STATEHOUSE REPORT

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Property Tax Updates: Governor's Working Group continues to meet, Representatives introduce amendment resolution

This week featured two notable property tax reform happenings: the Property Tax Reform Working Group held its fourth meeting and Representatives Tex Fischer and Beth Lear introduced House Joint Resolution 6, to amend the Ohio Constitution to limit property tax bills.

Working Group

After Governor Mike DeWine vetoed many property tax reform provisions in House Bill 96, he convened a Property Tax Reform Working Group to make recommendations to the Executive Branch and General Assembly on reforms to pursue. The group is chaired by former State Representative Bill Seitz and Ohio Business Roundtable President Pat Tiberi. CCAO 1st Vice President and Hamilton County Commissioner Denise Driehaus, Pickaway County Commissioner Gary Scherer, and Pike County Commissioner Jeff Chattin serve on the group, along with other local officials.

Yesterday, the group held its fourth meeting. Most of the meeting featured Department of Education and Workforce and Department of Taxation staff educating the group on how the school funding formula works. The formula is the mechanism that the state uses to fund public education. Since school districts account for about 60% of property taxes, the group determined it would be useful to understand the state's side of the education funding system.

The group expressed support for House Bill 186 (Representatives Jim Hoops and David Thomas), which caps revenue growth from the school district 20-mill floor to an inflationary measure. The bill's original form included a provision that offset some of the loss to districts by changing their factors in the funding formula, but the bill was amended to remove that component. The Working Group's support was for both the original version of HB 186 and the current version.

The Working Group plans on reviewing property tax deferral programs in other states during the period before their next meeting and then, at the next meeting, developing recommendations for how a deferral program could look in Ohio.

House Joint Resolution 6

On Tuesday, Representatives Tex Fischer and Beth Lear introduced House Joint Resolution 6. Joint resolutions are constitutional amendments proposed by the General Assembly. If a joint resolution is adopted by 60% of each chamber (60 representatives and 20 senators), it is placed on the statewide ballot at the next election. Unlike a citizen-initiated amendment, joint resolutions can be voted on at primary elections (for presidential election years, March; for non-presidential election years, May).

HJR 6 proposes to add language to Article XII, Section 2 of the Ohio Constitution. Section 2 authorizes the creation of laws to allow for property taxes. The proposed addition under HRJ 6 would read:

> *However, those laws shall not cause land and improvements thereon to be taxed in excess of one and one-quarter per cent of its true value in money or, in the case of a dwelling owned and occupied by a resident sixty-five years of age and older for at least five continuous years, one per cent of its true value in money.*

In plain terms, the amendment would limit property tax bills to 1.25% of the market value of a property, unless the property is a dwelling owned and occupied by a resident aged 65 or above. In that case, the property tax bill would be limited to 1.00% of the true market value.

For example, suppose a couple above the age of 65 has lived in their home for ten years and it is valued at $470,000. For TY 2024, across various levies, their tax bill is about $9,700, or 2.06% of their property's true value. Were the proposed amendment in place, their tax bill would have been limited to $4,700; if the couple were a few years younger and not eligible for the owner occupied cap, their tax bill would have been limited to $5,875.

As a constitutional amendment, HJR 6 does not have any statutory text to provide more clarity on how the tax bill limitation would work in practice. In the example above, the couple's tax bill would have been reduced by about $5,000. This would correspond to a $5,000 reduction in tax revenue for taxing entities.

Would that loss be distributed proportionately among the taxing entities? Would some levies be immune to reductions and thus cause relatively greater reductions among other levies?

CCAO is looking forward to discussing HJR 6 with Representatives Fischer and Lear to learn more about their proposal and their thoughts about these questions and others that may arise.

If you have questions about the Property Tax Reform Working Group or House Joint Resolution 6, please contact CCAO Policy Team Member Dan Baker and CCAO Research Analyst Nick Ciolli.