**What is the 20 Mill Floor?**

To get a general understanding of Ohio tax vocabulary, the following are some key terms and give some basics of Ohio taxes.

* **Millage / Mill** - The unit of value representing the rate used to calculate property taxes in Ohio. In cash terms, it is one-tenth of a penny (.001).
* **Inside Millage** - Mills that, under the state constitution, local governments are permitted to share without a vote of the people. Johnstown-Monroe does not change this rate, and it has been 4.6 mills for over 30 years.
* **Outside Millage** - The total millage approved by voters, also referred to as voted mills.
* **Effective Millage** - The rate of taxation, expressed in mills, multiplied by the assessed value, raises the same dollar amount that was voted. Since 1976, House Bill 920 established reduction factors that prohibited an inflationary increase in the amount of taxes levied against real property.

When a levy is passed by the voters, it is passed for a certain number of mills, which bring in a certain amount of funding to a school district. As property values increase, the millage required to bring in those dollars decreases so that the levy will bring in the same amount of money originally approved by the levy. These reductions in mills are known as “reduction factors.”

Current expense levies are used for the general operations of a school district. These levies can be either inside or outside the 10-mill limitation. Inside current expense levies are not subject to tax reduction factors. Outside current expense levies are subject to reduction, but with a very important restriction. The law specifies that the application of the tax reduction factors cannot cause a school district’s effective current expense millage rate (inside and outside combined) to fall below 20 mills (this is referred to as the 20-mill floor).

When a district reaches the 20-mill floor, the millage will not decrease any further, which causes a school district to see additional funding for all increases in valuation that occur after reaching the 20-mill floor. This results in increases in property taxes to residents.

The 20-mill floor applies to operating levies only, and does not apply to bond, permanent improvement, emergency, or income tax levies. Johnstown-Monroe Local School District has reached the 20 mill floor for Tax Year 2017. Below is a representation of Johnstown-Monroe’s effective millage for Tax Year 2017:

 *Subject to the 20 mill floor*

 Inside/Outside voted millage 20.00

 *Not Subject to the 20 mill floor*

 Emergency Levy 7.80

 Bond Levy 6.00

 PI Levy 0.50

 Total Effective Millage 34.30

All properties in a county are reviewed every three years by the County Auditor to determine if the market value of property in the county is being taxed at a fair amount. These County Auditor reviews are called the sexennial reappraisal and the triennial update, which sets what the county shows as a property’s fair market value. Licking/Delaware Counties just went through the sexennial reappraisal during 2017, which effect tax bills for 2018. Property taxes are not paid, however, on market value but on the “assessed value,” which in Ohio is 35% of a property’s fair market value.