# As Reported by the Senate Local Government Committee

# 136th General Assembly

Regular Session 2025-2026

Sub. H. B. No. 309

## Representative Thomas, D.

Cosponsors: Representatives Daniels, Dean, Fischer, Fowler Arthur, Gross, Hall, T., John, Johnson, Peterson, Willis, Workman, Roemer, Glassburn, Brennan, Click, Craig, Creech, Deeter, Demetriou, Dovilla, Hiner, Holmes, Hoops, King, Kishman, Klopfenstein, Lampton, Mathews, A., Mathews, T., McClain, Miller, M., Newman, Plummer, Richardson, Ritter, Robb Blasdel, Salvo, Santucci, Sigrist, Stephens, Troy, Williams, Young

### **Senator Koehler**

То	amend sections 3317.01, 5705.31, 5705.32, and	1
	5705.321 and to enact section 5705.60 of the	2
	Revised Code to modify the law governing county	3
	budget commissions and property taxation.	4

#### BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

<b>Section 1</b> . That sections 3317.01, 5705.31, 5705.32, and	5
5705.321 be amended and section 5705.60 of the Revised Code be	6
enacted to read as follows:	7
Sec. 3317.01. As used in this section, "school district,"	8
unless otherwise specified, means any city, local, exempted	9
village, joint vocational, or cooperative education school	10
district and any educational service center.	11
This chapter shall be administered by the department of	12
education and workforce. The department of education and	13
workforce shall calculate the amounts payable to each school	14
district and shall certify the amounts payable to each eligible	15

2.0

district to the treasurer of the district as provided by this chapter. Certification of moneys pursuant to this section shall include the amounts payable to each school building, at a frequency determined by the department, for each subgroup of students, as defined in section 3317.40 of the Revised Code, receiving services, provided for by state funding, from the district or school. No moneys shall be distributed pursuant to this chapter without the approval of the controlling board.

The department shall, in accordance with appropriations made by the general assembly, meet the financial obligations of this chapter.

Moneys distributed to school districts pursuant to this chapter shall be calculated based on the annual enrollment calculated from the three reports required under section 3317.03 of the Revised Code and paid on a fiscal year basis, beginning with the first day of July and extending through the thirtieth day of June. In any given fiscal year, prior to school districts submitting the first report required under section 3317.03 of the Revised Code, enrollment for the districts shall be calculated based on the third report submitted by the districts for the previous fiscal year. The moneys appropriated for each fiscal year shall be distributed periodically to each school district unless otherwise provided for. The department, in June of each year, shall submit to the controlling board the department's year-end distributions pursuant to this chapter.

Except as otherwise provided, payments under this chapter shall be made only to those school districts in which:

(A) The school district, except for any educational
43
service center and any joint vocational or cooperative education
44
school district, levies for current operating expenses at least
45

61

62

63

64

65

66

67

68

69

70

71

72

73

74

75

twenty mills, unless the school district is levying less than	46
that amount due to a reduction in collections made under	47
division (D) of section 5705.31 of the Revised Code or division	48
(A) of section 5705.32 of the Revised Code relating to a	49
declaration made by the board under division (E) of section	50
5705.29 of the Revised Code. Levies for joint vocational or	51
cooperative education school districts or county school	52
financing districts, limited to or to the extent apportioned to	53
current expenses, shall be included in this qualification	54
requirement. School district income tax levies under Chapter	55
5748. of the Revised Code, limited to or to the extent	56
apportioned to current operating expenses, shall be included in	57
this qualification requirement to the extent determined by the	58
tax commissioner under division (C) of section 3317.021 of the	59
Revised Code.	60

(B) The school year next preceding the fiscal year for which such payments are authorized meets the requirement of section 3313.48 of the Revised Code, with regard to the minimum number of hours school must be open for instruction with pupils in attendance, for individualized parent-teacher conference and reporting periods, and for professional meetings of teachers.

A school district shall not be considered to have failed to comply with this division because schools were open for instruction but either twelfth grade students were excused from attendance for up to the equivalent of three school days or only a portion of the kindergarten students were in attendance for up to the equivalent of three school days in order to allow for the gradual orientation to school of such students.

A board of education or governing board of an educational service center which has not conformed with other law and the

8.3

8.5

rules pursuant thereto, shall not participate in the distribution of funds authorized by this chapter, except for good and sufficient reason established to the satisfaction of the department and the state controlling board.

All funds allocated to school districts under this chapter, except those specifically allocated for other purposes, shall be used to pay current operating expenses only.

Sec. 5705.31. The county auditor shall present to the county budget commission the annual tax budgets submitted under sections 5705.01 to 5705.47 of the Revised Code, together with an estimate prepared by the auditor of the amount of any state levy, the rate of any school tax levy as previously determined, the tax commissioner's estimate of the amount to be received in the county public library fund, the tax rates provided under section 5705.281 of the Revised Code if adoption of the tax budget was waived under that section, and such other information as the commission requests or the tax commissioner prescribes.

The budget commission shall examine such budget and, if the taxing authority is a board of education that has elected to include projections pursuant to division (E) of section 5705.391 of the Revised Code, shall examine such projections. Using the budget and, if applicable, included projections, the budget commission shall ascertain the total amount proposed to be raised in the county for the purposes of each subdivision and other taxing units in the county and the need for those amounts. Except as otherwise provided in this section, the county budget commission may reduce the amount to be raised by any levy pursuant to section 5705.32 of the Revised Code.

The commission shall ascertain that the following levies have been properly authorized and, if so authorized, shall

approve them without modification:

- (A) All levies in excess of the ten-mill limitation in the

  first year they are levied, unless the levy is the renewal of an

  existing tax or the subdivision or taxing unit requests an

  amount requiring a lower rate for the succeeding fiscal year.

  Such a request for an amount requiring a lower rate applies only

  to the succeeding fiscal year unless the subdivision or taxing

  112

  unit expressly states that the request is permanent.

  113
- (B) All levies for unsatisfied debt charges, including 114 levies that remain necessary to pay notes issued for emergency 115 purposes; 116
- (C) The levies prescribed by division (B) of sections 117
  742.33 and 742.34 of the Revised Code; 118
- (D) Except as otherwise provided in this division, a 119 minimum levy within the ten-mill limitation for the current 120 expense and debt service of each subdivision or taxing unit, 121 which shall equal two-thirds of the average levy for current 122 expenses and debt service allotted within the fifteen-mill 123 limitation to such subdivision or taxing unit during the last 124 125 five years the fifteen-mill limitation was in effect unless such subdivision or taxing unit requests an amount requiring a lower 126 rate for the succeeding fiscal year, or if it expressed its 127 intent to forgo collections from such a levy under division (E) 128 of section 5705.29 of the Revised Code. Such a request for an 129 amount requiring a lower rate applies only to the succeeding 130 fiscal year unless the subdivision or taxing unit expressly 131 states that the request is permanent. 132

Except as provided in section 5705.312 of the Revised 133 Code, if the levies required in divisions (B) and (C) of this 134

section for the subdivision or taxing unit equal or exceed the	135
entire minimum levy of the subdivision as fixed, the minimum	136
levies of the other subdivisions or taxing units shall be	137
reduced by the commission to provide for the levies and an	138
operating levy for the subdivision. Such additional levy shall	139
be deducted from the minimum levies of each of the other	140
subdivisions or taxing units, but the operating levy for a	141
school district shall not be reduced below a figure equivalent	142
to forty-five per cent of the millage available within the ten-	143
mill limitation after all the levies in divisions (B) and (C) of	144
this section have been provided for.	145
If a municipal corporation and a township have entered	146
into an annexation agreement under section 709.192 of the	147
Revised Code in which they agree to reallocate their shares of	148
the minimum levies established under this division and if that	149
annexation agreement is submitted along with the annual tax	150
budget of both the township and the municipal corporation, then,	151
when determining the minimum levy under this division, the	152
auditor shall allocate, to the extent possible, the minimum levy	153
for that municipal corporation and township in accordance with	154
their annexation agreement.	155
Divisions (A) to (D) of this section are mandatory, and	156
commissions shall be without discretion to reduce such minimum	157
levies except as provided in such divisions.	158
If any debt charge is omitted from the budget, the	159
commission shall include it therein.	160
Sec. 5705.32. (A) As used in this section:	161
(1) "Unnecessary collections" mean collections from a tax_	162

beyond the reasonably anticipated financial needs of the taxing

authority for the specific purposes of the tax after accounting	164
for current fund balances, projected expenditures, and other	165
available funding sources.	166
(2) "Excessive collections" mean collections from a tax in	167
an amount or at a rate that exceeds what is required to provide	168
services at a level that is consistent with statutory	169
obligations.	170
(B) The county budget commission shall adjust the	171
estimated amounts required from the general property tax for	172
each fund, as shown by the tax budgets or other information	173
required to be provided under section 5705.281 of the Revised	174
Code, so as to bring the tax levies required therefor within the	175
limitations specified in sections 5705.01 to 5705.47 of the	176
Revised Code, for such levies. The commission may revise and	177
adjust the estimate of balances and receipts from all sources	178
for each fund and shall determine the total appropriations that	179
may be made therefrom.	180
If a taxing unit declared its intent to forgo all or a	181
portion of collections under division (E) of section 5705.29 of	182
the Revised Code, the commission shall adjust the rate of each	183
levy as required to result in that reduction in collections.	184
(B) (C) Except as otherwise provided in section 5705.31 of	185
the Revised Code, the county budget commission may adjust the	186
estimated amounts required from the general property tax for	187
each fund, as shown by the tax budgets or other information	188
required to be provided under section 5705.281 of the Revised	189
Code, so as to bring the tax levies required therefor within	190
levels the commission finds reasonable and prudent to avoid	191
unnecessary or excessive collections. Before reducing the amount	192
or rate of any tax pursuant to this division, the commission	193

shall provide the taxing authority of the levying taxing unit	194
and the levying taxing unit an opportunity to present, at a	195
public hearing, information either considers relevant to the	196
questions of if and to what extent the levy should be reduced.	197
If the county budget commission adjusts amounts from any	198
tax levied by a taxing unit that is not a qualifying	199
subdivision, the adjustment shall be subject to both of the	200
<pre>following:</pre>	201
(1) No levy shall be reduced below the level that would	202
cause it to collect less than what the levy collected in the	203
preceding year, unless funds are available from reserve balance	204
accounts, nonexpendable trust funds, or carryover amounts to	205
offset a reduction below that level, and the budget commission	206
shall consider reserve balance accounts, nonexpendable trust	207
funds, and carryover amounts for that purpose;	208
(2) No levy may be reduced under division (B) of this	209
section to a level that would cause a school district subject to	210
division (A) of section 3317.01 of the Revised Code to levy less	211
than twenty mills for current operating expenses as required by	212
that division.	213
(D) The commission shall fix the amount of the county	214
public library fund to be distributed to each board of public	215
library trustees that has qualified under section 5705.28 of the	216
Revised Code for participation in the proceeds of such fund. The	217
amount paid to all libraries in the county from such fund shall	218
never be a smaller per cent of the fund than the average of the	219
percentages of the county's classified taxes that were	220
distributed to libraries in 1982, 1983, and 1984, as determined	221
by the county auditor. The commission shall base the amount for	222
distribution on the needs of such library for the construction	223

235

236

237

238

239

240

of new library buildings, parts of buildings, improvements,	224
operation, maintenance, or other expenses. In determining the	225
needs of each library board of trustees, and in calculating the	226
amount to be distributed to any library board of trustees on the	227
basis of its needs, the commission shall make no reduction in	228
its allocation from the fund on account of additional revenues	229
realized by a library from increased taxes or service charges	230
voted by its electorate, from revenues received through federal	231
or state grants, projects, or programs, or from grants from	232
private sources.	233

- (C) (E) Notwithstanding the fact that alternative methods of financing such needs are available, after fixing the amount to be distributed to libraries, the commission shall fix the amount, if any, of the county public library fund to be distributed to each board of township park commissioners, the county, and each municipal corporation in accordance with the following:
- (1) Each municipal corporation in the county shall receive 241 a per cent of the remainder that equals the per cent that the 242 county auditor determines the classified property taxes 243 originating in such municipal corporation in 1984 were of the 244 total of all of the county's classified property taxes in 1984. 245 The commission may deduct from this amount any amount that the 246 budget commission allows to the board of township park 247 commissioners of a township park district, the boundaries of 248 which are coextensive with or contained within the boundaries of 249 the municipal corporation. 250
- (2) The county shall receive a per cent of the remainder
  that equals the per cent that the county auditor determines the
  classified property taxes originating outside of the boundaries
  251

274

275

276

277

278

279

280

281

282

283

of municipal corporations in the county in 1984 were of the

total of all of the county's classified property taxes in 1984.

The commission may deduct from this amount any amount that the

budget commission allows to the board of township park

commissioners of a township park district, the boundaries of

which are not coextensive with or contained within those of any

municipal corporation in the county.

(D) (F) The commission shall separately set forth the 261 amounts fixed and determined under divisions  $\frac{(B)}{(D)}$  and  $\frac{(C)}{(E)}$ 262 of this section in the "official certificate of estimated 263 resources," as provided in section 5705.35 of the Revised Code, 264 and separately certify such amount to the county auditor who 265 shall be guided thereby in the distribution of the county public 266 library fund for and during the fiscal year. In determining such 267 amounts, the commission shall be guided by the estimate 268 certified by the tax commissioner and presented by the auditor 269 under section 5705.31 of the Revised Code, as to the total 270 amount of revenue to be received in the county public library 271 fund during such fiscal year. 272

(E) (1) (G) (1) At least five days before the date of any meeting at which the budget commission plans to discuss the distribution of the county public library fund, it shall notify each legislative authority and board of public library trustees, county commissioners, and township park commissioners eligible to participate in the distribution of the fund of the date, time, place, and agenda for the meeting. Any legislative authority or board entitled to notice under this division may designate an officer or employee of such legislative authority or board to whom the commission shall deliver the notice.

(2) Before the final determination of the amount to be

allotted to each subdivision from any source, the commission shall permit representatives of each subdivision and of each board of public library trustees to appear before it to explain its financial needs.

(F) (H) If any public library receives and expends any

funds allocated to it under this section for the construction of

new library buildings or parts of buildings, such library shall

be free and open to the inhabitants of the county in which it is

located. Any board of library trustees that receives funds under

this section and section 5747.48 of the Revised Code shall have

its financial records open for public inspection at all

#### Sec. 5705.321. (A) As used in this section:

reasonable times.

- (1) "City, located wholly or partially in the county, with the greatest population" means the city, located wholly or partially in the county, with the greatest population residing in the county; however, if the county budget commission on or before January 1, 1998, adopted an alternative method of apportionment that was approved by the city, located partially in the county, with the greatest population but not the greatest population residing in the county, "city, located wholly or partially in the county, with the greatest population" means the city, located wholly or partially in the county, with the greatest population whether residing in the county or not, if this alternative meaning is adopted by action of the board of county commissioners and a majority of the boards of township trustees and legislative authorities of municipal corporations located wholly or partially in the county.
- (2) "Participating political subdivision" means a312municipal corporation or township that satisfies all of the313

following:	
(a) It is located wholly or partially in the county.	315
(b) It is not the city, located wholly or partially in the	316
county, with the greatest population.	317
(c) Public library fund moneys are apportioned to it under	318
the county's alternative method or formula of apportionment in	319
the current calendar year.	320
(B) In lieu of the method of apportionment of the county	321
public library fund provided by division $\frac{(C)}{(E)}$ of section	322
5705.32 of the Revised Code, the county budget commission may	323
provide for the apportionment of the fund under an alternative	324
method or on a formula basis as authorized by this section.	325
Except as otherwise provided in division (C) of this	326
section, the alternative method of apportionment shall have	327
first been approved by all of the following governmental units:	328
the board of county commissioners; the legislative authority of	329
the city, located wholly or partially in the county, with the	330
greatest population; and a majority of the boards of township	331
trustees and legislative authorities of municipal corporations,	332
located wholly or partially in the county, excluding the	333
legislative authority of the city, located wholly or partially	334
in the county, with the greatest population. In granting or	335
denying approval for an alternative method of apportionment, the	336
board of county commissioners, boards of township trustees, and	337
legislative authorities of municipal corporations shall act by	338
motion. A motion to approve shall be passed upon a majority vote	339
of the members of a board of county commissioners, board of	340
township trustees, or legislative authority of a municipal	341

corporation, shall take effect immediately, and need not be

published. 343

Any alternative method of apportionment adopted and 344 approved under this division may be revised, amended, or 345 repealed in the same manner as it may be adopted and approved. 346 If an alternative method of apportionment adopted and approved 347 under this division is repealed, the county public library fund 348 shall be apportioned among the subdivisions eligible to 349 participate in the fund, commencing in the ensuing calendar 350 year, under the apportionment provided in divisions (B)(C) and 351 352 (C) (D) of section 5705.32 of the Revised Code, unless the repeal occurs by operation of division (C) of this section or a new 353 method for apportionment of the fund is provided in the action 354 355 of repeal.

(C) This division applies only in counties in which the 356 city, located wholly or partially in the county, with the 357 358 greatest population has a population of twenty thousand or less and a population that is less than fifteen per cent of the total 359 population of the county. In such a county, the legislative 360 authorities or boards of township trustees of two or more 361 362 participating political subdivisions, which together have a population residing in the county that is a majority of the 363 total population of the county, each may adopt a resolution to 364 exclude the approval otherwise required of the legislative 365 authority of the city, located wholly or partially in the 366 county, with the greatest population. All of the resolutions to 367 exclude that approval shall be adopted not later than the first 368 Monday of August of the year preceding the calendar year in 369 which distributions are to be made under an alternative method 370 of apportionment. 371

A motion granting or denying approval of an alternative

393

394

395

396

method of apportionment under this division shall be adopted by	373
a majority vote of the members of the board of county	374
commissioners and by a majority vote of a majority of the boards	375
of township trustees and legislative authorities of the	376
municipal corporations located wholly or partially in the	377
county, other than the city, located wholly or partially in the	378
county, with the greatest population, shall take effect	379
immediately, and need not be published. The alternative method	380
of apportionment under this division shall be adopted and	381
approved annually, not later than the first Monday of August of	382
the year preceding the calendar year in which distributions are	383
to be made under it. A motion granting approval of an	384
alternative method of apportionment under this division repeals	385
any existing alternative method of apportionment, effective with	386
distributions to be made from the fund in the ensuing calendar	387
year. An alternative method of apportionment under this division	388
shall not be revised or amended after the first Monday of August	389
of the year preceding the calendar year in which distributions	390
are to be made under it.	391

- (D) In determining an alternative method of apportionment authorized by this section, the county budget commission may include in the method any factor considered to be appropriate and reliable, in the sole discretion of the county budget commission.
- (E) On the basis of any alternative method of

  apportionment adopted and approved as authorized by this

  section, as certified by the auditor to the county treasurer,

  the county treasurer shall make distribution of the money in the

  county public library fund to each subdivision eligible to

  participate in the fund, and the auditor, when the amount of

  those shares is in the custody of the treasurer in the amounts

  403

so computed to be due the respective subdivisions, shall at the	
same time certify to the tax commissioner the percentage share	
of the county as a subdivision. All money received into the	406
treasury of a subdivision from the county public library fund in	407
a county treasury shall be paid into the general fund and used	408
for the current operating expenses of the subdivision.	409
(F) The actions of the county budget commission taken	410
pursuant to this section are final and may not be appealed to	411
the board of tax appeals, except on the issues of abuse of	412
discretion and failure to comply with the formula.	413
Sec. 5705.60. (A) As used in this section, "qualifying	414
fixed-sum levy" means a tax levied on property at whatever rate	415
is required to produce a specified amount of tax money,	416
including a tax levied under section 5705.199 of the Revised	417
Code, but not including a tax levied in excess of the ten-mill	418
limitation to pay debt charges.	419
(B) Each year, the tax commissioner shall determine by	420
what amount, if any, the rate of a qualifying fixed sum levy	421
must be changed for the levy to produce the levy's specified	422
amount of money for the current tax year. The tax commissioner	423
shall certify the amount determined for each fixed-sum levy to	424
the appropriate county auditor by the first day of September.	425
(C) Each county auditor to whom a rate change is certified	426
under division (B) of this section shall apply the adjusted rate	427
for the current tax year.	428
Section 2. That existing sections 3317.01, 5705.31,	429
5705.32, and 5705.321 of the Revised Code are hereby repealed.	430