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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 504
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 504's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. King

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill authorizes counties to provide a temporary property tax reduction when the aggregate value of real property and manufactured homes increases by 15% or more following a reappraisal or triennial update. If all eligible counties adopt the reduction, local property tax revenues would decline by up to \$160 million in tax year (TY) 2026, \$171 million in TY 2027, and \$150 million in TY 2028.
- Since the reduction is applied after the property tax rollbacks are calculated, the bill has no fiscal effect on GRF expenditures.

Detailed Analysis

The bill allows a county to temporarily exempt a portion of a property's increased value from taxation after a reappraisal or triennial update. A county may authorize this reduction if the county's aggregate real property and manufactured home values rise by 15% or more compared to the prior year, and the board of county commissioners passes a resolution. The reduction phases in the valuation spike by cutting two-thirds of the tax increase in the first year and one-third in the second year, spreading the impact over three years.

Assuming the bill takes effect in tax year (TY) 2026, it would affect properties reappraised or updated in that year and would apply statewide by TY 2028, once all counties complete their scheduled valuation cycle. The 15% threshold applies to the combined value of both property classes, where Class 1 includes residential and agricultural property and Class 2 includes all other real property.

To project future taxable property value growth, LBO staff estimated property valuation trends based on prior reappraisal and updates cycles, especially years that reflect typical market conditions rather than the unusually rapid post-pandemic increases occurring in TY 2023 and

TY 2024. For nonresidential property, LBO relied on Moody's Analytics projections for Ohio's Commercial Real Estate Index.

Based on these projections, the bill is estimated to reduce local governments' property tax revenues by up to \$160 million in TY 2026, \$171 million in TY 2027, and \$150 million in TY 2028. Revenue losses are expected to grow from TY 2026 to TY 2027 as the second year of the phase-in reduction is added. However, the estimated loss decreases in TY 2028, when all counties are expected to be eligible to authorize the reduction. This decline mainly reflects anticipated slower property value growth in later years, based on Moody's Analytics forecasts, resulting in fewer counties exceeding the 15% threshold during their TY 2028 reappraisal or update.

Since the bill's phase-in property tax reduction is applied after calculating the state-funded property tax rollbacks, including nonbusiness credit and owner-occupancy credit, the bill has no fiscal effect on the state.