

026 Adjustment FY08 and Beyond

Sometimes it is determined that a taxpayer has overpaid their real, personal or public utility property taxes and is awarded refunds from a school district and other taxing districts. RC3317.026 provides for the Department of Taxation to certify to the Ohio Department of Education by June 1st, valuation reductions that resulted in tax refunds in the preceding tax year if these refunds exceeded 3% of the preceding tax year's operating tax levies' receipts. Refunds may be for any tax year or combination of tax years, as long as the refund was obligated in the preceding tax year; the actual repayment can occur over a period of years. In the case of refunds that are scheduled to be paid in multiple years, for purposes of this calculation the entire refund is assumed to have been paid in the year of the initial payment or when the obligation to repay is incurred.

In a sense, to compensate school districts for having to make refunds and to make their charge offs more representative of their actual ability to pay their local share, and based on certifications received from the Department of Taxation, the Department of Education is required under 3317.026 to pay the school district an adjustment (the 026 adjustment) based on the following calculation steps:

- 1) "State Education Aid" as defined in ORC 5751.20(A), which is the sum of the items in the SF-3 down through line 19 Transitional Aid, based on current fiscal year valuations is calculated using originally certified valuations. This calculation includes calculations under:

3317.022

- A. Basecost Aid (includes building blocks, Poverty Based Assistance (3317.029) and ParityAid (3317.0217))
- C(1) Special Ed. Weighted Aid
- C.(4) Speech Allowance
- D. Transportation (see note below)
- E. Career Tech Weighted Aid
- F. Excess Cost Supplement

3317.023

- B. Pupil/Teacher Adjustment
- C. Teacher Training & Experience Adjustment
- D. Pupil/ESP Adjustment

3317.024

- (L) Gifted Aid
- (N) GRADS

3317.0216 Charge-off Supplement Aid

3317.053 Supplemental Unit Allowance for Gifted Units

Section 269.30.80 of HB 119 Transitional Aid Guarantee

Note: Transportation is calculated according to Section 269.20.80 of HB 119 of the 127th General Assembly

All of the above calculations translate into the sum of the lines through line19 (Transitional Aid) of the FY08 SF-3.

- 2) All calculations in #1 are summed
- 3) State Education Aid under 5751.20(A) that was calculated in #1 above is recalculated using a valuation that has been reduced by the amount of valuation certified as the valuation reduction upon which the previous calendar year's tax refund was based
- 4) The results of the recalculations in #3 are summed.

- 5) The sum from #2 is subtracted from the sum in #4 and the difference is paid to the district as the 026 adjustment upon approval of the director of the office of budget and management on or before the 31st of July following the end of the fiscal year for which the calculations are made.
- 6) Payment will be reduced by the amount of any catastrophic grant received under 3316.20 if such grant was received on the basis of the same circumstances for which the 026 adjustment was calculated.