

Strongsville City Schools

ADMINISTRATIVE OFFICES

Dr. Cameron M. Ryba, Superintendent
cryba@scsmustangs.org

George K. Anagnostou, Treasurer
ganagnostou@scsmustangs.org



18199 Cook Avenue ♦ Strongsville, Ohio 44136

Phone 440.572.7010 ♦ Fax 440.572.7041

www.strongnet.org

11/16/2021

Chairman Blessing, Vice Chair Roegner, Ranking Member Williams, Members of the Ways and Means Committee, thank you for giving me the opportunity to provide opponent testimony on H.B. 126.

I am George Anagnostou, Treasurer/CFO of the Strongsville City School District. We are a large suburban school district with significant commercial, industrial, retail and residential property located off of Interstate 71 in southwestern Cuyahoga County.

Property taxes make up about 75% of the District's general fund revenues. Having the ability to file complaints and counter complaints protects the district's tax revenue and tax base to ensure that everyone in the community is paying their fair share based on their proper value. And to make sure the District is doing everything possible to maintain valuations and current revenue before seeking further assistance from voters and the General Assembly.

In the past few years many of the commercial taxpayers have challenged their valuations, including South Park Mall, department stores, hotels, Lowe's, Home Depot, and Walmart. The chart below indicates 85 decrease complaints filed in the past 4 years challenging nearly \$7 million of revenue at risk of loss from a refund and a reduction in a tax settlement to the District.

Tax Year	Decrease Complaints	<u>Potential Loss of Revenue</u> from Taxpayer Initiated Commercial Decrease Complaints	Increase Complaints	<u>Potential Gain of Revenue</u> from Commercial Increase Complaints
2017	9	\$224,656	10	\$41,275
2018 (Reappraisal)	47	\$3,315,396	26	\$2,395,607
2019	7	\$603,765	19	\$513,290
2020	22	\$2,615,248	22	\$280,264

The complaints are aggressively filed by commercial taxpayers who engage counsel and appraisers advancing a case to reduce the value as low as possible. When the District files a counter-complaint, the counter complaint is intended to mitigate any loss that the District may incur through the Board of Revision tax refund process as that is a true loss of revenue for the District. In my opinion, I think it is only fair for the District to have the ability to have a seat at the table when a value is being challenged or when there is a large refund at stake.

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Currently the District is involved in a pending Board of Revision case with South Park Mall that could potentially result in a \$3.4 million refund to the mall owners. By having a seat at the table and filing a counter complaint, the District is able to potentially mitigate about \$1.42 million of the loss.

Only through our involvement and advocacy with the County will the new Owner of South Park Mall secure a lower prospective tax value. The negotiated resolution allows the Owner to reduce expenses and compete for tenants to revitalize the property which is critical in our community. Having a seat at the table provides the opportunity to develop a mutually agreeable resolution in the best interests of the taxing entities and the former and new Owners of South Park Mall.

In fact, for South Park Mall, as well as cases involving “big box stores”, had the District not filed a counter-complaint the District faced multi-million dollar losses from refunds without making a defense to mitigate any losses.

Please keep in mind that once a decrease complaint is filed, the millage rates for the contested tax year can't be changed. There is no “HB 920” adjustment to offset the loss of revenue from a refund.

Also, the County tax assessor has independently set a value and the independent Board of Revision place no deference on the assessor's valuation once evidence and argument are introduced at a hearing. The County looks to the board of education as the largest tax recipient to protect their interests. As such, the board of education engages counsel and participates in the process to defend existing revenue.

When the District files complaints on other commercial properties, it is for properties that we feel are undervalued largely on account of a recent arm's-length sale. Since 2019, the School District has been able to generate about \$1.4 million in additional dollars based on undervalued properties, which helps mitigate losses from overvalued properties for which the school board filed counter complaints.

Our board of education takes an active role in the filing of complaints and counter-complaints, including reviewing my recommendations as to filings, meeting with counsel on a periodic basis, and receiving updates from myself and counsel. Counsel is paid hourly and does not receive a contingency fee.

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For the preceding reasons, I request the Committee to retain the ability for School Board's to participate in this process.

Thank you,

A handwritten signature in black ink that reads "G. K. Anagnostou". The signature is written in a cursive style with a long, sweeping tail on the final letter.

George K. Anagnostou,
Treasurer/CFO