



**AVEDA
FREDRIC'S INSTITUTES**

Aveda Fredric's Institute

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Good morning Chairman Schaffer, Vice-Chairman Scherer, Ranking Member Rogers and members of the Ways and Means Committee. My name is Gary Trame; I am the Chief Financial Officer at Aveda Fredric's Institutes. Aveda Fredric's was founded in 1999 in Cincinnati, Ohio. We relocated to West Chester, Ohio in 2011 to a building that sat vacant for 5 years. Our company has over 30 employees, our leasehold and equipment investment is over \$2.5 million.

Aveda Fredric's operates a School of Cosmetology in the retail Voice of America Centre. We occupy 28,200 square feet, which represents 9.7% of the entire lot. The property taxes for the center are paid by the property owner and then reimbursed by the various tenants, such as Aveda Fredric's. Following the reimbursement, we pay an amount each year that reflects the actual total tax paid by the property owner. As you can see from our 2014 reconciliation document I provided, it is normally very close to the estimated amount of property tax owed. In 2014, our share of the tax was \$79,953 versus our estimated monthly payments, which totaled \$77,621 annually - for a settlement invoice amount of \$2,331. In 2015, without any pre-warning or notification, our total property tax owed was \$180,584 versus our estimated monthly payments that totaled \$77,621 - for a settlement invoice of \$102,584.

Aveda Fredric's is an accredited institution of post-secondary education and is certified by the US Department of Education to provide Title IV Federal Student Aid for our students. A major component of these certifications is that the school must maintain certain financial standards to ensure the continued viability of the school, in order for our students to complete their respective programs. Surprise increased taxation, as described above, makes it very difficult for businesses to operate.

Local governments and school districts benefit from the economic activity derived from our investments, jobs created, and the education we provide our students. The unexpected tax change, without notification may cause going concern issues. The lack of transparency in the process to effectively increase our taxes was troublesome. I would have welcomed the opportunity to have dialogue with my local elected officials and explain how the Board of Revision complaint would negatively impact our business and the local community.

The process that permits local governments to file complaints against commercial and residential properties needs reformed. House Bill 343 makes several positive steps toward transparency and fairness. With regard to notification, it would be great to have tenants of commercial buildings that pay 100% of the property taxes, be notified as well. The current system only notifies property owners after the complaint is filed with the Board of Revision, which does not provide property owners an opportunity to engage their local elected officials.

We must hold our elected officials accountable; we elected the school board members, not their attorney. Business owners and property should be treated with respect. We should be notified, and elected officials should proceed carefully and cautiously before authorizing property tax complaints that have significant impact to property owners and businesses. Their actions, even if unintentional, can put businesses out of businesses. Proper notification is not only right and common courtesy, but will create a better and more predictable climate for businesses in Ohio. Also, it is important that complaints be considered on an individual basis, because all properties are distinctly different. I urge the committee to support House Bill 343 and I am willing to answer questions the committee may have at this time.