STATEHOUSE REPORT

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Bill to place inflationary cap on inside millage growth passes House

This week, the House Ways and Means Committee favorably reported, and the full House of Representatives later passed, House Bil 335 (Representative David Thomas). The bill puts an inflationary limit on the amount that inside millage can grow each reappraisal or update. If enacted, the bill would protect taxpayers from spikes in their property taxes due to high valuation changes.

For example, if the value of an individual's home increases by 30% at its next reappraisal, but the inflation rate since the last update was 9%, their tax bill attributable to inside millage would increase by only 9% instead of 30%, as under current law.

HB 335 has transformed significantly as it moved through the legislative process. When it was first introduced in June, the bill would have eliminated inside millage (other than for townships) and made other changes to local taxation policy. After receiving feedback from local governments and advocacy from CCAO, the bill was scaled back to instead put a small 3% cap on inside millage growth. After further advocacy from CCAO, the bill was again changed to set the cap at an actual inflation measure.

CCAO finished the House Ways and Means Committee process as a proponent of the bill, but a change to the bill at its final hearing has shifted CCAO back to Interested Party status.

Since 2012, counties have had the ability to reduce (or "roll back") their inside millage rates without the uncollected millage becoming reallocatable to other local governments. This authority was created to facilitate counties "swapping" inside millage for a sales tax increase without losing the ability to continue to collect that foregone inside millage in the future. More information about this authority can be found in County Advisory Bulletin 2025-10: Property Tax Relief Options.

Municipalities and school districts, unlike counties, have not had the protection to forego inside millage in exchange for other taxation (in both cases, an income tax) without risking the foregone mills getting claimed by a different taxing entity. HB 335 received amendments to provide the same protection to these taxing entities.

CCAO has no position on municipalities and school districts having the same inside millage rollback protections as counties, but the amendments included the requirement that any taxing entity that rolls back its inside millage rate receive, if it wishes to restore its inside millage rate, approval from the county budget commission to do so.

CCAO believes that needing to get approval from the county budget commission to restore inside millage will serve as a disincentive for counties to roll back inside millage in the first place. As the budget authority for the county, commissioners are empowered to manage the county's fiscal needs, making further involvement by the county budget commission unnecessary.

The Association has expressed concerns with the provision to the bill sponsor and other members of the House, and will work with the Senate to improve the bill.

If you have questions about House Bill 335, you can contact Research Analyst Nick Ciolli.

Bills affecting county revenues receive amendments, hearings

House Bill 109, Short Term Rentals

This week, House Bill 109 (Representative Justin Pizzulli) was amended to make a number of changes related to the taxation of short-term rental properties. The bill now requires short-term rental platforms (such as AirBnB and Vrbo) to collect and remit applicable state and local sales tax to the Department of Taxation monthly. The bill already required any local lodging tax to apply to short-term rentals, but now explicitly requires the collection and remittance to be done by the platform, not the individual short-term rental property owners.

The fiscal analysis for a different bill that extends sales tax to short-term rentals estimates that state sales tax collections would increase by between $15 million to $48 million annually and county collections would increase by between $3 million and $10 million annually. The magnitude of increase for counties would vary by the volume of short-term rental properties in each county.

Another important taxation change made in HB 109 is that it requires statements of value of real property transfers to indicate if the property will be used as a short-term rental property. The Department of Taxation would be required to assign a distinct land use code to these properties and exclude them from residential property when sales-assessment ratio studies are conducted.

This change will help protect homeowners in counties with a high volume of short-term rentals, since these properties are currently valued as normal residential property despite their alternative use.

House Bill 522, Mineral Royalties

This week, House Bill 522 (Representatives Kevin Ritter and Adam Bird) received its first hearing. The bill would require all federal mineral royalties received from the U.S. Department of the Interior's Office of Natural Resources Revenue to be deposited into a new fund and then, within the next 30 days, be transferred to the county where the applicable royalty was derived from.

The funds would be at the disposal of the board of county commissioners for appropriation solely for planning purposes, construction and maintenance of public facilities, or for the provision of public services.

A federal mineral royalty is a payment to the federal government as part of a mineral lease, under which the leasee extracts and produces minerals (coal, oil, and gas, most typically) on federal land. The leasee pays a royalty to the federal government, which then distributes a portion of the royalty back to the state in which the federal land is located.

According to data from the U.S. Department of the Interior's Office of Natural Resources Revenue, these royalties distributed to Ohio has been variable over the five years ranging from $215,000 in 2024 to $1.0 million in 2022. The data available online does not include source counties.

Legislative Activity

Committee Hearings

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

House General Government

- House Bill 223 (Representatives Ty Mathews and Bernard Willis): To prohibit the state or a political subdivision from purchasing a United States or Ohio flag that was note made in the United States.
    - Third hearing, interested party testimony from the Department of Rehabilitation and Correction

Senate Finance

- House Bill 434 (Representatives Bernard Willis and Brian Lampton): To exempt certain military-related limited term driver's license applicants from the driver's education requirements, to expand the Drones for First Responders Program, and to declare an emergency.
    - First hearing, sponsor testimony
- Senate Bill 195 (Senator Tim Schaffer): To make changes regarding volunteer fire departments and volunteer firefighters and to make an appropriation.
    - First hearing, sponsor testimony
- Senate Bill 240 (Senator Kent Smith): To authorize a county excise tax on the sale of adult use marijuana to support artistic, cultural, and entertainment opportunities.
    - First hearing, sponsor testimony

- Senate Bill 255 (Senators Hearcel Craig and Michele Reynolds): To provide grants to qualifying applicants for mortgage, property tax, and utility bill assistance.
    - First hearing, sponsor testimony

Senate General Government

- Senate Bill 293 (Senators Theresa Gavarone and Andrew Brenner): To require all marked absent voter's ballots to be delivered to the board of elections by the close of the polls on Election Day in order to be counted.
    - First hearing, sponsor testimony
- Senate Bill 260 (Senator Michele Reynolds): To permit an elector to change party affiliation through the voter registration process.
    - Second hearing, no testimony

House Local Government

- House Bill 445 (Representatives Mike Dovilla and Brian Stewart): Regarding regional councils of government and metropolitan planning organizations.
    - First hearing, sponsor testimony
- House Bill 397 (Representatives Kellie Deeter and Mark Johnson): To expand allowable uses of profits from jail commissary funds.
    - Second hearing, proponent testimony from the Van Wert County Sheriff.

House Public Insurance and Pensions

- House Bill 473 (Representative David Thomas): To prohibit a public employer from paying employee contributions to a state retirement system.
    - Second hearing, proponent testimony from the Lake County Auditor, Americans for Prosperity-Ohio, Ohio University, and Americans for Tax Reform.

House Veterans and Military Development

- House Bill 243 (Representatives Kevin Ritter and Johnathan Newman): To increase the amount a county may provide military and veterans organizations for Memorial Day expenses,
    - Third hearing, no witnesses.

Senate Local Government

- House Bill 129 (Representatives David Thomas): To generally include fixed-sum levies in the calculation of a school district's millage floor and to authorize, with limitations, school district fixed-sum levies.
    - First hearing, sponsor testimony
- House Bill 309 (Representatives David Thomas): To modify the law governing county budget commissions and property taxation.
    - First hearing, sponsor testimony
- House Bill 124 (Representatives David Thomas and Thomas Hall): To modify the process for making property tax sales-assessment ratio studies.
    - Second hearing, proponent testimony from the County Auditors Association

Introduction of Bills

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

- House Bill 532 (Representative Kevin Miller): To require a public children services agency to take immediate custody of specified children who cannot be released to a parent, guardian, or custodian.
- House Bill 540 (Representatives Justin Pizzulli and David Thomas): To require payments in lieu of taxes from conservation organizations with significant holdings of tax-exempt land.
- House Bill 542 (Representatives Terrence Upchurch and Josh Williams): To require all inmate pregnancy outcomes to be reported to the Department of Rehabilitation and Correction.
- House Bill 548 (Representative Elgin Brewer): To require testing for alcohol or drugs of abuse after incidents involving an officer's use of force.
- Senate Bill 305 (Senator Paula Hicks-Hudson): 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.

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, October 28

House Public Safety (9:30 a.m.)

- House Bill 371 (Representatives Phil Plummer and Tom Young): To make elected officials mandatory reporters of child abuse and neglect.
  - Second hearing, proponent testimony
  - **POSSIBLE AMENDMENTS**

House Technology and Innovation (10:00 a.m.)

- House Bill 413 (Representatives Tom Young and Bob Peterson): To create the Ohio Local Government Expenditure Database and require political subdivision participation, to require the state retirement systems to participate in the Ohio State Government Expenditure Database, and to make an appropriation.
  - Second hearing, proponent testimony and interested party testimony

Senate Ways and Means (11:00 a.m.)

- Senate Bill 275 (Senators Hearcel Craig and Michele Reynolds): To allow eligible homeowners to defer the payment of a portion of their property taxes.
  - First hearing, sponsor testimony

- Senate Bill 285 (Senator Tim Schaffer): To exempt agricultural land converted to certain conservation uses from recoupment charges.
    - First hearing, sponsor testimony
- Senate Bill 206 (Senator Al Cutrona): To authorize a property tax reduction for certain owner occupied homes.
    - First hearing, sponsor testimony

Senate Local Government (4:00 p.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.
    - Sponsor 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.
    - Sponsor testimony

House Transportation (4:00 p.m.)
- House Bill 251 (Representative Bernard Willis): To establish requirements related to the use of an unmanned vehicle by law enforcement and to expressly incorporate additional aviation facilities into the Aeronautics Law.
    - Fifth hearing, interested testimony
    - **POSSIBLE VOTE**

Wednesday, October 29
Senate Local Government (9:00 a.m.)
- House Bill 129 (Representatives David Thomas): To generally include fixed-sum levies in the calculation of a school district's millage floor and to authorize, with limitations, school district fixed-sum levies.
    - Second hearing, proponent testimony
- House Bill 309 (Representatives David Thomas): To modify the law governing county budget commissions and property taxation.
    - Second hearing, proponent testimony
- House Bill 124 (Representatives David Thomas and Thomas Hall): To modify the process for property tax sales-assessment ratio studies.
    - Third hearing, opponent testimony and interested party testimony

House Natural Resources (9:00 a.m.)
- House Bill 522 (Representatives Kevin Ritter and Adam Bird): Regarding federal mineral royalty payments
    - Second hearing, proponent testimony

House Public Insurance and Pensions (10:00 a.m.)
- House Bill 473 (Representative David Thomas): To prohibit a public employer from paying employee contributions to a state retirement system.

    - Third hearing, all testimony

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

- House Bill 215 (Representatives Dontavious Jarrells and Jason Stephens): To prohibit property tax levies from taking effect in the current year.
    - First hearing, sponsor testimony
- House Bill 330 (Representatives Kellie Deeter and Tex Fischer): To authorize a sales tax holiday for firearm safety and storage devices
    - First hearing, sponsor testimony
- House Bill 404 (Representatives Jack Daniels and Brian Lorenz): To authorize a sales tax credit for the trade-in value of certain goods.
    - First hearing, sponsor testimony
- House Bill 540 (Representatives Justin Pizzulli and David Thomas): To require payments in lieu of taxes from certain conservation organizations.
    - First hearing, sponsor testimony