Policy Matters Ohio

POLICY BRIEF

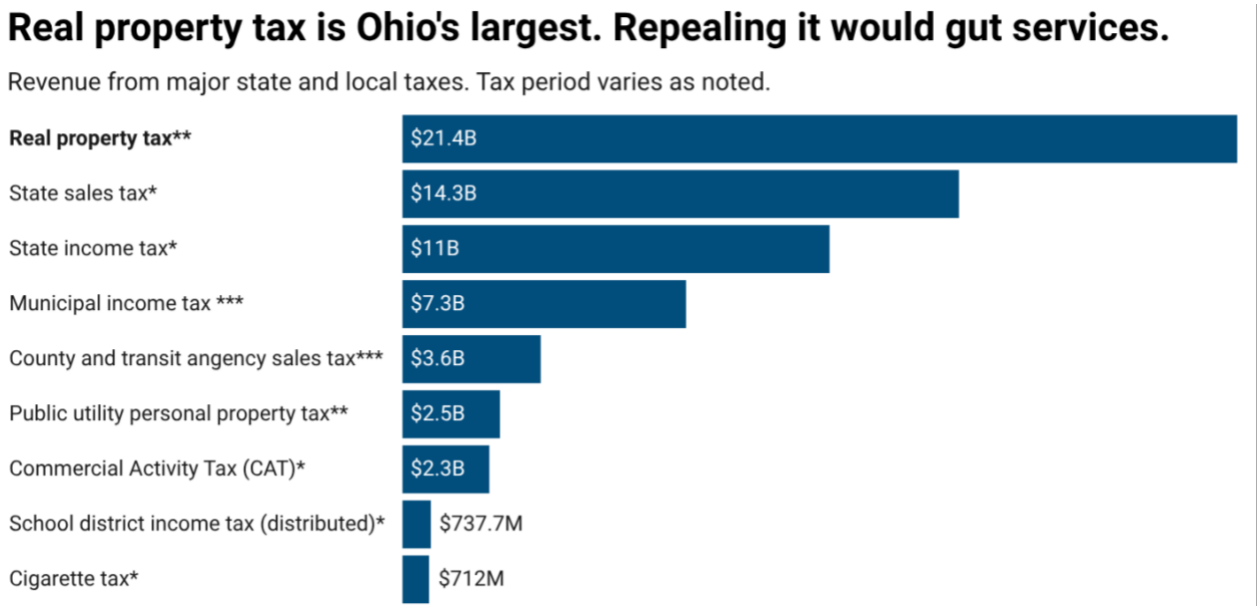
January 27, 2026

Ohio property tax repeal would gut school budgets & critical services

...or force huge tax increases & higher energy costs

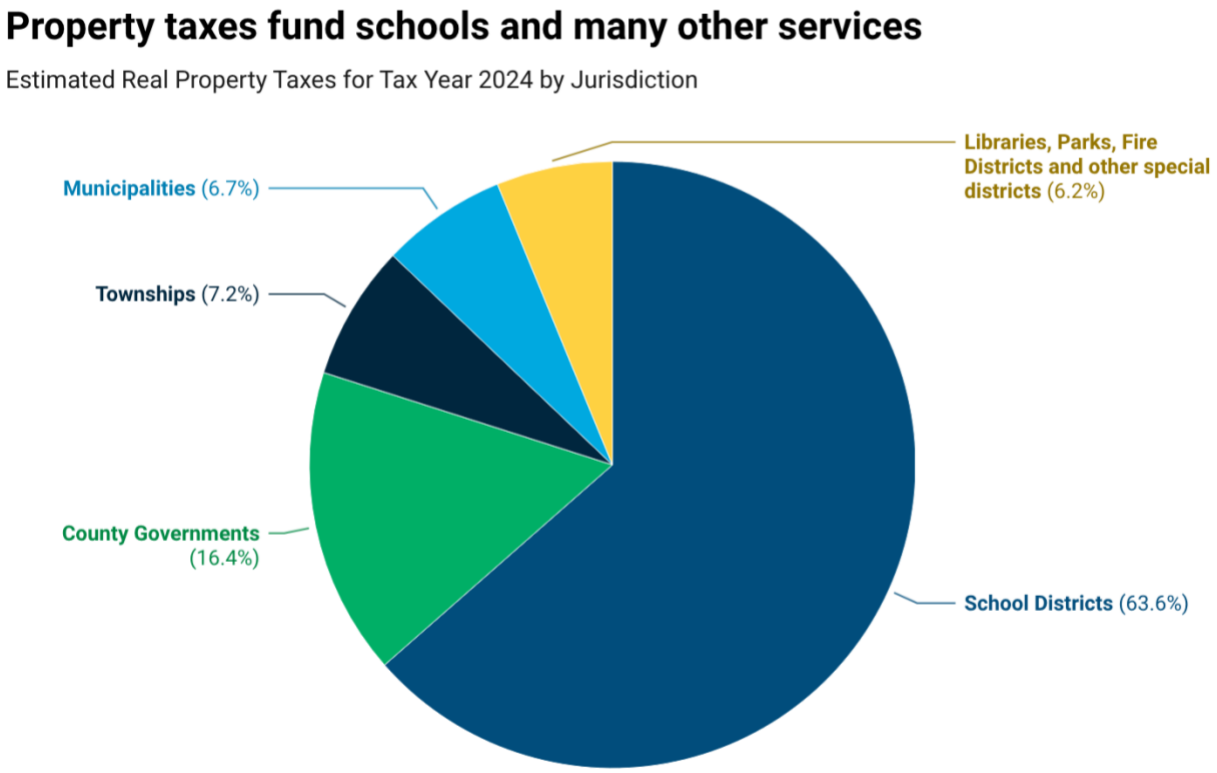
Zach Schiller

The property tax on land and buildings is Ohio's oldest and largest tax. Every state has a tax on such property, called "real' property. The tax is based on the assessed value of property, determined by county auditors with oversight from the Ohio Department of Taxation. The large majority of these taxes are approved by voters.



*Source: Ohio Dept. of Taxation. *State Fiscal Year 2025; **Tax Year 2024; ***Calendar Year 2024.*

Schools, libraries, local governments, and all manner of public services depend on the property tax:



Source: Legislative Service Commission.

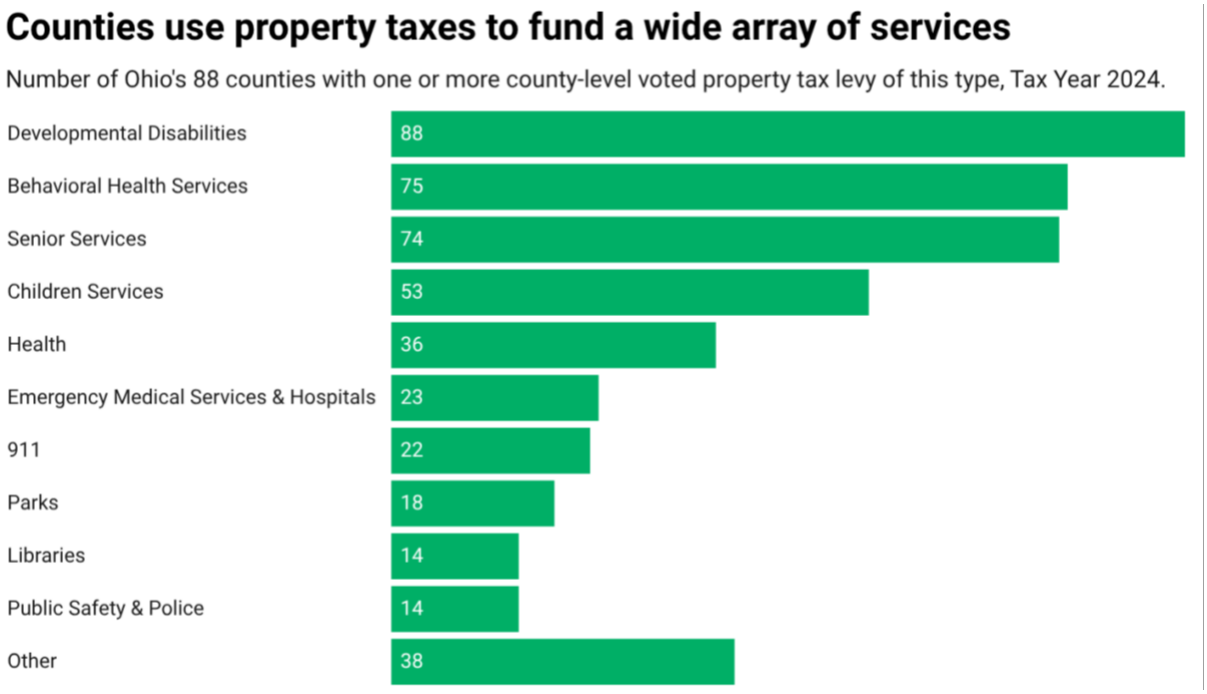
More than three-fifths of real property-tax revenue goes to public schools — or an estimated $13.6 billion for Tax Year 2024 (payable in 2025). This is their biggest source of funds, greater than state aid, and thus the main funding source for the education of Ohio's nearly 1.5 million public school students.

More than a third of Ohioans live in townships, areas outside the boundaries of cities and villages. Unlike those municipalities, townships can't levy income or sales taxes. The $1.5 billion townships get in property tax revenue is by far their main funding. Voters in townships across the state have approved a total of 3,190 property tax levies for police, fire, and EMS services, or some combination of them. Townships are also responsible for keeping up 41,000 miles of road and more than 2,400 cemeteries.

More than half of the money that public libraries depend on comes from local property tax levies. Without revenue from property taxes, public health districts would find their core services threatened, from investigating measles outbreaks and controlling West Nile virus to school building inspections. Reductions in the Complex Medical Help program would leave families without needed financial support to maintain the health of children with cystic fibrosis, cerebral palsy, spina bifida, and other conditions.

Ohio's 88 counties get about one in every six property tax dollars, and county-level data show how much Ohioans value this funding: They provide mental health and addiction, developmental disabilities, public safety, and elderly services, among others. Voters in every county have approved property tax levies to provide services to people with developmental disabilities. Voters in over 80% of Ohio counties approved levies to support behavioral health services, and to support senior services. A quarter of Ohio counties use voter-approved levies to fund emergency medical services and hospitals, and a quarter use them to fund their 911 services.

Counties also depend on property tax revenue to fund children's services. Voters in 53 counties covering 80% of the state's child population have approved levies for children's services, which screened more than 80,000 reports of abuse, neglect, lack of care, or need for family services in the year ended June 30, 2024. After a safety assessment, this can result in ongoing services. Counties pay almost half the cost of these services, and all but a tiny fraction of what they pay comes from property-tax levies.



Source: County Commissioners Association of Ohio, Jan. 2026. This chart shows only county-level levies where the county is the taxing authority. It does not include many other local levies. In some cases, multi-county agencies are included if they provide a county function. Multi-purpose levies such as those in Cuyahoga and Montgomery Counties are counted under each service type they cover.

From cities and villages to community colleges, parks to fire districts, public services across Ohio rely on the real property tax.

"There is no good way to pay for property tax repeal"

That was the title of a recent 13-page analysis by the Tax Foundation, a leading conservative think tank. If property-tax repeal were to pass this November, it would

wipe out 2027 taxes due in 2028, leaving a little over one year to come up with replacement for the $20.57 billion in revenue the real property tax likely will generate in 2027 (not including fixed-sum levies – more on those below). No provision is made in the proposal for replacing that revenue.

That would require gigantic increases in other taxes. Doubling the state sales tax, from 5.75% to 11.5%, would be insufficient; to fully recover the losses, Ohio's sales tax would have to increase by nearly 7 cents on the dollar pushing our average combined sales tax rate above 14% — far and away the highest in the nation.[1] Based on revenue estimates from the Legislative Service Commission, you could double the state income tax and would still need to boost the state sales tax by more than half to come up with the necessary revenue. That would leave 71 of Ohio's 88 counties with a combined sales-tax rate of 10% or more; Franklin and Cuyahoga County would be over 11%.

If local taxes were to replace the property tax, the amounts required would vary tremendously. The Tax Foundation figures it would translate into a mind-boggling 24% income tax in Monroe County (or a total rate of 26.75%, including the 2.75% rate now in place on income over $26,050). Or if the sales tax were used, in Morrow County, it would mean boosting the existing combined state and county rate of 7.25% by 11.21%, or more than 18% in total. Even in Holmes County, which would require the smallest increase, there would be a jump of 4.31%, to a total of 11.31%. Most counties would see an increase of more than 7 percentage points. To think that the General Assembly would approve such hikes is fantasy. Huge cuts in education and services would be required.

Separately, consumer bills for electricity and gas would go up if the proposal passes. That's because of one type of property tax: Fixed-sum levies, which as the name states, raise a fixed amount. Under current law, these would all have to be paid by the remaining property tax payors: Public utilities such as electric, gas, and pipeline companies, which would still pay a tax on tangible personal property. That $2.5 billion amount would double what the utilities pay now – and some of it would be directly passed on to ratepayers as utilities recover their costs.

In short, eliminating the real personal property tax would force devastating cuts to schools, libraries, and other critical public services, or extraordinary increases in other taxes and utility costs. Legislators have good options to provide property-tax relief to Ohioans who need it — while preserving local revenues. A property tax circuit breaker is one such option. Eliminating property taxes should be off the table.

[1] *This assumes that $2 billion now paid by the state annually in local property tax reimbursements to local governments and schools continues.*