



# OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE



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## Property Tax Legislative Update

This week was marked by a flurry of legislative activity on a few different property tax bills we have discussed and supported this General Assembly. On Wednesday, the Ohio Senate Local Government Committee amended and had hearings on HB 129, HB 186, HB 309 and HB 335, before sending all four bills to the Senate floor for a full vote. All four bills were passed on the Senate floor and sent to the House, where the lower Chamber concurred with the Senate's amendments.

The Ohio Chamber of Commerce provided proponent testimony in support of HB 129 and HB 186. The Ohio Chamber of Commerce is also part of the Ohio Taxpayer Protection Coalition and has generally supported certain pieces of property tax legislation this General Assembly to increase transparency, limit excessive balances, and have more broad recognition of levy type toward the 20-mill floor.

### **HB 129:**

HB 129 includes fixed-sum levies, such as existing emergency and substitute levies, in the calculation of a school district's 20-mill floor and the 2-mill floor for JVSs starting in tax year 2026. It also authorizes districts to levy fixed-sum property taxes in limited circumstances, such as during fiscal distress or a declared emergency. These fixed-sum levies could only be used for current operating expenses, would be limited to five years, and could not be renewed. The bill was amended in committee and now allows school districts with

substitute levies approved before 2026 to renew those levies as fixed-sum levies, capped at the amount collected in the levy's final year and limited to terms of up to five years, with further renewals permitted. HB 129 was passed by the Ohio Senate with a vote of 23-10.

**HB 186:**

House Bill 186 ensures that revenue from voted school district levies operating at the 20-mill or 2-mill floor does not exceed the rate of inflation over the preceding three years. Under the bill, property owners in affected districts will receive an inflation cap credit to offset property taxes charged above the inflationary limit. The bill will also partially reimburse school districts for revenue lost due to the temporary credit in HB 186. The Senate Local Government adopted two amendments, one of which is a more technical amendment, while the second amendment increases the 2.5% rollback for owner-occupied residential property to 15.38% over four years and at the same time phases out the 10% rollback on nonbusiness residential property over four years. The amendment continues to apply the full 10% rollback to agricultural property, as under existing law. HB 186 was passed by the Ohio Senate with a vote of 30-3.

**HB 309:**

House Bill 309 makes changes to how county budget commissions (CBCs) handle property tax levies and aims to provide more oversight to local property tax collections, ensuring they align with financial needs and statutory requirements. HB 309 allows county elected officials to review and adjust certain property tax levies annually to prevent excessive or unnecessary collections. Two amendments were accepted in committee this week. The amendments allow county officials to revoke a levy after one year if collections are excessive/unnecessary (instead of waiting five years in the original bill) and require more options for public hearings when county officials hold meetings on potentially rolling back levies. HB 309 was passed by the Ohio Senate with a vote of 23-10.

**HB 335:**

House Bill 335 requires county budget commissions to adjust each inside millage levy during reappraisal or update years so that revenue growth does not exceed the GDP deflator over the prior three years. The bill also allows a subdivision to request a rate adjustment to maintain the same revenue as the previous year if its inside millage would otherwise not increase in a reappraisal year. House Bill 335 passed on the Senate floor with a vote of 23-10.

## Coca-Cola Consolidated Expands Operations with \$35 Million Investment in Twinsburg

The Ohio Chamber recently testified in support of House Bill 568, legislation that would establish a 5% cap on retainage for private



construction contracts exceeding \$1 million. The Chamber's testimony before the House Small Business Committee highlighted how this reform would promote greater economic activity in Ohio's construction industry while protecting the interests of project owners.

Currently, Ohio law lacks a reasonable limit on retainage in private construction contracts, meaning project owners can withhold 10% or more of a contract's value until completion. On large projects, these withheld amounts can reach millions of dollars, creating significant cash flow challenges for construction companies and limiting their ability to bid on new work.

HB 568 would address this issue by capping retainage at 5% for new private construction contracts over \$1 million, aligning private sector limits with existing public construction contract rules. This cap would provide construction companies with greater financial predictability and earlier access to capital, enabling them to invest in workforce training and new equipment, as well as allowing them to take on additional projects sooner. The legislation strikes an appropriate balance by maintaining substantial protections for project owners. A 5% retainage amount still provides significant leverage to ensure work completion, particularly on multimillion-dollar projects. Additionally, the bill

preserves project owners' rights to withhold retainage until all contract requirements are met and to set other commercial terms including payment schedules, material specifications, and delay penalties.

Ohio would join a growing national trend if HB 568 becomes law. At least 10 states have already enacted explicit 5% retainage caps on private construction, with significant momentum over the past five years. Recent adopters include California (effective January 2026), New York (2023), Washington (2023), and Colorado (2021). Massachusetts and Maryland implemented similar caps in 2014 and 2008, respectively. The Chamber believes this legislation represents a meaningful step toward improving Ohio's construction economy by ensuring reasonable retainage amounts while preserving important contracting rights for all parties involved. HB 568 has now received two hearings, and should see additional movement when the House reconvenes in late February.

## Chamber Supports Retainage Cap for Private Construction Projects



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## **Chamber Supports Retainage Cap for Private Construction Projects**



Government Affairs SVP Rick Carfagna recently testified before the House Children and Human Services Committee in support of House Bill 484, a priority bill for the Ohio Chamber of Commerce. Ohio's insufficient child care coverage costs the state \$5.48 billion annually, including \$1.52 billion in missed tax revenue and \$3.97 billion in employer costs from turnover and absenteeism. Child care expenses in Ohio average nearly \$14,000 annually for infant care—rivaling in-state university tuition—making it difficult for skilled workers to fully participate in the labor force.

House Bill 484, sponsored by Rep. Gary Click (R-Vickery) and Mike Odioso (R-Green Twp.), creates the Workforce Investment NOW (WIN) program to provide publicly funded child care to child care workers based on household income or who work at least 20 hours per week in the field. Modeled after a successful Kentucky program that serves 3,200 early education parents and 5,600 children, the WIN program would:

- Significantly increase the value of child care workers' wages (currently averaging \$14.84/hour)
- Incentivize workers to enter or remain in early childhood education
- Free up providers to redirect funds toward higher wages
- Help address staffing shortages that prevent facilities from operating at full capacity

The Chamber emphasized that adequately addressing Ohio's child care crisis requires making care affordable for families, increasing capacity in child care deserts, and providing incentives to attract and retain staff—with HB 484 directly tackling this critical third element. The legislation has now received three committee hearings, and should see additional action when the House reconvenes in late February.

