STATEHOUSE REPORT

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House overrides one property tax veto

This week, the House of Representatives held session to consider overriding vetoes made by Governor Mike DeWine on House Bill 96, the state operating budget, that concern property tax reform.

The House considered one item, Item Number 66, at the July 21 session and overrode the veto by a vote of 61-28.

The Senate must also consider overriding the item. If the Senate likewise overrides the veto, the provisions will become law 90 days after the Senate's vote.

Item Number 66 included line-item vetoes of multiple property tax levy restrictions including replacement levy elimination, school district levy types elimination, and property tax ballot language changes. The provisions are summarized below.

Replacement Levy Elimination – The bill eliminates the authority for political subdivisions to put replacement property tax levies on the ballot beginning January 1, 2026. A replacement property tax levy maintains the original millage rate but removes property tax reduction factors. A replacement levy generates more revenue than a renewal since it eliminates the reduction factors.

School District Levy Types Elimination – The bill eliminates three property tax types that were available only to school districts. Unlike the elimination of replacement property tax levies, which has a delayed effective date to January 1, 2026, the elimination of these property tax levy authorities is effective on the bill’s effective date. Fixed-sum and substitute emergency levies are eliminated, as is the authority to levy a combined income tax and fixed-sum property tax.

Additionally, property taxes levied by regional student educational districts and by career-technical cooperative education districts cannot be renewed with an increase in the rate.

Functionally, this means that those entities would need to put property tax levies of the "additional" typography on the ballot if they want to generate more revenue.

Finally, school districts with a carry-over percentage exceeding 100% are prohibited from placing any non-renewal property tax levy on the ballot.

Property Tax Ballot Language – Changes all references to "county auditor's appraised value" in the Revised Code to "county auditor's market value."

Item Number 55 (county budget commission authority and procedure) and Item Number 65 (20-mill floor calculation) were previously scheduled to be considered but were not voted on during the House's session on Monday. These items, and any other vetoes, could be considered for overrides at any point during this General Assembly.

If you have questions about the vote or override process, please contact CCAO Research Analyst Nick Ciolli at nciolli@ccao.org.

Governor DeWine announces membership of Property Tax Reform Working Group; first meeting held

This week, Governor DeWine announced the full membership of the Property Tax Reform Working Group. The governor announced the formation of the work group following several line-item vetoes of property tax related measures in House Bill 96.

The working group is tasked with thoroughly examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, fire, police, EMS, libraries, and developmental disabilities is adequate.

The first meeting was held Thursday for organizational and introductory purposes. The governor asked the body to issue a report with concrete recommendations by September 30, 2025. Future meeting dates have not been released. It is anticipated that at least one future meeting will be closed to the public and that testimony before the group will be "invite only."

CCAO members selected to serve on the working group include Hamilton County Commissioner Denise Driehaus, Pickaway County Commissioner Gary Scherer and Pike County Commissioner Jeff Chattin.

The full membership of the Property Tax Reform Working Group is:

- Co-Chairman Pat Tiberi, President and CEO of the Ohio Business Roundtable
- Co Chairman Bill Seitz, former State Representative
- Krista Bohn, Allen County Treasurer
- Chris Galloway, Lake County Auditor
- Matt Nolan, Warren County Auditor
- Steve Patterson, Mayor of Athens
- Dr. John Marschhausen, Superintendent of Dublin City Schools

- Stephanie Starcher, Superintendent of Fort Frye Local Schools
- Denise Driehaus, Hamilton County Commissioner
- Gary Scherer, Pickaway County Commissioner
- Jeff Chattin, Pike County Commissioner

If you have questions about the working group, please contact CCAO Research Analyst Nick Ciolli at nciolli@ccao.org.

Permissive local homestead and owner-occupied property tax exemptions

House Bill 96, the state operating budget, gave county commissioners, executives and council members the ability to provide additional property tax relief by offering "piggy-back" homestead and 2.5% owner-occupied tax exemptions. These exemptions are voluntary and separate. A board of commissioners, or in a charter county the county executive and council, can issue either of the exemptions or both.

Both exemptions are available to anyone who qualifies for the state exemption. The owner-occupied credit is capped at 2.5%, so it is not automatically 2.5%; the decision on the amount is left with the board of commissioners or county executive and council. The homestead exemption must equal the state exemption.

For both exemptions, the commissioners or county executive and council must pass a resolution on the matter and send a certified copy to the county auditor and tax commissioner within 30 days of adoption. If commissioners or the county executive and council adopt a resolution before July 1 in a calendar year, the exemption begins in the next tax year, or calendar year (or in one year for manufactured homes). If the resolution is adopted after July 1, the exemption applies the following tax year (or in two years for manufactured homes).

For example, if the resolution is adopted on April 1, 2026, the exemption will begin on January 1, 2027 (or January 1, 2028 for a manufactured home). If the resolution is adopted on July 2, 2026, the exemption will begin on January 1, 2028 (January 1, 2029 for a manufactured home).

Unlike the traditional homestead and 2.5% owner-occupied credit, these optional exemptions are not subsidized by the state. If the commissioners or county executive and council choose to offer a county exemption for one or both, the taxing authorities of the county will not be reimbursed. The county is not required to reimburse other taxing authorities, but the county and taxing authorities will lose the portion of property tax related to these exemptions. The county may, if it chooses, cover the entire cost of the exemptions.

As stated above, these decisions are entirely up to the commissioners or county executive and council. Each board or executive and council may choose to act on both, one or none of the exemptions. This is a tool that the legislature is choosing to give commissioners, county executives and councils as an additional option to provide property tax relief.

If you have questions about these local options, please contact CCAO Policy Team Member Dan Baker (dbaker@ccao.org) or CCAO Research Analyst Nick Ciolli (nciolli@ccao.org).

Legislative Activity

Introduction of Bills

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

- House Bill 397 (Representatives Kellie Deeter and Mark Johnson): To expand the allowable uses of profits from jail commissary funds.

Upcoming Committee Meetings

Wednesday, July 30

House Agriculture and Senate Agriculture and Natural Resources (11:00 a.m.)

- Joint committee meeting at the Ohio State Fair
- Invited testimony from: Ohio Expo Center and State Fair; Ohio Department of Agriculture; Ohio Department of Natural Resources; 2025 Ohio Fairs Queen; Junior Fair Board President; Ohio FFA President; President of 4-H Teen Leadership Council; Ohio Farm Bureau Federation