

..TITLE

A JOINT PROCLAMATION AND RESOLUTION EXPRESSING THE CITY OF GAHANNA'S OPPOSITION TO HOUSE BILL 309, HOUSE BILL 335, AND OTHER EFFORTS TO ELIMINATE OR RESTRICT THE USE OF INSIDE MILLAGE FOR MUNICIPAL GOVERNMENT OPERATIONS, CAPITAL PROJECTS, OR DEBT SERVICE

..BODY

WHEREAS, inside millage, the base level of property tax that local governments in Ohio levy up to the 10-mill (1%) constitutional limit, has existed for nearly a century, rooted in both the Ohio Constitution and state law; and

WHEREAS, inside millage has been a constitutionally protected mechanism for local governments since 1933, and the City of Gahanna depends on this stable, long-standing funding source to help pay for basic public services, infrastructure projects, and long-term debt; and

WHEREAS, the City's prudent use of inside millage benefits taxpayers because the revenue is pledged for general obligation bonds for capital projects. This allows the City to borrow at lower interest rates and reduce the long-term cost of major capital projects that serve the community; and

WHEREAS, eliminating this financial tool would leave Gahanna with fewer options to fund major needs and create an annual revenue loss estimated at \$3.6 million. This lost revenue could result in new tax levies on the ballot: an expensive, uncertain, and avoidable burden on the City and its residents; and

WHEREAS, in 2023, the City of Gahanna contributed \$10 million from its unreserved general fund balance, supported in part by inside millage and fiscally responsible practices, toward the new municipal complex which includes a 21st-century police facility with modern training space, secure processing areas, and upgraded work environments that support officer wellness and operational effectiveness. The City's ability to contribute significant funds from its fund balance allowed the City to borrow less and ease the impact on taxpayers; and

WHEREAS, thanks to strong fiscal management, job growth, and a healthy local economy, the City of Gahanna has not requested additional voted property tax levies for

general operations, instead relying solely on inside millage to maintain high-quality public services; and

WHEREAS, loss of this revenue source would directly threaten the City's ability to meet obligations such as pension payments and public safety funding and would compromise long-term financial stability, diminishing the City's ability to weather economic downturns without cutting resident services; and

WHEREAS, cities in Ohio are already in a vulnerable position compared to cities in other states. Income tax revenue, the principal revenue source for Ohio cities, is more economically sensitive and is a more volatile revenue source than property tax. By eliminating inside millage, this increases our reliance on income taxes, increasing volatility of revenue sources and impairing cities' ability to plan long-term; and

WHEREAS, eliminating cities' inside millage risks lowering credit ratings thereby driving up borrowing costs, costing taxpayers more to complete the same work. Historically, cities with greater financial autonomy to raise funds have higher credit ratings and lower borrowing costs; and

WHEREAS, the loss of the property tax revenues from this legislation would further harm our community by severely reducing funding for the Gahanna-Jefferson school district, impacting staffing and further harming the City due to the loss of income tax revenue; and

WHEREAS, H.B. 309 and H. B. 335, while aimed at property tax reform, would effectively eliminate the ability of local governments like Gahanna to continue using inside millage as an essential, proven, and flexible financial tool; and

WHEREAS, while destabilizing local government finances and essential operations, the legislation would not achieve its principal goal of reducing property tax burdens. Inside millage assessed by the City of Gahanna represents approximately 1.5% of the total millage assessed (ranging from 1.63 - 2.40 mills across three taxing districts in the City of Gahanna). **As such, this legislation would not result in a meaningful reduction in property taxes for residents.**

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL AND PROCLAIMED BY THE MAYOR OF THE CITY OF GAHANNA, COUNTY OF FRANKLIN, STATE OF OHIO:

Section 1. That the City of Gahanna expresses its strong opposition to House Bill 309, House Bill 335, and any other legislative efforts that seek to eliminate or restrict the use of inside millage by local governments for operations, capital improvements, and/or debt service.

Section 2. That the City of Gahanna urges residents to contact the Primary Sponsor of House Bill 335 and House Bill 309, **Representative David Thomas (R-Jefferson)**, and the Chair of the House Ways and Means Committee, **Representative Bill Roemer (R-Richfield)**, to respectfully express their concerns about the harmful impacts of HB 335 and similar legislation on local governments, schools, and community services.

Section 3. That the Clerk of Council is directed to forward a copy of this Resolution to the chair and members of the House Ways and Means Committee, this district's House and Senate representatives, Speaker of the House Matt Huffman, Senate President Rob McColley, and Governor DeWine.

Section 4. That this Resolution shall become effective immediately upon its passage.