

House Ways and Means Committee Testimony

April 2, 2019

House Bill 75

Mr. Chairman, Members of the committee, thank you for the opportunity to speak to you today to express my opposition to House Bill 75. My name is Robert Kuehnle. I am the treasurer of Mansfield City Schools.

I am also a member of the Ohio Association of School Business Officials (AOSBO) and it is my understanding that they will be testify today as well. I believe the current Board of Revision (BOR) system affords all interested parties the ability to participate in the process and provides for checks and balances to preserve and maintain fair and equal taxation practices.

I would like to give the committee a few examples of how this change would affect my district and the taxpayers in Richland County. Last fall, I noticed that my tax collections were down compared to last year's collections. I thought this was odd as the district's valuation increased \$14 Million when Richland County went through an update. In most normal instances, a school treasurer would call the county auditor, but in Richland County, the relationship between the auditor and the school district treasurers is not a pleasant one. In case you are wondering why we don't get along, it is because I suggested to him that the sale price should be used for the value of a parcel for recent sales. Therefore I did a records request, asking for all the "Complaint against the valuation of Real Property" forms and decisions issued by the Board of Revision for every property in the Mansfield City Schools' taxing district. As you can see by the stack of documents here, this was no small request. I have counted out the documents here and there are 1,102 complaints. I was informed by an employee at the Richland County Auditor's Office that the revision totaled more than \$11 Million in valuation reductions.

In today's valuation update process, many of the home and business values are being calculated by computer systems and algorithms. House Bill 75 would remove the checks and balances from the process that, more and more, is relying on computer software. If 80% of the increase in value was due to errors in the software system, then there should be safeguards in place to ensure that fair and correct values are used, regardless if the process starts with the taxpayer or the school district.

I realize that this bill does not take away a district's ability to challenge a value placed on a parcel, but it does place an undue burden on the school district. As you can see, there were so many filed in my district this year, that HB 75 would make the process too cumbersome for my district to tackle.

Getting back to my current collection issue, my collections were down over \$500,000 this year in a year when my total valuation went up roughly 4%. I believe this occurred because of the refunds that were given to taxpayers who participated in the board of revision process. In 2017 my taxpayers voted to approve two fixed-sum levies with 73% passage rate and now, the Mansfield City School District is not getting the full amount.

It is also my opinion that next year, when new tax rates are calculated by my county auditor, the rates will be higher to account for those reductions in valuation. Which translates to certain taxpayers picking up more of the fixed-sum levy amount as compared to the prior year.

One last point I want to mention deals with unintended consequences. I realize there is a proposal for a new funding formula being discussed. My next point highlights an issue with the current funding formula. If the checks and balance system places a higher burden on the district, it will go unchecked, as I believe it has in my district. Mansfield City Schools has declining enrollment yet is on the funding cap with regard to school funding from the State of Ohio. The funding cap was created to limit school districts with growing enrollment. The reason we are on the cap is because our valuation keeps dropping when compared to the rest of the state. If the board of revision process becomes so burdensome for school districts, it could have the effect of valuations not being fairly calculated with respect to the state foundation funding formula.

Mr. Chairman, this concludes my testimony. I urge you to reject House Bill 75. Thank you for your attention and I will be happy to address any questions the committee might have at this time.