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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
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Office

H.B. 614  
134<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Rep. Fowler Arthur

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### SUMMARY

- Extends the 10% property tax rollback to commercial timber property.

### DETAILED ANALYSIS

#### Partial property tax exemption for timberland

Under continuing law, real property that is not intended to be used primarily for business activity qualifies for a partial exemption from property taxation. The exemption, typically referred to as a “rollback,” reduces by 10% the taxes owed on inside millage and voted property tax levies first approved at an election held before September 29, 2013. New and replacement levies approved at elections held on or after that date are not included in computing the 10% rollback. The state is required to reimburse local governments and schools for the revenue lost due to the rollback.

Current law excludes farming and leasing for farming from the definition of “business activity,” so farmland generally qualifies for the exemption. The bill extends the farmland exclusion to all property used for agriculture.<sup>1</sup> “Agriculture” is a broader term that includes farming as well as the commercial production of timber.<sup>2</sup> The result of the change is that land used or leased for timber production would be eligible for the 10% rollback along with farmland and other nonbusiness property partially exempted under continuing law.

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<sup>1</sup> R.C. 319.302.

<sup>2</sup> R.C. 1.61, not in the bill.

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## COMMENT

The Ohio Constitution requires all property to be taxed by uniform rule.<sup>3</sup> One exception to this rule is the authorization for the General Assembly to put property into two different classes (a) residential and agricultural and (b) all other property, “solely” for the purpose of implementing the tax reduction factors.<sup>4</sup> The tax reduction factors are reductions designed to prevent tax collections from increasing at the same rate as property values. It is possible that the classification in the bill between residential and agricultural and all other property, can only be done with respect to the tax reduction factors. The current 10% rollback, by excluding timberland, does not divide property into these two classes.

However, the General Assembly is given broad plenary power to grant tax exemptions, so it is possible that granting the 10% rollback to timberland would be construed as simply an exercise of that power. It is not clear that allowing timberland to receive the 10% rollback would violate the Ohio Constitution. The courts have not considered the property classification provision outside of the context of the tax reduction factors.

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## HISTORY

Action	Date
Introduced	04-01-22

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<sup>3</sup> Ohio Constitution, Article XII, Section 2.

<sup>4</sup> Ohio Const., art. XII, section 2a.