



## TESTIMONY BEFORE THE JOINT COMMITTEE ON PROPERTY TAX REVIEW AND REFORM

FEBRUARY 7, 2024

Co-chairs Representative Roemer and Senator Blessing, and all members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to make some remarks on behalf of the over 20,000 governing members of the National Federation of Independent Business (NFIB) regarding real property tax and the impact on small businesses and their employees. My name is Chris Ferruso and I serve as State Director here in Ohio.

By way of background, a typical NFIB member employs 20 or fewer people and has less than \$2 million in gross receipts. Our members come from all industry sectors and all 88 counties. NFIB members are for profit, privately held entities. We frequently survey our members on various business issues to better understand the challenges they face in maintaining their operations. One such survey is our quadrennial publication *Problems & Priorities*. Our most recent issue was released in 2020 and we will have a new version later this year. This survey provides our members with a list of 75 different business-related topics, including everything from cost of healthcare, cost of utilities, interest rates, employee turnover, etc. Our members are asked to rank these issues from most impactful/biggest impediment to growth to least. The closer to number one, the bigger the issue. Of note, and importance to this committee, is the topic "property tax." Property tax ranked as the fifth biggest concern amongst Ohio members.<sup>1</sup> In fact, 10 percent ranked property tax as "critical."

Small businesses vary in how they hold real estate. Some own industrial or commercial properties, others may be a residential based-business, and others may lease their building paying rent to the owner of the property. Regardless of the arrangement, property taxes impact all these situations. While our members who own real property will see and be directly subjected to the property tax by receiving a bill, those that lease are impacted as well through the rent they pay. And it goes well beyond this of course.

Our members purchase goods and services in a similar way to everyday consumers. That is to say, many do not have the economies of scale to negotiate a less substantial price increase based upon a large volume and have experienced increased costs of inputs to

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<sup>1</sup> <https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf>

their operations as those they purchase from have had to increase their costs as well. They feel the same pinch that we all do with factors outside the scope of this committee, like inflation and interest rates. This strains the bottom line and it in turn places challenges on ability to expand. Despite the challenges associated with increased costs of doing business, our members have responded to the tight labor market by increasing compensation as well as putting together more competitive employment opportunities.

Our members are not naïve to the impact increased real property values have on their current and prospective employees. Their employees need to have a place to live in order to work. Unfortunately, the increase in real property values in some parts of the state has skyrocketed. Coupled with the aforementioned inflationary pressures on daily necessities, there are a lot of individuals who are encountering challenging financial situations.

The General Assembly is well aware of property tax increases facing many Ohioans. Several pieces of legislation have been introduced to alleviate some of the increases on select classes of properties as well as provide relief to seniors and others on fixed incomes. These are noble public policy positions but do not provide long-term solutions.

While I do not have proposals today to provide long-term solutions to the property valuation issue, I will take the opportunity to make a couple of observations which I hope will be considered by this committee as you prepare your report.

We are supportive of the provisions of House Bill 344 which aim to put belts and suspenders on House Bill 126 from the 134<sup>th</sup> General Assembly to limit who may initiate challenges to real property valuation. We feel the county auditors are doing their diligence when assessing values. Any dispute should be between the property owner and auditor.

We believe a key component of this discussion is transparency to taxpayers on what their property taxes are going to fund. There are many different levies and assessments to taxpayers' bills. We are not taking a position on which levies may or may not be appropriate. However, we believe it is good government to be transparent. I will use Franklin County as an example. One can look up real property on the webpage and click the tax distribution tab on a parcel to see to what entities are receiving what dollar amount from the total tax bill.<sup>2</sup> Additionally, there is a levy estimator so taxpayers can see an itemized breakdown of all the levies for each entity collecting as well as the potential impact to their property tax bills for any upcoming levies.<sup>3</sup> Voters are empowered with a better understanding of what their potential costs will be prior to voting. We hope this committee encourages the retention and expansion of such transparency tools to taxpayers.

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<sup>2</sup> [https://property.franklincountyauditor.com/\\_web/search/commonsearch.aspx?mode=owner](https://property.franklincountyauditor.com/_web/search/commonsearch.aspx?mode=owner)

<sup>3</sup> <https://audr-apps.franklincountyohio.gov/LevyEstimator>

I also hope this committee will explore what can be done locally to provide property tax relief. Is there a mechanism that allows local governments to reduce the amount they otherwise would collect based upon a reassessment? If not, is this an option that can be provided through statute? Can local governments give property tax relief themselves by returning funds to their taxpayers?

In closing, thank you for the opportunity to share our members' perspective. We want to be part of the dialogue and help to find solutions. However, it is paramount that as this process unfolds, we maintain an environment that encourages economic development investment and retains/attracts a robust workforce. Any solutions must consider Ohio is competing with other states and not jeopardize the overall vibrancy of the state.