



# Members Brief

An informational brief prepared by the LSC staff for members and staff of the Ohio General Assembly

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## Real Property Tax FAQs

Real property taxes are a significant source of revenue for local governments in Ohio, funding services such as education, public safety, and infrastructure. This *Members Brief* answers 11 frequently asked questions about property taxes.

### 1. What are real property taxes?

Real property taxes are levied annually on the value of land and buildings permanently attached to land.

### 2. Who levies property taxes?

Property taxes are levied by local governments, such as counties, townships, and school districts, as well as other units like park districts, libraries, and fire districts. School district taxes typically comprise around 60% of the taxes levied on property, with counties and county agencies levying around 17%, and the rest divided between other localities. Rates are largely determined by voters based on levy requests placed on the ballot by each local government (see question 4).

### 3. How are tax rates calculated?

Property taxes are levied in “mills.” One mill is one-tenth of one cent, so a one mill tax equals \$1 in property tax per \$1,000 of a property’s taxable value (see question 7).

### 4. Do voters have to approve levies?

The Ohio Constitution provides that up to 10 mills of tax can be levied on property without voter approval. These ten mills are known as “inside millage,” and are divided among overlapping local governments. Taxes levied outside of these 10 mills must generally be approved by voters. Inside millage is only a small share of property taxes – the larger share is voter-approved.

### 5. What is a renewal levy and a replacement levy?

A renewal levy reauthorizes an expiring levy at the same voted rate while also maintaining the effective tax rate caused by the tax reduction factors (explained in question 8) on the expiring levy. A replacement levy replaces one or more existing levies at the same voted rate but, unlike a renewal levy, resets the effective tax rate (see question 8), erasing the previous effects of the tax reduction factors on the old levy. Both renewals and replacements can be paired with an increase or decrease of the voted millage rate.

## **6. What are taxes used for?**

Local governments use property taxes to fund a variety of services, programs, and infrastructure. Some taxes are levied for and may only be used for a specific purpose, e.g., parks or police funding. Other taxes are approved to fund operations or infrastructure more generally.

## **7. How is the value of my property determined?**

County auditors determine the value of real property for taxation by appraising it according to its market value – what a willing buyer would pay to a willing seller. An exception to this is farmland, which may be valued solely according to its use for agriculture. A property's taxable value, upon which tax rates are applied, equals 35% of its appraised value. Each property's appraised value is reevaluated every three years. Auditors conduct a reappraisal every six years and an update every three years in between each reappraisal.

## **8. Will an increase in my property's value increase my taxes?**

Not necessarily. State law authorizes a "tax reduction factor" credit that offsets inflationary increases in property tax values. This credit holds a levy's collections steady as property values increase due to market fluctuations, essentially making each property subject to an effective tax rate that is lower than the voted rate. However, there are a few notable exceptions that can result in tax increases. The credit does not apply to inside millage or taxes that are levied to raise a fixed amount of money. Also, the reduction factors cannot cause a school district's operating millage to fall below an effective rate of 20 mills. Finally, since the factors are based on average value increases, taxes on a property may increase or decrease depending on its change in value relative to other properties located within the same local government.

## **9. When are property taxes due?**

Property taxes are paid twice per year. In general, the first-half payment is due in January or early February, and the second-half payment is due in July or early August.

## **10. Can I challenge my property's value?**

Owners can appeal their property's valuation by filing a complaint with the county's Board of Revision. Complaints must be filed by March 31 of the following tax year.

## **11. What tax reductions are available?**

State law provides several tax reductions, aside from the tax reduction factor credit. The state reimburses local governments for revenue lost due to the following reductions:

- A 10% credit for residential and most agricultural property;
- A 2.5% credit for owner-occupied residences (homesteads);
- A homestead exemption for qualifying seniors and disabled homeowners with income below a certain level (\$38,600 in 2024). The exemption reduces a property's value by a specified amount (\$26,200 in 2024). An enhanced exemption (\$52,300 in 2024) is also available to disabled veterans and spouses of public safety officers killed in the line of duty.