STATEHOUSE REPORT

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Logan County Commissioner Yoder testifies against county budget commission approval of inside millage restoration

As the General Assembly approaches its planned final day for 2025 next week, the slate of property tax reform bills that the legislature has been considering moved closer to enactment. A summary of each of the five bills is provided below. With the exception of House Bill 124, which was passed out of the General Assembly this week, it is likely that the bills will be passed next week, as all four are marked for votes at next Wednesday's Senate Local Government Committee hearing.

House Bill 335, Inside Millage Cap and Budget Commission Approval (Third Hearing in Senate Local Government)

HB 335 (Representative David Thomas) imposes an inflationary cap on the growth of inside millage after reappraisals and updates. The cap would apply to all entities that collect inside millage. CCAO collaborated with the sponsor and the House Ways and Means Committee to develop the inflation cap language, an improvement over the bill's original proposal to eliminate inside millage.

Before the bill passed the House committee, an amendment was added that would require entities that voluntarily roll back inside millage to obtain approval from the county budget commission before restoring any of the rolled-back millage. CCAO expressed concern with this provision and changed to an Opponent position.

This week, HB 335 received its third hearing in the Senate Local Government Committee. At the hearing, Logan County Commissioner Mike Yoder provided opponent testimony on behalf of the Association.

Commissioner Yoder's testimony focused on the potential chilling effect that requiring county budget commission approval for inside millage restoration would have on commissioners rolling back their millage to provide relief for taxpayers. If the ability to restore rollbacks were to be restricted to the approval of the budget commission, commissioners may not be able to access the millage the county is entitled to in future years. CCAO requested the committee remove the county budget commission requirement, which would likely return the Association to proponent status.

Commissioner Yoder highlighted the case of Champaign County, which passed a resolution to forego collection of a portion of its inside millage for next year, but rescinded the resolution after the provision's inclusion in HB 335. The county cited the uncertainty that the provision creates as the reason for rescinding the proposed rollback.

Three school districts, Policy Matters Ohio, and a private individual also provided testimony in opposition to the bill. The Ohio Mayors Alliance, the Ohio Municipal League, a coalition of school leadership associations, and the Buckeye Institute provided interested party testimony.

House Bill 124, "Flip the Script" Valuation Process
(Awaiting Governor's Consideration)

HB 124 (Representatives David Thomas and Thomas Hall) would modify the process for making property valuations by giving the county auditor the final say in what data is used to make valuation calculations instead of the Tax Commissioner. The Tax Commissioner would still be able to make appeals to the Board of Tax Appeals.

The bill was unanimously passed by the Senate on Tuesday and now awaits consideration by Governor DeWine.

House Bill 129, 20-Mill Floor Elements
(Fourth Hearing in Senate Local Government)

HB 129 (Representative David Thomas) incorporates additional types of property tax revenue into the calculation of a school district's 20-mill floor. Revenue from emergency, substitution, and other specialized types of school district levies is raised for operating purposes but has not been incorporated into the calculation to ensure that districts generate at least 20 mills of local operating revenue.

At the bill's fourth hearing this week, CCAO Research Analyst Nick Ciolli provided written proponent testimony, and a school district provided written opponent testimony.

Provisions similar to the bill were vetoed out of the state operating budget, but the House Ways and Means Committee adopted recommendations made by the Governor's Property Tax Work Group earlier in the legislative process.

It is unclear if the changes will cause the Governor to sign the bill, should it pass.

House Bill 186, 20-Mill Floor Cap and Credit
(Third Hearing in Senate Local Government)

HB 186 (Representatives Jim Hoops and David Thomas) imposes an inflationary cap on 20-mill floor revenue growth in a similar manner as HB 335 does with inside millage. CCAO had previously provided proponent testimony on a 20-mill floor revenue growth cap.

The bill includes a property tax credit for property owners in districts that have experienced a reappraisal or update within the past three years. The bill appropriates $465 million to cover the credit, ensuring that school districts are "held harmless" and do not experience revenue loss for the first two years the provision is in effect.

At the bill's third hearing this week, the County Treasurer's Association provided interested party with a particular focus on the mechanics of how the program would be implemented for the first year. The bill would take effect for second-half tax bills, which the Treasurer's Association highlighted could cause problems for taxpayers who pay via escrow, are in payment plans, or who prepay their taxes. The Association's testimony provides more details on potential implementation issues for the first year.

Several school districts provided opponent testimony, while a handful of organizations provided interested party testimony.

House Bill 309, County Budget Commissions
(Fourth Hearing in Senate Local Government)
HB 309 (Representative David Thomas) makes several changes to the authority and purview of county budget commissions, a body comprising the county auditor, county treasurer, and county prosecutor. A county commissioner, selected by the board of commissioners, serves as the prosecutor's alternate should they recuse themselves.

Provisions similar to the bill were vetoed out of the state operating budget, but the House Ways and Means Committee adopted recommendations made by the Governor's Property Tax Work Group earlier in the legislative process.

It is unclear if the changes will cause the Governor to sign the bill, should it pass.

If you have any questions about these bills, please contact policy@ccao.org.

Oil and gas law bill sees RUMA improvements, but heavy hauling permit concerns remain

CCAO has recently engaged with the legislature on Senate Bill 219 (Senator Al Landis), which would make various changes to the state's oil and gas laws.

As introduced, SB 219 would have eliminated the requirement that horizontal well permit applicants enter into a road use maintenance agreement (RUMA) with affected local governments — or even attempt in good faith to do so — before receiving a permit. It also wouldn't have required that applicants engage in a good faith effort to negotiate a RUMA.

The long-standing requirement that RUMAs be reached ensures operators coordinate with counties to identify haul routes, maintain safe conditions, and repair road damage caused by heavy industrial traffic. With 83% of Ohio's road miles maintained by local governments, RUMAs remain the most effective tool counties have to protect infrastructure and ensure taxpayers are not left to bear private industry's road impacts.

The Senate Energy and Public Utilities Committee recently adopted a substitute version of the bill that restores the requirement that operators must enter into or at least make a good-faith effort to enter into a RUMA before obtaining a horizontal well permit. This is a significant improvement and aligns with a core CCAO platform position: maintaining a functional RUMA process as a necessary safeguard for local infrastructure.

However, the substitute bill retains language that would exempt horizontal well permit holders from obtaining a special regional heavy hauling permit, even when hauling loads that exceed statutory weight limits, so long as the operator attempted in good faith to enter into a RUMA.

Current law permits overweight travel only when a state or local permit is issued, ensuring roads and bridges are protected and appropriate bonding or repair requirements are in place. Creating industry-specific exemptions risks introducing heavier loads onto county roads without sufficient oversight or compensation for damage.

CCAO continues to work collaboratively with the County Engineers Association of Ohio to address the proposed heavy haul changes. Both organizations remain committed to ensuring SB 219 preserves local authority, protects county infrastructure, and maintains fairness for taxpayers.

If you have questions about Senate Bill 219, please contact Managing Director of Policy Adam Schwiebert.

State tax revenue continues to exceed estimates in

The Office of Budget and Management published its Monthly Financial Report for October this week. The report continues to show a robust state economic performance.

Total state tax receipts for October were $2.6 billion, which was $110.6 million (4.4%) above estimate. For the year, state tax receipts are above estimate by $402.6 million (4.3%).

October tax receipts mirror what Ohio has seen throughout this state fiscal year, which is that the overage is almost entirely due to the strength of the three major state tax sources: the sales and use tax ($52.3 million above estimate), the income tax ($31.1 million above estimate) and the commercial activity tax ($18.4 million above estimate).

The overperformance of sales and use tax also bodes well for county finances, although the scale will vary county by county. The state financial reports do not include any county-level information.

Due to the federal government shutdown, the state lacks comprehensive macroeconomic analyses that examine why these sources are showing such strength. However, alternative data indicate growth in sales in both the retail and auto sectors year over year, as well as price increases, particularly in the auto sector.

The income tax overperformance is due to estimated payments ($23.0 million above estimate) and lower-than-expected refunds ($48.0 million in non-refunded revenue), which more than offset a weakness in employer withholding ($50.1 million below estimate). The underperformance in withholding warrants scrutiny moving forward, as it is the lion's share of state income tax receipts.

Non-tax revenue was above estimate for October due to timing, but slightly below estimate for the year (-$24.7 million). This puts state revenue over estimate by $377.9 million (2.4%) thus far through the state fiscal year.

On the disbursement side, total spending is down for the year by $269.3 million (-1.4%). The report believes that this is nearly entirely timing-related and the actual result is much closer to the estimate.

Five months through the state fiscal year, it appears the state has a small, consistent tax overage that will provide some cushion heading into the back half of the fiscal year.

Legislative Activity

Floor Votes

The following bills that may be of interest to counties received floor votes in the indicated chamber this week.

House

- House Bill 10 (Representatives Roy Klopfenstein and Jack Daniels): To regulate imitation meat and egg products and to revise various agriculture laws.
    - CONCURRED TO SENATE AMENDMENTS, 95-0

Committee Hearings

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

House Children and Human Services

- House Bill 532 (Representatives Mathew Kishman and Josh Williams): To require mandatory reporters of child abuse or neglect to report to both a peace officer and the public children services agency.
    - Second hearing, proponent testimony from the Canton Police Department and the Stark County Sheriff.

House Public Safety

- House Bill 346 (Representatives Mathew Kishman and Josh Williams): To require mandatory reporters of child abuse or neglect to report to both a peace officer and the public children services agency.
    - First hearing, sponsor testimony
- House Bill 371 (Representatives Phil Plummer and Tom Young): To make elected officials mandatory reporters of child abuse and neglect.

    - Third hearing, interested party testimony from PCSAO
    - **AMENDED** to clarify that a county prosecutor that receives a report of abuse or neglect from a PCSA or peace officer in the course of official duties does not to need report the potential abuse or neglect to the PCSA or a peace officer.

House Ways and Means

- House Bill 391 (Representatives Jack Daniels and Heidi Workman): To require tax rates be expressed as a percentage of true value on tax bills and ballot language.
    - First hearing, sponsor testimony
- House Bill 266 (Representatives Brian Lorenz and Jennifer Gross): To authorize a temporary property tax credit for certain continuously owned homesteads.
    - First hearing, sponsor testimony
- House Bill 483 (Representatives Adam Mathews and Josh Williams): To allow eligible homeowners to defer the payment of a portion of their property taxes.
    - First hearing, sponsor testimony

Senate Judiciary

- House Bill 247 (Representatives Kevin Miller and Meredith Lawson-Rowe): To make changes to the laws governing dogs, including dangerous and vicious dogs.
    - Fourth hearing, no testimony
    - **AMENDED** to clarify injury levels, modify how the bill would apply to animal shelters, and other technical changes

House General Government

- House Bill 554 (Representative David Thomas): To require government entities and private sellers to accept cash as payment in certain circumstances.
    - First hearing, sponsor testimony

House Local Government

- House Bill 397 (Representatives Kellie Deeter and Mark Johnson): To expand the allowable uses of profits from jail commissary funds.
    - Fourth hearing, no testimony
    - **FAVORABLY REPORTED**
- House Bill 139 (Representative Thomas Hall): To require specified testing of fire hydrant systems.
    - Fourth hearing, no testimony
    - **AMENDED** to remove mandatory testing at prescribed periods and instead requires each political subdivision that owns, operates, or maintains fire hydrant systems to adopt a maintenance plan establishing when testing and maintenance will occur and other administrative changes.
- House Bill 129 (Representatives Ty Mathews and David Thomas): To establish and convene a Blue Ribbon Committee in each county to review and assess each taxing unit within the county and each county program or department to identify duplication of services and generally to streamline and improve county efficiency and effectiveness.
    - Second hearing, no testimony

- **AMENDED** to modify committee membership for townships, municipalities, and educational entities.

Introduction of Bills

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

- House Bill 590 (Representatives David Thomas and Josh Williams): To modify the law governing tax appeals and property tax complaints.

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, November 18

House Government Oversight (2:15 p.m.)

- 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.
  - First hearing, sponsor testimony
- House Bill 42 (Representatives Tex Fischer and Josh Williams): To require certain agencies to collect and report data concerning the citizen or immigration status of persons with whom they come into contact.
  - Third hearing, opponent testimony and interested party testimony

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

- House Bill 58 (Representatives Justin Pizzulli and Dontavious Jarrells): To require state certification of recovery housing residences, to establish additional duties regarding services offered by community addiction services providers, and to create the Ohio Recovery Housing Task Force.
  - Fifth hearing, no testimony
  - **POSSIBLE SUBSTITUTE BILL**

Wednesday, November 19

Senate Energy (9:00 a.m.)

- Senate Bill 219 (Senator Al Landis): To make changes to the law governing oil and gas wells.
  - Sixth hearing, all testimony
  - **POSSIBLE VOTE**

House Ways and Means (11:45 a.m.)

- House Bill 391 (Representatives Jack Daniels and Heidi Workman): To require tax rates be expressed as a percentage of true value on tax bills and ballot language.

- Second hearing, proponent testimony