

LEGISLATIVE UPDATE

July 2025



MID-OHIO REGIONAL
MORPC
PLANNING COMMISSION

At each step of the legislative process, MORPC is actively engaged on behalf of our members. To learn more about our advocacy efforts, visit morpc.org/GovAffairs.

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Bills to Watch

1

HB 96 - Operating Budget (FY 2026-27)

Makes state appropriations for Fiscal Years 2026 and 2027.

Status: Enacted (6/30/2025); Veto Override Vote Scheduled in House for 7/21.

2

House Bill 335 – Property Tax Relief NOW Act

To modify the law governing county budget commissions, property taxation, county sales taxation, and alternative apportionment formulas for local government and public library funds. Some provisions included in HB 96, but vetoed by the Governor.

Status: 1st Hearing - House Ways and Means Committee (6/18/2025)

3

House Bill 113 – Require School District Approval of Community Reinvestment Areas

To modify the law regarding annexation and financial disclosure forms, and to require school district approval of residential community reinvestment area property tax exemptions.

Status: 3rd Hearing – House Local Government Committee (6/11/2025)

4

Senate Bill 104 - Short Term Rentals

To limit the authority of local governments to regulate short-term rental properties, to extend local lodging taxes to short-term rentals, and other provisions.

Status: 4th Hearing – Senate Local Government Committee (5/28/2025)

5

House Bill 28 - Replacement Property Tax Levies

To eliminate the authority of local governments to levy replacement property tax levies.

Status: Amended into HB 96, line-item vetoed by Governor (6/30/2025)

News

House to Attempt Veto Override on Property Tax; Eminent Domain Item Vetoed

On June 30th, Governor DeWine issued 67 line-item vetoes to the state operating budget bill (HB 96), including provisions barring local governments from using eminent domain for trail development, eliminating authority of local governments to levy replacement property tax levies, and granting new authority to County Budget Commissions to reduce millage on voter-approved levies. MORPC, alongside numerous local government partners, successfully advocated for the veto of harmful eminent domain language. The House has scheduled a vote for Monday, July 21st to attempt to override vetoes on the property tax provisions. The Senate has not scheduled any additional session days.

State Operating Budget (FY 2026-2027) Highlights



On June 30th, the Governor signed the final version of the state operating budget, while also vetoing an array of provisions. The new law contains numerous items impacting MORPC members, especially regarding transportation, development, and fiscal policy:

Passenger Rail

No State Funding for Passenger Rail

MORPC and community partners advocated for \$750,000 of local match for the Midwest Connect Corridor service development plan. While the Senate approved the appropriation, it was not included in the final version.

Local Government Provisions

Township Zoning Referenda

The new law exempts township zoning amendments related to megaprojects from the zoning referendum process, and increases required petition signatures from 15% of votes last cast for Governor to 35%.

Pay Raises

The new law increases and extends pay raises for justices, judges, county officials, township officials, and members of county boards of elections from 1.75% per year to 5% per year through 2029, and indexes COLAs to inflation with a 3% cap beginning in 2030.

Development

Brownfield Remediation and Demolition Programs
\$100 million per year will be appropriated to continue the Brownfield Remediation Program at the Department of Development. Funding for the brownfield program will be transferred out of the All Ohio Future Fund - a fund created in the last budget for economic development site preparation.

Senate-passed language requiring an economic development nexus was removed.

Residential Economic Development Districts (REDDs)

The new law provides \$25 million for a new program to incentivize housing development for local governments within 20 miles of major economic development projects that adopt pro-housing policies. Communities may apply jointly through a Regional Planning Commission.

Community Reinvestment Areas (CRAs)

The new law allows counties, municipalities and home rule townships to extend CRAs to 30 years for megaprojects or related suppliers.

State Operating Budget (FY 2026-2027) Highlights

Tax Policy

Flat Income Tax

The state personal income tax was reduced to 2.75% for all income over \$26,050, phased in over two years. Revenue will drop approximately \$529 million in FY 2026 and \$1.146 billion in FY 2027.

Local Government Fund (LGF)

The LGF will see a loss of approximately \$9.3 million in FY 2026 and \$20 million in FY 2027, partially offset by an LGF share increase to 1.75% of General Revenue (~\$15 million per year).

County Homestead Exemption "Piggy-Back"

The new law authorizes counties to offer property tax exemptions to "piggy-back" on the existing state homestead exemption and owner-occupied home credit, available to the same homeowners who qualify for the state exemption/credit.

Property Tax Exemption on Parking Garages

The new law expands a property tax exemption on some parking garages to those owned by municipal corporations, counties, port authorities, and new community authorities, and to the land on which they sit. Makes permanent the 20-year maximum exemption period and eliminates the requirements that the parking spaces be available to the general public.

Limitations on Property Tax Challenges

The new law modifies requirements on when political subdivisions can file property tax complaints and counter-complaints, and requires payment of attorneys fees in cases of non-compliance.

Adult-Use Marijuana Excise Tax

The new law:

- imposes a 10% excise tax on the illegal sale of marijuana by an unlicensed seller
- repeals current law distributions of excise tax revenue
- requires 36% of all receipts be permanently distributed to municipalities and townships that host adult-use marijuana dispensaries, with the remaining 64% being added to the state General Revenue Fund

The Host Community Cannabis Fund would receive approximately \$27.5 million in FY 2026 and \$49 million in FY 2027.

Vetoed by the Governor

Eminent Domain Preemption for Recreational Trails

The bill would have disallowed use of eminent domain authority to take property for recreational trail development. Exceptions in law include sidewalks and transit facilities, but not shared-use paths.

Replacement Property Tax Levy Ban

The bill would have eliminated the authority of political subdivisions to levy replacement property tax levies, beginning with elections held in 2026.

County Budget Commissions - New Authority

The bill would have allowed County Budget Commissions (CBCs) to reduce millage on any voter-approved tax levy (aside from a debt levy) if the commission found it reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections, with certain stipulations.