

Dear Chair Roemer, Vice Chair Merrin, Ranking Member Troy, and members of the House Ways and Means Committee,

Thank you for considering my testimony in opposition to HB 1, which, if passed, would increase property tax by nearly one billion dollars, according to data provided by our state's finance guru, Howard Fleeter. For 26 years, the legislature has ignored the Ohio Supreme Court's ruling that Ohio's school funding formula is too reliant on property taxes. How can we reasonably expect the Cupp-Patterson Fair Funding Plan to make public school funding more equitable if we turn around and increase property taxes through the passage of HB 1?

Yes, a "flat tax" might be considered beneficial for some – namely, Ohio's wealthiest citizens. As bill sponsor Adam Matthews said, "Higher income families are increasingly mobile... We want those with the ability to pick up and move to stay in Ohio."

But let's look under the hood. Will those wealthy families want to stay in a state that has effectively decimated its public services, including public libraries and schools? Will they want to stay in a scandal-ridden state with a legislative supermajority that routinely ignores the wishes and best interests of the majority of Ohioans, not to mention rulings of the Ohio Supreme Court? Will they be content to live in suburban enclaves that lack basic public services and send their children to private schools with little to no oversight, with teachers who are underpaid and possibly underqualified (assuming SB 11 and SB 1/HB 12 pass)? Will wealthy families want to live in a state whose hospital maternity wards are closing? The wealthy also depend on public services. Why would those with the means to live elsewhere want to live in a state that lacks excellent public services because working people are overtaxed?

In 1976, Ohio enacted HB 920, which was designed to protect homeowners from the effects of inflation on their property by reducing their tax rates when property increased in value after reappraisal. According to Howard Fleeter, this bill also works in reverse. This means that if, after reappraisal, property values decrease, then these "tax reduction factors" actually *increase* so that the property tax revenue from fixed rate levies does not decline.

If HB 920 does NOT apply to the proposed "flat tax," then schools and local governments will lose local revenue. If HB 920 DOES apply, tax revenue from residential and agricultural property for schools and local services will be protected, but property taxes for homeowners and farmers will rise. HB 920 has never applied to commercial and industrial property, so local governments and school districts would also lose that income stream from businesses to fund public services.

According to Howard Fleeter's summary of the Ohio Legislative Service Commission's Fiscal Note, HB 920 would apply to HB 1. If so, then the passage of HB 1 would mean an automatic and *unvoted* tax increase of \$929 million for residential and agricultural property owners. At the same time, schools and local governments and agencies would still lose \$538 million, largely from cuts in property taxes to owners of commercial and industrial property.

Bottom line: As House Ways and Means Committee Ranking Member Dan Troy put it, "Nobody

likes taxes... but the problem is we need to have something to underwrite the cost of critical services.”

* If HB 1 becomes law, unvoted property tax increases of almost a billion dollars across the state will be imposed.

* If HB 1 becomes law, we can expect to see continuous public school levies on the ballot in every community and regular levy failures, especially in poorer communities.

* If HB 1 becomes law, rural communities will be especially hard hit, since they generally lack private school options, and rely heavily on their public schools to bring their communities together in a variety of ways.

* If HB 1 becomes law, we can expect to see closures of public libraries and decreases in other vital public services.

Is this the Ohio we want to promote as a great place to live? And for what? So we can fool rich folks into choosing Ohio as a place to stay and raise their families? Really?

Sincerely,
Deborah Cooper
Worthington, OH

Resource:

<https://janresseger.wordpress.com/2023/03/23/ohio-hb-1-proposal-for-income-tax-cut-property-tax-increase-cliffs-notes-edition/>