



**Assistant Minority Whip  
Hearcel F. Craig  
15<sup>th</sup> Senate District**

Senate Government Oversight & Reform Committee  
Senate Bill 159 Sponsor Testimony  
Senator Hearcel F. Craig  
February 15, 2021

Chair Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 159. The Property Tax Relief and Local Government Act would cap annual property tax increases for homeowners with income at or below the area median income at 5% per year. This legislation offers an important balance between the critical, voter approved levies for government services and the need for low to moderate income Ohioans to be able to stay in their homes.

Increasing property values were exacerbated during the crisis of the COVID-19 pandemic, with many Ohio homeowners finding it difficult to pay taxes owed toward their home which has increased housing instability for our Ohio residents. 24% of mortgage holding households are burdened by housing costs that exceed 30% of their income<sup>1</sup>. In Franklin County alone, 2020 residential property values increased to 20%, with the tax rate for owner-occupied homes in Ohio being increasingly greater than the U.S. average at 1.6%, compared to the national average of 1.1%. This leaves Ohio as the 13<sup>th</sup> highest state in property taxes<sup>2</sup>. It is important to eliminate sudden tax increases that strongly impact Ohio residents receiving fixed or low incomes. In particular, senior residents in Ohio are experiencing hardship with rising property taxes which places our elderly community at risk of losing their homes because they cannot afford the price increase.

My legislation would establish a 5% cap on property tax increases annually to protect our local Ohio taxpayers from rising property taxes and allow the residents of Ohio to prepare and budget

---

<sup>1</sup> Ohio Housing Finance Agencies 2020 Needs Assessment

<sup>2</sup> Lincoln Land Institute, "Significant Features of the Property Tax" Ohio data updated in 2020

for a property tax increase. Additionally, the state will refund revenue to the local authority tax districts, which aligns with the state's current homestead exemption.

Eligible homeowners must not exceed 100% of the area median income at the time of application and must be verified every three years on the appraisal cycle through the existing Ohio Department of Taxation income portal. This is an excellent way to allow the state of Ohio to provide relief to local governments by benefiting locally supported services, while also protecting our homeowners. All calculation of property tax will hold the same standards as current law including the owner occupied credit, the homestead exemption, and the noncommercial rate. Benefits to homeowners include the elimination of sudden tax increases, especially for Ohio residents on fixed or low incomes, no back taxes or other penalty if the home is sold or stops being an owner-occupied dwelling, and no harm to local government services. If a change in the home or ownership occurs, the 5% cap would not apply the next time the value of the property is adjusted.

It is imperative for Ohio residents to receive relief on property taxes because existing owner occupied credit and homestead exemption are insufficient in the face of significant property value increases. Less than 10% of those receiving the homestead exemption in Franklin County have qualified under the low-income threshold since 2014. Value increases in property taxes eliminate the effect of the exemption benefit.

These are not just numbers, but the lives of long-term residents desperate to stay in their homes. Nor is this problem unique to Franklin County. We are seeing double digit percentage increases in property values across the state.

At least 34 states have some type of property tax circuit breaker, and 19 states have limits on the growth of assessed value. Ohio has neither of those programs. This bill combines similar legislation in other states, including the Nevada model which caps property tax increases at up to 3%, and Michigan which limits the percentage of income that can go to property taxes for those earning \$60,000 or less. Unlike many other states, Ohio's proposed model includes revenue protection for local governments.

Requiring state backfill of the taxes beyond the 5% cap is appropriate given the recent reduction in support for state property tax funded programs. In addition to the income requirement for the homestead exemption, the removal of the 10% rollback and 2.5% owner occupied credit from levies past after 2013 increases the property tax burden. The state has experienced significant savings while residents have seen increased property tax burdens. This legislation would rebalance that contribution especially for those most in need.

Our goal for Ohio is to continue to provide ladders of opportunity for all of our residents and to keep people in their homes. Close to 260,000 households in Franklin County would be eligible for this protection based on income if they own their home. As our region and state continues to

grow, no homeowner or family should be priced out of prosperity, and we owe it to our Ohio residents to support affordability of their homes during a health crisis.

Thank you Chairman Blessing and members of the committee for the opportunity to provide sponsor testimony on Senate Bill 159, and we would be happy to take any questions at this time.