

Aurora City Schools

www.aurora-schools.org

Board of Education
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Fax: 330-562-4892

Miller Elementary
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Aurora, OH 44202
330-562-6199
Fax: 330-995-5459

Craddock Elementary
105 Hurd Rd.
Aurora OH 44202
330-562-3175
Fax: 330-954-2087

Leighton Elementary
121 Aurora-Hudson Rd.
Aurora OH 44202
330-562-2209
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Harmon Middle School
130 Aurora-Hudson Rd.
Aurora OH 44202
330-562-3375
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Aurora High School
109 W. Pioneer Trail
Aurora OH 44202
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Senate Ways and Means Committee HB 123 Opposition Testimony

**Aurora City School District, Portage County
William Volosin, Treasurer**

April 4, 2022

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 William Volosin and I serve as the Treasurer for the Aurora City School District in Portage County. The Aurora City School District serves approximately 3,000 students and has been consistently rated as one of the highest achieving districts in the State of Ohio.

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." Most districts raise their local share 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, there are three different CRA's. CRA #1 is a pre-1994 CRA which provides a 100%, 15-year tax abatement to applicants who build or improve their property within the industrial area. CRA #2 and CRA #3 follow the current 50% threshold for abatements to be given without Board of Education consent. The District has been able to receive the shared income tax on new payrolls exceeding \$1 million. This income tax sharing provision has been beneficial to us as it is used to pay for two School Resource Officers (SRO's) through the City of Aurora and also generates approximately \$100,000 in additional income. Overall, this amounts to approximately \$160,000 in income to the District. Changing the CRA provisions in the manner proposed by HB 123 would pose a significant hardship for the Aurora City School District. The District has no other agreements with the City of Aurora or developers regarding abated properties.

We also 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, even though the sharing of payroll taxes does not make the district whole, it does provide for our two SRO's and an additional \$100,000 to provide for school programing.

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.



William Volosin
Treasurer
Aurora City School District