



Ohio Revised Code

Section 5705.51 Indirect debt limitation.

Effective: June 3, 2002

Legislation: House Bill 129 - 124th General Assembly

(A) As used in this section:

(1) "Indirect debt limit" means such limitation, in effect at the time of issuance, upon the issuance of unvoted general obligation bonds, notes, or certificates of indebtedness by a subdivision as results from a restriction on the amount of unvoted taxes which may be levied annually upon the general tax lists and duplicates.

(2) "Direct debt limit" means those respective limitations on the principal amount of net indebtedness which may be created or incurred by a municipal corporation, school district, county, or township, imposed by sections 133.05, 133.06, 133.07, and 133.09 of the Revised Code.

(3) "Ten-mill limit" means unvoted taxes of ten mills annually on each dollar of tax valuation of property on the general tax lists and duplicates.

(4) "One per cent limit" means unvoted taxes at such rates upon the tax value as amounts to one per cent annually of the true value in money of property that is listed on the general tax lists and duplicates.

(5) "Exempt obligations" means unvoted general obligation bonds, notes, and certificates of indebtedness of a municipal corporation, school district, county, or township that are excluded, exempted, or not considered in calculating or ascertaining the direct debt limit of such a subdivision; and also includes unvoted general obligation bonds, notes, and certificates of indebtedness of a municipal corporation if the ordinance authorizing their issuance provides that the debt charges thereon, or, in the case of bond anticipation notes, the debt charges on the bonds in anticipation of which they are issued, shall be paid from lawfully available municipal income taxes to the extent needed to meet such debt charges, and contains a covenant, hereby authorized, to appropriate annually from such municipal income taxes such amount as is necessary to meet such annual debt charges, and further makes provision that any ad valorem property taxes which are provided for



pursuant to section 133.22 or 133.23 of the Revised Code shall, in addition to any other reduction permitted by those sections, be reduced by the amount of such municipal income taxes to be applied to such debt charges in compliance with such covenant.

(B) For the purposes of calculating the indirect debt limit, the debt charges on outstanding or proposed exempt obligations required to be taken into consideration in determining the indirect debt limit shall first be allocated to the computed amount of taxes in excess of the ten-mill limit that would result if ad valorem property taxes were levied to the full extent of the one per cent limit, and any balance of such debt charges shall be allocated to the ten-mill limit. This section does not enlarge the direct debt limits.

(C) Upon request of the bond issuing authority or the fiscal officer of a subdivision, the appropriate county auditor or county auditors shall promptly certify all data necessary to make the determinations under division (B) of this section and to ascertain the indirect debt limits, including, for each overlapping subdivision, the tax value and the true value in money of property on the general tax lists and duplicates of the subdivision, stated separately for each classification of property the tax value of which is determined by applying a different percentage to true value, the applicable debt charges, and such other data as is necessary for the purpose. For such purpose, the aggregate true value in money of each such classification of property may be determined by application of the appropriate mathematical factor to the aggregate tax value of such classification of property on the general tax lists and duplicates. The fiscal officer of each overlapping subdivision and the tax commissioner shall promptly provide to the county auditor such additional information as is needed by the county auditor to make the certification required by this division, including certification to the county auditor by each such fiscal officer as to the then exempt obligations of the subdivision. The certificate of the county auditor shall be conclusive as to the data therein set forth for the purposes of determining the indirect debt limit. The calculations and certifications provided for in this section relating to the one per cent limit need not be made or provided where the annual debt charges required to be taken into consideration in ascertaining the indirect debt limit will not exceed the ten-mill limit.

(D) A municipal corporation which has outstanding exempt obligations supported by municipal income taxes as provided in division (A)(5) of this section shall, to the extent necessary therefor, levy and continue to levy such income tax and apply the proceeds thereof in accordance with its



covenants made in the issuance of such obligations, and to such extent such tax shall not be subject to diminution by initiative or referendum, or diminution by statute unless provision is made therein for an adequate substitute therefor, other than unvoted taxes on the general tax lists and duplicates, assigned by law to such purpose.

(E) If the tax budget or the official certificate of estimated resources of a subdivision shows that funds available for the purpose, including municipal income taxes under division (D) of this section, but excluding unvoted taxes within the ten-mill limit, will be insufficient to pay the debt charges on all outstanding obligations of the subdivision that have been shown as exempt obligations on any certificate by the fiscal officer delivered to the county auditor pursuant to division (C) of this section, whether or not qualifying as such in any subsequent certificate, sections 5705.31 and 5705.32 of the Revised Code shall be specially applied as follows with respect to the debt charges on such obligations:

(1) The amount of such debt charges and the debt charges on other unvoted general obligations of the subdivision, not otherwise provided for, shall be charged against the minimum levy of such subdivision provided pursuant to division (D) of section 5705.31 of the Revised Code to the full amount of such minimum levy, if necessary, without preserving to such subdivision any operating levy within the ten-mill limit;

(2) If the debt charges on such obligations, and on any other outstanding unvoted general obligations of the subdivision not otherwise provided for, exceed the minimum levy of such subdivision, there shall be levied millage upon the tax value of property on the general tax lists and duplicates of the subdivision in excess of the ten-mill limit, but within the one per cent limit as to any property, in such amounts as are necessary to make up such deficiency to the extent that such deficiency does not exceed the debt charges, not otherwise provided for, on the exempt obligations referred to in this division;

(3) Only if the debt charges on such exempt obligations of the subdivision are not fully provided for after application of divisions (E)(1) and (2) of this section, the balance of such debt charges shall be provided by adjustment of other minimum levies pursuant to division (D) of section 5705.31 of the Revised Code.



If the subdivision is a municipal corporation that by charter provides a tax-rate limitation pursuant to section 5705.18 of the Revised Code, divisions (E)(1), (2), and (3) of this section shall be applied only in a manner consistent with the applicable charter provisions. If a levy for current operating expenses, whether or not part of a levy for other purposes, is to be provided under such charter in lieu of a minimum levy provided by division (D) of section 5705.31 of the Revised Code, as a first step, such charter levy shall be reduced by the amount of the levy for debt charges on such exempt obligations only if and to the extent provided by such charter, and if no part of such debt charges is to be paid from a levy within the limitations imposed by the charter, the full amount of such debt charges shall be considered the deficiency under division (E)(2) of this section. The levy for such debt charges under such subdivision shall not exceed any applicable charter limitation. Any references in applicable charter provisions to the limitations provided by the constitution or laws or to a ten-mill limitation of Section 2, Article XII, Ohio Constitution, shall be viewed by the county budget commission as meaning the one per cent limit applicable under this section. Division (E)(3) of this section shall not be applied to reduce any levy within a charter tax-rate limitation.

This section does not alter the right of holders of exempt obligations to share equally in taxes levied within the ten-mill limit nor the general obligation character of such exempt obligations, and the full faith and credit of the subdivision is pledged thereto.

(F) If any levy is made under division (E)(2) of this section, the amount of millage to be applied to tax values on the general tax lists and duplicates shall be determined for each classification of property the tax value of which is computed by applying a different percentage to true value. The millage rates applied to such classifications of property shall be calculated to produce revenues in the aggregate amount to be provided under division (E)(2) of this section, provided that no such millage shall be added to the taxes on property that is already taxed to the full extent of the one per cent limit, and the millage on each other classification of property shall not result in a tax thereon in excess of the one per cent limit, but the millage amount levied under division (E)(2) of this section shall be the same as to all classifications of property which may be taxed at the same millage without exceeding the one per cent limit. In any event, the millage amount levied under division (E)(2) of this section on all land and improvements thereon in the subdivision shall be the same.

(G) Nothing in this section shall be applied to impair the authority of a municipal corporation under section 5705.18 of the Revised Code. Levies which are authorized by the charter of a municipal



corporation without necessity for further vote and which are available for debt charges shall continue to be treated as levies outside the ten-mill limit and outside the one per cent limit in determining the indirect debt limit.