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15<sup>th</sup> Senate District**

Ways and Means Committee  
Senate Bill 136 Sponsor Testimony  
Senator Hearcel F. Craig  
September 20, 2023

Chair Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the Senate Ways and Means Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 136. The Property Tax Relief and Local Government Support Act would cap annual property tax increases for homeowners with income at or below the county median income at 5% per year.

I provided testimony to this committee two and a half years ago on this same bill, and I have sponsored this legislation before that. The need for a solution to the problem of rising property taxes has never been more urgent. This legislation will provide necessary relief by offering an important balance between the critical, voter-approved levies for government services and the need for low to moderate income Ohioans to be able to stay in their homes.

Increasing property values are a very real concern for my constituents. With the current cycle of property reappraisal, in addition to the recent struggles caused by the COVID-19 pandemic, many Ohio homeowners are finding it difficult to pay taxes owed toward their home. This has increased housing instability for our Ohio residents.

According to the Ohio Housing Finance Agency, “Of Ohio’s lowest income homeowners, 67% are severely cost burdened.”<sup>1</sup> This means that of those people who earn 30% or less of the median income in their area, most of them are spending **more than half** their income on housing costs. In contrast, those making at least 80% of the area median income are only 1 to 2 percent severely cost burdened. That’s a very wide gap that needs to be addressed if we are to tackle the housing crisis in Ohio.

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<sup>1</sup> OHFA 2021 Housing Needs Report

In Franklin County alone, 2023 residential property values increased by an average of 41%, with the tax rate for owner-occupied homes in Ohio being increasingly greater than the U.S. average at 1.6%, compared to the national average of 1.1%. This leaves Ohio as the 13<sup>th</sup> highest state in property taxes.<sup>1</sup> It is important to eliminate sudden tax increases that strongly impact Ohio residents receiving fixed or low incomes. In particular, senior residents in Ohio are experiencing hardship with rising property taxes which places our elderly community at risk of losing their homes because they cannot afford the price increase.

My legislation would establish a 5% cap on property tax increases annually to protect our local Ohio taxpayers from rising property taxes and allow the residents of Ohio to prepare and budget for a property tax increase. Additionally, the state will refund revenue to the local authority tax districts, which aligns with the state's current homestead exemption.

Eligible homeowners must not exceed 100% of the area median income at the time of application and must be verified every three years on the reappraisal cycle through the existing Ohio Department of Taxation income portal. This is an excellent way to allow the state of Ohio to provide relief to local governments by benefiting locally supported services, while also protecting our homeowners. All calculation of property tax will hold the same standards as current law including the owner occupied credit, the homestead exemption, and the noncommercial rate. Benefits to homeowners include the elimination of sudden tax increases, especially for Ohio residents on fixed or low incomes, no back taxes or other penalty if the home is sold or stops being an owner-occupied dwelling, and no harm to local government services. If a change in the home or ownership occurs, the 5% cap would not apply the next time the value of the property is adjusted.

It is imperative for Ohio residents to receive relief on property taxes because existing owner occupied credit and homestead exemption are insufficient in the face of significant property value increases. Less than 10% of those receiving the homestead exemption in Franklin County have qualified under the low-income threshold since 2014. Value increases in property taxes eliminate the effect of the exemption benefit.

These are not just numbers, but the lives of long-term residents desperate to stay in their homes. Nor is this problem unique to Franklin County. We are seeing double digit percentage increases in property values across the state, with averages of 30 to 40 percent in many counties.

At least 31 states have some type of property tax circuit breaker, 14 states have limits on the growth of assessed value, and 28 states have some type of referral program. While Ohio has programs such as the owner-occupied and non-business credits and the homestead exemption; in many ways these are more limited than programs offered in other states. This bill combines similar legislation in other states, including the Nevada model which caps property tax increases

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<sup>1</sup> Lincoln Land Institute, "*Significant Features of the Property Tax*" (Ohio data updated in 2020)

at up to 3%, and Michigan which limits the percentage of income that can go to property taxes for those earning \$60,000 or less. Unlike many other states, Ohio's proposed model includes revenue protection for local governments.

Requiring state backfill of the taxes beyond the 5% cap is appropriate given the recent reduction in support for state property tax funded programs. In addition to the income requirement for the homestead exemption, the removal of the 10% rollback and 2.5% owner occupied credit from levies passed after 2013 increases the property tax burden. The state has experienced significant savings – during this most recent budget, we just saw how much money the State has to work with. Meanwhile, residents have seen increased property tax burdens. This legislation would rebalance that contribution, especially for those most in need.

Our goal for Ohio is to continue to provide ladders of opportunity for all of our residents and to keep people in their homes, and for our older residents, the ability to “age in place.” Close to 170,000 owner-occupied homes in Franklin County are likely to experience an increase of at least 5% in their property tax bill in 2024, and about 40% of these homes will be income eligible under the proposed bill. Remember: these are the **most vulnerable** residents that need this help the most.

According to the Franklin County Auditor, this proposed program would save taxpayers approximately \$288 million just in Franklin County alone. We must ensure we protect these homeowners and ensure them the ability to continue living in their homes as property evaluations and taxes increase. As our region and state continue to grow, no homeowner or family should be priced out of prosperity.

Thank you Chairman Blessing and members of the committee for the opportunity to provide sponsor testimony on Senate Bill 136, and I would be happy to take any questions at this time.