

# Property Tax Solutions Built for Ohio

Property values across Ohio have been increasing at record rates, often rising by 20-40% during county reappraisal cycles. The related tax increases reflect a complex mix of factors including the “20-mill floor” constraints and the heavy reliance of local governments on property taxes for essential services. Ohio’s current tax system, which includes limited equalization measures and relief programs, was not designed to address these sharp, unprecedented value increases.

**To support Ohioans facing unsustainable property tax burdens, targeted and need-based property tax relief should be a priority for Ohio.** The following menu of relief options provides an adaptable framework for comprehensive property tax reform that protects residents without disrupting local revenue sources.

## Circuit Breakers

**Circuit breakers function by limiting the amount of property tax relative to an individual’s income. Once taxes exceed a certain percentage of income the excess is refunded via state income tax credits or rebates.**

### Benefits

Ties property tax to the ability to pay, reducing risk of homeowners being “taxed out” of their homes.

States like Minnesota saw success, offering relief to over 500k residents annually, including renters.

Immediately adjusts to new income and tax burdens and caps amount of relief to “right size” cost to the state.

### Recommendation

Introduce a refundable tax credit on state income tax for property taxes exceeding a set percentage of income, beginning at 5% for owner-occupants and tenants (taxes assumed to be 15% of rent)

## Residential Stability Zones

**Residential Stability Zones aim to protect existing residents from displacement due to rising property values by exempting property value increases from taxation for qualifying homeowners. By utilizing existing abatement structures, this approach allows local governments to target neighborhoods experiencing rapid development and market-driven price increases.**

### Benefits

Protects existing residents from cost burdens as market pressures increase neighborhood prices.

Local control with state guidelines ensures flexibility to meet specific community needs.

Avoids shifting costs to state budgets, as the program leverages existing property tax structures.

### Recommendation

Allow local governments to establish stability zones with tailored eligibility criteria, relief amounts, and targeted geographic areas.

Modeling administration on existing abatement policy avoids any state burden and utilizes existing expertise within local governments and auditors.

## Tax Deferrals

**Tax deferrals allow eligible homeowners to postpone payment of a portion of their property taxes until a triggering event occurs with a state revolving fund to cover the short-term cost. Deferral programs are already in place in more than twenty states, including Florida, Maine, and Minnesota, providing a tested framework.**

### Benefits

Provides immediate financial relief without reducing essential local government revenues.

Offers flexibility, with deferred taxes becoming payable only when circumstances change.

Minimum cost to the state as deferred amounts will be recouped over time.

### Recommendation

Establish eligibility criteria based on income tiers with lower income owners able to defer more.

Allow deferred status to carry over to heirs meeting eligibility requirements, ensuring continuity of relief and protecting generational wealth.

## Homestead Modernization

**The current Homestead Exemption program helps seniors and disabled individuals reduce their taxable property value. The low-income threshold (\$38,600 for tax year 23) and largely frozen amount of the exemption since 2014 (\$26,200 for tax year 23) undermined effectiveness over time. Modernize by increasing the exemption amount and income eligibility threshold to better serve older adults and those with disabilities.**

### Benefits

Allows more Ohioans to qualify, ensuring relief for those who need it most.

Protects long-term homeowners from rising costs without requiring drastic changes in local tax structures.

Enhances the financial security of seniors and low-income residents by adjusting benefits to better meet actual need.

### Recommendation

Raise the exemption and income threshold to \$50,000 and adjust with inflation and property value increases over time

Ohio's property tax challenges require a multifaceted approach. Implementing a menu of relief options—such as circuit breakers, residential stability zones, tax deferrals, and homestead modernization—ensures flexibility to meet the diverse needs of communities and residents.

These programs, when used together, can alleviate the financial strain on homeowners while preserving essential funding for local services. However, enacting any one of these changes alone would also bring incremental relief to property owners. With targeted legislation, Ohio can provide sustainable and equitable property tax relief, enhancing the quality of life for its residents.

**To learn more about the work of your Franklin County Auditor's Office or to connect on issues impacting your district, contact us!**



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