STATEHOUSE REPORT

Published by: County Commissioners Association of Ohio

209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986 • www.ccao.org

September 15, 2023

House Bill 187, property tax valuation measure, receives two amendments

On Tuesday, House Bill 187 (Representative Thomas Hall and Representative Adam Bird) received its fourth hearing in the House Ways and Means Committee. The bill alters the information that the Department of Taxation must use to conduct property tax sales-assessment ratio studies, which are used to determine property valuations. The table below summarizes the bill's provisions and how they compare to current law.

Summary of Property Tax Sales-Assessment Ratio Study Changes in House Bill 187		
Factor	**Current Practice**	**House Bill 187**
Sample Size	A representative sampling of the previous three years of sales.	All sales made during the last three years.
Sample Weighting	May give different weight to sales from different years.	Equal weight for each year.
Actual Value Appraisals	Taxation may conduct actual appraisals if there are insufficient sales to constitute a representative sample.	Taxation may require the county auditor to conduct actual appraisals if the number of sales of similar properties during the previous three years is less than 5% of all such properties in the county.
Consideration of Economic Conditions	No provision.	Requires consideration of “current” economic conditions.

Additionally, during the committee, two amendments were adopted to the bill. One amendment applies the bill's provisions to land taxed under the Current Agricultural Use Value (CAUV) formula, and the other sunsets the bill's provisions after tax year 2025.

The amendment does not change the CAUV formula. The amendment will only average the last three years of reappraisal or triennial update value to calculate the CAUV. For example, suppose a county has its reappraisal or triennial update in tax year 2025. That number will be calculated into an average with the reappraisal or triennial values for 2021 and 2022.

The CAUV program created a system where farmland is valued at its current use instead of market value. It is only available for farmland where ten or more acres are exclusively used for commercial agriculture use, or if less than 10 acres are used for commercial agriculture use, the farm produces an average yearly gross income of at least $2,500. For a simplified description of calculating CAUV value, The Department of Taxation will use the expected net returns from farming corn, soybeans, and wheat on an acre of land divided by a capitalization rate, giving the present value for that land for commercial agricultural production. The general formula for calculating CAUV is:

- Gross Operating Income (GOI) = Crop Yield x Average Crop Price
- Net Operating Income (NOI) = GOI – Nonland Production Costs
- Current Agricultural Use Value = NOI / Capitalization Rate

The Department of Taxation has published a detailed walkthrough of CAUV calculations.

The bill intends to limit the magnitude of property value increases during upcoming sexennial reappraisals and triennial updates scheduled across the state. The LSC fiscal analysis cites sponsor testimony from Representative Bird in which he states that if a one-year average is used, as is currently allowed, property values in Clermont County would increase by 43%. In contrast, if a three-year average is used, as required by HB 187, the increase would only be 23%.

While the assessed value of a property is what property taxes are levied on, it is essential to note that Ohio law has several provisions that limit the effect that valuation increases have on a property owner's tax bill. Chief among these are property tax reduction factors, which, for outside millage, fixed-rate levies (levies that tax a certain number of mills on each property) offset increases in property values by decreasing the "effective millage" of the property tax levy. This mechanism protects property owners from seeing their tax bill increase due to factors outside their control while also ensuring the entity levying the property tax has a stable source of revenue.

For fixed-sum levies (levies that raise a fixed amount of money, such as for debt service), any changes in property valuations would change the rate at which the levy is collected so that the revenue generated each year is the same as the prior year.

The primary type of property taxation that does increase as valuations increase is inside millage, which cannot exceed ten mills within a taxing district. Property tax reduction factors do not apply to inside millage, meaning these ten mills see revenue growth when property values increase. However, there are still two limitations on inside millage. First, as mentioned earlier, the inside millage can never exceed ten mills within a taxing district. That limit is shared by all the taxing entities within the district (for example, a school district, any county entities, any township entities, etc.). Second, the County Budget Commission may downwardly adjust the inside millage revenue collected if it determines that the taxing entities would generate more revenue than necessary to fulfill its proposed budget for that tax year.

CCAO will provide more information about property taxation and possible changes the General Assembly may pursue in the coming weeks.

Issue Spotlight: Next Generation 9-1-1 Program Review Committee and County 9-1-1 Plan

Last week, we highlighted the fee-related changes and funding for NG 9-1-1 included in House Bill 33, the state operating budget. The bill also changes the requirements for a county 9-1-1 plan and 9-1-1 planning committee.

First, HB 33 repeals the language surrounding a county 9-1-1 planning committee, which is currently used to govern 9-1-1 services in the county. The language replaces the planning committee with a newly created 9-1-1 program review committee. The language prescribes several different models for the committee based on the county.

Generally, the program review committee must consist of six voting members as follows:

- A member of the board of county commissioners or a designee (prior law required the president or other presiding officer of the board);
- The chief executive officer (CEO) of the most populous municipal corporation in the county (unchanged from continuing law, including the requirement that population residing outside the county be excluded when calculating population);
- A member of the board of township trustees of the most populous township in the county as selected by a majority vote of the board;
- A member of a board of township trustees selected by the majority of boards of township trustees in the county under resolutions they adopt;
- A member of the legislative authority of a municipal corporation in the county selected by a majority of the legislative authorities of municipal corporations in the county under resolutions they adopt and
- An elected official from within the county appointed by the board of county commissioners.

If your county has fewer than five townships, a population exceeding 750,000, and contains more than one PSAP, your program review committee consists of the following five members:

- A member of the board of county commissioners or a designee to serve as chairperson;
- The CEO of the most populous municipal corporation in the county (population residing outside the county is excluded from the count);
- One of the following, whichever is more populous:
    - The CEO of the second most populous municipal corporation in the county;

    - A member of the board of township trustees of the most populous township in the county as selected by a majority vote of the board;
- The CEO of a municipal corporation in the county selected by the majority of the legislative authorities of municipal corporations in the county under resolutions they adopt; and
- A member of the board of township trustees selected by the majority of the boards of township trustees in the county under the resolution they adopt.

If your county contains only one PSAP, and the board of county commissioners does not operate the PSAP, then your committee consists of three members from the following:

- A member of the board of county commissioners or a designee who will serve as chairperson of the committee;
- One of the following, based on what entity type operates the PSAP:
    - If a township, then a member of that board of township trustees;
    - If a municipal corporation, the CEO of that municipal corporation;
    - If operated by a subdivision that is not a township or municipal corporation, or is operated by a regional council of governments (RCOG), then an elected official of that subdivision or RCOG;
- A member who is an elected official of the most populous township or municipal corporation in the county that does not operate a PSAP (population residing outside the county is excluded for purposes of determining population).

If you have a single PSAP in the county and the board of county commissioners operates it, then that board will serve as the review committee.

Once established, the review committee must maintain and amend a final plan for implementing and operating a countywide 9-1-1 system. Any amendment to the final plan requires a two-thirds vote of the Review Committee, and each review Committee must meet at least once annually to maintain or amend the plan. The initial plan must be submitted to the state 9-1-1 program office by April 3, 2024. Any revisions or amendments to the plan are to be filed not later than 90 days after adoption. The final plan must specify the following:

- How PSAPs will be connected to a county's preferred NG 9-1-1 system;
- If enhanced 9-1-1, NG 9-1-1 service, or a combination of the two, will be provided (providing basic 9-1-1 service is no longer permitted);
- How originating service providers must connect to the core 9-1-1 system identified by the final plan, and what methods will be used by the providers to communicate with the system;
- A description of the capability of transferring or otherwise relaying information to the entity that directly dispatches emergency services should a PSAP not correctly deliver the needed services;
- An explanation of how each emergency service provider will respond to a misdirected call or a false caller location or if the call fails to meet FCC or accepted national standards.

As mentioned in recent issues of *Counties Current*, the Department of Administrative Services will be hosting events in October across the state to discuss NG 9-1-1 rollout plans and answer questions concerning funding, formation of the new plans, and more.

If you have questions about this information, please contact Managing Director of Policy Kyle Petty at kpetty@ccao.org or 614-220-7977. Next week, *Issue Spotlight* will begin to focus on county property tax.

Clermont County Commissioner Painter, CCAO provide proponent testimony on village dissolution bill

On Tuesday, Clermont County Commissioner and CCAO 2nd Vice President David Painter provided proponent testimony to the Senate Local Government Committee regarding House Bill 101 (Representative Adam Bird and Representative Jean Schmidt). The bill, which arose from difficulties encountered when the Clermont County village of Amelia dissolved in 2019, creates set procedures for a village dissolution and a new body called the Transitionary Advisory Board to oversee the dissolution. The board comprises three voting countywide elected officials (the county recorder, the county auditor, and a member of the board of county commissioners) and a non-voting representative from each impacted township.

During his testimony, Commissioner Painter highlighted the unique challenges that the dissolution of Amelia posed to government officials: It was the first time in Ohio history that a village straddling two townships dissolved. Without clear precedent or statute, the dissolution process took several years, during which former residents continued to pay taxes to a village that had legally been dissolved months prior. You can view Commissioner Painter's testimony on the Ohio Channel, beginning at 26:00.

In written testimony, Research Analyst Nick Ciolli noted that the Transitionary Advisory Board, run by countywide elected officials, is well-positioned to determine the division of assets and liabilities between townships that may be affected by a village dissolving.

Also providing testimony to the committee in support of the bill were the Auditor of State, the Ohio Township Association, the County Auditors Association of Ohio, and the Ohio Recorders' Association.

OBM Monthly Report shows strong GRF tax revenue performance

On Monday, the Office of Budget and Management released its September Monthly Financial Report. The report covers August 2023.

General fund revenues for August came in slightly above estimates, with a positive variance of 0.1% (about $2.8 million). Non-auto sales & use tax revenue continues to come above estimate, exceeding expectations by 4.5% (about $42.1 million). Through two months of the state fiscal year, revenue from the non-auto sales & use tax is 3.5% (about $68.2 million) above OBM's estimates.

Disbursements were below estimates in nearly every category, coming in 7.3% less than anticipated (about $290.4 million). However, this seems primarily based on several expected expenses in August being delayed into September. These include billings for MARCS services, a contractual payment between the Department of Rehabilitation and Correct and Ohio State University, and county indigent defense reimbursement payments.

You can read the full report here.

Legislative Activity

Committee Hearings

Several bills of interest to counties received hearings this week across different committees.

House Ways and Means

- House Bill 90 (Representative Tom Patton): To authorize a total property tax exemption for the homesteads of totally disabled veterans and their surviving spouses.
    - Third hearing; no testimony.

Senate Selection Committee on Housing

- Heard invited testimony from:
    - Legal Aid Society of Columbus
    - Homes on the Hill, Community Development Corporation
    - Ohio Mortgage Bankers Association
    - Ohio Housing Council
    - Coalition on Homelessness and Housing in Ohio

Introduction of Bills

The following bills that may be of interest to counties were introduced this week:

- Senate Bill 153 (Senator George Lang and Senator Terry Johnson): To temporarily modify the method for valuing farmland and other real property for tax purposes.
- House Bill 261 (Representative Tom Patton and Representative Bride Rose Sweeney): To make emergency medical services workers “public safety officers” under the Ohio Public Employees Retirement System.
- House Bill 263 (Representative Dani Isaacsohn and Representative Thomas Hall): To authorize a property tax freeze for certain owner-occupied homes.
- House Bill 265 (Representative Scott Wiggam and Representative Thomas Hall): To exempt redaction request forms, affidavits, and the records of the work schedules of designated public service workers from disclosure under public records law.

Upcoming Committee Hearings

The following committees are currently scheduled to meet and discuss bills that may interest counties. Other committees will likely meet as well, but as of press time for the

Statehouse Report, they have not released agendas. Please note that these schedules are subject to change.

If you would like to testify on any bill, please visit the committee page and contact the committee chair's office for instructions on submitting testimony.

Tuesday, September 19

House Ways and Means (2:30 p.m.)

- House Bill 187 (Representative Thomas Hall and Representative Adam Bird): Modify procedures to conduct property tax sales-assessment study.
  - Fifth hearing, all testimony
  - **POSSIBLE AMENDMENTS**
  - **POSSIBLE VOTE**
- House Bill 186 (Representative Darnell Brewer and Representative Sean Brennan): To exempt from sales and use tax sales of firearm safety devices.
  - First hearing, sponsor testimony
- House Bill 189 (Representative Al Cutrona): To exempt from the sales and use tax the sale of certain firearms and ammunition and to authorize nonrefundable tax credits for small arms and ammunition manufacturers.
  - First hearing, sponsor testimony