



**Dan Acton, Director of Government Affairs
Ohio Real Estate Investors Association
Proponent Testimony – HB 422
House State and Local Government Committee
February 9, 2022**

Chairman Wiggam, Vice Chair John, Ranking Member Kelly, and members of the committee. My name is Dan Acton, and I am the Director of Government Affairs for the Ohio Real Estate Investors Association (OREIA). OREIA represents 13 local associations with over 3,000 members across Ohio. My background includes more than 40 years in the property management and ownership industry. Thank you for allowing me to testify in support of House Bill 422.

We appreciate Representatives Fraizer and West for introducing HB 422 and shining a light on an issue that has negatively impacted property investors in Ohio for decades. Specifically, when local municipal water/garbage corporations certify property tax liens against non-owner occupied residences for unpaid charges. These liens are certified against the owner of the property, rather than the resident, and is an unfair (and potentially unlawful) abusive practice that needs to end.

Rather than attempting collection of past due bills and/or discontinuing services to the end-user in a timely fashion, municipal service providers (MSPs) (and the county auditors who ultimately certify the liens) target a property—and thus the respective owner of that property—for a service debt **not** contracted by that property owner. OREIA believes that HB 422 provides a practical solution to this commonsense issue whereby individuals who have **not** contracted for service, are made liable for unpaid charges that were accrued by someone else.

If a municipal corporation attempts to certify a lien to the county auditor against a property, or brings an action due to unpaid municipal service charges, HB 422 establishes a rebuttable presumption that amounts exceeding the termination amount cannot be certified as a lien, or recovered by the action, against the property owner.

The presumption may be rebutted by any of the following based on a preponderance of the evidence:

- The property owner agreed to pay all the unpaid rates and charges, after having been given notice of the delinquent amount;
- The property owner occupies the residence;
- The municipal corporation attempted to mitigate any unpaid rates or charges by strictly adhering to its established protocol for terminating service for delinquent customer;
- Any other evidence demonstrating that the municipal corporation mitigated the amount of unpaid rates and charges before proceeding against the property owner.

Currently, there is no method of remediation for property owners with municipal water, wastewater, and disposal services with undue payments. To fix that, HB 422 develops a process to ensure an avenue for redress for undue fees by creating the Billing Appeals Board within the Ohio EPA. The board will hear appeals from property owners in cases where the tenant is financially responsible for unpaid services, and the property owner was held liable as a result. HB 422 sets out the parameters for this new board, including its authority, membership, hearing procedures, and standards for resolving complaints.

Fundamentally, HB 422 is about fairness and financial responsibility. Property owners should not be held liable for their tenant's unpaid bills. This legislation is designed to mirror the liability expected with electric and other utility bills—an individual who contracts for service remains liable for unpaid debts.

Investors operate on razor thin profit margins for a property. Unpaid water and garbage collection bills, an unexpected repair, unpaid rents, or any layering of government fees (in this case, property tax liens) decrease profits that could otherwise be used to reduce the debt on a property, or make improvements. An unwarranted property tax lien is directly related to a reduction in overall resources available to an owner for a property.

When water utilities and garbage collection fees go unpaid, or are abused by property renters, the people who suffer the most are the other renters who pay their bills and other utility customers who are most often the recipients of higher rates due to the misdeeds of others and/or the poor business practices of certain municipal service providers.

HB 422 provides a fair resolution to all parties involved. Because rental property serves a valuable purpose by providing an affordable and available housing option to millions of Ohioans, OREIA believes the passage of HB 422 will help provide necessary protections to ensure that these options continue.

The existing process for property tax liens will remain a tool for municipal services for property owners that directly contract for those services, while if a non-owner resident is responsible for utilities, then that arrangement is respected. Establishing a structure or liability for unpaid debts, and an appeals process to better protect customers, should lead to an improved and more transparent process for all Ohioans.

OREIA is the recognized leader in fair, safe and affordable housing. Passing HB 422 will ensure that our members are able to continue our mission while also creating a more equitable environment for property investors into the future. We urge you pass this critical, bipartisan, consumer protection legislation.

Mr. Chairman and members of the committee, thank you for allowing me to testify in support HB 422, I would be happy to answer any questions you have at this time.