



Week of Feb. 26, 2024

A written update on major pieces of legislation will replace this week's virtual legislative update. Please view the end of this newsletter to access that update.

Former state tax commissioner says schools have tax-planned their way to the 20-mill floor

House Bill 920 is broken, and school districts broke it. That was the message this week from a former state tax commissioner to lawmakers who are grappling with ways to address changes to Ohio's property tax laws. **Tom Zaino**, a lobbyist and attorney who represents "all sized taxpayers, from the smallest to the largest" who also served as tax commissioner under Gov. **Bob Taft**, [spoke to members of the Joint Committee on Property Tax Review and Reform on Wednesday about the state's property tax system](#), while identifying problems with the current system and offering solutions to those problem areas.

Zaino alleged districts have tax-planned their way to the 20-mill floor through substitute levies, emergency levies, and school district income tax levies, all of which are not included in a district's 20-mill floor calculation. This "levy loophole incentive," Zaino argues, results in districts offering to voters only those three types of levies to allow the district to benefit from unrestrained growth in tax revenues. Zaino also reported that state Tax Department data indicate 343 districts are at the 20-mill floor and 264 of those districts, or 77%, have levies that are not included in the district's 20-mill floor calculation, meaning they represent either a substitute or emergency levy or school district income tax.

Zaino's recommendations include:

- factor in emergency levies, substitute levies, and school district income tax levies into a district's 20-mill floor calculation;
- limit emergency and substitute levies to true emergency situations with a limited timeframe;
- rename emergency and substitute levies to be more transparent to voters and clarify other levy terminology;
- require county auditors to conduct annual or bi-annual appraisals of property, rather than every six years with a three-year interim update;
- address rising property taxes for lower-income property owners by expanding the homestead exemption, creating a property tax deferral program, allowing monthly payment of property taxes, or creating a "circuit breaker" based on income; and
- addressing public utility assessment rates.

The committee also heard testimony from the National Conference of State Legislatures and the Council on State Taxation. School groups will be invited to testify before the joint committee on April 10 – the same day as Gov. **Mike DeWine's** State of the State.

Senate sends capitalism bill to DeWine, passes partial capital budget and CCP reform

The Ohio Senate on Wednesday sent to Gov. DeWine [Senate Bill \(SB\) 17](#), which requires capitalism to be incorporated into the state's financial literacy standards and model curricula. The Senate also passed [SB](#)

[104](#), which makes modifications to the College Credit Plus program. Prior to that vote, a Senate committee stripped from the bill provisions that would have required cost-sharing for textbook fees between colleges and universities and school districts when a student uses a textbook that is not an open-source, or free, material.

Finally, the Senate amended on the floor and passed [House Bill \(HB\) 27](#), which now includes \$1.4 billion in debt-financed spending, including \$600 million in school facility spending via the Ohio Facilities Construction Commission. These provisions are features of the typical capital appropriations bill, but appear to be another chapter in the saga of infighting between House and Senate Republicans. Weeks ago, the House sent [House Bill 2](#) to the Senate, adding to it one-half of the \$700 million budget surplus funding with various earmarked spending projects. The Senate has refused to act on that bill, indicating it will continue its work on the remaining capital appropriations measures when the legislature returns in April.

Huffman opines on licensure fees

During a press gaggle after Wednesday's session, Senate President **Matt Huffman** told reporters he does not favor raising teacher licensure fees to cover the State Board of Education's multi-million-dollar budget shortfall. "The way to deal with this may be you're spending more money than what your income is," said Huffman. "So, I'm not too interested in raising fees for teachers."

Senate committee hears testimony on various bills

The Senate Education Committee met this week to hear testimony on the following bills:

- sponsor testimony for [SB 208](#), which would require districts to include in their open enrollment policies an exception for military children.
- proponent testimony for [SB 205](#), which would require *annual* instruction in drug prevention education and include in that education the effects of marijuana and "illicit exogenous substances." Written testimony was provided by local ADAMHS boards, county behavioral health organizations, and Life Changing Experiences.
- proponent testimony for [HB 214](#), which would prohibit school districts from requiring staff to affirmatively ascribe to specific beliefs, affiliations, ideals, or principles concerning political movements, or ideology. Representatives from Tri-Valley Local School District testified in support of the bill.
- proponent testimony for [HB 250](#), which would rename the Military Enlistment Seal to become the Military Seal and qualify a student to earn the seal if they were accepted a scholarship to enter the Reserve Officer Training Corps (ROTC) or were appointed to a United States military service academy. There was no testimony.
- sponsor testimony for [HB 147](#), which would modify teacher licensure revocation provisions, teacher hiring practices, and classifications of conduct unbecoming to the teaching profession.

The committee will not meet again until the week of April 8 at the soonest.

Heard around the Statehouse

"Since at least 1994, emergency levies appear to now be routine and no longer indicate a true state of emergency." - **Tom Zaino**, speaking to the Joint Committee on Property Tax Review and Reform.

"(Emergency levies) are problematic to me. I have one school district, I think about 50% of their millage is emergency levies. I ask questions like, 'Is there a point where the emergency ends?' The response I get is, 'Dan, what do you have against the kids?'" - Rep. **Dan Troy**, a Democrat member of the joint property tax committee, speaking to **Tom Zaino** during witness testimony.

“We have to make a decision to make sure that this money is here. If that means small pain today versus the enormous pain that is now taking place in Illinois and California because they didn't want anybody to have pain 30 years ago, we have to do that.” - Senate President **Matt Huffman**, speaking to reporters about the health of Ohio's retirement systems.

Written bill updates in lieu of 3/1/24 meeting of the AHQE Legislative Committee

The following bills are of major importance to Alliance members. Other bills of major importance not listed below are reflected in the content above.

- HB 8 – Despite having an opportunity to pass the bill out of committee and the Senate before the month-long March recess, Sen. **Andrew Brenner** opted not to hold a hearing on the bill this week.
- HB 183 – The House did not vote on the same-sex bathroom bill before departing for its March recess. A vote could occur as soon as April.
- HB 187 – Only one vote – a House concurrence vote – remains for the bill that expands the homestead exemption for income-eligible seniors to reach Gov. DeWine's desk. The House, led by House Speaker **Jason Stephens**, has repeatedly refused to bring the bill to the floor for a concurrence and is unlikely to do so for the foreseeable future. Lawmakers are directing their focus now to the joint property tax committee for deliberation on options to address rising property values across the state.
- HB 339 – Rep. **Adam Bird**, chairman of the House Primary and Secondary Education Committee, indicated he will likely hold a third hearing for opponent testimony as soon as April 9 on the bill that would create educational savings accounts for students in nonchartered, nonpublic schools. The bill is unlikely to be enacted in a non-budget year.
- HB 344 – The House is expected to pass the bill, which eliminates replacement levies and narrows the property tax complaint process, when it returns in April from its March recess.
- SB 29 – The House has yet to hold a hearing on the bill that would prohibit technology providers from using student technology data for commercial purposes and prohibit districts from accessing or monitoring student communications on school-issued devices, with exceptions.
- SB 49 – Time is running out for changes to student attendance policies to be enacted in time for the 2024-25 school year, and Rep. Bird has his sights on SB 49 to make those modifications before lawmakers depart for their summer recess in mid-June.
- SB 162 – Despite several opportunities to do so, the House has not brought the bill up for a first hearing for sponsor testimony in the committee. It's expected that will happen in April with the legislature reconvenes.
- SB 168 – The House held sponsor testimony on the bill that provides deregulation and flexibility relief to districts and modifies licensure requirements. A second hearing for proponent testimony is expected in April, with additional modifications planned to the bill. It is anticipated this bill will pass committee before June but may not be enacted due to the political rift in the legislature.