CLEVELAND UNIVERSITY HEIGHTS
CITY SCHOOL DISTRICT

Treasurer's Report
"3 Things"
Property Tax Legislation(HB335)
10/7/25

CH-UH Strategic Plan

Goal 5, Objective 3:

Inform and educate all stakeholders regarding District finances and school funding in Ohio.

#1 -HB 335 Property Tax Relief NOW Act

- Introduced by Representative David Thomas & Representative Bill Roemer
- Introduced: June 4, 2025
- 2nd Hearing October 1, 2025
- Next hearing tomorrow at 11:30am October 8
- Watch hearing here:

#2 - Proposal

- **Elimination of School Inside Millage** The core provision of HB 335 is the effective **repeal of "inside millage"** for most local political subdivisions, including school districts. Inside millage is the portion of property tax (up to 10 mills) that is currently levied without voter approval. The elimination of this funding source would strip school districts of an estimated **over $1.5 billion** in local operating revenue statewide with no state replacement plan.
- **Restrictions on Financial Levers** The bill significantly curtails a school district's ability to raise or manage local tax revenue. It includes provisions that:
  - **Prohibit new emergency and substitute levies,** which are key tools districts use for financial stability and long-term planning.
  - **Cap the growth of a district's tax revenue** derived from the 20-mill floor to the rate of **inflation**, regardless of higher increases in property valuation.
- **Control Over District Cash Balances** The legislation grants **County Budget Commissions (CBCs) expanded authority** to intervene in district finances. The CBCs would be authorized to reduce a school district's levies if its cash balance in any fund is deemed "excessive," defined as **exceeding 30%** of the estimated annual expenses. This essentially penalizes districts for maintaining responsible financial reserves.

#3 - Impact

As a district that relies heavily on local property taxes (with state funding typically covering a smaller percentage of its budget), CH-UH would face an impact consistent with the most affected suburban districts:

1. **Significant Revenue Loss:** Like other districts, CH-UH would immediately lose its portion of inside millage revenue **($7.6 million)**, a foundational source of funding for day-to-day operations and staffing. Similar districts are projected to lose anywhere from **$5 million to over $16 million annually,** translating into substantial job losses and program cuts.
2. **Forced Levy Campaigns:** The loss of this stable, predictable revenue would force CH-UH to go to voters for a new operating levy far earlier and more frequently than planned, simply to replace the lost funding and maintain current service levels.
3. **Strained Financial Planning:** The new 30% cash balance cap and restrictions on new levies would make long-term financial planning challenging, potentially undermining the district's ability to save for future capital projects or manage unexpected economic downturns.

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Questions

https://www.chuh.org/departments/finance/public-school-funding