was established.
- AOS Bulletin 97-003 contains the necessary procedures for advances.

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Authorizing Advances



- All advances must be identified and approved by a formal resolution passed by the taxing authority before the transaction is completed.
- The resolution for the advance must include a specific statement that the transaction is an advance of cash and indicate the fund from which repayment is expected.

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Advance Requirements



Advances must:

- Not violate restrictions on the cash being advanced;
- Be repaid within 12 months;
- If not repaid by the end of the fiscal year, the altered cash balances must be considered in the appropriation resolution for both the creditor and debtor funds; and
- If not repaid within 12 months or the taxing authority otherwise determines that the advance should be treated as a transfer, the political subdivision must use formal transfer procedures to authorize a transfer, including obtaining the tax commissioner's approval (if applicable). The political subdivision then must reverse the entries recording the cash advance and repay the advance as a transfer.

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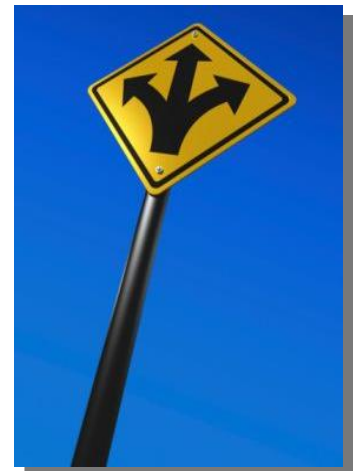
Financing Capital Projects

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Topics Addressed

- Sources of Funding Capital Improvements
- General Debt Concepts
- Debt Limitations
- Financing Alternatives Not Generally Payable from General Fund Revenues
- Financing Participants and Timeline



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Sources of Funding Permanent Improvements



- Cash
 - Property Taxes
 - Income Taxes
 - User Fees
 - Other Government Revenues
 - Economic Development Compensation Payments
- Debt Issuance-highly regulated by statutes



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Why Issue Debt?



- Impractical to pay project costs in cash
- Spread the cost of a project over current and future generations
 - Benefits are spread over several generations
 - One generation should not subsidize the next
- Payments equate to useful life of assets



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Capital Bond Purposes



- Finance asset or improvement with estimated useful life of at least five years



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Debt Concepts – General Obligation (G.O.) Debt



- “Full faith and credit and general taxing power” of subdivision is pledged to pay debt service
- May be paid out of General Fund of Issuer
- Priority over operating expenses of Issuer
- Subject to specific state constitutional and statutory limitations



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Debt Concepts - Voted General Obligation Debt



- Voted G.O. Debt
 - specifically approved by voters
 - special tax authorized (but not required to be levied)
 - unlimited as to rate or amount
 - most secure of all debt (best security, highest rating, lowest interest cost)



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Debt Concepts - Unvoted General Obligation Debt



- Unvoted G.O. Debt
 - first claim against revenues but no special tax
 - includes most special assessment debt



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Special Assessments



- Authority
 - ORC Section 727 – roads, water, sewer, utilities, parking structures
 - ORC 729 – sidewalks, curbs, gutters
- General obligation debt, subject to 10 mill limitation but not subject to the direct debt limits
- Voluntary v. Involuntary
 - Voluntary: Petition of property owners
 - Involuntary: Extensive process



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Special Assessment Debt



- Process
 - Multiple resolutions / ordinance
 - Ability for property owners to object
- Ways to assess:
 - by a percentage of the tax value of the property assessed
 - in proportion to the benefits that may result from the improvement
 - by the front footage of the property bounding and abutting upon the improvement



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Special Assessment Debt



- Assessment may not exceed 1/3 of actual value of property as improved
- A small portion of project must still be paid by political subdivision (2% and cost of intersections)



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Special Obligation or Revenue Debt



- Limited pledge of a specific revenue stream (no special tax)
 - Utility revenues
 - TIF revenues
 - Income tax revenues
 - Special assessment revenues
 - Limited pledge of a specific revenues
- Less secure than G.O. debt



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Considerations for Special or Revenue Obligations



- Number and type of users
- Coverage ratio
- Debt service reserve fund
- Additional security
- Trust indenture and related documents



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Direct Debt Limitations – Municipal Example



- Statutory/Direct Debt Limit (R.C. 133.05)
 - Unvoted Debt Limit: Aggregate principal may not exceed 5.5% of assessed valuation
 - Total Debt Limit (unvoted + voted): Aggregate principal may not exceed 10.5% of assessed valuation
- Example: Total assessed valuation of city X is \$400,000,000.
 - Unvoted debt capacity is \$22,000,000
 - Total debt capacity is \$42,000,000



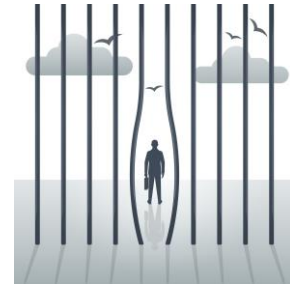
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Direct Debt Limitations – Exemptions



- Municipal Exemptions to the Direct Debt Limitations
 - Utility, Parking, Healthcare, Waste Management, Urban Redevelopment, Public Attraction, Natural Resource, and Correctional Facilities (ORC 133.05)
 - Income Tax Appropriation Bonds (ORC 133.05)
 - Motor Vehicle License and Gasoline Tax Bonds (ORC 133.05)
 - Public Improvements in Blighted Areas (ORC 5709.40(D))
 - Energy Conservation (ORC 717.02)



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Indirect Debt Limitation - Municipal



- ORC 5705.02 imposes a ten-mill (1.0%) limitation on each dollar of tax valuation
 - Must look at overlapping subdivisions
 - All unvoted debt (including exempt debt) are subject to this limitation



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Indirect Debt Limitation – Municipal



- The “ten-mill limitation” applies to the aggregate amount of taxes which may be levied for payment of debt service (principal and interest) on **unvoted** general obligations issued by all overlapping subdivisions taxing the same property
- Voter approval means the “ten-mill limitation” does not apply (“in excess of the ten mill limitation”)

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Ten-Mill Calculation Example



- Annual debt service for unvoted debt of subdivision X is \$200,000; total assessed value of subdivision X is \$100,000,000
- Millage calculation:

$$\frac{\text{Total annual debt service}}{\text{Total assessed valuation}} \times 1,000$$

$$(\$200,000 / \$100,000,000) \times 1,000 = 2 \text{ mills}$$



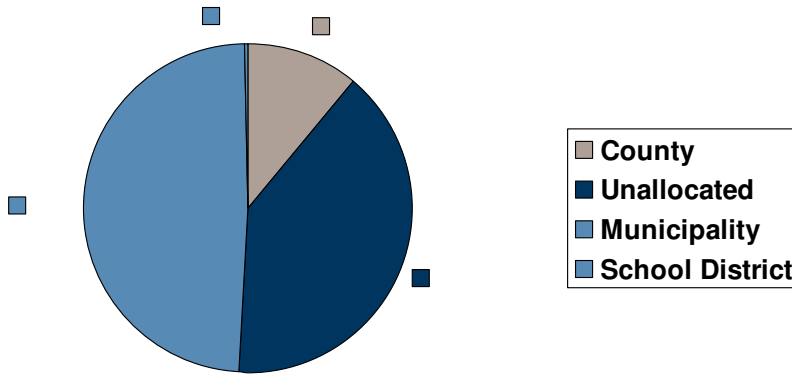
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Indirect Debt Limitation



Example of 10-Mill Allocation:



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Ten-Mill Certification



Overlapping Subdivisions	Total Assessed Valuation	Total debt charges for calendar year in which the aggregate debt charges for all overlapping subdivisions is the highest - 2018	Required Tax Rate For Debt Charges in prior Column
County	\$ 27,878,269,480	\$ 28,944,360	1.03824 MILLS
Village	\$ 154,579,650	\$ 0	0 MILLS
School District	\$ 691,993,180	\$ 378,098	0.54639 MILLS
RTA	\$ 27,878,269,480	\$ 0	0 MILLS
PROPOSED ISSUE		\$ 134,868.51	0.87249 MILLS
TOTAL			2.45712 MILLS

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Participant Roles & Responsibilities

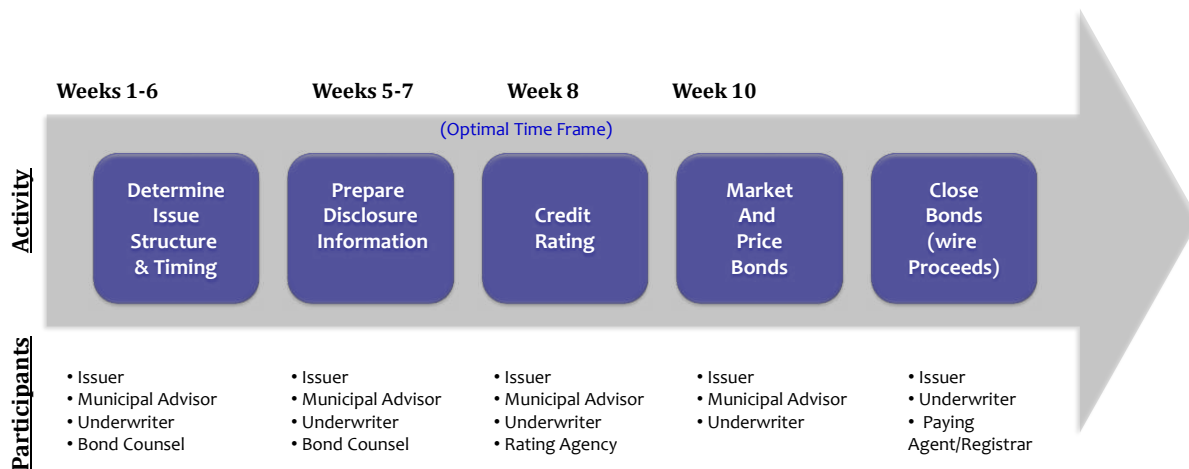


Issuer	Municipal Advisor	Underwriter	Bond Counsel
<ul style="list-style-type: none"> Approve bond legislation Assist with preparation of disclosure data Make rating & insurance presentations (if applicable) Make bond payments Post sale responsibilities 	<ul style="list-style-type: none"> Provide financing plan assistance Develop schedule Provide rating agency & bond insurer preparation assistance Provide structuring advice Provide market comps 	<ul style="list-style-type: none"> Perform due diligence on disclosure Assist with financing plan, structuring, and credit rating Provide market information and comps from trading desk Market and sell the bonds 	<ul style="list-style-type: none"> Prepare bond resolution Provide Official Statement/disclosure preparation assistance Prepare various deal related legal documents Provide legal opinion to investors

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Timeline of a Bond Issue



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Questions



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