H.B. 309 Levy Changes

To: All County Auditors

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

Date: 07/24/2026

Introduction

On December 19, 2025, Governor DeWine signed House Bill 309 into law. This memo provides an overview of relevant statutory changes enacted through H.B. 309 and outlines the implementation responsibilities for county auditors and county budget commissions (CBCs). These updates affect levy approval, levy rate adjustments, school district funding protections, and the administration of fixed-sum levies. The information below is provided to assist with compliance and support consistent statewide application of the new requirements.

Guidance

Changes to County Budget Commission Authority

H.B. 309 provides greater discretion to CBCs to adjust property tax levies. Key changes include:

A. First-Year Mandatory Approval of Voted Levies
   - CBCs are now required to approve voted levies without modification only in the first year of collection, unless the levy is a renewal.
   - After the first year, CBCs may evaluate and modify these levies to prevent unnecessary collections or excessive collections, discussed further below.

B. Authority to Reduce Levies
   - CBCs are now authorized to reduce levy rates or collections (for levies not required to be approved without modification) to levels which the CBC finds reasonable and prudent to avoid unnecessary collections or excessive collections, which are both defined in statute, as follows:

i. **Unnecessary collections** – "collections from a tax 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."

ii. **Excessive collections** – "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."

Before making any reduction, CBCs must hold a public hearing allowing the taxing authority to present any relevant information for consideration.

C. Restrictions on Reductions for Majority-Elected Taxing Authorities

- When adjusting levies for majority-elected taxing units:
  i. A levy may not be reduced below the prior year's collection unless sufficient reserve, nonexpendable trust, or carryover funds exist to offset the reduction. CBCs must consider these balances when deciding on adjustments.
  ii. A school district levy may not be reduced such that the district levies less than 20 mills for current operating expenses unless the school district specifically requests the reduction.

School District Safe Harbor Provision

H.B. 309 established a new safe harbor to prevent school districts from losing state education funding solely because they reduce millage below the 20-mill floor when doing so under a lawful request to forgo increased collections. This ensures that districts using a permitted CBC adjustment or authorized request under R.C. 5705.29(E) will not face loss of state aid due to reduced millage.

Administration of Fixed-Sum Levies

H.B. 309 transfers responsibility for annual fixed-sum levy rate adjustments, excluding debt levies, from the county auditor to the Tax Commissioner.

A. Annual Rate Adjustment by the Tax Commissioner

- Beginning with the 2026 tax year, the Tax Commissioner must:

i. Determine by what amount the rate of each qualifying fixed-sum levy must change to collect the specified voter-approved amount each year.
ii. Certify that change to county auditors by September 1 annually.

B. County Auditor Responsibilities

- Upon receiving certification:
  i. County auditors must adjust the rate accordingly and apply the updated rate for the current tax year.
  ii. County auditors must also continue to calculate any adjustments required for tangible personal property tax replacement payments, consistent with existing law.

What to Expect from the Department of Taxation

The Department of Taxation's Division of Tax Equalization (DTE) is currently implementing system updates necessary to calculate the annual rate adjustments for each fixed-sum levy, as required by H.B. 309. These updates will allow DTE to ensure that each levy continues to generate its voter-approved fixed amount. DTE is working closely with the Department's Information Technology team to update and thoroughly test these system changes so that the transition proceeds smoothly for both state and county partners.

What this means for county auditors: DTE will need your assistance in gathering specific information required to perform these calculations. Each county auditor will receive an email listing all fixed-sum levies identified within your county. We will ask that you confirm and provide the fixed-sum amount for each levy.

Once the necessary information has been collected and processed, DTE will, by September 1, issue a form to each county containing the millage adjustment needed to ensure each levy collects the correct amount. This updated millage will also be reflected on the DTE 27, which will be delivered in October as part of the standard annual process.

Effective Date

H.B. 309 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. 309. For reference, H.B. 309 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.