# House Bill 28 – Eliminate replacement property tax levies

# Testimony before the House Ways and Means Committee

**March 19, 2025**

Chairman Roemer, Ranking Member Troy and members of the House Ways and Means Committee, please accept this written testimony on behalf of the Association of Ohio Health Commissioners (AOHC). AOHC represents the 111 local health districts across Ohio. Thank you for this opportunity to present our concerns and opposition to House Bill 28 in its current form which proposes the elimination of replacement levies.

With more than fifty (50) of Ohio's local health districts relying on levies to support programs in their communities, AOHC would support changes to ORC Section 5705.192 that improves transparency and make it easier to communicate a clear, straightforward request for funding to our taxpayers. Unfortunately, we believe the legislative intent of this proposal, to put forward a clearer and less confusing proposal to the voters, would ultimately be undermined and make funding requests unnecessarily complex over time while simultaneously distorting the actual cost relative to the millage requested.

By eliminating the option for a replacement levy, local health departments would need to pass renewal levies with increases to accommodate the normal inflation that occurs over the life of a levy and the limitations inherent in levies caused by the passage of HB 920 in 1976. A replacement levy aligns the millage request to the current property valuation and represents the only means of adjusting for inflation over ten (10) years, the length of most levies. The other option that is presented for resetting the value of levy collections is a renewal with increase. However, *a renewal with increase is not equivalent to a replacement.* A replacement resets the effective millage of a levy to its original passage—like for like. A renewal with increase creates a combination of an expiring levy with a decreasing effective rate being coupled with new, additional millage. This results in ever-increasing millage, even as the effective rate remains the same.

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For example, in Union County in 2018, a .75 mill health levy that had been in place for more than twenty years was expiring. In lieu of passing another replacement to reset the millage, the elected officials in the community encouraged the Board to consider a renewal with an increase:  .75 mill renewal with a .15 mill increase, the equivalent of a .75 mill replacement levy in terms of collections. The board heeded the advice of the local officials, and in our situation this levy passed.

In 2028, the first opportunity for the Board to renew or replace the expiring ten year levy, the combined .9 mill levy will have an effective rate that will be twenty years old with .75 mills having an effective rate of .42 mills and a .15 mill increase that will be ten years old with an effective rate of .106. Even combined, the effective millage of approximately .508 will still not collect enough revenue to finance the health district for another ten years given normal inflationary factors which will necessitate an additional increase. A simple .75 mill levy will have to be cobbled together from three separate elements of diminishing value to meet the voter's original intent of funding the agency.

This situation is neither transparent nor easy to explain to our voters when compared to the use of a replacement levy with a decrease that would reset the millage to the original, voter approved rate of .75 mills.

The use of a renewal with an increase over a replacement levy over time distorts the actual property tax being levied against a property as the simplified example in Figure 1 (below) demonstrates.

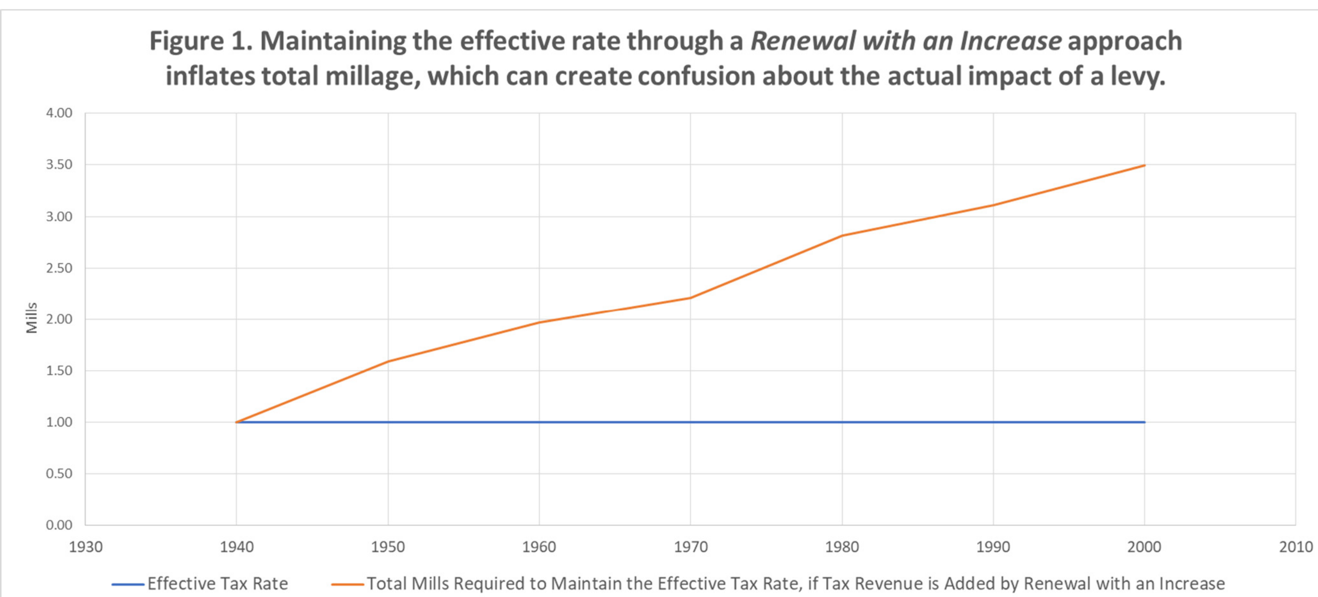


Figure 1. This graph, based on Ohio's median home values from 1940-2000, shows how total millage would grow each decade to maintain a 1.00 mill effective rate through a Renewal with an Increase approach.

To maintain an effective rate equal to the original voter approved levy requires an ever increasing renewal with increase as the effective rate continually decreases with rising property values. Thus, individual millage increases—all producing different amounts of revenue—are added to capture what would have otherwise been received with a simple replacement levy.

Over time, this distortion between the actual effective millage (what is charged against tproperty) is wildly disparate from the millage rate presented to the electorate in ballot language and defeats the goal of more transparency for the average property owner that the sponsors, AOHC, and levy funded agencies desire. In short, removing the option for replacement levies will create more confusion at the ballot box for Ohio voters in the future.

AOHC is committed to working with the sponsors and other stakeholders to identify a solution that ensures a fair representation for the voter so that they can consider the financial implications of their vote in a single ballot measure.

This issue is critical for AOHC as property tax levies remain a primary source of revenue for local health districts. Levy dollars, in addition to other local sources of revenue, compose approximately 75% of health district revenue, while state funds account for only about 3% of local health district operating funds with the remaining 22% originating from federal sources.

AOHC shares the goal of the bill sponsors to find a more transparent solution for Ohio's voters. Unfortunately, removing the option of replacement levies has the potential to create more voter confusion in the future, and we ask that you maintain this critical option for local operating revenue for local health districts.  We respectfully request the committee not move HB 28 forward in its current form.

Thank you for your time and attention today. Please do not hesitate to contact us with any questions you may have.

**Contacts:** Susan Jagers, AOHC Executive Director, 614-314-5512
Tony Brigano, Legislative Agent, 614-314-1070
Zach Holzapfel, Legislative Agent, 614-774-0133