



SENATE LOCAL GOVERNMENT COMMITTEE | INTERESTED PARTY TESTIMONY ON HOUSE BILL 335

Keary McCarthy, Executive Director

November 12, 2025

Chair O'Brien, Vice Chair Gavarone, Ranking Member Smith, and members of the Ohio Senate Local Government Committee, thank you for the opportunity to offer written interested party testimony to House Bill 335 today on behalf of our bipartisan coalition of mayors in Ohio's largest cities and suburbs.

We appreciate the changes in the House-passed version of HB 335. Tying inside millage to inflationary growth is a reasonable solution that will have far fewer fiscal impacts than eliminating inside millage altogether. However, we do want to be clear that these changes will still have a local impact.

Many cities, for example, use inside millage revenue to fund the employer contribution for the Ohio Police and Fire Pension Fund. Other uses for inside millage revenue, such as debt service for housing and economic development, will be stymied by reductions to that revenue source, limiting local efforts to fund public safety and other critical local services. It will also curtail local incentives for new housing developments, which expands the property tax base and lowers the cost for individual taxpayers.

The fiscal note for the as-passed-by-the-House version of HB 335 estimates that the bill will reduce statewide inside millage by approximately **\$120-\$135 million in tax year 2026**, and that reduction in revenue will grow to **\$305-\$378 million per year in tax year 2028**. For municipalities and townships, the loss of inside millage revenue will be between \$85-\$105 million by tax year 2028. Reductions of revenue of this size will continue to strain local governments' ability to provide essential services.

In 2011, the state Local Government Fund (LGF) was reduced by half, costing local communities approximately \$300 to \$400 million in lost revenue each year. Adjusted for inflation, local governments have foregone over \$2 billion in revenue over the past 14 years. These reductions have increased pressure on local taxpayers across the state to make up the difference to fund essential programs.

Just as the state relies on consistent, reliable sources of revenue to ensure that its obligations are funded each year, cities must be able to plan ahead to ensure that our infrastructure remains safe, our economies continue to benefit businesses and families, and our local first responders have the wages, benefits, equipment, and training we all agree that they need to do their jobs safely and keep our communities safe. We urge you to consider ways that the state can mitigate the impacts of local tax revenue reductions as part of your holistic look at HB 335 and other property tax reform proposals.