

MADISON-PLAINS LOCAL SCHOOL DISTRICT **1.25% Earned Income Tax RENEWAL**



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Please Vote May 4th

- **What issue will be on the ballot this May?**

The issue on the May 4th 2021 ballot is for the ten year renewal of the district's current 1.25% earned income tax for current expenses (operations) beginning January 1st 2024.

- **Why is the District on the ballot?**

The district is on the ballot to continue the goal of financial stability for the Madison-Plains Local School District. The current income tax has proven to be a crucial revenue source for the district since it began collection in 2019. In the time since its original passage the need for the income tax has been greater (not lesser) than ever due to cuts in the district's state funding resulting from the COVID-19 pandemic. The income tax has saved the district thousands of dollars per year by eliminated borrowing costs previously required to supplement district diminished cash balances in between semi-annual property tax collections.

Our vision for MPLSD is that we would become a model of excellence in rural education. For this to happen, stability in district finances is important because that helps to stabilize programs and personnel, which are both important in supporting student learning.



- **What has been done to address District finances?**

Before the passage of the income tax in 2018 the district implemented a budget reduction plan that included position reductions, pay-to-participate fees for extracurricular activities, and the elimination of all capital expenditures from the general fund budget. After passing the income tax, the pay-to-participate fees were indefinitely suspended, and positions have been closely examined and added back only as-needed. This continued diligence and financial responsibility has resulted in average annual expenditure increases of less than <1% over each of the last five years, all while inflation in the US over that same time period has been 3x that amount. The district has done this despite continued rising insurance costs and also successfully negotiating multi-year agreements with both our classified (OAPSE) and certified (MPEA) associations. Still, the district has remained on a successful path with regard to increases in student learning.

- **What will happen if the levy does not pass?**

If the levy does not pass, then the district will continue to provide every opportunity for its passage until it expires at the end of calendar year 2023, which in school finance terms, isn't that far away.



- **What is the actual language on the ballot?**

PROPOSED INCOME TAX (RENEWAL)

Madison-Plains Local School District

Madison, Fayette and Franklin Counties

A majority affirmative vote is necessary for passage.

Shall an annual income tax of 1.25% on the earned income of individuals residing in the school district be imposed by the Madison-Plains Local School District, to renew an income tax expiring at the end of 2023 for 10 years, beginning January 1, 2024, for the purpose of current expenses?

- **What income is taxed with this levy?**

Taxable Earned Income Only Includes:

- Wages, salaries, tips, & other taxable employee pay
- Self-employment Net income (including income from partnerships)

Note: Since, the Business Income Deduction is an adjustment to Ohio Adjusted Gross Income (OAGI), a taxpayer's net earnings from self-employment can be reduced if the income was deducted in computing OAGI. Because of the increase in the Business Income Deduction up to \$250,000 of business income, some taxpayers may not report any self-employment income.

Income that is Not Earned Income & Not Taxed

- Retirement income (Pensions)
- Social security
- Unemployment benefits
- Disability and survivor benefits
- Welfare benefits
- Child support
- Interest, Dividends, Capital Gain



- **Why did the Board seek an income tax for this levy?**

An income tax was originally proposed due to the initial failure of an emergency property tax levy in 2018. Listening to the public, the Board decided to pivot and seek an earned income tax in order to:

- Not increase property taxes
- Diversify local tax revenue sources
- Not place the entire local tax burden on property owners
- Not tax retiree's retirement income
- All while still securing the desperately needed additional funding for the district.

- **What effect will this levy have on my property taxes?**

Renewing the income tax will have zero effect on property taxes; however, if it were to fail the district would be forced to examine potential options to replace the lost revenue through other means including additional property taxes.

- **How long will this levy last the District financially?**

As stated when the levy was originally passed in 2018, the levy would secure the district financially through 2023. Renewing the levy will not get the district through 2024; however, it is a crucial "piece of the pie" combined with potential future new revenue sources (i.e. solar farm revenue) to keep the district financially stable over the next 10 years.



- **What other Districts have income taxes?**

All Madison County and many surrounding school districts have income taxes in place including:

- Madison-Plains LSD
- Jefferson LSD
- London CSD
- Jonathon Alder LSD
- Washington CH CSD (Fayette Co.)
- Jamestown Greenview LSD (Greene Co.)
- Southeastern LSD (Clark Co.)

- **How will the tax be collected from the taxpayer?**

School District Income Taxes are collected and distributed by the Ohio Department of Taxation through employer withholdings, estimated payments, and the annual tax filing process similar to federal and state taxes.

- **Why a 10 year renewal and not a 5 year renewal?**

A 10 year renewal continues the goal of financial stability for the district by securing a crucial revenue source for a longer period of time. It also clears the ballot for other potential needs of the district including, the renewal of the permanent improvement levy which funds the purchase of buses, technology and equipment for the district, as well as potential issues regarding facility solutions.



- **Why renew now if the current levy doesn't expire until 2023?**

The earned-income tax was a new revenue source for the district when it was passed for the first time in 2018. The Board would like to stabilize district finances at this time so as to be able to stabilize programs and personnel and so that other crucial conversations can be held.

- **What about the solar farms?**

The solar farms have the potential (along with the income tax) to be a significant piece of the district's overall financial stability for at least the next 10 years; however, this revenue is still just "potential" revenue. Many things have to occur in order for the district to actually realize this revenue. These projects have already been delayed, and they continue to face new challenges to their final construction and implementation. The district cannot responsibly put all its hopes onto an as of yet to be realized revenue source. It's also important to note that neither the income tax renewal nor the solar farm revenue alone can secure the district financially over the next 10 years.

- **Where can I find resources for the May 2021 election?**

Information regarding the levy can be found on the Madison-Plains LSD website www.mplsd.org and clicking on:

- Departments>Treasurer>[Click Here for Income Tax Info](#)



Additional Information:

- **Not a New Tax; 1.25% Earned Income Tax Renewal Only**
- **Not a Tax on Retirement/Pensions, Interest, Dividends, etc.**
- **15% of MP's Budget is Generated by the Income Tax**
- **\$2,312,236 Annual Amt. Est. to be Lost if Not Renewed**
- **10 yr. Renewal, Begins January 1, 2024; Current Expenses**
- **All Madison County School Districts Have an Income Tax**
- **MP Has a Very Low Effective District Property Tax Rate**
- **0.74% (< 1%) Avg. Annual Expenditure Increase for 5 yrs.**

