



THE BUCKEYE INSTITUTE

A Decisive Step Toward Comprehensive Property Tax Reform

Interested Party Testimony
Ohio House Ways and Means Committee
Ohio House Bill 335

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As Prepared for Delivery

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the Committee, thank you for the opportunity to testify regarding **Ohio House Bill 335**.

My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Ohio’s property taxes and complex municipal income tax structure imposed the **8th highest local tax burden** as a percentage of income in the nation in fiscal year 2022—up from **12th in fiscal year 2021**. In addition to costs and inefficiencies created by a byzantine local government system, homeowners and small businesses now routinely face unpredictable property tax spikes spurred by historic inflation levels, leading some to openly call for **abolishing property taxes** altogether.

House Bill 335—the Property Tax Relief NOW Act—is the most significant property tax reform legislation since **House Bill 920** passed in 1976. Without exploring every aspect of the legislation, I want to highlight what The Buckeye Institute foresees as most beneficial for overburdened homeowners.

House Bill 920 created a cap, or reduction factor, on the increase of property taxes, but also allowed for the “**20-mill floor**,” which guarantees public school districts a minimum tax rate regardless of voter approval. This guarantee combines with various **emergency levies** and **inside millage reallocations** to allow school districts to collect millions of dollars in property taxes from homeowners every year without a vote. House Bill 335 addresses this undemocratic workaround by requiring certain fixed-sum levies—including emergency levies—to count toward the school district’s 20-mill floor calculation. This subjects more property levies to the House Bill 920 reduction factors. The bill also revokes the school districts’ authority to seek new substitute levies that generate additional taxes when new construction is added to the local taxing district without a vote. House Bill 335 prohibits school districts from attempting **inside millage reallocations** to increase property tax revenue without local taxpayer approval. And it gives **county budget commissions** more authority to monitor, review, and modify local levies—a step to improve coordination among taxing authorities and reduce redundant, unnecessary property taxes.

Most importantly, House Bill 335 substantially changes Ohio’s inside millage, which is not subject to House Bill 920 reduction factors and can therefore be levied without prior voter approval. House Bill 335 prohibits all political subdivisions (except townships) from levying inside millage. This bold departure from the status quo will immediately save Ohio taxpayers billions of dollars and face vociferous opposition from local governments that will soon have to make hard choices about their taxes and public services.

The Buckeye Institute continues to **urge** policymakers to ease property tax burdens by streamlining Ohio’s local government structure of more than 600 school districts and thousands of taxing entities. The graphic below, included in Governor Kasich’s Beyond Boundaries effort,

shows the historical rise in Ohio taxing authorities up to 2013. And the number has continued to rise.

Growth of Local Government

Regionalism 1980-2013	38 Convention & Visitor Bureaus [69]	39 Joint Fire or Ambulance District [145]	40 Solid Waste Management Authority [52]	41 County Family & Children First Council [88]	42 Joint Economic Development Districts [30]	43 Multi-City/ County Jails [4]	44 Transportation Improvement Districts [13]	45 Community Schools [369]	46 Workforce Investment Boards (WIB) [20]	47 Special & Energy Improvement Districts [17]	48 Community Land Reutilization Corp. [14]	49 Lake Facilities Authorities [0]
	25 Metropolitan Planning Organization [13]	26 Community College Districts [6]	24 Joint Vocational School District [49]	28 Water and Sewer District or Authority [91]	29 ADAMH Boards [53]	30 Board of Developmental Disabilities [88]	31 Council of Governments (COG) [103]	32 Education Technology Center (Ed Tech) [8]	33 Area Agency on Aging [12]	34 New Community Organizations [UNK]	35 Transit Authority [62]	36 Public Defender Commissions [42]
Great Society 1960-1980	19 Soil and Water Conservation Districts [88]		20 Children's Services Boards [24]		21 County JFS (62 also Children Services) [85]		22 Local Planning Commissions [UNK]		23 Senior Centers [450]		24 Port Authorities [54]	
Postwar 1940-1960												
LGF Created												
Turn of the Century & Depression 1900-1940	12 Municipal & County Courts [165]	13 Educational Service Centers (ESC) [55]	14 Park Districts, Joint Rec Districts, Zoos [90]		15 Airports [97]		16 Local Health Districts [124]		17 Community Improvement Corporations [266]		18 Metropolitan Housing Authority [75]	
Early Statehood 1803-1900	1 Townships [1,308]	2 County Governments [88]	3 Cities [249] Villages[689] [938]	4 Common Pleas Courts [88]	5 Traditional School District [614]	6 Public Hospitals [18]	7 Agricultural Societies (Fairs) [87]	8 Appeals Courts [12]	9 Library Districts [251]	10 Veterans Service Commissions [88]	11 Boards of Election [88]	

Should House Bill 335 be enacted, The Buckeye Institute continues to recommend eliminating unfunded state mandates that force local governments to raise taxes to meet Columbus's demands, and advocates incentivizing local governments to share resources or consolidate to reduce excessive levies as counties and municipalities look to diversify their tax bases without inside millage. The *Beyond Boundaries* report and *The Buckeye Institute* have offered guidance for consolidation and service-sharing across jurisdictions that can save taxpayer dollars and make public services more efficient.

The Buckeye Institute commends Representative Thomas for introducing House Bill 335 and taking a decisive step toward a more efficient local government structure and property tax system. That step is sorely needed to protect Ohio taxpayers from an outmoded, undemocratic system that has cost them dearly.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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