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Representative Thomas, D.

Cosponsors: Representatives Click, Brennan, Craig, Creech, Daniels, Deeter, Dovilla, Fowler Arthur, Gross, Hall, T., Holmes, John, Johnson, King, Kishman, Lear, Mathews, A., Mathews, T., McClain, Miller, M., Newman, Peterson, Plummer, Richardson, Roemer, Salvo, Stewart, Williams, Willis, Workman, Young

To amend sections 5705.31 and 5705.313 and to enact sections 5705.316, 5705.317, and 5705.318 of the Revised Code to limit revenue increases from inside millage levies occurring due to a reappraisal or update, to allow a reduction of inside millage to accompany a school district income tax levy, to allow a reduction of inside millage to accompany a municipal income tax levy, and to require county budget commission approval of inside millage reductions to accompany a county sales tax levy.

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

Section 1. That sections 5705.31 and 5705.313 be amended and sections 5705.316, 5705.317, and 5705.318 of the Revised Code be enacted to read as follows:

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 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 742.33 and 742.34 of the Revised Code;

(D) Except as otherwise provided in this division, a minimum levy within the ten-mill limitation for the current expense and debt service of each subdivision or taxing unit, which shall equal two-thirds of the average levy for current expenses and debt service allotted within the fifteen-mill limitation to such subdivision or taxing unit during the last five years the fifteen-mill limitation was in effect unless such subdivision or taxing unit requests an amount requiring a lower rate for the succeeding fiscal year, or if it expressed its intent to forgo collections from such a levy under division (E) of section 5705.29 of the Revised Code. 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.

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 ten-mill 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 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 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<u> or as required in section 5705.316 of the Revised Code</u>.

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

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

(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 budget commission to increase the rate of the levy by any amount up to the rate at which it was levied prior to its rate reduction under this section. ~~The board shall then immediately~~ Upon adoption, a copy of the resolution shall be certified to the commission which may, by majority vote, approve the increased rate and certify its action to the county auditor. If the commissioners increase the rate to the full rate at which it was levied prior to its rate reduction under this section, this section shall thereupon cease to apply to that county until another resolution is adopted pursuant to division (A)(1) or (2) of this section.

Sec. 5705.316. (A) As used in this section:

(1) "Taxes charged and payable" means real property taxes, or manufactured home taxes assessed pursuant to section 4503.06 of the Revised Code, that are charged and payable after reductions required by sections 319.301, 319.302, 323.152, 323.158, 319.304, 4503.065, and 4503.0610 of the Revised Code.

(2) "Current taxes charged and payable" means, for a levy, the taxes charged and payable for the current tax year, in the case of real property, or the following tax year, in the case of manufactured or mobile homes on the manufactured home tax list, excluding any taxes charged and payable against property, or any portion of property, that was not taxed by the taxing district in the most recent tax year to which section 5715.24 of the Revised Code applied in the county, in the case of real property, or in the following tax year, in the case of manufactured or mobile homes on the manufactured home tax list.

(3) "Base taxes charged and payable" means, for a levy, the taxes charged and payable for the tax year immediately preceding the current tax year, in the case of real property, or the current tax year, in the case of manufactured or mobile homes on the manufactured home tax list, excluding any taxes charged and payable against property, or any portion of property, that was not taxed by the taxing district in the most recent tax year to which section 5715.24 of the Revised Code applied in the county, in the case of real property, or in the following tax year, in the case of manufactured or mobile homes on the manufactured home tax list.

(4) "County budget commission" means a joint budget commission in the context of a taxing unit with territory located in two or more counties.

(5) "Inflation factor" means, for a tax year, the greater of zero per cent or the percentage change in the gross domestic product deflator computed over the three preceding tax years, as determined under division (F) of this section.

(6) "Reappraisal or triennial update" means a tax year in which section 5715.24 of the Revised Code applies in the county.

(B) Notwithstanding division (D) of section 133.25 of the Revised Code and except as provided in division (D) of this section, in September of each tax year in which a county undergoes a reappraisal or triennial update, the county budget commission shall adjust the rate of any levy within the ten-mill limitation so that the increase in current taxes charged and payable for that levy over the base taxes charged and payable for that levy do not exceed the product of the base taxes charged and payable and the inflation factor certified under division (F) of this section for that tax year, rounded to the nearest multiple of one hundred dollars.

(C) The commission shall certify each rate reduced under division (A) of this section to the county auditor not later than the first day of December. In the case of property on the real property tax list, the adjusted rates shall apply to the tax year in which the adjusted rates are certified and to each ensuing tax year, until the next tax year in which adjusted rates are certified under this section. In the case of manufactured or mobile homes on the manufactured home tax list, the adjusted rates shall apply to the tax year following the year in which the adjusted rates are certified and to each ensuing tax year, until the tax year following the next year in which adjusted rates are certified under this section. Notwithstanding any other section of the Revised Code to the contrary, a county budget commission shall not reallocate mills reduced pursuant to this section to any other taxing unit.

(D) For a taxing unit that elects to forgo revenue from or otherwise voluntarily reduce the rate of a levy within the ten-mill limitation for one or more tax years, beyond which would be required under division (B) of this section, the calculation of the limit under division (B) of this section in subsequent tax years shall be based on the taxes charged and payable for the tax year preceding such voluntary reduction. Nothing in this section requires increasing the rate of a levy above what it was before the operation of this section.

(E) If the current taxes charged and payable for a levy within the ten-mill limitation do not increase for a tax year to which section 5715.24 of the Revised Code applies in the county compared to the base taxes charged and payable, then the county auditor, in September of that year, shall calculate the increased rate of the levy that would cause the levy's current taxes charged and payable to be the same as the levy's base taxes charged and payable, rounded to the nearest one hundredths of one mill, and shall certify to the applicable taxing unit the increased rate. A taxing unit, not later than the first day of November, may adopt and certify to the county auditor a resolution or ordinance requesting that the levy be levied up to the rate certified by the county auditor under this division. The resolution or ordinance shall also be accompanied by information demonstrating the taxing unit's need for the higher rate. The county auditor, upon receipt of this certification, shall convene the county budget commission, which shall decide whether to approve, partially approve, or deny the taxing unit's request for an increased rate based on its evaluation of the taxing unit's need for the increase. If it wholly or partially approves the increase, the commission shall certify the amount of the rate of increase to the county auditor not later than the first day of December. The increased rate shall apply to the current tax year, or the ensuing tax year for manufactured or mobile homes on the manufactured home tax list, and each ensuing year until the next tax year in which an adjusted rate for the levy is certified under this section. Nothing in this division allows a county budget commission or taxing unit to exceed the ten-mill limitation.

(F) The tax commissioner shall annually determine the percentage change in the gross domestic product deflator determined by the bureau of economic analysis of the United States department of commerce from the first day of January of the third preceding calendar year to the last day of December of the preceding calendar year. The commissioner shall certify the resulting amount to each county auditor whose county undergoes a reappraisal or triennial update not later than the first day of September of each year.

Sec. 5705.317. (A) The legislative authority of a municipal corporation that levies or seeks to levy a tax on income under Chapter 718. of the Revised Code may, by ordinance or resolution, reduce the rate of one or more levies for current expenses levied by the municipal corporation within the ten-mill limitation by any amount which would reduce the annual revenue from those levies by up to the amount of annual revenue the legislative authority estimates the income tax to produce. The ordinance or resolution shall state the following:

(1) The rate, expressed in mills, of all levies for current expenses levied by the municipal corporation within the ten-mill limitation;

(2) The current number of mills reduced pursuant to this section;

(3) The amount of the reduction, expressed in mills;

(4) The tax year in which the reduction shall begin to apply;

(5) The number of years for which the reduction shall apply or that it shall apply for a continuing period of time.

An ordinance or resolution authorized by this section may accompany an ordinance or resolution to levy or increase the rate of a tax under Chapter 718. of the Revised Code. Upon adoption, a copy of the ordinance or resolution shall be certified to the county auditor.

(B) Notwithstanding any other section of the Revised Code to the contrary, no other taxing unit may levy any portion of the mills reduced pursuant to this section and a county budget commission shall not reallocate mills reduced pursuant to this section to any other taxing unit, except as may be required by division (D) of section 5705.31 of the Revised Code.

(C) A legislative authority may, by ordinance or resolution approved by a vote of two-thirds of all of its members, seek approval from the county budget commission to increase the rate of a levy reduced under this section by any amount up to the rate at which it was levied prior to the operation of this section. Upon adoption, a copy of the ordinance or resolution shall be certified to the commission which may, by majority vote, approve the increased rate and certify the same to the county auditor.

Sec. 5705.318. (A) As used in this section, "school district income tax" has the same meaning as in section 5748.01 of the Revised Code.

(B) The board of education of a school district that levies or seeks to levy a school district income tax may, by resolution, reduce the rate of one or more levies for current expenses levied by the school district within the ten-mill limitation by any amount which would reduce the annual revenue from those levies by up to the amount of annual revenue the board estimates the income tax to produce. The resolution shall state the following:

(1) The rate, expressed in mills, of all levies for current expenses levied by the school district within the ten-mill limitation;

(2) The current number of mills reduced pursuant to this section;

(3) The amount of the reduction, expressed in mills;

(4) The tax year in which the reduction shall begin to apply;

(5) The number of years for which the reduction shall apply or that it shall apply for a continuing period of time.

A resolution authorized by this section may accompany a resolution to levy or increase the rate of a school district income tax under Chapter 5748. of the Revised Code. Upon adoption, a copy of the resolution shall be certified to the county auditor.

(C) Notwithstanding any other section of the Revised Code to the contrary, no other taxing unit may levy any portion of the mills reduced pursuant to this section and a county budget commission shall not reallocate mills reduced pursuant to this section to any other taxing unit, except as may be required by division (D) of section 5705.31 of the Revised Code.

(D) A board of education may, by resolution approved by a vote of two-thirds of all of its members, seek approval from the county budget commission to increase the rate of a levy reduced under this section by any amount up to the rate at which it was levied prior to the operation of this section. Upon adoption, a copy of the resolution shall be certified to the commission which may, by majority vote, approve the increased rate and certify the same to the county auditor.

Section 2. That existing sections 5705.31 and 5705.313 of the Revised Code are hereby repealed.

Section 3. The amendment or enactment by this act of sections 5705.31 and 5705.316 of the Revised Code applies, in the case of property on the real property tax list, to tax year

2026 and every tax year thereafter and, in the case of manufactured or mobile homes on the manufactured home tax list, to tax year 2027 and every tax year thereafter.