

**H.B. 66 – Library Tax Losses Caused by Personal Property Tax Changes**  
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This paper explains two tables of data related to the personal property tax changes proposed in H.B. 66. The proposed changes in that legislation would reduce the assessment rate for manufacturing machinery and equipment from 25% in tax year 2005 (TY05) to 12 ½% in TY06 and 0% in TY07. These changes also would reduce the assessment rate on inventory property from 23% in TY05 to 22% in TY06, 21% in TY07, 14% in TY08, 7% in TY09, and 0% in TY10. By TY10, these changes will eliminate 75% of the total personal property tax base as it exists in 2005.

The tables combine two sets of data published by the Ohio Department of Taxation (ODT). First, ODT has published tax rates by taxing district from the 2003 tax rate abstract. Second, ODT has published tangible personal property valuations by taxing district for 2002. The tables combine separate tax levies for the same library district, and they combine valuations from different taxing districts included within each library district.

The Table 1 shows the taxes charged against tangible personal property as estimated for 2005 using TY02 values and TY03 tax rates. (*Table 1 appears at the end of this paper.*) The personal property tax base is not static, but it does not grow with the same regularity as real property valuations. The use of 2002 values to simulate TY05 values undoubtedly results in projections which differ in detail from the ultimate actual tax revenues or losses, but it is the best data available. The Table 1 has four columns which show: the name of the library district, the tax rate for 2003 in mills, the valuation in tax year 2002, and the estimated 2005 taxes obtained by multiplying the tax rate times the valuation.

The Table 2 estimates the losses associated with the schedule of assessment percentage reductions proposed in H.B. 66. (*Table 2 appears at the end of this paper.*) To emphasize that these amounts represent losses, the table shows them as negative numbers. By 2010, each library would have approximately 25% of the total shown in the first table as its personal property revenue, assuming that the library does not obtain approval for any new levies.

Real property revenues are not affected by H.B. 66. To the extent that any losses in personal property taxes shown on Table 2 occur in taxes charged for debt service, automatic replacement will occur through an adjustment in taxes charged against the remaining taxable property.

Tables 1 and 2 do not show the effect of replacement revenue provided by other provisions of H.B. 66. The bill provides for the replacement of personal property tax losses based on the personal property valuation and tax rates charged in 2004. The replacement amount is computed separately for manufacturing machinery and equipment and inventory. The table below shows an *approximate* percentage of each year's loss for which the State will provide replacement revenue.

**Table 3: Percentage of Personal Property Revenue Loss for Libraries Replaced through Special State Replacement Revenue**

<b>Tax Year</b>	<b>Approximate Percentage of Base Year 2004 Revenue Loss Replaced</b>
TY06	100%
TY07	100%
TY08	93%
TY09	90%
TY10	88%
TY11	77%
TY12	65%
TY13	53%
TY14	41%
TY15	29%
TY16	17%
TY17	6%
TY18	0%

The table slightly overstates the replacement percentage in the first and second year. Actual replacement percentages could differ depending upon the relative share of machinery and equipment or inventory as a percentage of total personal property valuation in each library district.

For example, if the amounts shown on the three tables are combined for the Cleveland Public Library, Table 1 shows that a 6.8 mill tax yields revenue of about \$5.8 million from a personal property tax base of \$852 million. Table 2 shows that by 2010, the Cleveland Library will lose 75% of its revenue or about \$4.3 million. Table 3 shows that revenue replacement payments will pay for 88% of that loss in 2010 which means a replacement payment of about \$3.8 million in that year. After 2010, the replacement amount becomes less each year so that by 2018, the Cleveland Library must bear the full impact of the \$4.3 million loss in personal property taxes.

Note: The estimated losses shown on Table 2 assume that the different types of tangible personal property are evenly distributed in each library district. However, an average distribution among the different types of personal property does not necessarily occur in each district. A district with a disproportionate amount of inventory and manufacturing machinery and equipment valuation in its tax base would suffer greater losses than estimated. A district with a disproportionate amount of “furniture and fixtures,” which remain taxable, would not lose as much as predicted. The larger a library district is, the more likely it is to have a fairly representative distribution of personal property types. Generally, the loss projections and the estimated percentage replacements should provide an indication of the magnitude of the net loss rather than a precise estimate of dollar losses.

**Table 1: Library Taxes Charged Against Tangible Personal Property Based on Tax Year 2003 Tax Rates in Mills and Tax Year 2002 Valuation**

Library	MillsTY03	TY02 Value	Estimated TY05 Taxes
Akron Summit Library Dist	0.78	755,810,959	589,533
Amherst Public Library	1.00	34,212,160	34,212
Archbold Community Library	0.40	77,810,410	31,124
Ashland Public Library	0.10	76,323,565	7,632
Avon City	1.20	25,843,840	31,013
Avon Lake Public Library	1.80	85,523,650	153,943
Bellevue Public Library District	0.80	45,851,425	36,681
Berlin Milan Public Library	0.80	24,515,962	19,613
Bettsville Library District	0.40	2,329,055	932
Blanchester Library District	1.00	20,819,960	20,820
Bluffton Library	0.60	18,177,086	10,906
Brown County Public Library	0.75	19,174,797	14,381
Burton Public Library District	1.00	20,538,500	20,539
Champaign Library District	0.40	53,098,387	21,239
Clermont County	0.50	201,346,003	100,673
Cleveland Hts Library	5.90	25,539,854	150,685
Cleveland Library	6.80	852,234,218	5,795,193
Clyde Public Library District	1.50	33,922,130	50,883
Col.&Franklin County Pub Lib D	2.20	1,967,049,601	4,327,509
Columbia Twp	1.44	3,819,830	5,501
Cuyahoga County Library	1.40	1,676,807,706	2,347,531
Dayton-Montgomery Co Library	0.26	1,070,749,007	278,395
Delaware Co. District Library	0.12	255,782,941	30,694
Delphos Library	0.60	25,357,919	15,215
Delta Public Library	1.00	14,258,550	14,259
East Cleveland Library	4.00	17,029,261	68,117
Ella Everhard Public Library	1.75	48,300,176	84,525
Euclid Library	2.50	90,128,261	225,321
Gallia County Library	0.30	40,434,839	12,130
Geauga County Library District	1.00	148,787,510	148,788
Greene County	0.35	179,381,810	62,784
Greenwich Corp	0.50	2,715,360	1,358
Harbor-Topky Memorial Library	2.00	1,426,300	2,853
Hudson City	1.00	58,556,195	58,556
Huron Csd	0.10	23,671,824	2,367
Huron Public Library	0.80	23,671,824	18,937
Huron Twp Exc Huron City	0.16	10,608,542	1,697
Jefferson Twp	0.50	15,948,710	7,974
Jefferson Twp	0.50	1,362,900	681
Kent Free Library District	1.90	42,088,529	79,968
Knox Co. Library District	0.65	109,284,109	71,035
Lake County Library District	1.80	103,118,478	185,613

<b>(Table 1 Continued) Library</b>	<b>MillsTY03</b>	<b>TY02 Value</b>	<b>Estimated TY05 Taxes</b>
Lakewood Library	3.50	28,345,579	99,210
London Public Library	1.20	28,561,050	34,273
Lorain Public Library	2.49	130,493,690	324,929
Madison Public Library	1.00	12,664,455	12,664
Mahoning County	0.60	348,147,510	208,889
Mansfield/Richland Co Library Dist	2.27	241,465,092	548,126
Medina County Library Dist	2.25	247,816,223	557,587
Mentor Public Library	0.63	182,121,185	113,826
Mt. Gilead Evsd Library District	1.10	7,660,540	8,427
N Ridgeville City	1.46	29,101,850	42,489
Napoleon Public Library	1.00	65,433,038	65,433
Newcomerstown Public Library	1.00	11,636,460	11,636
Newton Falls Public Library	1.50	8,149,210	12,224
North Canton Public Library	0.50	49,514,682	24,757
Norwalk Public Library	0.55	39,413,250	21,677
Oberlin Public Library	3.00	9,029,840	27,090
Orrville Public Library	0.75	53,823,120	40,367
Patrick Henry Lsd	0.20	7,332,505	1,467
Perry Co Library District	0.60	24,804,334	14,883
Perry Twp. Library District	0.60	24,217,442	14,530
Reed Memorial Library	1.61	49,965,734	80,445
Ridgemont Public Library	0.50	1,150,466	575
Ritter Library District	1.00	28,083,832	28,084
Rocky River Library	4.70	20,434,063	96,040
Rossford Public Library	1.00	117,169,455	117,169
Shaker Hts Library	4.00	18,235,730	72,943
Sheffield Lake City	1.54	6,038,100	9,299
Tuscarawas County Public Library	0.44	132,738,950	58,405
Twinsburg Library District	1.00	202,151,778	202,152
Upper Arlington Public Library	2.00	21,868,183	43,736
Vermilion Lsd	0.10	28,083,832	2,808
Vinton County	0.40	13,687,645	5,475
Warder Library Dist	0.16	227,070,378	36,331
Warren Trumbull Co. Public Library	0.40	394,722,560	157,889
Wauseon Evsd	0.15	21,586,210	3,238
Wayne County Public Library	1.00	224,349,584	224,350
Westerville Public Library	0.80	112,122,104	89,698
Westlake Library	2.50	74,078,302	185,196
Wickliffe Public Library	1.20	52,151,436	62,582
Willoughby-Eastlake Public Lib	1.30	181,608,233	236,091
Wood County District Library	0.30	140,859,782	42,258
Worthington Public Library	2.20	222,032,266	488,471
Wright Memorial Public Library	0.94	2,624,221	2,467

**Table 2: Library Tax Reductions Based on Tax Year 2003 Tax Rates in Mills, Tax Year 2002 Valuation, and Changes Proposed in HB 66 – TY06 – TY10**

<b>Library</b>	<b>TaxLossTY06</b>	<b>TaxLossTY07</b>	<b>TaxLossTY08</b>	<b>TaxLossTY09</b>	<b>TaxLossTY10</b>
Akron Summit Library Dist	(100,221)	(200,441)	(282,976)	(365,510)	(442,149)
Amherst Public Library	(5,816)	(11,632)	(16,422)	(21,212)	(25,659)
Archbold Community Library	(5,291)	(10,582)	(14,940)	(19,297)	(23,343)
Ashland Public Library	(1,298)	(2,595)	(3,664)	(4,732)	(5,724)
Avon City	(5,272)	(10,544)	(14,886)	(19,228)	(23,259)
Avon Lake Public Library	(26,170)	(52,340)	(73,892)	(95,444)	(115,457)
Bellevue Public Library	(6,236)	(12,472)	(17,607)	(22,742)	(27,511)
Berlin Milan Public Library	(3,334)	(6,668)	(9,414)	(12,160)	(14,710)
Bettsville Library District	(158)	(317)	(447)	(578)	(699)
Blanchester Library District	(3,539)	(7,079)	(9,994)	(12,908)	(15,615)
Bluffton Library	(1,854)	(3,708)	(5,235)	(6,762)	(8,180)
Brown County Public Library	(2,445)	(4,890)	(6,903)	(8,916)	(10,786)
Burton Public Library District	(3,492)	(6,983)	(9,858)	(12,734)	(15,404)
Champaign Library District	(3,611)	(7,221)	(10,195)	(13,168)	(15,930)
Clermont County	(17,114)	(34,229)	(48,323)	(62,417)	(75,505)
Cleveland Hts Library	(25,616)	(51,233)	(72,329)	(93,425)	(113,014)
Cleveland Library	(985,183)	(1,970,366)	(2,781,692)	(3,593,019)	(4,346,395)
Clyde Public Library District	(8,650)	(17,300)	(24,424)	(31,548)	(38,162)
Col.&Franklin County Pub	(735,677)	(1,471,353)	(2,077,204)	(2,683,056)	(3,245,632)
Columbia Twp	(935)	(1,870)	(2,640)	(3,410)	(4,125)
Cuyahoga County Library	(399,080)	(798,160)	(1,126,815)	(1,455,469)	(1,760,648)
Dayton-Montgomery Co	(47,327)	(94,654)	(133,629)	(172,605)	(208,796)
Delaware Co. District Library	(5,218)	(10,436)	(14,733)	(19,030)	(23,020)
Delphos Library	(2,587)	(5,173)	(7,303)	(9,433)	(11,411)
Delta Public Library	(2,424)	(4,848)	(6,844)	(8,840)	(10,694)
East Cleveland Library	(11,580)	(23,160)	(32,696)	(42,233)	(51,088)
Ella Everhard Public Library	(14,369)	(28,739)	(40,572)	(52,406)	(63,394)
Euclid Library	(38,305)	(76,609)	(108,154)	(139,699)	(168,990)
Gallia County Library	(2,062)	(4,124)	(5,823)	(7,521)	(9,098)
Geauga County Library	(25,294)	(50,588)	(71,418)	(92,248)	(111,591)
Greene County	(10,673)	(21,346)	(30,136)	(38,926)	(47,088)
Greenwich Corp	(231)	(462)	(652)	(842)	(1,018)
Harbor-Topky Memorial	(485)	(970)	(1,369)	(1,769)	(2,139)
Hudson City	(9,955)	(19,909)	(28,107)	(36,305)	(43,917)
Huron Csd	(402)	(805)	(1,136)	(1,468)	(1,775)
Huron Public Library	(3,219)	(6,439)	(9,090)	(11,741)	(14,203)
Huron Twp Exc Huron City	(289)	(577)	(815)	(1,052)	(1,273)
Jefferson Twp	(1,356)	(2,711)	(3,828)	(4,944)	(5,981)
Jefferson Twp	(116)	(232)	(327)	(422)	(511)
Kent Free Library District	(13,595)	(27,189)	(38,385)	(49,580)	(59,976)
Knox Co. Library District	(12,076)	(24,152)	(34,097)	(44,041)	(53,276)
Lake County Library District	(31,554)	(63,109)	(89,094)	(115,080)	(139,210)

<b>(Table 2 continued)</b>					
<b>Library</b>	<b>TaxLossTY06</b>	<b>TaxLossTY07</b>	<b>TaxLossTY08</b>	<b>TaxLossTY09</b>	<b>TaxLossTY10</b>
Lakewood Library	(16,866)	(33,731)	(47,621)	(61,510)	(74,407)
London Public Library	(5,826)	(11,653)	(16,451)	(21,249)	(25,705)
Lorain Public Library	(55,238)	(110,476)	(155,966)	(201,456)	(243,697)
Madison Public Library	(2,153)	(4,306)	(6,079)	(7,852)	(9,498)
Mahoning County	(35,511)	(71,022)	(100,266)	(129,511)	(156,666)
Mansfield/Richland Co Lib	(93,181)	(186,363)	(263,100)	(339,838)	(411,094)
Medina County Library Dist	(94,790)	(189,579)	(267,642)	(345,704)	(418,190)
Mentor Public Library	(19,350)	(38,701)	(54,636)	(70,572)	(85,369)
Mt. Gilead Evsd Library Dist	(1,433)	(2,865)	(4,045)	(5,224)	(6,320)
N Ridgeville City	(7,223)	(14,446)	(20,395)	(26,343)	(31,867)
Napoleon Public Library	(11,124)	(22,247)	(31,408)	(40,568)	(49,075)
Newcomerstown Public Lib	(1,978)	(3,956)	(5,586)	(7,215)	(8,727)
Newton Falls Public Library	(2,078)	(4,156)	(5,867)	(7,579)	(9,168)
North Canton Public Library	(4,209)	(8,417)	(11,884)	(15,350)	(18,568)
Norwalk Public Library	(3,685)	(7,370)	(10,405)	(13,440)	(16,258)
Oberlin Public Library	(4,605)	(9,210)	(13,003)	(16,796)	(20,317)
Orrville Public Library	(6,862)	(13,725)	(19,376)	(25,028)	(30,276)
Patrick Henry Lsd	(249)	(499)	(704)	(909)	(1,100)
Perry Co Library District	(2,530)	(5,060)	(7,144)	(9,227)	(11,162)
Perry Twp. Library District	(2,470)	(4,940)	(6,975)	(9,009)	(10,898)
Reed Memorial Library	(13,676)	(27,351)	(38,614)	(49,876)	(60,334)
Ridgemont Public Library	(98)	(196)	(276)	(357)	(431)
Ritter Library District	(4,774)	(9,549)	(13,480)	(17,412)	(21,063)
Rocky River Library	(16,327)	(32,654)	(46,099)	(59,545)	(72,030)
Rossford Public Library	(19,919)	(39,838)	(56,241)	(72,645)	(87,877)
Shaker Hts Library	(12,400)	(24,801)	(35,013)	(45,225)	(54,707)
Sheffield Lake City	(1,581)	(3,162)	(4,463)	(5,765)	(6,974)
Tuscarawas County Public L	(9,929)	(19,858)	(28,034)	(36,211)	(43,804)
Twinsburg Library District	(34,366)	(68,732)	(97,033)	(125,334)	(151,614)
Upper Arlington Public Libra	(7,435)	(14,870)	(20,993)	(27,117)	(32,802)
Vermilion Lsd	(477)	(955)	(1,348)	(1,741)	(2,106)
Vinton County	(931)	(1,862)	(2,628)	(3,395)	(4,106)
Warder Library Dist	(6,176)	(12,353)	(17,439)	(22,525)	(27,248)
Warren Trumbull Co. Public L	(26,841)	(53,682)	(75,787)	(97,891)	(118,417)
Wauseon Evsd	(550)	(1,101)	(1,554)	(2,008)	(2,428)
Wayne County Public Library	(38,139)	(76,279)	(107,688)	(139,097)	(168,262)
Westerville Public Library	(15,249)	(30,497)	(43,055)	(55,613)	(67,273)
Westlake Library	(31,483)	(62,967)	(88,894)	(114,821)	(138,897)
Wickliffe Public Library	(10,639)	(21,278)	(30,039)	(38,801)	(46,936)
Willoughby-Eastlake Public	(40,135)	(80,271)	(113,324)	(146,376)	(177,068)
Wood County District Library	(7,184)	(14,368)	(20,284)	(26,200)	(31,693)
Worthington Public Library	(83,040)	(166,080)	(234,466)	(302,852)	(366,353)
Wright Memorial Public Lib	(419)	(839)	(1,184)	(1,529)	(1,850)
<b>Total Statewide Loss</b>	<b>(3,327,239)</b>	<b>(6,654,477)</b>	<b>(9,394,556)</b>	<b>(12,134,635)</b>	<b>(14,678,994)</b>