STATEHOUSE REPORT

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Property value assessment bill passes House, members of Joint Committee named

This week saw several notable legislative activities regarding property taxation.

Property Tax Bills

First, the House passed House Bill 187 (Representative Thomas Hall and Representative Adam Bird) by a vote of 58-26, largely along party lines.

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 bill includes a sunset provision that will eliminate the bill's provisions regarding how these studies are conducted after tax year 2025. The table below summarizes the bill's provisions and how they compare to current law.

Summary of Changes in House Bill 187		
Factor	**Current Practice**	**House Bill 187**
Property Tax Sales-Assessment Ratio Study Changes (sunset after 2025)		
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.

Summary of Changes in House Bill 187		
Factor	**Current Practice**	**House Bill 187**
Property Tax Sales-Assessment Ratio Study Changes (sunset after 2025)		
Consideration of Economic Conditions	No provision.	Requires consideration of “current” economic conditions.
Final Authority and Appeal Rights Changes (do not sunset)		
Final Authority on Equalization	Final decision made by Tax Commissioner.	Tax Commissioner makes recommendations, but final decision made by the County Auditor.
Equalization Appeal Rights	County Auditor may appeal to Board of Tax Appeals.	Tax Commissioner may appeal to Board of Tax Appeals.

The bill now moves to the Senate, where this week, the Senate Ways & Means Committee held the fourth hearing for its version of the bill.

Senate Bill 153 (Senator George Lang and Senator Terry Johnson) is similar to HB 187's As-Introduced form in that it requires assessments for tax year 2023, 2024, and 2025 be based on all sales over the last three years as opposed to current law's "representative sampling." It also requires all sales be weighted equally. It requires the Department of Taxation to recalculate the tax year 2023 figures since those will likely be complete by the time the bill becomes effective.

The bill makes similar changes to CAUV values as well.

CCAO has not taken a position on either bill.

Joint Committee on Property Tax Revenue and Reform

The state operating budget creates a temporary joint legislative committee and tasks it with studying Ohio’s property tax system and making recommendations regarding reforms and improvements. The committee will have five members from each chamber, with three members of the majority and two members of the minority party.

This week, the first appointments were made. They are listed below, along with any local government experience they have.

- **Senate Republicans:**
    - Senator Bill Blessing, III (co-chair)
    - Senator George Lang
        - Former West Chester Township Trustee
        - Former member of the West Chester Board of Zoning Appeals
    - Senator Sandra O’Brien
        - Former Ashtabula County Auditor
- **Senate Democrats:**
    - Senator Hearcel Craig

        - Former Columbus City Councilman
    - Senator William DeMora
- **House Democrats:**
    - Representative Bride Rose Sweeney
    - Representative Dan Troy
        - Former Willowick City Councilman
        - Former Lake County Commissioner
            - Two-time CCAO President (2008 and 2018)

The House Republican appointments are to be made by the Speaker but have not yet been announced.

CCAO is looking forward to working with the committee to make sure county's voices are heard during this important process of reviewing and suggesting reforms to the property tax system, since many county agencies rely heavily on property tax levies for their operating funds. CCAO will keep members informed as the remaining appointments are made and the committee begins its work.

Issue Spotlight: Property Tax Reduction Factors

In the Issue Spotlight series on property tax thus far, we've discussed basic property tax definitions and the authority that boards of county commissioners have to rollback the county's inside millage, if certain conditions are met. This week, we will discuss an important mechanism in Ohio's property tax system but one that is not always well-understood: property tax reduction factors.

In 1976, the General Assembly passed House Bill 920 which, among other provisions, created the system of tax reduction factors. This rule was placed in the Ohio Constitution in 1980 (Article 12, Sec. 2a). The general theory behind reduction factors is that property owners should not see their property taxes increase too much due to increases from reappraisals or triennial updates to valuation. Reduction factors function by recalculating the effective millage for each voted levy to ensure it collects the same general amount of revenue as it did in the levy's prior year.

There are three important things to note about reduction factors:

- They apply only to voted levies, otherwise known as "outside millage."
    - Inside millage is unaffected.
- Tax reduction factors are calculated separated for Class 1 property (residential and agricultural) and Class 2 property (all other property, such as commercial and industrial).
    - The distinction is due to the differing rates at which the two property classifications appreciate.
- They apply only to property that was taxed in the prior year.
    - New property is taxed at the full voted-on millage rate for its first year.

- Despite the application of reduction factors, taxes for individual properties may increase or decrease depending on their relative rates of change in valuation compared to other properties in the taxing district.
    - Since they function to keep revenue generated by a levy consistent, if property values decrease, the factors will cause the effective millage of an existing levy to increase to maintain the same revenue as when values were greater.

As an example, suppose Viking County seeks a three-mill (0.003) property tax levy to provide emergency medical services. This levy is outside the 10-mill guarantee, so the electorate must approve the levy, which it does. The table below walks through a hypothetical where the taxable value increases in both years two and three of the levy, but at different rates between Class 1 and Class 2, and through different means (appreciation in year two and new builds in year three).

This sample table is an exaggerated simplification for illustrative purposes. For more information on property tax reduction factors, please consult [CCAO Handbook Chapter 14: Local Property Taxes](#).

Property Tax Reduction Factors Sample Table							
Year	Class 1 Taxable Value	Class 2 Taxable Value	Class 1 Effective Millage	Class 2 Effective Millage	Class 1 Revenue	Class 2 Revenue	Total Revenue
Y1	$175 million	$15 million	3 mills	3 mills	$525,000	$45,000	$570,000
Y2	$180 million ($5 million appreciation)	$15.5 million ($500,000 appreciation)	2.92 mills ($525,000 / $180 million)	2.90 mills ($45,000 / $15.5 million)	$525,000 (180 million * 2.92 mills)	$45,000 ($15.5 million * 2.90 mills)	$570,000
Y3	$190 million ($10 million new build)	$15.5 million (No change)	For carryover property ($180 million): 2.92 mills For new build property ($10 million): 3 mills	For carryover property ($15.5 million): 2.90 mills	From carryover property ($180 million * 2.92 mills): $525,000 From new build property ($10 million * 3 mills): $30,000 Total: $555,000	From carryover property ($15.5 million * 2.90 mills): $45,000	$600,000

Solid waste legislation receives second House committee hearing

[Senate Bill 119](#) (Senator Bill Reineke) makes several changes to the law governing solid waste and solid waste management districts (SWMD) in Ohio. The bill received a second hearing in the House Energy and Natural Resources Committee on Wednesday.

The substitute bill allows a county in a joint SWMD to withdraw from the SWMD without approval from the other counties if the withdrawing county generated more than 75% of the annual revenue of the joint SWMD in the immediately preceding calendar year. In the substitute bill, such a county would request to withdraw. If another county in the district disapproved, then the board of directors of the SWMD would have to have a meeting. If at the end of that meeting the county still wishes to withdraw, the county will be able to leave the SWMD. OEPA must take action to complete the withdrawal process in 180 days. Under current law, for a county to withdraw from a joint SWMD, the other counties in the joint district must approve the decision. If the decision is approved, the SWMD counties must undergo the process in the Revised Code that takes roughly two years to complete.

The current version of the bill also allows a SWMD to levy tiered fees on the disposal of construction and demolition debris (C&DD). The SWMD would be required to forward the fees to the board of health of the health district in which the C&DD or solid waste facility that collected the fee is located. The board of health must then use these fees to administer the C&DD law within its jurisdiction, to abate accumulations of C&DD, and to mitigate the impacts to public health, safety, and welfare of C&DD facilities and solid waste facilities. A SWMD may only levy the new C&DD fees if the C&DD facility or solid waste facility is located in a health district that is approved to regulate C&DD under the C&DD law.

The substitute bill also eliminates the ability of a solid waste facility operator to charge solid waste fees on the disposal of C&DD. It also adds a new allowable use for SWMD disposal fees: Providing financial assistance to individual counties, boards of health, municipal corporations, and townships for the costs of mitigating impacts to public health, safety, and welfare of solid waste disposal or transfer facilities within the applicable political subdivision.

During Tuesday's hearing, Seneca County Commissioner Bill Frankart testified in support of Substitute Senate Bill 119. You can view Commissioner Frankart's testimony here.

If you have questions about Substitute Senate Bill 119, please contact Rachel Reedy at rreedy@ccao.org or 614-220-7996.

NOTICE: Demolition grant webinar to be held Monday

On Monday at 10:00 a.m., the Department of Development will be hosting a webinar regarding the Building Demolition and Site Revitalization Program. You can register for the webinar here.

Development has also provided detailed program guidelines and a list of the lead entities for grant applications in each county. CCAO encourages counties to attend the webinar to learn more about how the program will work and take advantage of an opportunity to ask questions directly to Development staff.

More information regarding the program can be found on Development's website.

Legislative Activity

Committee Hearings

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

House Finance

- House Bill 7 (Representative Andrea White and Representative Latyna Humphrey): To express the General Assembly's intent to support strong foundations for mothers and babies to address maternal and infant mortality and improve health and developmental outcomes, and to name this act the Strong Foundations Act.
    - Third hearing, proponent testimony from Advocates for Basic Legal Equality and Phillips North America and interested party testimony from the Health Policy Institute of Ohio and the Legal Aid Society of Columbus.
- House Bill 181 (Representative Brett Hillyer and Representative Josh Williams): To make various changes regarding recorded instruments, powers of attorney, judgment liens, mortgage subrogation, law enforcement towing laws, and state stock banks, and to make an appropriation.
    - Third hearing, interested party testimony from NAIOP the Commercial Real Estate Development Association.

House Health Provider Services

- House Bill 236 (Representative Beth Lear and Representative Melanie Miller): To prohibit a congregate care setting from denying a patient or resident access to an advocate and to name this act the Never Alone Act.
    - Second hearing, proponent testimony from Ohio Advocates for Medical Freedom and 16 private individuals.

House Government Oversight

- Senate Bill 158 (Senator Jerry Cirino): Regards the disbursement of municipal funds by residents and to declare an emergency.
    - Second hearing, opponent testimony from the City of Cleveland, the Ohio Mayors Alliance, People's Budget Cleveland, and 53 private individuals.

House Homeland Security

- House Bill 241 (Representative Joe Miller and Representative Kevin Miller): Regarding filling a vacant police department position without a competitive examination.
    - Third hearing, no testimony.

Senate General Government

- Senate Bill 147 (Senator Michele Reynolds): To permit an elector to change party affiliation through the voter registration process, to require an elector to register as a member of a political party in order to participate in that party's primary election, and to name this act the Voter Registration Modernization Act.
    - Second hearing, no testimony.
    - **Amended** to remove provisions closing primaries to only registered party members.
    - **Amended** to allow voters to change their party affiliation at any point, up to and including on Election Day.

Senate Local Government

- House Bill 66 (Representative Adam Bird and Representative Jean Schmidt): To modify the law regarding village dissolution.
    - Fourth hearing, no testimony.
    - **Amended** to allow non-profit organizations that manage entertainment programs at outdoor municipal parks to obtain a temporary F-9 liquor permit.
    - **Amended** to include villages in the increased competitive bidding threshold added in the state budget. Villages were inadvertently excluded.

Senate Ways and Means

- House Bill 66 (Representative Thomas Hall and Representative Reggie Stoltzfus): Regards the deduction and recovery of bad debts for cigarette and tobacco and vapor products taxes.
    - Fourth hearing, no testimony.

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, October 17

House Health Provider Services (3:00 p.m.)

- House Bill 229 (Representative Beth Lear and Representative Melanie Miller): To prohibit a congregate care setting from denying a patient or resident access to an advocate and to name this act the Never Alone Act.
    - Third hearing, proponent testimony

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

- House Bill 186 (Representative Darnell Brewer and Representative Sean Brennan): To exempt firearm safety devices from the sales and use tax.
    - Fourth hearing, all testimony
    - **POSSIBLE AMENDMENTS**

House Criminal Justice (3:00 p.m.)

- House Bill 56 (Representative Phil Plummer and Representative Andrea White): To require law enforcement entities to train officers related to the pursuit of a motor vehicle and to increase penalties for fleeing from law enforcement, reckless operation, and forms of stunt driving.
    - Fourth hearing, all testimony
    - **POSSIBLE AMENDMENTS**
    - **POSSIBLE VOTE**