

**Proponent Testimony for Senate Bill 313**  
**Ohio Senate Finance Committee**  
**Senator Matt Dolan, Chair**  
**Tuesday, June 2, 2020**

Chairman Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee, I am Tracey Miller, Superintendent of the New Richmond Exempted Village School District in Clermont County. Thank you for the opportunity to testify today as proponents of Senate Bill 313.

**Our District**

The New Richmond Exempted Village School District covers 66 square miles including 80% of the county's frontage along the Ohio River. We have an enrollment of 2,300 students. We have a very financially diverse community as we rank 2nd in household income in Clermont County while also ranking 2nd in the percentage of students on Free and Reduced Lunch. Our community has a strong work ethic and feels great pride in their schools.

**Impact of Power Plant Devaluation**

The New Richmond Schools have two coal-burning power plants in the district. Power Plant value and Personal Public Utility Property Tax revenue accounts for a large portion of the district's revenue. Until April, 2020, New Richmond had the lowest property taxes in the county as a result of having two power plants in the district.

From 2016-2018, the district was informed of changes in the status of the operations and ownership of the power plants. One of the power plants (Beckjord), Duke Energy has closed and it is being decommissioned as we speak. This resulted in a loss of a total of \$1.8 million in lost school taxes this year and each year forward.

Duke Energy sold its share of the second power station, Zimmer (the largest single unit power plant in the US) to Dynegy. Zimmer has been devalued three times (2016-2017-2018) and the property value dropped has from \$155 million to \$55 million based on the sale started by Duke Energy. This resulted in a loss of a total of \$3.3 million in lost school taxes this year and each year forward.

**How New Richmond Has Responded**

The immediate, devastating and catastrophic losses due to the sale, closing and devaluation of TWO power plants was too much for the district to absorb. These changes resulted in the immediate loss of \$5 million dollars in annual school tax revenue (as detailed previously). This loss of revenue was coupled with the erosion of the personal property public utility tax reimbursement, accounting for another \$3 million in losses. In total, New Richmond Exempted Village School District has lost \$8 million dollars in revenue in a very compressed amount of time. We are doing everything we can in effort to fill this \$8 million dollar void so we can provide the children of our community with a quality education.

The district had been preparing for the reduction of the personal property public utility tax revenue by implementing salary freezes, staff reductions, increasing class sizes and attracting open enrollment. In the last sixteen months, The New Richmond Schools closed an elementary school, greatly reduced open enrollment, reduced more than twenty teaching positions, fifteen support positions, administration, consolidated elementary schools, moved its middle school, sold its central office facility and moved the district operation to a school building. This resulted

in a savings of \$3 million dollars for our district. Even with this cost containment, my school district will need to make an additional \$1 million in spending cuts for the upcoming school year.

To further address this revenue crisis, our proud community responded by passing a 9.4 mill continuing operating levy in April 2020. This is the first time New Richmond had seen a school levy since 1977 -- 43 years ago! The levy will generate \$4 million dollars per year. While the district needed a higher millage rate, the Board of Education did not believe the voters could accept a 10+ mill operating levy and asked for less, pledging to find new revenue or make additional cuts.

### **Additional State Aid**

SB 313 was introduced to address the needs of schools with power plants in their district where the value of the property was reduced due to sale of the property or appeal to reduction in the value. Each of the school districts impacted by the bill have experienced a loss in operating revenue. The New Richmond Exempted Village School District is grateful for any additional state assistance in light of the economically devastating set of circumstances we are experiencing, and we are cognizant that the state is also facing difficult financial circumstances.

If there is an opportunity to improve the bill, New Richmond would appreciate one modification. Under SB 313, the Ohio Department of Education would make an additional payment to my district in an amount that is determined by whether my district received more than a 10% decrease in the taxable value of public utility tangible personal property (PUTPP) subject to taxation between tax years 2017 and 2019. The first big devaluation of taxable value for New Richmond occurred in tax year 2016, in the amount of over \$51 million in PUTPP revenue. This was followed reductions of \$47 million in tax year 2017 and \$17 million in tax year 2018. New Richmond could receive further badly needed financial relief if the bill were amended to account for devaluations that began in tax year 2016 – thus adding one more year to the bill.

But we emphasize that we most sincerely appreciate the efforts of Senator Terry Johnson and Representative Doug Green in working with the members of the legislature and the Ohio Department of Education in trying to find ways to address our revenue challenges. These are challenges that are shared by several other school districts who had relied upon the tax revenue from power plants for their budgets and SB 313 is certainly a wonderful first step. We look forward to continuing this important dialogue moving into next year's budget as we partner with the state in finding the best funding solution to help educate the students in my community.

I appreciate the opportunity to share New Richmond's story with you and thank you for your service and thank you for listening. I am happy to answer any questions you may have.