

Ohio House of Representatives  
Ways and Means Committee  
House Bill 1  
**Testimony in Opposition of Property Tax Modifications**  
Jared M. Bunting, Treasurer/CFO  
Jackson City Schools  
March 28, 2023  
2:30PM

Chair Roemer, Vice Chair Merrin, Ranking Member Troy and members of the House Ways and Means Committee, I thank you for affording me the opportunity to submit written testimony in opposition of HB1 this afternoon. My name is Jared Bunting and I am the Treasurer/CFO of the Jackson City School District in Jackson County, Ohio. I am also the Ohio Association of School Business Officials Legislative Chair. And for further background on myself, I served as a deputy auditor for Athens County for several years prior to becoming a school treasurer. Part of my duties service as the deputy auditor was managing the distribution of property taxes collected within the county.

As an advocate for Jackson City Schools I worked in conjunction with Matt Bunting, my father who is the Treasurer/CFO of Athens City Schools in Athens County, Ohio to develop a tool that could help explain the impact that HB1 was going to have on schools. The primary purpose of this collaboration was to develop the information that we could use to explain the effects of this bill on our individual districts. However, once you have the information in a spreadsheet, it is easy enough to expand the formulas to be used for all the districts across the state, since I am the chair of the legislative committee for OASBO, I felt this was an appropriate way to assist the organization and my fellow Treasurer/CFOs across the state.

I have provided with my testimony the illustrative summary of the effects HB1 will have on each individual levy for Jackson CSD and Athens CSD. I do have a few insights about the data and purpose behind this tool prior to explaining the illustrations.

1. The data being used is publicly available from the Ohio Department of Taxations website. I used various reports to generate this information. Valuations can and will differ slightly from what County Auditor's currently show and that individual school districts show due to the valuation data being produced as a snapshot in time and there are constantly adders and remitters being added and removed from the tax abstract.
2. The illustration calculates the change on total values, not carryover value plus or minus new construction.
3. Due to limited data on the effects of changing the 2.5% rollback to a flat \$125 fee, I did not make any calculations on how it will affect the taxpayers or districts.
4. Data for Public Utility Personal Property is Tax Year 2021 which is the most recently published data on ODT.
5. The purpose of this illustration is to give a general idea of the interaction levies are going to have with Reduction Factors and HB1, it is not intended to be a replacement for the work County Auditor's do for the calculation of millage rates and tax collections.

Now that we have that out of the way, I want to bring your attention to the attachment for the Jackson City School District. There is a lot of data on these illustrations, however, the most important information

is contained within the last three columns on the right. Based on my projections, Jackson City Schools is going to have a gross revenue loss of approximately \$116,000, while at the same time, Residential taxpayers are going to be paying an additional \$545,000 and Commercial property taxpayers are going to see a reduction of almost \$27,000.

This comes at a time for a district which has not asked for new local levy dollars since it passed its bond levy in 2001 and hasn't requested new operating dollars since 1991 at which time the voters approved the request, this levy was allowed to expire at the end of its 5-year term in exchange for a new 5-year permanent improvement levy at the same millage rate. Jackson City Schools is currently deficit spending and looking at ways to balance the budget through efficiency reductions and the possibility of a new local revenue source. HB1 would require that the district request an additional .35 mills on top of what we would already need to request just to hold ourselves harmless from HB1 and this would also be on top of the increased millage seen from the reduction factor adjustment of 2.35 mills.

I have also provided the illustration for the Athens City School District as it provides for additional information beyond the levy structure in place at Jackson City School District. As you can see, Athens City Schools has transferred inside millage to a Permanent Improvement Levy as well as having a Substitute Levy. Both of these examples show the effects that are not apparent from the Jackson City School District example. The Substitute Levy is what is known as a fixed sum levy and is required to generate a certain dollar amount regardless of the valuations of property, therefore, reducing the assessed value will serve to only increase the millage required to generate the fixed sum approved by the voters when the levy passed.

I understand that the primary purpose behind making these changes to property taxes is to pay for the income tax reduction which is desired by many members of the General Assembly, however, the complexities involved with Ohio Property Tax law makes the changes included within HB1 ineffective and damaging to not only local governments but also its residential taxpayers. I believe that there are other ways that could accomplish this if the state truly wishes to eliminate the rollback reimbursements, but lowering the assessed rate is not the answer. My understanding of a primary purpose behind a flat tax rate is to avoid the complexities of the tax code, this would indicate to me that we should look at the potential savings to the state why examining the tax expenditures. For example, the legislature has phased out the Tangible Personal Property Tax, however, there is still an income tax deduction for the purchase of Tangible Personal Property. Therefore, companies are no longer being taxed based on the value of TPP, and they are also getting to claim a credit for income purposes.

I would also suggest that a possible solution to the state looking to get out of the rollback reimbursement business would be to do a similar phased out of the rollbacks instead of trying to just eliminate them all at once. By phasing the reimbursements out over a 10-year period, or 1% a year, the taxpayers, due to the effects of HB920 would not necessarily feel the slight increase year over year as it would but such a small amount that would be neutralized by the effects of the reduction factors.

Chair Roemer, Vice Chair Merrin and Ranking Member Troy, it is for these reasons that I oppose HB1 in its current form and again, I would like to thank you for the opportunity to share my thoughts in written testimony form, if you have any questions regarding my testimony please feel free to contact me. My contact information is contained within the Witness Information Form.