House Ways and Means Committee
HB 371 Opposition Testimony
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
November 28, 2017

Chairman Schaffer, Vice Chair Scherer, Ranking Minority Member Rogers and members of the Committee. My name is Jay Smith, Deputy Director of Legislative Services for the Ohio School Boards Association. Joining me today for this testimony and in answering your questions are Barbara Shaner, Advocacy Specialist for the Ohio Association of School Business Officials (OASBO) and Thomas Ash, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA). Thank you for the opportunity to speak to you today to express our opposition to HB 371.

Our three organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers, and other school business officials from around the state. On behalf of our members, we oppose HB 371.

The provisions to benefit property developers contained in HB 371 could require other taxpayers to pay more than their fair share. Levy millage rates are set based on the total valuation of the school district. If some properties are undervalued at the time a levy is passed or when values are adjusted based on reappraisal, the millage rate set for the levy must be higher than necessary in order to raise the funds requested by the district. This means property owners whose real property is set at a fair value will pay more than necessary as they subsidize the developers who would benefit from HB 371.

The tax exemption or "freeze" in value for these properties also has the potential to reduce property taxes for local governments and schools, especially in urban and suburban areas where the issuance of residential building permits is concentrated. **According to the LSC Fiscal Note, the revenue loss could be substantial, and could amount to several million dollars statewide.** The majority of this loss will be sustained by school districts.

Furthermore, because of the complexities of HB 920, it is possible that both scenarios just described will occur. Even while residential taxpayers pay more than their fair share, schools and local governments could experience lower tax revenue than would otherwise be collected. This depends on how close the district's individual levies are to their voted rates, and the amount of inside millage that is utilized.

Given the state's struggle to fund Ohio's current school funding formula, the tax subsidies contained in the bill are inappropriate. Funding for education relies heavily on local property taxes, and we cannot afford to grant such benefits. We strongly urge you to reject HB 371.

This concludes our testimony. We will be happy to address your questions.