

## Testimony before the Senate Ways and Means Committee

November 16, 2021

Chair 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 today to express opposition to House Bill (HB) 126, as amended.

My name is Terry Armstrong. I am the Treasurer of the Boardman Local School District in Mahoning County. Following working in the private sector I was able to follow my dream of becoming an educator including the opportunity to serve as a Teacher, Principal, and six years as Lordstown Schools Superintendent. I found that much of my work as Superintendent was working through a variety of financial issues which resulted in a passion for school finance leading me to entering the world of School Treasurer. Being here today is a result of that as well as the theme I used to try promote with my students: democracy is a verb!

I will keep my comments brief and focused on answering the questions that have been raised during the last session.

Boardman Local Schools, like many schools in the Mahoning Valley, will be negatively impacted by enactment of this legislation as it has been challenged by past losses of Tangible Personal Property taxes, has been subject to the funding cap and has experienced the loss of major employers such as steel manufacturers, General Motors Lordstown, and Delphi Packard.

Boardman Local School's 4,000 students engage with a committed staff that promote the three major themes of excellence: Academics, Athletics and the Arts. Property taxes make up 68% of our annual revenue with state funding having made up 20% of district funding. Commercial valuation of properties in Boardman represent a total of \$300,000,000 making up nearly 30% of the district's tax valuations. When an adjustment is made for these commercial properties, we risk taxes being increased on our local taxpayers.

The Boardman Local School District actively participates in the real estate valuation process every year. The District both initiates valuation complaints and defends complaints filed by property owners through our school attorneys.

Here are some relevant facts about our process.

1. Valuation complaints in the Boardman Local School District are only filed on larger commercial property when there is a valuation difference of at least \$50,000 of value at issue.
2. We do not get involved in residential property valuation complaints.
3. Our Board of Education is involved in the process, made regularly aware of the District's participation in the process, and is provided updates by myself in conjunction with our school attorneys.

4. This past year, for Tax Year 2020, the District filed counter complaints on 18 commercial properties. In addition, we initiated 11 valuation complaints involving recent sales of property where the recorded sale price was higher than the assessed value of the property.
5. Each year, hundreds of thousands of dollars in valuation is placed at risk by valuation complaints. This year, over \$200,000 of actual tax revenue dollars was at stake by commercial property owner complaints. That amount fluctuates depending on the number of complaints, of course, but the amount is typically well over \$100,000.
6. One of the larger valuation complaints we filed involved a vacant land sale for a new store where the land was purchased for \$600,000 that was valued at \$200,000. This discrepancy in value was corrected through the valuation process. The company participated in the process but did not contest the increased value as it reflected what they paid for the vacant land.
7. An example of what I will refer to as a “successful collaboration” involving the real estate valuation process involved a large shopping mall located in our district. Valuation complaints were filed by both the school district and the taxpayer. Ultimately, through joint collaboration and the involvement of both parties, we mutually agreed on a valuation. Having a seat at the table proved very beneficial and resulted in a “win win” result.
8. Our district does not initiate direct pay agreements with taxpayers. On a few occasions, we have accepted a direct pay settlement from a taxpayer where the taxpayer initiated the settlement option.
9. The Boardman Local School District believes it has demonstrated fiscal responsibility to its taxpayers by participating in this process. Our beneficial results are tracked and proven.

This process, “AS IS” is working in our district. The added layers of administrative steps that HB 126 is proposing are unnecessary and redundant. The proposed amendment that would completely eliminate a school district from participating in this process would be extreme and punitive.

Thank you for the opportunity to be here today.