



**State Representative Derek Merrin
District 47**

**House Bill 343 – Sponsor Testimony
Ways & Means Committee
October 24, 2017**

Chairman Schaffer, Vice-Chairman Scherer, Ranking Member Rogers, and members of the Ways and Means Committee. Thank you for the opportunity to present testimony on House Bill 343. Under current law, local governments may file complaints contesting the value of properties through the Board of Revision (BOR) process. The general goal is to generate more property tax revenue based on higher property valuations.

Local governments filing these complaints hire private-sector attorneys with public funds. The complaints put significant pressure on affected property owners. Homeowners have to decide whether to hire legal counsel or represent themselves through the BOR process. As you can imagine, the high-powered law firms hired to target property owners forcing them into a relatively unfamiliar BOR process often intimidates many Ohioans. Media outlets throughout our state have reported on the divisiveness this has created in local communities. It is important to note the vast majority of local governments do not engage in the controversial practice of filing BOR complaints.

In 2016, local governments in Lucas County filed 489 BOR complaints. From the number of Lucas County filings, the committee can see the volume in a single county and can extrapolate the number to gain insight into the volume across the state. The filings by local governments create additional administrative work for County Auditors and Board of Revisions. This additional administrative work undoubtedly increases taxpayers' costs.

It has come to my attention that some local elected officials, such as school board members, are unaware that their districts are filing BOR complaints at such high volumes or filing complaints at all. This is very disconcerting. Newly elected officials may be unaware their district has an informal, long-standing practice filing BOR complaints. The practice could potentially proceed without their consent or knowledge. It is my understanding some attorneys effectively have free rein to file complaints at their own discretion or with loose guidance, but without appropriate oversight from the legislative authority. The counter

argument to my concern is the assumption local governments have a contract or legal arrangement with their attorney to file BOR cases. Although a contract is a good start, it does not guarantee proper oversight from the legislative authority.

Since many specialized BOR attorneys are paid hourly, they have a monetary incentive to file as many complaints as possible. This has resulted in thousands upon thousands of BOR complaints filed annually by attorneys for local governments. This system has become a very lucrative business for a handful of attorneys, which ardently protect their business model against any changes to the BOR process. Rather than use the public funds to pay teacher salaries or upgrade technology, the small number of local governments filing complaints collectively lose millions of dollars annually in legal fees.

Now that I have outlined the BOR process and problems, let me explain how my legislation will make improvements. House Bill 343 ensures elected officials actually authorize BOR complaints. This is accomplished by requiring legislative authorities to approve a resolution authorizing their legal counsel to file each BOR complaint. To be clear, this bill does not prohibit local governments filing BOR complaints. It simply requires a resolution be approved confirming the legislative body's intent to challenge the property value of a parcel. Approving resolutions is very common in legislative proceedings of local governments. Almost all official legislative actions with any significance are recorded by a resolution, motion, or ordinance approved by an official vote. House Bill 343 applies this long-standing, good government practice to BOR complaints. This will enhance transparency and accountability.

Furthermore, House Bill 343 requires legislative authorities with a resolution on their agenda authorizing a BOR complaint to provide advanced, written notice to the property owner. Currently, property owners are notified by the BOR *after* their local government files a complaint. The property owner typically has no warning or opportunity to voice their position to local officials before the complaint is filed. By providing notice, property owners would have the opportunity to express their opinion with their local, elected officials before they vote to authorize a BOR complaint. Ohioans have a fundamental right to be properly notified, especially when legislative action is planned against their property.

It is imperative that the General Assembly ensure the Board of Revision process is fair, transparent, and accountable to the citizens of Ohio. House Bill 343 is a strong step in that direction. I ask for the committee's support and welcome any questions members may have at this time.