

Hearings to begin on new tax structure for school funding

COLUMBUS, Ohio (AP) — With Ohio's education financing system again under fire, two House committees begin hearings this week on a revolutionary proposal to overhaul the tax structure as it relates to school funding.

House Speaker Vernal G. Riffe Jr., D-New Boston, has called the legislative package "a foundation on which to create a new method of financing public education in Ohio." And it is a foundation that would not be built on local property taxes.

The proposal, authored by Rep. John E. Johnson, D-Orrville, "deserves examination now," Riffe said last week. "If our present system of school revenue collection and distribution must be changed, the change cannot occur overnight."

That might sound like the understatement of the new year to those who remember that the equal yield formula marked the first major change in the school subsidy formula in 21 years when it was enacted in 1975.

On Tuesday, Johnson will introduce his bill to adjust income tax brackets, repeal the intangible personal property tax on productive and unproductive investments and repeal the tangible personal property tax for all except utility property.

Hearings could begin in the House Education Committee as early as Thursday on House Bill 1,000, as it will be called.

If the first part of the package sounds drastic, consider a proposed constitutional amendment to create a Basic Education Fund, drawing 95 percent of the personal income tax

and corporate tax, and all lottery revenue.

Those monies currently go into the General Revenue Fund and a sizable portion eventually goes to schools, but other areas also benefit.

The amendment will get its first airing Wednesday in the House Ways and Means Committee, which will also consider the bill, if it survives education committee scrutiny.

The chairman of the latter panel, Rep. Robert J. Boggs, D-Jefferson, says he is "very supportive" of the Johnson plan and hopes to finish work on the bill before the end of March.

Boggs' committee will also review a Hamilton County Common Pleas court decision overturning the equal yield formula, which bases state aid to public schools on the amount of local property tax effort.

Although the lower court ruling will almost certainly be stayed by appeal, legislative leaders want to have a plan ready that would meet court objections in the event that it is eventually upheld.

While the equalization concept still has its supporters, critics question whether big city schools will ever be secure under a plan that relies on the willingness of property-owners to raise their own taxes.

Johnson wants to cut property taxes levied for school operation to 15 mills; most districts currently levy between 20 and 35 mills for primary and secondary education.

Residential and agricultural property taxes would be collected and distributed locally, but the 15 mills collected on utility, industrial and commercial property would be pumped into the state's Basic Education Fund.