Senate Local Government Committee
House Bill 186 – Interested Party Testimony
November 12, 2025

Buckeye Association of School Administrators (BASA)
Ohio Association of School Business Officials (OASBO)
Ohio School Boards Association (OSBA)

Chairwoman O'Brien, Vice Chairwoman Gavarone, Ranking Member Smith, and members of the Senate Local Government Committee, thank you for the opportunity to provide interested party testimony on House Bill (HB) 186. Our organizations represent Ohio's public school board members, superintendents, treasurers/CFOs, and other school business officials from across the state.

We want to begin our testimony by acknowledging the seriousness of the property tax issue in Ohio right now and reaffirm our commitment to work with the General Assembly to craft responsible solutions to this complex issue. Our members know this is a complicated topic, and we have been on record supporting various reforms that address the property tax crisis and provide relief to Ohioans who need it most. We have worked closely with the bill's sponsors – Representatives Hoops and Thomas – on this bill, and we thank them for their efforts to reform the property tax system and provide relief to Ohioans.

HB 186 would place an inflationary cap on the property tax revenue 20-mill floor school districts receive following a reappraisal or update. And it would do so in a prospective and retrospective manner so that all Ohioans in a 20-mill floor school district will see a reduction in their property taxes on next year's July tax bill. HB 186 also includes a state reimbursement mechanism totaling $465 million to ensure school district property tax revenue does not fall below the current tax year 2024 levels until the district goes through a reappraisal or update. This important change added by the House ensures that more than one-half of Ohio school districts will be held harmless from the bill's retrospective cap for the next two years.

Together, these provisions provide a direct property tax reduction for qualifying homeowners while preserving financial stability for Ohio schools and the students they serve.

We do want to highlight two side effects of the bill that will require future attention in the next biennium. The first is an adjustment to the school-funding formula. The formula includes a capacity

calculation that determines each district's state and local share, based on property valuations and resident income. HB 186 originally included a provision to adjust this calculation to account for the inflationary cap on assessed property valuations. The House removed this provision. Without this change, districts will appear to have greater local capacity than they actually do, creating what is often referred to as phantom revenue. In other words, a district may appear able to generate more local funding than it truly can because of the cap. As a result, schools could experience unintended reductions in state aid. To prevent this, the funding formula must be recalibrated to reflect the bill's statutory limits on local revenue growth; otherwise, HB 186 will effectively result in a state funding cut for schools.

The second side effect that will require future attention is the retrospective baseline in HB 186. Because the bill applies retroactively to tax years 2023 and 2024, the baseline tax revenue for schools moving forward will be lower than anticipated. As a result, after the next reappraisal or update, some school districts and career centers may see property tax revenue in subsequent years that is lower than the current year (tax year 2024). The Legislative Service Commission estimates a $50.2 million revenue shortfall in tax year 2026 and a $56.9 million shortfall in tax year 2027. This occurs because the starting point for the next reappraisal is a lower revenue figure than at present. Consequently, even after receiving an inflationary increase from the next reappraisal or update, some districts will end up with less tax revenue than they currently receive.

In closing, HB 186 represents a reasonable approach to balance taxpayer reform and relief with the financial stability of Ohio's schools and the students they serve.

Chairwoman O'Brien and members of the committee, thank you for your time and consideration. We are happy to answer any questions you may have.