



# TESTIMONY

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Aditi Srivastava and Zach Schiller

## Testimony to the Senate Local Government Committee on Substitute House Bill 186

Chair O'Brien, Ranking Member Smith and members of the Senate Local Government Committee: I am Zach Schiller, research director at Policy Matters Ohio, a nonprofit research institute with the mission of creating a more vibrant, equitable, inclusive and sustainable Ohio. Thank you for the opportunity to testify on Substitute House Bill 186. While improvements have been made to this bill, it still has severe defects and is not a true answer to the property tax issue facing Ohio. We recommend that you defer action on it.

The Indian Hill school district ranked second in 2023 in the median Federal Adjusted Gross Income (FAGI) in Ohio, at \$133,674, according to the Ohio Department of Taxation. Its average FAGI ranked first, at \$545,502. Property owners in the Indian Hill school district will receive tax cuts under the current version of HB 186.

By contrast, the East Cleveland school district is the poorest in Ohio. Median FAGI was \$28,636, while the average was \$37,571. Property owners there (as well as renters, who pay property tax through their rent) will receive no tax benefit under the bill. Yet Cuyahoga County reports that the average tax billed to property owners after the revaluation last year went up 26%.

Does this disparity between Indian Hill and East Cleveland make sense? It does not. Providing reductions to some of the most affluent people in Ohio while denying them to some of the poorest doesn't pass the smell test. Of course, there could well be property owners in Indian Hill who need a tax cut, and conversely some property owners in East Cleveland might not. But this bill makes no distinction between individual property owners, whose situations may be different.

Based on median Federally Adjusted Gross Income, residents in six of the ten poorest school districts in Ohio will get nothing under the bill. These also include Youngstown, Warren City, Northridge Local in Montgomery County, Sandusky City, and Warrensville Heights.

Property owners in most of Ohio's big-city school districts excluding Cincinnati will also see no benefit from the bill's focus on districts at the 20-mill floor. These include Akron, Canton, Cleveland, Columbus, Dayton, and Toledo. These findings are based on estimates from the Legislative Service Commission of what property owners in each district will receive. The LSC

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.*



also found that property owners in many of the most affluent districts will not receive tax cuts, though some others will.

Property owners across Ohio have seen a surge in home values. But the effect on taxes has been uneven; House Bill 920 has held *average* taxes down in many areas of the state. In Franklin County, for example, values went up 41% in the last revaluation, while taxes rose just 6%. Yet some homeowners there did face property tax increases. Tax relief should target those who actually need it, not make across-the-board cuts irrespective of need.

The bill would reduce taxes on businesses as well as residential property owners. We don't know how much will go to businesses, or how much businesses need such tax cuts. We do know that overall, Ohio businesses pay less in state and local taxes than the national average.<sup>1</sup> And that businesses are paying a much smaller share of property taxes in Ohio than they once did.<sup>2</sup> What is the rationale for including businesses in the substitute bill? At a time when many Ohioans are understandably concerned about increases in their property tax bills, the legislature needs to ensure that any effort to fix this issue does not exacerbate one of the underlying problems that led us to this point -- a systematic shift in responsibility for funding essential public services from wealthy corporations and other businesses to residential homeowners.

In a welcome improvement, the bill was amended in the House so that money earlier designated for the sales tax holiday will ease the immediate harm to school districts. However, that still leaves an estimated \$1.2 billion in reduced revenue to school districts and JVSs over three years. Some 170 districts are estimated to lose at least 10% of the property tax they would otherwise collect in Tax Year 2027; eight districts (not including island districts) will lose more than 20% that year. This will compound the harm done by abandoning the Fair School Funding Plan. If it is approved along with this bill, House Bill 129 could reduce the impact of HB 186 by reducing the number of districts at the 20-mill floor. However, HB 186 could still lead to layoffs, increased class sizes, reductions in course offerings, and cuts to essential academic supports for students in many districts.

The most effective, efficient form of property tax relief would be a circuit breaker that provides a credit to those taxpayers who are paying more than a set percentage of their income in property tax. This would direct the credits at those who truly need them; additional eligibility requirements for income and home values would further target such a program. A circuit breaker or something close to it is in place now in 29 states, and the states pay for it. House

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<sup>1</sup> See Ernst & Young LLP in conjunction with the Council on State Taxation, "Total state and local business taxes: State-by-state estimates for FY23," December 2024 [https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/score\\_ey-50-state-tax-burden-study\\_final\\_121824.pdf](https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/score_ey-50-state-tax-burden-study_final_121824.pdf)

<sup>2</sup> Fleeter, Dr. Howard and Dr. Greg Browning, "Analysis of Residential Property Taxes in Ohio: a Balanced Approach to Reform," Ohio Education Policy Institute, September 2025 at [http://www.oepiohio.org/wp-content/uploads/2025/09/OEPI-Prop-Tax-Analysis.FINAL\\_.pdf](http://www.oepiohio.org/wp-content/uploads/2025/09/OEPI-Prop-Tax-Analysis.FINAL_.pdf)



approval of more than \$400 million to pay for some of the tax cuts in HB 186 illustrates that the state can find funds to pay for a circuit breaker. You can build on the language in the bill that cancels the expanded sales tax holiday in 2026 and rein in other tax breaks such as the Business Income Deduction (see [this memo](#) to Governor DeWine’s property tax working group for details).

Substitute House Bill 186 would provide tax cuts to many who don’t need them, while leaving out many who do. It will undercut school districts already insufficiently funded by the state. We respectfully suggest that you defer action on it. Thank you for the opportunity to testify.