St. Bernard-Elmwood Place City Schools
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Treasurer

Testimony of Emily Hauser

Treasurer/CFO

St. Bernard-Elmwood Place City School District (Hamilton Co.)

Before the Ohio House Finance Subcommittee on Primary and Secondary Education

March, 7th, 2017

Chairman Cupp, and Ranking Member Miller, and members of the House Education Finance Subcommittee, my name is Emily Hauser, Treasurer/CFO of the St. Bernard-Elmwood Place City School District in Hamilton County. Joining me is Mike Sobul representing the CFFO. Thank you for the opportunity to be here today to discuss issues with the fixed-sum reimbursement of tangible personal property taxes.

Unlike the fixed-rate reimbursements that my colleagues have been discussing in earlier testimony, the phasing-out of the fixed-sum reimbursements does not directly impact the revenue of school districts. Rather, it shifts the burden of these monies from the state to the district's taxpayers. Under current law, the fixed-sum reimbursements for operating purposes phase-out evenly over five years beginning with tax year 2018, shifting that burden to district taxpayers as the reimbursements phase-out.

The phase-out of these reimbursements will have a profound impact on the taxpayers in the St. Bernard-Elmwood Place school district. The amount of reimbursement coming from the state is the equivalent of about 13 mills of taxes in the

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district, which will lead to about a 20 percent increase in school tax payments for taxpayers with no additional revenue coming to the district. This increase in taxes will make it very difficult for the district to successfully renew its emergency levy that expires in 2019. Would you renew a tax levy if your taxes increased by 13 mills without getting a vote?

The increase in taxes will impact both the residents of the district and our business tax base as well. St. Bernard-Elmwood Place residents in tax year 2014 had a median Ohio Adjusted Gross Income of just over $28,000, about $5,000 below the statewide median, ranking the district among the poorest 15 percent of districts in the state. The district is comprised of 83% of students living in poverty. An increase of 13 mills will result in an additional $340 of taxes annually on a $75,000 home once the phase-out is complete. The taxpayers simply cannot afford an increase of such magnitude. On the business side, the impact on Procter & Gamble alone, the district's largest taxpayer, would be to increase property taxes annually by about $166,000 once the phase-out is complete.

While taxpayers in St. Bernard-Elmwood Place are by far the most negatively impacted in the state by the phase-out, there are other districts whose taxpayers will see significant increases under current law. At the same time, there are many districts whose taxpayers will be minimally impacted by the elimination of the reimbursements.

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Working with the CFFO, we have devised an alternative plan to current law. The plan protects taxpayers in the most impacted districts, phases-out the reimbursements in less impacted districts a little quicker than under current law, and saves the state money on fixed-sum reimbursements in the upcoming biennium. Mr. Chairman and members of the Committee at this time I would respectfully ask if Mr. Sobul could present his testimony and further explain the CFFO proposal, and then I would be happy to make myself available for questions. Thank you.