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House Ways and Means Committee HB 1 Testimony

Willoughby-Eastlake City Schools, Lake County
Nick Ciarniello, Treasurer/CFO

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Chair Roemer, Vice Chair Merrin, Ranking Member Troy, and members of the House Ways and Means Committee, thank you for the opportunity to present testimony today on House Bill (HB) 1.

My name is Nick Ciarniello and I serve as the Treasurer/CFO for the Willoughby-Eastlake City School District in Lake County. I am also here today with Board Vice President and Legislative Liaison, Jaime Shatsman. Last week, this committee expressed interest in reviewing the impact of HB 1 on specific communities and individuals to better understand the implication of this tax reform. This is the reason for us being here today.

The Willoughby-Eastlake City School District educates over 7,000 students across the cities of Willoughby Hills, Willoughby, Eastlake, and Willowick, as well as the villages of Lakeline, Timberlake and parts of Waite Hills. The Willoughby Eastlake City Schools is unique due to the fact that we have almost two billion in property valuation and are also on the 20 mill floor. While half of the district's local revenue is derived from the 20 mill floor, the other half is derived from six fixed sum emergency levies, that combine for 22 effective mills. Of those six emergency levies, five were originally passed before 2013 and are eligible for the homestead and rollback credits. The district also has a 3 mill bond issue that was passed in 2015 and is required to generate a fixed dollar amount in order to make those debt payments.

The reason I mention the makeup of the district's funding structure is because we have genuine concerns for the impact this will have on our local taxpayers. While it is true that the district will lose between one to two million per year of its \$100 million general fund budget, the larger concern is for the low and fixed income taxpayers. These individuals will not see a significant benefit to the reduction in the State income tax, however they will see an adverse impact from the property tax shift. The district receives about eight million per year from the homestead and rollback credits. After netting out the district's losses in revenue from inside mills and the 20 mill floor, the local taxpayers will be left to make up an additional three to four mills to cover the rollback credits as they are tied to emergency levies. This equates to a tax increase between \$105-140 per year per \$100,000 of valuation. This is not an insignificant amount to individuals already feeling the pain of rapid inflation.

I have inserted a table for your review, this provides a snapshot of the different cities the district represents. This was obtained from the United States Census.

	Eastlake	Willowick	Willoughby	Willoughby Hills
Population over 65	22.3%	17.0%	21.9%	17.7%
Bachelor's Degree or higher	19.9%	22.3%	31.3%	47.6%
Median Household Income	\$55,931	\$67,340	\$63,908	\$61,185
Median Value of Owner Occupied Homes	\$137,100	\$127,000	\$164,300	\$274,300
Persons in poverty	6.7%	6.8%	6.7%	5.8%

As you can see, on average the district's population over 65 is about 20%. Most, if not all, of these individuals would be adversely impacted by the passage of HB 1 as it is currently written. Many of the homes are more than the \$100,000 valuation that I presented earlier as well, which means the impact to them will be even greater.

While we understand the need to make Ohio more attractive for businesses and those looking to relocate, we do not believe this is the way to do it. Proponents of this bill have asserted that the changes to the income and property taxes in HB 1 would put control back in the hands of local taxpayers. If that were true, and residents of the Willoughby-Eastlake School District were paying less in state taxes and had the ability to reinvest those dollars locally by voting for additional municipal, park, library and school levies, that may be the case. However, as I have illustrated, in our community, the majority of our citizens would end up paying more taxes overall from this change and would be less likely to be able to afford additional levies brought forth by their municipalities, parks, libraries and schools. Unfortunately, in its current form, our community is adversely impacted with the passage of HB 1 in more ways than one.

Chair Roemer and members of the committee, thank you for your time and attention. We would be happy to answer any questions you may have at this time.