### As Reported by the House Ways and Means Committee

### 136th General Assembly

## Regular Session 2025-2026

Sub. H. B. No. 335

# Representative Thomas, D. Cosponsor: Representative Click

То	amend sections 5705.31 and 5705.313 and to enact	1
	sections 5705.316, 5705.317, and 5705.318 of the	2
	Revised Code to limit revenue increases from	3
	inside millage levies occurring due to a	4
	reappraisal or update, to allow a reduction of	5
	inside millage to accompany a school district	6
	income tax levy, to allow a reduction of inside	7
	millage to accompany a municipal income tax	8
	levy, and to require county budget commission	9
	approval of inside millage reductions to	10
	accompany a county sales tax levy.	11

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

Section 1. That sections 5705.31 and 5705.313 be amended	12
and sections 5705.316, 5705.317, and 5705.318 of the Revised	13
Code be enacted to read as follows:	14
Sec. 5705.31. The county auditor shall present to the	15
county budget commission the annual tax budgets submitted under	16
sections 5705.01 to 5705.47 of the Revised Code, together with	17
an estimate prepared by the auditor of the amount of any state	18
levy, the rate of any school tax levy as previously determined,	19
the tay commissioner's estimate of the amount to be received in	20

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 unless 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 unit expressly states that the request is permanent.
- (B) All levies for unsatisfied debt charges, including levies that remain necessary to pay notes issued for emergency purposes;
- (C) The levies prescribed by division (B) of sections 48 742.33 and 742.34 of the Revised Code; 49

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(D) Except as otherwise provided in this division, a 50 minimum levy within the ten-mill limitation for the current 51 expense and debt service of each subdivision or taxing unit, 52 which shall equal two-thirds of the average levy for current 53 expenses and debt service allotted within the fifteen-mill 54 limitation to such subdivision or taxing unit during the last 5.5 five years the fifteen-mill limitation was in effect unless such 56 subdivision or taxing unit requests an amount requiring a lower 57 rate for the succeeding fiscal year, or if it expressed its 58 intent to forgo collections from such a levy under division (E) 59 of section 5705.29 of the Revised Code. Such a request for an 60 amount requiring a lower rate applies only to the succeeding 61 fiscal year unless the subdivision or taxing unit expressly 62 states that the request is permanent. 63

Except as provided in section 5705.312 of the Revised

Code, if the levies required in divisions (B) and (C) of this
section for the subdivision or taxing unit equal or exceed the
entire minimum levy of the subdivision as fixed, the minimum
levies of the other subdivisions or taxing units shall be
reduced by the commission to provide for the levies and an
operating levy for the subdivision. Such additional levy shall
be deducted from the minimum levies of each of the other
subdivisions or taxing units, but the operating levy for a
school district shall not be reduced below a figure equivalent
to forty-five per cent of the millage available within the tenmill limitation after all the levies in divisions (B) and (C) of
this section have been provided for.

If a municipal corporation and a township have entered

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into an annexation agreement under section 709.192 of the

Revised Code in which they agree to reallocate their shares of
the minimum levies established under this division and if that

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annexation agreement is submitted along with the annual tax		
budget of both the township and the municipal corporation, then,		
when determining the minimum levy under this division, the		
auditor shall allocate, to the extent possible, the minimum levy		
for that municipal corporation and township in accordance with		
their annexation agreement.		

Divisions (A) to (D) of this section are mandatory, and commissions shall be without discretion to reduce such minimum levies except as provided in such divisions or as required in section 5705.316 of the Revised Code.

If any debt charge is omitted from the budget, the commission shall include it therein.

Sec. 5705.313. (A) (1) Whenever a board of county commissioners adopts a resolution pursuant to section 5739.021 or 5739.026 of the Revised Code to levy or increase the rate of a sales tax, the board may adopt an accompanying resolution reducing the rate of any property tax the county currently is levying for current expenses within the ten-mill limitation or amending a previously adopted accompanying resolution increasing the amount of an existing reduction made under this division.

(2) At any time after a board of county commissioners has adopted a resolution pursuant to section 5739.021 or 5739.026 of the Revised Code to levy or increase the rate of the sales tax, the board may adopt another resolution reducing the rate of any property tax the county currently is levying for current expenses within the ten-mill limitation or amending a previously adopted accompanying resolution increasing the amount of an existing reduction made under this division. This resolution may be adopted at any time during which the county is levying the sales tax under section 5739.021 or 5739.026 of the Revised

Code.

The rate reduction under division (A)(1) or (2) of this 112 section may be any amount, provided it does not reduce the 113 annual property tax revenue for current expenses within the ten-114 mill limitation by more than the amount of annual revenue the 115 commissioners estimate the sales tax levy to generate. The 116 resolution shall set forth the current millage rate for current 117 expenses of the county within the ten-mill limitation; the 118 number of such mills not currently levied under this division, 119 if any; the number of such mills currently levied that will not 120 be levied until a resolution is adopted under division (C) of 121 this section or the expiration of the specified number of years 122 the rate is not to be levied, and the tax year in which the rate 123 reduction shall first apply. The resolution may state that the 124 property tax rate reduction will be for a specified number of 125 years. A copy of the resolution shall be certified to the county 126 auditor. 127

- (B) Notwithstanding any other provision of law, whenever a 128 board of county commissioners adopts a resolution under division 129 (A) of this section, no other taxing unit may levy any portion 130 of the rate the county does not levy until the expiration of the 131 specified number of years that such portion of the rate 132 reduction is in effect as set forth in the resolution, except as 133 may be required by the county budget commission pursuant to 134 division (D) of section 5705.31 of the Revised Code to provide 135 for the levies required in division (B) of that section for debt 136 charges of a subdivision or taxing unit. 137
- (C) At any time a rate reduction is in effect the board of

  county commissioners may, by two-thirds vote of its members,

  adopt a resolution increasing seeking approval from the county

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<u>budget commission to increase</u> the rate of the levy by any amount	141
up to the rate at which it was levied prior to its rate	142
reduction under this section. The board shall then immediately	143
Upon adoption, a copy of the resolution shall be certified to	144
the commission which may, by majority vote, approve the	145
increased rate and certify its action to the county auditor. If	146
the commissioners increase the rate to the full rate at which it	147
was levied prior to its rate reduction under this section, this	148
section shall thereupon cease to apply to that county until	149
another resolution is adopted pursuant to division (A)(1) or (2)	150
of this section.	151
Sec. 5705.316. (A) As used in this section:	152
(1) "Taxes charged and payable" means real property taxes,	153
or manufactured home taxes assessed pursuant to section 4503.06	154
of the Revised Code, that are charged and payable after	155
reductions required by sections 319.301, 319.302, 323.152,	156
323.158, 319.304, 4503.065, and 4503.0610 of the Revised Code.	157
(2) "Current taxes charged and payable" means, for a levy,	158
the taxes charged and payable for the current tax year, in the	159
case of real property, or the following tax year, in the case of	160
manufactured or mobile homes on the manufactured home tax list,	161
excluding any taxes charged and payable against property, or any	162
portion of property, that was not taxed by the taxing district	163
in the most recent tax year to which section 5715.24 of the	164
Revised Code applied in the county, in the case of real	165
property, or in the following tax year, in the case of	166
manufactured or mobile homes on the manufactured home tax list.	167
(3) "Base taxes charged and payable" means, for a levy,	168
the taxes charged and payable for the tax year immediately	169
preceding the current tax year, in the case of real property, or	170

the current tax year, in the case of manufactured or mobile	171
homes on the manufactured home tax list, excluding any taxes	172
charged and payable against property, or any portion of	173
property, that was not taxed by the taxing district in the most	174
recent tax year to which section 5715.24 of the Revised Code	175
applied in the county, in the case of real property, or in the	176
following tax year, in the case of manufactured or mobile homes	177
on the manufactured home tax list.	178
(4) "County budget commission" means a joint budget	179
commission in the context of a taxing unit with territory	180
located in two or more counties.	181
(5) "Inflation factor" means, for a tax year, the greater	182
of zero per cent or the percentage change in the gross domestic	183
product deflator computed over the three preceding tax years, as	184
determined under division (F) of this section.	185
(6) "Reappraisal or triennial update" means a tax year in	186
which section 5715.24 of the Revised Code applies in the county.	187
(B) Notwithstanding division (D) of section 133.25 of the	188
Revised Code and except as provided in division (D) of this	189
section, in September of each tax year in which a county	190
undergoes a reappraisal or triennial update, the county budget	191
commission shall adjust the rate of any levy within the ten-mill	192
limitation so that the increase in current taxes charged and	193
payable for that levy over the base taxes charged and payable	194
for that levy do not exceed the product of the base taxes	195
charged and payable and the inflation factor certified under	196
division (F) of this section for that tax year, rounded to the	197
nearest multiple of one hundred dollars.	198

(C) The commission shall certify each rate reduced under

division (A) of this section to the county auditor not later	200
than the first day of December. In the case of property on the	201
real property tax list, the adjusted rates shall apply to the	202
tax year in which the adjusted rates are certified and to each	203
ensuing tax year, until the next tax year in which adjusted	204
rates are certified under this section. In the case of	205
manufactured or mobile homes on the manufactured home tax list,	206
the adjusted rates shall apply to the tax year following the	207
year in which the adjusted rates are certified and to each	208
ensuing tax year, until the tax year following the next year in	209
which adjusted rates are certified under this section.	210
Notwithstanding any other section of the Revised Code to the	211
contrary, a county budget commission shall not reallocate mills	212
reduced pursuant to this section to any other taxing unit.	213
(D) For a taxing unit that elects to forgo revenue from or	214
otherwise voluntarily reduce the rate of a levy within the ten-	215
mill limitation for one or more tax years, beyond which would be	216
required under division (B) of this section, the calculation of	217
the limit under division (B) of this section in subsequent tax	218
years shall be based on the taxes charged and payable for the	219
tax year preceding such voluntary reduction. Nothing in this	220
section requires increasing the rate of a levy above what it was	221
before the operation of this section.	222
(E) If the current taxes charged and payable for a levy	223
within the ten-mill limitation do not increase for a tax year to	224
which section 5715.24 of the Revised Code applies in the county	225
compared to the base taxes charged and payable, then the county	226
auditor, in September of that year, shall calculate the	227
increased rate of the levy that would cause the levy's current	228
taxes charged and payable to be the same as the levy's base	229
taxes charged and payable, rounded to the nearest one hundredths	230

of one mill, and shall certify to the applicable taxing unit the	231
increased rate. A taxing unit, not later than the first day of	232
November, may adopt and certify to the county auditor a	233
resolution or ordinance requesting that the levy be levied up to	234
the rate certified by the county auditor under this division.	235
The resolution or ordinance shall also be accompanied by	236
information demonstrating the taxing unit's need for the higher	237
rate. The county auditor, upon receipt of this certification,	238
shall convene the county budget commission, which shall decide	239
whether to approve, partially approve, or deny the taxing unit's	240
request for an increased rate based on its evaluation of the	241
taxing unit's need for the increase. If it wholly or partially	242
approves the increase, the commission shall certify the amount	243
of the rate of increase to the county auditor not later than the	244
first day of December. The increased rate shall apply to the	245
current tax year, or the ensuing tax year for manufactured or	246
mobile homes on the manufactured home tax list, and each ensuing	247
year until the next tax year in which an adjusted rate for the	248
levy is certified under this section. Nothing in this division	249
allows a county budget commission or taxing unit to exceed the	250
ten-mill limitation.	251
(F) The tax commissioner shall annually determine the	252
percentage change in the gross domestic product deflator	253
determined by the bureau of economic analysis of the United	254
States department of commerce from the first day of January of	255
the third preceding calendar year to the last day of December of	256
the preceding calendar year. The commissioner shall certify the	257
resulting amount to each county auditor whose county undergoes a	258
reappraisal or triennial update not later than the first day of	259
September of each year.	260

Sec. 5705.317. (A) The legislative authority of a

municipal corporation that levies or seeks to levy a tax on	262
income under Chapter 718. of the Revised Code may, by ordinance	263
or resolution, reduce the rate of one or more levies for current	264
expenses levied by the municipal corporation within the ten-mill	265
limitation by any amount which would reduce the annual revenue	266
from those levies by up to the amount of annual revenue the	267
legislative authority estimates the income tax to produce. The	268
ordinance or resolution shall state the following:	269
(1) The rate, expressed in mills, of all levies for	270
current expenses levied by the municipal corporation within the	271
ten-mill limitation;	272
(2) The current number of mills reduced pursuant to this	273
section;	274
(3) The amount of the reduction, expressed in mills;	275
(4) The tax year in which the reduction shall begin to	276
<pre>apply;</pre>	277
(5) The number of years for which the reduction shall	278
apply or that it shall apply for a continuing period of time.	279
An ordinance or resolution authorized by this section may	280
accompany an ordinance or resolution to levy or increase the	281
rate of a tax under Chapter 718. of the Revised Code. Upon	282
adoption, a copy of the ordinance or resolution shall be	283
certified to the county auditor.	284
(B) Notwithstanding any other section of the Revised Code	285
to the contrary, no other taxing unit may levy any portion of	286
the mills reduced pursuant to this section and a county budget	287
commission shall not reallocate mills reduced pursuant to this	288
section to any other taxing unit, except as may be required by	289
division (D) of section 5705.31 of the Revised Code.	290

(C) A legislative authority may, by ordinance or	291
resolution approved by a vote of two-thirds of all of its	292
members, seek approval from the county budget commission to	293
increase the rate of a levy reduced under this section by any	294
amount up to the rate at which it was levied prior to the	295
operation of this section. Upon adoption, a copy of the	296
ordinance or resolution shall be certified to the commission	297
which may, by majority vote, approve the increased rate and	298
certify the same to the county auditor.	299
Sec. 5705.318. (A) As used in this section, "school	300
district income tax" has the same meaning as in section 5748.01	301
of the Revised Code.	302
(B) The board of education of a school district that	303
levies or seeks to levy a school district income tax may, by	304
resolution, reduce the rate of one or more levies for current	305
expenses levied by the school district within the ten-mill	306
limitation by any amount which would reduce the annual revenue	307
from those levies by up to the amount of annual revenue the	308
board estimates the income tax to produce. The resolution shall	309
state the following:	310
(1) The rate, expressed in mills, of all levies for	311
current expenses levied by the school district within the ten-	312
mill limitation;	313
(2) The current number of mills reduced pursuant to this	314
section;	315
(3) The amount of the reduction, expressed in mills;	316
(4) The tax year in which the reduction shall begin to	317
apply;	318
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(5) The number of years for which the reduction shall	319

apply or that it shall apply for a continuing period of time.	320
A resolution authorized by this section may accompany a	321
resolution to levy or increase the rate of a school district	322
income tax under Chapter 5748. of the Revised Code. Upon	323
adoption, a copy of the resolution shall be certified to the	324
<pre>county auditor.</pre>	325
(C) Notwithstanding any other section of the Revised Code	326
to the contrary, no other taxing unit may levy any portion of	327
the mills reduced pursuant to this section and a county budget	328
commission shall not reallocate mills reduced pursuant to this	329
section to any other taxing unit, except as may be required by	330
division (D) of section 5705.31 of the Revised Code.	331
(D) A board of education may, by resolution approved by a	332
vote of two-thirds of all of its members, seek approval from the	333
county budget commission to increase the rate of a levy reduced	334
under this section by any amount up to the rate at which it was	335
levied prior to the operation of this section. Upon adoption, a	336
copy of the resolution shall be certified to the commission	337
which may, by majority vote, approve the increased rate and	338
certify the same to the county auditor.	339
Section 2. That existing sections 5705.31 and 5705.313 of	340
the Revised Code are hereby repealed.	341
Section 3. The amendment or enactment by this act of	342
sections 5705.31 and 5705.316 of the Revised Code applies, in	343
the case of property on the real property tax list, to tax year	344
2026 and every tax year thereafter and, in the case of	345
manufactured or mobile homes on the manufactured home tax list,	346
to tax year 2027 and every tax year thereafter.	347