Date: April 18, 2018

To: The Honroable Louis W. Blessing III, Chairman
House Government Accountability and Oversight Committee

From: Barbara Shaner, Ohio Association of School Business Officials
Jay Smith, Ohio School Boards Association
Thomas Ash, Buckeye Association of School Administrators

Re: Opposition to Amended Subsitute House Bill (Am. Sub. HB) 342

We begin by expressing our thanks to the chairman and the bill sponsor, Representative Merrin, for agreeing to amend Am. Sub. HB 342 to remove the bill's restrictions on school districts' utilization of the August Special Election. School district leaders need flexibility in managing their fiscal responsibilities for the benefit of both the district's students and the community. Removing the August Special Election would remove one of the tools in the fiscal accountability tool box for districts.

While we appreciate this amendment to the substitute bill, we remain opponents of Am. Sub. HB 342, specifically the proposed changes to Ohio's ballot language law. We understand the proposed changes are intended to allow voters to better understand the effects the levy will have on their property taxes. However, we believe the proposed changes will actually cause confusion and misunderstanding by voters.

By necessity, ballot language is technical in nature and not meant to be an accurate estimate of the taxes owed by each individual taxpayer should the levy pass. Instead, the current ballot language describes the taxes that will be levied on behalf of the taxing entity.

The transition to the use of "$100,000" in value for tax purposes presents opportunities for the miscalculation of the taxes for an individual property, particularly when using the proposed term "fair market value". This term may mean different things to different people, but we believe the average homeowner believes it to mean the possible sale value of their home. This value may not actually be the taxable value for purposes of calculating the taxes property owners will pay.

During levy campaigns, school districts routinely provide an estimated tax obligation on homes valued at $100,000, but they have the ability to distinguish the various factors that will affect this estimate. The following differences among taxpayers, levies and properties mean the calculation of the actual taxes on an individual property derived from a levy will vary widely:

- Differences between Class 1 and Class 2 Property (the calculation is most often different among the two classes)
- The taxpayer may have specific discounts (i.e., the Homestead Exemption)
- The type of levy has a bearing on what a property owner will pay (i.e., for renewal levies, residential property qualifies for the state-paid 10% rollback; commercial properties do not)
- "HB 920" means property owners often pay lower "effective rates" for levies rather than the full voted rate

These differences among properties, taxpayers and levy types will surely lead to the miscalculation of taxes should voters be led to believe the calculation is a simple one. Further, to include this granular detail in ballot language would make for an extremely long and detailed ballot.

As a result of these concerns, we urge you to consider the following changes to Am. Sub. HB 342:

- Take the bill back to current law and replace “fair market value” with “taxable value”
- Ask LSC to make the language uniform for all levy types in statute (There are differences among the revised code language for different levy types ~ this would be an improvement to current law)
- Remove the use of “$100,000” in the bill
- Require the county auditor to calculate the tax liability for individual taxpayers “upon request” based on the property type, the levy type, and reduction and discount factors

Again, we believe school districts are already providing more accurate information to potential voters during the levy campaign process. If individual voters wish to better understand the impact of a proposed levy on their specific property, the County Auditor can calculate an estimate based on all relevant factors.

Thank you for your consideration. We urge you to reject the provisions in Am. Sub. HB 342. Feel free to contact us with questions.

C: House Government Oversight and Accountability Committee
Interim Speaker, the Honorable Kirk Schuring
The Honorable Derek Merrin, Ohio House of Representatives