



# OHIO LEGISLATIVE SERVICE COMMISSION

Philip A. Cummins

---

## Fiscal Note & Local Impact Statement

**Bill:** H.B. 342 of the 132nd G.A.  
(L\_132\_1356-3)

**Status:** In House Government Accountability and Oversight

**Sponsor:** Rep. Merrin

**Local Impact Statement Procedure Required:** No

**Subject:** Limits local tax-related proposals at August special elections and modifies ballot language

---

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- The bill would permit local tax-related proposals to appear only on general and primary election ballots, not on special election ballots, for proposed levies with a term of more than five years or a continuing period of time.
- Ballot wording on property tax proposals would be in terms of tax per \$100,000 of fair market value rather than per \$100 of tax valuation in current law.
- Changes would go into effect for elections in 2019 and thereafter.
- Reducing tax issues at special elections would result in savings for local governments.
- To the extent that local governments are more successful in passing tax levies at special elections, the change may indirectly reduce tax revenue.

### Detailed Fiscal Analysis

The bill would prohibit tax and certain tax-related issues from being placed on the ballot at an August special election if the term of the proposed tax is greater than five years or for a continuing period of time.<sup>1</sup> Types of issues covered include property taxes, county and transit authority sales taxes, school and municipal income taxes, lodging taxes, and others. Creation of certain joint economic development districts (JEDDs) for more than a five-year term would be prohibited. The bill would require that property tax rates be described in terms of dollars of tax owed per \$100,000 of fair market value, in place of per \$100 of taxable value in current law.<sup>2</sup> The changes would go into effect for elections held in 2019 and thereafter.

---

<sup>1</sup> Am. Sub. H.B. 64 of the 131st General Assembly eliminated special elections in February.

<sup>2</sup> Taxable value is 35% of fair market value.

Voting on tax and related issues accounts for most but not all of the issues presented to voters at special elections. Elimination of these issues except at general and primary elections would save the cost of holding these special elections. The costs of conducting special elections vary and depend on several factors, including the number of counties affected, the number of precincts that are required to be open within those counties, the total number of poll workers needed, and whether these precincts are in urban or rural areas. The Secretary of State generally estimates that the per-precinct costs for conducting elections can range from \$800 to \$1,500 per precinct. With more than 8,800 precincts in the state as of the November 2016 election, this would equate to about \$12,000 to \$22,000 for an average school district.

The entire cost of special elections held on a day other than the day of a primary or general election is charged to the political subdivision submitting an issue for voter approval, except that if a statewide special election is held on that day to consider a constitutional amendment, the costs are divided between the state and the subdivision. For a special election held on the same day as a primary or general election, the subdivision pays only a specified portion of the cost.<sup>3</sup>

A possible indirect effect of prohibiting local governments from seeking approval of tax or related issues at special elections pertains to rates of voter approval of tax issues at special elections relative to approval rates at general or primary elections. To the extent that local governments may be more successful in passing tax issues at special elections, the change could reduce tax revenues. However, a simple review of approval rates for property tax levies at the most recent four elections in August and November does not support this view. At elections in August of 2014 to 2017, 57% to 70% of property tax levies passed. This approval rate compares unfavorably with rates at elections in November of 2013 to 2016, at which 86% to 89% of property tax levies passed. However, local governments may have sought approval at August elections for levies deemed harder to get passed. A fuller comparison would take account as well of voting patterns in primary elections, and of other aspects of these elections such as whether the property levies were renewals of current millage or tax increases, whether voters in the taxing unit tended to approve or disapprove levies placed on the ballot, and outcomes of votes on other types of taxes.

Stating a property tax levy in terms of the tax per \$100,000 of fair market value rather than per \$100 of tax valuation would have no direct fiscal effect. Whether any electors would vote differently as a result of this change in ballot language, perhaps resulting in reduced local tax revenue, appears uncertain.

---

<sup>3</sup> R.C. 3501.17, not part of the bill.

## Synopsis of Fiscal Effect Changes

- The substitute bill allows political subdivisions to submit specified tax levies to voters at an August election if the term of the tax is five years or less. Such ballot questions were prohibited by the bill As Introduced.
- The substitute bill narrows a prohibition on a political subdivision submitting the question at an August special election of whether to create, expand, or dissolve a subdivision in which a tax may be levied, prohibiting only a ballot issue pertaining to creation of certain JEDDs for more than a five-year term.
- The substitute bill applies changes to elections after 2018. The bill As Introduced has no similar provision.

HB0342H1.docx/lb