STATEHOUSE REPORT

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House passes two property tax reform measures, revenue cap bills continue to be reviewed

This week, the House Ways and Means Committee held hearings on four property tax bills, two of which were subsequently passed by the full House of Representatives at its session on Wednesday.

The first bill that was favorably reported by the committee and later passed by the House was House Bill 129 (Representative David Thomas), a bill to include additional types of levies in the calculation of a school district 20-mill floor. The bill received an amendment that incorporated elements of recommendations by the Governor's Work Group on Property Taxation.

The bill now requires that current expense fixed-sum levies be included in a district's 20-mill floor calculation. In the case of existing emergency and substitute levies, their millage will be included in the floor in the first year in which a county the district has territory in under goes a reappraisal or update. The other types of fixed-sum levies will be incorporated in the floor beginning in tax year 2026.

Additionally, the bill allows school districts to levy fixed-sum levies if it is in fiscal emergency, watch, or caution, or if an emergency declared by the Governor or U.S. President impacts the district. Existing emergency levies can also be renewed a single time as a fixed-sum levy. The existing fixed-sum levy types were eliminated under veto-overridden budget language.

The bill passed unanimously out of the Ways and Means Committee and passed the full House by a vote of 81-16.

The second bill that passed out of the committee and was later passed by the full House was House Bill 309 (Representative David Thomas), a bill to make changes to county budget commissions. The bill received an amendment that incorporated elements of recommendations by the Governor's Work Group on Property Taxation.

HB 309 limits the authority for the budget commission to modify a property tax levy's collections to only after the first five years of a levy's collection. Renewal levies can be modified at any time.

Additionally, the bill provides definitions for "unnecessary collections" and "excessive collections":

- Unnecessary: Beyond the reasonably anticipated financial needs of the a taxing authority after accounting for fund balances, projected expenditures, and other funding sources.

- Excessive: An amount or rate that exceeds what is required to provide services at a level consistent with statutory obligations.

Many of the provisions in HB 309 were included in HB 96, the state operating budget, but were vetoed by the Governor.

The bill passed unanimously out of the Ways and Means Committee and passed the full House by a vote of 77-19.

Meanwhile, the committee amended the two bills pending before it that concern caps on unvoted property tax increases. House Bill 186 (Representatives Jim Hoops and David Thomas) puts an inflationary cap on revenue growth attributable to the school district 20-mill floor and House Bill 335 (Representative David Thomas) puts a cap on revenue growth attributable to inside millage.

HB 186 was amended to make a technical change to modify the limitation (referred to on tax bills as the "Inflation Cap Credit") to account for levy reductions made by the school district or by the county budget commission.

HB 335 was amended to change the calculation of its cap from 3% of the year before its most recent reappraisal or update to the GDP deflator growth over the preceding three years before its reappraisal or update. CCAO has endorsed the concept of an inflationary cap on inside millage growth.

Both bills are slated for additional hearings and testimony next week.

Other county bills receive hearings

In addition to the property tax reform bills that received attention in House Ways and Means, several pieces of legislation that would affect county government had hearings in the Statehouse this week.

House Bill 371, elected officials as mandatory reporters

House Bill 371 (Representatives Phil Plummer and Tom Young) received its first hearing in House Public Safety. The bill would make elected officials (elected officer of the state or any political subdivision, excluding political party central committees) mandatory reporters of child abuse and neglect.

A mandatory reporter must make a report to the public children services agency or a peace officer in the county if they know or have reasonable cause to suspect that a child under the age of 18 or a person under the age of 21 who has a developmental disability or physical impairment has suffered or is suffering abuse or neglect.

The bill does not subject elected officials to the criminal penalties that exist for other mandatory reporters who fail to make a report.

Current mandatory reporters include attorneys, child care center employees, teachers, and others.

House Bill 413, local government finances database
House Bill 413 (Representatives Tom Young and Bob Peterson) received its first hearing in House Technology and Innovation. The bill would create the Local Government Expenditure Database, a similar system to the Ohio Checkbook, and would require local governments to participate.

The Ohio Checkbook, more formally known as the State and Local Government Expenditure Database, makes many aspects of state financials available to the public. This includes state employee compensation, a general flow of state expenses, and more. While local governments can participate in the Ohio Checkbook, it is optional. CCAO reviewed the database and found that 47 counties either participate in the Checkbook or have at one time.

The bill would formally divide the Ohio Checkbook into a version for the state and a version for local governments. Counties, along with several other local government types, would be required to participate in the local government database. The Treasurer of State would adopt rules to specify the information that the entities would need to provide. Although the name of the database is the Local Government Expenditure Database, entities would need to submit revenue data as well.

The bill appropriates $5 million to the Treasurer of State to create and maintain the new database, but no resources are provided to assist local governments in integrating into the database. It is CCAO's understanding from counties that have not participated in the Ohio Checkbook that, in some cases, lack of participation is due to differing systems between the state and the county.

The CCAO General Government Committee may review the bill in the coming weeks.

House Bill 389, elimination of additional hybrid vehicle registration fee
House Bill 389 (Representatives Joe Miller and David Thomas) received its first hearing in House Transportation. The bill would eliminate the $100 additional registration fee for traditional hybrid vehicles.

Vehicle registration fee revenues are used for road and bridge maintenance. The main source of revenue for that purpose is the motor vehicle fuel tax ("gas tax"). Since traditional hybrid vehicles, along with plug-in hybrids and electric vehicles, use less gasoline than traditional motor vehicles, the additional registration fees were added to offset some of the gas tax revenue lost due to their increased efficiency or non-reliance on gasoline.

The Legislative Service Commission estimates that eliminating the additional registration fee would reduce vehicle registration fee revenue by $13.8 million in SFY 2026 and $30.0 million in SY 2027. Of those figures, about $2.3 million in SFY 2026 and $5.0 million in SFY 2027 would be losses to counties.

CCAO's Legislative Platform calls for a modernization of infrastructure funding in light of increasing fuel efficiency and growing construction inflation. While the bill may run afoul of that position, the CCAO Taxation and Finance Committee has not yet reviewed the bill.

House Bill 361, shortening development-related timelines

House Bill 361 (Representatives Brian Lorenz and Tex Fischer) received its second hearing in House Local Government. The bill makes changes to timelines associated with land use reviews, building inspections, and road access management studies.

Land use requests are put on a "shot clock," under which counties (along with townships and municipalities) must make a decision within 90 days, otherwise the request is deemed approved. A similar timeline, although only 30 days, applies to boards of zoning appeals.

Reviews of building construction project plans and inspections of the projects must be conducted within 30 days of request.

Counties and townships are prohibited from establishing road access standards that are stricter than corresponding state or federal regulations and requires that the entity conduct any necessary traffic studies within 45 days of a permit's submission.

Proponent testimony at the hearing was provided by Americans for Prosperity, the Youngstown/Warren Regional Chamber of Commerce, the Ohio Building Officials Association, and the Ohio Home Builders Association.

CCAO's Jobs, Economic Development, and Infrastructure Committee is reviewing the bill.

House Bill 473, prohibiting employer paying employee OPERS contributions

House Bill 473 (Representative David Thomas) received its first hearing in House Public Insurance and Pensions. The bill would prohibit a public employer from paying employee contributions on an employee's behalf to a state retirement system. This practice is sometimes referred to as "picking up" the employee contribution.

There are two forms of "pick up" plans. One, called the salary reduction method, sees the employer reduce the employee's gross salary by the amount of the contribution to the retirement system. The other, called the fringe-benefit arrangement, the employee does not deduct the contribution and funds it fully.

According to the Legislative Service Commission, only the fringe-benefit arrangement method is banned by the bill.

Currently, employee contributions to the State Teachers Retirement System are the only contributions that an employer has explicit statutory authority to "pick up," but generally the practice can be included in collective bargaining agreements.

If the bill is enacted, collective bargaining agreements entered into on or after the bill's effective date will not be permitted to authorize the fringe-benefit arrangement.

HB 96, the state operating budget, included a provision banning this practice for school administrators, but the provision was vetoed by Governor Mike DeWine.

CCAO is not immediately aware of the extent to which counties utilize the fringe-benefit arrangement. The CCAO General Government Committee may review the bill in the coming weeks.

House Bill 297, increasing county Memorial Day allocations

House Bill 297 (Representatives Johnathan Newman and Kevin Ritter) had its second hearing in House Veterans and Military Development. The bill would increase, from $500 to $1,000, the amount that a county must provide to certain military-centric organizations to offset Memorial Day expenses.

Under current law, if a garrison or branch of the Army and Navy Union and any chartered post, garrison, or branch of a veterans organization recognized and charted by the U.S. Congress requests funds from the board of county commissioners to offset costs associated with Memorial Day, the board must approve the request up to $500. The bill increases that amount to $1,000. Any unspent funds must be returned to the county.

Permissible uses for the funds include arrangement of, support of, and/or participation in a countywide observance; expenses associated with mapping, marking, and decorating veterans' graves; and incidental costs associated with those purposes.

Proponent testimony at the hearing was provided by the Veterans of Foreign Wars and two private individuals.

Legislative Activity

Committee Hearings

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

House Development

- House Bill 307 (Representatives Dontavious Jarrells and Monica Robb Blasdel): To establish a program regarding lead service line replacement.

- Third hearing, opponent testimony from the Ohio Municipal League and the Ohio Mayors Alliance, and interested party testimony from the Ohio Manufactured Homes Association.

House Local Government

- House Bill 461 (Representative Terrence Upchurch): To require municipal and county correctional facilities and state correctional institutions to provide inmates who are deaf, hard of hearing, or severely speech impaired with access to teletypewriters.
    - First hearing, sponsor testimony

House Veterans and Military Development

- Senate Bill 179 (Senator Terry Johnson): To verify the veteran status of imprisoned individuals and individuals facing imprisonment.
    - First hearing, sponsor testimony

House Transportation

- House Bill 251 (Representative Bernard Willis): To establish requirements related to the use of an unmanned aerial vehicle by law enforcement and to expressly incorporate additional aviation facilities into the Aeronautics Law.
    - Fourth hearing, no testimony
    - **AMENDED** to exempt information gathered from non-intrusive UAV flights that observe potential evidence visible to the naked eye from the requirement to obtain a search warrant, among other changes.

Senate General Government

- Senate Bill 262 (Senator Bill Blessing): To require a public authority or other party to a construction contract to note variations from an industry standard form.
    - First hearing, sponsor testimony
- Senate Bill 260 (Senator Michele Reynolds): To permit an elector to change party affiliation through the voter registration process.
    - First hearing, sponsor testimony

Senate Housing

- Senate Bill 250 (Senator Michele Reynolds): To authorize a nonrefundable, transferable tax credit for charitable organizations that construct owner-occupied housing.
    - Second hearing, proponent testimony from COHHIO, the Ohio CDC Association, the Community Shelter Board, First Year Cleveland, and the Youngstown Warren Regional Chamber of Commerce.

Introduction of Bills

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

- House Bill 499 (Representatives Tim Barhorst and Angie King): To modify the law governing county budget commissions and property taxation.

- House Bill 502 (Representative Latyna Humphrey): To make an appropriation to continue to fund the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families programs, and Special Supplemental Nutrition Program for Women, Infants, and Children contingent upon a lapse in federal funding.
- House Bill 504 (Representative Angie King): To authorize counties to temporarily exempt a portion of property's increased value from taxation following a reappraisal and to name this act the Calculated Adjustments for Property Surges (CAPS) Act.
- Senate Bill 279 (Senator Terry Johnson): To prohibit a business, state agency, or political subdivision from discouraging or prohibiting a law enforcement officer from carrying a weapon while off duty.
- Senate Bill 281 (Senator Kristina Roegner): To authorize a board of county commissioners, on its own behalf, to award a franchise for the operation of a public transit system.
- Senate Bill 285 (Senator Tim Schaffer): To exempt agricultural land converted to certain conservation uses from recoupment charges.

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.

Wednesday, October 15

House Local Government (9:00 a.m.)

- 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.
    - Third hearing, all testimony
- House Bill 493 (Representatives David Thomas and Dan Troy): To sunset the sale of delinquent property tax certificates on January 1, 2027.
    - First hearing, sponsor testimony

House Development (9:45 a.m.)

- House Bill 17 (Representative Brian Lorenz): To classify certain storage condominiums as residential property for tax purposes.
    - Fourth hearing, all testimony
    - **POSSIBLE VOTE**
- House Bill 307 (Representatives Dontavious Jarrells and Monica Robb Blasdel): To establish a program regarding lead service line replacement and to name this act the Lead Line Replacement Act.
    - Third hearing, opponent and interested party testimony

Senate Judiciary (9:45 a.m.)

- House Bill 247 (Representatives Kevin Miller and Meredith Lawson-Rowe): To revise dog laws, including dangerous and vicious dogs.
    - Second hearing, proponent testimony

House Public Insurance and Pensions (10:00 a.m.)

- House Bill 73 (Representatives Kevin Miller and Thomas Hall): To establish a deferred retirement option plan for law enforcement officers in the Public Employees Retirement System.
    - Second hearing, proponent testimony

Senate Local Government (10:45 a.m.)

- House Bill 124 (Representatives David Thomas and Thomas Hall): To modify the process for property tax sales-assessment ratio studies.
    - First hearing, sponsor testimony

House Ways and Means (11:30 a.m.)

- 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.
    - Eighth hearing, all testimony
- House Bill 335 (Representative David Thomas): To modify the law governing county budget commissions, property taxation, county sales taxation, and alternative apportionment formulas for local government and public library funds.
    - Fourth hearing, all testimony

House Community Revitalization (3:15 p.m.)

- House Bill 58 (Representatives Justin Pizzulli and Dontavious Jarrells): To create a recovery housing residences certificate of need program.
    - Third hearing, no testimony
    - **POSSIBLE SUBSTITUTE BILL**