HB 186

The goal is to limit a school district's total property tax revenue growth from the 20-mill floor to the rate of inflation. Introduces the Inflation Cap Credit. Includes the expansion of owner-occupied credit by absorbing the non-business credit for a total increase of 12.5% to 15.38% over four years.

1. **How Taxpayers Affected:**
    a. **Tax credit for property in school districts on the 20-mill floor**
        i. Authorizes a property tax credit for the owners of property located in a school district on the 20-mill floor.
        ii. Applies to all eligible property in the state beginning in TY 2025
        iii. Will see the tax credit reflected on their second-half tax bills in TY 2025 as a separate line labelled "Inflation Cap Credit."
    b. **Property tax rollbacks**
        i. Modifies the 10% (non-business credit) and 2.5% (owner-occupied credit) property tax rollbacks for residential property
        ii. The full 10% (non-business credit) will continue to apply to non-timber, agricultural land
        iii. Changes begin in TY 2026 (2027 for manufactured home tax). This will be the most visible change to taxpayers.
        iv. Over the course of four years, taxpayers will see a total rollback increase from 12.5% to 15.38% and the elimination of the non-business credit
            1. Elimination of the 10% (non-business credit):
                a. TY 2026: decreases to 7.5%
                b. TY 2027: decreases to 5%
                c. TY 2028: decreases to 2.5%
                d. TY 2029: decreases to 0%
            2. Increase of the 2.5% (owner-occupied credit)
                a. TY 2026: increases to 5.70%
                b. TY 2027: increases to 8.92%
                c. TY 2028: increases to 12.15%
                d. TY 2029: increases to 15.38%
        v. Owners of multiple-properties, rental properties and commercial properties are shut-out of the owner-occupied credit increase
2. **How Schools Affected:**
    a. **Temporary payments to school districts to offset the tax credit to taxpayers**
        i. Authorizes payments to school districts located in counties that underwent a reappraisal or triennial update in TY2023 and TY2024 so that such districts are temporarily guaranteed to receive at least the same amount of property tax revenue they received in TY2024.
        ii. Applies to TY 2025 (in the case of 2023 reappraisal or update counties) and to TY 2025 and TY 2026 (in the case of 2024 reappraisal and update counties)

iii. The Tax Commissioner will calculate the difference between a district's real property tax revenue in TY 2024 and the district's revenue in 2025 and, if applicable, 2026.

iv. If the school district will receive less in 2025 or 2026, the Tax Commissioner will certify the difference to the Director of Education and Workforce and the Director will pay the difference to each eligible district in August 2026 and, if applicable, August 2027.

1. First installment of payments to school districts to be made from the Expanded Sales Tax Holiday Fund. The bill cancels the August 2026 Expanded Sales Tax Holiday.

b. Property tax rollbacks

i. The state will continue to reimburse local governments and schools for the cost of these rollbacks

3. How County Auditor Administration Affected:

a. Tax credit for property in school districts on the 20-mill floor

i. Responsible for administering the tax credit starting TY 2026

ii. The Tax Commissioner is responsible for calculating the tax credits applicable to each district for TY 2025

iii. For TY 2025, county auditors must certify the following necessary property tax information to the Tax Commissioner within 30 days after the bill's 90-day effective date (approx. mid-April). Tax Commissioner *should* communicate to the county auditor how they want this information.

1. Total value of qualifying nonbusiness property
2. Total value of qualifying business property
3. Taxes charged and payable within the 10-mill limitation (RC 319.303(A)(5)(a)) for qualifying nonbusiness property and business property
4. Taxes charged and payable in excess of the 10-mill limitation (RC 319.303(A)(5)(b)), for qualifying nonbusiness property and business property
5. Floor tax revenue for the qualifying nonbusiness property and qualifying business property

b. Modifies the process for certifying the property tax abstract

i. Requires the auditor to send a copy of the abstract to the Tax Commissioner at the same time the abstract is submitted to the Board of Revision for review.

HB 335

The goal is to limit revenue increases from inside millage levies, those ten mills that can be levied by local governments without voter approval, that occur due to a reappraisal or triennial update, to inflation. Similar philosophy to HB 186.

1. Creates a mechanism, administered by the County Budget Commission, to reduce the rates of inside millage to limit collection increases from property value increases.
2. Requires each county budget commission, in the county's reappraisal or triennial update year, to adjust the rate of each millage levy to limit any increase in its revenue to inflation growth over the three preceding years.
3. Allows a taxing authority to request that the County Budget Commission increase the levy rate to collect the same amount as the previous year if the taxing authority's inside millage collections would not increase in a reappraisal year.
4. Allows a taxing authority that elects to temporarily reduce an inside millage levy to base the calculation of the bill's limit in subsequent years on the collections of the year preceding the voluntary reduction
5. Beginning in TY 2026, the bill applies to properties that undergo a reappraisal or update in that year. Will apply to every county by TY 2028 (after every county completes their scheduled reappraisal or triennial update).

HB 124

Modifies the process for making property tax sales-assessment ratio studies. County auditors, not the State, know their county best and should decide which sales should be used and which sales should not be used.

1. Requires the Department of Taxation to consider only a representative sample of arm's length property sales submitted by county auditors when conducting sales assessment ratio studies as part of its function to adjust, or "equalize," proposed property values.
2. Authorizes the Department of Taxation to appeal a county auditor's sample as unreasonable or unlawful to the Board of Tax Appeals.
3. While the appeal is pending, property values will be determined using the auditor's sample. Board of Tax Appeals must issue a decision on an appeal by the end of the tax year in which the appeal is filed.
4. Same as current law, all sales included in a sample must be open market, arm's length sales that occurred in the previous three years.
5. Begins TY 2026

HB 129

The goal is to lift schools off the 20-mill floor and prevent unexpected increases by counting all levies that the voters have approved for a school district.

1. **Adds fixed-sum levies, including existing emergency and substitute levies, to the 20-mill floor calculation.**
    a. Emergency and substitute levies will be included in the first tax year, beginning in TY 2026, that the county undergoes a reappraisal or triennial update.
    b. Includes existing growth and conversion levies and fixed-sum property taxes levied with a school district income tax beginning TY 2026.
    c. Note, school bonds are still excluded from the floor.
2. **Allows school districts to levy property taxes that will generate a fixed sum of money in the following three circumstances:**
    a. A district that levies an emergency levy that was approved by voters before 2026 may renew that levy as a fixed-sum levy at the same or lesser sum. May be renewed in the tax year they expire or the following year. More than one emergency levy may not be included in a single renewal. May be subsequently renewed.
    b. A district that levies a substitute levy that was approved by voters before 2026 may renew that levy, once it expires, as a fixed-sum levy at the same or lesser sum than the substitute levy collected in its final year. May be subsequently renewed.
    c. A district may levy a fixed-sum levy if it is in fiscal emergency, watch, or caution by the Auditor of State or if the President or Governor has declared an emergency in the district and the tax is proposed during the emergency declaration or within two years after it ends. May not be renewed.
3. **For any of the three circumstances the levy:**
    a. Must be labeled as a fixed-sum levy (<u>not</u> an emergency or substitute levy)
    b. Must be for current operating expenses
    c. May only be levied for up to 5 years
4. **Rollbacks:** a fixed-sum levy that renews an existing emergency or substitute levy, and any subsequent renewal of that fixed-sum levy, will continue to be subject to the property tax rollbacks for non-business property (10%) and owner-occupied residences (2.5%) if the original levy was subject to those rollbacks

HB 309

Strengthens the authority of the county budget commission to function as a check and balance for the taxpayer at the local level by reviewing what levies go on the ballot and how much is collected.

1. **County Budget Commission:**
   a. Limits a requirement that county budget commissions approve all properly authorized voted property tax levies without modification to only the first year of a levy's collection.
   b. Authorizes the county budget commission to reduce property tax levies to avoid unnecessary or excessive collections (provided they are not otherwise required to approve them without modification). Unnecessary Collections and Excessive Collections are formally defined.
      i. Unnecessary Collections: those beyond the reasonably anticipated financial needs of the taxing authority for the specific purpose of the tax after accounting for current fund balances, projected expenditures, and other available funding sources.
      ii. Excessive Collections: those in an amount or a rate that exceeds what is required to provide services at a level that is consistent with statutory obligations.
   c. Limits the county budget commission's authority to reduce levies collected for the use of majority-elected taxing units below what the levies collected in the prior year or, for school districts, below 20-mills except by request of the school district
2. **School district safe harbor:**
   a. Provides that school districts will not lose state education funding when levying less than 20 mills of property tax for current operating expenses if doing so under an adjustment made by the county budget commission pursuant to a request authorized under current law.
3. **Fixed-sum levy adjustment:**
   a. Requires the Tax Commissioner to annually adjust the rate of a fixed-sum levy such that it collects the same amount, even in years when property values change due to an appraisal or update.
      i. Excludes adjusting a debt levy