

Senate Bill 153
Opponent Testimony
October 3, 2023

Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the committee, I am Matt Nolan, Warren County Auditor and co-Chair of the County Auditor's Association property tax committee. I thank you for the opportunity to testify today, not in opposition directly to S.B. 153, but rather in support of alternatives to S.B. 153.

The Auditor's Association truly appreciates the attention to the issue. For the last half decade we have expressed concern over a variety of policies and circumstances that have led to both the dramatic increase in property values and in property taxes.

While repeated band aids and pet bills have made Ohio's property tax bill incredibly complicated, at its heart, there are only three pieces to it. There are values. There are rates. And there are state credits. The CAAO opinion is that the only realistic and proper options at this point in time are to quickly adjust the rate or state credit side of the equation.

Property values are increasing at a rate never before seen in history. That is a fact. The current bill chooses to use a process that is not approved by any appraisal organization or expert. It detaches the Auditor's value from the true market value which will create inequity throughout the system and will inevitably have future repercussions for property owners.

As important, as we sit here on October third, any change in the valuation process would be an unprecedented disaster for the tax billing process. The values in forty-one counties have been researched by expert staff from private and in-house companies across the state, they have been approved by a very small but dedicated staff at the Department of Taxation, they have been mailed to millions of property owners. Redoing this process under different rules would be impossible if we are to get the tax bills out in December and January, when they are traditionally sent. This would result in bills and collections happening much later than usual. This does not sound like a big deal – until you realize many local governments depend on these funds in the Spring to pay their bills. Delaying it into the summer would lead to default on bond payments, inability to pay EMS and police payroll, in short it would have dramatic impacts on our most critical government functions.

The CAAO shares the sponsors concern on increases in property taxes, but strongly advocates that we fix the tax problem of the equation rather than artificially changing the value side.

There are three ways that we would ask this body to consider. The first two address the state credit side. The third addresses the 20-mill floor, the main cause of increasing taxes post HB 920.

1. By using ARPA or rainy-day funds the State could grant a property tax credit to each property owner who sees an increase in their taxes as a result of the increase in values.

This approach would apply to the vast majority of residential property tax owners who will see an increase in their taxes in 2024 solely due to value increases.

2. A similar approach would be to apply the difference in taxes as refundable income tax credit. This would allow for the bills to go out as normal but apply a credit to all individuals who pay income tax in, and own property, in Ohio.
3. The third approach involves no funding from the State. While it is admittedly more complicated, it is a solution not just this year, but potentially part of a solution forever. In this approach, values would go up as already approved by the Department of Taxation, but instead of school rates hitting the 20-mill floor hard, the floor would adjust down based on value increases and inflation. If values increase by 30% and inflation is 5% at the time, schools at the floor would not get the 30% increase they would today but would rather get 5%.

This approach allows school districts and local governments to continue to see increases in revenue at a rate that was traditionally intended by the creation of the floor but does not allow for the excessive increases that the current market conditions have created.

All three of these proposals can be implemented before tax rates are calculated in December. All three of these proposals maintain the integrity of the appraisal process. All three of these proposals would save the taxpayers as much or more than the current proposal in the areas where property tax increases will see the largest jumps. None of these proposals would have the significant financial implications that S.B. 153 has for Auditor's offices, DTE or local governments.

The CAAO shares the Sponsors concerns for increasing property taxes in 2024, we do not wish to slow the momentum that this bill has created towards helping the taxpayers of the State, but we do want to make sure that the solution is the best one possible for all involved.