

Senate General Government and Agency Review Committee
H.B. 76 Opposition Testimony
Buckeye Association of School Administrators
Ohio Association of School Business Officials
Ohio School Boards Association
Ohio Library Council
Ohio Township Association
December 1, 2020

Chairman Schuring, Vice Chairman Rulli, Ranking Member O'Brien and members of the Committee. My name is Rebecca Coleman Princehorn, here representing the Buckeye Association of School Administrators (BASA). Joining me for this testimony today are representatives from the Ohio School Boards Association, Ohio Association of School Business Officials, Ohio Library Council, and Ohio Township Association. I am a partner at Bricker and Eckler LLP, counsel to BASA. I have practiced in Bricker's Public Finance Group for 39 years, serving as public finance counsel for every type of local government on levy and bond matters. Also during that time, I participated in the 1989 rewrite of R.C. Chapter 133, the Uniform Public Securities Law; other legislative efforts, e.g. 2016's H.B. 483 for developmental disabilities levies; and several editions of the Ohio Municipal Advisory Council's guide to local government debt.

Thank you for the opportunity to speak to you today in opposition to Substitute (Sub.) House Bill (H.B.) 76. The recent amendments do not fix a misguided bill.

Below are the key points of H.B. 76, a bill that proposes significant modifications to the property tax calculation appearing in all property tax levy and bond legislation and related board of election notices and ballot language. I concur with the Governor's prior veto message that these provisions are confusing, contradictory and difficult to implement.

Changes to Property Tax Calculation.

- Under current Ohio law, when a political subdivision is proposing a property tax, the legislative body must adopt a resolution of necessity that is then certified to the county auditor. The county auditor is then required to calculate and certify to the political subdivision the estimated average annual property tax levy, expressed in mills for each **one dollar of tax valuation** and in **dollars and cents for each one hundred dollars of tax valuation**. H.B. 76 would require the county auditor to express the certified average annual property tax levy in mills for each **one dollar of taxable value** (instead of one dollar of tax valuation) and **in dollars only** (not cents) for each **one hundred thousand dollars** (instead of for each one hundred dollars) of **true or appraised value** (instead of tax valuation). This conversion does not work and assumes all

property hits the \$100,000 minimum. This minimum is not applicable to much of Ohio.

- “True or appraised value” overstates value. No acknowledgement is made of existing variations in Ohio law in valuation and assessment methodology for different types of property, e.g. residential, commercial or other. The bill assumes every taxpayer is a homeowner.
- Use of “effective rate” to mitigate overstated value is confusing.
- No acknowledgement is made for differences in taxpayer status, e.g. levies qualifying for rollbacks or taxpayers qualifying for the homestead exemption. County auditors and local governments will be blamed for misleading taxpayers.

Annual Collections.

- County auditor estimates of annual collections are required to appear on the ballot, which is particularly problematic for bond issues which may have upwards of 40 years of payments depending on the assets financed. This requirement is also misleading given that it does not acknowledge variations in interest rates from the time of election proceedings to time of bond sale, nor variations in valuations over the bond term. County auditors and local governments will be blamed for deviations over which they have no control.

Levy Reductions by Initiative.

- Ballot forms for reductions in continuing levies under R.C. 5705.261 will be also required to list the annual collections, with no corresponding opportunity for the local government to indicate the current tax’s effective rate as decreased under the reduction factors.

I understand the proposed changes in HB 76 are theoretically intended to allow voters to better understand the effects a proposed levy will have on their property taxes. However, I believe the changes in HB 76 will actually cause confusion and misunderstanding by voters. The lack of technical understanding reflected in HB 76 negates transparency.

It is my experience that taxing entities already provide accurate information to potential voters during the levy or bond campaign process. If individual voters wish to better understand the impact of a proposed levy on their specific property and circumstances, the County Auditor can calculate an estimate based on all relevant factors.

Thank you for your consideration. **On behalf of our organizations, I urge you to reject HB 76.** We would be happy to address your questions.