
COUNTY AUDITORS' ASSOCIATION OF OHIO

**HOUSE BILL 187
OPPONENT TESTIMONY
June 27, 2023**

Chairman Roemer, Vice Chair Lorenz, Ranking Member Troy, and members of the committee, I am Warren County Auditor Matt Nolan, on behalf of The County Auditor's Association of Ohio. I thank you for the opportunity to testify today in opposition to both H.B. 187 and similar provisions in the Senate passed version of the state operating budget.

Auditor Stinziano has eloquently laid out the implications and the challenges in artificially adjusting a century-long process of valuation in a knee jerk reaction to the current real estate market. Abandoning the well-established standards of mass appraisal and replacing them with the provisions of H.B. 187 would create significant discrepancies in equity and diminish the trust that our residents have in the valuation process.

I am also very cognizant of my first year representing the Auditor's Office out of law school, 2009, and the dramatic collapse of the real estate market. Allowing the current provision to move forward as written would have created chaos in that cycle.

The CAAO and I are very cognizant of the burden being placed on residents, especially those that live on fixed incomes and are facing financial hardships. This being said, the solution is not to adjust the valuation process. The solution, if we all agree one is needed, is in adjusting the rate side of the tax equation, not the value side.

20 Mill Floor

Franklin County illustrated the impact of H.B. 920, and this is accurate for the larger more urban Counties in Ohio. However, it is important that this body understand the other constitutionally and statutorily created provisions at play. As we all know, most of the property tax dollars go to our local school districts. All school districts are subject to a 20-mill floor, this means that by law no school district can go below 20 mills of collection on the valuation of their district. A majority of school district are currently at the floor, and the vast majority of rural districts are at the floor.

This floor, and not the value increase, is what creates the largest percentage of increase in taxes for the majority of Ohioans. While urban and large suburban districts will not see as large an increase in taxes thanks to HB 920 – HB 920 has little impact on the districts that are at the floor.

In Warren County this is shown by taking two identical houses. One in our richest district, Mason City Schools, in which the voters have voted for levies to keep them off the floor and our poorest district, Franklin City Schools, which sits on the floor.

If we assume a 30% value increase for both districts, this will result in a 3.6% increase in school taxes for Mason homeowners. While no one likes more taxes, this does not seem too terribly hurtful. However, the same 30% increase in Franklin City Schools results in a 16.34% increase in taxes for that Franklin School taxpayer. It is not the value increase that people will be hurt by, it is the way we have structured our taxing system. It is both harmful to our poorer districts and undemocratic.

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The voters who voted for higher taxes see less of an increase, the voters who did not see more of one. That cannot be the process we want.

Examining ways to cap increases on taxes at or near inflationary increases would insure that the intention of the 20 mill floor is upheld, without allowing for the dramatic increases that many Counties have already had and more will have in the future. We can accomplish this goal with no impact on the valuation process and without the negative possible future repercussions that H.B. 187 presents.

Tax Base

I would be remiss if I did not take this opportunity to address one of the largest factors in this equation, and that is the diminishment of the property tax base as a whole. We cannot complain about the increase in property tax burden on Ohio residents without acknowledging that we as leaders are in part responsible. For decades nearly every General Assembly has methodically reduced the properties subject to local taxation without reducing the need of local governments. This shift has resulted in more and more levies passing and the burden being put squarely on the shoulders of residential homeowners. Whether it be the massive elimination of the personal property tax, the creation of tens of thousands of TIF and abated parcels across the State, the exemption of hospitals in our communities, the near elimination of taxation on agricultural properties and even the slow drip of small exemptions for every cause that lobbies well, every single one of these decreases results in a subsequent increase in taxes on the remainder of our residents. The culmination of that is the current situation we find ourselves faced with.

Conclusion

Thank you for the opportunity to provide this testimony on behalf of the County Auditors' Association of Ohio.