



OHIO ASSOCIATION OF COUNTY BOARDS
SERVING PEOPLE WITH DEVELOPMENTAL DISABILITIES

Erich Bittner
Testimony on HB 24
Senate Ways and Means Committee
2/21/18

Chairman Eklund, Vice-Chair Terhar, Ranking Member Williams, and members of the Senate Ways and Means Committee; thank you for the opportunity to testify in support of AM 1166-1 to House Bill 24. This amendment will resolve a critical issue facing Ohio's housing system for people with developmental disabilities.

Currently, the 501 (c)(3) housing corporations which provide housing options for people with developmental disabilities are permitted property tax exemptions for all of their properties that are used in furtherance of the mission of the housing corporation (including offices, warehouses, and commercial properties that provide services for people with developmental disabilities). This exemption stems from the properties' charitable use, and has been the rule since the creation of the housing corporations in the early 1990s. This exemption allows the housing corporations to provide housing below market rate (generally at a financial loss to the corporation) and allows the individuals to live in the community. Many of the residents are unemployed, and those who are employed do not earn wages which allow them to afford market rate housing.

Recently, an Ohio Board of Tax Appeals decision has created confusion regarding the status of the charitable use exemption for housing used by individuals with developmental disabilities. When the tax-exempt status of several housing corporation properties was challenged by a local school district, the housing corporation assumed that the exemption would be upheld and therefore the housing corporation did not spend the time to fully develop the facts and circumstances to prove that the property was being used in an exempt manner. Based in large part on failing to provide enough evidence, the housing corporation was denied the tax exemption for the properties in question. The singular Board of Tax Appeals decision is a change of long-standing policy, because for several years these properties have been treated as being used in a charitable manner and have been treated as exempt. The 501(c)(3) housing corporations fear that the exemptions of other similar properties could be in jeopardy. At the very least, this will mean increased legal fees for non-profit organizations running on tight budgets, and could, unfortunately, create an opportunity for treating similar properties as taxable in the future, thereby increasing costs for the housing corporations and possibly denying the individuals the opportunity to live in affordable housing. Such a result would be catastrophic for the DD housing system.

AM 1166-1 addresses this concern by clarifying the current tax exemption in the Revised Code, regardless of the fact the properties are used by the individuals with developmental disabilities under a lease with the housing corporations. The amendment is designed to ensure that it preserves the tax exemption for all current properties, no matter the lease arrangement (which was the crux of the issue before the Board of Tax Appeals). Further, the language is specific to the housing corporations, and also ensures that we are not expanding the scope of the exemption to any non-charitable uses. Finally, I would like to reiterate that this exemption is the current practice, and its continuation will not result in a loss of revenue to any local taxing authority.

I would like to thank Chairman Eklund for his judicious consideration of and assistance with this amendment, and Representative Ginter for his understanding of the issue and willingness to help people with developmental disabilities. Once again, thank you to the members of this committee for allowing me to testify, and I will be happy to answer any questions at this time.