

Ohio House Ways & Means Committee

Committee Hearing

HB 343

“A Bill to amend section 5715.19 of the Revised Code to require local governments that contest property values to formally pass an authorizing resolution for each contest and to notify property owners.”

Date: November 28, 2017

Time: 9:00AM Room

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Written Testimony of Stan Bahorek

Treasurer/CFO, Columbus City Schools

Introduction:

Thank you Chairman Schaffer, Vice Chairman Scherer, Ranking Member Rogers and members of the Ways and Means Committee for allowing me the opportunity to testify regarding House Bill 343. My name is Stan Bahorek and I am the Treasurer and Chief Financial Officer of Columbus City Schools.

HB 343 grew out of the perceived overzealous actions of a few and the realization that the general public may not be as aware of the Board of Revision process as we all would like. However, in its attempt to alleviate these issues, HB 343 puts unnecessary and undue burdens on local boards of education.

As has been discussed in previous testimony before this committee as well as interested party meetings, the issues giving rise to the introduction of HB 343 were:

1. Boards of Education initiating complaints against the value of single family owner occupied homes.
2. Boards of Education initiating complaints based upon something other than a recent sale or transfer of ownership of the actual property without providing notice to that owner.
3. Individual Board of Education members being apparently unaware that their own Boards had authorized the filing of complaints.

In an attempt to rectify these issues, HB 343 places a more burdensome notice requirement on boards of education than the current statute puts on the County Boards of Revision when actually changing the value of property. Furthermore, the proposed requirements will turn what should be an objective process based solely on the appraised value of real estate into a process subject to favoritism.

By requiring a board of education to pass an individual resolution to file each individual complaint and to provide notice to each owner of not just the filing of the complaint itself, but also the consideration of a resolution to authorize the filing, boards of education may be pressured to not pursue complaints against the value of property owned by “friends of the district.”

Additionally, the requirement that each resolution only identify a single parcel and that each resolution must be adopted by “a separate vote from the question of whether to adopt any other resolution” is simply onerous and serves no purpose other than to hinder the efficient conduct of board of education business. There are nearly 500,000 parcels in Franklin County. Boards of Education typically initiate complaints on less than 1% of those parcels. The current language of the bill, if adopted, would therefore require the passage of thousands of resolutions each considered separately.

My Board for years has had a written agreement with legal counsel specifying the types of properties to be reviewed (specifically commercial, industrial and other income producing properties) and minimum thresholds for filing complaints. This agreement, and the resolution approving the agreement, is reviewed and renewed annually. Contrary to the aforementioned rationale giving rise to this legislation, all members of the Columbus Board of Education are informed of the district’s engagement in the board of revision process and the criteria upon which complaints will be filed. Most importantly, this current process ensures that the value of the real estate is the only issue at question and not who owns the property.

It must be remembered that for every undervalued property that does not pay their fair share of taxes results, through the calculation and application of the reduction factor, in a tax increase for every other property assessed based on true market value. I would argue that the general public should demand that their boards of education not only vigorously engage in the board of revision process, but also to do so on a methodical and objective basis.

Counter Complaints:

Currently, the language of HB 343 places the same notice and resolution requirements on the filing of a counter complaint by a board of education in response to a complaint originally initiated by a property owner. Providing notice of the board of revision process is not necessary in this instance because the property owner is the one who initiated the process in the first place.

Notice to a property owner that a board of education or other legislative authority's right to file a counter complaint could easily be accomplished by requiring that the Tax Commissioner, who is charged with the duty of prescribing the form, include such notice on the complaint form.

Complaints based upon Sale/Transfer of Property

Notifying property owners that a difference between the sale/transfer value of a property and the value listed on the county property records for said property could result in the filing of a complaint seeking to correct that difference seems unnecessary. However, if such notice is deemed needed and appropriate, timely notification to the property owner could be made by requiring said notice to be included on the Real Property Conveyance Fee Statement of Value and Receipt and the Statement of Reason for Exemption From Real Property Conveyance Fee, one or the other of which are required to be filed with the County Auditor. This notice could also put property owners on notice that they too could file such a complaint to lower the value of the property.

Conclusion

The provisions of HB 343 seek to impose extreme notification requirements upon boards of education in response to the perceived overzealous actions of a few. Some provisions may have unintended consequences. The Columbus Board of Education is one example of a district that has effectively avoided the issues raised by the legislation through properly developed, board approved procedures and decision criteria. Based on my experience with several boards of education, I believe this legislation, if enacted, would be detrimental to districts seeking to protect their tax base from unwarranted reduction. I urge you not to adopt this legislation in its current form.