



**House Ways and Means Committee
HB 485 Interested Party Written Testimony
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
May 28, 2020**

Chairman Merrin, Vice Chair LaRe, Ranking Minority Member Rogers and members of the Committee. Thank you for the opportunity to provide input on HB 485. This testimony is submitted by Barbara Shaner, Advocacy Specialist for the Ohio Association of School Business Officials (OASBO), Jennifer Hogue, Director of Legislative Services for the Ohio School Boards Association (OSBA) and Kevin Miller, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA).

Our three organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers, and other school business officials from around the state. It is on their behalf that we submit this testimony as interested parties.

The 132nd General Assembly took steps through that session's biennial budget bill, HB 49, to significantly reduce local valuations for agricultural property under the Current Agricultural Use Value (CAUV) program. The resulting expansion of benefits to landowners has resulted in a shift in tax burden from agricultural to residential property owners.

While the effects of the changes to the CAUV program in HB 49 have not yet been fully phased in, based on the most recent data available from the Ohio Department of Taxation (from TY 2019), on average, statewide values for agricultural property currently participating in CAUV are set at approximately **32.7% of market value**. This allows farmers engaging in agriculture activity to benefit significantly from lower property taxes, a significantly lower rate than their residential property owner counterparts.

Because Ohio's Constitution requires that generally, local governments (including school districts) be permitted to collect the same tax revenue levels as their levies originally produced, any time property values are reduced for one landowner, the other landowners make up the difference through higher tax rates.

Furthermore, because of the complexities of HB 920 and the Ohio Constitution, it is possible that even while residential taxpayers are experiencing tax hikes, schools and local governments could see an actual reduction in tax revenue. This depends on the amount of agricultural property

contained within the district, how close individual levies are to their voted rates, and the amount of inside millage that is utilized.

In light of these facts, it is not unreasonable for the residential taxpayers and school district leaders to expect that CAUV participants be required to renew their CAUV benefits on a regular basis.

One of the issues that HB 485 appears to address is the requirement that the county auditor mail the CAUV renewal application to participating landowners every year. In today's era where electronic communications are widely utilized, we suggest an alternative. In lieu of eliminating the annual CAUV renewal application requirement, HB 485 could simply provide for a transition to electronic communications. Requiring a 'mailed' application is inefficient and outdated. Website and email communications could be a permissive option for counties.

Rather than relying on CAUV participants to self-report when the land is no longer being used for purposes that qualify for CAUV, property owners could be reminded electronically about the need to renew. The expectation that landowner's responsibility for maintaining the generous CAUV benefits could continue, but the process be modernized.

We recognize that it would take some time for counties to transition to an electronic CAUV application and renewal system. Accommodations would be needed for property owners who lack access to electronic means. Yet, not unlike many other areas of government, online programs are much more efficient once implemented. It could be that moving to an online, electronic system could also make it easier for agricultural landowners to renew.

Our testimony does not offer alternatives to the provision of HB 485 which would allow property owners whose land is enrolled in the CAUV program to completely avoid completing annual renewal applications. We believe this annual renewal should continue and have outlined our rationale for maintaining this requirement in the early part of the testimony. We urge the committee to reject HB 485's proposal to eliminate the requirement to renew. We instead encourage you to look for ways to make the process easier and more efficient for both county auditors and landowners while maintaining the renewal requirement.

This concludes our testimony. Please contact us if you have questions.