OHIO LEGISLATIVE SERVICE COMMISSION

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S.J.R. 4
136th General Assembly

Resolution Analysis

Version: As Introduced

Primary Sponsor: Sen. Brenner

L.J. Keihl, Attorney

SUMMARY

- Provides for all of the following if voters approve the levy of a statewide property tax for education purposes at the 2026 general election:
  - Authorizes the state to issue general obligation bonds to refund currently outstanding school district obligations;
  - Waives, beginning in 2027, the requirement that schools levy property taxes to pay debt charges on obligations refunded by the state's issuance;
  - Requires creation of a treasury fund restricted exclusively to educational purposes to which the proceeds of such a statewide property tax would be credited.

DETAILED ANALYSIS

Conditional education financing reforms

The resolution proposes an amendment to the Ohio Constitution that would replace all existing school district debt with state-issued debt and create a state fund specifically for funding primary and secondary education.[1] If passed by the General Assembly, the proposal would be submitted to Ohio voters at the general election to be held on November 3, 2026. But even if approved by voters, the amendment would operate only if Ohio voters also approve, at the same election, the levy of a statewide property tax for the purpose of funding primary and secondary education.[2] There were no bills introduced in the 136th General Assembly that would have allowed for the submission of such a tax to Ohio voters.

[1] Proposed Section 12, Article VIII of the Ohio Constitution.

[2] Section 12(D), Article VIII.

Under the Ohio Constitution, the state may issue debt only in nominal amounts, in extraordinary circumstances, or as otherwise specifically authorized by the Ohio Constitution.[3] The resolution specifically authorizes the state to issue general obligation bonds with a 20-year maturity date in an amount sufficient to redeem all debt issued by school districts on or before November 3, 2026. The amount of the issuance may be set by the General Assembly. The resolution exempts these bonds from an existing constitutional amendment that prohibits the state from issuing general obligation debt that would cause the state's total general obligation debt service to exceed 5% of General Revenue Fund revenues and lottery profits for any fiscal year. These new bonds and the bonds' debt service are also exempt from state taxes.[4]

The Ohio Constitution requires any political subdivision incurring debt, including a school district, to provide for the levy and collection of a tax in an amount sufficient to pay debt charges on that debt to the extent the debt service is not adequately covered by other lawful sources of repayment.[5] The resolution waives, beginning in 2027, this constitutional "sinking fund" requirement for school districts, no longer requiring districts to levy property taxes sufficient to pay their outstanding debt charges.[6]

Finally, the resolution requires the proceeds of any statewide property tax levied for the purpose of funding primary and secondary education to be paid into a state treasury fund and earmarked solely to fund primary and secondary education. Additional revenue from other sources could also be credited to this fund.[7]

HISTORY

Action	Date
Introduced	02-10-25

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[3] Sections 1, 2, and 3, Article VIII of the Ohio Constitution, not in the resolution.

[4] Section 12(A)(1), Article VIII.

[5] Section 11, Article XII of the Ohio Constitution, not in the resolution.

[6] Section 12(B), Article VIII.

[7] Section 12(C), Article VIII.