



John McManus

Montgomery County Treasurer

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The Honorable Louis W. Blessing, III
Chairman, Ohio Senate Ways and Means Committee
Senate Building, 1 Capitol Square, Ground Floor
Columbus, OH 43215

Chairman Blessing and Honorable members of the Senate Ways and Means Committee,

Thank you for the opportunity to speak with you today. My name is John McManus, and I have the privilege of serving as the Treasurer of Montgomery County, Ohio.

I am deeply appreciative to Chairman Blessing and Senator Ingram for their sponsorship of Senate Bill 186. Thank you, too, to Senators Cirino, DeMora, Hoagland, and Sykes for your leadership in co-sponsoring this vital piece of legislation.

I come before you today as the person elected to collect property taxes in Montgomery County, Ohio. Montgomery County, of which Dayton is the county seat, is home to over half a million people and comprised of over 250,000 real estate parcels. When I took office 3 years ago, nearly 10% of the county's real estate was tax delinquent to the tune of nearly a quarter billion dollars. Three years later, we have slashed that delinquent parcel count in half when measured at its lowest point. In 4 years, we will have collected nearly \$100 million in delinquent taxes. With such progress being made, we have been able to better focus on the county's most stubborn tax delinquencies. Doing so has, for me, shown trends that are both concerning and wide-spread. Should Senate Bill 186 pass, it will have a tremendous effect in bringing more integrity and accountability to a certain class of real estate transactions. I will share with you three especially egregious examples of such transactions and illustrate how Senate Bill 186 would make a difference.

Last week I received an email showing a Facebook advertisement for a home for sale in West Dayton for \$35,000. The person who listed the advertisement seemingly resides in Vermont and is not the owner of record. The county's value of the home is \$16,000 but it's advertised for sale on Facebook for \$35,000. Over \$12,000 in delinquent taxes is owed on the property. There have been no tax payment made since 2015. However, since becoming delinquent in 2015, the home has been sold or transferred 5 separate times. In the Facebook advertisement, it states to potential buyers that "Unfortunately, the owner lost his keys so if you would like to view it, you will need to bring a philips head drill or screwdriver...It is being sold AS IS to a serious cash buyer only!" This example shines a light on two separate issues that Senate Bill 186 will positively affect. First, even if an unsuspecting victim sends money to try and purchase this home and if the buyer is provided with a bogus deed, the transfer in ownership would be stopped thanks to the delinquent taxes alone. Secondly, passing Senate Bill 186 would shine a greater light on those seeking to enrich themselves through scams and fraudulent deeds, such as what is likely the case here. Deed theft has exponentially increased in

Montgomery County, and likely across the state. No longer would the “seller” be provided with the luxury and assurance that the county would merely transfer the property like any other sale. Senate Bill 186 brings accountability.

Secondly, last year, my office filed 20 separate foreclosures on one individual. This individual had acquired 20 properties, most or all of which were tax delinquent at the time he acquired them. In total, over \$490,000 in delinquent taxes were owed on this one man’s multiple properties, many of which are also nuisance properties. As we filed our foreclosure cases, the defendant began selling some of the properties. One property, which he purchased for \$1,000, he then sold to an African immigrant for \$30,000 while it was in foreclosure. The property itself is worth \$17,000 and has an unpaid delinquent tax balance of nearly \$38,000. On only one of his 23 tax delinquent properties, this defendant made \$29,000 in profit, and offloaded the property and its debt to what was likely an unsuspecting buyer in the middle of a foreclosure. Senate Bill 186 would prevent this transfer.

Thirdly, last year my office filed 15 separate foreclosures on one local real estate investment company. In total, over \$403,000 in delinquent taxes was owed on this company’s 23 properties. Like the previous example, this company purchases many properties with unpaid property taxes and, after acquisition, leaves them unpaid. The company came into ownership of one particular property while it was in foreclosure under a different owner. The owner died in 2016, yet a transfer on death affidavit was filed with the county 7 years later, one year after the foreclosure was initiated. The affidavit transferred the property being foreclosed on to the deceased defendant’s daughter. The daughter, while the property was still being foreclosed on by my office, then transferred two of the three parcels of the property to the company in question. The company then transferred one of the two parcels it received to a third person. As a result, the court dismissed the foreclosure case because, separate parcels making up the same property were now in the hands of multiple owners. These transfers were conducted for a profit and with the help of an attorney, all while the property was tax delinquent and in foreclosure. Had Senate Bill 186 been law, the transfers would never have been allowed and the foreclosure could have progressed, thus holding the owner accountable.

These examples are just three instances of what constitutes a revolving and troubling pattern in real estate transactions in Montgomery County. Urban counties like mine are the most susceptible to this type of activity, simply because of the huge swaths of neglected properties still left on our streets and on the tax roll. County treasurers and their staff work hard to collect delinquent taxes out of fairness to those who actually pay their taxes. Yet, all the while, there can exist widespread activity as I have described which consistently works against our efforts to fulfill our responsibilities as required by law. Senate Bill 186 is deeply important legislation and it is badly needed.

In conclusion, passing Senate Bill 186 into law would represent a fundamental shift towards accountability in real estate in Ohio. As we speak, there are untold amounts of money being made by individuals who exorbitantly enrich themselves through the sale and transfer of tax delinquent properties. This conduct is a profound disrespect to the

millions of law-abiding Ohioans who dutifully pay their property taxes, especially those who struggle to do so while trying to make ends meet in a difficult economy. Your support of this legislation is vital and its passage will restore protections and integrity to real estate transactions across the board. Your attention to this topic is profoundly appreciated by Ohio's county treasurers.

Thank you for the opportunity to share these stories with this honorable committee, and thank you for your dedicated service to the residence and taxpayers of Ohio.