As Passed by the Senate

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

Senators Koehler, Cirino, Gavarone, O'Brien, Patton, Reineke, Roegner, Romanchuk, Schaffer

| То | amend sections 3317.01, 5705.31, 5705.32, and | 1 |
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| | 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:

| Section 1. That sections 3317.01, 5705.31, 5705.32, and | 5 |
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| 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 |

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| district and shall certify the amounts payable to each eligible | 15 |
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| district to the treasurer of the district as provided by this | 16 |
| chapter. Certification of moneys pursuant to this section shall | 17 |
| include the amounts payable to each school building, at a | 18 |
| frequency determined by the department, for each subgroup of | 19 |
| students, as defined in section 3317.40 of the Revised Code, | 20 |
| receiving services, provided for by state funding, from the | 21 |
| district or school. No moneys shall be distributed pursuant to | 22 |
| this chapter without the approval of the controlling board. | 23 |

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 |
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| 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 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 | 105 |
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| approve them without modification: | 106 |
| (A) All levies in excess of the ten-mill limitation in the | 107 |
| first year they are levied, unless the levy is the renewal of an | 108 |
| existing tax or the subdivision or taxing unit requests an | 109 |
| amount requiring a lower rate for the succeeding fiscal year. | 110 |
| Such a request for an amount requiring a lower rate applies only | 111 |
| 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 |
| five years the fifteen-mill limitation was in effect unless such | 125 |
| 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

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| Code, if the levies required in divisions (B) and (C) of this | 134 |
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| 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 |
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| 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 |
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Sec. 5705.32. (A) As used in this section:

(1) "Unnecessary collections" mean collections from a tax

| beyond the reasonably anticipated financial needs of the taxing | 163 |
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| 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 |
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| 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 |

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| distribution on the needs of such library for the construction | 223 |
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| 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 241 242 a per cent of the remainder that equals the per cent that the 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 2.51 that equals the per cent that the county auditor determines the 252

| classified property taxes originating outside of the boundaries | 253 |
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| of municipal corporations in the county in 1984 were of the | 254 |
| total of all of the county's classified property taxes in 1984. | 255 |
| The commission may deduct from this amount any amount that the | 256 |
| budget commission allows to the board of township park | 257 |
| commissioners of a township park district, the boundaries of | 258 |
| which are not coextensive with or contained within those of any | 259 |
| municipal corporation in the county. | 260 |

(F) The commission shall separately set forth the 261 amounts fixed and determined under divisions $\frac{(B)}{(D)}$ (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 273 meeting at which the budget commission plans to discuss the 274 distribution of the county public library fund, it shall notify 275 each legislative authority and board of public library trustees, 276 county commissioners, and township park commissioners eligible 277 to participate in the distribution of the fund of the date, 278 time, place, and agenda for the meeting. Any legislative 279 authority or board entitled to notice under this division may 280 designate an officer or employee of such legislative authority 281 or board to whom the commission shall deliver the notice. 282

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(2) Before the final determination of the amount to be
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allotted to each subdivision from any source, the commission
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shall permit representatives of each subdivision and of each
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board of public library trustees to appear before it to explain
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its financial needs.

(F) (H) If any public library receives and expends any 288 funds allocated to it under this section for the construction of 289 new library buildings or parts of buildings, such library shall 290 be free and open to the inhabitants of the county in which it is 291 located. Any board of library trustees that receives funds under 292 293 this section and section 5747.48 of the Revised Code shall have its financial records open for public inspection at all 294 reasonable times. 295

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

(1) "City, located wholly or partially in the county, with 297 the greatest population" means the city, located wholly or 298 partially in the county, with the greatest population residing 299 in the county; however, if the county budget commission on or 300 before January 1, 1998, adopted an alternative method of 301 apportionment that was approved by the city, located partially 302 in the county, with the greatest population but not the greatest 303 population residing in the county, "city, located wholly or 304 partially in the county, with the greatest population" means the 305 city, located wholly or partially in the county, with the 306 greatest population whether residing in the county or not, if 307 this alternative meaning is adopted by action of the board of 308 county commissioners and a majority of the boards of township 309 trustees and legislative authorities of municipal corporations 310 located wholly or partially in the county. 311

(2) "Participating political subdivision" means a

| municipal corporation or township that satisfies all of the | 313 |
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| following: | 314 |
| (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 |
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| 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 |
| Event as atherwise provided in division (C) of this | 226 |
| 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 342 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 (C) (D) of section 5705.32 of the Revised Code, unless the repeal 352 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 of repeal. 355

(C) This division applies only in counties in which the 356 city, located wholly or partially in the county, with the 357 greatest population has a population of twenty thousand or less 358 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 participating political subdivisions, which together have a 362 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 370 371 of apportionment.

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| A motion granting or denying approval of an alternative | 372 |
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| 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 397 apportionment adopted and approved as authorized by this 398 section, as certified by the auditor to the county treasurer, 399 the county treasurer shall make distribution of the money in the 400 county public library fund to each subdivision eligible to 401 participate in the fund, and the auditor, when the amount of 402

| those shares is in the custody of the treasurer in the amounts | 403 |
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| so computed to be due the respective subdivisions, shall at the | 404 |
| same time certify to the tax commissioner the percentage share | 405 |
| 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.