

# Fairfield City School District

## 1.25% Earned Income Tax – Frequently Asked Questions

### **What is being proposed?**

The Fairfield City School District Board of Education has approved placing a 1.25% school district earned income tax on the May 5, 2026 ballot. If approved by voters, the tax would apply to earned income and would be used to support the district's general operating expenses.

### **Why is the district proposing an earned income tax?**

The district is facing long-term financial challenges due to reduced state funding and rising operating costs. An earned income tax provides an additional revenue source to address the existing budget gap.

### **What is considered “earned income” in the state of Ohio?**

In Ohio, earned income is received from working, such as wages, salaries, overtime, bonuses, commissions, tips, and net income from self-employment or contract work. Income not earned through work, such as Social Security, most pensions, disability or unemployment benefits, interest, dividends, capital gains, and other investment or retirement income, is not considered earned income. Only individuals with wages or self-employment income would pay an earned income tax.

### **Does this earned income tax apply to residents living in both the City of Fairfield and Fairfield Township?**

Yes. The Fairfield City School District includes residents who live in both the City of Fairfield and Fairfield Township. All residents who live within district boundaries and earned income would be subject to the tax, regardless of municipality.

### **When was the district's last operating revenue increase from a ballot issue?**

FCSD last passed an operating levy in November of 2011. This operating levy was projected to sustain the district for 2 to 3 years.

### **How is an earned income tax different from a property tax?**

A property tax is based on the value of a home or business property and is owed regardless of a person's income. An earned income tax is based only on wages and other earned income from working, such as salaries and hourly pay. Individuals who do not earn income from work, such as retirees without wages, do not pay the earned income tax.

# Fairfield City School District

## 1.25% Earned Income Tax – Frequently Asked Questions

### **Who would pay the earned income tax?**

The tax would apply to individuals who earn wages or other earned income and live in the Fairfield City School District.

### **Who would NOT pay the earned income tax?**

Individuals whose income consists solely of non-earned income, such as Social Security benefits, most pensions, disability benefits, interest, dividends, other investment income, or retirement benefits would not pay the earned income tax. Only income earned from working, such as wages and salaries, is subject to the tax.

### **Would retirees pay this tax?**

Most retirees would not pay the tax if their income is from Social Security, pensions, disability benefits, interest, dividends, other investment income, or retirement benefits that are not considered earned income.

### **Is this tax in addition to existing property taxes?**

Yes. This proposal does not reduce or eliminate existing property taxes. It is intended to diversify the district's revenue sources and reduce reliance on future property tax increases.

### **How much would this tax cost the average taxpayer?**

For every \$10,000 in earned income, a taxpayer would pay \$125 annually. For example, someone earning \$50,000 would pay approximately \$625 per year. Someone earning \$75,000 would pay \$937.50 per year. Someone earning \$100,000 would pay \$1,250 per year. To find out how this will impact you, multiply your gross salary by 0.0125.

### **How will the revenue be used?**

Revenue generated from the earned income tax would be used to maintain current student programming and academic services. It will also support daily operating costs such as maintaining current staffing, student services, transportation, and utilities.

### **Will this money be used to build new buildings or facilities?**

No. Earned income tax revenue can only be used for general operating expenses, not for permanent improvements or new construction.

# Fairfield City School District

## 1.25% Earned Income Tax – Frequently Asked Questions

### **Why is the proposal 1.25% instead of a lower rate?**

The Board selected a 1.25% rate to provide long-term financial stability and avoid returning to voters again in just a few years due to insufficient funding.

### **What happens if the earned income tax proposal does not pass?**

If the school district earned income tax does not pass, the district will be required to make significant reductions beginning with the 2026/2027 school year.

### **When would the tax take effect if approved?**

If approved by voters, the earned income tax would begin in January 2027, with collections starting shortly thereafter.

### **How long would the tax last?**

The proposed earned income tax would be a continuous tax, meaning it would not have an expiration date.

### **Who administers and collects the tax?**

The tax would be administered and collected by the appropriate local or regional tax authority, similar to other school district income taxes in Ohio.

### **Where can residents find more information?**

Additional information will be shared through the district website, community meetings, and official communications. Residents are encouraged to attend public forums and review official ballot language.

### **Would City residents pay more towards the earned income tax than Township residents?**

FCSD is one taxing entity that includes residents who live within both the City of Fairfield and Fairfield Township boundaries. School funding measures apply equally to all residents who live within the district, regardless of whether they reside in the City or the Township. If an earned income tax is approved, all district residents would pay the same percentage of their earned income. There is no different rate based on location.