



## **Senate Ways and Means Committee HB 126 Opposition Testimony**

**Hudson City School District, Summit  
Phillip D. Butto IV, Treasurer/CFO**

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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 Phillip Butto and I serve as the Treasurer/Chief Financial Officer for the Hudson City School District in Summit County. The Hudson City School District serves the communities of Hudson Ohio and Boston Heights, providing an excellently rated education to approximately 4,500 students

We oppose the changes proposed in H.B. 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. Current law permits property owners, school boards, and others to file, with each county's Board of Revision (BOR), and respond to cases affecting the value of real estate. The Board of Revision is composed of elected officials who hear these cases. Under current law, the BOR is already required to provide multiple written notices to an owner by certified mail of any hearings that affect the owner's property. At those hearings, owners and other parties have the opportunity to present documents and testimony relating to the property's value, and to examine and refute the other side's evidence. Thus, under the current system, owners receive ample, repeated notice of proceedings that affect the valuation of their property. They also have the right to fully participate in those proceedings, including the right to appeal.

Hudson City Schools receives 79% of its revenue from property taxes, 17% from State Foundation, and 4% from other local sources such as tuition and investment earnings. Because of the districts property and income wealth, the district will likely always primarily rely on its property owners for funding. This is the model we have worked under for decades, and even under the new Fair School Funding Plan, the district will continue to rely on its local property owners for funding to this degree.

Given this high reliance on local property taxes, it is critically imperative that Hudson City Schools closely monitor these values to preserve their integrity. Ensuring a fair reflection of a property's value is critical to preserving local funding and critical to Hudson's ability to "live within its means". However, it is the position of the Hudson Board of Education that local property owners have ability to freely access a process already established in law

to question and challenge the value of their property so they too can have confidence the correct value is being reflected and correct tax is assessed.

In Hudson City School District, we have a well-defined and consistent process for ensuring fair property values. The district will file Board of Revision Complaints primarily if not entirely on Commercial as opposed to residential property values. These complaints are most often happen as a result of the district learning that a property is undervalued. The district learns of a property becoming undervalued when an arm's length sale occurs. As you know, an arm's length sale is the best indicator or a properties true market value.

The district will also file counter complaints when property owners unjustly seek to reduce their property values without sufficient evidence of a reduction.

HB 126 proposes to change current law by requiring school districts and local governments to provide an extra notification to 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 an unnecessary administrative cost burden on school districts. More importantly, the bill would require a board of education to pass a resolution authorizing the filing of challenges 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.

At a minimum, these changes would result in additional administrative labor time and cost as well as a potential increase in legal fees. More importantly, the requirement for the board to publically take action on every individual parcel of property, publicly naming a property owner, puts the board in a precarious public relations position with many of its commercial property owners. Many of these commercial property owners are close partners with the district, parents, donors, and education contributors. This requirement would politicize the process and create division within our business community.

In conclusion, the current system is not perfect. It often, results in a reduction in property values for the district. However, Hudson City School District believes it has been successful at maintaining the integrity of its property values, while maintaining good relationships with property owners under the current system. The changes proposed in HB 126, while they have good intentions, would destabilize an established procedure that seeks to provide a system of checks and balances with the overall goal of maintaining a fair system of taxation.

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