

Property Tax- Real

History of Major Changes

1803 Ohio gains statehood. General Assembly continues territorial practice of taxing land (but not improvements) based on whether the fertility of the land is “first rate,” “second rate” or “third rate.”

1825 General Assembly abolishes land classification system, replacing it with an ad valorem tax on land, improvements and select forms of personal property.

1846 General Assembly enacts “Kelley Law,” which requires that “all property, whether real or personal... unless exempted, shall be subject to taxation.” Previously, the legislature had exempted from taxation many forms of personal property, such as tools and machinery.

1851 New state constitution requires that all real and personal property be taxed according to uniform rule, except for exemptions specifically permitted by the constitution, such as for churches and schools.

1902 Legislature repeals state property tax levies for the general fund. State levies persist for other purposes, such as public universities, common schools and highways.

1910 General Assembly creates the Tax Commission of Ohio to supervise local property tax administration.

1911 General Assembly enacts “Smith 1% law,” which sets an overall 10 mill limit on un-voted levies. Further levies are permitted up to a 15 mill limit, as long as they receive approval through a vote of the people.

1925 General assembly enacts first statutory requirement for a six-year reappraisal cycle.

1927 General Assembly repeals Smith Law and replaces it with a 15 mill cap on un-voted levies. Additional millage is permitted above this mark through a vote of the people.

1929 Ohio voters approve a constitutional amendment that, starting in 1931, generally limits levies enacted without voter approval to 1.5% of true value. The amendment also limits the principle of taxation by uniform rule to real property, rather than all property

1932 For the first time in more than a century, no state tax is levied on real property.

1933 Voters approve a constitutional amendment that tightens the cap on non-voted levies to 1% of true value.

1934 Through statute, the General Assembly reduces the aggregate tax limit on non-voted levies from 15 mills to 10 mills.

1939 The Tax Commission of Ohio is replaced by the Department of Taxation, the Board of Tax Appeals (which begins supervising real property tax administration), and a Tax Commissioner (who assumes functions with respect to taxation of public utility property).

1965 For the first time, the General Assembly explicitly permits real property to be uniformly assessed at less than true value. The legislature requires that taxable values be no more than 50 % of true value, with the actual uniform percentage to be established by rule of the Board of Tax Appeals.

1968 A state tax applies to real property for the last time – 0.2 mills to retire bonds issued to provide bonus compensation to veterans of the Korean conflict.

1970 Ohio voters approve constitutional amendment permitting a homestead exemption for low- and middle-income senior citizens.

1971 General Assembly enacts 10 % property tax rollback. Homestead exemption begins.

1973 Voters approve a constitutional amendment permitting the valuation of agricultural property based upon current use.

1974 Voters approve a constitutional amendment that permits the extension of the homestead exemption to permanently and totally disabled homeowners

1976 General Assembly enacts House Bill 920, which calls for the calculation of effective tax rates based on reduction factors. These factors are intended to eliminate from certain voted levies the changes in revenue that might occur when values grow on existing real property as part of a reappraisal or update. H.B. 920 also creates the Ohio Department of Tax Equalization to supervise real property tax administration and requires real property valuations to be updated every three years, instead of annually.

1977 Senate Bill 221 establishes a 20 mill floor for school districts, after the application of "House Bill 920" reduction factors.

1979 Legislature enacts a 2. % tax rollback for owner-occupied residential property.

1980 Voters approve a constitutional amendment that calls for separate reduction factors to be applied to two classes of real property: residential and agricultural property (Class I) and all other real property (Class II).

1983 Department of Tax Equalization is eliminated; all of its functions are transferred to the Department of Taxation.

1990 Voters approve a constitutional amendment that permits the homestead exemption to be extended to the surviving spouses of homestead exemption recipients.

2005 As part of a larger series of tax reforms, House Bill 66 narrows the 10 % rollback to real property not intended primarily for use in a business activity.

2007 House Bill 119 expands the homestead exemption to all senior citizens, qualifying disabled homeowners, and surviving spouses of previously-qualified homeowners, regardless of income. Tiered benefits are scrapped in favor of allowing participants to shield \$25,000 of the true value of their homesteads from taxation.

2010 Senate Bill 232 exempts from taxation real property of an energy facility with a generating capacity of 250 kilowatts or less, provided the facility is constructed on or after Jan. 1, 2010.
