

What can Ohio lawmakers do to stop historic property tax increases in 2024?

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Property taxes are scheduled to increase across Ohio in 2024, and it seems like every state lawmaker has a plan to soften the blow.

"Everyone is paying more for groceries and gas. When they get these tax bills, they are going to be the straw that breaks their back," Rep. Thomas Hall, R-Madison Township, said. "I think a lot of legislators are starting to come under fire for that because the legislature does have the power to make changes."

But they have to act quickly.

Bills take 90 days to become law after the governor signs them, which means any legislation passed in October or later wouldn't change the calculations used to create tax bills in January 2024. The only way to impact what homeowners pay next year is to add an emergency clause, which would convert the bill into law as soon as Gov. Mike DeWine signed it.

Emergency clauses require extra votes, though.

In the House, the threshold rises from a simple majority of 50 votes to 66. And Hall, who is pushing to temporarily alter how property values get calculated, isn't sure he has enough votes.

"We will have caucus hopefully this week to maybe get a better understanding," he said. "We're technically already out of time."

Emergency clause or not, here is what Hall and his fellow lawmakers are proposing and when each plan might impact property tax bills.

Limit increases for lower-income Ohioans

Property tax increases can price people out of their homes, especially those who earn less or live on a fixed income. And Sen. Hearcel Craig, D-Columbus, has been hearing from many of them.

Franklin County's property values are increasing by an average of 42%. Some Columbus neighborhoods though, like Bridgeview Hills, have jumped 200% since homes were last assessed in 2020. Twenty-three other neighborhoods increased by more 150%.

And while there isn't a one-to-one increase from property values to property taxes, the bills going out in January could be hundreds of dollars more.

"This is a critical issue," Craig said. "The thing that I am most concerned about is the lives of long-term residents desperate to stay in their homes."

That's why he introduced Senate Bill 136 to limit property tax increases to 5% for homeowners who earn at or below their county's median income.

Local entities like schools, parks departments and libraries wouldn't lose any money. Nor would other homeowners have to pick up their slack. Instead, the state would cover any lost revenue like it already does with the homestead exemptions for seniors and disabled veterans.

In Franklin County, this would save taxpayers about \$288 million, Craig said. And it would apply to more than 68,000 homes.

A fiscal note detailing how much SB 136 might cost Ohio has not been generated yet, but Craig hasn't received pushback about the potential price tag.

"No homeowner or family should be priced out of prosperity," Craig said. "I'm willing to work with leadership and members around this issue. Compromise is important, but I think it's vitally important we find a solution to this."

Ideally, that meant getting SB 136 passed this fall.

70 under 70 plan

Hall and Rep. Dani Isaacsohn, D-Cincinnati, have introduced another idea for helping those on fixed incomes keep their houses.

House Bill 263, known as the 70 under 70 plan, would freeze the property taxes of people older than 70 whose household income is less than \$70,000 annually. Their taxes would then rise with inflation instead of property values.

And like Craig's proposal, the state would pay local taxing entities for any lost revenue.

"It gives them the ability to plan and keep their home," Isaacsohn said.

Change how we calculate home values

The legislation most likely to pass with emergency clauses are two that would change how counties calculate home values.

Currently, Ohio's tax commissioner uses the last year of home sale data. Senate Bill 153 and House Bill 187 would switch that to three years.

"Both sides of the aisle spent their way out of the pandemic causing this inflation for the last two years. And it translated directly to the housing

market," Hall said. "We're arguing these are hyper-inflated values and numbers that we've never really seen before."

And three years would lower the value increases for some owners significantly. Butler County, for example, would drop from an average of 42% to 25%.

Schools and other taxing districts wouldn't get less than they do now, but their revenue increases wouldn't be as big.

That's why Rep. Sean Brennan, D-Parma, voted the House bill out of committee earlier this month. A former school teacher himself, Brennan said he couldn't get behind any legislation that would cut the existing funding for local services.

The change would also be temporary, lasting for tax years 2023, 2024 and 2025. The idea being that this would serve as a temporary fix while lawmakers found a long-term solution.

But the County Auditor's Association of Ohio isn't on board with the idea.

"It is not the value increase that people will be hurt by; it is the way we have structured our taxing system," Warren County Auditor Matt Nolan told lawmakers in June.

Cover the bills

Another idea would be for Ohio to appropriate a sum of its own dollars to pay down people's property tax bills in 2024.

"I think it is absolutely the best approach for the pinch we are in," Sen. Bill Blessing, R-Colerain Township, said.

The money could go out immediately, eliminating the need for an emergency clause. It wouldn't change Ohio's tax code or require auditors to recalculate all their rates. It wouldn't change the amounts local districts are expecting. And Ohio's revenue forecasts have been coming in above expectations.

"We have the money to do this now," Blessing said. And it would "buy us time" to take a step back and rethink how Ohio taxes homeowners.

Finding future relief

Senate President Matt Huffman, R-Lima, described Ohio's property tax system as a complicated machine that gets new pieces and parts every few years.

"This is one of the reasons we created the joint task force to study property taxes," Huffman told reporters earlier this month.

That task force, which has yet to hold its first meeting, will meet over the next year and ideally propose a set of reforms for Ohio's property tax system.

Blessing is expected to participate, but any reforms likely won't take effect until late 2024 or even 2025.

"We have to get this done sooner rather than later," Hall said. "At the end of the day, if we don't do anything these taxes are really going to hurt a lot of Ohioans."