

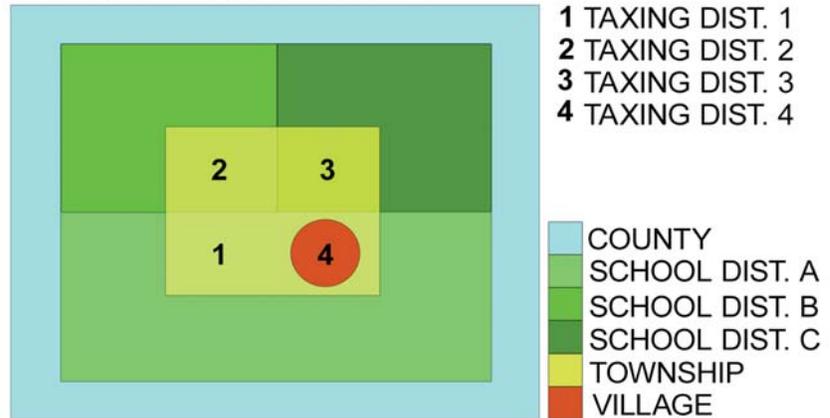
# Inside Inside Millage - A Close-Up View

By: John Varanese, Esq.

Perhaps no other local government revenue source is as little understood as that known as inside millage. Easily enough understood is what inside millage is - an unvoted property tax authorized by the Ohio Constitution and established by the General Assembly which may not exceed ten mills in any taxing district. However, things become a bit murky when the discussion of inside millage turns to its calculation and allocation among the various political subdivisions of the state.

The first piece of the inside millage puzzle is determining a political subdivision's minimum guaranteed levy within the 10-mill limitation. The Ohio Revised Code guarantees a minimum levy within the 10-mill limitation to political subdivisions that received a levy within the 15-mill limitation during the last five years it was in effect. The minimum levy within the 10-mill limitation for these political subdivisions is set by statute and is determined by using two-thirds of their rounded average annual levy within the 15-mill limitation during its last five years - 1929 through 1933.

TOWNSHIP TAXING DISTRICTS



All counties and townships are guaranteed a minimum levy within the 10-mill limitation because they received a levy within the 15-mill limitation during 1929 through 1933. Not all municipalities and school districts are guaranteed a minimum levy because some did not exist during 1929 through 1933. Municipalities, school districts and other eligible political subdivisions and taxing units that do not have a guaranteed minimum levy may still receive a levy within the 10-

subdivisions and taxing units may also receive a levy within the 10-mill limitation if another political subdivision does not request its full guaranteed minimum levy. In both of the foregoing scenarios, the difference between inside millage actually levied in a given year and 10 mills is referred to as "free millage" and may be allocated at the discretion of the county budget commission to an eligible political subdivision or taxing unit upon proper request. Since inside millage is allocated by the county budget commission on an annual basis, it must be requested annually as well.

mill limitation if, after the guaranteed minimum levies of all other political subdivisions within the taxing districts in which they have territory have been levied, there remains available millage within the 10-mill limitation. These political

The four Taxing District tables (see page 27) illustrate the calculation of guaranteed minimum levies and the allocation of millage within the 10-mill limitation for an Ohio township and the county, school districts and village having territory within the township's boundaries. The township's territory is entirely contained within the four Taxing Districts. Taxing Districts 1, 2 and 3 contain portions of School Districts A, B and C, respectively. The boundaries of Taxing District 4 are coterminous (identical) with the village boundaries and



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contain a portion of School District A. The township levies inside millage over its incorporated area comprising the village in Taxing District 4. The three school districts overlap the township's boundaries while the village is entirely within the township and School District A. All of these political subdivisions are entirely within the county. These boundary relationships are illustrated in the Township Taxing Districts diagram (see page 25).

The township's guaranteed minimum levy within the 10-mill limitation in its unincorporated area comprising Taxing Districts 1, 2 and 3 is 1.40 mills, while its guaranteed minimum levy within the 10-mill limitation in its incorporated area comprising the village is .70 mills. Because the township's guaranteed minimum levy within the village is .70 mills it cannot levy more than this for general fund purposes in any of the Taxing Districts in which it has territory unless it is allocated free millage within Taxing District 4. In this case, the township is receiving .30 mills of free millage within Taxing District 4 which enables it to levy 1 mill within the 10-mill limitation township-wide. Free millage has also been allocated by the county budget commission to the county and School Districts A and B. Because it was not in existence during 1929 through 1933, School District B in Taxing District 2 does not receive a guaranteed minimum levy but has been allocated 4.7 mills of free millage by the county budget commission.

An often overlooked method of maximizing available revenue sources is a thorough analysis of a township's levy of inside millage in conjunction with the various tax levy laws of the Ohio Revised Code. For example, the Ohio

Revised Code permits a township to annually levy up to 3 mills in the aggregate of inside millage for road maintenance and repair over the unincorporated portion of the township. The township in the Taxing District tables is only levying 1 mill of its 1.40 mill guaranteed minimum levy in its unincorporated area. The township, after due consideration of all relevant factors, could levy an additional .40 mills for road maintenance and repair within the unincorporated portion of the township comprising Taxing Districts 1, 2 and 3 in order to levy its full guaranteed minimum levy of 1.40 mills. Since there is sufficient available free millage in each of these three Taxing Districts, the current inside millage levy of the county and school districts would not be affected. Moreover, because the township's .40 mill levy for road maintenance and repair would be limited to its unincorporated territory, the inside millage levies within its incorporated area comprising Taxing District 4, which total the 10-mill constitutional and

statutory maximum, would not be affected either.

Inside millage is a vital source of revenue for townships. A working knowledge of how its component parts are calculated and the rules for its allocation within a township's taxing districts is essential for township officials to be effective stewards of their residents' tax dollars. The inside millage issues affecting the township discussed in this article are not unique and are shared by many townships throughout the state. The author encourages interested township officials to use the materials presented in this article as a guide for mapping the calculation and allocation of inside millage within their township's taxing districts. ☐

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Taxing District 1	Levy within 15-mill limitation					Total	Avg. An. Levy	Min. Levy 2/3 Avg. An. Levy (rounded)	Current Levy	Available Free Millage within 10-mill limitation
	1929	1930	1931	1932	1933					
Township (unincorporated)	2.85	2.60	2.60	1.30	1.50	10.85	2.17	1.40	1.00	
County	5.20	5.20	5.20	5.20	5.20	25.20	5.04	3.40	3.80	
School Dist. A	6.50	6.50	6.90	6.90	6.70	33.50	6.70	4.50	4.60	
Totals								9.30	9.40	.60

Taxing District 2	Levy within 15-mill limitation					Total	Avg. An. Levy	Min. Levy 2/3 Avg. An. Levy (rounded)	Current Levy	Available Free Millage within 10-mill limitation
	1929	1930	1931	1932	1933					
Township (unincorporated)	2.85	2.60	2.60	1.30	1.50	10.85	2.17	1.40	1.00	
County	5.20	5.20	5.20	5.20	5.20	25.20	5.04	3.40	3.80	
School Dist. B	Not in existence during this period							0	4.70	
Totals								4.80	9.50	.50

Taxing District 3	Levy within 15-mill limitation					Total	Avg. An. Levy	Min. Levy 2/3 Avg. An. Levy (rounded)	Current Levy	Available Free Millage within 10-mill limitation
	1929	1930	1931	1932	1933					
Township (unincorporated)	2.85	2.60	2.60	1.30	1.50	10.85	2.17	1.40	1.00	
County	5.20	5.20	5.20	5.20	5.20	25.20	5.04	3.40	3.80	
School Dist. C	6.50	6.50	6.85	8.20	8.20	36.25	7.25	4.80	4.70	
Totals								9.60	9.50	.50

Taxing District 4	Levy within 15-mill limitation					Total	Avg. An. Levy	Min. Levy 2/3 Avg. An. Levy (rounded)	Current Levy	Available Free Millage within 10-mill limitation
	1929	1930	1931	1932	1933					
Township (incorporated)	1.00	1.00	.80	1.00	1.50	5.10	1.02	.70	1.00	
County	5.20	5.20	5.20	5.20	5.20	25.20	5.04	3.40	3.80	
School Dist. A	6.50	6.50	6.90	6.90	6.70	33.50	6.70	4.50	4.60	
Village	2.25	2.220	1.80	1.70	2.60	10.55	2.11	1.40	.60	
Totals								10.00	10.00	0