

Ohio Tax Changes & School Funding

Pocket Guide for Board Members

1. What Changed with Ohio Property Taxes

- Ohio passed new laws to **slow the growth of property taxes**.
- These changes were meant to help homeowners facing sharp tax increases.
- While helpful to taxpayers, these changes also **reduce how fast school funding can grow**.

Key point to share: > Property tax relief for homeowners means **less money for schools over time**.

2. The 5 Property Tax Reform Bills (Plain Explanation)

The Ohio General Assembly passed **five** property tax reform bills aimed at slowing tax growth. These bills work together and can affect school funding.

House Bill 124 – Changes How Property Values Are Checked

- The state reviews sales to make sure county property values are set correctly.
- This bill changes that review process and gives **county auditors more control** over which sales are used.
- Result: it may lead to **different (often lower) value adjustments**, which can slow property tax growth.

Talking point: > This changes how home values are reviewed, which can slow future tax increases.

House Bill 335 – Limits Inside Millage Growth

- Inside millage is a portion of school property taxes that does **not require voter approval**.
- This bill limits how fast inside millage revenue can grow, even when property values increase.
- Result: schools receive **less natural growth** from rising property values.

Talking point: > This bill slows school funding growth even when the community grows.

House Bill 186 – Limits Growth for Districts at the 20-Mill Floor

- Some districts are at the state-required minimum tax level called the 20-mill floor.
- This bill limits how fast taxes can rise after property value updates.
- Homeowners receive credits if taxes would increase too quickly.

Talking point: > This protects taxpayers but reduces school revenue growth.

House Bill 129 – Changes How the 20-Mill Floor Is Calculated

- Changes what counts toward the 20-mill floor after reappraisals.
- Can prevent automatic tax increases in some districts.
- May move districts off the floor, reducing future collections.

Talking point: > This lowers future tax collections tied to the floor.

House Bill 309 – Expands County Budget Commission Authority

- Gives county budget commissions more power to adjust tax rates.
- Allows review of rates considered higher than needed.
- Adds more uncertainty for long-term school funding.

Talking point: > This adds another layer of uncertainty for school budgets.

Overall Effect of These Bills

- These bills aim to reduce or slow property tax growth.

- None replace lost school revenue with state funding.
- The combined effect is **less predictable and slower-growing funding** for schools.

Key takeaway: > Property tax reform helped taxpayers but shifted more responsibility to local communities.

What the County Auditor's Data Shows

Table: Phase-In Schedule for Property Tax Credit Changes for Non-Agricultural Property

Tax Year	Non-Business Credit Rate	Owner Occupancy Credit Rate	Total Credit Rate
TY 2025	10.00%	2.50%	12.50%
TY 2026	7.50%	5.70%	13.20%
TY 2027	5.00%	8.92%	13.92%
TY 2028	2.50%	12.15%	14.65%
TY 2029	0%	15.38%	15.38%
Onwards	0%	15.38%	15.38%

Source: Logan County Auditor – Jack Reser

As property tax credits increase and school revenue decreases, districts must rely more on stable local funding sources like an income tax levy.

What This Table Means

- The **10% non-business credit** is being phased out.
- At the same time, the **owner-occupancy credit increases** each year.
- Homeowners may see **more total credit**, but schools receive **less tax revenue** as credits increase.
- These changes are **permanent** once fully phased in.

Talking point: > Tax credits for homeowners are increasing, but schools are not receiving replacement funding from the state.

If Someone Challenges the Numbers

Question: “Are these numbers real or just projections?”

Answer: > These numbers come directly from the Logan County Auditor and reflect state law changes already passed. They are not estimates — they are scheduled changes written into law.

Question: “Doesn't the state make up the difference?”

Answer: > No. The state did not fully fund the Fair School Funding Plan in the most recent budget, so districts must cover these losses locally.

3. How These Changes Affect Our School District

- Schools rely heavily on **local property taxes** to pay for:
 - Teachers and staff
 - Student programs
 - Building maintenance
 - Safety and transportation
- New limits on property taxes mean:
 - Slower revenue growth
 - Less money from rising home values
 - Fewer resources unless voters approve new levies

- Our district estimates **millions of dollars less revenue over the next several years** due to these changes.

Key point to share: > Even when costs go up, school funding does not keep pace anymore.

4. The Fair School Funding Plan: What Didn't Happen

- Ohio created the **Fair School Funding Plan** to better fund public schools.
- The plan was supposed to:
 - Use real costs of educating students
 - Reduce reliance on local property taxes
 - Increase state funding over time
- In the most recent **Biennial Budget**, the Ohio General Assembly:
 - Did **not fully update** the funding formula
 - Did **not fully fund** the plan
- This left districts paying more costs locally than promised.

Key point to share: > The state said it would fix school funding — but didn't finish the job.

5. Rising Costs Schools Cannot Avoid

Even with tight budgeting, school costs continue to rise:

- Health insurance
- Utilities and fuel
- Special education services
- Transportation costs
- Required safety and security measures

Key point to share: > Schools face the same inflation families do — but without guaranteed funding increases.

6. The Push to Eliminate Property Taxes in Ohio

- Some state leaders and citizen organizations are discussing **eliminating property taxes entirely**.
- There is **no clear replacement plan** to fully fund schools if this happens.
- Removing property taxes without replacement would:
 - Create major funding gaps
 - Increase uncertainty for schools
 - Shift costs to other local taxes

Key point to share: > Eliminating property taxes without a plan puts public schools at risk.

7. Simple Community Message (One-Minute Explanation)

Ohio changed property tax laws and didn't fully fund its school funding plan. At the same time, costs keep rising and there is talk of eliminating property taxes altogether. An alternative funding solution must be found that helps keep our schools stable and protects students from cuts caused by decisions made at the state level.