



Treasurer's Office

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**Senate Ways and Means Committee
HB 123 Opposition Testimony**

**Wadsworth City School District, Medina County
Douglas D. Beeman, Treasurer**

April 4, 2022

Chair Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for the opportunity to testify in opposition to House Bill (HB) 123.

The Wadsworth City School District has supported many Community Reinvestment Areas (CRAs) in collaboration with the City of Wadsworth. This past month we entered into an agreement for a 100% abatement for 15 years with the City of Wadsworth and ECS Tuning, LLC. While the current legislation being considered would have allowed us to negotiate a revenue sharing agreement with the City of Wadsworth and ECS Tuning, said revenue sharing would not begin until after the first \$2M in annual payroll. In addition, there are many agreements that fall between the proposed 75% and the current 50% abatement amount that would fall off the table for local Boards of Education.

In the example above the Wadsworth City School District stands to lose over \$140,000 annually (\$2.1M over the life of the agreement not adjusted for inflation), while the city gains thousands of dollars in local income taxes from the proposed increase in local payroll from ECS Tuning. It seems ludicrous that a city can enter into an economic development agreement that abates local property taxes where 70-80% of said taxes go to local schools, without involving the school district in the conversation. Boards of Education need to be able to protect their tax base. The Wadsworth Board of Education believes CRAs have a place, but under the current system the City benefits from CRAs (increase income tax revenue) and school districts lose. The proposed legislation in HB123 further exacerbates this condition.

Let me propose a scenario: A school board recruits a company to expand in their community and enters into an economic development agreement with them. The agreement guarantees that 75% of the income taxes paid by the employees is refunded to the company for 10 years. The school district continues to collect 100% of the new property taxes and the city does not have any input in the agreement (the agreement is between the school and the new company). In this example, the schools give away the revenue stream of the city without their consent. In essence, this is the current structure of any abatement of 50% or less and the proposed structure of HB 123 on School Boards. Does this seem fair to the city? Of course not.

I urge you to allow local School Boards of Education the opportunity to protect their tax base. Allow us to be involved in the conversation and negotiations of abatements greater than 50% and allow us to have a right to revenue sharing of income taxes on payroll greater than \$1M. HB 123 expands the abatement percentage to 75% and the revenue sharing to \$2M. This is moving in the wrong direction. Local Boards of Education need to be able to negotiate fair revenue sharing agreements when their property values are at risk.

Sincerely,

A handwritten signature in cursive script, appearing to read "D.D. Beeman".

Douglas D. Beeman, Treasurer
Wadsworth City Board of Education