

**CLERMONT COUNTY**  
**AUDITOR**

Linda L. Fraley, Clermont County Auditor

Good afternoon Chairman Roemer, Vice Chair Lorenz, Ranking Member Troy and Members of the House Ways and Means Committee. Thank you for the opportunity to testify in support of House Bill 187.

My name is Linda Fraley and I currently serve as the Clermont County Auditor. I have been a County Auditor for 29 years and I am in my 8<sup>th</sup> term. I have been through the valuation process many times and House Bill 187 proposes changes to bring consistency and clarity to the sales assessment ratio process.

RC 5715.01(A) gives authority to the tax commissioner to direct and supervise the assessment for taxation of all real property. Furthermore, the tax commissioner shall promulgate rules for the determination of true value and taxable value of real property. In addition, under RC 5713.01(A) each County Auditor shall be the assessor of all real estate in the auditor's county for purposes of taxation.

The current version of RC 5715.012; allows studies of sales assessment ratios to be left to the interpretation of the tax commissioner to decide what constitutes "a representative sampling" of sales during the three years prior to the tax year which the sample is to be applied. The consistent analysis and application of sales data is important in the process of ensuring that every three years in a sexennial or triennial, adjustments to property values are made fair and equitably. The tax commissioner when determining "a representative sampling" maintains no consistent approach other than weighting sales heavier that occur closer to the tax lien date.

Property that the county auditors place value on have more complexity and variations to consider, and auditors and their appraisers go to great cost and resources to capture that information in conjunction with IAAO (International Association of Assessing Officers ) standards so that they can be as close to true value as a mass appraisal will allow. County auditors know their counties better and understand the sales trends that are occurring. Clarifying the approach to sales assessment ratios will bring consistency to a process that can now be applied state wide with every county on the same playing field.

The County Auditor's association maintains that these changes will distort the true value of property and that there is not a valuation problem in Ohio but rather a taxation problem. I would argue just the opposite that by sampling over the three year period equally between mass appraisal changes (sexennial or triennial) you are representing the reflective change of values during that period of time. If county auditors were bound to consider changes closest to a lien date, than the process should change to require a reappraisal every year which is not practical. Valuation affects taxes, if anyone says otherwise then they do not fully grasp the extent of our current property taxation structure. While voted levies will be adjusted based upon HB920; the inside mills and the school district twenty mill floor provisions will increase taxes and there is nothing moderate about increasing taxes.

Our county is fortunate that we have the advanced technology and resources to analyze the sales data to be more representative of what is actually happening to values in our county. However, some counties must rely on outside appraisers to assist in this process with detailed analysis of sales data necessary to properly determine values that portray of the effects of sales on true value in their counties. Then only to be compelled by an order of the tax commissioner to consider sales in a “representative sample” closest to a lien date. Over the years we have maintained a good relationship with the tax commissioner; working through discussions of our sales ratio analysis and making changes that we felt were representative of sales in our county. Our discussion this year was very one sided with an indication that recommendations of the sales ratio will stand without change, and even being prompted by a tax commissioner employee to consider “changing the law”. It’s obvious that placing these types of interpretations of the law on the tax commissioner’s office is unfair. They should be charged with applying the law, and not trying to provide clarity and clarifications to eighty-eight different counties. These changes will provide the tax commissioner with clearer direction.

I support changes to RC 5715.012; that will codify such studies to be based on total sales from all three calendar years prior to the applicable tax year, and that no one year shall be weighted more than any other year. We believe this to be a more consistent, fair and equitable solution regardless of how sales are trending. The intent of HB187 is to provide a simple and consistent change to the sales assessment ratio process. While this does not fix the current property tax system, we feel that this is the first step to further tax reform in Ohio.

Chair and members of the committee, thank you for allowing me the opportunity to talk about the change to the sales assessment ratio process, in an effort to clarify and make the process more consistent. I would welcome any comments/questions from members of the committee.