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Senate General Government and Agency Review Committee
Testimony on HB 76
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Ohio Association of County Boards of DD
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Chairman Schuring, Vice-Chair Rulli, Ranking Member O'Brien, and members of the General Government and Agency Review Committee; thank you for the opportunity to testify on House Bill 76. The Ohio Association of County Boards of Developmental Disabilities opposes this legislation in its current form.

House Bill 76 would require that levy issues be presented to voters in terms of the amount of the tax per $100,000 of "fair market value" rather than per $100 of "taxable value" as required under current law. While the goal of increased transparency in the levy process is laudable, we believe that the proposed solution will actually make levy ballot language less transparent.

The term "fair market value" is a tax term that is unclear to the average voter. "Fair market value" is a figure calculated by county auditors to express the approximate worth of a property given recent market history. It is a term used and understood by tax and real estate professionals—not laypeople. When most voters hear the term "fair market value," they likely think of how much their home would sell for on the open market this week or this month in an arms-length transaction. The "fair market value" and sale price of a home are often different—many homeowners over-estimate the "fair market value" of their homes. HB 76 does not account for this and could cause voters to misinterpret the cost of levies.

The bill would apply a one-size-fits-all approach for property classifications. Owners of different types of property (i.e. residential, commercial, agricultural) are taxed at different rates based on their property's classification. Taxable value—the current standard used to express the cost of proposed levies—takes these classification differences in account. "Fair market value" does not. If fair market value became the default metric for proposed levy costs, farmers and commercial real estate owners would be led to believe they would pay the same tax rate as homeowners. This could cause those voters to misinterpret the cost of proposed levies.

The bill would make it more likely for property owners to misestimate their tax bills by failing to factor in tax abatements and exemptions. If a property qualifies for abatements or exemptions (or is otherwise taxed at a rate different from residential property), then the tax calculation would become more difficult for the voter under HB 76—not less. Those variables are not factored into a property's fair market value. Taxable value, the current standard, already accounts for these differences and is clearer than what HB 76 proposes.

We believe that true levy transparency is a commendable goal and would be happy to partner with the legislature on levy transparency initiatives. However, for the reasons stated above, we do not believe that this language achieves that goal, and therefore we ask that you not support the bill with the "fair market value" provision included. Thank you for your consideration, and I am happy to answer any questions.