

Senate Ways and Means Committee  
HB 126 Opposition Testimony

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Marysville Schools Board of Education

Chair Blessing, Vice Chair Roegner, Ranking Member Williams, Members of the Senate Ways and Means Committee, I am Richard Smith, Marysville EVSD Board Vice President and Legislative Liaison. I speak in **opposition** to House Bill 126 (HB 126), "Regarding process for local governments to contest property value".

Our school district, Marysville EVSD, most often challenges the valuation of real estate when a sale of property of specific purposes has occurred and there is a question as to the Auditor's appraised value of that parcel. We base our challenges on the principle within Ohio law which tells us that the sale price of a property is the best determiner of the property's value. Therefore, our district believes that challenges based on sales price are reasonable and fair. Currently, our district typically only challenges commercial property values as opposed to residential property. The current Board of Revisions (BOR) procedure is for us an administrative action where a fair and appropriate valuation of property in our district is determined by County Auditor, Treasurer and one County Commissioner.

Our Treasurer, Todd Johnson outlines our District's procedures in this manner:

- We file against sales of commercial properties and income producing properties, such as apartments. We typically only file when the sale is in excess of \$100,000. We also look at the complaints filed for reduction of values for those same property types to ensure there is proper justification for a reduction. The threshold here is typically approximately \$70,000 of valuation change.
- We pay our attorneys an hourly fee for services. Not contingency based.
- Local property taxes make up 50% of our total operating revenue making accurate property valuations important.

In one specific example, Todd mentioned a business which bought a property for \$13.6 million while the taxable value was listed at only \$5.8 million. Due to our complaint, the value was changed to \$10.7 million, resulting in \$100k of tax revenue. About this, Todd said, "However, individual cases such as this is not the main point of this process. It is the District's broader goal for each taxpayer to pay their fair share. When one taxpayer is not, then everyone else is picking up their slack. The district's goal through this process is that the tax burden is shared fairly across all taxpayers based on justifiable tax values."

HB 126, with its new mandates, seems to be aimed at creating a chilling environment which might cause school districts to hesitate in filing a valuation complaint or making a valuation counter-complaint. The results of such an action will be unfortunate not only for the school district impacted but also for the residential and commercial property owners whose values are accurately set. As illustrated above, provisions in HB 920, passed in 1976, result in commercial property owners with accurate property values paying more than their fair share of taxes, subsidizing the lower taxes paid by commercial property owners

whose properties are undervalued. This is also true for residential property owners. This is the basis for one of our objections to HB 126's unnecessary changes to the long-standing BOR system.

The bill's requirement for school districts to notify the property owners that a challenge will be filed against the current valuation of the property is redundant and costly. Current law already requires the county Board of Revision to notify the affected property owner.

Further, requirements contained in HB 126 require the local 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. It serves no function which safeguards a property owner's rights.

A better and more appropriate approach to perceived issues with the school district's use of the BOR process would be for HB 126 to be amended such that it requires:

- School districts and local governments should adopt a policy setting the parameters for filing valuation challenges, which could include specifying the type of property to challenge or not challenge, the dollar amounts, and percentage change.
- Filings may be submitted only by the board of education or the superintendent or treasurer, with subsequent notification to the board.
- Contracts with attorneys for valuation challenges must be based on fee-for-service payment arrangements, instead of contingency payments.

We have a functioning Board of Revision process that protects the rights of all involved. It has functioned well in the past. The changes proposed in HB 126 will not provide any new safeguards for property owners and creates unnecessary burdens on school districts. HB 126 complicates a rather straight forward process without meaningful improvement. I urge this committee to amend this bill as outlined above, improve the process and avoid unnecessary cost, politicization and redundancy.

This concludes my testimony.

Dick Smith  
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