



DATE: July 7, 2016

TO: Tom Kneeland, Mayor

FROM: Anthony Jones, Development Director

SUBJECT: School Impact Analysis for the Darling Road Annexation Project

On July 7th, I reached out to the Ohio Department of Taxation in an effort to better understand the financial impact that the Darling Road Annexation Project (“Project”) will have on the Gahanna-Jefferson School District (“School District”). A summary of my findings are below.

Let me begin by stating that there are two ways that property valuations change: revaluations based upon appraisals from the County Auditor and new construction activities. These two reasons for changes in property valuations are pertinent to determine any financial impact to the School District.

There are three types of levies that are currently being applied to the Gahanna-Jefferson School District: Bond Levies, Inside Millage Levies and Fixed Rate Levies. These levy types dictate the Project’s financial impact on the School District.

- 1) **Bond Levies:** Currently the School District has three separate bond levies. At this time, the total millage being collected from three separate bond levies is equal to 1 mill. These levies were passed in 1992, 1994 and 1998. These levy types are what is referred to as “Fixed Sum Levies”. Fixed Sum Levies identify a specific dollar amount that the School District will collect for the Bond Issuance. This amount is then collected through applying additional millage on properties within the School District. The financial impact from property revaluations and new construction activities are outlined below.
 - a. For properties that increase in their value based upon revaluations from the Franklin County Auditor, the School District will receive no additional property tax revenue.
 - b. For properties that increase in their value based upon new construction activities, the School District will not receive any additional property tax revenue.
 - c. Any increased property valuations, either from revaluations or new construction activities, will not result in new property taxes to the School District. Rather it would result in a lower effective millage rate that is applied to all properties within the School District in order to ensure that only the “Fixed Sum” amount is collected by the School District.

- 2) **Inside Millage Levies:** Currently the School District collects 4.4 mills as part of their Inside Millage Levies. These levy types are what is referred to as “Full Performance Levies” because the tax revenue that is generated from the millage increases and decreases corresponding to the changing property valuations within the School District. The financial impact from property revaluations and new construction activities are outlined below.
 - a. For properties that increase in their value based upon revaluations from the Franklin County Auditor, the School District will receive additional property tax revenue. If the properties decrease in their value based upon revaluations from the Franklin County Auditor, the School District will receive less property tax revenue.
 - b. For properties that increase in their value based upon new construction activities, the School District will receive additional property tax revenue. If the properties decrease in their value based upon new construction activities (demolition), the School District will receive less property tax revenue.
 - c. The property tax revenue collected by Inside Millage Levies is completely dependent upon the property values of the School District. As the properties of the School District fluctuate, the property taxes collected on those properties fluctuate accordingly. Property tax collections are directly linked to property valuations.

- 3) **Fixed Rate Levies:** Currently the School District collects 37.48 mills as part of their Fixed Rate Levies. The reason for the change in property valuation determines the amount the School District collects in property taxes. The financial impact from property revaluations and new construction activities are outlined below.
 - a. For properties that increase in their value based upon revaluations from the Franklin County Auditor, the School District will receive no additional property tax revenue.
 - b. For properties that increase in their value based upon new construction activities, the School District will receive additional property tax revenues.
 - c. The property tax revenue collected by the Fixed Rate Levies is completely dependent upon the reason for the change in property valuation. As new construction activities occur within the School District, the School District will receive additional property tax revenue.

Conclusion

The Project will result in the construction of 93 new homes that will have an average evaluation of \$450,000. Therefore, the estimated total property tax valuation for the Project is \$41,850,000. Based upon the Inside Millage Levies (4.4 mills) and the Fixed Rate Levies (37.48 mills), the financial impact on the School District will be \$613,442 in new annual property tax revenue.