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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
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Legislative Budget  
Office

H.B. 75\*  
133<sup>rd</sup> General Assembly

## Bill Analysis

[Click here for H.B. 75's Fiscal Note](#)

**Version:** As Reported by Senate Local Government, Public Safety and Veterans Affairs

**Primary Sponsor:** Rep. Merrin

Mackenzie Damon, Attorney

### SUMMARY

- Requires the legislative authority of a political subdivision, before filing a property tax complaint, to pass a resolution approving the complaint at a public meeting.
- Limits the circumstances under which a political subdivision may file an initial property tax complaint against residential property.
- Provides that school districts may file a counter-complaint to an initial complaint only when that initial complaint alleges a change in fair market value of \$75,000 or more.
- Expands an existing property tax exemption for fraternal organizations to include the property of such organizations with national governing bodies.

### DETAILED ANALYSIS

#### Local government challenges to property tax assessments

The bill makes several changes to the authority of school districts and other political subdivisions to file property tax complaints or counter-complaints. First, the bill limits the circumstances under which a political subdivision may initiate a complaint against residential property. Second, the bill requires that, before filing an initial complaint against any type of property, the legislative authority of a political subdivision must first adopt a resolution authorizing the complaint. Third, the bill sets new parameters for when a school district may file counter-complaints.

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\* This analysis was prepared before the report of the Senate Local Government, Public Safety and Veterans Affairs Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

## **Background**

Under continuing law, property tax complaints may be initiated by property owners, an owner's spouse, certain agents of the owner or spouse, a county treasurer or prosecuting attorney, the mayor of a municipal corporation, a school board, or the board or legislative authority of a county, township, or municipal corporation. Such complaints may challenge a property's value as assessed for tax purposes or its classification as residential/agricultural or commercial/industrial for "H.B. 920" tax reduction purposes, as agricultural property eligible for current agricultural use valuation (CAUV), or as nonbusiness property eligible for the 10% rollback. Complaints also may challenge recoupment charges imposed for conversion of CAUV land to nonagricultural use. The vast majority of property tax complaints challenge a property's assessed value.

Complaints are heard before the county board of revision.<sup>1</sup> Generally, a party may initiate a complaint with respect to a particular parcel only once in each three-year period between a reappraisal or assessment update (the "interim period") unless certain events have occurred in the meantime, such as the property having been sold.

### **Filing of initial property tax complaints**

Under the bill, before a legislative authority or mayor may initiate a complaint against the value of property, two criteria must be met. First, if the property is classified as residential, the legislative authority or mayor must allege a significant discrepancy in the value of the property following a recent sale or reappraisal. Second, for any property, the legislative authority or, in the case of a mayor, the municipal legislative authority, must first adopt a resolution authorizing the complaint.

#### **Criteria for filing complaints against residential property**

The bill prohibits a legislative authority or mayor from filing a complaint against residential property unless one of the following circumstances exists:

1. The property was sold during the preceding 15 months, and the sale price is at least \$75,000 more than the appraised value of the property;
2. The property was subject to a reappraisal or triennial update during the preceding 15 months, and the legislative authority or mayor alleges that the actual value of the property is at least \$75,000 more than the newly appraised value.

Residential property includes any property that is classified as such under Department of Taxation rules. This includes dwellings of up to three units.<sup>2</sup>

#### **Resolution approving a complaint**

Under the bill, before filing any property tax complaint, a legislative authority must first adopt a resolution approving the action at a public meeting. Similarly, before a mayor may file a

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<sup>1</sup> R.C. 5715.19.

<sup>2</sup> R.C. 5715.19(A)(6)(b) and (I)(4).

complaint, the municipal legislative authority must first adopt such a resolution. The resolution must identify the parcel that is the subject of the complaint by permanent parcel number and street address, if that address is available on the county auditor's website, and must include the name of at least one of the property owners. However, the failure to accurately identify the owner's name or address will not result in the dismissal of the complaint.

If the complaint is against residential property, and is based on an allegation that the property's actual value is at least \$75,000 more than the value determined at a recent reappraisal or triennial update, the legislative authority must provide the property owner with notice before adopting the resolution that authorizes the complaint. The notice must be sent by certified mail to the owner's last known property tax-mailing address. The notice must declare the intent of the legislative authority to adopt the resolution and state the proposed date of adoption and the basis for the complaint. The notice must be postmarked at least seven business days before the resolution is scheduled to be adopted (i.e., seven days not counting weekends and legal holidays).

Each resolution is confined to identifying a single parcel or multiple parcels under common ownership. However, generally, a legislative authority may adopt one or more resolutions by a single vote, provided no other type of resolution addressing a different matter is adopted pursuant to that same vote. There is one exception to this general rule: If a complaint against residential property is based on an allegation that the property's actual value is at least \$75,000 more than the value determined at a recent reappraisal or triennial update, the resolution authorizing that complaint must always be adopted by a separate vote.

After adopting a resolution, the legislative authority must either (1) file a copy of the resolution with the complaint or (2) certify a copy of its resolution directly to the board of revision. If these documents are not included, the board does not have jurisdiction and must dismiss the complaint.<sup>3</sup>

### **Filing of counter-complaints**

Under current law, when a property owner initiates a complaint to reduce the assessed value of the owner's property, a school board may, under certain circumstances, respond with a counter-complaint defending the assessed value or alleging a different value. The county auditor must notify a school board whenever a property owner alleges a change in value of at least \$50,000 in fair market value (\$17,500 in taxable value), and the school board may file a counter-complaint after receiving such notice.

The bill provides that a school board may file a counter-complaint only if the initial complaint alleges a change in fair market value of at least \$75,000 (\$26,250 in taxable value). Accordingly, the amount of alleged change in value necessary to trigger notice to a school board is adjusted to \$75,000 of fair market value.

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<sup>3</sup> R.C. 5715.19(A)(6).

Unlike with initial complaints, the bill does not require the school board to first adopt a resolution authorizing the filing of a counter-complaint.<sup>4</sup>

### **Aggregation of complaints**

Under the bill, if a property owner files a complaint alleging a change in fair market value of less than \$75,000 (\$26,250 in taxable value), but subsequently amends the complaint to allege a change in value that is more than that amount, the property owner's hearing is suspended so that notice can be sent to the school board and the board has an opportunity to file a counter-complaint.<sup>5</sup>

In addition, the bill specifies that multiple complaints filed with respect to parcels that are part of the same "economic unit" must be treated as a single complaint, for purposes of the new counter-complaint filing threshold. An "economic unit" is property that includes multiple parcels, but that is united by an economic function such that it would normally be sold as a single property. The property need not be contiguous, nor owned by the same person, but must be managed and operated on a unitary basis.<sup>6</sup>

### **Complaint form**

The bill requires any property tax complaint form prescribed by a board of revision or the Tax Commissioner to include both of the following:

1. A notice to property owners that, if the owner alleges a change in taxable value of \$26,250 (\$75,000 in fair market value) or more, the affected school board will be notified and will have an opportunity to file a counter-complaint;
2. If a legislative authority or mayor is filing the complaint, a box to check that certifies that the legislative authority or, in the case of a mayor, the municipal legislative authority, has adopted a resolution authorizing the complaint and provided notice of the resolution to the property owner, when applicable under the bill's new requirements.<sup>7</sup>

### **Application**

The bill's requirements apply to any complaint or counter-complaint filed for tax year 2021 or any tax year thereafter.<sup>8</sup>

### **Property tax exemption for fraternal organizations**

The bill expands an existing property tax exemption for fraternal organizations to include the property of such organizations with national governing bodies.

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<sup>4</sup> R.C. 5715.19(B)(1)(b) and (B)(4).

<sup>5</sup> R.C. 5715.19(B)(3).

<sup>6</sup> R.C. 5715.19(B)(1)(b) and (I)(5).

<sup>7</sup> R.C. 5715.19(A)(7).

<sup>8</sup> Section 3.

Continuing law authorizes a property tax exemption for fraternal organizations that have operated in Ohio for at least 85 years, that are exempt from federal income taxation, and that operate under the lodge, council, or grange system. To qualify for exemption, the property must be used primarily for meetings, administration, or providing not-for-profit educational or health services. The property cannot generate more than \$36,000 in rental income per year.

Under current law, the exemption is available only to organizations with a state governing body. The bill expands the exemption to include organizations with a national governing body.<sup>9</sup> The expanded exemption applies for tax years ending after the provision's effective date.<sup>10</sup>

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## HISTORY

Action	Date
Introduced	02-14-19
Reported, S. Ways & Means	04-10-19
Passed House (54-39)	12-11-19
Reported, S. Local Gov't, Public Safety & Veterans Affairs	---

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<sup>9</sup> R.C. 5709.17(D).

<sup>10</sup> Section 3.