



# OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE

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## Ohio General Assembly Sends \$60.23 Billion State Operating Budget to the Governor

The Ohio General Assembly yesterday enacted [House Bill 96](#), the two-year state operating budget, sending the \$60.23 billion package to Governor Mike DeWine for his consideration and potential vetoes. The Ohio Senate passed the budget by a vote of 23-10, before the Ohio House of Representatives approved it 59-38. Although a more comprehensive list of measures will be forthcoming, the following is a list of how the Chamber's most recent conference committee priorities fared:

### TAXATION

#### *State Income Tax*

- Among the most noteworthy of budget provisions is the reduction of the state's income tax to a flat rate of 2.75%. At present, there are three state income tax rates: 0% for taxable income from \$0 to \$26,050, 2.75% for taxable income from \$26,051 to \$100,000, and 3.5% for taxable income over \$100,000. The Senate proposal is a phased-in approach over two years, with the top rate dropping to 3.125% for 2025, then down to 2.75% for 2026.

#### *Property Tax Reform*

- HB 96 also introduces significant reforms to the state's property tax system, with a focus on addressing the unvoted increases from certain school district levies, county budget commission authority, and property tax challenge procedures. Some of the property tax language from legislation previously introduced and supported by the Ohio Chamber and the Ohio Taxpayer Protection Coalition were included in the budget, such as HB 28, HB 232, SB 66, HB 129, and HB 309.
- The final budget also adjusts the 50% carryover threshold set in the Senate budget to 40% and prohibits a school district with over 100% cash balance from proposing a current expense levy (except for renewal levies). Additionally, it allows a county budget commission to reduce millage on any voter-approved tax levy, aside from a debt levy, at the request of the taxing authority or if the commission finds it reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections.

#### ***Data Center Sales Tax Exemption***

- Despite the Chamber signing onto a coalition advocacy letter, the legislature failed to restore the sales tax exemption for data centers. The OCC and the coalition will now advocate to Governor DeWine to line-item veto this provision and retain this incentive, aided by a forthcoming OCC Research Foundation study on the Economic Impact of Data Centers in Ohio. That study reports that Ohio now ranks 5th nationally by facility count (~179) with the Data Center Industry supporting roughly 95,000 jobs in 2024. The industry also added \$11.8 billion to state GDP in 2024 and contributed \$1 billion in state and local tax revenues. The Columbus area is now estimated to be the 7th largest data center metro globally, and industry investments across the state are positioning Ohio as a leader in the 21st century economy. Restoring this incentive bolsters the momentum and investments made by Ohio's data center industry and continues Ohio's digital renaissance.

#### **EXPANDING ACCESS TO AFFORDABLE CHILD CARE**

- In conjunction with the Chamber's request, the conference committee **restored** House language implementing the **Child Care Cred Program**(Public-Private Cost Sharing Partnership) at \$10M/FY26, which creates a voluntary cost-sharing program among

employers (shouldering 40% of child care costs), employees (40% of costs), and the state (assuming 20% of child care costs).

- The conference committee not only kept language modernizing Ohio's regulatory system for child care, but it also added additional language for Ohio to align further with private pay models, increase access and capacity available for families, and streamline administrative burden for families and providers.

## **BOLSTERING EFFORTS TO MARKET OHIO AS A PREMIER DESTINATION TO VISIT, LIVE, AND WORK**

- The conference committee restored the House's increased line-item for TourismOhio to market Ohio, *The Heart of It All*, as a great place to visit, live, and work. Surrounding states average \$25 million annually to market their states. The budget for TourismOhio the past two years was only \$7.5M per year. The House had increased TourismOhio funding, and the Senate had removed the increase. The Ohio Chamber of Commerce had called for the increase to be restored, and the conference committee did so by funding TourismOhio at \$11m a year in FY26 and FY27.
- The conference committee maintained the Senate's leveraging of Ohio's \$4.8 billion unclaimed property fund to help finance both the Brook Park stadium proposal and future projects elsewhere. The Ohio Chamber supported this effort as it will attract year-round activity, resulting in more major events in Ohio and more tourist spending in our state. The Brook Park proposal involves a first class, multi-use domed stadium (Ohio's first ever) that would lure large-scale conferences, concerts, and sporting events such as the Final Four and College Football Bowl and Playoff games.
- The conference committee maintained the Senate's funding for America 250-Ohio (also known as the Ohio Commission for the U.S. Semiquincentennial), which provides \$8.75M in FY26 and \$2M in FY27. America 250-Ohio Commission activities are already underway and will continue to grow as we approach the landmark anniversary in 2026. These activities include heritage tree plantings, Ohio Goes to the Movies, Trails and Tales, and more; and they engage all 88 Ohio counties. The Ohio Chamber is proud to support America 250-Ohio as their work is connecting citizens, educating students, encouraging visitors, and helping to create a sense of place for Ohio, *The Heart of It All*, as a great place to visit, live and work.

## **ECONOMIC DEVELOPMENT AND INCREASING OHIO'S HOUSING AVAILABILITY**

- The Chamber had hoped to salvage enough **All-Ohio Future Funds** to ensure the completion of multiple promising site projects. The legislature thankfully has kept the fund in place, with a balance the OCC internally estimates is approximately \$200 million. While it remains to be seen what sites might be awarded funding and how quickly, the retention of these site development funds is a critical victory.
- The conference committee kept intact two important Chamber-supported housing provisions:
  1. A provision to protect housing developments constructed in conjunction with mega project developments from referendums.
  2. A provision raising the signature threshold for referendums to be placed on the ballot from 15% to 35% for townships in Home Rule townships and statutory cities.

## **HEALTH CARE**

- Although the conference committee reinserted a provision requiring Pharmacy Benefit Managers (PBMs) to reimburse Ohio-incorporated pharmacies at the "actual acquisition cost" of drugs, they kept out a proposal for a per-prescription dispensing fee ranging from \$10.50 to \$15.47, as set by the Ohio Department of Insurance (ODI). The Chamber proudly worked to block this mandate, which would have substantially increased healthcare and prescription drug costs across the state.
- The OCC also was successful in the removal of a provision altering the default reimbursement rate for out-of-network ambulance services set by Ohio's surprise billing law from 100% to 250% of Medicare. This change would have weakened and unraveled surprise billing protections in Ohio and significantly raised healthcare costs for employers and their employees.

## **MISCELLANEOUS**

The conference committee's revisions incorporated into the final budget bill also:

- Upheld Chamber-added language in the Senate establishing an **Unemployment Compensation Integrity Board**. This new Board creates a stakeholder group of business and labor to provide input and feedback on unemployment rules and policies that ODJFS considers. Additionally, it builds upon the recommendations from the Unemployment Compensation Modernization and Improvement Council's report and Auditor Faber's ODJFS performance audit, since both encourage greater public private partnerships to administer unemployment programs and prevent fraudulent filings.
- Restored Chamber-supported House language allowing credit union and bank "student branch" programs to qualify for the financial literacy graduation requirement.
- Kept out a Chamber-opposed provision constraining the choice of higher education institution options available to **Governor's Merit Scholarship** recipients. The final language removes all references requiring private colleges and universities to comply with Senate Bill 1 and guaranteed admissions, while restoring qualifications to the top five percent of high school graduates and guaranteeing scholarships of \$5,000 per year for four years. Students who accept the scholarship must sign a statement of commitment to reside in Ohio for at least three years.

The OCC Government Affairs Team will continue to analyze the numerous changes made in the final budget against all the spending and policy priorities the Chamber vocalized throughout each leg of the budget process. HB 96 now heads to Governor DeWine's desk, where he will review all measures and weigh any appropriate vetoes before signing the two-year state operating budget into law. We will continue to keep you apprised of developments along the way.