



THE BUCKEYE INSTITUTE

Reining In Unvoted Property Tax Increases

Interested Party Testimony
Ohio Senate Local Government Committee
Ohio House Bill 186

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As Submitted

Chair O'Brien, Vice Chair Gavarone, Ranking Member Smith, and members of the Committee, thank you for the opportunity to submit written testimony regarding **Ohio House Bill 186**.

My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

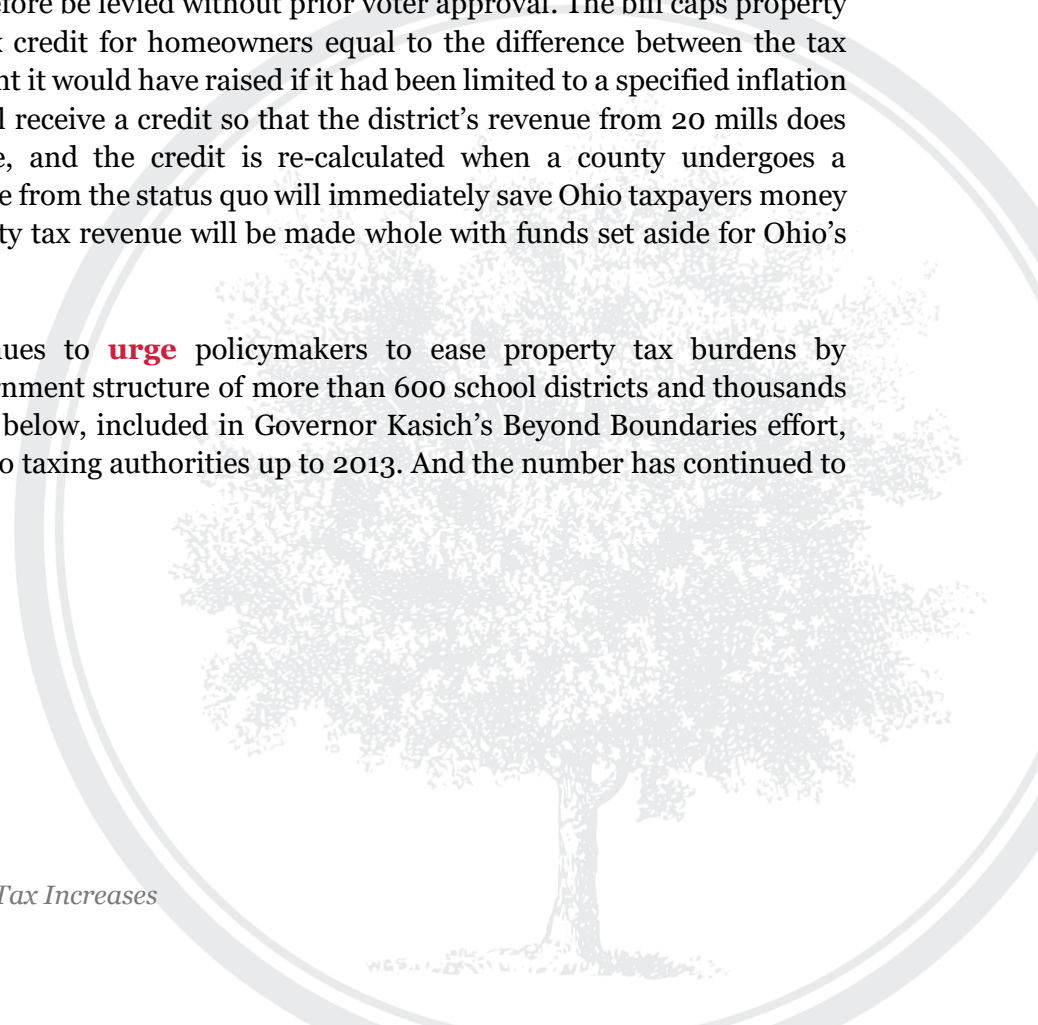
Ohio's property taxes and complex municipal income tax structure imposed the **8th highest local tax burden** as a percentage of income in the nation in fiscal year 2022—up from **12th in fiscal year 2021**. In addition to costs and inefficiencies created by a byzantine local government system, homeowners and small businesses now routinely face unpredictable property tax spikes spurred by historic inflation levels, leading some to openly call for **abolishing property taxes** altogether.

House Bill 186 is one of the most significant property tax reform legislation since **House Bill 920** passed in 1976. Without exploring every aspect of the legislation, I want to highlight what The Buckeye Institute foresees as most beneficial for over-burdened homeowners.

House Bill 920 created a cap, or reduction factor, on the increase of property taxes, but also allowed for the **"20-mill floor,"** which guarantees public school districts a minimum tax rate regardless of voter approval.

House Bill 186 substantially changes Ohio's 20-mill floor, which is not subject to House Bill 920 reduction factors and can therefore be levied without prior voter approval. The bill caps property tax increases by creating a tax credit for homeowners equal to the difference between the tax collection's floor and the amount it would have raised if it had been limited to a specified inflation rate. Every property owner will receive a credit so that the district's revenue from 20 mills does not exceed that inflation rate, and the credit is re-calculated when a county undergoes a reappraisal. This bold departure from the status quo will immediately save Ohio taxpayers money and schools that forego property tax revenue will be made whole with funds set aside for Ohio's expanded sales tax holiday.

The Buckeye Institute continues to **urge** policymakers to ease property tax burdens by streamlining Ohio's local government structure of more than 600 school districts and thousands of taxing entities. The graphic below, included in Governor Kasich's Beyond Boundaries effort, shows the historical rise in Ohio taxing authorities up to 2013. And the number has continued to rise.



Growth of Local Government

Regionalism 1980-2013	38 Convention & Visitor Bureaus [69]	39 Joint Fire or Ambulance District [145]	40 Solid Waste Management Authority [52]	41 County Family & Children First Council [88]	42 Joint Economic Development Districts [30]	43 Multi-City/ County Jails [4]	44 Transportation Improvement Districts [13]	45 Community Schools [369]	46 Workforce Investment Boards (WIB) [20]	47 Special & Energy Improvement Districts [17]	48 Community Land Reutilization Corp. [14]	49 Lake Facilities Authorities [0]	
Great Society 1960-1980	25 Metropolitan Planning Organization [13]	26 Community College Districts [6]	24 Joint Vocational School District [49]	28 Water and Sewer District or Authority [91]	29 ADAMH Boards [53]	30 Board of Developmental Disabilities [88]	31 Council of Governments (COG) [103]	32 Education Technology Center (Ed Tech) [8]	33 Area Agency on Aging [12]	34 New Community Organizations [UNK]	35 Transit Authority [62]	36 Public Defender Commissions [42]	37 Information Technology Center (ITC) [22]
Postwar 1940-1960	19 Soil and Water Conservation Districts [88]		20 Children's Services Boards [24]		21 County JFS (62 also Children Services) [85]		22 Local Planning Commissions [UNK]		23 Senior Centers [450]		24 Port Authorities [54]		
LGF Created													
Turn of the Century & Depression 1900-1940	12 Municipal & County Courts [165]		13 Educational Service Centers (ESC) [55]		14 Park Districts, Joint Rec Districts, Zoos [90]		15 Airports [97]		16 Local Health Districts [124]		17 Community Improvement Corporations [266]		18 Metropolitan Housing Authority [75]
Early Statehood 1803-1900	1 Townships [1,308]	2 County Governments [88]	3 Cities [249] Villages[689] [938]	4 Common Pleas Courts [88]	5 Traditional School District [614]	6 Public Hospitals [18]	7 Agricultural Societies (Fairs) [87]	8 Appeals Courts [12]	9 Library Districts [251]	10 Veterans Service Commissions [88]	11 Boards of Election [88]		

Should House Bill 186 be enacted, The Buckeye Institute continues to recommend eliminating unfunded state mandates that force local governments to raise taxes to meet Columbus's demands, and advocates incentivizing local governments to share resources or consolidate to reduce excessive levies as counties and municipalities look to diversify their tax bases without inside millage. The *Beyond Boundaries* report and *The Buckeye Institute* have offered guidance for consolidation and service-sharing across jurisdictions that can save taxpayer dollars and make public services more efficient.

The Buckeye Institute commends representatives Thomas and Hoops for introducing House Bill 186 and taking a decisive step toward a more efficient local government structure and property tax system. That step is sorely needed to protect Ohio taxpayers from an outmoded, undemocratic system that has cost them dearly.

Thank you for your time and attention.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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