



Sheffield-Sheffield Lake City Schools Legislative Update Fall 2026

Sheffield-Sheffield Lake City Schools Financial Losses

- HB 96 \$531,227 in calendar year 2026, with possibly more in future years.
- HB 129 \$516, 441 in year one and \$2.07 Million est. over the forecast
- HB 186 will be \$1.12 Million in year one and \$4.12 Million est. total over forecast

This would be a total of **\$6,621,227** estimated lost revenue to the District through June 2031 with recent legislative changes.

Below are the details of each of the legislative changes based on notes from the August 2026 Forecast presentation.

HB 129 Target Property Taxation

- 20-mill floor calculation: Includes emergency and substitute levy millage in the 20-mill floor calculation beginning in the next reappraisal or triennial update cycle of a county that contains territory of the district.
- This will affect our district in tax year 2027 to collect in 2028 and is estimated to reduce taxes received by \$516,441 from including the emergencies levies in the 20-mill floor, with continued loss of revenue annually in the future.
- Emergency and substitute levies approved before 2026 may be renewed as a fixed-sum current operating expense levy for up to five years and may be subsequently renewed.
- Removes the option to renew multiple emergency levies in a single ballot question.
- Districts in fiscal caution, watch, or emergency (or those impacted by declared disasters) may impose a new fixed-sum levy for up to 5 years, which may not be renewed.
- Changes affect elections beginning May 5, 2026.

HB 309 Expanded County Budget Commission Power Expanded County

- Allows County Budget Commissions (CBC) to reduce and override any voter-approved levy (except debt) to bring the taxes levied within levels the CBC finds reasonable and prudent to avoid unnecessary or excessive collections.
- Unnecessary collections: collections beyond the reasonably anticipated financial needs of the taxing authority, after considering fund balances, projected expenditures, and other available resources.
- Excessive collections: collections at a rate that exceeds what is required to provide services consistent with statutory obligations.
- Public Hearing Requirement: The CBC must give the taxing authority an opportunity to present information at a public hearing before any reduction.
- Preceding Year Collection Floor: A levy may not be reduced below the amount it collected in the preceding year unless the district has funds available from reserve balance accounts, nonexpendable trust funds, or carryover balances to offset a reduction.
- Exclusion of Debt Levies: The CBC is prohibited from modifying all levies for unsatisfied debt charges under this authority.

HB 335 Capping Inside Millage Growth

- Caps revenue growth from inside millage to inflation, measured by the GDP deflator over the prior three years in reappraisal/triennial update years.

HB186 Targets Property Taxation Retroactively

- Caps property tax growth at the 20-mill and 2-mill floors to inflation using the GDP deflator plus new construction over the three preceding tax years.
- Applies in counties undergoing reappraisal/update in tax year (TY) 2025 and thereafter.
- Retroactively applies for TY2023 and TY2024 reappraisal/update counties as if HB186 had been in effect then.
- Guarantees impacted school districts receive the same amount in property taxes as they received in TY2024; applies this guarantee in TY2025 for TY2023 reappraisal/update counties and TY2025 and TY 2026 for the TY2024 counties.
- We anticipate HB186 will cost us \$1.12 million in FY27 and possibly \$4.12 million through FY31 due to retroactive caps back to our last

reappraisal/update...No final 2nd half settlements yet to verify.

- We have received the HB186 Section 5 reimbursement of \$697,843 from Department of Tax Equalization for the FY27 payment, we estimate that there will be another payment in FY28 of \$558,274.
- FY27 expected to take the brunt of the HB186 implementation
- The TY2025 credit applies entirely against the second-half tax bill... most likely September or October due to new tax laws.
- Will incur 100% of the TY2025 revenue loss in FY27 when the second-half payment for TY2025 is due.
- Later in FY27, will incur 50% of the estimated TY2026 revenue loss when the first-half Feb/March 2027 payment is due.
- In FY28 and years thereafter, the more conventional pattern of 1st half and 2nd half settlements should resume.
- Does not retroactively adjust local capacity in state funding formula to account for lower effective assessed value due to tax claw backs creating a "double loss" for districts (less local revenue, less state aid).

HB 96 2025 Biennium Budget Bill

- HB96 the current state budget provided no increase in foundation funding. Only small amounts outside the formula.
- HB96 included a Piggyback Tax Exemptions law that allows County Commissioners to give a 2nd tax credit for Homestead and Homeowners 2.5% credit without reimbursement.
- The Piggyback exemption was approved by the Lorain County Commissioners and will cost our district \$531,227 split between FY26 and FY27.
- The Lorain County Commissioners did not vote for the piggyback exemptions for tax year 2026, collect in 2027.
- The Piggyback Exemption can be approved by the commissioner by July 1 of future years and presents another uncertainty about property tax collections.