

***Butler County Commissioner Don Dixon
Testimony before the Joint Committee on Property Tax Review and
Reform***

Good morning, Honorable Representative Roemer and Senator Blessing, as co-chairs, and esteemed members of the Joint Committee, thank you for this opportunity to testify.

Senator Blessing as the Chair of the Senate Ways and Means Committee and Representative Roemer as the Chair of the House Ways and Means Committee. I'm certain you are well versed, as are your esteemed colleagues on the joint committee, in the areas of property valuation and property tax.

As a lifelong resident of Butler County, with nearly 30 years of service as an elected official, 10 years as a Fairfield Township Trustee and over 20 years as a Butler County Commissioner, coupled with my nearly 50 years in development and the construction industry, I have experience with property taxes and with working hard to keep them reasonable for residents.

I am grateful for your work, and I am pleased to be here today to share my perspective on your task of "reviewing Ohio's property tax system and making recommendations regarding property tax to the General Assembly".

As you may be aware, Butler County led the charge in early 2023 when property valuation abstracts were first announced by the State Tax Commissioner. At my urging, the Butler County Board of Commissioners attempted to have a dialogue with the Tax Commissioner last year to discuss ways to lessen the forecasted now realized impact, including the use of a three-year average of sale prices rather than the State Tax Department's practice of relying on the most recent year. However, the Tax Commissioner rejected this approach. The State Tax Commissioner provided a formal estimate of an average 42 percent valuation increase for Butler County. If three-years of data were used instead, the valuation increase would have been 25 percent.

Along with my fellow Butler County Commissioners, as well as other elected officials, we lobbied our State legislators, who championed the taxpayers'

interests, but to no avail. Legislation introduced by Butler County representatives and senators was unsuccessful in convincing the House and Senate tax reform was needed.

In June 2023, I spoke to the OHIO HOUSE WAYS AND MEANS COMMITTEE on House Bill 187 and asserted additional steps must be taken to develop a long-term solution. Again, at my urging, the Butler County Commissioners reconvened its legislative delegation last fall to discuss other policy changes.

Property tax review and reform must be a multi-faceted approach from the perspectives of

- 1). First and foremost, minimizing impact to property owners;
- 2). Understanding the primary composition of property taxes – levies, inside millage, 20-mill floor, etc.; and
- 3). Calculating the impact of tax exemptions – 501(c)(3), TIFs, RIDs, and other tax exemptions, including abatements – and integrating them into any modified solution.

Focusing on 2) and 3), in the best interest of the taxpayers, would require uniform structural changes to property tax levy oversight and tax exemptions.

- Limiting the ability for taxing entities to slip a property tax increase in August or during special elections has been a tremendous start, and I applaud the legislature. More work needs to be done to hold taxing entities accountable.
- Restructuring the 20-mill floor for city and local school districts is an endeavor that must be studied, and modifications must be enacted.
- Amending municipal, township, and county statutes which permit tax exemptions, including 501 (c)(3) and other not-for profit designations, must be analyzed as well. Limitations to taxable value a political subdivision could exempt should be considered. This way developers can't "shop" for the best abatement or tax incentive, pitting community against community, even within the same

county. Amendments to tax exemption statutes to limit abatable property value would restrict cities, townships, and counties from abating in excess of a certain formulary amount indicative of and necessary for delivery of basic public services – police, fire, social services, etc.

This provision must be evaluated as a collaborative approach with school levies and the 20-mill floor.

The Butler County Board of Commissioners has used several mechanisms responsibly to incentivize private investment and grow Butler County's economy; tax abatements and Tax Increment Financing Districts (TIF) are tools permitted by Ohio law and are a few the Board of Commissioners has implemented effectively.

Tax Incentives:

- Over the last 25 years, Butler County has administered a rural enterprise zone program which had secured over 50 development projects to Butler County.
- Over the last 25 years, the Board of Commissioners has averaged about two economic development abatements a year. The Board of Commissioners has used this tool sparingly.
- With that said, over the 25 year period, with those 50 plus companies, Butler County has:
 - Captured nearly \$1.0B in real property investment to reduce the tax burden to the residential taxpayer;
 - Abated less than 10.0% of that real property value;
 - Expanded employment opportunities for nearly 13,000 jobs; and
 - Retained and created nearly \$600.0M in payroll.

Similarly, the Butler County Board of Commissioners has used tax increment financing strategically, responsibly, and for its intended purpose – infrastructure, roads, utility – and established the University Pointe TIF in 2001 namely for construction of Liberty Way.

Tax Increment Financing:

- University Pointe TIF:
 - Encompasses nearly 1,000 acres.
 - Exceeds \$650.0M in real property valuation.
 - Houses four elite, nationally acclaimed hospital systems in the Greater Cincinnati area.
 - Has funded over \$110M in public infrastructure improvements.
 - Carries over 100,000 vehicles a day collectively on its roadway network.
 - Contains nearly 50.0% open space (MetroPark); 25.0% retail; 15.0% medical/hospital; 10.0% commercial/office.

Because the law was introduced to sunset, the Board of Commissioners applied the statutory extension to an existing TIF as a placeholder. The Board can rescind the extension at any time if the diverted funds no longer serve an infrastructure purpose.

- Some future needs for an extended University Pointe TIF (after original expires):
 - Projected annual collections approximately \$4.6M.
 - Obligated \$26.0M in infrastructure improvements over next four years.
 - Recommended over \$40.0M by the Butler County Engineer's Office (BCEO) in eligible future years road improvements.
 - Determined maintenance needs of BCEO over next 30 years \$28.0M
 - Contemplated consideration to assist in funding Millikin Interchange with extended 30 year UP TIF up to \$1,761,947 annual debt service

If the State legislature wants to protect the property owner and taxpayers, it must make a concerted effort to restore tax exemptions for the purpose and benefit to which they were intended, including Enterprise Zones (tax abatements) and Tax Increment Financing (TIF) and establish common guidelines for political subdivisions to uniformly compete.

- Invest in businesses or public infrastructure to expand public infrastructure and enhance

opportunities and to leverage a return on investment through job creation and retention and increased revenue sources funding County operations (sales tax, long-term property tax valuation.

- Policy Use – to date Butler County has utilized TIF and other incentive tools to invest in the macro-road improvements to act as a catalyst for development and not to subsidize development.
- Guidelines:
 - Primarily funds macro-projects.
 - Provides accessibility to developable yet underutilized property.
 - Enhances development opportunities and increases property valuation.
 - Supports market driven development.
 - Complements investment and financial commitment of developer.

I look forward to a continuing dialogue with the General Assembly on this issue. Thank you for your time and consideration this afternoon. I would be pleased to answer any questions you may have.