STATEHOUSE REPORT

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Transportation Budget passes General Assembly, awaits Governor action

This week, the Senate adopted an omnibus amendment to House Bill 54, the transportation budget, and passed the bill by a unanimous vote. The House later concurred in the bill's passage 87-3, sending the bill to Governor Mike DeWine for his signature or veto.

The Senate's omnibus amendment makes the following changes of note to counties:

- Partially restores the requirement that regional transit authorities (RTAs) enter into and maintain a contract with at least one local law enforcement agency to enforce laws. The language is restored in a manner to apply only to Montgomery County (by narrowing the conditions to only RTAs in counties with a population between 535,000 and 540,000).
- Restores the continuation of the Workforce Mobility Partnership Program, which provides grants to RTAs for workforce mobility initiatives. Appropriates $13.5 million in each year for the program. $3 million of the appropriation comes from a reduction in a grant program for regional transportation planning organizations.
- Restores provisions that repeal the requirement that the Department of Transportation build a specific interstate interchange in Medina County. Instead of building the interchange, the department must complete a traffic congestion management strategic plan for the area by December 31, 2026.

The budget expects motor fuel tax distributions to counties to equal $4.1 million per county in SFY 2026 and $4.2 million in SFY 2027. Other notable provisions for counties in the transportation budget include:

- Allows the board of directors for a regional transit authority to adopt a policy not to require board approval for contracts less than $250,000 (tied to the "simplified acquisition threshold" definition in 41 USC 134).

- Requires ODOT to create a Division of Advanced Air Mobility to focus on, among other aims, support law enforcement, fire departments, and emergency medical services.
    - Advanced Air Mobility aircraft is an umbrella term for aircraft commonly referred to air taxis.
- Requires ODOT to notify the applicable board of county commissioners of a chip seal or fog seal project at least 30 days before the project is competitively bid or before the project is started via force account.
- Appropriates $9 million in each fiscal year for Transportation Improvement Districts.
- Appropriates $3 million in each fiscal year for Regional Transportation Planning Organizations.
- Authorizes ODOT to enter into agreements with political subdivisions for the provision of snow and ice removal, maintenance and repair, and lighting on interstate highways within the subdivision's boundaries, as long as the services meet federal requirements. Additionally authorizes the Department to reimburse the subdivisions for all or part of the costs incurred for these services.
- Modifies two appropriations made under the One-Time Strategic Community Investment Fund:
    - Requires all of the $5 million appropriated to the Indian Lake Advocacy Group to be used for the current needs of Indian Lake water quality, infestations, dredging, or creation of enhanced waterways and erosion control.
    - Eliminates the appropriation of $3.5 million for Flats River Development
- Increases bond authority for the State Capital Improvement Program by $15 million and earmarks the amount for grants to communities with road-slip emergency projects on non-state roads or on locally-maintained routes and interstates.
- Allows vehicles owned and operated by a political subdivision to possess a portable signal preemption device and authorizes their usage during Level 2 and Level 3 weather emergencies.
    - Signal preemption devices can change a traffic light from red to green out of its regular sequence.
- Prohibits counties from operating a traffic camera program.
    - According to LSC, there are no counties that currently have a traffic camera program.

CCAO will inform members if Governor DeWine issues any line-item vetoes.

Indigent defense reimbursement rate rebounds

This week, the Office of the Ohio Public Defender issued its quarterly update memo on indigent reimbursement rate. In it, OPD informed CCAO and other stakeholders that the reimbursement rate for the final four months of FY 2025 reimbursement payments (January through April), the reimbursement rate will be 93%, up from the 78% that OPD had been reimbursing thus far in the fiscal year.

OPD set the reimbursement rate at 78% based on the projection that monthly reimbursement requests would exceed $19 million. However, monthly reimbursements have only exceeded $19 million two times over the eight months and is averaging $18.4 million.

That has allowed the agency to increase the reimbursement rate for the remainder of the year, and result in an average annual reimbursement rate of about 83%.

While CCAO is glad to see the reimbursement rate increase for the remainder of the fiscal year, the memo is a reminder of the uncertain nature of indigent defense reimbursement. The Association, in partnership with OPD, the State Bar Association, the Criminal Defense Attorneys Association, and the Ohio Access to Justice Foundation, is supporting the inclusion of HC-1087 in the House Bill 96 substitute bill. The amendment would increase funding available for reimbursement for SFY 2026 and SFY 2027, remove reimbursement rate caps that harm small counties, and provide for a performance audit of the indigent defense system.

The provisions of HC-1087, along with the creation of the Northwest Regional Hub pilot program already in the budget, will help provide more fiscal stability for indigent defense reimbursement and begin to develop and test alternative models to the current system.

Overview of introduced property tax bills

The property tax system is one of the key focus areas of the 136th General Assembly. Through the first 11 weeks of the term, 19 bills have been introduced to reform various aspects of Ohio's property tax structure. A summary of each bill is below. The Legislative Service Commission's (LSC) fiscal estimate is included where possible.

House of Representatives

House Bill 22: Homestead Exemption Expansion

- Sponsors: Representatives Brian Lorenz and David Thomas
- Summary: The bill extends eligibility for the standard homestead exemption to spouses of armed service members who died in the line of duty. LSC estimates this would affect 1,100 surviving spouses and total up to $3 million per year. This amount would be fully reimbursed to local governments.
- Status: Has had three hearings in House Ways and Means.

House Bill 28: Replacement Tax Levy Elimination

- Sponsors: Representatives Adam Mathews and Thomas Hall
- Summary: The bill eliminates the replacement levy type. Replacement levies restore the original millage of the levy by erasing the effect of property tax reduction factors. LSC does not estimate a direct fiscal effect for the bill.
- Status: Passed the House by a vote of 62-30 on March 19.

House Bill 40: Enhanced Homestead Exemption Increase

- Sponsors: Representatives Tracey Richardson and Mike Dovilla
- Summary: The bill extends increases the homestead exemption amount for disabled veterans from $56,000 to $100,000, provided their income does not exceed $125,000 per year. LSC estimates this would affect up to 16,200 households, totaling up to $7.9 million annually. This amount would be fully reimbursed to local governments.

- Status: Has had three hearings in House Ways and Means.

House Bill 61: Homestead Exemption, Rollback Reforms

- Sponsors: Representatives David Thomas and Jack Daniels
- Summary: The bill changes the 2.5% owner occupancy property tax rollback to a flat $750 credit, changes the homestead exemption to a flat credit equal to the lesser of $750 or the total taxes levied by school districts on the property, changes the enhanced homestead exemption to a flat credit equal to $1,500, and applies the owner occupancy credit and the 10% nonbusiness rollback to all levies, not just those levied before November 2013. Finally, it reduces the reimbursement paid to local governments for these credits from 100% to 50%. LSC has not produced a fiscal note for the bill yet.
- Status: Has had one hearing in House Ways and Means.
- Special Note: The homestead exemption components of the bill were included as a proposed amendment to House Bill 96, the state operating budget. The substitute bill will be adopted on April 1.

House Bill 89: Temporary Property Tax Reduction

- Sponsors: Representative Jean Schmidt
- Summary: The bill provides a one-time property tax reduction equal to the difference between calculated taxes due in TY 2024 and the actual taxes paid in TY 2022. The bill does not include a provision to reimburse counties for the lost revenue attributable to the one-time reduction. LSC has not produced a fiscal note for the bill yet.
- Status: Has not yet received a hearing in House Ways and Means.

House Bill 103: Homestead Exemption Increase and Income Threshold

- Sponsors: Representatives Dan Troy and Thomas Hall
- Summary: The bill increases the income threshold for eligibility for the homestead program to $45,000 (from $30,000) and the exemption to $50,000 (from $25,000). LSC has not produced a fiscal note for the bill yet.
- Status: Has not yet received a hearing in House Ways and Means.

House Bill 124: Property Tax Sales-Assessment Ratio Studies

- Sponsors: Representatives David Thomas and Thomas Hall
- Summary: The bill shifts the entity that selects property sales data used for sales ratio studies from the Department of Taxation to the county auditor. The Department of Taxation still conducts the ratio studies but does so with a dataset provided by each county auditor. The Department may appeal to the Board of Tax Appeals if it feels certain sales should have been included or excluded from the dataset provided by the county auditor.
- Status: Has had one hearing in House Local Government.

House Bill 129: School District Millage Reallocation and 20-Mill Floor

- Sponsors: Representative David Thomas

- Summary: The bill prohibits a school district's board of education from changing the purpose of a levy within the ten-mill limitation if the change would increase taxes levied by the board in the same tax year. If the board proposes to change its levy within the ten-mill limitation in any other way, it must conduct a public hearing process. The bill also modifies the calculation of the school district's 20-mill floor like Senate Bill 61 (see below). LSC has not produced a fiscal note for the bill yet.
- Status: Has not yet received a hearing in House Ways and Means.

House Bill 137: Oversight of Certain Levies

- Sponsors: Representative Brian Lorenz
- Summary: The bill allows the taxing authority of a health district and county library district (the taxing authority for both of which is the board of county commissioners) to deny putting a property tax levy on the issue. LSC has not produced a fiscal note for the bill yet.
- Status: Has had one hearing in House Local Government.
- Special Note: This is a CCAO Platform Position

House Bill 143: Exemption for Certain Long-Term Owners

- Sponsors: Representatives Adam Mathews and Sean Brennan
- Summary: The bill creates an alternative property tax credit to homestead exemptions for those homeowners who are generally eligible for the homestead exemption and have owned and occupied the homestead for at least 20 years or such an individual's surviving spouse. The credit is calculated as the homestead exemption, except it uses $56,000 as the base amount rather than $25,000. LSC has not yet produced a fiscal note for the bill.
- Status: Has not yet received a hearing in House Ways and Means.

House Bill 154: School District Approval of Property Tax Exemptions

- Sponsors: Representatives David Thomas and Chris Glassburn
- Summary: The bill requires school districts to approve community reinvestment areas before the exemptions from the CRAs can be awarded. LSC has not yet produced a fiscal note for the bill.
- Status: Has not yet received a hearing in House Local Government.

House Bill 156: Property Tax Freeze for Certain Homes

- Sponsors: Representatives Thomas Hall and Dani Isaacsohn
- Summary: The bill allows a property tax freeze for homeowners if they are 65 years old or older, have resided in the same homestead for at least two years, have a total income less than $50,000, and the true value of the homestead is less than $500,000. The property tax freeze functions by reducing the individual's property tax bill by the difference between the calculated tax due and the taxes they paid the year before they first received the freeze. Revenue lost from the freeze is not reimbursed to local governments. LSC has not yet produced a fiscal note for the bill.
- Status: Has not yet received a hearing in House Ways and Means.

House Bill 179: Property Reduction Statewide Screening System

- Sponsors: Representative Jason Stephens
- Summary: The bill creates a screening system in the Department of Taxation to evaluate the eligibility of owners of real property and manufactured/mobile homes who receive homestead exemptions and the 2.5% owner occupancy credit. If the Department finds an exemption or credit was improperly given, it must notify the applicable county auditor. LSC has not yet produced a fiscal note for the bill.
- Status: Introduced, not yet referred to a committee

House Bill 186: School District Levy Inflationary Reduction and Funding Formula Offset

- Sponsors: Representatives Jim Hoops and David Thomas
- Summary: The bill creates a mechanism through which property tax bills attributable to school district on certain nonbusiness property and certain business property may be reduced in years when a triennial update or sexennial reevaluation occurs, and creates a mechanism in the school funding formula to offset losses to school districts due to the provisions of the bill.
- Status: Introduced, not yet referred to a committee

Senate

Senate Bill 42: Residential Stability Zones

- Sponsors: Senators Michele Reynolds and Hearcel Craig
- Summary: The bill allows local governments, including counties, to establish temporary zones where eligible homeowners may qualify for a partial property tax exemption. The exemption is equal to a certain percentage of the increase in value not attributable to new construction. LSC has not yet produced a fiscal note for the bill.
- Status: Has had one hearing in Senate Local Government

Senate Bill 66: School District 20-Mill Floor

- Sponsors: Senators Sandra O'Brien and George Lang
- Summary: The bill changes the calculation of whether a school district is at the 20-mill floor by including more factors. Currently, only inside millage used for operating expenses and voted, fixed-rate operating expense levies are considered when calculating the 20-mill floor. The bill includes all inside millage, emergency levies, substitute levies, and school district income taxes (converted to an effective millage figure). LSC has not yet produced a fiscal note for the bill.
- Status: Has had three hearings in Senate Ways and Means.
- Special Note 1: CCAO has provided proponent testimony on the bill.
- Special Note 2: The constitutional provision authorizing the 20-mill floor specifies that it can be established with respect to "taxes charged for current expenses against the land and improvements [in the subdivision]." LSC notes that since income taxes are not levied against land or improvements, including income taxes in the 20-mill floor may be unconstitutional.

Senate Bill 81: Tax Freeze for Certain Owner-Occupied Homes

- Sponsors: Senator Tom Patton

- Summary: The bill authorizes a permanent tax freeze for homeowners at least 65 years old and with an income of less than $70,000. For qualifying homeowners who apply and are found to meet the qualifications, their property tax bill is reduced by the difference between taxes due in the current tax year and the taxes paid the year before the homeowner first received the reduction. The bill does not reimburse local governments for lost revenue due to the freeze. LSC has not yet produced a fiscal note for the bill.
- Status: Has had one hearing in Senate Ways and Means

Senate Bill 92: Full Exemption for Totally Disabled Veterans
- Sponsors: Senator Tom Patton
- Summary: The bill alters the enhanced homestead exemption for disabled veterans to fully exempt their homes from property taxation. The state fully reimburses local governments for this expansion in the same manner as other homestead exemptions. LSC has not yet produced a fiscal note for the bill.
- Status: Has had one hearing in Senate Ways and Means

Senate Bill 141: Pre-K Property Tax Levy Authority
- Sponsors: Senator Paula Hicks-Hudson
- Summary: The bill allows boards of county commissioners to levy a property tax for the purposes of supporting pre-kindergarten programs and services.
- Status: Has not yet received a hearing in Senate Local Government.

Legislative Activity

Committee Hearings
The following committees held hearings this week regarding bills that may interest counties.

House Children and Human Services
- House Bill 2 (Representative Mark Johnson): To establish the Child Care Cred Program and to make an appropriation.
    - Second hearing, proponent testimony from the Ohio Chamber of Commerce, Groundwork Ohio, the Ohio Association of Goodwill Industries, the Ohio Business Roundtable, and several other entities.
- House Bill 41 (Representatives Andrea White and Bill Roemer): To establish certain child care grant programs, including those related to child care capacity and learning labs, and to make an appropriation.
    - Second hearing, proponent testimony from the Ohio Chamber of Commerce, Groundwork Ohio, the Ohio Business Roundtable, and several other entities.

House Community Revitalization
- House Bill 58 (Representatives Justin Pizzulli and Dontavious Jarrells): To create a certificate of need program for recovery housing residences.
    - Second hearing, proponent testimony from the Scioto County Prosecutor, the Scioto County Sheriff, the ADAMHS Board of Adams, Lawrence, and Scioto

counties, the Adams County Board of Commissioners, and the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties, along with the Village of South Point and five private individuals.

Senate Ways and Means

- Senate Bill 126 (Senators Shane Wilkin and George Lang): To exempt from sales and use tax items purchased by a logistics business to transport manufactured products, general merchandise, and grocery products.
    - First hearing, sponsor testimony.

House Judiciary

- House Bill 126 (Representatives Adam Mathews and Meredith Craig): To prohibit certain public nuisance actions
    - Second hearing, sponsor testimony from the Ohio Alliance for Civil Justice, the Ohio Chamber of Commerce, and the Ohio Council of Retail Merchants.

House Local Government

- House Bill 124 (Representatives David Thomas and Thomas Hall): To modify the process for making property tax sales-assessment ratio studies.
    - First hearing, sponsor testimony
- House Bill 137 (Representative Brian Lorenz): To authorize a taxing authority to decline to submit a requested library levy or general health district levy to voters.
    - First hearing, sponsor testimony

House Ways and Means

- House Bill 28 (Representatives Adam Mathews and Thomas Hall): To eliminate the authority to levy replacement property tax levies.
    - Fourth hearing, opponent testimony from the Public Children Services Association of Ohio, the Ohio Association of Area Agencies on Aging, the Association of Ohio Health Commissioners, and two mayors, and interested party testimony from the Buckeye Institute.
    - FAVORABLY REPORTED *and* PASSED BY HOUSE
- House Bill 40 (Representatives Tracey Richardson and Mike Dovilla): To increase the enhanced homestead exemption for certain disabled veterans.
    - Third hearing, no witnesses.

Senate Government Oversight and Reform

- Senate Bill 8 (Senator Stephen Huffman): To prohibit a public employer from providing paid leave or compensation for a public employee to engage in certain union activities.
    - Second hearing, proponent testimony from Americans for Prosperity Ohio, FGA Action, the Goldwater Institute, and the Associated Builders and Contractors of Ohio.

Senate Public Utilities

- Senate Bill 116 (Senator George Lang): To reduce the tangible personal property tax assessment rate for new pipeline company property.

    - First hearing, sponsor testimony
    - **SUBSTITUTE BILL** to narrow the proposed tax rate decrease to property placed in service following the bill's effective date.
- Senate Bill 103 (Senator Shane Wilkin): To serve large load customers and to make changes to the process of valuating natural gas company property.
    - Second hearing, proponent testimony from Columbia Gas of Ohio, the Ohio Gas Association, the Ohio Oil and Gas Association, and the Ohio Chamber of Commerce.

Introduction of Bills

The following bill(s) that may be of interest to counties were introduced this week:

- House Bill 178 (Representatives Dan Troy and Josh Williams): To establish a supplemental benefit allotment for certain recipients of supplemental nutrition assistance program benefits and to make an appropriation
- House Bill 179 (Representative Jason Stephens): To create a statewide screening system for certain property tax reductions and to make an appropriation.
- House Bill 180 (Representatives Roy Klopfenstein and Elgin Rogers, Jr.): To prohibit adverse employment actions against employees who are absent from work while serving as, or training to be, precinct election officials.
- House Bill 186 (Representatives Jim Hoops and David Thomas): To authorize a reduction in school district property taxes affected by a millage floor that would limit increases in such taxes according to inflation and to require a corresponding adjustment in the school funding formula.
- Senate Bill 147 (Senator Bill Reineke): To make changes to the laws governing the transfer and disposal of solid waste and construction and demolition debris and to provide for new procedures governing a county's withdrawal from a joint solid waste management district.
- Senate Bill 157 (Senators Theresa Gavarone and Andrew Brenner): To require verification of an elector's citizenship before the elector may vote and to modify procedures regarding voter registration, voter roll maintenance, absent voting, and election petitions

Upcoming Committee Hearings

The following committees are currently scheduled to meet and discuss bills that may be of interest to counties. Other committees will likely meet as well, but as of press time for Statehouse Report, they have not released agendas. Please note that these schedules are subject to change.

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

Tuesday, March 25

Senate Agriculture and Natural Resources (3:00 p.m.)

- Senate Bill 147 (Senator Bill Reineke): To make changes to the laws governing the transfer and disposal of solid waste and construction and demolition debris and to

provide for new procedures governing a county's withdrawal from a joint solid waste management district.
    - Second hearing, proponent testimony

Wednesday, March 26

Senate Public Utilities (9:00 a.m.)
- Senate Bill 103 (Senator Shane Wilkin): To serve large load customers and to make changes to the process of valuating natural gas company property.
    - Third hearing, opponent testimony and interested party testimony

House Energy (9:00 a.m.)
- House Bill 15 (Representative Roy Klopfenstein): To amend the competitive retail electric service law, make changes regarding electric company property taxation, and repeal parts of H.B. 6 of the 133rd General Assembly.
    - Seventh hearing, no testimony
    - **POSSIBLE AMENDMENTS**
    - **POSSIBLE VOTE**

House Local Government (9:00 a.m.)
- CCAO President and Clermont County Commissioner David Painter will give a presentation on behalf of CCAO
- House Bill 146 (Representative Brian Lorenz): To change the civil service status of certain positions in a county probation department from classified to unclassified.
    - First hearing, sponsor testimony

Senate Addiction and Community Revitalization (10:00 a.m.)
- Senate Bill 138 (Senator Terry Johnson): To modify various laws regarding boards of alcohol, drug addiction, and mental health services and to impose penalties for not registering recovery housing residences.
    - First hearing, sponsor testimony

House Ways and Means (11:30 a.m.)
- House Bill 30 (Representatives Adam Mathews and Brian Lampton): To phase-down the state income tax to a flat rate of 2.75% over two years.
    - First hearing, sponsor testimony