



CAAO
County Auditors' Association of Ohio



**COUNTY
COMMISSIONERS
ASSOCIATION
OF OHIO**

**Ohio House Ways and Means Committee
Joint Opponent Testimony – House Bill 335
Warren County Auditor Matt Nolan and Pickaway County Commissioner Gary Scherer
June 17, 2025**

Chairman Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the House Ways and Means Committee, my name is Matt Nolan and I am the Warren County Auditor and I am Pickaway County Commissioner Gary Scherer. Thank you for the opportunity to provide joint opponent testimony for House Bill 335 on behalf of the County Auditor's Association of Ohio and the County Commissioners Association of Ohio.

CAAO and CCAO are supportive of property tax reform and relief, including some of the provisions contained in the bill. The Associations testified as proponents to House Bill 129, to incorporate more elements into a school district's 20-mill floor calculation, and are generally supportive of House Bill 186, to limit 20-mill floor revenue growth to inflation.

On behalf of the millions of Ohioans who rely on the vital public services that our communities, first-responders, educators, and local governments provide, we join today to express our grave concerns regarding the potential impacts of enacting House Bill 335. While we understand the urgency to address rising property taxes, we also know that potentially eliminating more than \$850 million of inside millage revenue from counties would be extraordinarily damaging to law enforcement, veteran's services, education and other essential services provided by local communities. Make no mistake, House Bill 335 is the single largest attempt to defund the police in Ohio's history.

The Auditors and Commissioners are here to jointly remind the General Assembly that county government is merely a function of the State. Our duties and responsibilities are those given to us by the legislature and are carried out on your behalf. It is the responsibility of the State of Ohio to provide public education, to protect the citizens of the State and to provide for our veteran after they have served our nation.

Recent statements by members of this body imply that these are functions of local government; this is incorrect. Counties exist because the State created them and mandates them to provide services at a local level. If it is the wish of this body to eliminate those functions, that is up to you, but the Auditors, Commissioners, and many others in local government think that law enforcement, veterans services and the other core functions of government are critical to our State.

The potential loss of \$850 million in funding for counties would have immediate and severe impacts on essential services. Sheriff's offices throughout Ohio, regional emergency management departments, and vital social services such as mental health and addiction treatment, child and adult protective services, would all face significant challenges in maintaining their operations and providing necessary support to the community. This is heightened by workforce issues already affecting all these services.

Please refer to testimony submitted from individual counties to see what service and staffing cuts they would need to make to offset the lost revenue this bill would cause.

We recognize that HB 335 provides an option counties to seek voter approval for revenue replacement through an additional 1% sales tax authority, increasing the maximum county rate to 2.50% (3.00% if certain conditions apply).

CCAO's initial estimate is that 77 counties could offset their lost inside millage with up to an additional 1% and that 11 counties would need more than 1% (for example, our estimate shows Monroe County as needing an additional 2.50% sales tax authority to fully offset their inside millage loss).

Even for those counties that could offset lost inside millage revenue with a sales tax increase, doing so would prove difficult. Many counties have not changed their sales tax rate in decades. Clermont County's 1.00% rate has been in place since 1983. Vice Chair Thomas' Ashtabula County has been at its 1.00% rate since 1985. Only nine counties have changed their sales tax rate since 2020, four of which were decreases. Since 2015, there have been 20 new money sales tax votes put on the ballot by counties. Of these, seven passed (35%). Due to the electoral hurdles, simply giving counties the authority to increase their sales tax rate is insufficient to offset lost inside millage revenue.

When considering the other local entities that would seek tax increases to offset revenue lost to HB 335, there will be hundreds, if not thousands, of additional levy requests in communities across Ohio in November. It would also exacerbate voter confusion, frustration, and levy fatigue. Even if we ignore the critical time issues associated with levying and collecting new taxes, this is not practical, nor would it alleviate the concerns Ohioans have regarding increasing property valuation and rising property tax costs.

Inside millage, a concept in place for over 200 years in Ohio, is the basis of all borrowing and the full faith and credit of our local governments. Every dollar that has been borrowed to

build a school, to buy a fire truck, to build a jail has pledged inside millage under Article XII Section 11 of the Ohio Constitution as the basis of that borrow. This proposal would place all of our local governments in default for violating the terms of these contracts.

In addition, billions of dollars of private investment have been secured through Tax Increment Finance bonds. These private developers received reduced rates based on the security of ten mills of inside millage. These contracts would also be in default resulting in not only public contracts being voided but negatively impacting private developers across the State.

While the sponsors for HB 335 have suggested cutouts and workarounds for the debt concerns in their initial proposal, the workarounds create additional legal and constitutional issues as they would result in non-uniform rates of taxation, but more importantly they would put off tax relief for decades. The voters want immediate property tax relief, not relief in 35 years when the bonds are paid off.

The Auditors and Commissioners are not here solely with complaints, we have suggestions. Well-vetted suggestions that were reviewed by the Ohio Property Tax Review Committee, suggestions that do not violate Ohio law and provide both immediate tax relief and a start at comprehensive tax reform. Portions of our suggestions are contained within HB 335.

- The single largest factor in rising property taxes in the State of Ohio, is the 20-mill floor. HB 186 on its own does more to limit the future growth of property taxes than any measure in the last 50 years.
- The homestead exemption is the State's sole method of providing relief for our seniors and permanently disabled. The Auditors and Commissioners strongly support the State enhancing its homestead program, rather than creating a county-by-county program that would create significant disparities for taxpayers.
- Eliminating the 10% nonbusiness tax credit and increasing the owner occupancy credit by 10% would ensure that residents living in their actual home receive the benefits of the credit. The current nonbusiness credit is being exploited through loopholes that allow for-profit owners to receive the same property tax reduction that families receive.
- Creating tools for targeted relief would better calibrate property tax assistance to those who truly need it. This can include tax deferral programs, income tax credits

in the form of circuit breakers, or abatements to further assist long-term residents' ability to pay their tax bill.

We recognize the need to be solution-oriented and would welcome the opportunity for our organizations to work together with the General Assembly on ways to provide both short-term relief and long-term property tax reform. However, this is not a collaboration that can be successful if it is constrained to the final 15 days of this month's long state budget process. We ask that the provisions in HB 335 not be included in the state operating budget (HB 96) during conference committee. Instead, we hope to work together on solutions that address the concerns of Ohioans while not jeopardizing the essential public services.

We would like to acknowledge that, as proposed, HB 335 may not be legal. We will defer questions about the bill's legality to law firms that we understand sent a memo to this committee providing their insight on that issue.

CAAO and CCAO believe that HB 335 is not the best way to reform property taxes and provide property tax relief.

We would like to thank Chairman Roemer and members of the committee for the opportunity to testify today. We would also like to thank Vice Chair Thomas for his willingness to engage with us on this important topic. Our associations are committed to property tax relief for our citizens and reforms to the system. We look forward to working with the General Assembly to accomplish these goals. We would be happy to answer any questions from the committee at this time.