



Before the Joint Committee on Property Tax Review and Reform
Invited Testimony

February 7, 2024

Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to provide comments on behalf of the members of the Ohio Chamber of Commerce. My name is Tony Long, General Counsel and Director of Energy & Environmental Policy at the Ohio Chamber.

Recently enacted House Bill 33 provided this mandate to this Joint Committee: The Committee shall review the history and purpose of all aspects of Ohio's property tax law, including the forms of levies, exemptions, and local subdivision budgeting. The Committee may hold hearings on pending legislation related to property taxation and make recommendations regarding that legislation.

I was asked to prepare remarks from a business perspective or through a business lens for this Committee. If you don't mind, I am going to move to a thought experiment before adding any policy recommendations.

Here is the thought experiment. Let's call the residents of Ohio shareholders of a business called Ohio, Inc. Ohio Inc. uses a board made of officials from every corner of Ohio. That Board of Directors hears from managers operating different locations and business units. They explain what monies they need to operate for each two-year cycle and after some deliberation a budget is set. Unlike the business world, the Ohio Inc. board hears from 400 units seeking the same monies for similar services. The business community has moved to shared service units to perform common tasks and services.

Calls for tax reductions inside of Ohio Inc., appear to be starting a process of evaluation at step 3 or 4 instead of getting to root cause analysis to determine a level of spending and the best method to raise revenues for those costs. It is common believe that residents (shareholders) want local services at each location of Ohio Inc. But I am not sure the shareholders have been asked the fuller question, what if we can deliver the same quality of services with more

efficiency and less cost by creating economies of scale and by taking advantage of the modern forms of communication and other technology. I would think most shareholders would say yes, especially if the services rendered the same results at lower cost. And then a proper debate of additional services vs dividends (tax reduction) could be held.

I typically lose count of how many jurisdictions (business divisions) in Ohio can levy a tax or fee. There are cities, counties, school districts, townships, special jurisdictions, etc. I once made it to 3,000 but then lost count and stopped before I could get to the correct answer. That many taxing entities add hidden cost, create complexity and lead to filing errors for the residents of Ohio. Reduction in jurisdictions is a political decision and may require a state level version of the BRAC used by the federal government to realign and close military bases.

One simple example is the current division of schools into 607 districts. Again, could we get more classroom instruction to better prepare our 1.7 million K-12 school children for the workforce if we shrank the administrative cost? Florida administers the school system at the county level.

Now to some specific ideas to consider:

HB 126 in the 134th General Assembly started the process of eliminating 3rd party appeals. However, Ohio remains in the small minority of states that allow 3rd parties to contest real property valuation. Ohio businesses should be able to rely on valuations made by the county auditor and any dispute should be between the property owner (tenant) and the county auditor.

A second item to consider. Offer local governments that agree to consolidated shared services and common zoning codes with additional local government fund dollars for the counties that meet the new requirements.

Third, if zoning referendums remain in place then add a per se takings clause to the Revised Code allowing the developer to recover 50% of the cost to develop the site before the vote. The 50% cost could come out of the jurisdiction's general budget or from a special fund.

Fourth, Ohio could not only look at the Florida model to reduce administrative cost of education but could also model a system paid only at the state and federal level. This would decrease local property taxes and the state could add the current \$1.3 billion sent back to local governments into the school funding formula.

This would not be an attempt to remove maps and mascots and school names, but a method to reduce overhead and create uniform education to prepare students for the workforce. Again, local communities could vote to use only local funds but then would forego state dollars under this new system.

In the eyes of business, lower cost combined with less complexity in the tax system that also results in better prepared students and creates more affordable housing would be a welcomed outcome of this Committee. Back at the turn of the century and the beginning of this one, Ohio examined its state tax structure and moved to adjust it considering the new economy and the revenue needs of the state. Such an examination at the local level is fraught with obstacles and entrenched interests, but the residents of Ohio deserve such an examination. In fact, the Ohio Chamber Research Foundation will release a tax study soon that will point to the need for a review of local taxes to keep Ohio competitive with peer jurisdictions.

Thank you for your time and the opportunity to offer these remarks. I will attempt to answer any questions you may have for me.