

Talking Points on Proposed Changes to County Budget Commissions and Property Tax Law in Ohio (HB 309 & HB 335)

HB 309 – County Budget Commission Overhaul

Ohio House Bill (HB) 309 was introduced by Rep. David Thomas (R-Jefferson) with the goal of overhauling County Budget Commissions. The proposed legislation makes the following changes to these commissions:

- Includes explicit language that the Budget Commission's responsibility is to review yearly all property tax levying political subdivisions for need of the property tax revenue in the following year and grant full authority to suspend, reduce, and question need for all property tax revenue including inside millage, outside voted levies, emergency levies, bond levies, etc.
- Requires a public hearing of the Budget Commission and local subdivision entity should carryover of property tax levied dollars increase beyond 30% of the prior year's expenses for that fund. The hearing would be to determine need of property tax revenue in the following year for that fund's purpose.
- Grants explicit ability for the budget commission to review all forms of health departments and county metropark budgets for need of revenue received by the health departments from local entities or property taxpayers. The Budget Commission may decrease revenue to these entities in a manner similar to property tax levy rates.
- Requires local entities to formally accept unvoted property tax increase revenue, to display to the public the amount of unvoted increase and the opportunity to not accept the tax dollars.
- County district library levies shall be determined by the County Commissioners in a manner similar to Children Service, Mental Health, and Developmental Disabilities levies.
- The Budget Commission shall provide a recommendation of action to the County Commissioners prior to county levying agencies receiving a vote on new or existing levy action by the County Commissioners.

Talking Points

- *Ohio is a local control state. The changes being proposed disenfranchises and undermines the rights of local voters.*

- *In many cases there are public libraries with service area and taxing boundaries in multiple counties. This bill could cause extreme confusion and inconsistent application of levies.*
- *51% of the total funding for public libraries comes from the state through the Public Library Fund. The only other major sources of revenue for Ohio's public libraries are from local property tax levies. Any changes to this structure of funding will have a significant impact on the services that are being provided locally.*
- *Proponents of HB 309 claim this legislation is needed in order to keep tax rates and revenues low by strengthening the financial oversight arm of a county. However, the County doesn't fund public libraries. Furthermore, no public library taxing authority funds libraries out of their budget. It's not the taxing authority's levy, nor does a taxing authority's name appear on the ballot when a public library seeks a levy.*

HB 335 – Comprehensive Property Tax Bill

- Various changes to school district property taxes
- Beginning in tax year 2025, effectively repeals inside millage for most political subdivisions except townships
- Authorizes a county to offer a property tax exemption that would “piggy-back” on the existing state homestead exemption. However, unlike the state homestead exemption, local governments would not be reimbursed for their revenue loss.
- With respect to certain levies that a county budget commission (CBC) is currently required to authorize without modification after confirming they are properly authorized:
 - Limits a requirement that all levies in excess of the ten-mill limitation (voted levies) be approved without modification to apply only to the first year of collection, with additional allowance for reduction of renewal levies and years when the taxing unit specifically requests a lower amount.
 - Provides that a request for a lower rate with respect to a voted levy applies only to the succeeding fiscal year unless specifically stated in the request.
 - Limits approval without modification of inside millage for debt charges to those necessary for unsatisfied debt charges, and applies that standard to all levies, rather than inside millage only, as under current law.
 - Explicitly states that a request by a political subdivision for a reduced rate or reduced guaranteed inside millage applies only to the succeeding year unless stated otherwise in the request.
- With respect to any levy for which CBC authority to reduce is not specifically limited:

- Requires a CBC to hold a hearing anytime the unencumbered balance estimated to remain in a fund at the end of a fiscal year exceeds 30% of the estimated expenses from that fund to determine if levies deposited into the fund should be reduced to avoid excessive collections.
- Authorizes the taxing authority to present its position as to whether the levy should be reduced and provide evidence supporting that position.
- Allows a CBC to reduce a levy following the hearing such that collections are reduced up to the amount by which the estimated balance for a fund exceeds 30% of the estimated expenses from the fund in that year.
- Requires boards of county commissioners to seek the recommendation of the CBC as to whether a tax should be submitted to electors before doing so.
- Allows a county auditor, prosecutor, or treasurer to appoint a designee to serve on the CBC.
- Places the burden of proof on a taxing unit to show the need for additional revenue when challenging any levy reductions made by the CBC before the Board of Tax Appeals (BTA).
- Requires the BTA to make a decision on a CBC challenge within the same calendar year in which the appeal is filed.
- In order to seek an alternate PLF funding formula, the bill requires that only a majority of the libraries under the existing county PLF formula support the change.

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