
COUNTY TREASURERS ASSOCIATION OF OHIO

Property Tax Update

Presented by:

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GENERAL INTRODUCTION

- Basic concept – the property tax in Ohio is an “ad valorem” tax, and therefore the value of the property is one of the critical elements of the system.
- But it gets more complicated because of the tax rates, the levy types, the tax reduction factors, credits, and how my property’s value is or is not similar to my neighbor's property.

- “No property, taxed according to value, shall be so taxed in excess of one per cent of its true value in money for all state and local purposes, but laws may be passed authorizing additional taxes to be levied outside of such limitation.”

ARTICLE XII, SECTION 2

- “Land and improvements thereon shall be taxed by uniform rule according to value, except that laws may be passed to reduce taxes by providing for a reduction in value.”

ARTICLE XII, SECTION 2

OHIO CONSTITUTIONAL RESTRICTIONS

- All real property must be taxed uniformly according to value, meaning all property must be generally treated equally.
- Taxes can exceed one percent of true value only by vote.
- Real property may be classified for tax reduction factors as either residential/agricultural or other.



SO, WHAT'S THE PROBLEM?

LARGE INCREASES IN PROPERTY IN PROPERTY TAX BILLS

HB 920 OF THE 111TH GENERAL ASSEMBLY



(Amended Substitute House Bill No. 920)

AN ACT

To amend sections 119.01, 121.02, 121.03, 131.23, 131.24, 133.14, 133.16, 133.23, 133.29, 133.53, 149.01, 319.202, 319.301, 319.33, 319.54, 321.24, 323.151, 323.153, 323.154, 323.157, 323.17, 1507.13, 1541.06, 2105.09, 3311.21, 3317.021, 3317.025, 3317.04, 3318.07, 3354.12, 5703.01, 5703.02, 5703.03, 5703.04, 5703.05, 5703.07, 5703.14, 5703.15, 5703.18, 5705.16, 5705.19, 5705.192, 5705.21, 5705.25, 5705.27, 5705.30, 5705.31, 5705.34, 5705.341, 5705.37, 5705.51, 5709.06, 5709.08, 5711.03, 5711.09, 5711.22, 5713.01, 5713.03, 5713.08, 5713.081, 5713.24, 5713.31, 5713.33, 5715.01, 5715.011, 5715.012, 5715.04, 5715.06, 5715.18, 5715.19, 5715.20, 5715.23 to 5715.34, 5715.36 to 5715.39, 5715.42, 5715.44, 5715.441, 5715.51, 5717.01, 5717.02, 5717.03, 5719.11, 5725.02, 5725.05, 5739.32, and 5747.51, to enact sections 323.251, and 5715.251, and to repeal

OHIO HOUSE BILL 920, ENACTED 1976

- Reduces taxes charged to offset increases in property value.
- A “tax reduction factor” is applied to the rates of certain voted millage.
- The reduced rate at which taxes are collected is termed the “effective” millage.
- H.B. 920 applies to existing property

Important Note

In general, HB 920 prevents an increase in taxes on existing property without a vote of the people

School districts can see revenue growth on existing properties with inside mills. School districts also receive revenue growth on existing levies from new construction that adds property value.

WE NEED PROTECTIONS IN THE OHIO CONSTITUTION!

**Article XII, Section 2a | Authority to classify real estate for taxation,
two classes; procedures**

WHAT'S HAPPENED SINCE THE HB 920 GRA?

- Increased valuation
- School funding lawsuits:
 - Board v. Walter (1979)
 - DeRolph v. State of Ohio : (1997, 1999, 2001, 2002)
- Levy options for public school districts – EXPANDED
- “The Floor”(SB 221-1977)

H.B. 920 TAX REDUCTION FACTORS AND SCHOOL DISTRICT MILLAGE

- By law, a school district must levy at least 20 mills of property tax to receive state funding through the school foundation formula.
- In order to prevent HB 920 tax reduction factors from reducing school millage below 20 mills and disqualifying a district from State aid, the law prevents the application of tax reductions below 20 mills. This is known as the “20 mill floor.”

H.B. 920 TAX REDUCTION FACTORS AND SCHOOL DISTRICT MILLAGE

However, not all levy types are included in the 20-mill floor:

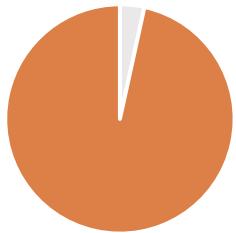
- Emergency
- Substitute
- Income Tax
- Bonds
- Permanent Improvement
- Recreation
- Libraries
- Safety & Security

COMMON SCHOOL PROPERTY TAX LEVIES AND RELATION TO H.B. 920 RULE

Levy Type	Subject to Reduction Factors	Factored in 20-Mill Floor Calculation?
Inside Millage - Current Expenses	No	Yes
Inside Millage - Permanent Improvements	No	No
Inside Millage - Bond	No	No
Outside Millage - Current Expenses	Yes	Yes
Outside Millage - Permanent Improvements	Yes	No
Outside Millage - Bond	No	No
Outside Millage - Emergency / Substitute	No	No

INSIDE MILLAGE

Yes



96.6%

590 out of 611 school districts have inside millage

Inside Millage Spread

0.20

Min

4.50

Median

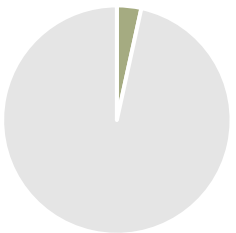
6.90

Max

4.37

Avg

No

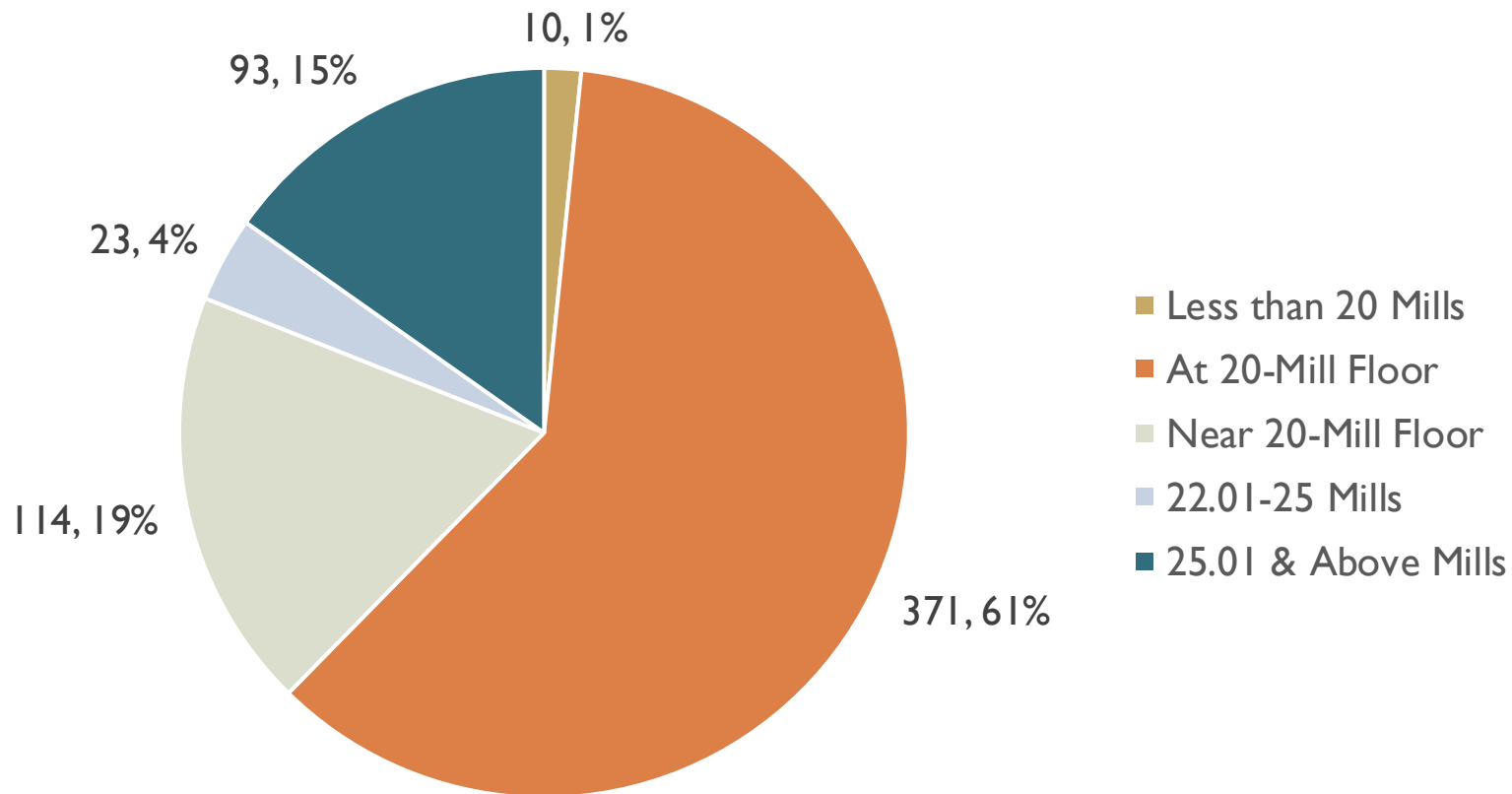


3.4%

21 out of 611 school districts do not use inside millage

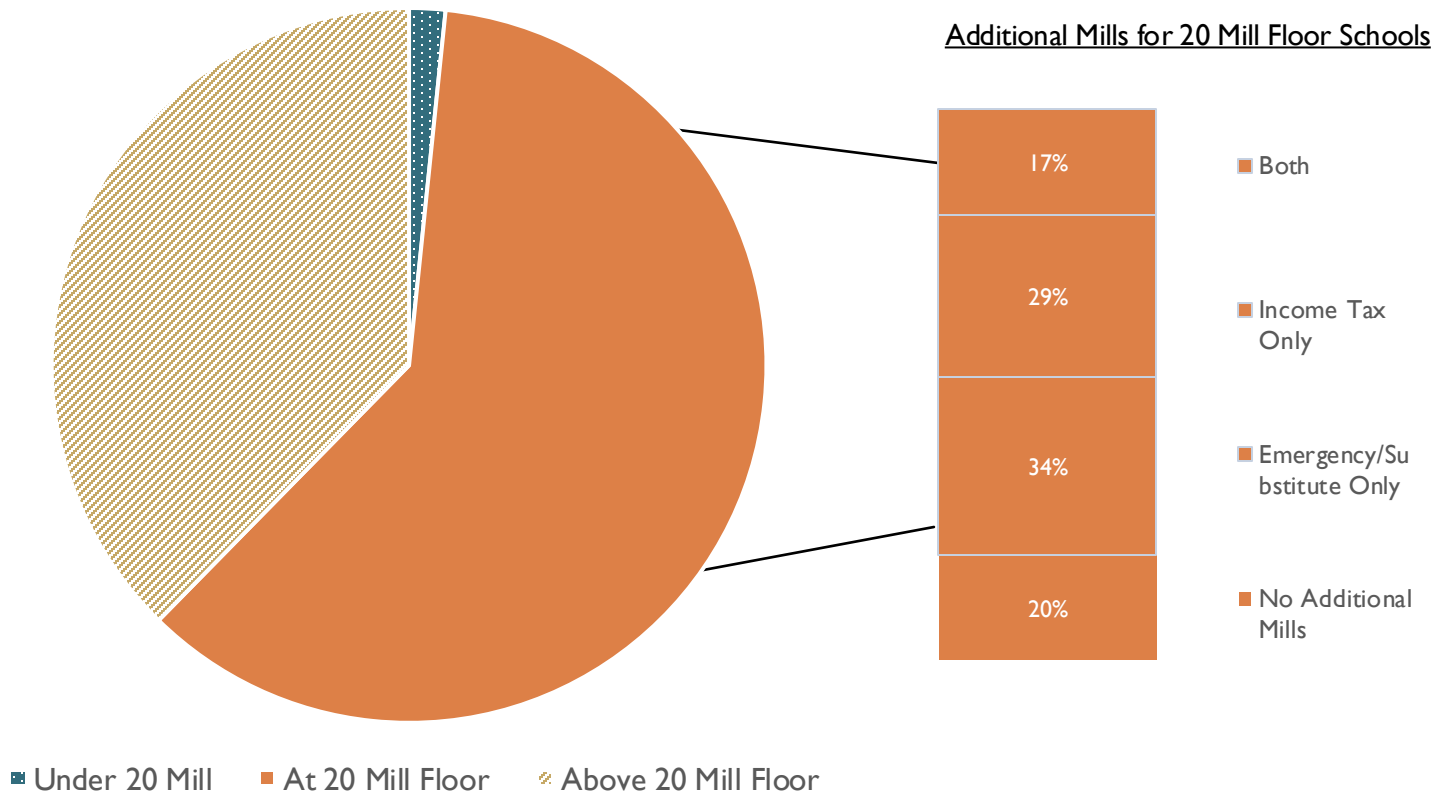
- ORC 5705.02
- Unvoted property taxes, referred to as inside millage, are limited by state law to 10 mills of a property's assessed value and are divided among the overlapping local governments by statutory formula.
- Inside millage is not subject to reduction factors and experiences full inflationary growth.
- 21 School Districts with no inside millage are also all at the 20-mill floor.

CURRENT 20 MILL FLOOR STATUS SUMMARY AS CALCULATED UNDER ORC § 319.301



- Of the 611 districts, 371 or 61% of total school districts are at the 20-mill floor
- The 10 school districts with “Less than 20 mills” are either special island districts or school districts that rely on JVS millage to meet the 20-mill qualification for foundation formula.
- Those “Near 20-Mill Floor”, are those with millage between 20.01-22 mills. They are likely to drop to the 20-mill floor with the next reappraisal or revaluation of property value and application of reduction factors.

ADDITIONAL MILLS FOR 20 MILL FLOOR SCHOOLS SUMMARY



Takeaway

- Of the 611 districts, 371 or 61% of total school districts are at the 20-mill floor
- Of the 371 districts at the 20-mill floor, 295 districts have additional millage.
- While 76 school districts truly have no additional millage.
- Of the 295 districts with additional millage: 126 districts have emergency/substitute levies, 106 with income tax, and 63 with both.

WHAT IS BEING PROPOSED?



LEGISLATIVE PROPOSALS

HB 96 – OPERATING BUDGET AS PASSED BY HOUSE

Requires public school districts to indicate their general operating budget carryover balance from the previous fiscal year (current law), and if that balance exceeds 30% of total expenditures made in that year, mandates that the county budget commission reduce the property taxes levied by the district for current expenses in the following year by the amount of the excess. If this mechanism occurs, the school district is exempted from the 20-mill qualifier for state aid in that year. (Certain small districts are not included in this provision.)

HOMESTEAD EXEMPTION EXPLAINED

- *Continuing law provides a property tax credit for the residence, or “homestead,” of certain qualifying individuals. The standard “homestead exemption” equals the taxes that would be charged on up to \$28,000, adjusted for inflation, of the true value of a home owned by a homeowner who is 65 years of age or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption. (“True value” is the appraised fair market value.) This standard exemption is means-tested, so only homeowners with household income below a certain threshold (\$40,000 for tax year 2025) may qualify for the exemption. A special “enhanced” exemption of \$56,000, also adjusted for inflation, is available for the home of (1) an honorably discharged veteran of the armed forces with a total disability or the veteran’s surviving spouse and (2) a surviving spouse of an emergency responder who died in the line of duty.*

- Create an enhanced homestead exemption for surviving spouses of uniformed service members killed in the line of duty. Local taxing jurisdictions are reimbursed.

HB 22
(LORENZ & D. THOMAS)

- Enhance the homestead exemption for a totally disabled veteran by increasing the amount of the exemption and increasing the income eligibility. Local taxing jurisdictions are reimbursed.

HB 40

(RICHARDSON & DOVILLA)

- Increase the homestead exemption to \$50,000 (up from \$28,000) and increase the income threshold. Local taxing jurisdictions are reimbursed.

HB 103
(TROY)

- Enhance the homestead exemption for certain “long-term” homeowners. Long-term homeowners are defined as those in that homestead 20 years or longer. Local taxing jurisdictions are reimbursed.

HB 143
(A. MATHEWS & BRENNAN)

- Replace the homestead exemption for disabled veterans with an enhanced homestead exemption equal to all taxes imposed on the homestead. Local taxing jurisdictions are reimbursed.

SB 92
(PATTON)

PROPERTY TAX ROLLBACKS

Continuing law authorizes several property tax credits, which are direct reductions of tax liability, i.e., the amount of tax owed on the property. Most homeowners benefit from two credits that the bill modifies. The first credit, known as the 10% nonbusiness property tax rollback, reduces taxes owed on certain property tax levies by 10%. This credit applies generally to one-, two-, or three-family dwellings and nontimber agricultural land. The second credit, known as the 2.5% homestead rollback, reduces by an additional 2.5% such tax on owner-occupied dwellings that serve as a taxpayer's primary residence and up to one acre of land ("homestead"). Currently, new and replacement levies approved by voters at elections held on or after November 2013 are not eligible for either rollback.

PROPERTY TAX ROLLBACKS (CONTINUED)

HB 61 (D.Thomas and Daniels) – Restores the 10% nonbusiness property tax rollback to all voted levies, not just those prior to November of 2013. Replaces the 2.5% owner-occupied rollback with a flat \$750 credit indexed to inflation. Replaces the homestead exemption with a flat credit of the lesser of the taxes levied by the school district or \$750 indexed to inflation. Replaces the “enhanced” homestead exemption with a flat \$1,500 credit indexed to inflation. The rollback changes are reimbursed at 100% by the state to local taxing jurisdictions; the homestead exemption changes are reimbursed by the state at 50%.

OTHER PROPERTY TAX LEGISLATIVE PROPOSALS

- Eliminate replacement levies.

HB 28
(A. MATHEWS & T. HALL)

- Require that emergency and substitute levies, school district income tax levies, and all inside millage be included in school districts' 20-mill floor calculations or in Joint Vocation School Districts' (JVS) 2-mill floor calculation.

SB 66
(O'BRIEN & LANG)

- Require that current expense fixed sum levies and school district income taxes be included in the calculation of school district millage floors. Prohibit a school district from shifting unvoted millage in a way that would increase the district's tax revenue.

HB 129
(D. THOMAS)

- Require that current expense fixed sum levies and school district income taxes be included in the calculation of school district millage floors. Prohibit a school district from shifting unvoted millage in a way that would increase the district's tax revenue.

HB 186
(HOOPS & D.THOMAS)

- Authorize a temporary property tax reduction.
Generally, for TY 2024, taxes shall be reduced to the rates of 2022.

HB 89
(SCHMIDT)

- Authorize creation of temporary zones where homeowners may apply for partial property tax exemptions equal to a percentage increase in the assessed valuation of their homes. Income limitations apply. These zones expire after no more than ten years.

SB 42

(REYNOLDS & CRAIG)

- Authorize a property tax freeze for certain owner-occupied homes.

HB 156

(T. HALL & ISAACSOHN)

SB 81

(PATTON)

- Allow eligible homeowners to defer property tax payments.

HB 212
(HUMPREY & RADER)

- Replace all school district bonds with state issued debt by eliminating all school property tax levies used to back debt. AND – Eliminate school districts' authority to levy property taxes. Establish a new school funding formula paid for by a state property tax and increased state sales & use taxes.

SJR 4
(BRENNER)

SB 93
(BRENNER)

EXTERNAL GROUPS, FUTURE LEGISLATION & CANDIDATE CAMPAIGN TRAIL ITEMS

01

Replace local
money with
other sources

02

Eliminate floors

03

Eliminate levy
options

04

Eliminate
property tax
entirely

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