



THE BUCKEYE INSTITUTE

Giving County Budget Commissions a Tax Reform Tool

Interested Party Testimony
Ohio Senate Local Government Committee
Ohio House Bill 309

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November 4, 2025

As Prepared for Delivery

Chair O'Brien, Vice Chair Gavarone, Ranking Member Smith, and members of the Committee, thank you for the opportunity to testify regarding **Ohio House Bill 309**.

My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Ohio's property taxes and complex municipal income tax structure imposed the **8th highest local tax burden** as a percentage of income in the nation in fiscal year 2022—up from **12th in fiscal year 2021**. In addition to costs and inefficiencies created by a byzantine local government system, homeowners and small businesses now routinely face unpredictable property tax spikes spurred by historic inflation levels, leading some to openly call for **abolishing property taxes** altogether.

House Bill 309 puts another tool in the tax reformers' toolbox to help fix Ohio's property tax problem. The legislation empowers county budget commissions to reduce property tax levies if those levies collect more than necessary to accomplish their goals. The Buckeye Institute **supports** this taxpayer protection, and unfortunately Governor DeWine vetoed it in the recent budget bill. If enacted, not every commission will choose to lower property taxes, of course, but authorizing the option gives homeowners a safety valve in jurisdictions in which tax revenues exceed expectations.

Policy guardrails may be necessary to ensure that levies remain high enough to satisfy their original purposes and over-zealous commissioners do not substitute their personal tax-cutting preferences for the will of the voters. Such protections might include specific metrics for gauging "revenue excess," a designated period during which commissions may cut taxes, and prescribed limits on the size of those tax cuts. But the need for those manageable safeguards should not preclude the bill's enactment.

In addition to House Bill 309, The Buckeye Institute **urges** policymakers to ease property tax burdens by streamlining Ohio's local government structure of more than 600 school districts and the growing list of thousands of taxing entities across the state. As The Buckeye Institute explained in ***Crain's Cleveland Business***, "Without transformational change to Ohio's antiquated structure, homeowners will continue to suffer rising, unsustainable property taxes." So, even if House Bill 309 is enacted, The Buckeye Institute also recommend eliminating unfunded state mandates that force local governments to raise taxes to meet Columbus's demands, and advocate incentivizing local governments to share or consolidate resources to reduce excessive levies as counties and municipalities look to diversify their tax bases without inside millage. Governor Kasich's ***Beyond Boundaries*** report and **The Buckeye Institute** have offered guidance for consolidation and service-sharing across jurisdictions that can save taxpayer dollars and make public services more efficient. And in recent **testimony** to the Property Tax Reform Working Group, The Buckeye Institute itemized **10 recommendations** for reforming local government and reducing Ohio's soaring property taxes—a policy list that the editors of ***Crain's*** subsequently advised the Working Group to "take seriously."

The Buckeye Institute commends Representative Thomas for introducing House Bill 309 and taking a step toward a more efficient local government structure and property tax system. That step is sorely needed to protect Ohio taxpayers from an outmoded, undemocratic system that has cost them dearly for decades.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.



WHO CAN TAX YOU

THE ROOT CAUSE OF RISING PROPERTY TAXES

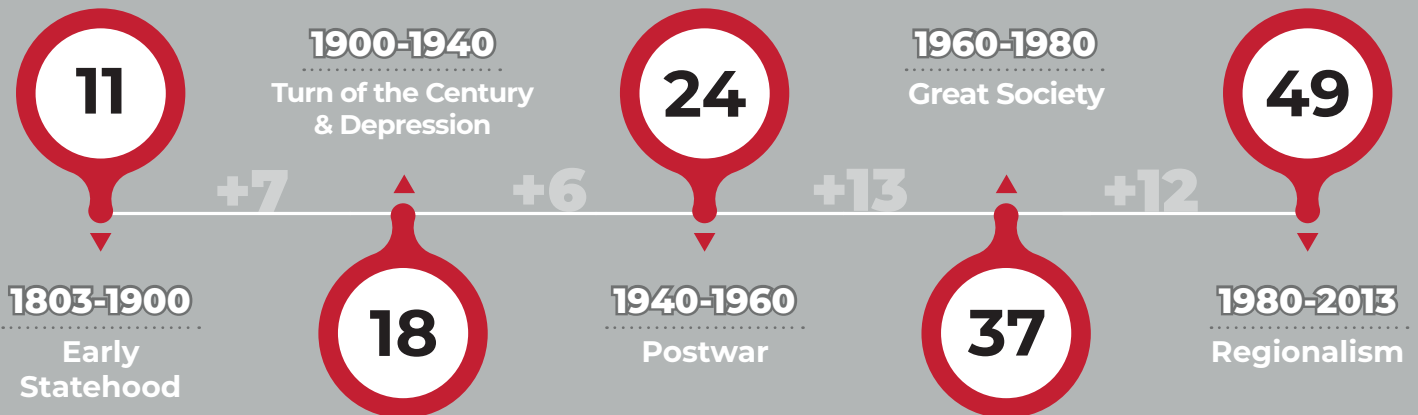
THE NUMBER OF **LOCAL** GOVERNMENT BODIES

THAT CAN TAX OHIOANS
HAS GROWN TO MORE THAN →

6,500

THE PROBLEM

TYPES OF ENTITIES WITH TAXING POWER HAS EXPLODED



THE SOLUTION

HOW TO LOWER PROPERTY TAXES

Require approval for most property tax levies to go on the ballot.

County budget commissions can reduce taxes if excess property taxes are collected.

Eliminate or modify the 20-mill floor to end tax hikes without a vote.

End or limit millage growth to end property tax increases without a vote.

Link state funding to performance to lower costs and improve services.

Consolidate local gov'ts to reduce redundancies and improve resource allocation.

Require local gov'ts to enhance transparency by joining Ohio Checkbook.

Eliminate tax abatements that hurt families and small businesses.

Require local gov'ts to spend state tax dollars on specific, critical needs.

Share state tax funds with local communities in dire need to keep critical services.

For more on The Buckeye Institute's recommendations, visit: BuckeyeInstitute.org/LocalGovReform.



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About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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