



## HOUSE WAYS AND MEANS COMMITTEE | OPPONENT TESTIMONY ON HOUSE BILL 335

Keary McCarthy, Executive Director

June 18, 2025

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the Ohio House Ways & Means Committee, thank you for the opportunity to testify in opposition to House Bill 335 today on behalf of our bipartisan coalition of mayors in Ohio's largest cities and suburbs.

### **Eliminating Inside Millage Would be Catastrophic**

We have grave concerns regarding the potential impacts of enacting House Bill 335. While we understand the urgency to address rising property taxes, we want to share the potentially catastrophic impacts of eliminating over \$3 billion in inside millage revenue for Ohio's schools, local law enforcement, and other essential services provided by local communities.

In 2011, the state Local Government Fund (LGF) was reduced by half, costing local communities approximately \$300 to \$400 million in lost revenue each year. Under HB 335, Ohio's municipalities could lose over \$650 million, counties could lose over \$850 million, and Ohio's schools could lose \$1.9 billion each year, according to the Ohio Legislative Service Commission. The potential for lost revenue of this scale to Ohio's schools and local communities is staggering compared to the previous LGF cuts, and would have profound impacts on essential services in communities across Ohio.

Inside millage funds are the foundation of local government, helping fund critical infrastructure such as fire and police services, EMS, and school districts. In the Ohio Mayors Alliance alone, over fifteen cities would lose direct funding for their police and fire pension fund contributions—critically weakening public safety at the local level. In fact, the vast majority of cities within the coalition that utilize inside millage allocate those funds to their General Revenue Fund. This allows cities to direct the money toward necessary services—many of which support public safety. As we have shared before, public safety can account for as much as two-thirds of municipal General Revenue Fund expenditures.

For example:

- The **City of Findlay** receives 3.2 mills, all of which are inside millage. These mills will generate over \$3 million in 2025, and combined with Findlay's 1% municipal income tax - the lowest income tax of any city that *has* an income tax - make up 72% of the city's total general fund



revenue. The city's base property tax revenue allows the city to invest in public safety, economic development projects, and infrastructure, while minimizing the need for voted outside millage.

- The **City of Parma** uses inside millage to fund its Ohio Police and Fire Pension Fund contribution and its general fund. Cuts to the city's inside millage would severely impact public safety, potentially forcing the city to play damage control with its police and fire departments.
- The **City of Beavercreek**, which is the largest city in Ohio with no municipal income tax, receives about  $\frac{2}{3}$  of its total revenue from property taxes. Moreover, Beavercreek has struggled in recent years to pass levies to support its police department and road repairs. Relying on constant levy approvals, no matter how much residents agree that services are necessary, puts crucial local services in ongoing peril.

If HB 335 eliminates inside millage, local governments will face the prospect of reducing costs or raising revenue through other means. This could result in hundreds, if not thousands, of additional property tax levy requests in communities across Ohio. It would also exacerbate the confusion, frustration, and levy fatigue for Ohio voters. This is not practical, nor would it alleviate the concerns Ohioans have regarding increasing property valuation and rising property tax costs.

Just as the state relies on consistent, reliable sources of revenue to ensure that its obligations are funded each year, cities must be able to plan ahead to ensure that our infrastructure remains safe, our economies continue to benefit businesses and families, and our local first responders have the wages, benefits, equipment, and training we all agree that they need to do their jobs safely and keep our communities safe.

### **County Budget Commissions Provisions Would Exacerbate the Harms Caused by HB 335**

We want to reiterate our prior testimony in opposition to HB 309, as the county budget commission provisions of that bill are duplicated in HB 335 (see attached). In combination with provisions in HB 335 eliminating inside millage, these provisions would introduce additional instability and uncertainty to local government budgeting and spending, exacerbating the potentially catastrophic impact on local government services Ohioans universally support like public safety, schools, and the construction and maintenance of safe and reliable infrastructure.



## **Conclusion**

We recognize the need to be solution-oriented, and we would welcome the opportunity to work together with you on ways to provide both short-term relief and long-term property tax reform. We hope that you will consider bringing us and the many other impacted stakeholders to the table to discuss solutions and provide feedback on potential reform options before moving HB 335 or any other property tax or local revenue legislation. We can find a better way, and we hope to work together on solutions that address the concerns of Ohioans while not jeopardizing the essential public services.



**OHIO HOUSE LOCAL GOVERNMENT COMMITTEE  
OPPOSITION TESTIMONY ON HOUSE BILL 309**

Keary McCarthy, Executive Director

June 11, 2025

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the Ohio House Ways and Means Committee, on behalf of the Ohio Mayors Alliance, a bipartisan coalition of mayors in Ohio's 30 largest cities, thank you for the opportunity to provide testimony and share our concerns.

As you know, HB 309 seeks to make significant changes to the roles and responsibilities of existing county budget commissions (CBC). This includes but is not limited to granting CBCs new authority to review and reduce voter-approved property tax levies of political subdivisions within a county. We appreciate that this authority is limited to property tax levies, but we have concerns related to how this new authority might be exercised and what, if any, jurisdictional limitations a CBC may have in exercising its authority.

HB 309 also includes additional language that is unrelated to property tax concerns and is inconsistent with the broader purpose of mitigating the taxpayer impact of local levies. This provision would change the approval status of the alternative LGF formula. Currently, an alternative formula must be approved by 1) the county commissioners, 2) the legislative authority of the largest city, and by 3) a majority of the other municipalities and townships in the county (excluding the county's largest city).

It is important to understand that this provision was originally put into place in 1981 after numerous disputes related to LGF distribution and it exists for two reasons:

First, it ensures that the largest jurisdiction within a county – sometimes representing as much as 40 to 50 percent of the total county population – receive LGF dollars in a manner commensurate with the essential services it provides. Larger cities are often the most resource-intensive jurisdictions responsible for police, fire, and other critical public safety infrastructure that benefit the region.

- Second, requiring that the largest municipality also approve the formula was put in place to prevent the numerous smaller jurisdictions within a county from forming coalitions and creating an unfair advantage in the approval process. This would result in more of the CULGF being disproportionately allocated to the jurisdictions that provide the fewest services and serve the fewest county residents.

Requiring that the county, the largest city, and the majority of other jurisdictions approve the formula was seen as a compromise to help mitigate these concerns. If HB 309 removes the largest municipality from this approval authority, it will upend decades of precedent and renew old regional disputes over the distribution of the CULGF. As such, we respectfully request that this provision be removed from the bill. Thank you for your time. I would be happy to answer any questions.