



**House Financial Institutions Committee
House Bill 133 – Opponent Party Testimony**

**Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials**

March 9, 2021

Chair Jordan, Vice Chair Ferguson, Ranking Member Crossman, and members of the House Financial Institutions Committee, thank you for the opportunity to provide written opponent party testimony on House Bill (HB) 133. Our three organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers, and other school business officials from around the state.

The COVID-19 pandemic has had a detrimental impact on all Ohioans. The desire to provide commercial taxpayers relief, especially our small business owners, is understandable. However, shifting this burden to our local governments, including schools, counties, cities, townships and libraries, needs to be considered. Since tax rates for 2020 have already been set, local governments will lose dollar for dollar in revenue on challenges authorized under HB 133. This is due to the acceleration of the board of revision (BOR) process provided for under HB 133 and the inability for HB 920, or property tax reduction factors, to apply retroactively. In general, HB 920 applies to equalize tax rates, so that when property values decrease (or increase), the effective tax rate increases (or decreases), and the taxing entity receives roughly the same amount of actual revenue.

However, by HB 133 accelerating the BOR process for 2020, the provisions of HB 920 cannot be applied retroactively to allow the county auditor to increase the tax rates on other property to achieve this equalization since tax bills for 2020 have already gone out. Therefore, local governments will lose dollar for dollar revenue on these challenges due to this retroactive application. In addition, because businesses can repeat their valuation challenges authorized in HB 133 in tax years 2021 and 2022 in such a matter that auditors cannot adjust the effective millage rates, the impact of revenue loss for schools and other government entities could extend to those years.

In addition, local governments will have additional, unbudgeted costs associated with these valuation disputes. Typically, valuation disputes involve the hiring of an appraiser to identify comparable valuations in a particular case. Further, it is likely that more subjective arguments will be made for valuation challenges related to the COVID-19 pandemic, which will further

complicate the BOR process. Thus, the proposed legislation is extremely likely to result in local governments incurring increased legal costs to properly review and defend these challenges.

We ask the Committee to consider alternatives to HB 133 that could be considered, such as issuing property tax credits to these commercial taxpayers. Further, if the bill does move forward, we ask that the Committee consider amending to clarify that if the BOR determines that a property's value should be lowered due to COVID, then that value should remain in effect until the county's next sexennial reappraisal or triennial update (whichever is sooner) so that the provisions of HB 920 can be applied.

Thank you for considering our testimony. Feel free to contact us with questions.

Respectfully submitted,

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