



THE BUCKEYE INSTITUTE

Increase Local Property Tax Transparency

Interested Party Testimony
Ohio House Ways and Means Committee
Ohio House Bill 344

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As Prepared for Delivery

Chair Roemer, Vice Chair Lorenz, Ranking Member Troy, and members of the Committee, thank you for the opportunity to testify regarding **Ohio House Bill 344**.

My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

As a percentage of income, Ohio’s local tax burden ranked **13th** in the country as of 2020, with property taxes comprising a significant share of that burden. News stories from **Cleveland** to **Columbus** to **Cincinnati**, have highlighted that local taxpayers across the state can expect a massive increase in their property tax bills over the course of the next year. Those stories caught the General Assembly’s attention, and it wisely established a **joint committee** to review the state’s entire local property tax system in an effort to reform it. Thank you, Chair Roemer and Ranking Member Troy, for establishing and serving on that committee.

Because most taxpayers may be unaware of the breadth of local government, or how many levies affect their property, they cannot identify the source of their frustration or dissatisfaction. Often, all they know is that their property taxes went up—again. To help address this concern, The Buckeye Institute has called for **more transparency** in local spending and local taxes. The Franklin County auditor’s user-friendly **Levy Estimator** that tracks local taxes offers the joint committee a workable example for the state to emulate.

In the meantime, House Bill 344 can help alleviate some of the local taxpayer frustration, too. Although the bill will not resolve the most critical issues driving recent tax increases, including the size, scope, and structure of local governments, it does lay a foundation for building broader reforms while protecting local taxpayers in the shorter term.

House Bill 344 wisely would eliminate the ability of local governments to place **replacement levies** on the ballot. As the bill’s sponsors **correctly noted**, replacement levies confuse taxpayers. Renewal levies extend a previous levy while raising the same revenue by using the **effective millage** after applying certain **reduction factors** that lower the rate at which taxes can increase as property values increase. Consequently, renewal levies do *not* increase taxes. By contrast, replacement levies reset the effective millage so that it applies to the full value of the property, which typically results in tax increases. And because both renewal and replacement levies can indicate they are for the same number of mills, taxpayers may be easily confused—and often unwittingly vote for a tax increase they do not actually support. House Bill 344 would end this prospect and push local governments to use plain language when trying to raise taxes, making it a bill that even the Cleveland *Plain Dealer* editorial board **has approved**.

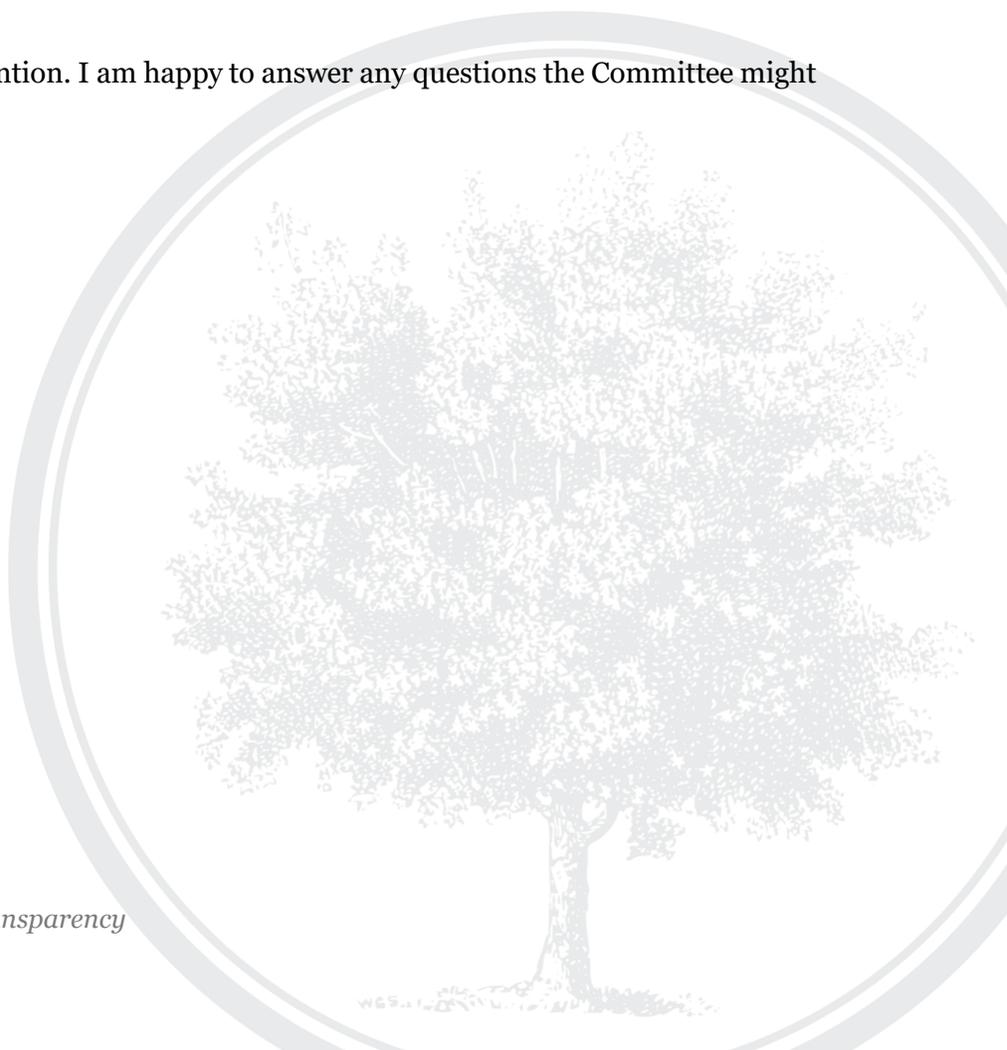
House Bill 344 also tightens statutory language in **Ohio House Bill 126** that tried to make the **County Board of Revision** (BOR) process more effective. As the Committee knows, the BOR adjudicates complaints regarding property valuations. House Bill 126 safeguarded the process by which local government bodies, especially public-school districts, could challenge property valuations in order to raise them and reap additional revenue. Such challenges frequently led to retroactive tax increases and litigation costs for unsuspecting property owners.

House Bill 126 requires local governments to pass a resolution authorizing a challenge to a property valuation and prohibits them from appealing BOR decisions to the **Ohio Board of Tax Appeals** (BTA). Unfortunately, some clever local governments began using proxy taxpayers to file BOR claims with the local government and then filing a counter-complaint to BOR alongside the initial complainant. If the complainant loses but appeals to the BTA, the local government then joins as an Appellee, circumventing House Bill 126 safeguards. House Bill 344 rightly would resolve this underhanded strategy by prohibiting nonowners of the property from appealing to the BTA.

House Bill 126 also did not explicitly prohibit local governments from appealing BOR decisions to the court of common pleas. Unsurprisingly, some local governments used this loophole to use common pleas courts to pursue their challenges and collect more money from taxpayers. House Bill 344 would close this loophole, as well.

According to the Council on State Taxation (COST), a nonprofit dedicated to the promotion of equitable and nondiscriminatory taxation, Ohio is one of **very few states** that allow local governments to challenge property valuations. In **testimony** on last session's House Bill 126, COST argued that Ohio should prohibit such challenges, and The Buckeye Institute agrees. Local governments challenging property valuations unfairly burdens taxpayers—even if unsuccessful—and makes property transactions needlessly more expensive for Ohio businesses. Until the state prohibits government-led valuation challenges, House Bill 344 at least provides some interim protection for taxpayers.

Thank you for your time and attention. I am happy to answer any questions the Committee might have.



About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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