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Chairman King, Vice Chairman Kishman, Ranking Member Sims, and members of the committee, thank you for the opportunity to present sponsor testimony on House Bill 574 -- the Government Incentive Pilot Program for Efficiency and Reform Act, or the GIPPER Act.

We have spent a great deal of time in this General Assembly discussing property taxes. And rightly so. Ohioans are feeling the pressure. But if we are serious about long-term property tax relief, we must acknowledge something fundamental -- we do not only have a taxing problem. In many places, we also have a structural spending problem.

When government is layered, fragmented, and duplicative, costs rise. Administrative overhead increases. Service delivery becomes inefficient. And ultimately, taxpayers foot the bill.

Ohio currently has more than 250 cities, 673 villages, and 1,308 townships. Each maintains its own administrative structure, service departments, and overhead. In some parts of the state, residents can drive a few miles and pass through multiple jurisdictions, each providing similar services to overlapping populations.

House Bill 574 approaches property tax relief from the other side of the equation. Rather than focusing solely on limiting revenue, it asks whether we can modernize the way government itself is structured. If communities are willing to consolidate and reduce duplication, should the state help them do it?

This bill does not mandate mergers. It does not redraw boundaries. It does not force communities into arrangements they do not want. It simply creates an incentive for voluntary consolidation. It is a reform-minded approach rooted in fiscal responsibility and long-term sustainability.

We view this as a pilot effort. Government reform of this magnitude is complex. It requires buy-in from local leaders and residents. It requires thoughtful implementation. And it deserves careful input from this committee.

With that broader philosophical framework in mind, let me turn to the mechanics of the bill.

House Bill 574 creates the Political Subdivision Consolidation Incentive Grant Pilot Program, administered by the Secretary of State. The bill appropriates 25 million dollars in fiscal year 2026 to fund the program.

Eligible political subdivisions that complete a merger under existing provisions of the Revised Code may apply for a grant once the merger takes effect. Grants are awarded on a first-come, first-served basis, and each political subdivision may receive only 1 grant.

For townships and municipal corporations, the grant formula includes a per capita component and a percentage of the lowest pre-merger budget, with a maximum award of 2.5 million dollars. For other eligible political subdivisions, the formula is similar but capped at 1 million dollars. The structure is designed to reflect both the size of the merged community and the administrative costs associated with consolidation.

The bill makes clear that this program applies only to full structural mergers -- not shared service agreements or joint districts. It also does not apply to counties or school districts. Those are separate policy conversations.

This is intentionally a limited pilot. When the 25 million dollars are exhausted, the program concludes unless the General Assembly determines it has produced measurable results worth expanding. That ensures fiscal discipline and gives us an opportunity to evaluate effectiveness before considering any future steps.

Members of the committee, if we are going to address property tax pressure in a meaningful way, we must be willing to look upstream at the cost drivers embedded in our system of local government. Encouraging voluntary consolidation is one tool -- not the only tool, but a meaningful one.

We look forward to working with this committee to refine House Bill 574 and welcome your questions.