



SENATE BILL 244  
PROPONENT TESTIMONY  
June 25, 2024

Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the committee, I am Auditor Michael Stinziano and I thank you for the opportunity to provide this testimony in support of S.B. 244. This legislation was developed with a statewide coalition and the sponsors of the bill seek to create property tax relief that meets three necessary goals: a) provide targeted need-based relief with local control b) avoid the need for any state backfill without undermining critical levy funded services and c) being a program that can be reasonably administered by local governments and county auditors. We hope the general assembly will enact this on its own or in combination with other property tax relief and reform policies.

Over the last two years, record setting property value increases and the related tax increases have spotlighted gaps in Ohio law, leaving few options for homeowners who were suddenly burdened. In 2023 in Franklin County, a 41% increase in property values led to only a 6% increase in property taxes on average, but that average included a wide range of experiences for individual homeowners. For those whose homes increased more than the average — a symptom of market pressures on traditionally more affordable areas — the tax increase was severe. Due to the reappraisal alone, more than 30,000 homeowners in Franklin County experienced at least a \$1,000 increase in their annual tax bill, with another 77,000 seeing at least an additional \$500 come due.

Residential Stability Zones would ease this burden by allowing local governments to identify the areas experiencing the most significant property value changes and limiting the growth in the taxable value of homes for low-to-moderate income homeowners.

**Residential Stability Zones would give local governments a critical tool to protect residents while also supporting economic growth.**

Current law does not provide any option for locally controlled property tax relief. Cities, townships, and counties are tasked with administering exemptions, but only for economic development and new construction purposes in the format of abatements, TIFs, and incentive districts. Residential Stability Zones provide a critical new tool by allowing for abatement of future value increase for need rather than only development.



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Our local communities are asking for this option as they see the impact of important development work on the tax liability of long-term homeowners. City of Columbus Mayor Andrew Ginther has stated a desire in redefining the guidelines and policies for Community Reinvestment Areas to include homeowners on fixed or low incomes in order for all Ohio residents in need to see a benefit.<sup>1</sup> This is especially important now, as the recent reappraisal has seen prices and valuations increasing significantly in low-to-moderate income neighborhoods.

Exempting new value from taxation is a common practice, but care is needed to not skew the appraisal process or create disincentives for transferring property. For instance, Michigan constitutionally limits annual value increases to 5% or the inflation rate, opting for whichever is less. The cap can be maintained on the property in the case of a death of the homeowner, and the property is transferred into the name of a family member. However, in order to protect revenue streams for essential public services, the limit on the growth in taxable value does not apply after the property is sold.<sup>2</sup> Residential Stability Zones build on this model by linking eligibility to income and allowing variation to meet local need.

Residential stability zones can work with several key features:

- The ability to shape the location, amount of and eligibility for exemption to meet local need within state guardrails.
- Appraisal integrity would be maintained, so return to full taxation when no longer enrolled will be efficient.
- Residents at the center of major value shifts, like those that are currently being caused by the Intel development, could be protected from runaway value and taxes.
- Zones must be reestablished at least once every ten years and residents under age 60 must reapply every 6 years, in line with the reappraisal timeline.
- The hope is that as income improves, the exemption would no longer be needed, so the bill provides for an off-ramp to prevent a benefit cliff that would destabilize a household.
- RSZs would eliminate an existing inequity where long-term residents see large tax spikes while newly built or flipped property in the same neighborhood has a much lower tax burden.
- Local governments would have the option to set additional eligibility requirements like lower income thresholds, length of ownership, or only partial exemptions of value growth to meet community needs.

**By formatting relief as an exemption, the cost would be shared between local governments and all property taxpayers.**

This proposal accounts for the HB920 equalization process and like with other exemptions and abatements the cost would be covered in two ways: local governments would forego increases of inside millage revenue and twenty-mill floor millage revenue, but other costs would be covered by

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<sup>1</sup> "I would like to see some sort of incentive for families that have lived in neighborhoods for years and years. The Ohio Revised Code lays out the CRA guidelines and policies, and one of the things I've been pushing Director Mihalik [on is] a state law change to make sure that folks on fixed incomes, and potentially seniors, might also realize a benefit – particularly if the home prices and valuations are going up dramatically in their neighborhood – that they're given some benefit or reprieve from that. But that would require a state law change that we're working on." <https://columbusunderground.com/interview-mayor-andrew-ginther-on-tax-abatement-zoning-reform-transit-and-more-bw1/>

<sup>2</sup> <https://www.freep.com/story/money/personal-finance/susan-tompor/2023/03/08/how-michigan-property-tax-hikes-inflation-shock-homeowners/69933896007/#:~:text=How%20the%20cap%20works,inflation%20rate%2C%20whichever%20is%20less>

adjustments of the tax rates. Exempt value would be added to the tax roles almost exclusively during reappraisal or triennial update years, during which effective rates typically fall sometimes drastically as values increase. Communities with residential stability zones would see rates fall marginally less so that voted levies still earned what they were intended to earn.

I've provided in an appendix some modeling we ran in Franklin County if Residential Stability Zones had been established across the whole of three taxing districts. We found that in these communities, two of which experienced near record setting value increases in 2023, the difference in the effective tax rate was less than 2 mills, even for the most impacted community. This is a cost of less than \$70 per \$100,000 in value to cover the cost of the program.

The cost to the school district, city, and county-the primary entities that receive inside millage, only a small portion of the overall revenue increase from the reappraisal. In the two examples we modeled, the range in inside millage revenue increase foregone was between less than 1% for the county up to a maximum of 15.6% for one city and one school district. This is warranted, since among the issues highlighted to the Joint Property Tax Review and Reform committee and in testimony on other property tax proposals, the possibility of windfall revenue increases is an issue of great concern.

This relatively small, shared cost also has incredible benefit to the homeowners in need. For example, in taxing district 060-Reynoldsburg, a home that saw a value increase from \$79,100 to \$140,000 saw a tax increase of \$723 despite also receiving the homestead exemption. If that home had been in a 100% exemption RSZ they would have instead seen a tax decrease of about \$170. At only a 50% exemption RSZ they would have seen their tax increase reduced from over \$700 to just about \$400 still significant but much more manageable especially for older adults likely to be on a fixed income.

I appreciate the committee members wanting to understand how these proposals would impact overall rates as raised to the sponsors in the prior hearing. State funding for property tax relief proposals is incredibly important because of how connected changes to any one property or levy are for all taxpayers. In crafting this proposal, the sponsors and stakeholders recognized that relationship, but also know Ohioans want their parents, grandparents, and when needed themselves to have some stability and protection. They do not want their neighbor of twenty years who just retired to be replaced by a corporate landlord because of a sudden property value shift. While not free, the shared cost model avoids a need for permanent state funding and will provide key stability to our communities.

**Modeled largely on existing abatement structures, both local governments and county auditors can readily enact and administer this program.**

The creation of Residential Stability Zone and the certifying to the county auditor of what values are to be abated are modeled on existing law for Community Rehabilitation Areas, the most common type of property tax abatement in the state. The appropriate local government entity would simply need to pass a resolution or ordinance that included the geographic area, income threshold, amount of exemption, and any other requirements such as an asset limitation or length of ownership minimum to be included.

Homeowners would apply to the housing officer named in the ordinance or resolution and if they meet the qualifications, the local government would certify the exemption to the county auditor. The auditor would then know how to allocate any increases in value to that property to either taxable or exempt. The proposal also calls for properties with existing exemptions or abatements to be excluded,

and allows for the taxation of new construction—all factors that auditors will have on hand to administer the program. At the end of the six-year certification period, or when a house is transferred, the exemption would end, barring further certification from the local government.

Only the local government enacting the residential stability zone and the auditor would be involved in administering the program, and the data on what values became exempt would be public and available. This also follows the standard for residential CRA abatements that do not require individual agreements or sign off from schools or other local governments. Being modeled on existing exemption law also helps avoid any constitutional uniformity questions, as it has long been established that the General Assembly has broad authority to exempt property from taxation or delegate that authority to local governments.<sup>3</sup>

## **Conclusion**

I appreciate the committee taking up this critical issue effecting our communities and residents across the state. I urge further consideration and passage of S.B. 244 as part of a menu of solutions that can all work together to address the need, while minimizing unintended or large-scale consequences. I look forward to working with bill sponsors and the committee on this and other proposals to allow all Ohioans to feel safe and stable in their home and community.

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<sup>3</sup> “1. The *General Assembly has plenary power to determine exemptions from taxation, limited only by the provisions of Article I of the Constitution of Ohio*, and, therefore, Section 2, Article XII of the Ohio Constitution, is not a constitutional prohibition against the issuance of urban renewal bonds in accordance with R.C. Chapter 725.

2. The *partial exemption from real property taxation of that portion of a total assessment made in accordance with R.C. Chapter 725 by relating the prior assessed value to the total assessed value after the improvements have been made is neither arbitrary nor unreasonable, and is not violative of Section 2, Article I of the Ohio Constitution.*”

City of Dayton v. Cloud, 30 Ohio St. 2d 295, 285 N.E.2d 42, 44 (1972) (*emphasis added*)

**Appendix to Auditor Stinziano Proponent Testimony SB244**

These models were developed using census data for the portion of homes owner occupied by those at or below 80% AMI and Franklin County Auditor's Office data for the value changes for owner occupied property between TY2022 and TY2023. Assumptions include that the entire taxing district was placed in an RSZ and that the city made no additional requirements or income limitations beyond that in the bill and run at a 100% exemption of increase and a 50% exemption of increases. This also assume that the value of homes owned by those at or below 80% AMI matches the average value homes-which is not likely so this may overestimate the costs. The calculation of the change in tax rates was done using formulas developed by FCAO in order to project tax changes from tentative values and the final calculations done by the Department of Taxation might differ. Despite these assumptions we believe these models provide a reasonable snapshot for the impact of the legislation for these example communities.

**100% Increase Exemption**

City	Tax District	Parcel Count	Census Occupied	Census HU @		TY 2022 OOC Value	TY 2022 Effective Tax Rate	TY 2023 OOC Value	TY 2023 Effective Tax Rate	100 % Exempted Value Increase (AMOUNT EXEMPTED)	% Change in Rate	Projected Rate	Additional Taxpayer Cost Per 100K of Market Value	School Forgone Revenue Schools	School Inside Millage Increase TY23	City Forgone Revenue City / Village	City Inside Millage Increase TY23	County Forgone Revenue	County Inside Millage Increase TY23
				80% AMI	% of units														
Bexley	20	4691	5425	655	12.07%	1,674,400,800	68.763522	2,082,710,100	55.284259	49,298,200	1.014407	56.08075	\$ 27.88	\$ 98,349.91	\$ 999,035.75	\$ 33,646.02	\$ 341,775.39	\$ 25,363.92	\$ 18,501,382.99
Reynoldsburg	60	8979	14765	3195	21.64%	1,016,689,200	72.867817	1,545,819,600	55.0623	114,498,600	1.034217	56.94636	\$ 65.94	\$ 256,476.86	\$ 2,374,678.59	\$ 28,052.16	\$ 237,375.47	\$ 58,909.53	\$ 18,501,382.99
Whitehall	90	5632	10570	2495	23.60%	351,484,100	64.137141	558,577,300	48.679487	48,883,400	1.03453	50.3604	\$ 58.83	\$ 105,221.52	\$ 676,051.17	\$ 25,663.79	\$ 164,890.53	\$ 25,150.51	\$ 18,501,382.99

**50% Increase Exemption**

City	Tax District	Parcel Count	Census Occupied	Census HU @		TY 2022 OOC Value	TY 2022 Effective Tax Rate	TY 2023 OOC Value	TY 2023 Effective Tax Rate	50 % Exempted Value Increase	% Change in Rate	Projected Rate	Additional Taxpayer Cost Per 100K of Market Value	School Forgone Revenue Schools	School Inside Millage Increase TY23	City Forgone Revenue City / Village	City Inside Millage Increase TY23	County Forgone Revenue	County Inside Millage Increase TY23
				80% AMI	% of units														
Bexley	20	4691	5425	655	12.07%	1,674,400,800	68.763522	2,082,710,100	55.284259	24,649,100	1.007128	55.67834	\$ 13.79	\$ 49,174.95	\$ 999,035.75	\$ 16,823.01	\$ 341,775.39	\$ 12,681.96	\$ 18,501,382.99
Reynoldsburg	60	8979	14765	3195	21.64%	1,016,689,200	72.867817	1,545,819,600	55.0623	57,249,300	1.016627	55.9778	\$ 32.04	\$ 128,238.43	\$ 2,374,678.59	\$ 14,026.08	\$ 237,375.47	\$ 29,454.76	\$ 18,501,382.99
Whitehall	90	5632	10570	2495	23.60%	351,484,100	64.137141	558,577,300	48.679487	24,441,700	1.016711	49.49295	\$ 28.47	\$ 52,610.76	\$ 676,051.17	\$ 12,831.89	\$ 164,890.53	\$ 12,575.25	\$ 18,501,382.99