

### **County budget commission authority**

- **Expanded power:** County budget commissions are given more discretion to reduce property tax levies that are deemed "unnecessary" or "excessive".
- **Restrictions:**
  - Levies cannot be reduced below the previous year's collection unless sufficient reserve funds exist.
  - School district levies cannot be reduced below the required 20-mill minimum for operating expenses.
- **"Safe harbor" period:** A new five-year "safe harbor" is established, meaning a newly voter-approved levy cannot be reduced by a budget commission during its first five years.
- **Public hearing:** Before adjusting a levy, the commission must hold a public hearing to allow the taxing authority to present its information.

### **School district funding**

- **Minimum levy:** The bill mandates a minimum 20-mill levy for school districts to cover operating expenses.
- **Funding distribution:** It includes updated administrative procedures for the Department of Education and Workforce regarding the calculation and distribution of funds to school districts.

**As Passed by the Senate**

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**Sub. H. B. No. 309**

**2025-2026**

**Representative Thomas, D.**

**Cosponsors: Representatives Daniels, Dean, Fischer, Fowler Arthur, Gross, Hall, T., John, Johnson, Peterson, Willis, Workman, Roemer, Glassburn, Brennan, Click, Craig, Creech, Deeter, Demetriou, Dovilla, Hiner, Holmes, Hoops, King, Kishman, Klopfenstein, Lampton, Mathews, A., Mathews, T., McClain, Miller, M., Newman, Plummer, Richardson, Ritter, Robb Blasdel, Salvo, Santucci, Sigrist, Stephens, Troy, Williams, Young**

**Senators Koehler, Cirino, Gavarone, O'Brien, Patton, Reineke, Roegner, Romanchuk, Schaffer**

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To amend sections 3317.01, 5705.31, 5705.32, and	1
5705.321 and to enact section 5705.60 of the	2
Revised Code to modify the law governing county	3
budget commissions and property taxation.	4

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

<b>Section 1. That sections 3317.01, 5705.31, 5705.32, and</b>	5
<b>5705.321 be amended and section 5705.60 of the Revised Code be</b>	6
<b>enacted to read as follows:</b>	7

<b>Sec. 3317.01. As used in this section, "school district,"</b>	8
<b>unless otherwise specified, means any city, local, exempted</b>	9
<b>village, joint vocational, or cooperative education school</b>	10
<b>district and any educational service center.</b>	11

<b>This chapter shall be administered by the department of</b>	12
<b>education and workforce. The department of education and</b>	13
<b>workforce shall calculate the amounts payable to each school</b>	14

district and shall certify the amounts payable to each eligible	15
district to the treasurer of the district as provided by this	16
chapter. Certification of moneys pursuant to this section shall	17
include the amounts payable to each school building, at a	18
frequency determined by the department, for each subgroup of	19
students, as defined in section 3317.40 of the Revised Code,	20
receiving services, provided for by state funding, from the	21
district or school. No moneys shall be distributed pursuant to	22
this chapter without the approval of the controlling board.	23
 The department shall, in accordance with appropriations	24
made by the general assembly, meet the financial obligations of	25
this chapter.	26
 Moneys distributed to school districts pursuant to this	27
chapter shall be calculated based on the annual enrollment	28
calculated from the three reports required under section 3317.03	29
of the Revised Code and paid on a fiscal year basis, beginning	30
with the first day of July and extending through the thirtieth	31
day of June. In any given fiscal year, prior to school districts	32
submitting the first report required under section 3317.03 of	33
the Revised Code, enrollment for the districts shall be	34
calculated based on the third report submitted by the districts	35
for the previous fiscal year. The moneys appropriated for each	36
fiscal year shall be distributed periodically to each school	37
district unless otherwise provided for. The department, in June	38
of each year, shall submit to the controlling board the	39
department's year-end distributions pursuant to this chapter.	40
 Except as otherwise provided, payments under this chapter	41
shall be made only to those school districts in which:	42
 (A) The school district, except for any educational	43
service center and any joint vocational or cooperative education	44

school district, levies for current operating expenses at least	45
<u>twenty mills, unless the school district is levying less than</u>	46
<u>that amount due to a reduction in collections made under</u>	47
<u>division (D) of section 5705.31 of the Revised Code or division</u>	48
<u>(A) of section 5705.32 of the Revised Code relating to a</u>	49
<u>declaration made by the board under division (E) of section</u>	50
<u>5705.29 of the Revised Code. Levies for joint vocational or</u>	51
cooperative education school districts or county school	52
financing districts, limited to or to the extent apportioned to	53
current expenses, shall be included in this qualification	54
requirement. School district income tax levies under Chapter	55
5748. of the Revised Code, limited to or to the extent	56
apportioned to current operating expenses, shall be included in	57
this qualification requirement to the extent determined by the	58
tax commissioner under division (C) of section 3317.021 of the	59
Revised Code.	60
 (B) The school year next preceding the fiscal year for	61
which such payments are authorized meets the requirement of	62
section 3313.48 of the Revised Code, with regard to the minimum	63
number of hours school must be open for instruction with pupils	64
in attendance, for individualized parent-teacher conference and	65
reporting periods, and for professional meetings of teachers.	66
 A school district shall not be considered to have failed	67
to comply with this division because schools were open for	68
instruction but either twelfth grade students were excused from	69
attendance for up to the equivalent of three school days or only	70
a portion of the kindergarten students were in attendance for up	71
to the equivalent of three school days in order to allow for the	72
gradual orientation to school of such students.	73
 A board of education or governing board of an educational	74

service center which has not conformed with other law and the	75
rules pursuant thereto, shall not participate in the	76
distribution of funds authorized by this chapter, except for	77
good and sufficient reason established to the satisfaction of	78
the department and the state controlling board.	79
All funds allocated to school districts under this	80
chapter, except those specifically allocated for other purposes,	81
shall be used to pay current operating expenses only.	82
<b>Sec. 5705.31. The county auditor shall present to the</b>	83
county budget commission the annual tax budgets submitted under	84
sections 5705.01 to 5705.47 of the Revised Code, together with	85
an estimate prepared by the auditor of the amount of any state	86
levy, the rate of any school tax levy as previously determined,	87
the tax commissioner's estimate of the amount to be received in	88
the county public library fund, the tax rates provided under	89
section 5705.281 of the Revised Code if adoption of the tax	90
budget was waived under that section, and such other information	91
as the commission requests or the tax commissioner prescribes.	92
The budget commission shall examine such budget and, if	93
the taxing authority is a board of education that has elected to	94
include projections pursuant to division (E) of section 5705.391	95
of the Revised Code, shall examine such projections. Using the	96
budget and, if applicable, included projections, the budget	97
commission shall ascertain the total amount proposed to be	98
raised in the county for the purposes of each subdivision and	99
other taxing units in the county and the need for those amounts.	100
Except as otherwise provided in this section, the county budget	101
commission may reduce the amount to be raised by any levy	102
pursuant to section 5705.32 of the Revised Code.	103
The commission shall ascertain that the following levies	104

have been properly authorized and, if so authorized, shall 105  
approve them without modification: 106

(A) All levies in excess of the ten-mill limitation in the 107  
first year they are levied, unless the levy is the renewal of an 108  
existing tax or the subdivision or taxing unit requests an 109  
amount requiring a lower rate for the succeeding fiscal year. 110  
Such a request for an amount requiring a lower rate applies only 111  
to the succeeding fiscal year unless the subdivision or taxing 112  
unit expressly states that the request is permanent. 113

(B) All levies for unsatisfied debt charges, including 114  
levies that remain necessary to pay notes issued for emergency 115  
purposes; 116

(C) The levies prescribed by division (B) of sections 117  
742.33 and 742.34 of the Revised Code; 118

(D) Except as otherwise provided in this division, a 119  
minimum levy within the ten-mill limitation for the current 120  
expense and debt service of each subdivision or taxing unit, 121  
which shall equal two-thirds of the average levy for current 122  
expenses and debt service allotted within the fifteen-mill 123  
limitation to such subdivision or taxing unit during the last 124  
five years the fifteen-mill limitation was in effect unless such 125  
subdivision or taxing unit requests an amount requiring a lower 126  
rate for the succeeding fiscal year, or if it expressed its 127  
intent to forgo collections from such a levy under division (E) 128  
of section 5705.29 of the Revised Code. Such a request for an 129  
amount requiring a lower rate applies only to the succeeding 130  
fiscal year unless the subdivision or taxing unit expressly 131  
states that the request is permanent. 132

Except as provided in section 5705.312 of the Revised 133

Code, if the levies required in divisions (B) and (C) of this section for the subdivision or taxing unit equal or exceed the entire minimum levy of the subdivision as fixed, the minimum levies of the other subdivisions or taxing units shall be reduced by the commission to provide for the levies and an operating levy for the subdivision. Such additional levy shall be deducted from the minimum levies of each of the other subdivisions or taxing units, but the operating levy for a school district shall not be reduced below a figure equivalent to forty-five per cent of the millage available within the ten-mill limitation after all the levies in divisions (B) and (C) of this section have been provided for.	134 135 136 137 138 139 140 141 142 143 144 145
If a municipal corporation and a township have entered into an annexation agreement under section 709.192 of the Revised Code in which they agree to reallocate their shares of the minimum levies established under this division and if that annexation agreement is submitted along with the annual tax budget of both the township and the municipal corporation, then, when determining the minimum levy under this division, the auditor shall allocate, to the extent possible, the minimum levy for that municipal corporation and township in accordance with their annexation agreement.	146 147 148 149 150 151 152 153 154 155
Divisions (A) to (D) of this section are mandatory, and commissions shall be without discretion to reduce such minimum levies except as provided in such divisions.	156 157 158
If any debt charge is omitted from the budget, the commission shall include it therein.	159 160
<b>Sec. 5705.32. (A) <u>As used in this section:</u></b>	161
<b>(1) "Unnecessary collections"</b> mean collections from a tax	162

<u>beyond the reasonably anticipated financial needs of the taxing authority for the specific purposes of the tax after accounting for current fund balances, projected expenditures, and other available funding sources.</u>	163 164 165 166
<u>(2) "Excessive collections" mean collections from a tax in an amount or at a rate that exceeds what is required to provide services at a level that is consistent with statutory obligations.</u>	167 168 169 170
<u>(B) The county budget commission shall adjust the estimated amounts required from the general property tax for each fund, as shown by the tax budgets or other information required to be provided under section 5705.281 of the Revised Code, so as to bring the tax levies required therefor within the limitations specified in sections 5705.01 to 5705.47 of the Revised Code, for such levies. The commission may revise and adjust the estimate of balances and receipts from all sources for each fund and shall determine the total appropriations that may be made therefrom.</u>	171 172 173 174 175 176 177 178 179 180
<u>If a taxing unit declared its intent to forgo all or a portion of collections under division (E) of section 5705.29 of the Revised Code, the commission shall adjust the rate of each levy as required to result in that reduction in collections.</u>	181 182 183 184
<u>(B) (C) Except as otherwise provided in section 5705.31 of the Revised Code, the county budget commission may adjust the estimated amounts required from the general property tax for each fund, as shown by the tax budgets or other information required to be provided under section 5705.281 of the Revised Code, so as to bring the tax levies required therefor within levels the commission finds reasonable and prudent to avoid unnecessary or excessive collections. Before reducing the amount</u>	185 186 187 188 189 190 191 192

or rate of any tax pursuant to this division, the commission 193  
shall provide the taxing authority of the levying taxing unit 194  
and the levying taxing unit an opportunity to present, at a 195  
public hearing, information either considers relevant to the 196  
questions of if and to what extent the levy should be reduced. 197

If the county budget commission adjusts amounts from any 198  
tax levied by a taxing unit that is not a qualifying 199  
subdivision, the adjustment shall be subject to both of the 200  
following: 201

(1) No levy shall be reduced below the level that would 202  
cause it to collect less than what the levy collected in the 203  
preceding year, unless funds are available from reserve balance 204  
accounts, nonexpendable trust funds, or carryover amounts to 205  
offset a reduction below that level, and the budget commission 206  
shall consider reserve balance accounts, nonexpendable trust 207  
funds, and carryover amounts for that purpose; 208

(2) No levy may be reduced under division (B) of this 209  
section to a level that would cause a school district subject to 210  
division (A) of section 3317.01 of the Revised Code to levy less 211  
than twenty mills for current operating expenses as required by 212  
that division. 213

(D) The commission shall fix the amount of the county 214  
public library fund to be distributed to each board of public 215  
library trustees that has qualified under section 5705.28 of the 216  
Revised Code for participation in the proceeds of such fund. The 217  
amount paid to all libraries in the county from such fund shall 218  
never be a smaller per cent of the fund than the average of the 219  
percentages of the county's classified taxes that were 220  
distributed to libraries in 1982, 1983, and 1984, as determined 221  
by the county auditor. The commission shall base the amount for 222

distribution on the needs of such library for the construction 223  
of new library buildings, parts of buildings, improvements, 224  
operation, maintenance, or other expenses. In determining the 225  
needs of each library board of trustees, and in calculating the 226  
amount to be distributed to any library board of trustees on the 227  
basis of its needs, the commission shall make no reduction in 228  
its allocation from the fund on account of additional revenues 229  
realized by a library from increased taxes or service charges 230  
voted by its electorate, from revenues received through federal 231  
or state grants, projects, or programs, or from grants from 232  
private sources. 233

(E) Notwithstanding the fact that alternative methods 234  
of financing such needs are available, after fixing the amount 235  
to be distributed to libraries, the commission shall fix the 236  
amount, if any, of the county public library fund to be 237  
distributed to each board of township park commissioners, the 238  
county, and each municipal corporation in accordance with the 239  
following: 240

(1) Each municipal corporation in the county shall receive 241  
a per cent of the remainder that equals the per cent that the 242  
county auditor determines the classified property taxes 243  
originating in such municipal corporation in 1984 were of the 244  
total of all of the county's classified property taxes in 1984. 245  
The commission may deduct from this amount any amount that the 246  
budget commission allows to the board of township park 247  
commissioners of a township park district, the boundaries of 248  
which are coextensive with or contained within the boundaries of 249  
the municipal corporation. 250

(2) The county shall receive a per cent of the remainder 251  
that equals the per cent that the county auditor determines the 252

classified property taxes originating outside of the boundaries of municipal corporations in the county in 1984 were of the total of all of the county's classified property taxes in 1984.	253 254 255
The commission may deduct from this amount any amount that the budget commission allows to the board of township park commissioners of a township park district, the boundaries of which are not coextensive with or contained within those of any municipal corporation in the county.	256 257 258 259 260
<u>(D)(F)</u> The commission shall separately set forth the amounts fixed and determined under divisions <u>(B)(D)</u> and <u>(C)(E)</u> of this section in the "official certificate of estimated resources," as provided in section 5705.35 of the Revised Code, and separately certify such amount to the county auditor who shall be guided thereby in the distribution of the county public library fund for and during the fiscal year. In determining such amounts, the commission shall be guided by the estimate certified by the tax commissioner and presented by the auditor under section 5705.31 of the Revised Code, as to the total amount of revenue to be received in the county public library fund during such fiscal year.	261 262 263 264 265 266 267 268 269 270 271 272
<u>(E)(1)(G)(1)</u> At least five days before the date of any meeting at which the budget commission plans to discuss the distribution of the county public library fund, it shall notify each legislative authority and board of public library trustees, county commissioners, and township park commissioners eligible to participate in the distribution of the fund of the date, time, place, and agenda for the meeting. Any legislative authority or board entitled to notice under this division may designate an officer or employee of such legislative authority or board to whom the commission shall deliver the notice.	273 274 275 276 277 278 279 280 281 282

(2) Before the final determination of the amount to be allotted to each subdivision from any source, the commission shall permit representatives of each subdivision and of each board of public library trustees to appear before it to explain its financial needs.	283 284 285 286 287
<u>(F)(H)</u> If any public library receives and expends any funds allocated to it under this section for the construction of new library buildings or parts of buildings, such library shall be free and open to the inhabitants of the county in which it is located. Any board of library trustees that receives funds under this section and section 5747.48 of the Revised Code shall have its financial records open for public inspection at all reasonable times.	288 289 290 291 292 293 294 295
<b>Sec. 5705.321. (A) As used in this section:</b>	296
(1) "City, located wholly or partially in the county, with the greatest population" means the city, located wholly or partially in the county, with the greatest population residing in the county; however, if the county budget commission on or before January 1, 1998, adopted an alternative method of apportionment that was approved by the city, located partially in the county, with the greatest population but not the greatest population residing in the county, "city, located wholly or partially in the county, with the greatest population" means the city, located wholly or partially in the county, with the greatest population whether residing in the county or not, if this alternative meaning is adopted by action of the board of county commissioners and a majority of the boards of township trustees and legislative authorities of municipal corporations located wholly or partially in the county.	297 298 299 300 301 302 303 304 305 306 307 308 309 310 311
(2) "Participating political subdivision" means a	312

municipal corporation or township that satisfies all of the	313
following:	314
(a) It is located wholly or partially in the county.	315
(b) It is not the city, located wholly or partially in the county, with the greatest population.	316
(c) Public library fund moneys are apportioned to it under the county's alternative method or formula of apportionment in the current calendar year.	318
(B) In lieu of the method of apportionment of the county public library fund provided by division <del>(C)</del> <u>(E)</u> of section 5705.32 of the Revised Code, the county budget commission may provide for the apportionment of the fund under an alternative method or on a formula basis as authorized by this section.	321
Except as otherwise provided in division (C) of this section, the alternative method of apportionment shall have first been approved by all of the following governmental units: the board of county commissioners; the legislative authority of the city, located wholly or partially in the county, with the greatest population; and a majority of the boards of township trustees and legislative authorities of municipal corporations, located wholly or partially in the county, excluding the legislative authority of the city, located wholly or partially in the county, with the greatest population. In granting or denying approval for an alternative method of apportionment, the board of county commissioners, boards of township trustees, and legislative authorities of municipal corporations shall act by motion. A motion to approve shall be passed upon a majority vote of the members of a board of county commissioners, board of township trustees, or legislative authority of a municipal	326
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corporation, shall take effect immediately, and need not be	342
published.	343
Any alternative method of apportionment adopted and	344
approved under this division may be revised, amended, or	345
repealed in the same manner as it may be adopted and approved.	346
If an alternative method of apportionment adopted and approved	347
under this division is repealed, the county public library fund	348
shall be apportioned among the subdivisions eligible to	349
participate in the fund, commencing in the ensuing calendar	350
year, under the apportionment provided in divisions <del>(B)</del> <u>(C)</u> and	351
<del>(C)</del> <u>(D)</u> of section 5705.32 of the Revised Code, unless the repeal	352
occurs by operation of division (C) of this section or a new	353
method for apportionment of the fund is provided in the action	354
of repeal.	355
(C) This division applies only in counties in which the	356
city, located wholly or partially in the county, with the	357
greatest population has a population of twenty thousand or less	358
and a population that is less than fifteen per cent of the total	359
population of the county. In such a county, the legislative	360
authorities or boards of township trustees of two or more	361
participating political subdivisions, which together have a	362
population residing in the county that is a majority of the	363
total population of the county, each may adopt a resolution to	364
exclude the approval otherwise required of the legislative	365
authority of the city, located wholly or partially in the	366
county, with the greatest population. All of the resolutions to	367
exclude that approval shall be adopted not later than the first	368
Monday of August of the year preceding the calendar year in	369
which distributions are to be made under an alternative method	370
of apportionment.	371

A motion granting or denying approval of an alternative method of apportionment under this division shall be adopted by a majority vote of the members of the board of county commissioners and by a majority vote of a majority of the boards of township trustees and legislative authorities of the municipal corporations located wholly or partially in the county, other than the city, located wholly or partially in the county, with the greatest population, shall take effect immediately, and need not be published. The alternative method of apportionment under this division shall be adopted and approved annually, not later than the first Monday of August of the year preceding the calendar year in which distributions are to be made under it. A motion granting approval of an alternative method of apportionment under this division repeals any existing alternative method of apportionment, effective with distributions to be made from the fund in the ensuing calendar year. An alternative method of apportionment under this division shall not be revised or amended after the first Monday of August of the year preceding the calendar year in which distributions are to be made under it.	372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391
(D) In determining an alternative method of apportionment authorized by this section, the county budget commission may include in the method any factor considered to be appropriate and reliable, in the sole discretion of the county budget commission.	392 393 394 395 396
(E) On the basis of any alternative method of apportionment adopted and approved as authorized by this section, as certified by the auditor to the county treasurer, the county treasurer shall make distribution of the money in the county public library fund to each subdivision eligible to participate in the fund, and the auditor, when the amount of	397 398 399 400 401 402

those shares is in the custody of the treasurer in the amounts	403
so computed to be due the respective subdivisions, shall at the	404
same time certify to the tax commissioner the percentage share	405
of the county as a subdivision. All money received into the	406
treasury of a subdivision from the county public library fund in	407
a county treasury shall be paid into the general fund and used	408
for the current operating expenses of the subdivision.	409
 (F) The actions of the county budget commission taken	410
pursuant to this section are final and may not be appealed to	411
the board of tax appeals, except on the issues of abuse of	412
discretion and failure to comply with the formula.	413
 <u>Sec. 5705.60. (A) As used in this section, "qualifying</u>	414
<u>fixed-sum levy" means a tax levied on property at whatever rate</u>	415
<u>is required to produce a specified amount of tax money,</u>	416
<u>including a tax levied under section 5705.199 of the Revised</u>	417
<u>Code, but not including a tax levied in excess of the ten-mill</u>	418
<u>limitation to pay debt charges.</u>	419
 <u>(B) Each year, the tax commissioner shall determine by</u>	420
<u>what amount, if any, the rate of a qualifying fixed sum levy</u>	421
<u>must be changed for the levy to produce the levy's specified</u>	422
<u>amount of money for the current tax year. The tax commissioner</u>	423
<u>shall certify the amount determined for each fixed-sum levy to</u>	424
<u>the appropriate county auditor by the first day of September.</u>	425
 <u>(C) Each county auditor to whom a rate change is certified</u>	426
<u>under division (B) of this section shall apply the adjusted rate</u>	427
<u>for the current tax year.</u>	428
 <b>Section 2.</b> That existing sections 3317.01, 5705.31,	429
5705.32, and 5705.321 of the Revised Code are hereby repealed.	430