



TESTIMONY

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Testimony to the Senate Local Government Committee on Substitute House Bill 335

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 335. While the substitute bill as amended is an improvement over the previous version of the bill, it still is a step in the wrong direction. We recommend shelving it.

Inside millage amounted to nearly \$4 billion in Tax Year 2024, half of which went to school districts. Various schools testified in the House how limiting inside millage would hurt them. Townships across the state, which depend especially heavily on property tax, were due \$457 million in inside millage last tax year. In most counties, inside millage is the second-largest source of revenue, after the sales tax. All manner of public services rely on this revenue. For example, it provides more than \$24.5 million in essential funding to 50 public health departments. Half of them do not have separate property tax levies, and for some, inside millage is a substantial portion of the budget.

While limiting growth to the GDP deflator may seem like a modest limitation, over time, it would have real impact. Housing inflation has grown at a steeper pace than overall, and this also would ignore any new construction adding to the tax base. Between Tax Years 2018 and 2024, inside millage statewide grew from \$2.61 billion to \$3.96 billion, or 52%. By contrast, the GDP deflator grew by 43%.¹ Had Substitute House Bill 335 been in effect, it would have reduced inside millage by \$230 million a year by Tax Year 2024. The Legislative Service Commission has estimated that the bill would reduce inside millage by between a total of \$620 million and \$763 million during tax years 2026, 2027 and 2028.² Especially in faster-growing areas, this would make it more difficult to provide public safety services or hire the teachers and staff needed to

¹ U.S. Bureau of Economic Analysis, National Data, National Income and Product Accounts, Table 1.1.9 Implicit Price Deflators for Gross Domestic Product, [BEA Interactive Data Application](#)

² Jorge Valdebenito, Legislative Service Commission, Fiscal Note & Local Impact Statement, HB 335, As Passed by the House, 136th General Assembly, at <https://www.legislature.ohio.gov/legislation/136/hb335/documents>



serve a growing population. Just as House Bill 920 led to an explosion in school levies, limiting inside millage likely will mean still more levies.

This bill, like others recently and currently considered by the committee, is based on the misconception that everybody's property taxes are too high, and so across-the-board cuts make sense. Taxpayers in Hunting Valley, where the average home value is \$1.9 million and overall taxes did not go up after the last valuation, do not need it. Ohio's millionaires, who just got a \$19,000-a-year state income tax cut³ and who on average pay a far lower share of their income in property taxes than middle-income Ohioans, do not need it.⁴ In addition, in significant areas of the state, House Bill 920 has kept overall tax increases down.

That is not the only misconception behind the bill. If Ohio school districts are all swimming in money, how come they don't top the rankings of the credit rating agencies? According to a September report from Moody's Ratings, a smaller share of Ohio school districts the company rates have the top rating than districts it rates nationally.⁵ Most school districts have middling rankings.

The bill would cover businesses as well as residential property owners. Where is the evidence that businesses need such tax cuts? We know that overall, Ohio businesses pay less in state and local taxes than the national average.⁶ And that businesses are paying a much smaller share of property taxes in Ohio than they once did.⁷ What is the rationale for including businesses in the bill?

Of course, there are many homeowners (and renters, who pay property tax through their rent) who need assistance. The General Assembly should target help to them, not approve measures like HB 335 that don't distinguish those who need help from those who don't. That can be done

³ Policy Matters Ohio, "Flat Income Tax Puts Ohio Among Top Five States for Millionaire Tax Cuts," Oct. 16, 2025, <https://policymattersohio.org/news/2025/10/16/flat-income-tax-puts-ohio-among-top-5-states-for-millionaire-tax-cuts/>

⁴ Institute on Taxation & Economic Policy, "Ohio: Who Pays? 7th Edition," at <https://itep.org/whopays/ohio-who-pays-7th-edition/>

⁵ Moody's Ratings, "Medians – Ohio local governments show strong available fund balance and above-median leverage," Sept. 12, 2025

⁶ 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

⁷ 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



for each individual, based on whether property tax is taking up too much of the owner or renter’s income. It’s called a circuit breaker, and some form of it is in place in 29 states. This was one of the recommendations of the governor’s working group on property tax.

Thank you for the opportunity to testify.