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April 1, 2019

OHIO SENATE WAYS AND MEANS COMMITTEE

S.B. 36 – PROPONENT TESTIMONY (WRITTEN)

Tony Bornhorst, Shelby County Commissioner

Senator Lou Terhar, Chair of the Senate Ways and Means Committee; Senator Kristina D. Roegner, Vice Chair; Sandra R. Williams, Ranking Minority Member, and Members of the Ways and Means Committee:

Thank you for allowing me to provide written testimony on Senate Bill 36. I am Tony Bornhorst, serving my seventh year as Commissioner of Shelby County and have served on the Shelby County Board of Revision for three terms. Senate Bill 36 will fix problems that Shelby County has incurred in Board of Revision decisions involving subsidized housing request for revaluation. The Judicial ruling *Woda Ivy Glen*, which dealt with LIHTC (Low Income Housing Tax Credit), set the standard for valuations based on the Income approach. The problem created by this standard is that the only income allowed to be reviewed was the actual rental fee paid by the renter. The owner in some cases may have received up to 85% in subsidy and 15% actual rents from the renter, thus creating a truly undervalued property.

In the Board of Revision cases in Shelby County there have been large entities up to 180 units, and instead of values that should have been in the millions, they become valued in the hundreds of thousands. I have voted against all of these valuations due to the impact on the taxpayer. The taxpayer is already paying for the subsidization, and then takes a hit at the local level, especially School Districts and in particular the Sidney City Schools. Now unfortunately if the owners of these units file with the State Board of Revision, we have been overruled at the County level.

I have also noticed at the local level when the income approach is used it creates a disparity between large, subsidized housing units and smaller, non- subsidized rental units owned by county residents as far as valuation per unit. For example, an older home, built in the early 1900's, converted to a rental duplex uses the income approach but includes the full rental fee as income will have a higher valuation per unit than a 10 to 15 year old subsidized housing unit that only has to provide the actual rent paid by the renter as income in the formula. This undervaluation of the larger unit has the greatest financial impact on the Sidney City School District valuation and the District struggles to pass additional millage.

Senate Bill 36 requires that all income be evaluated including Federal tax credits and other financial incentives for construction or renovation. Most importantly, under the bill, in Shelby County's Board of Revision Revaluation decisions, the total of both the rent paid by the renter and the amount of subsidized rent received by the owner will be included in the income received. Senate Bill 36 will allow for proper valuation of rental units both subsidized and unsubsidized, and will fix the disparity at the local level and allow correct valuation for all Taxing entities receiving Property Tax revenue. I fully support Senate Bill 36.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "Tony Bornhorst", written in a cursive style.

Tony Bornhorst, Shelby County Commissioner