14.18 AUTHORITY OF COUNTY BUDGET COMMISSION TO REDUCE TAX LEVIES

One important responsibility of the county budget commission is to review tax budgets of all political subdivisions. Tax budgets must be adopted by July 15 of each year by most political subdivisions (January 15 for school districts) and submitted to the county auditor by July 20. If the county budget commission has waived the requirement to adopt and file a tax budget, it may require political subdivisions to submit other information so the budget commission may perform its responsibilities relating to property tax levies.

The auditor then submits the adopted tax budgets and other information if the tax budget requirement has been waived, to the budget commission for review. Upon the basis of the tax budgets or other information the budget commission certifies back to the political subdivisions the estimated tax rates as determined on the basis of need as evidenced in the tax budgets. The budget commission is required to reduce any levy if the need for the levy is not reflected in the tax budget of the political subdivision.

The budget commission looks at all sources of revenue and may revise and adjust the estimated balances and receipts included in the political subdivision's tax budget. This action applies to both inside and outside millage, and the budget commission must complete its work by September 1. Political subdivisions must then adopt an ordinance or resolution to authorize the tax levies and certify them back to the county auditor no later than October 1 (ORC Sections 5705.31 & 5705.32).

One concern for commissioners is that if certain levies are reduced by the budget commission there could be a liability on the county general fund. For example, in the case of children services and programs for the developmentally disabled, there is a potential county general fund obligation if adequate funds are not available from voted levies. Commissioners should be sure that members of the budget commission understand this potential liability if such situations arise.

One common misunderstanding is that a voter approved levy is automatically included on tax bills. Approval of a tax levy by the voters merely authorizes the levying of a tax if the tax budget of the political subdivision shows it to be clearly required. If not, the county budget commission is required to reduce the millage to an appropriate level. This principle is embodied in the following provision of ORC Section 5705.341:

> Nothing in this section or any section of the Revised Code shall permit or require the levying of any rate of taxation, whether within the ten-mill limitation or whether the levy has been approved by the electors of a taxing district, political subdivision, library district, or association library district, or by the charter of a municipal corporation in excess of such ten-mill limitation, *unless such rate of taxation for the ensuing fiscal year is clearly required by a budget of the taxing district or political subdivision* properly and lawfully adopted under this chapter, or by other information that must be provided under section 5705.281 of the Revised Code if a tax budget was waived (Emphasis added).

Thus, in the case of voted levies, the process to include the levy on the tax bill actually includes three separate actions:

1. Approval by the electors which authorizes the tax.
2. Annual determination by the county budget commission that the voter approved levy is clearly needed on the basis of the political subdivision's tax budget.
3. The annual authorizing legislation by the political subdivision which must be certified to the county auditor no later than October 1.