



Senate Ways and Means Committee
Senate Bill 66
Ohio Association of School Business Officials
March 4, 2025

Chair Blessing, Vice Chair Roegner, Ranking Member DeMora, and members of the Senate Ways and Means Committee, thank you for the opportunity to testify today in opposition to Senate Bill 66. My name is Katie Johnson, and I serve as the Executive Director of the Ohio Association of School Business Officials (OASBO), representing public school district treasurer/CFOs and other school business officials around the state. Our members are dedicated to the effective management of k-12 public school finances and operations in support of high-quality education for Ohio's students.

Joining me today in representing our members and in answering questions is an OASBO Board Member, Terrah Stacy, with the Springboro Community City Schools in Warren County.

On behalf of our members, we respectfully ask this committee to carefully consider the proposed changes in SB 66 and their impact on property taxpayers, our school districts, and the students we serve. The interconnectedness of Ohio's property tax system and our school funding system – both enshrined in our Constitution – requires a thoughtful and thorough evaluation of any proposal to ensure our tax and school funding systems remain equitable and predictable.

Role of Property Tax Levies in School Funding

Ohio's constitutional framework for K-12 education funding establishes a shared responsibility between the state and local school districts. The state has a responsibility to "provide for a thorough and efficient system of common schools throughout the state"¹, while local districts must contribute their fair share.

To fulfill their constitutional obligation to raise their local share, school districts primarily rely on property taxes:

- School districts generate revenue through both "inside millage" (the constitutionally-authorized 10 mills allocated among local government entities²) and "outside millage" (additional voter-approved levies that exceed the 10-mill limitation).
- Voter-approved levies fall into two categories: "fixed sum" levies (bond, emergency, and substitute levies approved for specific dollar amounts) and "fixed rate" levies (approved for specific millage rates).
- Tax reduction factors under HB 920³ prevent automatic tax increases or decreases as aggregate property values fluctuate over time. These reduction factors apply to fixed-rate voted levies, but only to a point – they cannot reduce effective millage below the 20-mill

¹ Article VI, Section 2 of the Ohio Constitution.

² Article XII, Section 2 of the Ohio Constitution.

³ Codified in R.C. §319.301.



floor for school districts. This “20-mill floor” ensures schools maintain at least 20 mills of property tax for current operating expenses.

This carefully balanced system allows communities to make local decisions about educational funding while providing some stability for both taxpayers and school districts. The 20-mill floor has been a foundational element of school funding for over 45 years, enabling districts to sustain essential operations while honoring the interests of taxpayers.

Constitutional Concerns

SB 66 fundamentally alters the 20-mill floor calculation by including income taxes, emergency levies, substitute levies, and all inside millage—revenue sources historically excluded from this calculation for sound constitutional and practical reasons.

Article XII, Section 2a of the Ohio Constitution explicitly states that the 20-mill floor applies only to “taxes charged for current expenses against the land and improvements.” This clear language has been consistently interpreted by both the Ohio Department of Taxation and courts to create specific constitutional boundaries:

- **School district income taxes** are not levied against land and improvements but rather against income,⁴ making their inclusion in a property tax calculation constitutionally suspect.
- **Inside millage designated for permanent improvements or debt service** does not qualify as “current expenses” under law.⁵
- **Emergency and substitute levies** were intentionally designed by the General Assembly (*R.C. §5705.194* and *R.C. §5705.199*) to operate outside this framework.

SB 66 specifically proposes to amend R.C. §319.301 to expand the definition of what constitutes “current expense” millage for purposes of the 20-mill floor calculation. However, this expansion appears to directly conflict with the constitutional boundary established in Article XII, Section 2a, which limits the application to “taxes charged for current expenses against the land and improvements.”

Voter Trust and Intent

By applying new property tax calculations retroactively to previously approved levies, SB 66 raises significant legal concerns. When communities vote for school levies, they do so with specific expectations about how those funds will be used and how tax calculations will work. SB 66 retroactively changes these calculations, effectively:

- Reducing the benefit of voter approved levies;
- Limiting revenue growth that voters explicitly authorized; and
- Forcing districts to return to voters sooner and more frequently for additional funds.

⁴ R.C. §5748.01.

⁵ R.C. § 5705.01.



This retroactive change breaks the covenant between school districts and their communities. Voters approved these levies with clear understanding of how they would operate - SB 66 changes the rules after the fact. Such retrospective application raises concerns about whether it violates Article II, Section 28 of the Ohio Constitution, which prohibits the General Assembly from passing retroactive laws.⁶

Financial Stability and Compliance with Forecasting Requirements

School district five-year forecasts, required under *R.C. §5705.391*, must include projections of both revenues and expenditures. These forecasts specifically rely on current property tax law to project future revenues.

School district forecasts are not merely planning tools; they serve a critical legal function in certifying the district's ability to sustain financial commitments. Under *R.C. §5705.412*, school district contracts must be certified using the five-year forecast to ensure adequate funds are available. SB 66 would immediately render current forecasts inaccurate, potentially placing districts in violation of these requirements, exposing districts to legal liability through no fault of their own.

Alternative Approaches

We recognize these are unusual times, and many property owners are facing challenges due to recent reappraisals. OASBO supports targeted, means-tested property tax relief that helps those who need it most while preserving the integrity of school funding.

We are experiencing an unprecedented period with property values increasing at historic levels due to Ohio's strong economy, the lack of housing, and population growth, among other factors. OASBO understands the burden this places on property owners, particularly senior citizens living on fixed incomes and others living paycheck to paycheck. Instead of the broad structural changes proposed in SB 66, we encourage the legislature to consider relief options that provide assistance to low and fixed-income homeowners through targeted means tested relief.

Ohio's property tax and school funding systems, embedded in our Constitution, necessitate careful evaluation of proposals to maintain equity and predictability.

We respectfully urge the committee to reject SB 66 and instead engage school finance stakeholders in developing balanced approaches that respect constitutional limitations, honor voter intent, maintain district stability, and protect educational quality through targeted assistance programs that help those who truly need relief.

Thank you for your time and consideration. We would be happy to answer any questions.

⁶ See *Cincinnati School Dist. Bd. of Edn. v. Hamilton Cty. Bd. of Revision*, 91 Ohio St.3d 308 (2001), where the Ohio Supreme Court applied a two-prong test to determine unconstitutional retroactivity: first, whether the General Assembly expressly intended the statute to apply retroactively, and second, whether the statute is substantive rather than merely remedial. The Court held that a retroactive statute is substantively unconstitutional "if it impairs vested rights, affects an accrued substantive right, or imposes new or additional burdens, duties, obligations, or liabilities as to a past transaction."