

Testimony Opposing House Bill 51
House Ways and Means Committee
Submitted by:
Andrea R. Yagoda

Chair Roemer, Vice Chair, Merrin Ranking Member Troy, and members of the House Ways and Means Committee, thank you for affording me the opportunity to testify in opposition House Bill 1. I am a private citizen and a resident of Ohio for the last 49 years.

I oppose this bill for the following reasons, although this list is not exclusive.

The “flat tax” in bill disproportionately favors wealthier taxpayers:

The Institute on Taxation and Economic Policy analysis found that 89% of the value of the tax cut will go to the richest 20% of households (those making more than \$124,000 per year) and 35% will benefit the richest 1% of households (those that make more than \$617,000), which will receive an average tax cut of more than \$11,000. Meanwhile, the bottom half of Ohio households will receive nothing or very near nothing.

Elimination of the 10% Rollback on Residential and Agricultural Property Taxes:

Elimination of the 10% rollback will mean that that local property taxpayers, instead of the state, will pay this tax. Eliminating it would drain \$1.2 billion a year from schools, libraries, parks, community colleges, mental health and developmental disabilities boards, children’s services and other services reliant on property-tax levies. While the bill includes a statement that the General Assembly intends “to appropriate funds in fiscal 2024 and 2025 to local governments impacted by changes in this act,” it says nothing about replacing these revenues in future

Reduction in the Assessment Percentage on Residential & Agricultural Property from 35% to 31.5%:

Because the 10% rollback means that the state pays roughly 10% of each residential and agricultural taxpayer's property taxes, elimination of the rollback will automatically increase every residential and agricultural taxpayer's property taxes by the amount of their rollback.

Reducing the taxable value of residential and agricultural property by lowering the assessment percentage to 31.5% will reduce the amount of taxes owed on fixed rate levies because the millage rate in place is now multiplied by a lower property valuation than when the assessment rate was 35%. "Inside mills" (the 10 mills of "unvoted" property taxation delineated in Article XII Section 2 of the Ohio Constitution) also function as fixed rate levies. However, bond, emergency and substitute levies will have their millage rate automatically adjust upward in order to continue to raise the voted dollar amount despite the decrease in that taxable value of property.

The result is that schools and local government with no bond or emergency levies stand to lose 10% of the property tax revenue from residential and agricultural property as result of the decrease in the assessment percentage. This will decrease the level of local services they are able to provide. Local governments with a bond levy or schools with an emergency or bond levy will have that tax revenue remain constant, however the taxpayers in these localities will experience a tax increase as result.

There are only two possible outcomes, both of which are bleak; 1) Schools and local governments will lose local revenue for all inside millage and fixed rate levies, compromising their ability to provide local services, or 2) property taxpayers will

experience an increase in taxes that will be roughly the same as that which would have occurred as a result of the elimination of the 10% rollback discussed above.

Reduction in the Assessment Percentage on Business & Commercial Property from 35% to 31.5%

HB 1's reduction in the assessment percentage on business and commercial property will *result in a clear tax decrease for business taxpayers (and accompanying loss of revenue for schools and local governments)*. In contrast, the reduction in the assessment percentage to 31.5% on residential and agricultural property will *at best* keep property taxes from increasing as a result of the elimination of the 10% rollback on residential and agricultural property. However, it would do so only by creating an accompanying loss of local tax revenue and an attendant reduction in local services.

I respectfully request that this committee vote no on this bill which will only hurt Ohioans and the public education and services we rely on.

Andrea Yagoda