



**Proponent Testimony – Senate Bill 186  
Ohio House Ways and Means Committee – Tuesday December 10, 2024**

Presented by:  
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President-Elect, County Treasurers Association of Ohio

Chairman Roemer, Vice Chair Daniels, Ranking Member Troy, and Members of the House Ways & Means Committee –

My name is Brad Cromes, and I currently have the pleasure of serving as Cuyahoga County Treasurer and as President-Elect of the County Treasurers Association of Ohio. I am here today to offer support in both capacities as a proponent of Senate Bill 186, a badly-needed piece of legislation that will give county treasurers additional tools to fight tax delinquency and blight and help us ensure all Ohioans are paying their fair share of property taxes – and no more.

At present, there is no requirement under Ohio law that property taxes be paid before a parcel is sold or subdivided. While this does not pose a problem in the majority of cases, where taxes do go unpaid they are likely to remain that way, inviting blight and all of the negative knock-on consequences that come with it. It is well documented that abandoned and blighted properties depress property values, discourage investment, and attract criminal activity. In the case of residential areas, tax delinquent properties invite speculation by out-of-state investors, who have less incentive to maintain properties than purchasers inside our communities. This has the added negative impact of taking housing stock that otherwise might be owner-occupied or attractive to first-time homebuyers out of circulation, exacerbating our housing affordability crisis. SB 186's provision to require the payment of taxes at transfer mirrors a similar provision that already exists in Ohio law for transfers of mobile homes. Making this change for real property transfers will not only bring those two systems into alignment but will also help substantially in the fight to preserve property values.

SB 186's other primary provisions – requiring that purchasers at tax foreclosure sales identify themselves meaningfully and affirmatively declare under criminal penalty that they do no own tax delinquent property – assist our offices in both the collection of current taxes and for future collections. This is of particular importance with respect to corporate or pass-through entity purchasers, a fact a recent review of data from Cuyahoga County makes clear. As of this month, just under 7,000 parcels in our County are owned by an LLC in delinquency, with a total delinquency amount in excess of \$62 million. This represents more than 13% of all delinquent parcels in Cuyahoga County, and almost 17% of all outstanding late and delinquent tax owed in our community. These figures, eye-opening as they are, likely only describe part of the problem, as we confined our search to LLCs (and not other business

types or configurations, many of which also hold delinquent parcels). Our lived experience further demonstrates the severity of the problem. In one particularly egregious case, my staff reported that a single family had utilized the flaws in our current system to set up multiple LLCs to avoid paying taxes, flipping parcels to new business entities controlled by various family members to take advantage of payment plan opportunities and to keep the meter running without any clear intention to pay.

That story isn't unique to Cuyahoga County, and it's evident no matter how we review the data that these delinquencies are a serious issue – one SB 186 would help us address by giving us a strong point of contact for enforcing collections on pass-through entity purchases. The bill's criminal penalty provisions for failure to provide that point of contact create a real compliance incentive, as well, and I am confident will result in significantly improved collections in this area.

Lastly, I would suggest that the bill appropriately accounts for circumstances where delinquencies might exist that are legitimately not the fault of the taxpayer – including misassigned payments, pending property transfers, litigation, or mere error on the part of public offices – and continue to allow transfers in those limited circumstances. Sales officers are best positioned to make determinations as to the validity of such claims, and guideposts exist in the legislation for subsequent administrative processes to effectuate these changes. We look forward to that opportunity.

Taken as a whole, SB 186 is straightforward legislation that gives us additional tools for the collection of delinquencies, and closes loopholes that are too often exploited by property speculators to, at best, avoid taxation, and at worst to box out the sorts of property purchasers most likely to invest in and preserve our communities. The County Treasurers Association of Ohio wholeheartedly supports this legislation, and we are sincerely grateful to Senator Blessing for sponsoring this legislation and to the Committee for its consideration.

I would be happy to answer any questions you may have.