H.B. 129 Minimum Guarantee & Levy Changes

To: All County Auditors

From: Kelly Tennant, Executive Administrator, Division of Tax Equalization/SSW

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Introduction

On December 19, 2025, Governor DeWine signed House Bill 129 into law. This new law makes significant changes to the calculation of a school district's and joint vocational school district's (JVSD's) minimum guarantee (i.e., 20-mill floor and 2-mill floor, respectively) and how such districts may levy certain fixed-sum taxes going forward.

The purpose of this memorandum is to provide all county auditors an overview of the bill's relevant changes to promote uniform application of these statutory requirements across the State of Ohio.

Guidance

Floor Calculation Changes

Under previous law, certain levies, such as emergency and substitute levies, did not count towards a school district's 20-mill floor calculation or a JVSD's 2-mill floor calculation.

H.B. 129 now requires the following taxes levied for current expenses to be included when determining whether a school district or JVSD is "on" or "above" the 20-mill floor or 2-mill floor, respectively:

- Emergency levies
- Substitute levies
- Growth levies
- Conversion levies
- Fixed-sum property taxes tied to income-tax sharing structures

Growth levies, conversion levies, and fixed-sum property taxes tied to income-tax sharing structures will be included in the floor calculation for all districts starting in tax year 2026.

Existing emergency levies and existing substitute levies will be phased into the floor calculation over a three-year period starting in tax year 2026. More specifically, the bill requires a district's existing emergency and substitute levies to be included in the district's floor calculation beginning the tax year that ***any*** county, even if not the home county, in which the district has territory, undergoes a sexennial reappraisal or triennial update.

What this means for districts: Districts already on the 20-mill floor or 2-mill floor may be temporarily moved above it, reducing the automatic revenue growth they would normally receive when property values increase.

New Fixed-Sum Levies

Under the most recent budget bill, H.B. 96, districts may no longer place emergency levies or substitute levies, including renewals of such levies, on the ballot starting in 2026. However, H.B. 129 creates a new category, fixed-sum levies, that allows a district to renew an existing emergency or substitute levy (i.e., one approved prior to 2026) as a fixed-sum levy. Such levies must be renewed at the same or lower annual dollar amount (not millage) and also continue to receive rollback credits if the original levy was eligible.

In addition to renewing existing emergency or substitute levies, the new fixed-sum levy may also be levied if the district is in fiscal caution, fiscal watch, or fiscal emergency or if the district is affected by a federal or state disaster declaration. Each of these situations is declared by a specified state or federal authority.

In summary, the new fixed-sum levy only applies to the following circumstances:

- Renewing a pre-2026 emergency levy.
- Renewing a pre-2026 substitute levy.
- When the district is in fiscal caution, fiscal watch, or fiscal emergency, **or**
- When the district is affected by a federal or state disaster declaration (proposal must occur during or within two years after the disaster period).

The following additional criteria apply to these new fixed-sum levies, regardless of the circumstances:

- Must be for current operating expenses.
- May be levied for up to 5 years.
- Must follow a new required ballot language format listing the annual dollar amount and average millage equivalent.

A new fixed-sum levy that is a renewal of an emergency or substitute levy may be renewed; however, a new fixed-sum levy that is levied under a specified fiscal situation or disaster declaration may not be renewed.

What this means for districts: Emergency or substitute levies may be renewed but only as fixed-sum levies, which have more limitations and a shorter term. For districts in fiscal distress or recovering from an emergency, fixed-sum levies may also be levied to produce a stable annual amount of revenue.

What to Expect from the Division of Tax Equalization

Floor Calculation Changes

The Department of Taxation, Division of Tax Equalization (DTE) is currently preparing system updates to ensure the new floor calculations required by H.B. 129 are fully implemented in time for tax rate season later this year. As many of you know, minimum guarantee calculations occur at the end of the year during rate-and-factor season. Adjustments to millage are made through DTE's internal database and are reflected on the DTE 46. DTE is actively working with the Department's Information Technology team to update and test these system changes to ensure a smooth transition.

What this means for county auditors: You will begin seeing emergency, substitute, growth, and conversion levies, along with fixed-sum property taxes tied to income-tax sharing structures, incorporated into the millage-floor calculation beginning in tax year 2026. This reflects the statutory changes in H.B. 129 and will appear in DTE's normal certification materials.

New Fixed-Sum Levies

As explained in the memo dated January 29, 2026, DTE made various edits to several forms for changes enacted in the most recent budget bill, H.B. 96. DTE will continue to make necessary edits and may issue a new form to be used for the new fixed-sum levy type.

What this means for county auditors: DTE will issue further guidance on any necessary form changes. All such changes will be made in time for the 2026 general election.

Effective Date

H.B. 129 was signed on December 19, 2025, and is effective March 20, 2026.

Conclusion

This memo provides an overview of relevant changes and is not intended to be a comprehensive review of all changes enacted in H.B. 129. For reference, H.B. 129 is available on the General Assembly's website.

If you have any questions, please contact the Division of Tax Equalization at DTE@tax.ohio.gov.