

Thank you, Chair Blessing, Vice Chair Roegner, and Ranking Member Williams for allowing me to testify in my full support of HB 126 and the board of revision amendment being considered by this committee.

My name is Mike Gabrail, and I'm a homeowner and small business owner from Akron, Ohio.

The committee is here today to hear testimony on how to discern property taxes. But before it assesses the merits of this bill and its amendment, it is important to acknowledge something about Ohio. And that is that Ohio recognizes a heightened standard of private property protection.

This has been exemplified by the Ohio Supreme Court numerous times, especially in light of US Supreme Court decisions that have decreased federal constitutional protections of private property. We Ohioans find that it is of paramount importance to protect private property rights above and beyond federal protections.

This country has also long held the dictum by Chief Justice John Marshall that the power to tax is the power to destroy. By effect, the power to impose property taxes is the power to destroy property.

If we line up these two items – (1) that Ohio has a heightened standard of private property protections, and (2) that the power to tax is the power to destroy – then we must see that the current authority and practices of the public school boards to file property tax complaints is having the impact of destroying a sacred right in Ohio.

This is not to say that property taxes in general are evil. But when abused, as they have been, they become detrimental and impede economic growth and private property rights.

I have three issues with the current system that the amendment under consideration rectifies. 1) local governments filing property tax complaints; (2) settlement dollars garnered through the Board of Revision challenge process is treated as “found money” that does not impact a school's formula funding. In other words, it is double dipping; and 3) having been subject to these challenges in the past, I must, as a private citizen, pay legal fees, appraisal fees, etc. to defend myself. Schools have the heavy advantage of leveraging taxpayer dollars to bludgeon me into a settlement rather than pit my private resources against those of the government. I have heard it asked if most of these challenges result in settlement. Yes they do, as settling is nearly always the lesser of two evils for property owners.

I have heard through testimony of various school board representatives that this amendment will result in an almost defunding of school board income. But this could not be further from the truth. School boards continue to receive the levy money that their populace votes on, as required by Ohio law. What the school boards are worried about is losing their ability to double-dip: to collect their levy and the additional funds accrued through challenging property values.

I heard testimony from various school board representatives that they don't know where this bill has come from: this has been going on for decades, why is it now an issue? All I can provide are details from personal experience. And that personal experience says that in the past 10-12 years, something triggered within the school boards where they realized they could file numerous complaints against primarily commercial property owners and force them to the table to settle to give the school boards additional cash, unallocated for levy purposes.

Which brings me to correct the beginning of my testimony. This bill has nothing to do with property taxes. This bill has to do with curbing an abusive practice of forcing property owners to pay additional dollars to school boards without any offset of levy moneys. These are funds that were never contemplated by our property tax system, yet they are being relied upon more and more by our public schools.

One representative stated in her testimony that permitting public schools to file complaints ensures that higher-valued properties pay their "fair share" of property taxes and that lower-valued properties pay less. But as another school board representative in his testimony, the settlements that come from these lawsuits are kept separate from levy considerations, thereby having zero effect on lowering the tax dollars paid by the lower-valued property owners that opponents claim to care so much to protect.

If the public schools' aim was to lessen the property tax burden on lower-valued properties by making higher-valued properties pay more in property taxes, then why are the settlement dollars kept out of the levy equation? It does not add up. And to answer the school boards' question, *this* is why this bill is here today.

I have personally been on the receiving end of these abuses from a property owner perspective and a potential investor perspective. We have purchased properties, fixed them up, gotten an increased value, only to have the school board come and try to wipe out our increased values through property valuation complaints that go above and beyond the appraised values we receive in refinance procedures.

We have foregone significant investments because given the history of the school boards we would be working within, any increase in value that we would see from our investment would be wiped out by overzealous attorneys trying to make an extra buck.

To those who criticize the third prong of the proposed amendment – eliminating the local government from the board of revision process – let me say one thing: the board of revision process is not supposed to be an adversarial process. It is supposed to be a fair process overseen by experts on the BoR to determine if the auditor made an error. There is no reason it needs to be adversarial as that would end in the school boards picking and choosing which complaints to combat, thereby making it inherently unfair.

And the process is currently unfair as acknowledged by the various school boards. All last week, the testimony was, "Don't worry, we only go after commercial property owners!" As if that somehow makes it better? That in an effort to create a "fair" process, they focus solely on one specific type of property owner? That in and of itself signifies how unfair the system is.

Bring stability to our property tax system. Schools are well funded by levies, state government, federal government, etc. We are talking about extra cash that is being accrued outside the state's statutory formula, cash that schools are not entitled to and are simply receiving because of a loophole in the process for determining levy dollars.

Don't permit the schools to continue their discriminatory practice of double-dipping under the façade of "fairness." The system is inherently unfair and needs to be reined in.

Thank you. I would be happy to answer any questions the committee might have.