



## **Senate Bill 42 Sponsor Testimony** **State Senator Michele Reynolds**

Chair O'Brien, Vice-Chair Gavaron, Ranking Member Smith, and members of the Local Government Committee, thank you for allowing us the opportunity to provide sponsor testimony on Senate Bill 42.

For many long-time residents across the State, property tax bills are increasing to the point where they jeopardize homeownership. This is especially true for many low-to-moderate (LMI) income homeowners. Whether it is because of new economic development investments, new construction in neighborhoods, or suddenly hot real estate markets, many factors have contributed to increases in property tax burdens for LMI homeowners that strain their financial resources and often result in tax foreclosure. These dynamics existed before the pandemic, and increased home sales and 2022 exacerbated them.

As county auditors conduct sexennial and triennial reappraisals, they lean on recent home sales from this period of hot market activity to make judgements about home values today. That leads to increasing property tax burdens for many homeowners who cannot afford drastic increases.

Passing Senate Bill 42 is legislation that offers property tax relief for low-income homeowners is the best way to solve this problem. It would stabilize homeownership, prevent displacement, and encourage new economic investment in our communities. That economic development will benefit residents, local municipalities, and the State of Ohio with a broader tax base. Property tax relief is not a silver-bullet solution to the housing

challenges in Ohio, but it should be considered part of a long-term strategy to stabilize current homeowners while the State invests in strategies that help it grow.

Senate Bill 42 gives permissive authority to cities, towns, home rule townships, and counties to craft property tax relief programs that provide a percentage reduction on increases in assessed value after enrollment in the program.

- Cities would have to create “Residential Stability Zones,” geographic areas where the program would operate.
- Tie the relief to the homeowner(s) while they own and live in the home, unlike a tax abatement which can be sold as an asset with the property it is tied to
- Re-authorize the program and the Residential Stability Zone at least every 10 years
- Allow homeowners with household income up to 80% AMI to apply for property tax relief for a 6-year period, though municipalities could use a lower AMI.
- Allow jurisdictions to require other qualifications for eligibility, such as length of homeownership and age.
- Offer relief without re-approval to eligible homeowners aged 60+, and 6-year relief to those under the age of 60.
- Not impact a home’s sale price or valuation for county sexennial or triennial reassessment purposes.
- Not require the state to replace foregone, local revenue.

I now invite my co-sponsor Senator Craig to testify on this legislation.