



**House Government Accountability and Oversight Committee
HB 342 Opposition Testimony
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
April 10, 2018**

Chairman Blessing, Vice Chair Reineke, Ranking Minority Member Clyde and members of the Committee. My name is Barbara Shaner, Advocacy Specialist for the Ohio Association of School Business Officials (OASBO). Joining me today for this testimony and in answering your questions are Jay Smith, Deputy Director of Legislative Services for the Ohio School Boards Association (OSBA) and Thomas Ash, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA). Thank you for the opportunity to speak to you today to express our opposition to House Bill (HB) 342.

Our three organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers, and other school business officials from around the state. We are here today in opposition to HB 342 on behalf of our members.

The proposal would eliminate yet another Special Election option by limiting levies proposed in August to those with a five-year (or less) lifespan. This provision undermines the ability of school districts to raise critical funding support from local communities necessary to support students and also to build new school facilities. HB 64, a recent biennial budget bill, has already removed the February Special Election as an option for school districts and local governments.

Ohio is unique compared to other states in the number of school levies proposed on a regular basis. We believe this is not due to poor decisions by school district boards of education, but instead by a characteristic of Ohio's school funding system and its interaction with our property tax policies. While it is our collective objective to reduce these numbers through an improved state school funding formula, many school districts are forced to go back to their voters just to maintain current levels of education services. Reducing options for doing so is inappropriate.

The elimination of the August Special Election as an option is significant because, on average, it takes three election attempts to build the awareness and support needed to pass a school levy. Also, an issue carried over to the next calendar year means a delay in the collection of the new revenue another full year; a delay which may affect the levy rate that must be proposed in the next election.

HB 342 also has negative implications for school districts participating in an Ohio Facilities Construction Commission (OFCC) project. Bond levies for new building and renovation projects will likely always exceed the five-year restriction in HB 342. Further, the OFCC process has factored in the option of the August Special Election by allowing districts thirteen months to secure voter approval after the July announcement of participation. This gives districts three opportunities to pass a bond issue to provide the local share of funding for their project. HB 342 will reduce this to only two opportunities.

School districts are required to pay for the vast majority of election costs if they choose to put a levy on the ballot, particularly in an August Special Election. The decision to propose a levy in August is one that local district boards of education take seriously, but it should be the board's decision. Districts need many tools in their challenge to properly fund the educational opportunities in their own districts, and the ability to analyze the cost/benefit to using a Special Election.

We urge you to reject this change in HB 342

The other provision in HB 342 makes changes to Ohio's ballot language law. While we understand the changes in the bill are meant to increase transparency for voters, we fear the proposal will actually make it easier to mis-calculate the tax liability for individual taxpayers.

The following are reasons why our organizations oppose HB 342:

- The bill changes the term "tax value" to "market value" for purposes of calculating the tax liability. While voters may have a better understanding of the term, fair market value may not actually be the taxable value for purposes of calculating the taxes property owners will pay. For example, a property may have a fair market value of \$300,000, but the market value for tax purposes set by the county auditor may actually be only \$200,000. The taxpayer will pay the taxes resulting from the new levy on the value set by the auditor ~ not the fair market value.
- The bill requires the estimated tax listed on the ballot to be based on \$100,000 at market value. There are some parts of the state where home values are under \$100,000.
- For renewal levies, the state pays 10% of the tax bill on behalf of the taxpayer as a result of the "rollback" (for residential taxpayers). Our understanding of the bill is that it does not take into account this savings for the taxpayer.*
- For renewal levies, the state pays 2.5% of the tax bill on the actual residence portion of the property (not the surrounding land), so there is no way to account for this exception without further complicating the ballot language. Our understanding of the bill is that it does not take into account this savings for the homeowner/taxpayer.*

*These problems would be difficult to address in the bill or in ballot language because there are several scenarios that apply to individual taxpayers.

HB 342 is meant to give voters the ability to better understand the tax implications for the levy. However, under current law, the ballot language and calculation are suited for indicating the revenues the taxing entity will receive if the levy passes. The calculation will not apply accurately to each individual taxpayer and could lead to the overstatement of the tax liability.

Currently, voters may ask the county auditor for help in understanding what a proposed levy means to them. Further, school districts typically share the estimated cost with voters during the levy campaign. This allows them to use data that is specific to the type of levy being proposed and the circumstances that apply. HB 342 has the potential to undermine those efforts.

We urge you to reject HB 342.

This concludes our testimony. We will be happy to address your questions.