



**House Ways and Means Committee
House Bill 28**

**Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials**

March 12, 2025

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the Ohio House Ways and Means Committee, thank you for the opportunity to submit written testimony in opposition to HB 28. Collectively, our organizations represent public school board members, superintendents, treasurers/CFOs and other school business officials from around the state.

On behalf of our members, we respectfully ask this committee to carefully consider the proposed changes in HB 28 and their impact on property taxpayers, our school districts, and the students we serve.

To provide context for our concerns, it is helpful to connect the importance of property tax levies to the broader discussion of school funding. Ohio's system of funding for K-12 education calls for a shared responsibility between the state and each local school district.

For state funding, each district's state share is based on the capacity of the school district, considering the district's assessed property valuation and resident income. A school district's state share of funding ranges from 10% for the highest-capacity school districts up to approximately 90% for the lowest capacity districts (who are our poorest school districts in the state). The remaining funds must be raised by school districts at the local level, with the highest-capacity school districts raising at least 90% of its funding locally.

School districts are restricted to raising these local funds by levying a property tax or income tax, with every district generating local funding from "inside millage." This millage represents a school district's allocation of the 10 mills of unvoted property tax millage levied on property, per the Ohio Constitution, and shared between local government entities. Outside of these 10 mills, school districts must place levies on the ballot to raise the local funds necessary to meet the needs of their communities. Considering this, it is not surprising that the highest millage rates in a community are typically for school levies.

Due to the interconnectedness of Ohio's property tax system and school funding, it is impossible to discuss proposed changes to Ohio's property tax laws without considering their impact on school districts and the communities they serve. With that in mind, we have provided our members' feedback regarding the various components of HB 28 below.

Elimination of Replacement Levies

HB 28 would eliminate the authority of political subdivisions to levy replacement property tax levies. Eliminating the replacement levy restricts the options available for school districts to raise the necessary funds to support their students and community.

As noted, the nature of the Ohio Constitution and the state's school-funding formula forces many school districts to routinely ask their voters to pass property tax levies to maintain current levels of education services. Reducing their options to do so by eliminating the replacement tax levy restricts the options and tools available to raise the necessary local funding.

Placing an issue on the ballot is not a decision that is taken lightly. When choosing to place a tax levy on the ballot, boards of education select a particular levy type based on several factors, including the proposed use, rate, and term of a levy. Each board of education makes this important decision with their understanding of the community's needs and interests. ***We ask this committee to continue to allow boards of education to make decisions regarding property tax levies at the local level, including the option to level a replacement property tax.***

We understand and support the bill sponsor's intent increase transparency for Ohio's taxpayers and thus would ask this committee to amend HB 28 to rename replacement property tax levies, rather than eliminate them altogether. It is our belief that renaming replacement property tax levies would provide additional clarity to taxpayers in the ballot box while continuing to permit this taxing mechanism to provide for educational services.

Chair Roemer and member of the committee, thank you for your consideration. Please contact us with questions.

Respectfully submitted,

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