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## Our first look at the Ohio Office of Budget and Management Property Tax Memo

[Dylan Armstrong](#)  
[Public Policy Fellow](#)

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Revenues generated by property taxes—which are not collected by the state and only collected at the local level—support emergency services, police and fire departments, local schools, libraries, parks, and other essential community services. **Property taxes generate approximately \$24 billion each year in Ohio.** This is equivalent to the total revenue from Ohio’s state sales and income tax *combined*, accounting for about 65 percent of all local tax revenue in Ohio.

"[Consequences of Property Tax Abolishment](#)" is a memorandum providing a high-level overview of the consequences that passage of [the proposed constitutional amendment to abolish property taxes](#) will have on communities within Ohio. Kimberly Murnieks, Director of Ohio’s Office of Budget and Management, whose mission is “to provide financial management and policy analysis to ensure the responsible use of state resources,” sent Governor DeWine the memorandum on February 4, 2026.

If income taxes were levied locally, the income tax rate would reach up to 27 percent in some counties.

### Replacing property taxes with income taxes would quadruple income tax rates

The memo highlights that there are significant challenges in attempting to replace this revenue source. If income tax was put forth as the vehicle to replace property taxes, the [Tax Foundation](#) found that income tax rates across the state would need to quadruple or more, reaching up to 15 percent statewide. If income taxes were levied locally, the income tax rate would reach up to 27 percent in some counties. Income tax rates at this level would exceed the top income tax brackets in states with high rates and progressive income tax structures.

**If sales tax were to replace property taxes**, the state found that a state sales tax between 15-18 percent would be needed. An increase from Ohio's current statewide sales tax of 5.75 percent; it would be the highest statewide sales tax in the country. Broadening the sales tax to items that are currently excluded from it—like healthcare and food—could help to mitigate the amount of the increased sales tax.

### **How to protect funding for police and fire, libraries, schools, and more**

The memo goes on to discuss some other points of consideration and risks. Such as increased volatility as property taxes are a stable, predictable source of funding, which income and sales taxes are not. Additionally, it highlights the loss of public control and effect on debt and bond ratings at the local level, and credit rating of the state.

It closes by warning that **a constitutional amendment to abolish local property taxes without a plan to replace lost revenues** would defund police and fire departments, libraries, schools, and other local government services.

Property taxes play a foundational role in providing services at the local level. They provide a reliable, stable funding source that gets allocated to services determined by the voters through approved levies. It is still unclear whether the proposed constitutional amendment will make the ballot, but The Center for Community Solutions will continue to follow the conversation as property taxes play a key role in delivering health and human services locally.