Senate Ways and Means Committee
Written Senate Bill 235 Testimony
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
April 5, 2016

Chairman Peterson, Ranking Member Tavares, committee members. Thank you for the opportunity to submit written testimony in opposition to SB 235. Our organizations represent the public school boards of education, superintendents, treasurers and business managers, and other school business officials from around the state. They are the leaders charged with the fiscal responsibility and accountability of their school districts.

SB 235 would authorize tax exemptions for land in the pre-development stage and reduce property taxes for land purchased for re-development. We oppose the legislation as it has the potential for reducing revenue for school districts and, in some cases, for requiring taxpayers owning other commercial property to pay more than their fair share. We believe the purchase price of the property is a fair representation of the value of the land asset obtained by the developer.

When one commercial property is undervalued, the other commercial properties in the school district must make up the difference. Levy millage rates are set based on the total valuation of the school district. If some properties are undervalued at the time a levy is passed, the millage rate set for the levy must be higher than necessary in order to raise the funds requested by the district. This means property owners whose real property is set at a fair value, will pay more than necessary.

Ohio already has a number of available economic development tax exemption tools meant to achieve the economic development aspirations of local communities and the state. These are applied based on well thought out goals and plans developed by community leaders. The provisions in SB 235 do not achieve a cohesive, consistent economic development strategy. In fact, passage of the bill would automatically create a state-mandated exemption for taxes on the increase in value for land purchased for re-development.

For land purchased for new development, other local governments would have the authority to approve the tax exemption. However, school districts will have no say, even though the planned development may affect their revenues and potentially increase district enrollment as a result of new development in the area.

The following is a list of reasons for why SB 235 should not be enacted:

- Ohio has existing local economic development tools, which can be based on local needs and plans.
- SB 235 could result in inconsistent and unfair economic development practices.
- Property owners whose properties are set at a fair value subsidize those properties that are undervalued.
- SB 235 will be difficult to monitor and is vague as to who will decide when a property qualifies or when the exemption ends.

We respectfully request that you, too, oppose SB 235.

Thank you for your consideration,

Barbara Shaner, Associate Executive Director, the Ohio Association of School Business Officials (OASBO).

Damon Asbury, Director of Legislative Services for the Ohio School Boards Association (OSBA), and

Thomas Ash, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA).