

House Ways and Means Committee
HB 75 Opponent Testimony
April 9, 2019

Chairman Schaffer, Vice Chair Lipps, Ranking Minority Member Rogers and members of the Ways and Means Committee. My name is Kerri Johnson, Treasurer/CFO for the Anthony Wayne Local School District, in Lucas County Ohio. Joining me today is Ryan Stechschulte, Treasurer/CFO of Toledo Public Schools, in Lucas County Ohio. We are here today to testify in opposition of House Bill (HB) 75.

I have been a treasurer for 26 years and an assistant treasurer for 3 years, giving me 29 years of experience in the school finance office and Ryan has been a treasurer/CFO for the past 25 years. Although many 'bills' have provided a great amount of value to our careers, we have never felt the importance of becoming involved, professionally and personally, as we do today, which is why we are here.

We strongly believe HB 75 originates from the residential complaints filed in Lucas County. We believe this because the Legislator who introduced HB 75 is from Lucas County and is aware of the complaints concerning property values being challenged by school districts due to the ongoing media coverage it has received. It is public knowledge in Lucas County that there is a philosophical difference between the county auditor and the school districts in the area about the process for maintaining the most accurate property values possible.

In my 12 years at Anthony Wayne, this has only become a major issue in the last two years. In 2017 (regarding 2016 cases), the Auditor held "help clinics" in each district to help residents file counter complaints against the districts concerning the increase in property values. The meetings were open to all taxpayers. At these meetings, computers and staff were made available to assist those in attendance with the process of challenging their values on the spot.

A short time after that, the Auditor met individually with each district asking them to drop their 2016 cases and she told them when she met that she would make each district whole from excess funds in the Real Estate Assessment fund, which is an account funded by auditor and treasurer fees when payments are issues to schools and municipalities. In exchange for dropping the pending challenges, school districts were given money to offset the lower tax revenue (because of values that were set to low). [See Toledo Blade article.](#)

When it came time for the 2017 cases (in 2018), Lucas County was in a reappraisal year. A similar situation took place; however, the statement then was "let me do my job and the reappraisal will correct the problem." Districts, once again, dropped their cases.

In talking with staff at the Ohio Department of Taxation, and using their data off their website ([see attachment resource from ODT #1](#)), the median ratio should be between 90 percent and 110 percent for taxable values to best reflect actual market conditions. In practice, the Department of Taxation aims to have the ratios in the year of reappraisal or triennial update to

be at least 90 percent and, preferably, in the 92-94 percent range. The Lucas County Auditor claimed that through the reappraisal process the values would be corrected. The Anthony Wayne Local School District, cumulative was at 88.5%. By jurisdiction (we have 4) it was 91.01%, 86.61%, 93.5% and 83.06% (see attached resource from ODT #2). The Toledo Public Schools was at 85.33%.

Now, here we are, dealing with 2018 cases, even after the reappraisal is complete. Although values were ordered to increase, the value from the residential complaints that are being urged by the County Auditor, is still a great concern. Not to mention the 2017 cases that have resurfaced, as values were reduced during the reappraisal process after being increased through the BOR process in 2018.

Ryan will now continue our testimony.

Thank you Mr. Chairman for allowing me to speak.

A short time after Lucas County values were submitted to the Ohio Department of Taxation, the Auditor was issued a letter from the Tax Commissioner ordering the tax values be increased (see attached letter ODT). According to the Tax Commissioner, it was a first in 25 years, that they had to issue such a letter. After some negotiating between the Auditor and the Tax Commissioner, values were finally set in mid December. A short time after that, the Auditor took out a full page add in the Toledo Blade (local Lucas County paper) and included the letter from the Commissioner, her proposed values, their proposed values, final agreed values and the form to contest an individual's value (see attached Toledo Blade Public Notice). She recently appeared on the local news channel talk show stating, "I will make it worth it if you take the time to contest your home value. I will even come to your office to help your contest your value".

We share this with you to help you understand our testimony and the reasoning behind it. It is not a personal attack but rather examples that are happening in Lucas County. We don't want this to punish the rest of the State of Ohio.

The Anthony Wayne Local School District as well as Toledo Public Schools, are informed of the potential cases (anything above \$50,000 according to the law). In the past, Anthony Wayne Local School District and Toledo Public chose to contest residential and commercial properties over \$100,000.00 (for both original property valuation claims and counter-claims). Currently Anthony Wayne Local Schools is only contesting commercial values.

We both work with Lucas County Attorneys. The attorneys, on behalf of the Districts, will initiate a complaint to increase the value. However, as treasurers, we personally review the cases with the our respective Attorney before they are filed at the BOR, in order to understand any unique circumstances, on commercial property mainly, such as school donation agreements or community reinvestment area, etc.. In most circumstances, the sale of a property is what initiates a challenge. Ohio law is clear that the sale price is the best

determiner of the property's value, making the value of the property reasonably evident.

This Board of Revision (BOR) process is what we are permitted to do by law as a part of a fair system of checks and balances. The Board of Education feels this legal process is fair to all taxpayers because it insures that everyone is paying their fair share. Allowing properties to remain undervalued is unfair and essentially result in higher taxes being paid by other taxpayers. The current property valuation and tax system has worked to benefit its taxpayers for decades. Through County Boards of Revision (BOR), the system affords all interested parties the ability to participate in the process, providing a proper procedure for checks and balances to preserve and maintain fair and equal taxation practices. The new mandates in HB 75 appear to discourage boards of education from accessing the BOR process through making the process more restrictive and politicizing the decision. This result will not only negatively impact school districts, but also residential and commercial property owners whose values are accurate.

Rather than enacting the changes in HB 75, we suggest that boards of education be required to set parameters for when the district would challenge property values, such as the types of property, dollar amounts and/or percentage change. Our Districts have done this (along with many others). Our procedures allow taxpayers fairness and equality in actions the district takes. County Auditors should be required to set (and follow) similar parameters as well when it comes to valuing properties, increasing and decreasing values, etc.

This concludes our testimony. We urge you to reject HB 75. Thank you for your time and we will be happy to address your questions.