



**State Senator
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Ways and Means Committee
Senate Bill 244 Sponsor Testimony
Senator Michele Reynolds & Senator Hearcel F. Craig
May 7, 2024

Senator Reynolds:

Chair Blessing, Vice-Chair Roegner, Ranking Member Smith, and members of the Ways and Means Committee, thank you for allowing us the opportunity to provide sponsor testimony on Senate Bill 244.

For many long-time residents across the State, property tax bills are increasing to the point where they jeopardize homeownership. This is especially true for many low-to-moderate (LMI) income homeowners. Whether it is because of new economic development investments, new construction in neighborhoods, or suddenly hot real estate markets, many factors have contributed to increases in property tax burdens for LMI homeowners that strain their financial resources and often result in tax foreclosure. These dynamics existed before the pandemic, and increased home sales and 2022 exacerbated them. As county auditors conduct sexennial and triennial reappraisals, they lean on recent home sales from this period of hot market activity to make judgements about home values today. That leads to increasing property tax burdens for many homeowners who cannot afford drastic increases.

Passing Senate Bill 244 is legislation that offers property tax relief for low-income homeowners is the best way to solve this problem. It would stabilize homeownership, prevent displacement, and encourage new economic investment in our communities. That economic development will benefit residents, local municipalities, and the State of Ohio with a broader tax base. Property tax relief is not a silver-bullet solution to the housing challenges in Ohio, but it should be considered part of a long-term strategy to stabilize current homeowners while the State invests in strategies that help it grow.

Senate Bill 244 gives permissive authority to cities, towns, home rule townships, and counties to craft property tax relief programs that provide a percentage reduction on increases in assessed value after enrollment in the program.

- Cities would have to create “Residential Stability Zones,” geographic areas where the program would operate.
- Tie the relief to the homeowner(s) while they own and live in the home, unlike a tax abatement which can be sold as an asset with the property it is tied to
- Re-authorize the program and the Residential Stability Zone at least every 10 years
- Allow homeowners with household income up to 80% AMI to apply for property tax relief for a 6-year period, though municipalities could use a lower AMI.
- Allow jurisdictions to require other qualifications for eligibility, such as length of homeownership and age.
- Offer relief without re-approval to eligible homeowners aged 60+, and 6-year relief to those under the age of 60.
- Not impact a home’s sale price or valuation for county sexennial or triennial reassessment purposes.
- Not require the state to replace foregone, local revenue.

I now invite my co-sponsor Senator Craig to testify on this legislation.

Senator Craig:

Chair Blessing, Vice-Chair Roegner, Ranking Member Smith, and members of the Ways and Means Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 244.

Homeownership stands as a cornerstone of the American dream, symbolizing security and community investment. However, escalating property taxes often present a significant burden, especially for families and individuals on fixed incomes or facing economic challenges.

In 2023, there was an average increase in value of 40% in residential property. Some homes only saw a 10%, while some saw an increase over 200%.¹ Not considering newly passed levies, the 40% value increase led to only an average 6% tax increase, but that average includes 12% of homeowners (more than 33,000) seeing an increase of more than \$1,000 in their tax bill, and another 27% (more than 77,000 homeowners) seeing an increase of between \$500 and \$1000.²

Columbus alone has experienced substantial growth in the last couple of years. With what is predicted to come, we can guarantee that this trend of increasing property values is only going to continue.

Senate Bill 244 addresses this issue head-on by providing a practical solution: the creation of Residential Stability Zones, where eligible homeowners can benefit from a partial property tax exemption. By granting local governments the authority to implement Residential Stability Zones,

¹ Franklin County Auditor’s Office

² Ibid.

this bill not only assists homeowners in maintaining their residences but also fosters community resilience and cohesion.

Senate Bill 244 would allow local governments to establish RSZs where property value increases will be exempt from taxation for low to moderate income homeowners. Permissive authority would strengthen local control and craft programs that provide tangible relief to homeowners without costing the state a dime. There would be no revenue decrease under this program. When property values increase, inside millage and 20-mill floor millage that would apply to exempted value will be foregone-similar to existing abatement programs. The HB 920 equalization process would not be impacted by the exemptions so voted levies would still generate the amount intended. This means that the exemption would impact how effective rates are calculated so voted levies would collect the full amount.

The beauty of a proposal like this is that it can work cohesively with other existing programs like the homestead exemption and pending proposals, like Senate Bill 136 or other proposals coming out of the Joint Property Tax Review and Reform Committee.

Stable neighborhoods contribute to increased property values, enhance quality of life, and attract new residents and businesses, thereby stimulating economic growth and development. This legislation recognizes the diverse needs and circumstances of homeowners across Ohio.

By allowing local jurisdictions to tailor Residential Stability Zones to their unique demographics and housing markets, Senate Bill 244 promotes flexibility and innovation in addressing local challenges while respecting the autonomy of municipalities.

Mechanically, the creation and oversight of residential stability zones and the granting of exemptions to individual properties will function similarly to Community Reinvestment Areas. This is a positive since our local governments and county auditors are already familiar with this process.

Local governments in central Ohio have been asking for improved tools to protect their residents. We know there are many proponents throughout the state who would welcome an opportunity to speak this bill in greater depth.

Members of the committee, thank you very much for the consideration of this bill and the chance for my colleague, Senator Reynolds and I to provide testimony. We would be happy to take any questions at this time.