



**House Ways and Means Committee  
SB 95 Opposition Testimony  
Buckeye Association of School Administrators  
Ohio Association of School Business Officials  
Ohio School Boards Association  
December 8, 2020**

Chairman Merrin, Vice Chairman LaRe, Ranking Minority Member Rogers, and members of the House Ways and Means Committee. My name is Kevin Miller, representing the Buckeye Association of School Administrators. Joining me today for this testimony are Nicole Piscitani from the Ohio School Boards Association and Katie Johnson from the Ohio Association of School Business Officials. Thank you for the opportunity to speak to you today to express our opposition to Senate Bill (SB) 95.

Collectively, we represent public school board members, superintendents, treasurers/CFOs and other school business officials from around the state. They all have a strong interest in ensuring the property values for all properties within the taxing district are set at the most accurate levels. On behalf of our members, we oppose SB 95, chiefly its recent amendments that incorporate into the bill the provisions of House Bill 75. Those provisions would substantially revise Ohio's current property valuation and tax system, which has worked to benefit its citizens for decades. Through county Boards of Revision (BOR), the system affords all interested parties the ability to participate in the process, providing a proper procedure for checks and balances to preserve and maintain fair and equal taxation practices.

In other words, by participating in the current BOR process, school districts are seeking protection for all property owners; district leaders do not do so to ask property owners to pay more in taxes than what is fair based on the actual worth of their property for tax purposes. When one property is valued too low, the other property owners in the taxing district pay more to subsidize their neighbor.

We object to the substitute bill's unnecessary changes to this long-respected BOR system. The changes create an undue burden for school districts, adding cost and creating new state mandates.

The bill now requires:

- Notification to the property owners by the school district or local government to let them know the district is considering a challenge to the current valuation of the property.
  - This is a redundant mandate because **the BOR process is already set up for this purpose** (affected property owners are notified).
- After making notification, the governing authority would have to pass a resolution for **each** property, indicating it will challenge the values for specific properties (resolutions can be passed with one vote).
  - This step would have the effect of **politicizing the decisions as to which properties would be challenged.**
- These provisions apply whether the schools and local governments are initiating a valuation complaint, or filing a counter-claim after a property owner has filed a challenge to the value of property as being set too high.

The new mandates in SB 95 appear to discourage schools and local governments from accessing the BOR process. The result will be unfortunate not only for the taxing entities themselves, but also for the **residential and commercial property owners whose values are set at accurate levels**. Because of the effects of “HB 920”, commercial property owners with accurate property values will pay more than their fair share of taxes, subsidizing the lower taxes paid by commercial property owners whose properties are undervalued. This is also true for residential property owners.

Based on feedback from our members, we think values are most often challenged when a sale of property has occurred. Ohio law is clear that the sale price of a property is the best determiner of the property’s value. Therefore, challenges based on sales are reasonably evident. Many school districts only challenge commercial property values. However, in districts with virtually no commercial property, there may be a need to participate in the BOR process related to residential property. These decisions should be made locally as there are many differences in the make-up of property valuations in the districts across the state.

Anecdotal reports from members have indicated that the attorneys who represent school districts in these matters operate on a fee-for-service basis. This means schools and local governments are cautious about filing unreasonable challenges that will not be successful. Also, if a school district or other local government is practicing frivolous filings, the current system is set up to keep them in check. **The BOR process will curtail such activity.**

We understand that concerns about the current BOR process have been raised by various stakeholders. While we believe schools across the state largely act responsibly, proponents of the recently added provisions have alleged the following:

- Attorneys are filing Board of Revision (BOR) valuation challenges without the knowledge or approval of the taxing entity.
- School board members are unaware of the BOR action initiated by the administration of the district.
- There are frivolous filings on behalf of the district because attorneys operate on a contingency basis.

As a good faith effort to recognize the need for school districts to utilize best practices in these cases, we have developed the following suggestions for addressing the perceived abuses of the privilege of participating in the BOR process:

1. Boards of education that intend to file claims (and counterclaims) to request valuation increases (or to defend the auditor’s values) must adopt a policy by resolution setting the parameters for the participation in the BOR process.
2. Contracts with any agent (attorney) working on behalf of a school district must include only a fee-for-service payment arrangement. There would be no contingency payments based on the results of valuation challenges.
3. Contracts with any agent must stipulate that no claims or counterclaims may be submitted to the BOR without prior approval by the administration of the district (superintendent or treasurer/CFO). The contracts must also be compliant with any other requirements as indicated through the district’s board policy.
4. The administration could be required to report to the governing board on its BOR activity.

Mr. Chairman, this concludes our testimony. **We urge you to reject Sub. SB 95**, or instead, adopt the provisions contained in this testimony. We will be happy to address your questions.