



## **OHIO HOUSE WAYS & MEANS COMMITTEE**

**June 18, 2025**

### **Written Opponent Testimony House Bil 335**

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the Ohio House Ways & Means Committee:

My name is Kent Scarrett, and I am the Executive Director of the Ohio Municipal League. On behalf of OML, thank you for the opportunity to provide written opponent testimony regarding the league's position on House Bill 335.

We understand and share concerns about rising property tax burdens. Many of the more than 730 cities and villages we represent have voiced those concerns on behalf of their residents, particularly in light of housing affordability challenges and the growing gap between property valuations and household incomes. These are serious issues that deserve thoughtful and holistic solutions. Unfortunately, we believe HB335 takes an overly aggressive and unilateral approach that would do significant harm to Ohio's municipalities.

A key provision of HB335 eliminates unvoted inside millage for cities, villages, counties, and schools. For many municipalities—especially small and mid-sized ones—property taxes are a foundational source of revenue. Approximately one-third of Ohio's municipalities do not levy an income tax, with many of them lacking a strong income tax base. For these communities, the loss of property tax millage would undermine their ability to deliver essential services residents depend on every day. Public safety (police, fire, EMS) often accounts for 65–80% of municipal budgets.

OML recently conducted a survey of our members regarding their use of inside millage, highlighting that inside millage is a foundational component of local government finance across the state, particularly for small and mid-sized communities. Revenue generated from inside millage varied widely. While some receive under \$10,000, many municipalities reported six-figure totals that are critical to their budgets. The average of the survey respondents was \$1.37 million.

The majority of municipalities do not receive the full 10 inside mills permitted under Ohio law, as those mills are typically shared with counties, townships, and school districts. Despite this, 92% reported relying on their share of inside millage to fund ongoing operating expenses. For many, this revenue comprises between 5% and 15% of their general fund, though some communities report it makes up as much as 90% to 100% of

their operating budget or is used exclusively to meet essential obligations such as debt service or pension contributions.

Inside millage revenue for municipalities is most commonly used to support core local services including police and fire protection, street maintenance, parks and recreation, administrative functions, and employer contributions to the Ohio Police & Fire Pension Fund. Over half of the respondents reported an increase in inside millage revenue over the past five years, often due to rising property valuations, though several emphasized that the corresponding cost of services—driven by inflation and staffing needs—has outpaced those gains.

When asked about the potential impact of legislation that would eliminate municipalities' ability to collect inside millage, more than half of responding communities said the effect would be severe, while another 42% described it as moderate. Local officials emphasized that losing this flexible, stable source of funding would likely lead to service cuts, layoffs in public safety, deferred infrastructure maintenance, and the need to shift to alternative tax increases—which may not be viable or equitable across the state.

These responses underscore the importance of preserving inside millage authority as a tool to maintain essential local services and financial stability.

HB335 also grants county budget commissions expanded authority to review and limit local property tax rates and spending. Most local residents likely do not even know these commissions exist, and the commissions should not have the power to override decisions made in the communities that are affected. Elected officials in a municipality are directly accountable to their residents and are in the best position to understand and manage their budgets.

HB 335 offers no guaranteed replacement for the lost revenue cities and villages would face. For municipalities with constrained tax bases or limited commercial activity, the tools provided in HB335 will be insufficient.

In closing, we urge the committee to reconsider HB335. While the goal of property tax relief is admirable, this bill threatens the fiscal health of Ohio's municipalities without addressing the root causes of valuation spikes or providing sustainable funding alternatives, which is a better focus for legislative efforts.

The Ohio Municipal League and its member communities remain committed to working with the General Assembly on meaningful solutions that address tax equity, housing affordability, and local service delivery. But HB335 is not that solution.

We respectfully ask the committee to reject the bill and pursue more balanced, collaborative approaches to reform.

Thank you for the opportunity to comment on this legislation.