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Senate Ways and Means Committee HB 126 Opposition Testimony

Willoughby-Eastlake City School District, Lake County
Nicholas Ciarniello, Treasurer/CFO

November 8, 2021

Chair Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for the opportunity to testify in opposition to House Bill (HB) 126.

My name is Nick Ciarniello and I serve as the Treasurer/CFO for the Willoughby-Eastlake City School District in Lake County. The Willoughby-Eastlake City School District educates 7,600 students across the cities of Willoughby Hills, Willoughby, Eastlake, and Willowick, as well as the villages of Lakeline, Timberlake and parts of Waite Hills.

We oppose the changes proposed in HB 126, which would make filing property tax complaints by boards of education overly burdensome and redundant to filing and notice provisions already requested under Ohio law. These duplicate efforts will likely result in increased legal fees on the part of the school district. Under the current law many of these items are fulfilled through the board of revision (BOR) process.

Considering that schools receive most of their local funding from property taxes, and the local school district receives the majority of each dollar of property tax, it makes sense to permit owners and school boards to fully participate in this process. This process ensures that property values are set accurately so that we all pay our fair share. It is also important to note that most BOR cases arise when property owners seek lower values. In accordance with board policy, our school district files to increase values in limited circumstances.

In Willoughby-Eastlake City School District, we file a complaint when a recent sale is \$60,000 or more than the property valuation per the County Auditor. We only file on commercial properties and properties that are identified as investment properties. In tax year 2020, this resulted in us filing complaints on 17 different properties, with a combined potential increase of over \$5 million. This potential increase translates to approximately \$96,000 to the school district. This might look like a lot of money; however, the complaints to lower property values (which requires the district to file a counter complaint to challenge) typically result in a refund of that amount or more in many years. Continuing with the 2020 tax year as an example, there were nine commercial complaints filed against the school seeking a total reduction of over \$17 million in valuation, which would result in a refund of tax dollars in the amount of \$322,000.

HB 126 proposes to change current law by requiring school districts and local governments to notify the

property owners that a challenge will be filed against the current valuation of the property. This redundant notice must be sent by certified mail to the owner's last known tax-mailing address and, if different, to the property's street address. By adding the property's street address in this requirement, the bill will create a considerable and unnecessary administrative cost burden on school districts. In addition, the bill would require a board of education to pass a resolution authorizing the filing of the challenge for each property. Since the bill's additional notification procedure occurs before this board action, this will have the effect of politicizing the decisions of the board of education as to which properties would be challenged.

These changes would result in the Willoughby-Eastlake City School District not challenging commercial and investment properties to the fullest extent. Given the heavy reliance on property taxes within the district this will place a larger burden on the residents as new money issues could become more frequent. In addition, because of the effects of HB 920, commercial and residential property owners with accurate property values will pay more than their fair share of taxes, subsidizing the lower taxes paid by commercial property owners whose properties are undervalued for certain types of levies.

In Willoughby-Eastlake we believe the current system has worked to benefit Ohioans for decades. It ensures that all taxpayers are paying their fair share.

Mr. Chairman, this concludes our testimony. Thank you for your consideration. I am happy to address your questions.