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Who May Levy What

Local Government Taxing Authority in Ohio and the Legal Steps Required to Change It

A Companion to OCG's Work on Property Tax Reduction and Replacement

Law current through July 22, 2026

Prepared by the Ohio Common Ground Research Center

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Contents

Executive Summary

Ohio's local governments do not all have the same power to raise revenue. Under the Ohio Constitution, municipalities — cities and villages — possess broad "home rule" taxing authority that they may exercise on their own initiative. Counties, townships, and school districts, by contrast, are creatures of statute: they may levy only those taxes the General Assembly has expressly authorized by law. That single distinction — constitutional home rule for municipalities, statutory authority for everyone else — shapes the entire map of who can tax what.

This report describes, subdivision by subdivision, which Ohio local governments may levy which taxes; the procedure each must follow, including when a vote of the electorate is required; and — for each category of potential change — the legal mechanism that would be required to expand that authority and which body would have to act to do it.

The report is a companion to OCG's work on property tax reduction and replacement. Ohio's real property tax is the one broad-based tax available to every class of local subdivision, and for townships and many school districts it is effectively the only major locally controlled tax. Any scenario that reduces or eliminates property tax revenue therefore raises a threshold legal question that precedes any policy debate: which subdivisions already hold alternative taxing tools, which do not, and what would have to change — in statute, or in the Constitution — before they could.

This report does not recommend that property taxes be reduced or replaced, does not recommend that any subdivision be granted new taxing authority, and does not evaluate whether any such change would be desirable. It describes the current allocation of taxing authority and the legal mechanics of changing it.

Key Findings

- **Home rule versus statute divides the field.** Municipalities draw their taxing power from Article XVIII, Section 3 of the Ohio Constitution and may levy taxes — including a municipal income tax — on their own authority, subject to the General Assembly's constitutional power to limit that authority (Art. XVIII, § 13; Art. XIII, § 6). Counties, townships, and school districts hold only the taxing powers the General Assembly has granted them by statute.
- **Only municipalities and school districts hold a general, subdivision-wide income tax.** Municipalities may levy a municipal income tax under R.C. Chapter 718 — up to 1% without a vote, and above 1% only with voter approval (subject to limited exceptions for certain rates already in effect). School districts may levy a school district income tax under R.C. Chapter 5748, but only with voter approval, on either a traditional or an earned-income base. Counties and townships have no authority to levy a general income tax of their own; a township can reach income only through a JEDD/JEDZ district (below), whose board levies a district-specific tax.
- **Only counties can reach sales.** Counties may levy a permissive "piggyback" sales-and-use tax, in one-twentieth-of-one-percent (0.05%) increments, under two additive provisions with different conditions: R.C. 5739.021 authorizes a general-revenue levy up to 1% (a non-charter county may exceed 1%, up to 1.5% less any transit-authority rate over 1%, but only by voter approval and only for

a detention facility), and R.C. 5739.026 authorizes a separate levy of up to 0.5% for specified purposes. Because the two are additive and coordinated with any transit-authority levy (R.C. 5739.023), and charter counties are treated differently, no single figure states every county's maximum. Municipalities, townships, and school districts have no sales-tax authority.

- **Townships have the narrowest set of independent tax tools.** A township's only broad-based tax is the real property tax; it cannot levy an income tax or a sales tax on its own. Its one route to income-tax revenue is a Joint Economic Development District or Zone (R.C. 715.69–715.90), formed by contract with one or more municipalities. Under R.C. 715.70, the district's board of directors — not the township — may levy an income tax within the defined district, reaching income of persons working or residing there and business net profits; a contracting municipality administers and collects it, and where electors reside in the district they must approve the rate (if none reside, the rate may not exceed 1%).
- **Property tax is shared and capped.** Every parcel is taxed by several overlapping subdivisions, and the unvoted portion — "inside" millage — is capped in the aggregate at ten mills (equal to one per cent of a property's taxable value, which is 35% of true value) and divided among them (Ohio Const. Art. XII, § 2; R.C. 5705.02); levies above that require voter approval. Because inside millage is not reduced by the H.B. 920 tax-reduction factors, its revenue historically grew directly with valuation — though H.B. 335 (effective 2026) now limits the revenue growth attributable to reappraisals and updates. Because townships and floor-level school districts have the fewest alternative authorized taxes, they are the subdivisions with the least legal room to replace property-tax revenue if it is reduced.
- **The dividing line for change is statute versus Constitution.** Because counties, townships, and school districts are statutory creatures, the General Assembly could grant them additional taxing authority — a county or township income tax, a township or school-district sales tax, a higher county sales-tax ceiling — by ordinary legislation, without amending the Constitution. Raising the unvoted property-tax limit above one per cent of true value, or departing from the constitutional uniform rule, would instead require a constitutional amendment approved by Ohio voters. Separately, the home-rule amendment limits the General Assembly's ability to compel a municipality to levy a tax or to tax people who neither live nor work within it.

Why This Report Matters

Property tax is the subject of the most active state-and-local fiscal debate in Ohio in a generation. At the end of 2025 the General Assembly enacted a package of companion property-tax bills (H.B. 124, 129, 186, 309, and 335), most taking effect in March 2026 — changes some legislators have described as the most significant since H.B. 920 in 1976. Among them, H.B. 335 limits how much revenue unvoted "inside" millage may gain from a reappraisal or update, and H.B. 186 caps growth tied to the school district 20-mill floor while adjusting owner-occupied credits. That legislative package followed a gubernatorial working group (the 2025 Property Tax report) and a 2024 joint legislative committee. Alongside it, a citizen group — the Committee to Abolish Ohio Property Taxes — has been circulating petitions for a constitutional amendment to prohibit all taxes on real property. In June 2026 the group announced it had fallen short of the signatures needed to qualify for the November 2026 ballot and would not submit petitions by the

July 1, 2026 deadline; organizers said they would carry their existing signatures forward, continue collecting, and intend to target the November 2027 ballot (status as of June 2026). The proposal is not qualified for any ballot as of this report's status date.

Each of those threads shares an unavoidable premise: property tax revenue funds local government and reducing or eliminating it forces the question of what, if anything, takes its place. That replacement question is partly fiscal and partly legal. Before a county, township, or school district could substitute another tax for a lost property-tax dollar, it would first need the legal authority to levy that other tax at all. This report supplies that legal map — the necessary predicate to any fiscal replacement analysis, including OCG's own.

Data and Methodology

Statements of what a subdivision may or may not levy are drawn from the operative constitutional and statutory text: the Ohio Constitution (Articles XII, XIII, and XVIII) and the Ohio Revised Code (Titles 7 and 57, principally Chapters 718, 5739, 5748, 5705, and 715), supplemented where useful by the Ohio Administrative Code, Legislative Service Commission (LSC) members' briefs and bill analyses, and Ohio Department of Taxation guidance. Where a cited source is an association or advocacy publication — for example, materials from the County Auditors Association of Ohio — it is labeled as such and used only for context, never as a statement of law.

This report classifies each tax by the level of government authorized to levy it and by the procedure that authorization requires, distinguishing throughout between authority a subdivision may exercise on its own and authority that exists only with voter approval. It states the general allocation of taxing power; it does not attempt to catalog every special-purpose or niche levy (see Limitations). The status of pending legislation and of the 2026 ballot initiative is described as of the status date and is subject to change.

Law current through: July 22, 2026. The status of the citizen initiative is stated as of June 2026 (see Sources), and ballot status can change.

Where sources conflict, this report follows a hierarchy: (1) the Ohio Constitution; (2) current enacted statutory text; (3) controlling Ohio Supreme Court and other binding judicial decisions; (4) Ohio Attorney General opinions; (5) final LSC analyses; (6) administrative guidance; (7) association or advocacy material; and (8) news reporting, used only for the procedural status of pending measures. Statements of law rest on tiers (1)–(3); lower tiers are used for context and current status.

Definitions

- **Home rule.** The authority granted to Ohio municipalities by Article XVIII, Section 3 of the Ohio Constitution to exercise all powers of local self-government, which the Ohio Supreme Court has long held includes the power to levy taxes for local purposes — subject to the General Assembly's power to limit that taxing power under Article XVIII, Section 13 and Article XIII, Section 6.

- **Creature of statute.** A unit of local government (in Ohio, counties, townships, and school districts) that possesses only those powers, including taxing powers, expressly conferred on it by the General Assembly. Absent an enabling statute, such a subdivision may not levy a given tax.
- **Inside (unvoted) millage.** Property tax levied without a vote of the people, within the ten-mill limitation, and shared among the overlapping subdivisions (at a minimum a township or municipality, a school district, and a county) that tax a given parcel.
- **Outside (voted) millage.** Property tax levied in excess of the ten-mill limitation, which must be approved by the electorate.
- **Permissive tax.** A tax a subdivision is authorized — but not required — by statute to levy, such as the county sales-and-use tax or the local lodging tax.
- **Piggyback sales tax.** A local sales-and-use tax levied on the same base as, and collected together with, the state sales tax; in Ohio this authority runs to counties (and transit authorities), not to municipalities or townships.
- **Joint Economic Development District / Zone (JEDD / JEDZ).** A contractual arrangement under R.C. 715.69–715.90 by which a township and one or more municipalities jointly establish a defined district to facilitate economic development. Under R.C. 715.70, the district's board of directors may levy an income tax within the district (reaching persons working or residing there and business net profits), which a contracting municipality administers and collects — the principal way a township reaches income-tax revenue. JEDDs and JEDZs (R.C. 715.691) are distinct statutory structures.

The Constitutional Framework: Home Rule and Creatures of Statute

Two constitutional starting points govern everything that follows. First, since the 1912 Home Rule Amendment, Article XVIII, Section 3 has given municipalities "authority to exercise all powers of local self-government," which Ohio courts have consistently read to include the power to levy taxes for local purposes (see Angell v. City of Toledo (1950); Appendix B). A municipality's authority to levy a local tax originates in the Constitution rather than in a statutory delegation, though its exercise remains subject to the limitations the General Assembly may impose.

Second, that authority is not unlimited. Article XVIII, Section 13 provides that "laws may be passed to limit the power of municipalities to levy taxes," and Article XIII, Section 6 directs the General Assembly to restrict municipal taxation so as to prevent its abuse. Two consequences follow from this structure and from how Ohio courts have applied it, and both matter for any replacement discussion: the General Assembly may both limit municipal taxing power (as it does through the uniform municipal income tax rules of R.C. Chapter 718) and grant municipalities additional authority; but a scheme that attempted to compel a municipality to impose a particular tax, or to authorize a municipality to tax those with no residence or income-earning connection to it, would raise home-rule and constitutional-nexus questions whose resolution would depend on the specific design and controlling case law (see Schaad v. Alder (2024); Appendix B).

Counties, townships, and school districts sit on the other side of the line. None enjoys home rule of this kind for taxation; each may levy only the taxes the General Assembly has authorized by statute. This is why the same policy idea can require very different legal steps depending on which subdivision it involves: extending an existing tax to a statutory subdivision is a matter of ordinary legislation, whereas altering a limit written into the Constitution itself is not.

Real property taxation has its own constitutional overlay. Article XII, Section 2 requires that property be taxed by uniform rule according to value (State ex rel. Park Investment Co. v. Bd. of Tax Appeals (1964); Appendix B) and caps unvoted property taxation at what it describes as one per cent of true value — codified as the "ten-mill limitation" in R.C. 5705.02 and applied to overlapping subdivisions collectively — while allowing additional (voted) levies above that limit. Article XII, Section 2a permits the classification of real property into residential/agricultural and other categories for the tax-reduction-factor system. These provisions are the reason the property tax, uniquely, is constrained at the constitutional level as well as the statutory one.

One mechanical point avoids a common misreading: Ohio taxes real property on its "taxable" (assessed) value, which by rule is 35% of true (market) value (R.C. 5715.01(B); Ohio Adm. Code 5703-25-05(B)), and millage is applied to that taxable value. The ten-mill limitation is therefore ten mills of taxable value — equal to one per cent of taxable value, not one per cent of a home's market price. The constitutional "one per cent of true value" formulation and the statutory "ten mills" are legally linked but are not the same arithmetic on a tax bill.

Taxing Authority by Subdivision

Municipalities (cities and villages)

Municipalities are Ohio's most fiscally flexible local governments. They may levy real property taxes (an inside-millage share plus voted levies); a municipal income tax under R.C. Chapter 718; and a local lodging (transient guest) tax of up to three per cent under R.C. 5739.08(A), plus, under R.C. 5739.08(B), an additional levy of up to three per cent only if the municipality is not in a county that imposes the county lodging tax under R.C. 5739.09(A), with a portion of the additional revenue directed to convention and visitors' bureaus. They may also levy various local excise taxes under home rule. The municipal income tax is the workhorse: a municipality may levy it at a rate up to one per cent without a vote, and only a rate above one per cent requires approval by a majority of the municipality's electors (R.C. 718.04(C)(2)), subject to a limited exception under R.C. 718.04(B) for certain rates already in effect. Since H.B. 5 (2014), Chapter 718 has imposed a uniform, statewide set of definitions and administrative rules on municipal income taxes, constraining how — though not whether — a municipality taxes income. Municipalities have no sales-tax authority.

Counties

Counties may levy real property taxes (an inside-millage share plus voted levies) and, as their principal non-property broad-based tool, a permissive sales-and-use tax. The county sales tax is not a single levy but two additive ones, set in 0.05% increments. Under R.C. 5739.021 (general revenue, criminal-justice, and related purposes), a county may levy up to 1% by resolution subject to referendum; a non-charter county may go above 1% — up to 1.5% minus any transit-authority rate exceeding 1% — but only with voter approval, with the portion above 1% dedicated to a detention facility. Under R.C. 5739.026 (specified purposes), a county may levy a separate tax of up to 0.5%, by resolution subject to referendum or by vote depending on the purpose. Both are coordinated with any transit-authority levy under R.C. 5739.023, and charter counties (Article X) are treated differently — so no single figure captures every county's maximum combined rate. Counties may also levy a lodging tax under R.C. 5739.09. Counties have no statutory authority to levy a general income tax; income taxation is simply not among the powers the General Assembly has conferred on them.

Townships

Among the four subdivision types reviewed here, townships have the narrowest set of independently exercisable tax instruments. A township's only broad-based tax is the real property tax — an inside-millage share plus voted levies — supplemented by a lodging tax under R.C. 5739.08 and a handful of narrow, purpose-specific levies. A township has no authority to levy an income tax or a sales tax on its own. Its one route to income-tax revenue is a Joint Economic Development District (JEDD) or Zone (JEDZ), established by contract with one or more municipalities under R.C. 715.69–715.90 to facilitate economic development. Under R.C. 715.70, the district is governed by a board of directors, and the contract may grant that board — not the township or the municipality directly — the power to levy an income tax within the district. That tax may reach income earned by persons working or residing in the district and the net profits of businesses located there, follows R.C. Chapter 718, and may not exceed the highest rate levied by a contracting municipality. A contracting municipality administers and collects the tax on the district's behalf. Where electors reside in the district, they must approve the rate; only where no electors reside is the rate set without an election, and then it may not exceed 1%. JEDDs (R.C. 715.70–715.72) and JEDZs (R.C. 715.691) are distinct statutory structures; because these districts are development instruments tied to a defined footprint, the income tax they levy is district-specific rather than a township-wide income tax.

School districts

School districts may levy real property taxes (an inside-millage share plus voted levies) and — alone among Ohio's non-municipal subdivisions — a district income tax, but only with voter approval. Under R.C. Chapter 5748, a board of education may ask the district's voters to approve an income tax in one-quarter-of-one-percent (0.25%) increments, levied on either the traditional tax base (which tracks the state income-tax base) or an earned-income-only base (wages and self-employment income), depending on the ballot question. Unlike the municipal income tax, the school district income tax follows the taxpayer's residence and cannot be imposed without a vote at any rate. School districts have no sales-tax authority. Because Ohio's school-funding structure includes a 20-mill floor for operating millage, districts at that floor depend on it in ways that recent legislation (H.B. 186) has specifically addressed.

At a glance

The following table summarizes the principal tax instruments each subdivision may levy today and the procedure involved. It is a summary; the operative statutes cited in the Appendix control.

Subdivision	Real property tax	Income tax	Sales / use tax	Lodging tax
Municipalities (cities & villages)	Yes — inside-millage share + voted levies	Yes — Ch. 718; ≤1% without a vote, above 1% by vote	No	Yes — R.C. 5739.08
Counties	Yes — inside-millage share + voted levies	No general income-tax authority	Yes — permissive, R.C. 5739.021 (≤1%; non-charter may exceed by vote) + 5739.026 (≤0.5%); by resolution subject to referendum, or by vote	Yes — R.C. 5739.09
Townships	Yes — inside-millage share + voted levies	No independent authority; a JEDD/JEDZ board may levy a district income tax under a contract with a municipality (R.C. 715.69–715.90)	No	Yes — R.C. 5739.08
School districts	Yes — inside-millage share + voted levies (operating millage affected by the 20-mill-floor framework)	Yes, but only with voter approval — Ch. 5748 (traditional or earned-income base)	No	No

Table 1. Principal local tax instruments by subdivision, current law. "Inside-millage share" refers to each subdivision's portion of the unvoted ten-mill limitation; voted levies require electorate approval. Special-purpose and niche levies are omitted (see Limitations).

Note on the county sales tax. There is no single county sales-tax ceiling. R.C. 5739.021 authorizes a general-revenue levy of up to 1% (with a limited path for non-charter counties to exceed 1%, up to 1.5% less any transit-authority rate over 1%, only by vote and only for a detention facility), and R.C. 5739.026 authorizes a separate levy of up to 0.5% for specified purposes. The two are additive, carry different voter-approval and purpose conditions, are coordinated with any transit-authority levy under R.C. 5739.023, and apply differently to charter counties. The maximum lawful combined rate must therefore be determined from the provisions applicable to the particular county.

The Property Tax Backdrop: Why Some Subdivisions Are More Exposed Than Others

Because this report exists to support work on property tax reduction and replacement, one feature of the property tax deserves emphasis. Every parcel in Ohio is taxed by several overlapping subdivisions at once, and the unvoted portion of that tax — inside millage — is capped in the aggregate at ten mills and divided among them. Inside millage is distinctive because, unlike voted fixed-rate levies, it is not reduced by the H.B. 920 tax-reduction factors; historically, its revenue therefore rose directly with taxable valuation. That is no longer an unqualified statement: H.B. 335, effective in 2026, limits the revenue growth from inside millage attributable to reappraisals and updates (administered through county budget commissions). Inside millage remains outside the traditional H.B. 920 reduction-factor mechanism, but its growth with valuation is now constrained rather than automatic.

The consequence for a replacement discussion is a legal one, which this report can state without fiscal modeling: townships (no independent income or sales tax) and school districts (an income tax only by vote, and no sales tax) hold the fewest currently authorized instruments with which to replace property-tax revenue if it is reduced. Municipalities, which already hold income-tax authority, and counties, which already hold sales-tax authority, enter such a scenario with tools that townships and school districts do not. Whether, and by how much, any subdivision actually depends on inside millage is an empirical question outside this report's scope (see Limitations).

What Would Have to Change, and at What Level

This section sorts potential changes to local taxing authority by the legal mechanism each would require and by the body that would have to act. It is descriptive. Listing a change here is not a recommendation that it be made, nor an assessment of whether it would be workable or wise; it identifies the legal path each would take.

Changes the General Assembly could pursue through ordinary legislation

Because counties, townships, and school districts are creatures of statute, the following appear capable of being authorized by ordinary legislation, without a constitutional amendment merely to create the authority. That a change is listed here does not mean any particular design would be constitutional: a new local tax would still have to satisfy the usual requirements of nexus, uniformity, territorial application, and the like, which would depend on the specific statute enacted.

- **A county income tax.** This report identifies no express constitutional provision categorically barring a county income tax — the state and municipalities already tax income — and the reason counties lack one is that no authorizing statute has ever been enacted. The General Assembly could grant the authority; the constitutionality of any particular county income tax would then depend on its design (rate ceiling, tax base, whether voter approval is required, territorial nexus, and how it interacts with overlapping municipal income taxes to avoid double taxation).
- **An independent township income tax.** The same analysis applies. A township today can reach income only through a JEDD or JEDZ within a limited area; a statute could authorize a township-wide income tax in the way Chapter 718 authorizes municipal ones and Chapter 5748 authorizes school-district ones.
- **Sales-tax authority for townships or school districts.** Piggyback sales-tax authority currently runs only to counties and transit authorities. Extending it to townships or school districts, or creating a new local sales tax, would be a statutory change.
- **A higher county sales-tax ceiling.** The county sales-tax rate limits — the 1% general-revenue cap and 0.5% specific-purpose cap, the non-charter-county path above 1%, and the 0.05% increment — are set by statute; the General Assembly could raise or restructure them.

- **Adjustments to the municipal income tax framework.** The one-per-cent-without-a-vote ceiling in Chapter 718, and the uniform municipal income tax rules enacted by H.B. 5, are statutory; the General Assembly could raise the unvoted ceiling or revise the uniformity provisions.
- **Broader JEDD / JEDZ authority.** The geographic, acreage, and formation limits on JEDDs and JEDZs are statutory and could be broadened; a statute could also authorize a township-wide income tax directly rather than only the district-based route these structures provide.

Changes that would require a constitutional amendment

The following could not be accomplished by statute; each would require an amendment to the Ohio Constitution approved by the voters:

- **Raising the unvoted property-tax limit.** The ten-mill / one-per-cent-of-true-value ceiling on unvoted property tax appears in Article XII, Section 2 as well as in R.C. 5705.02. Increasing the amount of property tax that may be levied without a vote would require amending the Constitution, not merely the statute.
- **Eliminating or capping property tax at the constitutional level.** The citizen initiative to prohibit all taxes on real property — which did not qualify for the November 2026 ballot and is now directed toward November 2027 — is drafted as a constitutional amendment for precisely this reason; a statute could not achieve it. A related and currently unsettled question — whether the General Assembly may reduce or eliminate existing inside millage by statute at all — was raised in testimony on H.B. 335, where opponents argued that Article XII, Section 2's express grant of authority for voted levies implies no corresponding authority to strip unvoted ones. This report identifies that dispute rather than resolving it.
- **Departing from the uniform rule.** Article XII, Section 2's requirement that property be taxed by uniform rule according to value, as modified by the classification authority in Section 2a, is constitutional. A local property tax that departed from uniformity in a way Section 2a does not already permit would require an amendment.

Changes constrained by home rule

A third category is defined not by statute-versus-Constitution but by the home-rule amendment's limits on what the General Assembly may do to municipalities. The Assembly may limit municipal taxing power and may grant municipalities additional authority. But a replacement design that depended on compelling a municipality to levy or to share a particular tax, or on authorizing a municipality to tax those with no residence or income-earning connection to it, would raise home-rule and constitutional-nexus questions; whether such a design survived would depend on its precise terms and on controlling case law.

Interpretive Considerations

- **The subdivisions with the fewest alternative authorized taxes are townships and school districts.** Townships have no independent income or sales tax, and school districts have an income tax only by voter approval and no sales tax. That is a statement about which legal instruments each currently holds, not a measurement of how much any subdivision actually relies on property tax, which this report does not attempt (see Limitations).

- **Authority to levy is not the same as revenue raised.** Granting a county or township income-tax authority would not by itself replace lost property-tax revenue; the rate, base, and voter response would determine the yield. Published replacement illustrations — for example, the County Auditors Association of Ohio's Butler County estimate of the sales-tax rate needed to offset eliminated property tax — suggest the substitute rates involved can be large, but yield estimation is beyond this report's legal scope.
- **Voter-approval requirements differ by tax and by subdivision.** A municipal income tax up to one per cent needs no vote; above that it does. A school district income tax always needs a vote. A county sales tax may be levied by resolution subject to referendum or placed directly on the ballot. These procedural differences shape how quickly, and how directly through the electorate, each tool can be deployed.
- **The statute/Constitution line also sets the timeline.** Statutory grants of new authority can be enacted in a single legislative session; constitutional changes require a statewide vote. A replacement package that mixed both would advance on two different clocks.

Limitations and What This Report Does Not Claim

- **General allocation, not an exhaustive catalog.** This report states the principal broad-based taxing authority of Ohio's four main local subdivisions. It does not catalog every special-purpose or overlapping taxing entity — transit authorities beyond the sales-tax note, convention facilities authorities, port authorities, new community authorities, tax increment financing, and special assessments each have their own enabling statutes not detailed here.
- **Descriptive, not evaluative.** The report does not recommend reducing or replacing property tax, does not recommend granting any subdivision new authority, and does not judge whether any identified change would be sound policy. It describes current law and the mechanism of change.
- **No revenue modeling.** The report does not estimate revenue yields or model the rates a replacement tax would require offsetting a given loss of property-tax revenue.
- **Open legal questions identified, not resolved.** Where a constitutional question is genuinely contested — such as whether the General Assembly may reduce existing inside millage by statute — the report flags the dispute; it does not purport to settle it.
- **Current through the status date.** Pending legislation and the 2026 ballot initiative are described as of the date on the title page and may change. Nothing in this report is legal advice.

Future Research

- A revenue-yield companion: for each subdivision, the rate of an authorized-but-not-yet-enacted tax that would be needed to replace a stated share of its property tax — the fiscal counterpart to this legal survey, and a natural bridge to White Paper No. 006 / RL-2026-013.

- A survey of the special-purpose and overlapping taxing entities omitted here (transit authorities, port authorities, new community authorities, TIFs, and special assessments), each with its own enabling statute.
- A tracker of 136th (and, in time, 137th) General Assembly bills that would expand local non-property taxing authority or alter the inside-millage framework — for example, H.B. 28 and H.B. 335 — read alongside the constitutional-amendment ballot effort.
- A section-by-section review of the H.B. 5 municipal income tax uniformity provisions and their practical effect on municipal flexibility.

Sources

- Ohio Constitution, Articles XII (§§ 2, 2a), XIII (§ 6), and XVIII (§§ 3, 13) (codes.ohio.gov).
- Ohio judicial decisions collected in Appendix B: Angell v. City of Toledo, 153 Ohio St. 179, 91 N.E.2d 250 (1950); Schaad v. Alder, Slip Opinion No. 2024-Ohio-525 (2024); and State ex rel. Park Investment Co. v. Bd. of Tax Appeals, 175 Ohio St. 410, 195 N.E.2d 908 (1964) (supremecourt.ohio.gov and official reporters).
- Ohio Revised Code, Chapter 718 (municipal income taxes, including § 718.04); Chapter 5739 (sales tax, including §§ 5739.021, 5739.023, 5739.026, 5739.08, 5739.09); Chapter 5748 (school district income tax); § 5705.02 (ten-mill limitation); Chapter 715 (§§ 715.69–715.90, JEDD/JEDZ); § 319.301 (tax reduction factors) (codes.ohio.gov).
- Ohio Legislative Service Commission, members' briefs on Municipal Home Rule, Inside Millage, and the Property Tax Reduction Factor, and bill analyses in the 136th General Assembly property-tax package (lsc.ohio.gov).
- Ohio Department of Taxation, Guide to Ohio's School District Income Tax and related guidance (tax.ohio.gov).
- Ohio General Assembly, bill records for the 136th G.A. property-tax package (H.B. 124, 129, 186, 309, 335) and related measures (legislature.ohio.gov).
- Nonpartisan reporting on the status of the citizen initiative to abolish Ohio property taxes (e.g., Ohio Capital Journal, the Statehouse News Bureau, and Signal Ohio, June 2026), used for the initiative's procedural status — that it did not qualify for the November 2026 ballot and is being redirected toward November 2027 — not for statements of law.
- Context sources, labeled as such: County Auditors Association of Ohio replacement materials; Ohio Attorney General opinion on JEDD taxing authority; law-firm and county-auditor summaries of the 2025–26 reforms. Used for context only, not as statements of law.

Conclusion

Ohio law distributes the power to tax unevenly across local government. Municipalities hold constitutional home-rule authority and a broad toolkit that already includes an income tax; counties hold statutory sales-tax authority; school districts hold a voter-approved income tax; and townships hold, in practical terms, only the property tax and a partnership route to income tax within limited development areas. That uneven distribution is the legal starting point for any conversation about reducing or replacing the property tax, because it determines which subdivisions could substitute another revenue source and which would first need new authority to do so.

Where new authority would be needed, the path depends on where the current limit lives. Grants of new taxing power to counties, townships, and school districts sit within the General Assembly's statutory reach; the constitutional ceiling on unvoted property tax, and the uniform rule, do not. This report maps that terrain descriptively so that OCG's further work — and the public it serves — can weigh the fiscal and policy questions on an accurate account of what the law today allows, and of what it would take to change it.

Revision History

Version 1.0 — prepared for release July 31, 2026 — Legal-authority companion to the property tax reduction and replacement work (White Paper No. 006 / RL-2026-013). Prepared over two pre-publication review passes (internal editorial review and external review that included AI-assisted issue-spotting). AI observations were treated as unverified leads and checked against the operative primary authorities before adoption; where two AI reviews disagreed, the governing statutory text controlled. Corrections adopted before release included: updating the citizen-initiative status (it did not qualify for the November 2026 ballot; organizers announced in June 2026 they would carry signatures forward and target November 2027); correcting the county sales-tax description — R.C. 5739.021 (general revenue, ≤1%, with a limited non-charter path above 1%) and R.C. 5739.026 (specified purposes, ≤0.5%) are additive levies with different conditions, so an earlier "1.5% combined ceiling" characterization was replaced; correcting the JEDD description to reflect that the district board (not the municipality) levies the income tax under R.C. 715.70(F), that the tax may reach persons working or residing in the district, and that a municipality administers and collects it; reconciling the inside-millage discussion with H.B. 335 (2026); adding the 35%-of-true-value taxable-value clarification (R.C. 5715.01(B)); adding the R.C. 718.04(B) municipal-rate exception; qualifying the county- and township-income-tax discussion as depending on statutory design; and adding pinpoint citations and a formal source hierarchy. Catalog No. 009 and Tracking ID RL-2026-015 assigned. The version number will increment only at any republication after release.

Appendix A. Primary Authorities Cited

Each subject below is governed by the operative constitutional or statutory text noted; the text controls over any summary in the body of this report.

Subject	Primary authority
Municipal home rule	Ohio Const. Art. XVIII, § 3
Legislative power to limit municipal taxation	Ohio Const. Art. XVIII, § 13; Art. XIII, § 6
Property tax: uniform rule; unvoted ten-mill / 1%-of-taxable-value limit	Ohio Const. Art. XII, § 2 (“one per cent of true value”); classification: Art. XII, § 2a; ten-mill limitation: R.C. 5705.02
Municipal income tax uniformity (“H.B. 5”)	H.B. 5 (130th G.A., 2014); R.C. Chapter 718 (uniform definitions and administration)
Municipal income tax	R.C. Chapter 718 (authority: 718.04; 1% ceiling without a vote: 718.04(C)(2); limited exception: 718.04(B))
County permissive sales & use tax	R.C. 5739.021 (general revenue, ≤1%; non-charter path above 1% for a detention facility, by vote), 5739.026 (specific purposes, ≤0.5%), 5739.023 (transit authority)
School district income tax	R.C. Chapter 5748 (rate: 5748.02, multiples of 0.25%; base: 5748.01(E), traditional vs. earned income; ballot: 5748.03)
Municipal / township lodging (transient guest) tax	R.C. 5739.08 (division (A) up to 3%; division (B) additional up to 3% in specified circumstances)
County lodging (transient guest) tax	R.C. 5739.09
Joint Economic Development Districts / Zones	R.C. 715.69–715.90 (JEDD income tax: 715.70(F); JEDZ: 715.691)
Taxable value / assessment ratio	R.C. 5715.01(B); Ohio Adm. Code 5703-25-05(B) (taxable value = 35% of true value)
Property tax reduction factors (“H.B. 920”)	H.B. 920 (111th G.A., 1976); R.C. 319.301

Table A-1. Principal constitutional and statutory authorities cited in this report.

Appendix B. Selected Judicial Authority

This appendix lists selected Ohio decisions bearing on propositions this report states descriptively, so that readers may consult the primary judicial authority directly. It is offered in the same spirit as the rest of the report: it is not legal advice, and it is not exhaustive. Other decisions — including later, distinguishable, or contrary ones — may bear on any specific question, and case law can change. Holdings are summarized in the Research Center's own words rather than quoted and are stated at the level of generality this report requires; the opinions themselves control. Consistent with this report's descriptive purpose, the appendix does not resolve contested questions — for example, the unsettled question, noted above, whether the General Assembly may reduce existing inside millage by statute.

Proposition	Decision	Holding and bearing on this report
Municipalities have home-rule authority to levy taxes, subject to the General Assembly's power to limit or preempt	Angell v. City of Toledo, 153 Ohio St. 179, 91 N.E.2d 250 (1950)	Held that Ohio municipalities may levy and collect an income tax under the Home Rule Amendment absent state preemption of the field, subject to the General Assembly's power to limit municipal taxation under Art. XVIII, § 13 and Art. XIII, § 6. Anchors this report's home-rule-versus-statute distinction and its treatment of municipalities' independent taxing power.
The General Assembly has broad authority over intrastate municipal taxation; "extraterritorial" limits turn on constitutional nexus and the specific statute	Schaad v. Alder, Slip Opinion No. 2024-Ohio-525 (Feb. 14, 2024) (5–2)	Upheld a temporary statute (H.B. 197, § 29) directing that remote workers be taxed by the municipality of their principal place of work; held that purely intrastate taxation did not implicate the federal Due Process Clause and did not violate the Home Rule Amendment. Illustrates that whether the state may direct or constrain municipal taxation — and whether a tax may reach a given person — is design- and nexus-dependent rather than governed by a flat rule (dissents invoked home-rule limits the majority did not adopt). Supports this report's cautious framing of the "compel" and "extraterritorial" limits.
Real property must be taxed by uniform rule according to value	State ex rel. Park Investment Co. v. Bd. of Tax Appeals, 175 Ohio St. 410, 195 N.E.2d 908 (1964)	Held that Art. XII, § 2 requires all real property, regardless of use, to be assessed and taxed by a uniform rule on the basis of value (true value in money). Supports this report's statement of the uniform-rule constraint and why departing from it would require constitutional change — as later modified by the classification authority added in Art. XII, § 2a.

Table B-1. Selected judicial decisions bearing on propositions stated in this report. Full citations are given so readers may consult the opinions, which control over any summary here.