



Buckeye Association of School Administrators
Ohio Association of School Business Officials
Ohio School Boards Association
TESTIMONY BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
HB 400
February 24, 2010

Good morning, Mr. Chairman, Ranking Minority Member Huffman, and members of the House Ways and Means Committee. Thank you for the opportunity to share concerns with HB 400. My name is Jennifer Economus and I represent the Ohio School Boards Association (OSBA). Joining me today for this testimony are Barbara Shaner from the Ohio Association of School Business Officials (OASBO) and Tom Ash from the Buckeye Association of School Administrators (BASA).

Our organizations represent the public school boards of education, superintendents, treasurers and business managers and other school business officials from around the state. They are very interested in matters that affect the State's ability to generate revenue, particularly as it relates to the funding of education in Ohio.

We are very concerned about HB 400 and the potential negative affect it could have on public education in Ohio. We appreciate the emphasis the governor and the General Assembly have put on education to preserve it as a funding priority in the State budget even during our current challenging economic times. We believe HB 400 would severely undermine your ability to continue with a commitment toward a strong education system in the future.

HB 400 would totally eliminate Ohio's personal income tax. The bill does not include a mechanism for replacement of the loss of revenue that would occur. Since the income tax makes up a significant portion of the State's general revenue fund, we are concerned that the elimination of this revenue source will cause a major shift in tax burden to local residential property taxpayers. Ohio schools rely on State revenues to provide education services to their students. Without that support, districts would be forced to go back to the ballot even more often than they do today and to request higher millage amounts.

Additionally, some school districts rely more heavily on State funding than others. Those that have lower property values are also more likely to be those who would not have the capacity to raise replacement dollars locally if the income tax was eliminated and State support was undermined.

A strong education system is vital to the economy. If Ohio is going to rebound from the current economic crisis, funding for education must be continued. Even with the State's commitment

to education in the current biennial budget, school districts continue to have difficulty making ends meet in order to provide the appropriate education opportunities to students because of the current economy and lack of growth in State aid. They simply could not sustain the kinds of cuts in State funding that would likely result from the elimination of the State's personal income tax – as much as 38% of funding projected by LSC over the next decade. Even a shift in tax burden to local property tax payers could not recover this level of loss.

We strongly oppose the passage of HB 400, and we urge you to vote “no” on the bill.

We have with us today Howard Fleeter of the firm Driscoll & Fleeter. He is a consultant for the Education Tax Policy Institute, a non-profit research organization dedicated to analyzing and reporting on public policy as it relates to education funding and the tax issues that generate revenues for schools. Dr. Fleeter will share some important data regarding HB 400.

We will be happy to answer your questions about our testimony, or we will be on hand to answer questions following Dr. Fleeter's testimony. Thank you for your time and consideration.