



H.B. 335

Summary

PERMISSIVE LOCAL HOMESTEAD EXEMPTION

County Adoption

- Authorizes a board of county commissioners to adopt a resolution to reduce the real property taxes or manufactured home taxes charged and payable against every homestead in the county subject to the state's homestead exemptions for the tax year.
- Requires the board to certify a copy of the resolution issuing or repealing the reduction to the county auditor and tax commission within 30-days after its adoption
- This tax credit is not reimbursed by the State of Ohio.

Eligibility Requirements

- Eligibility for the state homestead exemptions and proposed tax reduction include:
 - Standard Exemption: An individual must be a homeowner who is 65 years of age or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption, and have an income of no more than \$30,000, indexed to inflation (\$40,000 in 2024).
 - Enhanced Exemption: A military veteran who is permanent and totally disabled and their surviving spouse, or the surviving spouse of peace officers, firefighters, or other emergency responders who die in the line or duty or by an injury or illness sustained in the line of duty.
- Limits the proposed tax reduction to only a homestead owned and occupied by an eligible homeowner.
- Prohibits a separate application to be required to qualify for the proposed tax reduction.
- Prohibits an individual from receiving the proposed tax reduction unless the person has reported their total income. Requires the county auditor to furnish a continuing application to individuals to report changes and verify total income.

Reduction Amounts

- Requires the tax reduction to equal the same amount as the homestead's applicable state homestead exemption. Reductions for the state homestead exemptions and proposed tax reduction includes, in essence:

- Standard Exemption: \$25,000 of the homestead's value, indexed to inflation (\$28,000 in 2024).
 - Enhanced Exemption: \$50,000 of the homestead's value, indexed to inflation (\$56,000 in 2024).
- Requires the proposed tax reduction to be applied concurrently with the state homestead exemption.

INSIDE MILLAGE

Elimination of Inside Millage, Excluding Townships

- Declares the General Assembly's intent to do the following, beginning in tax year 2025:
 - Disallow any tax within the ten-mill limitation (inside millage);
 - Authorize a township to levy taxes within the ten-mill limitation, but at no more than the aggregate rate of such taxes the township levied in tax year 2024;
 - Allow a township to allocate its unvoted property tax revenue to any purpose that such revenue may be used for under current law.

ALTERNATIVE LOCAL GOVERNMENT FINANCING

Permissive County Sales Tax

- Allows a board of county commissioners to increase the rate of its sales tax by not more than 1%, regardless of the county's current rate, for the county's general fund if approved by a majority of electors.

AM. HB 186

Property Tax Credit

- Authorizes a property tax credit for the owners of property located in a school district on the 20-mill floor property tax floor, with the goal of limiting a district's total property tax revenue growth from the floor to the rate of inflation.

AM. HB 129

20-Mill Floor Computation and Application of Additional Floor Millage

- Requires that current expense fixed-sum levies be included in the calculation of a school district's 20-mill floor or a joint vocational school district's 2-mill floor for property tax purposes. This includes school district emergency levies, growth levies, conversion levies, and the property tax portion of combined income tax and fixed sum property tax levies.
- Clarifies that, when a school district on the 20-mill floor levies additional current expense millage or additional millage is otherwise added to the floor (as proposed by the bill), then, for the first tax year it is levied or added, the tax reduction factor must be computed as though the new millage is added to the millage floor, i.e., 20 mills.

Emergency Levy Name and Purpose

- Changes the purpose of a school district emergency levy from providing for the district's emergency requirements or avoiding an operating deficit to pay the district's current expenses.
- Disallows renewal of current emergency levies.
- Renames school district emergency levies as "fixed-sum levies" in ballot language, reflecting that they raise a set amount of money and are not imposed at a fixed rate.

Substitute Levies

- Disallows school districts from submitting new substitute levies to voters for approval. These levies are substitute for an existing emergency levy and raise a fixed sum in their first year, then that sum grows each year as new real property is added to the tax base.

Inside Millage Shifting

- Prohibits a school district from shifting the purpose of its unvoted property tax millage in a way that would increase the district's tax revenue. Additionally clarifies that the board must still have a meeting before increasing its collections by any other change to inside millage, such as levying additional inside millage.

Sub. HB 309

Tax Budgets

- Requires a public body that levies property taxes and that does not currently submit information to a different body for inclusion in its tax budget to submit a tax budget to a county budget commission (CBC) on its own behalf by changing the definition of "taxing authority" to encompass such bodies.
- Requires each health district that does not file an estimate of contemplated revenue and expenditures with a taxing authority for inclusion in that taxing authority's tax budget to submit a tax budget on its own behalf.
- Requires a tax budget to include an estimate of estimated expenses through the end of the fiscal year in which it is submitted.
- Allows a school district to submit its most recent five-year revenue and expenditure projections, required under continuing law, with its tax budget and requires a CBC to review submitted projections when reviewing tax budgets and determining the need for amounts to be raised.
- Requires a taxing unit that anticipates increased revenue collections on inside millage due to increased valuations or because of the 20-mill floor to state in its tax budget an intent to collect or forgo the increased revenue.
- Requires the CBC to reduce levy rates accordingly if the taxing unit opts to forgo the increased revenue, and prevents a school district from losing state funding if the request results in the district levying total current expense levies of less than 20 mills.
- Requires a CBC to examine the need for amounts proposed to be raised from property taxes when a tax budget is submitted.

County Budget Commission Levy Adjustments

- With respect to certain levies that a CBC is currently required to authorize without modification after confirming they are properly authorized:
 - Limits a requirement that all levies in excess of the 10-mill limitation (voted levies) be approved without modification to apply only to the first year of collection, with additional allowance for reduction of renewal levies in their first year and any levy when the taxing unit specifically requests a lower amount.
 - Provides that a request for a lower rate with respect to voted levies applies only to the succeeding fiscal year unless specifically stated otherwise in the request.
 - Limits approval without modification of unvoted (“inside”) millage levies for debt charges to those necessary for unsatisfied debt charges, and applies that standard to all levies, rather than inside millage only, as under current law.
 - Explicitly states that a request by a political subdivision for a reduced rate or reduced guaranteed inside millage applies only to the succeeding fiscal year unless stated otherwise in the request.
- With respect to any levy for which CBC authority to reduce is not specifically limited:
 - Requires a CBC to hold a hearing anytime the unencumbered balance estimated to remain in a property-tax-receiving fund at the end of a fiscal year exceeds 30% of the estimated expenses from that fund to determine if property tax levies deposited into the fund should be reduced to avoid excessive collections.
 - Authorizes the taxing authority to present its position as to whether a property tax levy should be reduced and provide evidence supporting that position.
 - Allows a CBC to reduce a levy following the hearing such that collections are reduced up to the amount by which the estimated balance for a fund exceeds 30% of the estimated expenses from the fund in that year.
 - Prohibits the CBC from reducing a school district’s levies for operating expenses, on account of estimated carryover balances to less than 20 mills.

Fixed-Sum Levy Adjustment

- Requires the Tax Commissioner to annually certify to each county auditor the necessary rate adjustments of a fixed-sum levy, but only for nondebt fixed-sum levies. Requires a county auditor to apply the adjusted rate accordingly

County Budget Commission Appeals

- Places the burden of proof on a taxing unit to show the need for additional revenue when challenging any levy reductions made by the CBC before the Board of Tax Appeals (BTA).
- Requires the BTA to render a decision on a CBC challenge by a taxing unit within the same calendar year the appeal is filed.

County Budget Commission Membership.

- Authorizes a statutory member of a CBC, i.e., the county auditor, treasurer, or prosecuting attorney, to appoint a designee to serve on the CBC in the member’s stead.

County Levy Procedure

- Requires boards of county commissioners to seek the recommendation of the CBC as to whether a property tax should be submitted to the electors before doing so.

LGF and PLF Alternate Formula Approvals

- No longer requires the largest municipality in a county to approve use of a countywide alternate formula for distributing county allocations from the Local Government Fund (LGF) or Public Library Fund (PLF).
- Requires that only a majority of the libraries and other subdivisions fixed an allocation under the existing county PLF formula approve a new, alternate formula, instead of the majority of all townships and municipalities in the county.