

Substitute House Bill 49
Ryan Jenkins, Treasurer/CFO
Pickerington Local School District
Senate Finance General Government & Agency Review Subcommittee
Thursday, May 18, 2017

Chairman Jordan, Vice Chair O'Brien, and members of the Senate Finance General Government & Agency Review Sub. Committee, thank you for allowing me to testify on H.B. 49 today.

My name is Ryan Jenkins and I have the privilege of serving as the Pickerington Local School District's Treasurer and Chief Financial Officer. Under the supervision of the Board of Education and along with my staff, I supervise the fiscal operations of the Pickerington Local School District. However, I began my career in education as a high school math teacher. I have served as both a high school assistant principal and a lead middle school principal.

The Ohio House of Representatives added Section 5717.07 to the operating budget. This language, very simply, punishes school districts that choose to protect their local funding through challenges to property valuation in their districts. It creates a one-sided and unfair attorney fee-shifting framework. This provision allows a prevailing private property owner to receive attorney's fees and the costs of the appeal, but does not afford a prevailing school district the same advantage.

This language would have a chilling effect on those school districts, such as Pickerington, that even seek to question a low property tax valuation, much less challenge that valuation before the county Board of Tax Revision or appeal an erroneous decision of a Board of Revision.

As you know, the economic collapse of 2008 resulted in dramatic changes to the market for real estate. In the years following the recession, most property tax appeals – meritorious or not – were filed by property owners seeking reductions in property value. Reductions in school district revenue were the natural result of those actions. The pendulum has fortunately begun to swing back, and properties are now often selling for purchase prices substantially above the county auditor's assigned values.

Our experience is that the county auditors defer to the school districts to bring these higher purchase prices to the county's attention through the Board of Revision process. Just as recent sales of property provided the best evidence of value during the economic downturn, so too do they provide the best evidence of value now.

The Pickerington Local School District simply seeks a level playing field for the purposes of accurately valuing property within the district. In many cases, increases in one property's value will result in an overall drop in all property owners' tax rates – thus, the District has an incentive not only to accurately value property that it may provide a consistent revenue stream, but also to ensure fair assessments across the board. Maintaining a system without draconian fee shifting provisions promotes that goal.

Consistent with that goal, the Pickerington Local School District has implemented a number of measures to ensure fairness in its participation in Board of Revision proceedings and appeals. The Pickerington Local Schools have implemented a written statement of tax appeal practices that articulates a framework for the District's participation in tax appeals. Likewise, the Pickerington Local Schools have not, to my knowledge, ever retained lawyers on a contingent fee basis to represent the District in tax appeals – certainly the District has not done so in the last decade.

Since at least 1965, the state has allowed a mechanism for school districts to challenge low property valuations. The language in the budget is the first step in the removal of this right and it inhibits school districts' ability to fund their important work. The Senate should reject Section 5717.07 in Sub. H.B. 49, as passed by the House.