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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 504
(1_136_3315)
136th General Assembly

Fiscal Note & Local Impact Statement

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

Version: In House Ways and Means

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 tens of millions of dollars beginning in calendar year 2028 when taxes charged for tax year 2027 are paid.
- 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 reduce a portion of a property's increased taxation arising from 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.

The bill first applies to tax year (TY) 2027, so it would affect properties reappraised or updated in that year and would apply statewide by TY 2029, once all counties complete their scheduled revaluation 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 tens of millions of dollars beginning in TY 2027. Revenue losses in the future years are uncertain in magnitude, because the second year of the phase-in reduction adds upward pressure on the credit amount, while Moody's Analytics forecasts slower property value growth in later years, resulting in fewer counties exceeding the 15% threshold during their TY 2028 reappraisal or update, which puts downward pressure on the credit amount.

The bill instructs county treasurers to identify the real property tax reduction authorized by the bill as the "Temporary Property Valuation Phase-In Credit," when delivering tax bills to applicable property owners. The bill excludes certain levies from being reduced by the credit:

1. Additional taxes (e.g., new levies) approved by voters that are first levied for the year when the reappraisal or triennial update occurs; and
2. Taxes that are levied to raise a specified amount of money (e.g., fixed-sum levies) or to pay debt charges.

Since the bill's Temporary Property Valuation Phase-In Credit 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 GRF expenditures.

Synopsis of Fiscal Effect Changes

The substitute bill delays the application of the temporary property tax reduction to TY 2027, specifies that the reduction excludes taxes charged and payable for fixed-sum and bond levies, and excludes additional voted levies first taking effect in the reappraisal or triennial update year from the bill's reduction. The amended bill is expected to reduce property tax revenues for local governments by tens of millions of dollars.