

Glossary of Property Tax Definitions

Property Tax - A tax on the real property owned by residents and businesses. Property tax includes the land and structures on it, but not the contents.

Homestead Exemption – A reduction in property tax that is available to all property owners at least 65 years of age or permanently and totally disabled; and whose income does not exceed the amount set by law. Property owners must apply for the Homestead Exemption and reside in the home for which they are applying.

A Mill – Property tax is measured in mills. A mill means 1/1,000. Therefore, each mill generates \$1 of taxes for every \$1,000 of a property's assessed value.

Tax Rate - The total property tax rate paid by a business or individual for support of the school system, library, township, municipality, vocational school, community college, park system and county-wide services. This rate includes voted millage (Outside Millage) and 10 mills of unvoted taxes (Inside Millage) guaranteed by the Ohio Constitution.

Taxing District - A geographic area that shares the same local property tax rate. In the case of Washington Township, incorporated residents are in one tax district and unincorporated residents are in another.

Inside Millage – The Ohio Constitution guarantees 10 mills of unvoted taxes, also called inside millage, for each taxing district in Ohio. The amount is allocated among various local public entities.

Outside Millage – Any millage that has not been allocated by the state constitution is considered outside millage. All outside millage is voted on by residents.

Continuous Levy - Millage that has been allocated for an unlimited period of time, either through state allocation or voter approval.

Limited-Term Levy - Levies that expire after a specified period of time. A majority of Troy Township's levies are limited term.

Gross Millage - The number of mills originally approved or assigned in the first year of a continuous or limited-term levy.

Fixed Income Status - Under Ohio law, the amount of money a property tax levy collects can not increase beyond the sum collected in its first year, except for added value from new construction during the first year. This became law in 1976 with the passage of Ohio House Bill 920 which reduces the tax rate as property values in a district increase during triennial reappraisals and updates.

Reduction Factor - A formula applied to businesses and homes in a taxing district so that Fixed Income Status will be maintained during triennial reappraisals and updates. Specifically, the tax reduction factor equals the percent by which the sums levied for a particular levy would need to be reduced so that the current year's taxes equal the prior year's net taxes.

Rollback - Two tax relief measures have been granted by the state for homeowners – a Non-Business Credit on all real property tax in 1971, which is automatic and in 1979, an Owner Occupancy Credit for owner occupied properties that homeowners can apply for.

Effective Tax Rate - The tax rate after the tax reduction factor is applied is the effective tax rate. 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.

Renewal Levy - A property tax levy that collects the exact amount of taxes as the levy it replaces.

Replacement Levy - A property tax levy that enables townships to receive taxes based on the current valuation of all property in an area, including new development.

Tax as a percentage of Market - The Tax as a percentage of market is a simple percentage used to estimate total property taxes for a property. Multiply the market value of the property by the percentage listed for your taxing district.

Special Assessments - Charges by your city, township, or county to cover the cost of improvements or services.