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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

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Office

**H.B. 129**  
**136<sup>th</sup> General Assembly**

## Final Analysis

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**Primary Sponsor:** Rep. D. Thomas

**Effective date:** March 20, 2026

Kitty Sorah, Attorney

### SUMMARY

- Requires that current expense fixed-sum levies be included in the calculation of a school district's 20-mill floor or a joint vocational school district's 2-mill floor for property tax purposes, as follows:
  - Includes existing emergency and substitute levies in the first tax year, beginning in tax year 2026, in which a county in which the district has territory undergoes a reappraisal or triennial update.
  - Includes existing growth and conversion levies and fixed-sum property taxes levied with a school district income tax beginning in tax year 2026.
- Allows school districts to levy property taxes that will generate a fixed sum of money in the following three circumstances:
  - A district that levies an emergency levy that was approved by voters before 2026 may renew that levy as a fixed-sum levy;
  - A district that levies a substitute levy that was approved by voters before 2026 may renew that levy as a fixed-sum levy at up to the sum the substitute levy collected in its final year;
  - A district may levy a fixed-sum levy if it is in fiscal emergency, watch, or caution, or if the U.S. President or the Governor has declared an emergency impacting the district.
- Requires that any new fixed-sum levy must be levied for current operating expenses and may only be levied for up to five years.

### DETAILED ANALYSIS

The act modifies two components of property tax law. First, the act changes the calculation of the 20-mill floor that guarantees school districts a certain level of property tax revenue. Specifically, the act adds fixed-sum levies, including existing emergency and substitute

levies, to the calculation of the floor. Second, the act authorizes school districts to levy property taxes that will generate a fixed sum of money under three circumstances.

## **Changes to school district millage floors**

Continuing property tax law applies a “tax reduction factor” to real property, with the goal of preventing property taxes from increasing at the same rate as property values. Basically, each year when property values increase, property tax collections are adjusted downward so that taxing districts receive the same amount of revenue they received in the previous year. These reductions are converted to an “effective tax rate.”

The tax reduction factor, under the Ohio Constitution, cannot apply to unvoted, or “inside” millage (explained below), or certain other types of operating levies, like fixed-sum levies, i.e., levies intended to raise a fixed amount of revenue each year.<sup>1</sup> Examples of the most common voter-approved fixed-sum levies include two that school districts could levy before 2026 – emergency and substitute levies. Emergency levies allowed a school district to collect a fixed amount of money every year. Substitute levies collected a fixed sum in their first year and then collected increasingly more in each later year based on the district’s increased valuation due to new construction and improvements.

There are some exceptions to the tax reduction factor – one of which is the 20-mill floor, which guarantees that a school district’s effective tax rate for current expense levies cannot fall below 20 mills. Instead, the tax reduction factor can only reduce a school district’s operating levy collections to 20 mills – once that “floor” is reached in a school district, the reduction factor cannot reduce effective tax rates any further. Consequently, any growth in property tax values will produce a corresponding increase in taxes from those 20 mills. If property values increase 35% in a school district that is “on” the 20-mill floor, homeowners will generally see a larger tax increase than in other districts that are not on the 20-mill floor. The tax increase will very likely be less than 35%, since the tax reduction factor will still apply to other local tax levies, e.g., county and township levies, but since school district levies typically make up a majority of a homeowner’s property taxes, the 20-mill floor will have a significant impact. Recently, a separate property tax reduction was enacted to potentially further reduce the collections of school districts on the 20-mill floor.<sup>2</sup>

Under continuing law, a similar 2-mill floor applies to joint vocational school districts (JVSDs).

### **Effect of additional floor-eligible current expense millage**

Under continuing law, a school district whose effective tax rate has been fixed at 20 mills by operation of the 20-mill floor, for either or both property classes, is still able to levy additional current expense taxes. In general, because effective rates are based off of taxes collected on

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<sup>1</sup> Ohio Constitution, Article XII, Section 2a; R.C. 319.301.

<sup>2</sup> See R.C. 319.303, not in the act, recently enacted in [H.B. 186 of the 136<sup>th</sup> General Assembly](#), available on the General Assembly’s website: [legislature.ohio.gov](http://legislature.ohio.gov).

carryover property in the preceding tax year, levying additional current expense millage will likely “raise” the school district’s effective millage rate off of the 20-mill floor. (Carryover property is property that was taxed in the current and preceding year in the same property class.) For example, if voters in a school district that is on the floor approve a 5-mill operating levy, then, for the first year the levy is added to the tax list and all other factors being equal, the effective rate of the district will be close to 25 mills (20 “floor” mills plus the five additional mills). Once at that higher threshold, the district’s effective tax rates will gradually reduce back to 20 mills as property values increase in the district.

A similar dynamic would happen under the act when operating levies currently not considered when calculating the floor would have become part of the floor computation (see **“Fixed-sum levies included in the millage floor calculation,”** below). For instance, if a district on the floor has a 5-mill fixed-sum levy, in 2026, assuming that is when the act adds it to the floor, the total millage included in the district’s 20-mill floor calculation would have increased to around 25 mills. This rate would have gradually decreased as the district’s effective operating millage subject to the tax reduction factor, i.e., voted fixed-rate levies, is reduced as property values increase. Beginning in tax year 2026, the act expressly codifies this dynamic to the extent any ambiguity exists under the current statutory language.<sup>3</sup>

### **Fixed-sum levies included in the millage floor calculation**

Under former law, the calculation of a school district’s 20-mill floor included only inside millage used for current expenses and voted, fixed-rate current expense levies. Fixed-sum levies were not included in the calculation, even if the revenue from those levies was used for current expenses.

The act expands the types of levies included in the floor calculation. The effect of these changes, for school districts that impose one or more of these levies, is to increase the total millage that is compared to the 20-mill floor. If the district was previously on the floor, the new calculation may push the district above the floor, as described above, with the result that the district will not see full revenue growth from its voted property tax levies that are affected by the tax reduction factor until the district falls back to the 20-mill floor.

### **Fixed-sum levies**

The act requires that current expense fixed-sum levies, including existing emergency and substitute levies, be included in a school district’s 20-mill floor calculation. Emergency and substitute levies will be included in the floor in the first tax year, beginning in tax year 2026, that a county in which the district has territory undergoes a reappraisal or triennial update. These levies will continue to be excluded from the tax reduction factors, since that mechanism cannot reduce the amount of money raised from such levies.

JVSDs are also authorized to levy an emergency or substitute levy, even though it appears that currently none of them do. Regardless, the act also includes any current expense emergency

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<sup>3</sup> R.C. 319.301(E)(4); Section 3.

or substitute levy in the computation of a JVSD's 2-mill floor according to the same timeline as traditional school district emergency and substitute levies.

Under the act, three other types of less common fixed-sum school district levies are also included in the computation of the 20-mill floor. All of the following levies will be included in the floor beginning in tax year 2026:

- A growth levy, which collects a fixed amount in its first year, and then an additional percentage or amount of revenue in each following year.
- A property tax that collects a fixed amount each year, levied in combination with a school district income tax.
- A conversion levy, which may no longer be submitted to voters after 2014, though existing levies may be renewed. This levy allowed school districts above the 20-mill floor to repeal and re-levy their taxes in excess of the floor as a single fixed-sum levy, with the express purpose of dropping the district onto the 20-mill floor.<sup>4</sup>

### **Fixed-sum property tax levies**

H.B. 96 of the 136<sup>th</sup> General Assembly – the most recent biennial budget act – repealed the authority of school districts to levy emergency and substitute levies, including renewals of existing emergency levies, starting in 2026.<sup>5</sup> The act allows school districts to levy property taxes that will generate a fixed sum of money, similar to an emergency levy, under three circumstances. In any of these circumstances, the levy must be labeled as a fixed-sum levy (not an emergency or substitute levy), must be for current operating expenses, and may only be levied for up to five years. In contrast, the purpose of an emergency levy under prior law was to provide for the emergency requirements of the district and it could be levied for up to ten years. Substitute levies could be levied for up to ten years or for a continuing period of time.

Under the act, school districts may levy a fixed-sum property tax under any of the following three situations:

- A district that levies an emergency levy that was approved by voters before 2026 may renew that levy as a fixed-sum levy at the same sum or a lesser sum. As under the previous law governing emergency levies, they may be renewed in the tax year they expire or the following year. However, unlike previous law, more than one emergency levy may not be included in a single renewal. These levies may be renewed.
- A district that levies a substitute levy that was approved by voters before 2026 may renew that levy, once it expires, as a fixed-sum levy at the same sum or a lesser sum than the substitute levy collected in its final year. (Existing substitute levies raise an increasing sum

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<sup>4</sup> R.C. 319.301(E)(1); Section 3.

<sup>5</sup> See R.C. 5705.03, 5705.194, 5705.199, 5705.219, 5709.92, and 5748.09 of H.B. 96 of the 136<sup>th</sup> General Assembly, As Enacted. These eliminations were vetoed by the Governor, but both the House and Senate voted to override the veto, so the eliminations will take effect as provided in H.B. 96.

each year. These renewal levies would just raise a fixed sum.) These levies may be renewed.

- A district may levy a non-renewable fixed-sum levy under either of the following circumstances:
  - The district is in fiscal emergency, watch, or caution declared by the Auditor of State;
  - If the U.S. President or the Governor has declared an emergency in all or part of the district's territory, and the district is impacted by the emergency, as determined by the Director of Education and Workforce at the time the question is being prepared to submit to voters, and the tax is proposed during the emergency declaration or within two years after it ends.

The act specifies that a fixed-sum levy that renews an existing emergency or substitute levy, and any subsequent renewal of that fixed-sum levy, will continue to be subject to the property tax credits, i.e., rollbacks, for nonbusiness property (10%) and owner-occupied residences (currently 2.5%) if the original levy was subject to those rollbacks.<sup>6</sup>

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## HISTORY

Action	Date
Introduced	02-24-25
Reported, H. Ways & Means	10-08-25
Passed House (81-16)	10-08-25
Reported, S. Local Gov't	11-19-25
Passed Senate (23-10)	11-19-25
House concurred in Senate amendments (81-8)	11-19-25

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<sup>6</sup> R.C. 323.32, 5705.01, 5705.03, 5705.194, 5705.195, 5705.196, 5705.197, and 5705.92.