



County Auditors' Association of Ohio

66 East Lynn Street · Columbus, Ohio 43215 · (614) 228-2226 · Fax: (614) 228-8901 · www.caaao.org

Chairwoman O'Brien, Vice Chair Gavarone, Ranking Member Smith and members of the Senate Local Government Committee, thank you for this opportunity to provide proponent testimony on HB-129. My name is Matt Nolan. I currently serve as the Warren County Auditor as well as the President of the County Auditor's Association of Ohio and recently had the honor of serving on the Governor's Property Tax Reform Committee. This past year has been a whirlwind. Never in my life did I think we would spend this much time in Columbus discussing the intricacies of millage and property taxes. While I know none of you came to Columbus because of your deep passion to address property taxes, please know that all 88 County Auditors appreciate the time and effort that has been put into the efforts.

I will admit that there are days that I am frustrated that we haven't been able to pass strong legislation that help our fellow Ohioans that are feeling the impact of the largest property tax increases of our generation, but I am frankly encouraged by how much more everyone in this body now knows about how our system works, the nuances, the terminology and the games that we allowed to be played within the system.

The Auditors' Association has long felt that these games, while legal, have built a distrust between taxpayers and taxing entities. HB 129 ends some of this gamesmanship and takes us a step further in simplifying a system that is very complex. HB-129 offers a much-needed dose of transparency by placing reasonable limitations on these funds' reallocation and changing terminology to better reflect the way every day Ohioans speak. This legislation is not about creating obstacles for our schools, but rather about developing the public's trust through clear communication and accountability.

As you all know in 1976, Ohio's legislature enacted House Bill 920, which was meant to insulate property taxes from runaway property revaluations. HB 920's intention was to keep inflation from increasing voted (outside millage) taxes. The reform statute prevented increases in voted levies by modifying the reduction factor of certain levy millage to determine collection. In general, HB 920 did its job for decades. When Values went up, rates came down, and, growth in property taxes, outside of voted levies caused little consternation.

Yet, HB 920 excluded significant school funding sources from its 20-mill floor calculation, including substitute levies, permanent improvement levies, classroom facilities levies, incremental levies, inside millage shifted to permanent improvement funds, income taxes, and most notably EMERGENCY levies. Over time, some school districts became familiar with the nuances of the 20-mill floor calculation and designed their funding and budgets to maximize HB 920's loopholes. School districts' ability to shift unvoted millage can be confusing to property owners.



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For example, rather than ask taxpayers to vote on an operating levy to raise a district's funding above the guaranteed 20-mill floor, a district might instead put an emergency levy on the ballot seeking that same funding amount without impacting the district's floor calculation. Then, when property values increase, the district benefits from reduction factor adjustments, assuring it a 20-effective-mill floor. This essentially gives the district additional adjustment revenue because the emergency levy millage was excluded from their floor calculation, all without transparency to the taxpayer and voter.

Of Ohio's 611 school districts, approximately 65% (398 districts) are at the 20-mill floor. Of those at the floor, 78% (310 districts) have emergency levies, substitute levies, or income tax revenue which are not used in their floor calculation. Consequently, this means that more than one half of all Ohio School Districts benefit from funding sources that have no negative effect on their consideration as minimally funded per HB 920's 20-mill floor requirement. This fact is virtually unknown to taxpayers when considering whether to vote for or against a specific levy in their school district.

Including property and school district income taxes in a district's effective millage floor calculation is a logical modernization to ensure that the calculation more accurately reflects the district's actual revenue. Including these revenue sources provides a completer and more realistic picture of a school district's overall tax burden and funding capacity. Transparency is vital to preserving the public's trust, especially relating to fiscal matters.

Moreover, HB-129's requirement for public hearings before a school district can alter its levy within the ten-mill limitation in a way that would increase property taxes is an important safeguard for taxpayers. These hearings will foster community engagement by giving property owners the opportunity to learn about tax increases, voice their concerns, and ask questions. Our constituents have a right to understand their tax obligations and have a say in the decisions that impact them.

HB 920 deserves reform. HB-129 is a great step in that endeavor. The Property Tax Reform Committee unanimously supported the changes in HB 129 to provide clarity to voters. From my daily interactions with taxpayers, I believe that HB-129 directly addresses many of their concerns by promoting clarity, providing a more accurate picture of the overall tax burden, and ensuring that taxpayers have a say in decisions that directly impact their wallets. Therefore, I respectfully encourage you to pass this common-sense measure to enhance fiscal responsibility, improve transparency, and strengthen the trust between taxpayers and our schools.

Thank you very much for giving me the opportunity to provide a county-level perspective to this important issue. I greatly appreciate all of you and your dedication to helping Ohio's taxpayers.