

Treasurer's Notes

The Margareta Board of Education has decided to place an income tax levy on the November 4, 2008 ballot. The type of income tax that the voters will be deciding is an "earned" income tax. The tax would be levied on wages and business earnings only for those residing in the district. The earned income tax is not levied on retirement earnings or interest earnings of the taxpayer, nor is it levied on estates. The traditional income tax would be levied against all income with the exception being limited to Social Security, Railroad Retirement and Disability Retirement. Over 70% of those responding to the survey, from our last newsletter, preferred an earned income tax over a traditional income tax or property tax. The tax rate being proposed is 1%.

If approved, employers would be required to withhold the 1% of the gross earnings from the taxpayers paycheck beginning in January 2009. The withholding would then be sent to Columbus to be distributed to the school district on a quarterly basis. There would also be a withholding on those individuals who make estimated state income tax payments on a quarterly basis. Once again the state would collect those tax receipts and distribute the school's share to the district on a quarterly basis.

Based upon the estimates from the State Tax Commissioner, the district can anticipate collecting approximately \$1.3 million annually once fully enacted. The income tax base for Margareta Schools has grown on average just over 3% a year over the past five years. Unlike a voted property tax, the school income tax could grow as the amount of income subject to the tax grows. The tax revenue is also at risk of declining if the tax base declines, once again unlike the voted property tax.

There are several school districts in the area who have already passed income tax initiatives, including Fremont, Bellevue and Clyde-Green Springs. Is our community ready for this challenge? It is up to you as voters to determine the level of resources that will become available for the district to continue to provide a quality education system for our children.