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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
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Office

**H.B. 344**  
**(with AM1675)**  
**135<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 344's Bill Analysis](#)

**Version:** In House Ways and Means

**Primary Sponsors:** Reps. Mathews and Hall

**Local Impact Statement Procedure Required:** Yes

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### **Highlights**

- Elimination of replacement levies could result in loss of tax revenue, in an indeterminate amount.
- Tighter limits on property tax complaints by parties other than property owners could reduce tax revenue by an uncertain amount.

### **Detailed Analysis**

#### **Replacement levies eliminated**

The bill would eliminate the ability of local taxing authorities to enact replacement levies, repealing the Revised Code section (R.C. 5705.192) that authorizes them. This change could result in loss of an indeterminate amount of tax revenue for some political subdivisions. The section would be repealed on the bill's effective date. However, if a taxing authority acts under that section prior to its repeal to replace an existing levy, the vote on the replacement levy would proceed, except that no replacement levy could be submitted to voters at elections held after October 1, 2024. The bill would not alter the ability of school districts and local governments to seek voter approval for other types of levies authorized by current law.

Replacement levies have been described as sometimes confusing to voters, which could lead some to vote for tax increases that they did not intend to support.<sup>1</sup> The extent, if any, of

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<sup>1</sup> For an example, see Joe Nichols, "Compare apples to apples when it comes to property levies," The Buckeye Institute, May 18, 2014: [buckeyeinstitute.org/blog/detail/compare-apples-to-apples-when-it-comes-to-property-levies](https://buckeyeinstitute.org/blog/detail/compare-apples-to-apples-when-it-comes-to-property-levies).

such confusion's effects on the outcome of votes on replacement levies is unknown. A replacement levy generally extends the term of an expiring levy for the same purpose, but the real property tax reduction factors accumulated under the expiring levy are removed. This sometimes results in an effective tax increase. Replacement levies are not considered renewals of the existing taxes they replace when determining effective tax rates.<sup>2</sup> Voters who focus only on the voted or gross rate might not realize that the replacement levy would increase their taxes.

## **Property tax complaint changes**

The bill tightens limits imposed by H.B. 126 of the 134<sup>th</sup> General Assembly on property tax complaints by parties other than property owners. These tighter limits will tend to reduce, by an uncertain amount, tax revenue to school districts and other political subdivisions.

The bill provides that a political subdivision can file a property tax complaint with respect to property the subdivision does not own only if the complaint is based on a sale evidenced by a conveyance fee statement filed within the two years preceding the year for which the complaint is filed. Current law requires that the property was sold before that year, but does not expressly include any limit on when that sale occurred.

The bill requires that before a complaint is filed by a third party acting on the subdivision's behalf, the subdivision must adopt a resolution authorizing the complaint. This extends current law requiring a subdivision, before filing a complaint, to adopt such a resolution.

The bill imposes a penalty of three times a property's annual taxes on a subdivision that fails to comply with these sale or resolution requirements. The penalty applies if the subdivision or a person acting on behalf of the subdivision improperly files a complaint, and is payable through the Board of Revision (BOR) to the property owner.

A school district would be prohibited by the bill from filing a property tax counter-complaint unless the original complaint was filed by the owner or lessee of the property. Under current law, school districts may file a counter-complaint with respect to any complaint, so long as the complaint seeks at least a \$50,000 change in the property's fair market value.

The bill extends the prohibition in current law on political subdivisions appealing BOR decisions to the Board of Tax Appeals, prohibiting also appeals from BOR decisions to courts of common pleas. The prohibition extends also to appeals from a BOR decision on a complaint filed by a third party.

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<sup>2</sup> R.C. 319.301. Effective tax rates for Class 1 (residential and agricultural) and Class 2 (all other) real property are figured separately. Carryover property is all real property taxed in the same class in the current year and the prior year, so it excludes new construction, property destroyed, and reclassifications.