

Ohio Senate Ways & Means Committee
Proponent Testimony on HB 126
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Chairman Blessing, Vice-Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee: thank you for the opportunity to speak to you this morning on behalf of the GBX Group.

My name is Brian Cappelli and I am Vice President of Asset Management at GBX Group, a real estate firm that specializes in preserving and operating historic buildings in urban markets, and I am here as a proponent of House Bill 126 and the proposed amendment. Both would streamline and calibrate the process by which county and local governments assess the value of real estate and handle property tax complaints. Such reform is desperately needed to protect taxpayer and property rights. This bill will help to pre-empt costly litigation, duplicative reviews, and onerous challenges from being filed by school districts seeking to undercut decisions of county boards of revision, which are much better equipped to make such determinations.

While based in Cleveland, GBX has completed over 135 projects in 21 states. As such, we are constantly making real estate and investment decisions based on state and local business environments and government conditions. Ohio's current property tax assessment system permits private attorneys operating on hourly or contingency contracts on behalf of local school districts to file annual lawsuits challenging property appraisals and tax assessments. These increasingly aggressive, redundant and abusive lawsuits have become a significant disincentive to invest in worthy projects across Ohio, many of which seek to revitalize the urban core of disadvantaged neighborhoods.

In one recent example, GBX acquired the historic Central YMCA complex on Prospect Avenue in Cleveland. The property includes an operating structure serving as student housing, but also a structure in need of costly rehabilitation. GBX presented appraised values of the project to the Cuyahoga County Board of Revision and worked with them to adopt an agreed upon assessment. Days later, an attorney hired on behalf of the Cleveland Metropolitan School District (CMSD) appealed the Board of Revision's decision to the Board of Tax Appeals. This appeal triggers an additional costly and litigious process and contributes to distrust of Ohio's property tax valuation system.

These types of appeals are commonplace and are generally filed regardless of the merits of the individual circumstances or the reasoning behind the valuation determined by the Board of Revision. The financial margins for making costly historic preservation projects viable in urban neighborhoods are already extremely tight. When you are virtually guaranteed to have to expend additional resources to argue against overly litigious attorneys suing to extract unwarranted higher taxes on behalf of school districts it is a significant disincentive to doing business in Ohio. GBX is actively engaged in downtown development groups across the state, and we know that these aggressive tactics by private attorneys acting on behalf of municipal school districts are widespread.

The solution offered by HB 126 and the amendment under consideration is straight forward and based on common sense. Property owners and taxpayers should not have to fight multiple

separate governmental bodies over the value of their property. All government stakeholders should abide by the same valuation determinations when assessing property taxes, and that valuation is better determined by a board composed of the County Treasurer, County Auditor, and County Commissioner than by a separate body that doesn't directly hold the data needed to make such decisions. If school districts want to provide testimony or argue before a County Board of Revision for a tax increase or against a tax reduction during the initial determination process, they should be permitted to make their case at that time. However, school districts and their attorneys have essentially rendered County Board of Revision decisions moot by filing additional court challenges that cause economic uncertainty and threaten property owners and taxpayers with costly and drawn-out legal battles.

HB 126 and the suggested amendment are both needed to curb these types of abusive practices, to protect taxpayer rights, and to improve Ohio's business climate. As a property owner that has completed dozens of historic rehabilitation projects across Ohio, GBX would strongly encourage you to support these provisions. Please do not hesitate to contact us if we can provide additional information or be of assistance as you continue this process.

On behalf of the GBX Group, I respectfully ask this committee to support the amendment that was proposed last week and to support HB 126. Thank you for your time and consideration this morning.