



1851 CENTER FOR CONSTITUTIONAL LAW

PROPERTY TAX RELIEF AMENDMENT FAQs

The 1851 Center has drafted model language, described below, that would protect Ohio taxpayers from sharp property tax increases that threaten the affordability of housing across the state. The Amendment broadly prohibits the property tax bill on a parcel of property from increasing by more than two percent per year.

The 1851 Center is recommending that the Property Tax Relief Amendment, which would amend Article I of the Ohio Constitution (Ohio's "Bill of Rights"), appear on the ballot in November of 2022. If enacted, it would become the 22nd Section in Ohio's Bill of Rights, right behind Ohio's 21st section, the Health Care Freedom Amendment that voters enacted in 2011 (also drafted by the 1851 Center).

What is the exact language of the Amendment?

Be it resolved by the people of the State of Ohio that Article I, Section 22 of the Ohio Constitution be adopted and read as follows:

ARTICLE I

Property Tax Relief Amendment

Section 22 (A) No person may be compelled to pay, directly or indirectly, any property tax that is greater than two percent more than the amount of the real property tax levied on that same parcel of property in the prior year.

Section 22 (B) This Amendment shall be strictly enforced to protect Ohio taxpayers:

- i. This Amendment shall be applied without exception, other than the following: nothing in this section shall (a) prevent any person from voluntarily supporting any state or local governmental entity; (b) apply to increased rates of taxation approved prior to the enactment of this section; or (c) preclude a larger one-time increase in response to parcel splits, expiration of abatements, expiration of tax credits, or development of vacant land fully completed after the date of this Amendment.
- ii. No government shall impose or increase "fees," "assessments," monetary charges or payments in lieu of taxes for government services otherwise funded through taxation of real property or create new or special jurisdictions, agencies, or parcels that circumvent these limitations.
- iii. Any state court may enforce this Amendment.
- iv. Upon review in any legal action, all doubts must be resolved in favor of the taxpayer and the lawfulness or propriety of any taxes, fees, or assessments must be construed in favor of the taxpayer.
- v. Prevailing taxpayers shall be entitled to recover their costs and legal fees in any legal action to enforce this Amendment.

Section 22 (C) No other provision of the Ohio Constitution shall impair or limit the rights contained herein.

What does the Property Tax Relief Amendment do?

The Property Tax Relief Amendment (“PTRA”) permits Ohioans to rest assured that their property taxes will not be more than two percent higher than they were the year prior by forbidding increases greater than two percent per year, other than in highly unique circumstances.

This cap allows Ohio families and businesses to remain in the same home or storefront long-term and plan and budget for the future without fear of unexpected spikes in their property taxes or rent. It protects the cost of living for Ohio seniors, while protecting tenants from rent increases caused by property tax increases. It will result in less vitriolic tax levy elections for all Ohioans, and less challenges to property tax valuations by aggressive school districts, disempowering those districts’ armies of expensive lawyers and lobbyists.

The PTRA also includes safeguards to prevent public officials from gaming the system by labeling a higher tax as a “fee” or “assessment.”

Next, the PTRA softens Ohio voters’ long-run nightmare with confusing levy ballot language: renewal levies, replacement levies, and outright increases all increase the amount of property taxes owed to local government if passed. Under the PTRA, no levy may increase property taxes by more than two percent per year, irrespective of how it is labeled.

What doesn’t the Property Tax Relief Amendment do?

The PTRA does not cut funding for school districts or other taxing districts that rely on property taxes: it simply slows the rate at which taxes increase.

Likewise, the PTRA does not stop taxing jurisdictions from spending more than two percent more than they spent in the year prior when those funds come from federal, state, local government, their accumulated savings, investment earnings, other kinds of taxes, or donations (Many local governments maintain foundations to which those who wish to pay higher taxes can donate).

The PTRA does not stop taxing jurisdictions from increasing their revenue from property taxes beyond two percent annually by eliminating corporate welfare, such as tax abatements handed out to special interests or by expanding the tax base when vacant land is developed (this will also help keep housing affordable).

Why consider the Property Tax Relief Amendment?

First, Ohio’s property taxes are comparatively high, especially for a state that taxes residents in nearly every other way possible. Only 12 states maintain property taxes higher than Ohio’s.¹ And several of those states do not tax income, like Ohio. This leaves Ohio in lockstep with only government-centric states like Illinois, and the nation’s northeastern states.

Second, meaningful tax reform at the Ohio General Assembly has been ground to a halt by pro-taxation lobbyists who are often funded by Ohioans own tax dollars (for instance, the Ohio School Boards Association, Ohio Municipal League, and Ohio Township Association, and various public employee unions). Ohio public officials lack either the interest or fortitude to significantly restrain or cut income, sales, or property taxes, meaning that this is Ohioans’ best, and perhaps only, chance to cap the amount of money that government takes from them.

¹ <https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585>

Third, even if the legislature were more open to tax reform, the PTRAs are written to avoid the type of gamesmanship that legislators and pro-tax lobbyists would include in any such reform.

Fourth, one important additional benefit of the PTRAs is that less vitriolic, expensive, and time-consuming tax levy elections will need to be held. In taxing districts where valuations are already rising two percent per year, there will be no additional advantage in passing a higher tax rate. Conversely, there will be less aggressive pressures by taxing districts to fight to escalate valuations, as one's taxes may only increase by two percent per year even when the taxing district claims that the value of a home has doubled.

Fifth, this tax limitation can be accomplished without reducing core government services.

Isn't limiting property tax increase to two percent per year too strict?

No. *First*, tax increases should not exceed increases in the cost of living because schools do not need to increase spending more than the cost of living, and seniors and others should not be forced to increase tax payments by more than the cost-of-living adjustments to their wages and benefits just to remain in their own homes.

Second, according to the United States Treasury, the cost-of-living increases by approximately two percent or less nearly every year. The cost-of-living adjustments to keep pace with inflation were 0.0 percent in 2015, .3 percent in 2016, 2.0 percent in 2017, 2.8 percent in 2018, 1.6 percent in 2019, and 1.3 percent in 2020. The Social Security Administration explains that "Legislation enacted in 1973 provides for cost-of-living adjustments, or COLAs. With COLAs, Social Security and Supplemental Security Income (SSI) benefits keep pace with inflation."² COLAs are based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Third, Ohio's government schools, which receive a majority of property tax revenue, overspend. According to Department of Education statistics, Ohio spends more than most states on government education, and when it does so, it takes a higher percentage of residents' income than most states.³ Ohio spends the 18th most in the nation, at \$13,027 per pupil, which amounts to nearly four percent of all income earned in the state. \$8,155 of this amount is derived from property taxes. Only two states outside of the Northeast spend more than Ohio: Iowa and Illinois. And many states that better educate their children and better manage their economies spend *thousands* of dollars per year *less*, including Texas, Colorado, North and South Carolina, North and South Dakota, Idaho, Georgia, Florida, Arizona, Wisconsin, Kentucky, Nevada, Indiana, and Tennessee. Despite this overspending, Ohio's school system ranks just 32nd in the nation.⁴

What about when the population increases in a community?

Population growth within a taxing jurisdiction expands the tax base, leaving higher tax rates unnecessary.

Funds for infrastructure like new school buildings may still come from property tax revenue, just not spiked property tax rates or valuations, and may still come from other sources of funding, public and private. However, as just one example, Ohio does not need more school buildings. In fact, Ohio maintains the fifth most schools in the nation, despite not being an especially large or populous state, behind only California, Texas, Florida, and Illinois.⁵ Moreover, the state has constructed an overwhelming number of new school buildings in the past twenty years with the assistance of Ohio School Facilities Commission funding: every

² <https://www.ssa.gov/oact/cola/latestCOLA.html>

³ <https://educationdata.org/public-education-spending-statistics>

⁴ <https://wallethub.com/edu/e/states-with-the-best-schools/5335>

⁵ <https://www.governing.com/archive/school-district-totals-average-enrollment-statistics-for-states-metro-areas.html>

school district that wanted a new school building, with the help of state taxpayers, got one. Many Ohio schools now allocate facilities funding to sports stadiums and turf.

What if more than one political subdivision passes a two percent tax increase?

Your taxes may not increase more than two percent per year, even if, say, three taxing entities were to pass one percent increases. The Ohio General Assembly will likely enact enabling legislation requiring pro-ration of the tax increases amongst the different taxing entities whose levies passed. In the absence of enabling legislation, local government and taxpayers will remain free to resolve the issue in any way that avoids raising your property taxes by greater than two percent.

If my home's valuation goes up by more than two percent and a levy also passes, will my property taxes go up more than two percent?

No: even if your county auditor doubles the value of your home and your local library enacts a huge new levy, your property taxes will only increase by two percent.

Isn't this a "bonanza for trial lawyers"?

This allegation is used nearly anytime someone opposes the substance of a reform. For example, Ohio Governor Mike DeWine recently attacked legislation limiting his emergency powers as a "bonanza for trial lawyers." But that reality never came to pass: there have been no lawsuits since the General Assembly enacted SB 22.

More importantly, the Amendment deters local governments from engaging in taxation that may cause lawsuits, frivolous lawsuits can be immediately dismissed by courts, and taxpayers enforcing this Amendment will only recover their costs when their local government violates the Ohio Constitution.

To require a victimized taxpayer to pay for court costs and an attorney when he or she has been overtaxed would destroy any incentive to fight unlawful taxation, except amongst the very wealthy.

How do we amend the Ohio Constitution?

To qualify for the ballot, proponents will collect and submit at least 442,958 valid signatures not later than August of 2022, and will need to overcome layers of legal challenges and disinformation spread by publicly-funded actors. With careful planning and adequate resources, such expected challenges can be managed.

For more information, see www.OhioConstitution.org, or contact Maurice A. Thompson, Director of the 1851 Center for Constitutional Law at (614) 340-9817, or MThompson@OhioConstitution.org