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Sponsor Testimony – Senate Bill 66
Senate Ways and Means Committee
Senators Sandra O'Brien and George Lang
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Chair Blessing, Vice Chair Roegner, Ranking Member DeMora, and members of the Senate Ways and Means Committee, thank you for the opportunity to deliver sponsor testimony today on Senate Bill 66, which would change the calculation of a school district's 20-mill floor.

According to figures provided last year by the Legislative Service Commission and data from the Department of Education and Workforce from tax year 2023, 68% of Ohio's 611 public school districts are at the 20-mill floor. Of those on the floor, half have some combination of emergency levies, substitute levies, or both, and nearly half (46%) also currently levy an income tax. This comes at a time when ending cash balances held by traditional school districts sit at a very large \$10.5 billion combined across Ohio.

In 2024, the Tax Foundation published a study of property taxes by state and county across the United States. In this study, Ohio's property tax rate was ranked 11th highest in the country. This study was done on data taken in 2022. It does not include the historic increases in property valuations Ohioans have seen in 2023 and 2024. One can only imagine where the state ranks today, after the effects of the Intel plant announcement and further investments into the state.

As I've mentioned in previous testimony, lower taxes make Ohio more appealing for people who are looking to move. When I talk about leveling the playing field for Ohio, I'm not only talking about income taxes. The same study published by the Tax Foundation includes numbers for every state. Ohio's 11th place rank is higher than every state we border. Pennsylvania is ranked 12th, Indiana is 30th, Kentucky is 27th, West Virginia is 38th, and even Michigan is 14th. These rankings and tax rates have a large impact for people moving into this area of the country, and it is about time we do something about it.

Senator O'Brien:

The large investments mentioned earlier have had a large effect on property valuations skyrocketing. As a result of the higher valuations, Ohioans have been seeing higher property tax bills. There are buffers written in the Ohio Revised Code to prevent large, sudden increases in property tax bills, known as tax reduction factors. However, these factors do have limits, and one of them is the 20-mill floor. Tax reduction factors *do not apply* once a school district's 20-mill floor is hit.

Now what does this mean? Without these tax reduction factors, a school district's taxpayers pay for *all* of the increases from their property tax valuations. This, on top of the fact that nearly 50%

of school districts on the floor also have emergency or substitute levies, means that Ohio taxpayers in these school districts are seeing *even larger* increases in their property tax bills.

Senate Bill 66 looks to tackle this issue and provide tax savings to our overburdened taxpayers. According to other figures by the Legislative Service Commission, Senate Bill 308 from last year would have provided statewide savings to property owners of nearly \$300 million in three years. However, this year we have expanded the language in the bill to include unvoted millage and school district income taxes. We have not yet received updated numbers on how much Senate Bill 66 would save taxpayers, but including more in the effective floor will likely significantly increase the initial \$300 million in savings.

To echo Senator Lang, Ohio's taxpayers are at the end of their rope. Many residents in my three counties are starting to struggle just to continue owning the home they've lived in for years. If our current residents are having a hard time paying their property taxes now, how can we expect to continue to be attractive to people moving into this area of the country? How will Ohio sustain the population growth we need to satisfy employment needs of these new large investments? Ohioans have been calling for property tax reform for years. We have a mandate from our voters to do something about this.

Thank you again, Chair Blessing, for allowing us to speak on Senate Bill 66. We are happy to take any questions from the committee.