

**House Bill 343**  
**Phil Howard, Superintendent**  
**Jackson City School District**  
**Senate Ways & Means Committee**  
**Wednesday, November 14, 2018**

Chairman Eklund, Vice Chair Terhar, Ranking Member Williams, and members of the Senate Ways & Means Committee, thank you for allowing me to testify on House Bill 343.

My name is Phil Howard and I serve as the Jackson City School District Superintendent. Under the direction of the Board of Education and along with our Treasurer and our staff, I oversee the fiscal operations of the Jackson City School District in Jackson County, Ohio. I have spent the last 33 years working in education in three different school districts in Southeast Ohio. I have served as Superintendent of the Jackson City School District for 11 years. Before that, I served as an Assistant Superintendent, teacher, principal, and coach.

Before I discuss the substance of the bill, I think it is important to address the history of our public school district coalition's yearlong efforts regarding H.B. 343. Our coalition participated in the two interested parties meetings that were held in the House. Our coalition met with each member of the House Ways and Means Committee to discuss H.B. 343 and our suggested changes to the bill. We worked with Representative Merrin, the bill's sponsor, to draft a compromise substitute bill that was never introduced. We worked with other interested parties, such as the Ohio Chamber of Commerce to draft an amendment.

Certain members of the House Ways and Means Committee conveyed to us that they believe the bill needs more work before it is signed into law, and that they would help us communicate this message to their counterparts in the Senate. We have consistently shared our two alternatives – a substitute bill and an amendment – with members of this Committee, including the Chairman and Vice Chairman. Throughout the past year, we have diligently communicated our compromises to members of both the House and Senate Ways and Means Committees. We respectfully request that this bill have another interested parties meeting. We know there were certain changes made in the House, but they were not enough to impact the onerous parts of the bill and, therefore, we must remain opposed H.B. 343 as it is currently drafted for the following reasons.

Current law permits property owners, school boards, and others to file and respond to cases affecting the value of real estate. Current law ensures that property owners receive multiple written notices of property tax cases affecting their property. Each county's board of revision ("BOR"), composed of elected officials, hears these cases. And the BOR is already required to provide notice to an owner by certified mail of any hearings that affect the owner's property. At those hearings, owners and other parties have the opportunity to present documents and testimony relating to the property's value, and to examine and refute the other side's evidence. In other words, under the current system, owners receive ample, repeated notice of proceedings that affect the valuation of their property, and enjoy the right to fully participate in those proceedings, including the right to appeal.

It makes sense to permit owners and school boards to fully participate in this process because most schools receive most of their funding from property taxes, and the local school district receives the majority of each dollar of property tax. The result is a balanced playing

field, where the parties with the most incentive to determine a property's true value have the option of being at the table.

Most BOR cases arise when property owners seek lower values, which results in schools getting less revenue. In a minority of cases, the local school board files an "increase complaint." The overwhelming majority of those increase complaints occur after the property recently sold. During the recession, owners frequently used this process to show that a recent sale demonstrated that a county auditor's assessed value was too high. The pendulum has thankfully swung the other way, and county auditors' values sometimes lag below the market. Thus, properties oftentimes sell for prices that substantially exceed the auditor's values. This scenario accounts for the overwhelming majority of school board increase cases, and most of those cases focus on commercial properties, not private homeowners.

House Bill 343, which alters Ohio Revised Code § 5715.19, would require every entity *other than a property owner* to take cumbersome and time-consuming procedural steps before responding to or initiating a property tax valuation case. Boards of education get 30 days from receiving notice of a valuation complaint to file a counter-complaint; if they don't file in time, they're frozen out of the process. This bill would impose time-consuming and cumulative procedural delays during this critical period. Lengthening the time for schools to counter-complain might seem like a solution, but would only add further delay to a process that is already lengthy. Ultimately, the language in its current form deprives school districts from adequately and appropriately participating in a system that the state has determined is the best public policy apparatus to fund our public schools.

Because counties notify boards of education of new valuation complaints on an intermittent basis throughout spring and summer, and because school boards only have 30 days to file counter-complaints in response to owners' valuation complaints, this bill would impose a cumbersome series of rolling deadlines. With the overlay of public meeting requirements, the bill would create a serious obstacle to districts having the chance to timely file the paperwork necessary to participate in valuation cases. And it's worth remembering that this bill would apply not only to school-initiated cases, but also to those cases where owners seek reductions in property value that will deprive the school districts of local revenue.

The bill requires a board of education to pass a separate board resolution for *every single BOR case* that it wants to participate in. Rather than require boards of education to adopt a uniform policy that articulates which sorts of cases it will file or oppose, this bill would make school boards pass, give notice of, conduct a hearing on, and debate every separate case. But because there is no "discovery" process at the BOR level, the board of education and the affected property owners likely will end up talking past each other. Rather than getting to the bottom of a property's true value, House Bill 343 would encourage owners to cry foul, hoping that objections to higher taxes would mask the actual inquiry, which is determining a property's true value – making a process that is evidence and fact-based now, inherently political in the future.

House Bill 343 would cause delay, promote enmity, and won't help owners or school boards determine properties' true values. In short, the measure would add heat, but wouldn't shed light.

Instead, the legislature should consider a more productive alternative. As I mentioned previously, working collaboratively with public and private sector interests, a coalition of school districts that includes Jackson City Schools, along with five other public school districts, identified a compromise and drafted an amendment that would address the perceived need for heightened school board involvement in property tax appeal decision-making.

We propose that H.B. 343 be amended to require public bodies like boards of education to pass a single resolution that identifies the properties upon which the board would like to file an original BOR increase complaint. This compromise would eliminate the board resolution requirement for counter-complaints, which after all are merely filed in response to cases that property owners themselves have initiated. This proposal would also remove the cumbersome notice provisions that the bill presently contains.

If the goal of the bill is to ensure that school boards understand and approve the initiation of property tax proceedings, the amendment I have explained would accomplish that purpose, and our group of school districts would support it.

However, our group must remain opposed to the bill as it is currently written.

Thank you for your consideration. I am happy to answer any questions from the Committee.