



Monday, April 04, 2022

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

**Marysville Exempted Village School District, Union County
Todd Johnson, Treasurer**

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.

My name is Todd Johnson and I serve as the Treasurer for the Marysville Exempted Village School District in Union County. Marysville Schools serve approximately 5,400 students in and around Marysville Ohio. Our district is a growing district with student and economic growth currently taking place.

As required by the Ohio Constitution, school districts must raise a portion of the funds to education the students in its community. This is often referred to as a school district's "local share." Similar to most districts, Marysville school's local share is generated by levying voted property taxes. Due to the operation of the tax reduction factors in the Ohio Constitution, the total amount of tax revenue from a voter-approved levy cannot increase due to rising valuation of existing property. This means that new property and renovations to existing property are the main sources of increases in tax revenue for a voter-approved levy.

Ohio's current law governing community reinvestment areas (CRAs) allows for economic development to occur, while striking a balance between encouraging development and protecting our schools. We understand that economic development tools, like a CRA, encourage development in communities that might not otherwise happen without certain incentives. However, to protect the school districts in these communities and the students they serve, it is important that the use of tax abatements and other economic development incentives be implemented carefully.

The current CRA law allows for the elected boards of education of the impacted school districts to speak on behalf of their communities when a proposed exemption exceeds this 50% threshold, requiring them to evaluate the impact of abating an approved tax to stimulate development. Increasing this threshold from 50% to 75%, as proposed in HB 123, disrupts this necessary



dialogue and balance between incentivizing development and the need to provide the necessary resources to educate the children in the impacted communities.

In our district, we work collaboratively with the City of Marysville and Union County as it pertains to economic growth and tax incentives. In an area that is already growing, a change in law such as this will only put a greater tax burden on existing taxpayers as they will be put in a position of paying for the growth of the school as entities within the CRA area that in part leading to enrollment growth in the school, are not paying their fair share.

We have serious concerns with the proposed change to increase the threshold that triggers the sharing of payroll taxes under current law. The statutory authority for the municipality or county that established the CRA to enter into a compensation agreement with the school district is necessary. The school district is foregoing property tax revenue due to the CRA abatement and the sharing of payroll taxes applies to make the district whole. This authority provides each community the flexibility to find the right balance between incentivizing the development and meeting the needs of the impacted school district. In our district, the revenue sharing in existing law already leaves the district well short of making up for lost tax revenue. This change will only exacerbate that issue leaving more of the tax burden to fall on existing taxpayers. Our taxpayers have already begun to speak out regarding overuse of tax abatements and the impact that it has on the overall tax base. This law will certainly cause more angst for our taxpayers.

Mr. Chairman, this concludes our testimony. **We urge you to oppose HB 123.** Thank you for your consideration. We are happy to address your questions.

Sincerely,

Todd Johnson, Treasurer

Marysville Exempted Village School District