

Ohio House Ways and Means Committee

Opponent Testimony on House Bill 335

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Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and Members of the Committee — thank you for the opportunity to provide written testimony on House Bill 335. My name is Paul Barrett, and I serve as Chief Financial Officer and Director of Finance for the City of Cleveland. I want to express our strong opposition to this legislation and emphasize that, if enacted, it would have immediate and significant adverse effects on the City's residents, businesses, investors, and other stakeholders.

While we recognize and share concerns about rising property tax burdens across Ohio, HB 335 proposes a blunt and destabilizing approach that would cause deep and lasting harm for cities like Cleveland. Communities across the state — including ours — rely on inside millage not only to balance budgets, but also to meet legally binding debt obligations, protect public safety, and deliver essential services to residents.

Inside millage has long provided the City of Cleveland with a stable and predictable revenue stream. Eliminating this authority would immediately create a \$32 million to \$35 million gap in our annual budget — a figure that will grow over time. This revenue already has been pledged toward debt service on the City's general obligation bonds, and its elimination raises serious legal and financial concerns, including potential violations of state law and our contracts with bondholders. Stripping away pledged revenue could trigger legal action and jeopardize Cleveland's bond rating, which would increase borrowing costs and limit our ability to finance future capital improvements. In addition, the City would lose 0.05 mills annually in General Fund revenue, forcing difficult and immediate decisions around service delivery.

Moreover, the consequences of losing this critical revenue stream would be felt most acutely in core municipal services, particularly public safety. Eliminating inside millage would leave Cleveland with no choice but to consider devastating cuts to police and fire protection, EMS, street maintenance, parks, and recreation. These services are foundational to quality of life and cannot be scaled back without significant consequences. It would also place at serious risk the continued success of our RISE initiative — Raising Investment in Safety for Everyone — a comprehensive strategy that integrates traditional law enforcement with technology, youth engagement, mental health support, and community-based violence prevention. This progress would be stalled at the very moment we are seeing measurable results. Put simply, HB 335 threatens the very investments that are helping Cleveland become a safer, more resilient city.

Furthermore, the bill would severely limit Cleveland's ability to deploy key economic development tools, particularly Tax Increment Financing (TIF). Cleveland has used TIFs effectively to attract thousands of jobs and catalyze millions of square feet of development and redevelopment. Transformative projects like the Bedrock riverfront, lakefront redevelopment, and essential public infrastructure — both downtown and in our neighborhoods — would be put at risk if inside millage is eliminated.

Additionally, the loss of this revenue would impact the education of children in our community. The Cleveland Metropolitan School District (CMSD) would lose nearly \$31 million annually under this bill. That scale of loss would jeopardize the district's ability to maintain current staffing levels, classroom programming, and support services — at a time when CMSD is working to close achievement gaps and support high-need students. Securing replacement funds through new voter-approved levies is far from guaranteed and would take time many districts don't have.

While proponents of HB 335 suggest that cities can offset the loss through local income or sales tax increases, this assumption ignores fiscal and political realities. Shifting toward income taxes disproportionately impacts working families and small businesses while reducing the share paid by commercial property owners. Moreover, not all local governments have the authority or capacity to raise income or sales taxes. In practice, this bill would force communities to either cut vital services or rely on voters to approve new levies to backfill lost revenue.

Finally, we also are concerned that HB 335 would grant expanded authority to county budget commissions, entities that have limited transparency and public accountability. Allowing these commissions to override fiscal decisions made by locally elected officials is a threat to home rule and local self-governance.

In conclusion, Cleveland has worked diligently to be a responsible steward of taxpayer dollars. We plan conservatively, meet our obligations, and maintain long-term financial stability. Any effort to reform property taxes should be done in collaboration with local governments, not by stripping away the critical tools we depend upon to serve our communities.

I respectfully urge this committee to reject House Bill 335. Tax relief must not come at the cost of public safety, financial stability, or educational opportunity.

Thank you for your time and consideration.