TALAWANDA SCHOOL DISTRICT

FROM THE DESK OF THE TREASURER

October 2026 | Financial Update

In the coming months I will take a closer look at how school funding works and what it means to the Talawanda community. Recent legislation and ongoing discussions about property tax reform in Ohio make it more important than ever for our community to understand how these changes affect our district.

My goal is to break down complex topics into manageable pieces, explain what the numbers mean for Talawanda, and help separate the facts from the noise around us.

The Dial, the Floor & the Cap

What Talawanda's property-tax millage actually means in 2026

Ohio school property-tax language can be very complicated, but Talawanda's story can be reduced to three ideas: **HB 920 reduces the effective rate as property values rise; the 20-mill floor limits how far that reduction can go; and House Bill 186 now limits revenue growth for districts that are on the 20-mill floor.**

46.11	20.00	2.19	1.0%
Outside mills (voted) in the General Fund	**Effective operating millage floor**	**Inside mills (unvoted) in the General Fund**	**TSD: School district income tax**

1. HB 920 — The Dial

Over the years, Talawanda voters have approved a total of 46.11 mills of general fund (operating) property tax. Here is what is most surprising to people: the district does not collect anywhere near that amount.

The reason for this is House Bill 920, enacted in 1976. Under HB 920, when property values rise, tax rates are automatically dialed down so that a levy maintains the same dollars it originally produced when voters approved it. This becomes the 'effective tax rate'. If your home or farm is reappraised at a higher value, the tax value drops so that the district's total collection stays relatively the same.

Increased property values do not necessarily mean increased property tax revenue for our schools. The dial simply turns down. It is one of the strongest taxpayer protections in the country, and is a reason why most Ohio school districts need to return to the ballot as often as they do.

Talawanda has 48.30 mills within its General Fund, consisting of 46.11 outside mills and 2.19 inside mills. The effective rate applied to real property for the General Fund is at the 20-mill floor.

2. The 20-Mill Floor — Where the Dial Stops

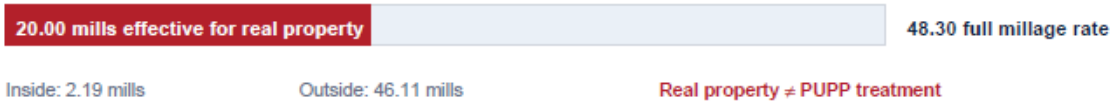
There is a limit to how far the dial can turn. Ohio law states the effective tax rate for current expense levies cannot drop below 20 mills. This is what is referred to as the 20-mill floor, and Talawanda is on the floor for both Class I (residential/agricultural) and Class II (commercial/industrial) property. From the 46.11 mills you approved, we collect 20.

Being on the 20-mill floor created something a little unusual, as our rate could not be reduced any further by law, our property tax revenue increased when property values increased.

When Butler County completed their reappraisal in 2023 and residential/agricultural values rose on average 32%, floor districts like ours saw real revenue growth for the first time in years, without asking voters for anything new. For a district trying to keep pace with rising costs, and a failed levy in 2022, this growth mattered.

An Important Distinction: The 20-mill floor applies to the effective operating tax rate on real property. Public utility personal property (PUPP) is subject to different tax treatment, including taxation at the full voted rate where applicable.

Talawanda General Fund — millage



3. House Bill 186 — The Cap

The property tax reform laws signed in December 2025 (taking effect March 20, 2026) changed the rules for any district on the 20-mill floor. This law creates an inflation-cap credit for qualifying property in school districts affected by the 20-mill floor. In other words, it caps our revenue growth at the rate of general inflation, which is measured by an index called the GDP deflator and it applies this 'cap' retroactively to the 2023 through 2025 county reappraisal cycles.

The result for Talawanda is a credit that now appears on taxpayers' August property tax bills. I will be the first to say that this credit represents real tax relief for property owners.

It also reduces the district's collections by an estimated $1.4 million this fiscal year and roughly $2.8 million each year after, resulting in an estimated $12.7 million through 2031 after a partial reimbursement from the State of Ohio. As of this writing, the credit is permanent and will be recalculated at each future reappraisal, including the triennial update that Butler County is completing right now.

Why This Matters for Talawanda

Here is a simple version. For years, the 20-mill floor guaranteed that a growing community meant a modest growth in the school revenue budget, enough to help offset costs that rise faster than general inflation, without needing additional levies. Under this new law, that growth is capped at inflation, and dollars from the last reappraisal are being 'clawed' back.

None of this puts the district in trouble today. Our reserves are healthy, our budget is balanced, and our fiscal forecast, filed with the state in August, shows a stable short term picture.

But it does mean that one of our two pillars holding up our school district, property taxes alongside our 1% income tax, now may grow at a slower rate than the costs that it pays for. That is a fact that our community deserves to understand well before it ever shows up in a ballot question.

Bottom Line
The financial takeaway for Talawanda

You approved 46.11 mills, you essentially pay 20. That gap is decades of taxpayer protection working exactly as designed. The new laws add another layer of protection for property owners, and a new constraint for your schools. Both of those things are true at once, and my job is to make sure you never have to take my word for either one. The full fiscal forecast, with every number in this letter and the assumptions behind them, is posted on both our district and the Ohio Department of Education and Workforce websites.

Future letters will dig into individual topics, including where the rest of our revenue comes from, what is governmental accounting along with its restrictions, and how the forecast assumptions are built. If you would like specific information to be addressed, or have questions of your own, I encourage you to get in touch with me; I welcome conversations on Ohio school finance.

Shaunna Tafelski
Treasurer/CFO

Sources: Talawanda City School District, Five-Year Forecast, O.R.C. §319.303 / House Bill 186 — inflation-cap credit for school districts on the millage floor; effective March 20, 2026.