



**House Ways and Means Committee
HB 140 Opposition Testimony**

**Buckeye Association of School Administrators
Ohio Association of School Business Officials
Ohio Library Council
Ohio School Boards Association
Ohio Township Association**

March 23, 2021

Chair Merrin, Vice Chair Riedel, Ranking Member Sobecki, and Members of the House Ways and Means Committee, thank you for the opportunity to provide written testimony. On behalf of the Buckeye Association of School Administrators, Ohio Association of School Business Officials, Ohio Library Council, Ohio School Boards Association and Ohio Township Association, we oppose House Bill (HB) 140.

Our members have to rely on local property taxes for support. We understand the proposed changes in HB 140 are intended to allow voters to better understand the effects a proposed levy will have on their property taxes. However, we believe the changes in HB 140 will actually cause confusion and misunderstanding by voters.

By necessity, ballot language is technical in nature and not meant to be an accurate estimate of the taxes owed by each individual taxpayer should the levy pass. Instead, the current ballot language describes the taxes that will be levied on behalf of the taxing entity.

The transition to the use of the “county auditor’s appraised value” is misleading. This term is defined as true value in money of real property only. The use of this term assumes all taxpayers are residential/agricultural property owners and does not acknowledge rollbacks and the recently expanded homestead exemption. Since the language applies to only one class of voter, not all, this proposed change is confusing and misleading. Additionally, use of an existing levy’s “effective rate” under R.C. 319.301 in the renewal context to mitigate inconsistent definitions of value is further confusing.

Further, the suggested use of “taxable value” as proposed under the bill is confusing since it is different from “appraised value.” Taxable value varies by type of property. Not all property is assessed for taxation at 35% of appraised value, only residential and agricultural property. Different percentages are applied to agricultural property qualified for current agricultural use value (CAUV), commercial/industrial property, forested land, manufactured homes and public utility personal property, among others. Thus, its use is confusing as it is different from appraised value.

In addition, the bill’s requirement that the county auditor’s estimate of annual collections be in the ballot language will be very misleading to voters. For instance, as values in the district go up, the millage rate collected by the county auditor will go down. Also, as bonds for a capital project are retired, the amount of money needed to make the bond payments may go down, reducing the collection amounts. Again, the purpose of the language in the current ballot requirement is to direct the county auditor in collecting the tax ~ not to indicate to voters how much they will pay.

Finally, the use of “\$100,000” is inappropriate, as many homes in Ohio are valued at less than \$100,000. This benchmark is too high for ballot purposes for many of Ohio’s homeowners, and thus, is contradictory.

During levy campaigns, school districts and other local governments routinely provide an estimated tax obligation on homes, but they have the ability to distinguish the various factors that will affect this estimate. The following differences among taxpayers, levies and properties mean the calculation of the actual taxes on an individual property derived from a levy will vary widely:

- Differences between Class 1 (Residential and Agriculture) and Class 2 (Commercial) Property (the calculation is most often different among the two classes);
- The taxpayer may have specific discounts (i.e., the Homestead Exemption);
- The type of levy has a bearing on what a property owner will pay (i.e., for renewal levies, residential property qualifies for the state-paid 10% rollback; commercial properties do not); and
- “HB 920” means property owners often pay lower “effective rates” for levies rather than the full voted rate after the initial year of implementation.

These differences among properties, taxpayers and levy types will surely lead to the miscalculation of taxes should voters be led to believe the calculation is a simple one. Further, to include this granular detail in ballot language would make for an extremely long and detailed ballot.

As a result of these concerns, we urge you to reject the proposed changes in HB 140 and instead to consider the following suggestions:

- Ask LSC to make the language uniform for all levy types in statute (there are differences among the revised code language for different levy types ~ this would be an improvement to current law); and
- Require the county auditor to calculate the tax liability for individual taxpayers “upon request” based on the property type, the levy type, and reduction and discount factors.

Again, we believe taxing entities are already providing more accurate information to potential voters during the levy campaign process. If individual voters wish to better understand the impact of a proposed levy on their specific property, the county auditor can calculate an estimate based on all relevant factors.

Thank you for your consideration. **We urge you to reject HB 140.** Please feel free to contact us with questions.

Respectfully submitted,

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