PROPERTY TAX WORKING GROUP

Protecting homeowners, strengthening neighborhoods.

June Meeting Agenda

Thursday, June 20, 2019 | 9:00 – 10:30 a.m.
Human Resources Training Room B (2nd Floor)
Two Centennial Plaza, 805 Central Avenue

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1. **Welcome and Introductions**

2. **Guest Speaker Presentation with Q & A**
    - Jennifer M. Wagner, Cincinnati Public Schools Treasurer and Chief Financial Officer
    - Ms. Wagner covered the following topics:
        - CPS revenue sources
        - CPS general operating fund revenue sources
        - Fixed sum vs. fixed rate levies
        - Hypothesis on the impact of freezing fixed income property taxes
    - Please see the full PowerPoint Presentation below.

3. **Small Group Report Out**
    - ***Group 1: Property taxes and legacy, disabled, and senior residents***
        - Update on May discussion (see May 16, 2019 Notes for more details):
            - Data based approach v. perception
            - Valuation v. income v. taxation
            - Funding via property tax v. income tax
            - Impact of levies (schools, eg Preschool Promise program)
            - Potential approaches/solutions :
                - tax relief benefits for the elderly
                - development – smart, inclusive, responsive to the community
                - Proposition 13
                - Equity in funding schools
                - Factor in …
                    i. Age
                    ii. Income
                    iii. Time at property
                    iv. Ownership
                - Deferrals
        - Questions to be addressed/data needed:
            - More information on best practices from around the country – Council on Aging is preparing a report with a potential recommendation based on research from around the

country. This should be ready to present to the PTWG in August.
    - Potential guest speaker opportunity: Chris Auffrey, a working group member, is doing research in conjunction with the Haile Foundation on neighborhood change. This data may be helpful to the PTWG.
    - Data on seniors (62+) in Cincinnati using recent data (ACS 2013-2017)
    - Data on disabled population in Cincinnati
- ***Group 2: Tax abatements***
  - Update on May discussion (see May 16, 2019 Notes for more details)
    - Property taxes too high.
    - Property tax rate too high.
    - Levies
    - Increased Density increases infrastructure pressure.
    - Small number (1-10) unit buildings and smaller budget developers/developments have unique challenges that do not allow them to take full advantage of the CRA.
    - See questions below.
  - Questions to be addressed/data needed:
    1. Do Tax Abatements or TIFs for development make property taxes for existing homeowners go up?
        a. Residential and/or Commercial CRAs?
            i. Residential – one-unit, two-four unit, 4+ unit
        b. New Construction and/or Rehab?
        c. If so, how?
        d. If not, then why does this perception linger?
    2. Do Tax Abatements allow a property to pay less than it paying currently?
        a. Can the process of tearing down a house and then petitioning the county to reassess the parcel at a lower value and then building a new home (thus lowering the amount the county is getting currently) be shut down completely?
    3. Do Tax Abatements promote or magnify gentrification?
    4. Do Tax Abatements promote or magnify teardowns?
    5. Do Tax Abatement deals get reviewed or is it a 100% acceptance of applications?
    6. Do Tax Abatement deals get analyzed for the City's return on its investment and the impact to its constituents (both positive and negative)?

7. Why are we allowing Tax Abatements in neighborhoods that have a high demand for housing already?
8. How much additional revenue is the City/County receiving every year by these properties coming out of the tax abatement and setting a new higher tax base for the City/County to budget/spend from?
9. Not enough affordable and quality housing in most neighborhoods. Could the VTICA help with this?

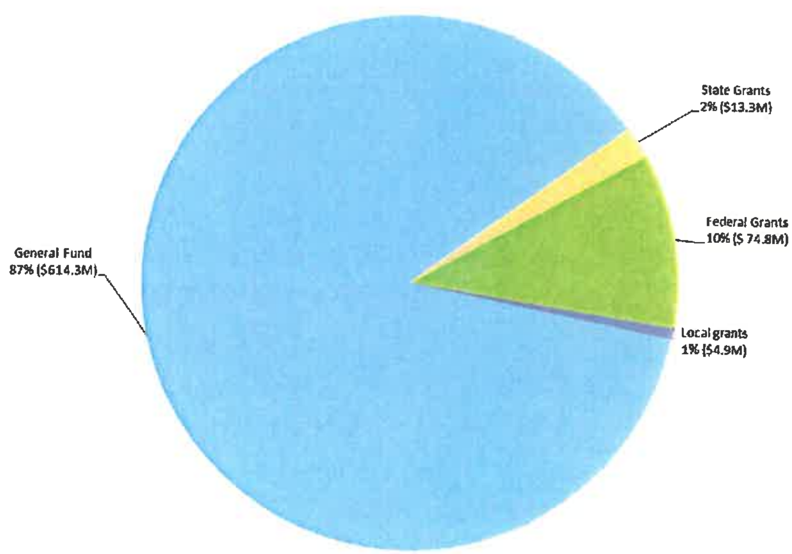
4. Next Steps

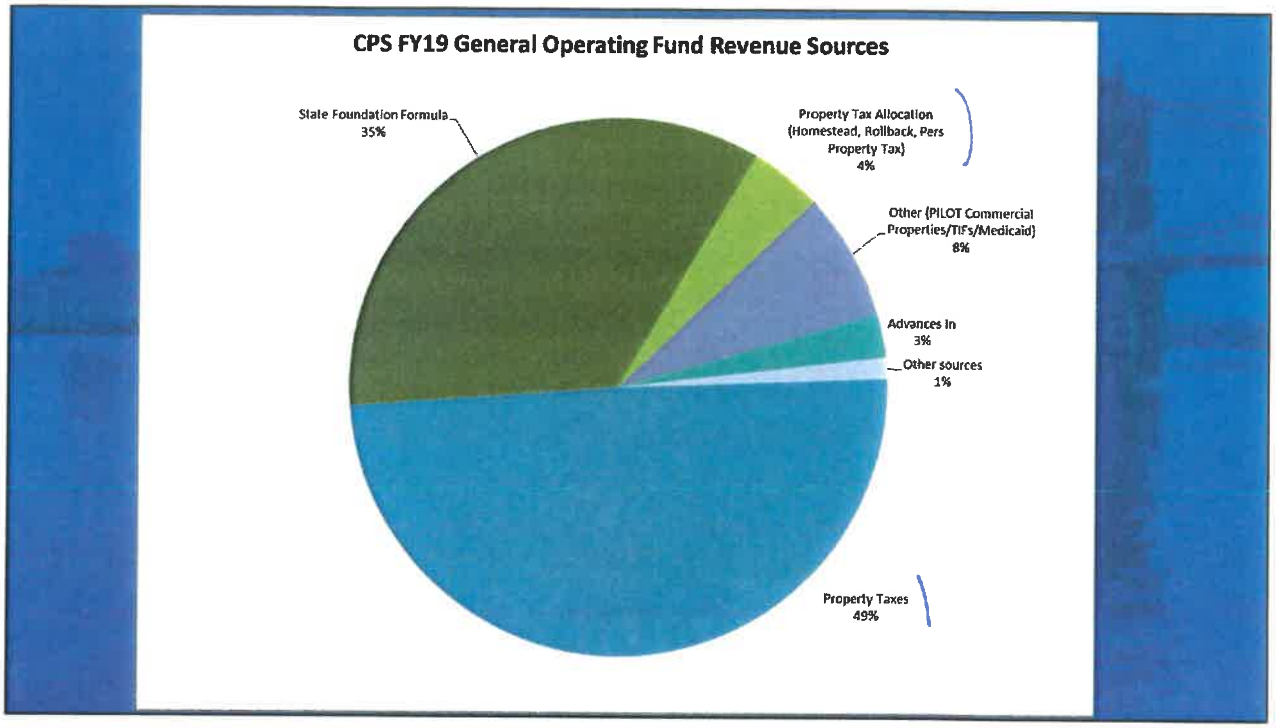
- Next meeting – Thursday, July 18th
- Share information about PTWG with your constituents/community
- Send resources/references to share with group via PTWG webpage (cincinnati-oh.gov/propertytaxproject) to samantha.mclean@cincinnati-oh.gov

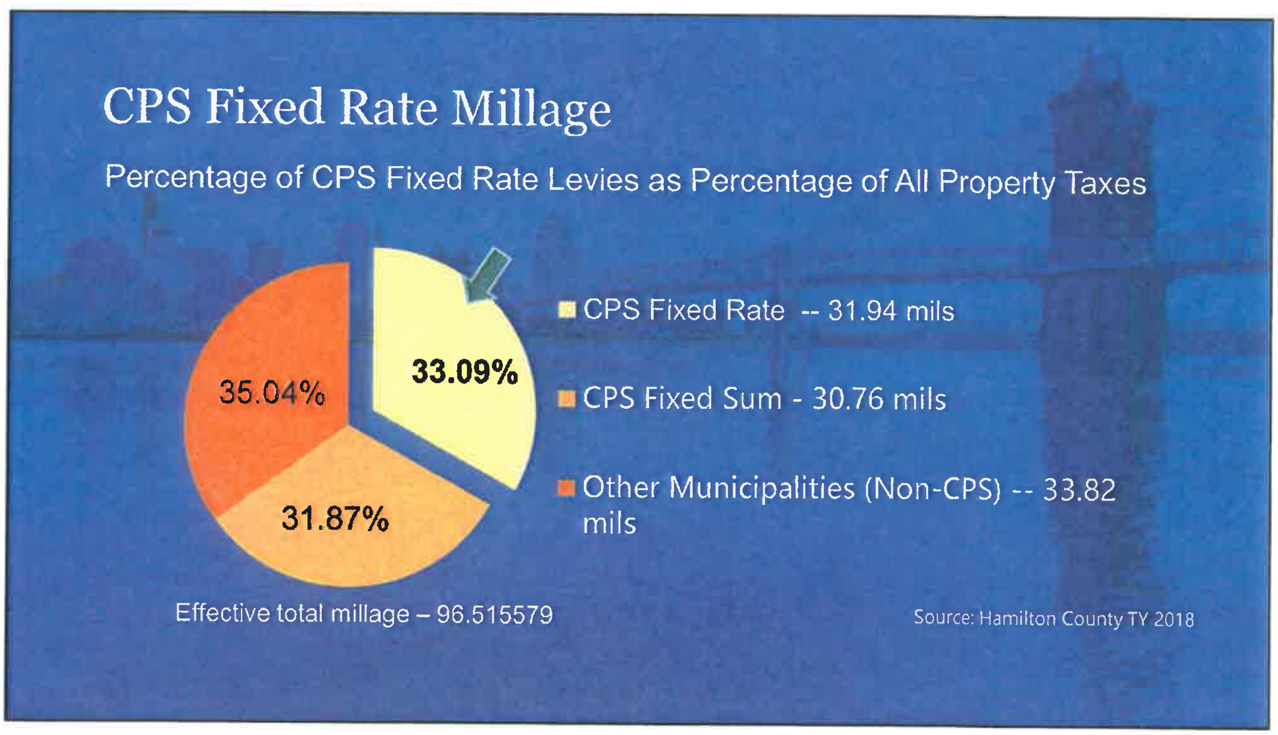
TAX WORKING GROUP

Jennifer M Wagner
June 20, 2019

CPS FY19 Total Revenue Sources




CPS FY19 General Operating Fund Revenue Sources
State Foundation Formula
35%
Property Tax Allocation
(Homestead, Rollback, Pers
Property Tax)
4%
Other (PILOT Commercial
Properties/TIFs/Medicaid)
8%
Advances In
3%
Other sources
1%
Property Taxes
49%


CPS Fixed Rate Millage
Percentage of CPS Fixed Rate Levies as Percentage of All Property Taxes
33.09%
35.04%
31.87%
CPS Fixed Rate -- 31.94 mils
CPS Fixed Sum - 30.76 mils
Other Municipalities (Non-CPS) -- 33.82 mils
Effective total millage – 96.515579
Source: Hamilton County TY 2018

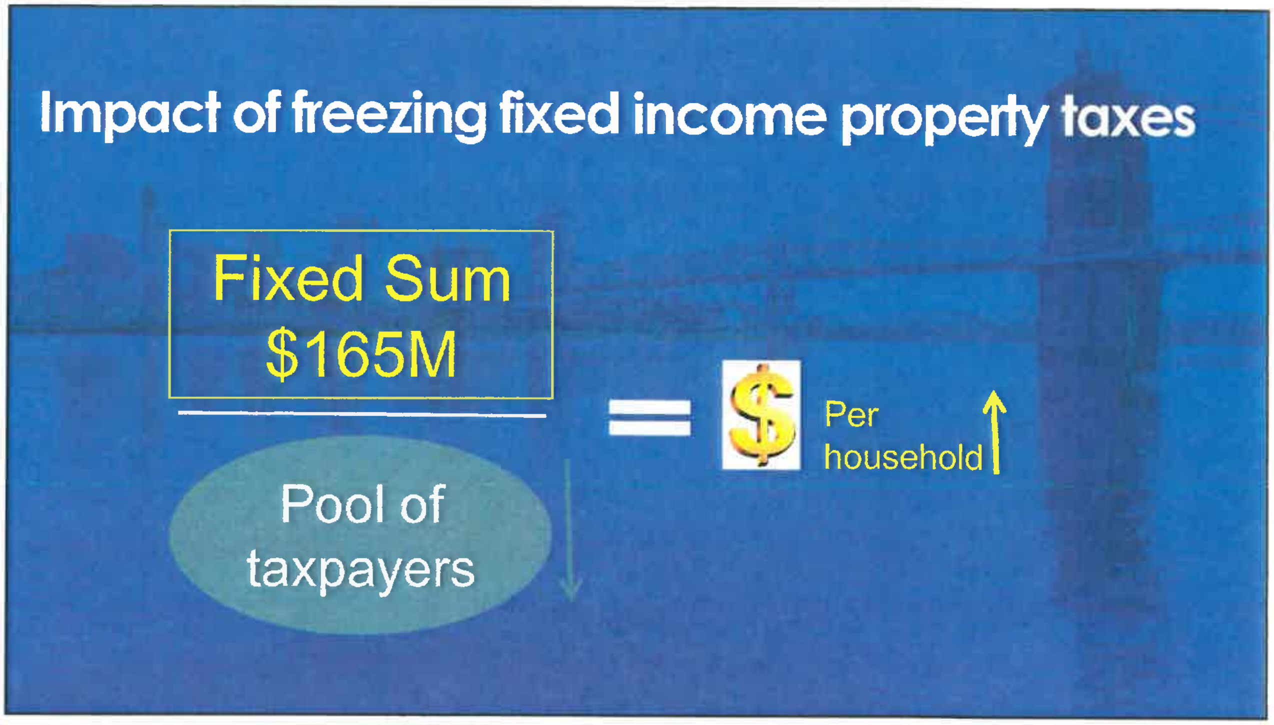
Fixed Sum vs. Fixed Rate Levies

Fixed Sum Levies	Fixed Rate Levies
Emergency - $65M (9.95 mils)	Inside Millage (4.19 mils)
Emergency - $48.0M (7.63 mils)	Current expense (27.75 mils)
Emergency - $51.5M (8.18 mils)	
Bond - $480M (5.0 mils)	
30.76 mils	31.94 mils

Source: Hamilton County TY2018

CPS Revenue Facts:

- Property Taxes do not grow with student enrollment
- Current State Formula allows for 5% annual growth over previous year only –"CAP"
- Tax on business inventory (Tangible personal property tax) reimbursed by State
  - Phased out – Fixed Rate (or current expense) Levies
  - Phasing out – Fixed Sum (or emergency) Levies - $3M
    - Does not reduce CPS revenues, but rather shifts the burden to taxpayers


Impact of freezing fixed income property taxes
Fixed Sum
$165M
Pool of
taxpayers
=
Per
household

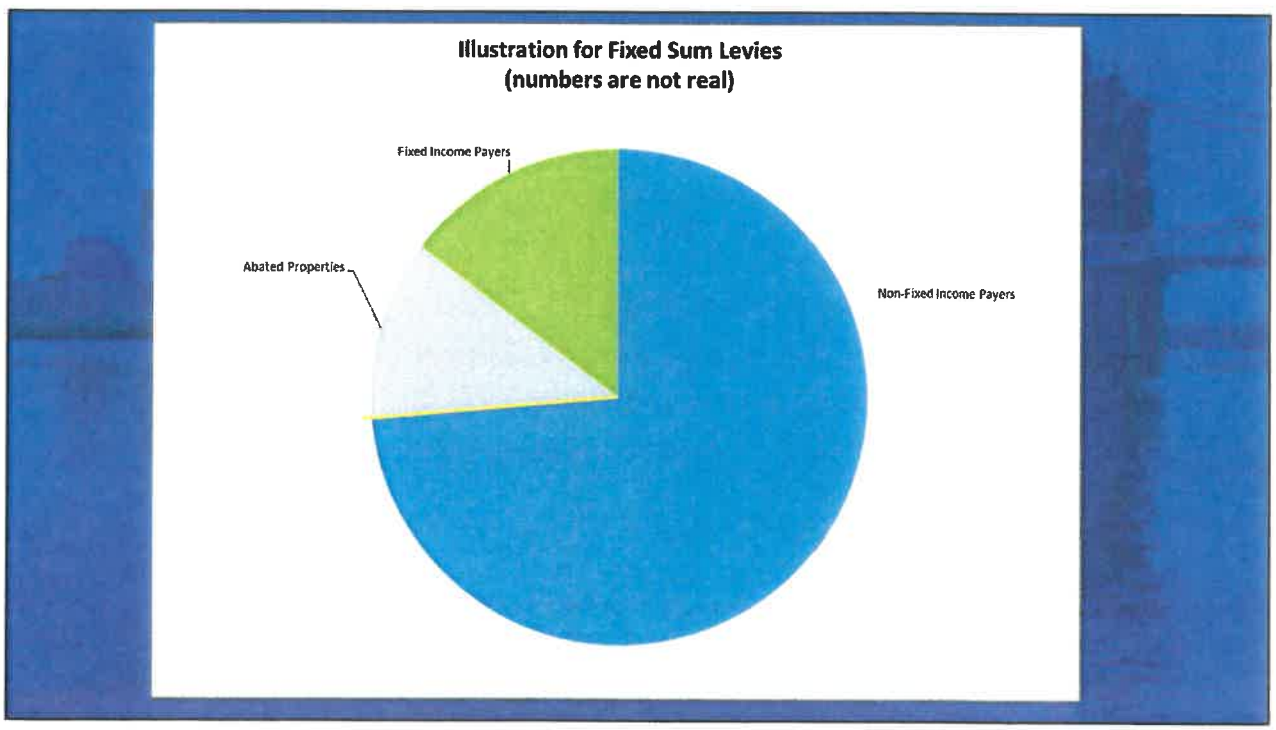


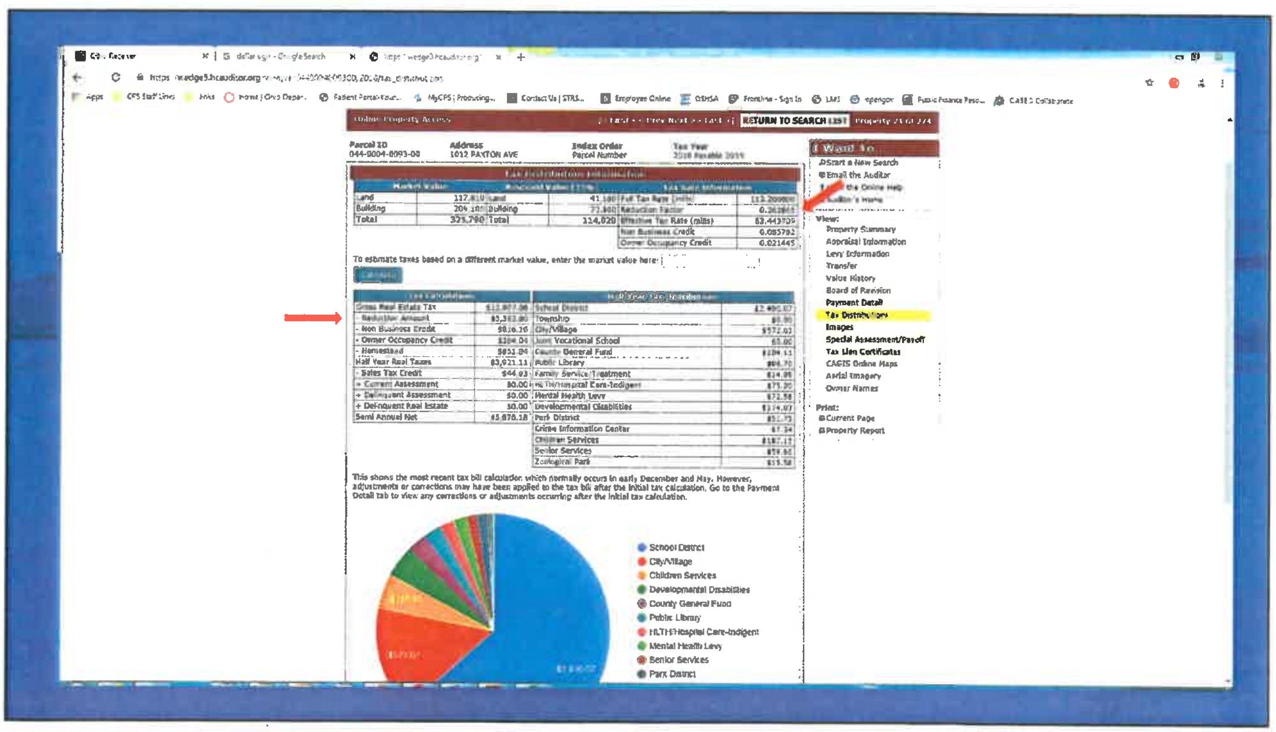
Illustration for Fixed Sum Levies
(numbers are not real)
Fixed Income Payers
Abated Properties
Non-Fixed Income Payers

Fixed Rate $138.7M

MV x 35% x millage /1000 = tax
Subject to "reduction factor"
District revenues grow with new construction

		Values Increase	Reduction Factor
Market Value	5,000,000	8,000,000	8,000,000
X 35% Taxable Value	1,750,000	2,800,000	2,800,000
31.94 mils/1,000 Tax paid to district	$55,589	$89,432	$ 55,589 Millage – 19.853 *(not exact)*

Impact to individual homeowners depends on growth in valuation that are higher or lower than the average

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