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H.B. 677
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Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. T. Young

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SUMMARY

- Enacts the Tax Transparency Act, requiring taxing authorities seeking voter approval for property or income taxes to provide voters with certain minimum information about the proposed taxes, by either electronic means or ordinary mail.

DETAILED ANALYSIS

The bill enacts the Tax Transparency Act, requiring that certain information be sent to taxpayers when a taxing authority proposes a property or income tax levy to voters.

Property tax levies

Under the Ohio Constitution, local governments may levy unvoted property taxes, but only on up to ten mills on each dollar of a property's assessed value. (Ten mills is equivalent to 1%; a property's "assessed value" is 35% of its fair market value.) A taxing authority that seeks to levy a property tax in excess of the ten-mill limitation must submit that levy to voters.[1]

The bill requires that, when a taxing authority will submit a property tax levy to voters, the county auditor must send each property owner who will be subject to the tax certain information about the proposed levy at least 60 days before the election. The required information is:

- The taxing authority's name;
- The type of proposed tax. Specifically, whether it is an additional levy; a renewal, replacement, or substitution of an existing tax; or a renewal or replacement of an existing tax with an increase or a decrease;

[1] Ohio Constitution, Article XII, Section 2; R.C. 5705.02, not in the bill.

- The tax's purpose;
- The term of years the tax will be levied, or if the tax is for a continuing period of time;
- The proposed tax rate for the first year the tax will be levied, and, if the tax is a renewal, replacement, or substitution levy, the rate of the existing tax in the last year the existing tax will be levied, expressed in mills;
- The amount of taxes the auditor estimates will be charged against the property owner's property in the tax's first year, and, if the proposed tax is a renewal, replacement, or substitution levy, the amount of taxes the auditor estimates will be charged against the property in the existing tax's last year.

The auditor may deliver the information either by ordinary mail or by sending an electronic copy. If the auditor has an internet identifier of record (e.g., an email address) for a property owner, the auditor may send an electronic copy to that identifier. If the auditor does not have an internet identifier of record for a property owner, or if the property owner requests it, the auditor must send the notice by ordinary mail.

So that the county auditor can comply with these requirements, the bill requires taxing authorities to notify the county auditor of its proposed tax by certifying its ordinance or resolution proposing the tax to the auditor at least 75 days before the election where the tax will be submitted to voters. Under current law, that resolution or ordinance is only required to be submitted to the county board of elections (though, also under continuing law, the taxing authority is required to certify certain information to the county auditor, and receive certain information in return, before certifying a proposed tax levy to the board of elections).[2]

The bill also requires that taxing authorities reimburse the auditor for the expense of providing the notice.[3]

Income taxes

Under continuing law, municipal corporations (villages and cities), school districts, and some joint economic development districts (districts created by one or more municipal corporations and one or more townships) may levy income taxes. In most cases, such taxes require voter approval. To submit an income tax levy to voters, the taxing authority must certify a resolution or ordinance to the county board of elections at least 90 days before the election at which the tax will be proposed.[4]

Under the bill, after filing the resolution or ordinance with the county board of elections, and at least 60 days before the election, the taxing authority must compile a notice that includes all of the following:

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[2] R.C. 5705.03(B)(2) and (3).

[3] R.C. 319.41.

[4] R.C. 715.70; R.C. 718.04, 718.09, 718.10, and 5748.02, not in the bill.

- The name of the municipal corporation, joint economic development district, or school district;
- The rate of the proposed income tax, and, for municipal corporations and joint economic development districts, the amount of any increase if the proposed tax is an increase of an existing tax, and, for school districts, whether the proposed tax is a replacement or an increase of an existing income tax;
- The purpose of the tax;
- For municipal corporations and joint economic development districts, whether and to what extent a credit for income taxes paid to other taxing authorities will be allowed against the tax;
- The date of the election;
- The taxable year in which the tax will first be levied.

If an existing income tax is levied when the income tax levy is proposed, the municipal corporation, joint economic development district, or school district must send the notice to each taxpayer who either filed a tax return for the immediately preceding taxable year or was not required to file a return due to a credit allowed for income taxes paid to other local governments. If the municipal corporation, joint economic development district, or school district does not already levy an income tax, the notice must be sent to each tax mailing address in the taxing authority's jurisdiction based on the county auditor's records.

As with real property taxes (see "**Property taxes**," above) the notice may either be sent by ordinary mail or by sending an electronic copy. If an internet identifier of record for a taxpayer is available to the taxing authority, an electronic copy may be sent to that identifier. If an internet identifier of record is not available, or if a taxpayer requests it, the notice must be sent by ordinary mail.[5]

HISTORY

Action	Date
Introduced	05-16-22

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[5] R.C. 715.70(F)(7), 718.041, and 5747.11.