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Senate Ways & Means Committee
November 9, 2021
House Bill 126 Opponent Testimony

Thank you, Chair Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Ways and Means Committee for allowing me the opportunity to testify regarding House Bill 126. My name is Stan Bahorek and I am the Chief Financial Officer and Treasurer of the Columbus City School District.

HB 126 and its predecessors, HB 75 and HB 343, grew out of the perceived overzealous actions of a few and the realization that the general public may not be as aware of the Board of Revision process as we all would like. However, in its attempt to alleviate these issues, HB 126 puts onerous and undue burdens on local boards of education.

The stated issues giving rise to the introduction of HB 126 and its predecessors were:

1. Boards of education initiating complaints against the value of single-family owner-occupied homes.
2. Boards of education initiating complaints based upon something other than a recent sale or transfer of ownership of the actual property without providing notice to that owner.
3. Individual board of education members being apparently unaware that their own Boards had authorized the filing of complaints.

In an attempt to rectify these issues, HB 126 puts heavier notice requirements on a board of education to simply file a valuation complaint than the current statute puts on the County Board of Revision to actually change the value of property pursuant to a filed complaint. Furthermore, the proposed requirements will turn what should be an objective, non-partisan process based solely on the value of real estate into a process subject to political favoritism.

By requiring a board of education to pass an individual resolution to file each individual complaint and to provide notice to each owner of not just the filing of the complaint itself but also the consideration of a resolution to authorize the filing, boards of education will be pressured to not pursue complaints against the value of property owned by “friends of the district.”

These requirements are also needlessly onerous. HB 126 requires a board of education to send *via certified mail* notice to the owner of a parcel of the board’s intent to pass a resolution to file a complaint. While this has been described as “merely requiring a Board of Education to send a single sheet of paper to the owner,” that is a gross mischaracterization of what HB 126 requires in reality. First, HB 126 requires that notice be sent via certified mail to the *tax mailing address*, which is where the property owner has directed that tax bills be sent. However, HB 126 also

requires that a BOE send the same notice to the “street address of the parcel” if that address is different than the tax mailing address. This will, in most cases require multiple notices to be sent out and in some cases hundreds, if not thousands, of notices for a single complaint.

For example, in 2020, a condominium complex was sold for \$128,000,00 that includes 1,398 separate parcels. The Auditor’s current value is only \$60,600,000. In this case, HB 126 would require the Board of Education to send out 1,399 separate notices via certified mail, only one of which will actually reach the owner of the property. One notice will be sent to the tax mailing address designated by the owner of the property. However, because the tax mailing address is different than the street address of each and every one of the 1,398 parcels involved in the sale, HB 126 will require that the BOE also send a notice to “the street address of the parcel or parcels identified in the resolution.” These additional and completely useless 1,398 notices will serve no purpose as they will be sent to the individual leased condominium units as well as to each garage parcel, none of which will be received by the owner of the property. Furthermore, since each garage parcel doesn’t actually have an address that receives mail, each of these notices will be returned as undeliverable. Utilizing current certified mail rates, this would result in a waste of \$10,317 in taxpayer money just in postage costs to file this single complaint. The same can be said for any case involving vacant land or any parcel that does not actually have an address that receives mail from the United States Postal Service. This is why a tax mailing address is required in the first place. It ensures that the notice is sent to an address *designated by the owner of the property* to receive mail regarding the parcel of real estate. As such, the requirement to send a 2nd notice to the address of the parcel should be struck from the bill.

Additionally, the requirement that each resolution only identify a single parcel and that each resolution must be adopted by “a separate vote from the question of whether to adopt any other resolution” is unduly burdensome and serves no purpose other than to hinder the efficient conduct of board of education business. There are nearly 500,000 parcels in Franklin County. Boards of education typically initiate complaints on less than 1% of those parcels. However, the current language of the bill would require the passage of thousands of separate resolutions.

A better practice, and one that has been employed by my Board for years, is to have a written agreement with our legal counsel specifying the types of properties to be reviewed and minimum thresholds for filing complaints. This agreement, and the resolution approving the agreement, is reviewed and renewed annually. Therefore, all board of education members are aware of the board of revision process and that the board has approved criteria upon which complaints will be filed. Most importantly, this process ensures that it is the only value of the real estate that is at issue and not who owns the property.

It must be remembered that every property that is undervalued and therefore does not pay their fair share of tax revenue results in a tax increase for everyone else. Therefore, as a whole, the general public should demand that their board of education not only vigorously engage in the board of revision process but also do so on a non-partisan basis. Formalizing a requirement that all boards of education pass a resolution outlining the criteria upon which they will file board of revision complaints instead of for each parcel or even each complaint, is not only good practice, but will make sure that all board of education members are aware of the process and the criteria upon which complaints will be filed.

Counter Complaints:

Currently, the language of HB 126 places the same notice and resolution requirements on the filing of a counter complaint filed by a board of education in response to a complaint initiated by a property owner. Under R.C. 5715.19(B), a board of education only has 30 days from the date it is notified of the property owner's complaint to file a counter complaint. By requiring a board of education to provide notice to a property owner of the consideration of a resolution to file a counter complaint in response to the complaint that they already filed would effectively cut the time a board of education has to file the counter complaint down to nine days or less. Furthermore, providing notice to a property owner of the board of revision process is not necessary in this instance because the property owner is the one who initiated the process in the first place. This language regarding counter complaints was deleted in both Sub. HB 75 and Sub. HB 343, but was once again reinserted when HB 126 was introduced.

Notice to a property owner that a board of education or other legislative authority's right to file a counter complaint could easily be accomplished by requiring that the Tax Commissioner, who is charged with the duty or prescribing the form, include such notice on the complaint form.

Complaints based upon Sale/Transfer of Property

A similar solution exists for notifying property owners that a complaint challenging the value of their property may be filed based upon a recent sale or transfer of the property. For every sale or transfer of property in Ohio, a form must be filed with the County Auditor – either a Real Property Conveyance Fee Statement of Value and Receipt or a Statement of Reason for Exemption from Real Property Conveyance Fee must be filed. By simply requiring that the Tax Commissioner, who is charged with the duty or prescribing the form, include such notice on the complaint form, all property owners will have specific notice that a complaint could be filed challenging the value of that property. This would also put the property owner on notice that it, too, could file such a complaint to lower the value of the property creating real transparency in the BOR process by informing the property owner that the BOR process works both ways.

Section 3

Section 3 of HB 126 states that the bill “applies to any complaint or counterclaim to a complaint filed for tax year 2021 or any tax year thereafter.” Any form of HB 126 that is passed into law should not be effective until tax year 2022.

Filings for tax year 2021 will begin in a few weeks immediately after counties across the State have their tax list and duplicate certified. Consequently, if HB 126 is applied to tax year 2021, two different version of the statute will likely apply to the same year. Furthermore, HB 126 specifically requires the Tax Commissioner to create a new complaint form and requires a board of education to respond to the newly created inquiries thereon. The Tax Commissioner will need time to create and circulate a new complaint form. Requiring these changes in the middle of the filing season for tax year 2021 serves no purpose.

Conclusion

The issues giving rise to the introduction of HB 126 and its predecessors can be addressed and remedied more effectively and efficiently than outlined in the current version of the bill. We urge the Committee to look closely at proposed alternatives and the issues addressed regarding notice and resolution requirements. I am happy to answer any questions you may have.