

**Property taxes are calculated based on two factors:**

1. The value of the property
2. The tax rate levied in a specific community

**A few quick definitions of commonly used terms**

**Gross Rate**

The total rate approved by the voters in your taxing district for support of your school district, library, municipality, vocational school, community college, metro park system and county-wide services. This rate also includes 10 mills of unvoted taxes guaranteed by the Ohio Constitution.

**Effective Tax Rate**

Your tax rate after the tax reduction factor is applied. You are protected from unvoted increases in taxes by Ohio legislation known as House Bill 920. Passed in 1976, HB 920 reduces your rate as property values in your district increase during triennial reappraisals and updates.

Property value is determined by the Lake County Auditor's Office. This is done through a reappraisal every 6 years (Sexennial) Tax Year 2012/Collection Year 2013, an update (Triennial) every 3 years (Last was Tax Year 2009/Collection year 2010) and an inspection of any additions or modifications to a property on an annual basis. The main factor influencing real property values is the real estate market. When conducting a reappraisal, property is required to be appraised at "market retail price" - the price you would pay on the open market. (Sale between a willing buyer and willing seller) Taxes are calculated on 35% (assessed value) of the market value.

Tax rates are determined by a vote of the people and each community. Tax rates are expressed in terms of mills. One (1) mill of taxes is equal to \$1 tax per \$1000 of assessed property value.

Tax rates are levied by the various taxing authorities within a community: the county, city, the local school system, library, the Metropark system, and sometimes a joint vocational school.

The Ohio Constitution allows these taxing authorities to jointly tax up to 1% of property value without voter approval. This is known as the 10 "inside" mills (\$10 tax per \$1000 assessed property value). As property value increases, so too will the taxes due to these 10 mills. But this is only a small portion of a tax bill.

In 1976, the legislature enacted property tax reform known as House Bill 920. Its purpose was to keep inflation from increasing voted taxes. This is how it works:

Most of a community's tax millage is made up of taxes voted on by its residents, either in the form of passing individual tax levies or passed by City Charters.

Almost all millage approved in a city charter is exempt from House Bill 920. As property value rises, charter city taxes will also rise. A city council may decide whether it will levy all the millage allowed by its charter.

When the voters approve a tax levy, they are agreeing to pay a certain amount of money for a specific purpose, over a given amount of time period. Each property owner pays their share, in proportion to the value of their property.

When property values increase or decrease due to a reappraisal or update, House Bill 920 kicks in.

In summing up HB 920

House Bill 920 applies to almost all voted levies. As voted taxes are made up of levies from different taxing authorities, each will be adjusted according to the value change over the district it covers. County and Metropark taxes will be adjusted based on the inflationary increase for the entire county. School taxes will be adjusted for increases over the entire school district. Each tax will be adjusted individually, then added together to equal the total tax bill.

By comparing an individual value change to that of each district of which it is a part, you can see which taxes have increased, which have decreased, and which have stayed the same.

House Bill 920 was designed to protect the property owner from unvoted tax increases. It also serves to ensure that each property owners pays his fair share of taxes.

You will find that some tax bills increased and some may have decreased and it all depends on how significant the change in value was. Reduction factors change from year to year due to House Bill 920. HB 920 is a law that provides that voted millage maintain a level stream of revenue regardless of property values. In the past, when values were increasing, these levies could not generate a windfall of additional revenue, the stream had to be level and in order to do that, the HB 920 credits were increasing. When a value went up, the effective rate decreased. Now Lake County is in the opposite situation and the same principle applies, values are decreasing and the level revenue stream has to be maintained by law. The HB 920 credits decrease and the effective rate increases to make up for the loss of value thus maintaining the level stream of revenue on the voted levies.

Determining a fair property value is the responsibility of the County Auditor.

Determining fair taxes is the responsibility of each voter.