



House Bill 335 – Property Tax Relief NOW Act Frequently Asked Questions Understanding the Impact on Ohio Public Schools

House Bill (HB) 335, the “Property Tax Relief NOW Act,” was introduced on June 4, 2025, and it represents one of the most sweeping overhauls of Ohio’s property tax system in decades. [HB 335](#) combines elements from several prior proposals ([HB 129](#), [HB 186](#), and [HB 309](#)).

While framed as a property tax relief measure, the bill would significantly disrupt the financial stability of public-school districts by eliminating inside millage, restricting levy options, authorizing reductions of voter-approved levies by administrative bodies, and introducing a tax credit mechanism that varies across communities.

The FAQ included below is designed to help school leaders and community members understand the financial, operational, and legal implications of HB 335 and actively advocate to protect Ohio’s public education system.

OVERVIEW

Q: What is HB 335?

A: HB 335 is a sweeping property tax reform bill that combines elements from several prior proposals (HB 129, HB 186, and HB 309). It would fundamentally change how property taxes are levied, limited, and allocated in Ohio, with devastating implications for public school districts.

Q: When was HB 335 introduced and by whom?

A: The bill was introduced on Wednesday, June 4, by Reps. Dave Thomas (R-Jefferson) and Bill Roemer (R-Richfield). Despite being framed as “property tax relief,” this represents the largest single reduction in school funding in Ohio history.

Q: Is this just about property tax relief?

A: No. While framed as property tax relief, HB 335 eliminates over \$1.5 billion in annual school district revenue with no replacement funding mechanism.

INSIDE MILLAGE ELIMINATION

Q: Does HB 335 eliminate inside millage for schools?

A: Yes. HB 335 removes the authority for school districts and other local governments to levy unvoted (inside) millage. Only townships would retain inside millage authority.



Q: How much money would districts lose from inside millage elimination?

A: Analysis shows \$1.354 billion in lost operating revenue, plus an additional \$129 million from the 122 districts that previously allocated inside mills to permanent improvements—over \$1.5 billion total.

Q: What happens to inside millage that districts previously reallocated to permanent improvement (PI)?

A: It is lost. HB 335 eliminates the ability to use inside millage for any purpose other than what is calculated within the 20-mill floor. The districts that moved inside mills to PI will lose both their capital funding and operational flexibility.

Q: Would any districts be protected?

A: Only districts already at the 20-mill floor with no emergency levies would see no immediate impact from inside millage elimination due to the impact of HB 920 and the tax reduction factors.

PROPERTY TAX CREDIT MECHANISM FOR 20-MILL FLOOR DISTRICTS (HB 186 LANGUAGE)

Q: How does the property tax credit work?

A: HB 335 limits growth in property tax collections to the inflation rate for districts at the 20-mill floor. If valuations rise faster than inflation, a tax credit is applied to reduce the taxes paid, lowering school district revenue. This creates different effective tax rates for identical properties based solely on location.

Q: How much would this cost districts?

A: The Legislative Budget Office projects that property tax credits will total \$41.9 million in TY 2025, increase to \$64.4 million in TY 2026 when additional counties carry out their triennial valuation process, and remain constant in TY 2027 as inflation is expected to be greater than the increase in property values. The estimated credit amounts decrease to \$23.3 million in TY 2028, as only business property values are expected to increase faster than inflation.

Q: Would the state reimburse districts for these credits?

A: No.

Q: Is the property tax credit mechanism constitutional?

A: This property tax credit mechanism is constitutionally questionable.



The Problem: Identical Homes, Different Tax Rates. The Ohio Constitution requires all property to be taxed uniformly. But HB 335 would create different effective tax rates for identical properties based solely on their location.

Real-World Example: Consider two identical \$200,000 homes in different districts:

- Current law: Both homes pay \$1,400 in taxes: $(\$200,000 \times 35\%) \times 0.02 = \$1,400$
- Under HB 335:
 - Home in high-growth district: $\$1,400 - (15\% \text{ credit}) = \$1,190$ tax bill
 - Home in moderate-growth district: $\$1,400 - (5\% \text{ credit}) = \$1,330$ tax bill
 - Home in low-growth district: $\$1,400 - (0\% \text{ credit}) = \$1,400$ tax bill (no change)

Why This Happens: The tax credit varies by district based on:

- How much property values increased in that district;
- Inflation rates over the preceding three years; and
- When the county conducts its reappraisal

Constitutional Issue: The Ohio Supreme Court ruled in the *Park Investment* cases that property must be “taxed by uniform rule according to value.” Creating different effective tax rates for identical properties violates this requirement.

Unlike Previous Tax Relief: Past constitutional tax relief (like the 2.5% homestead rollback) applied the same percentage to all qualifying properties. HB 335 creates shifting, unequal treatment where property owners can be “in” or “out” of the benefited class depending on factors beyond their control.

Bottom Line: This creates exactly the type of “patchwork of effective tax rates” that the Ohio Supreme Court has prohibited, making constitutional challenges highly likely.

COUNTY BUDGET COMMISSION AUTHORITY (HB 309 LANGUAGE)

Q: Can county budget commissions reduce school levies under HB 335?

A: Yes. If a school district’s unencumbered fund balance exceeds 30% of projected expenses, the county budget commission (CBC) may hold a public hearing and decide to reduce a levy for the next fiscal year (excluding the 20 mills required under law). This gives an administrative body the power to override voter-approved levies.

Q: What if a district is saving for future costs (e.g., capital needs, levy timing, enrollment growth)?

A: HB 335 does not account for the purpose or timing of cash balances. The CBC’s authority is triggered solely by the 30% fund balance threshold, regardless of district context or legitimate financial planning needs.



Q: Is there a constitutional concern with this change?

A: Yes, this proposed change raises issues under the nondelegation doctrine by giving county commissions broad authority without clear standards.

The Constitutional Requirement: Article XII, Section 2 of the Ohio Constitution is clear: taxes outside the 10-mill limitation can only be levied “when approved by at least a majority of the electors of the taxing district voting on such proposition.”

The Issue with HB 335: This bill effectively rewrites the Constitution by adding the phrase “subject to annual review by administrative agencies” to voter-approved levies. County budget commissions would gain the power to reduce taxes that voters specifically approved.

Why This Raises Constitutional Concerns:

- Voter Intent: When voters approve a levy, they are authorizing a specific amount of taxation for a specific purpose.
- Administrative Override: HB 335 allows county budget commissions to second-guess and reduce those voter decisions.

Nondelegation Doctrine Violation: The bill gives county budget commissions broad discretionary power without clear standards—what exactly constitutes “excessive collections”? How should commissions make these determinations? This type of vague delegation of legislative power violates constitutional principles.

Real-World Impact: A community could vote to approve a levy for specific educational needs, only to have an administrative body later decide those needs are not justified and cut the funding unilaterally.

Bottom Line: The Constitution requires voter approval for taxes outside the 10-mill limitation. HB 335 undermines this fundamental principle by allowing administrative bodies to override voter decisions.

LEVY RESTRICTIONS AND EMERGENCY LEVIES (HB 129 LANGUAGE)

Q: Will HB 335 affect existing emergency or substitute levies?

A: Yes. HB 335:

- Eliminates the ability to propose new emergency or substitute levies;
- Prohibits renewing existing emergency levies; and
- Requires districts to convert to standard current expense levies only.



Q: What changes are being made regarding levy reallocation?

A: Districts would be prohibited from changing the purpose of unvoted millage in ways that increase property tax revenue (e.g., shifting from operations to permanent improvements). Emergency and substitute levies would be included in the 20-mill floor calculation.

IMPLEMENTATION AND TIMING

Q: What is the projected timeline for impact?

A: If passed as part of the budget, impacts could begin as early as January 2026. Cash balance restrictions would potentially be effective first, followed by millage eliminations and capping growth for districts on the 20-mill floor.

Q: What is the “stacking effect” problem this legislation creates?

A: Districts could face county budget commission reductions first (based on cash balances), then inside millage elimination—compounding the financial impact.

Q: How complex would implementation be?

A: Implementation would be extremely complex. It would require district-specific calculations, new administrative systems, taxpayer education, and potentially litigation on its constitutionality.

CONSTITUTIONAL AND LEGAL ISSUES

Q: Is HB 335 constitutional?

A: Several provisions raise serious constitutional concerns:

- Non-uniform taxation (Art. XII, Sec. 2): Tax credits vary based on location and timing;
- Equal protection violations (Art. I, Sec. 2): Unequal treatment of taxpayers within the same class;
- Nondelegation problems: CBC authority exceeds constitutional boundaries; and
- Voter intent interference: Reducing voter-approved levies.

Q: What Supreme Court cases are relevant?

A: The *Park Investment* cases require uniform assessment ratios statewide. *State ex rel. Swetland v. Kinney* requires consistent classifications for tax relief. HB 335 violates both precedents.



PRACTICAL IMPACTS

Q: Will HB 335 cause districts to go to the ballot more often?

A: Yes, this is highly likely. By removing revenue tools and capping growth, districts may need to seek new levies more frequently just to maintain existing services. This could erode voter trust due to confusion over reduced tax bills followed by more levy requests—undermining the intended tax relief.

Q: What services could be cut?

A: Districts may need to revert to meeting only the state's minimum operating standards:

- Staff reductions and larger class sizes;
- Program eliminations (arts, music, sports, Advanced Placement);
- Facility closures or deferred maintenance;
- Transportation cuts; and/or
- Technology and textbook delays/reductions.

Q: Is there any offset or reimbursement for the lost revenue?

A: No. HB 335 does not provide a state offset to replace lost local revenue from any of the changes in the bill.

Q: Will there be tax shift as a result of HB 335?

A: Yes. Proponents of HB 335 have stated that schools and local governments can increase income and sales taxes to offset the loss of property tax revenue. However, because the repeal of inside millage will eliminate over \$800 million in property taxes paid by businesses, replacing these revenues with taxes paid by individuals will only exacerbate the substantial tax shift that Ohio has experienced for over 30 years. In 1991, businesses paid 52 % of school property taxes. By 2023, this percentage fell to 32.5%.

BROADER IMPLICATIONS AND IMMEDIATE ACTION STEPS

Q: What's the long-term impact on communities?

A: Communities with underfunded schools typically see:

- Reduced property values;
- Difficulty attracting businesses and families;
- Economic development challenges; and
- Families moving for better-funded education options.



Q: What should my district do right now?

A: Act immediately:

- **Model the impact:** Assess your inside millage, levy mix, cash balance, and future financial needs;
- **Engage your legislators:** Use clear, district-specific examples to explain consequences to your students and programs; and
- **Prepare your community:** Begin educating your community and stakeholders about potential cuts and impact.

Q: Is there still time to stop this?

A: Yes, but time is short. Legislative action is expected to move quickly, especially during budget season. You need to engage with your legislators now.

TARGETED RELIEF: AN ALTERNATIVE APPROACH TO A TEMPORARY PROBLEM

Q: Do current market conditions merit permanent structural changes to property tax policy?

A: Legislative Service Commission (LSC) analysis suggests the recent period of exceptional property value growth is moderating. The data indicates that permanent policy changes may not be necessary to address current conditions.

HB 186 - Fiscal Note Analysis:

- Property value increases are projected to decline from recent high levels;
- By 2026-2028, value growth is expected to more closely align with inflation rates; and
- The exceptional growth period of 2021-2024 represents a temporary market condition.

HB 129 - Fiscal Note Analysis:

- Future property value increases are projected to be “far below what the state has experienced in recent years”;
- The analysis shows decreasing fiscal impacts over time as markets normalize; and
- Property value growth is expected to slow through the reappraisal cycle.

Q: Are there alternative approaches to property tax relief that avoid the impacts to local governments and the essential services they provide?

A: Yes. Senate Bill (SB) 22, the circuit breaker approach, provides targeted relief to households with total resources under \$60,000 while maintaining school district revenues.



This approach addresses property tax affordability concerns without the \$1.5 billion reduction in school funding that would result from HB 335. A number of other states offer circuit breaker programs.

Circuit Breaker Approach:

- Maintains stable funding for local public services;
- Preserves property values supported by consistent service levels;
- Provides targeted relief without reducing public investment; and
- Supports workforce development through educational continuity.

HB 335 Approach:

- Will require reductions in local services and programs;
- Creates revenue uncertainty for local planning processes; and
- May affect long-term community development and attraction factors.