



**State Representative Derek Merrin
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**House Bill 126 – Sponsor Testimony
Ways & Means Committee
February 23rd, 2021**

To my fellow committee members, I appreciate the opportunity to present this legislation for your consideration. Since 2018, this legislation has passed the Ohio House of Representatives three times and has earned strong support from the Ohio Chamber of Commerce, Ohio Realtors Association, Ohio Apartment Association, Ohio Real Estate Investors Association, Council of State Taxation, and the County Auditors Association of Ohio. Under current law, local governments may file complaints contesting the value of properties through the Board of Revision (BOR) process. The general goal is to generate more property tax revenue based on higher property valuations.

Only twelve other states provide similar authority to local governments. However, the practice has become so abusive in Ohio, the Council of State Taxation (COST) representing over 500 national corporations has publicly downgraded Ohio business climate due to this specific issue. Along with COST, the Ohio Chamber of Commerce made this measure a *key vote* to improving Ohio's business climate.

Local governments filing complaints hire private-sector attorneys with public funds. The complaints put significant pressure on affected property owners. Homeowners have to decide whether to hire legal counsel or represent themselves through the BOR process. Many complaints are frivolous and designed to encourage property owners to settle rather than incur legal costs. As you can imagine, law firms hired to target property owners intimidate many Ohioans and create unnecessary divisiveness. It is important to note the vast majority of local governments do not engage in the controversial practice of filing BOR complaints.

Columbus Fox 28 TV did an investigative story on Columbus City Schools filing suit against 760 property owners in 2017. At that time, Franklin County Auditor Clarence Mingo called the schools practice "deeply unfair." Despite Columbus City Schools District claiming they only target commercial

property, the investigative report interviewed a distressed residential homeowner facing a property valuation challenge.

In Lucas County, local governments filed 489 BOR complaints in 2016 and recently filed 204 in 2019. From the Lucas County and Columbus City Schools filings, the committee can extrapolate the numbers to gain insight into the volume across the state. The filings by local governments create additional administrative work for County Auditors and Board of Revisions. This additional administrative work increases taxpayers' costs.

It has come to my attention some school board members are unaware their districts are filing BOR complaints at such high volumes or filing complaints at all. This is very disconcerting. Newly elected officials may be unaware their district has an informal, long-standing practice filing BOR complaints. The practice can proceed without their consent or knowledge. Furthermore, many BOR complaints are filed in early January before new elected officials have been sworn-in.

It is believed some attorneys have free rein to file complaints at their own discretion or with loose guidance, but without appropriate oversight from the legislative authority. The counter argument to my concern is the assumption local governments have a contract or legal arrangement with their attorney to file BOR cases. Although a contract is a good start, it does not guarantee proper oversight from a legislative authority.

Since many specialized BOR attorneys are paid hourly, they have a monetary incentive to file as many complaints as possible. This has resulted in thousands upon thousands of BOR complaints filed annually. This system has become a very lucrative business for a handful of attorneys, which ardently fight to protect their business model. Rather than use the public funds to pay teacher salaries or upgrade technology, the small number of local governments collectively lose millions of dollars annually in legal fees filing these complaints.

Now that I have outlined the BOR process and problems, let me explain how my legislation will make improvements. House Bill 126 ensures elected officials authorize BOR complaints. This is accomplished by requiring legislative authorities to approve a resolution authorizing their legal counsel to file each BOR complaint, but allows resolutions to be group together for a single vote. To be clear, this bill does not prohibit local governments filing BOR complaints. It only requires a resolution be approved confirming the legislative body's intent to challenge the property value of a parcel.

Approving resolutions is common in legislative proceedings of local governments. Almost all legislative actions with any significance are recorded by a resolution, motion, or ordinance approved by an official vote. House Bill 126 applies this long-standing, good government practice to BOR complaints. This will enhance transparency and accountability.

Furthermore, House Bill 126 requires legislative authorities with a resolution on their agenda authorizing a BOR complaint to provide advanced, written notice to the property owner. Currently, property owners are notified by the BOR *after* their local government files a complaint. The property owner typically has no warning or opportunity to voice their position to local officials before the complaint is filed. By providing notice, property owners would have the opportunity to express their opinion with their local, elected officials before they vote to authorize a BOR complaint. Ohioans have a fundamental right to be notified, when legislative action is planned against their property.

It is imperative that the General Assembly ensure the Board of Revision process is fair, transparent, and accountable to the citizens of Ohio. House Bill 126 is a strong step in that direction. I ask for the committee's support and welcome any questions members may have at this time.