



**December 5, 2017**

**MEMBERS OF HOUSE WAYS AND MEANS COMMITTEE**

**BRAD COLE, MANAGING DIRECTOR OF RESEARCH**

**WRITTEN OPPONENT TESTIMONY ON HB 371**

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Good morning, Chairman Schaffer, Vice Chair Scherer, Ranking Minority Member Rogers and members of the Ways and Means Committee. My name is Brad Cole and I am Managing Director of Research for CCAO.

CCAO appreciates the opportunity to submit written opponent testimony on HB 371 which would exempt from property taxes the increased value of unimproved land subdivided for residential development until construction begins or the land is sold.

CCAO opposes HB 371 for the following reasons:

- The bill deviates from the long-standing practice of county auditors valuing land according to true or fair market value. The bill could have unintended and unpredictable consequences on the value of neighboring parcels. The bill specifies that even street and utility improvements which normally would significantly enhance the value of subdivided property would be exempt from any valuation adjustments until the property is sold or construction begins.
- The LSC fiscal note on the bill indicates that the revenue loss “could be substantial” particularly for growing counties where large numbers of building permits are being issued and “could amount to millions of dollars” in counties with the greatest residential building activity.
- For certain types of levies that are intended to generate fixed sums of revenue, the legislation may have the practical effect of increasing the level of taxes for certain property owners so that other property owners may pay less.

For the reasons stated here CCAO is opposed to HB 371. CCAO thanks the members of the House Ways and Means Committee for consideration of this testimony and encourages opposition to HB 371.



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