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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 126
134th General Assembly

Final Fiscal Note & Local Impact Statement

[Click here for H.B. 126's Bill Analysis](#)

Primary Sponsor: Rep. Merrin

Local Impact Statement Procedure Required: No

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Highlights

- The bill's limits on filing of property tax complaints by persons or political subdivisions other than the owner may lead to a reduction in property tax revenue to some political subdivisions.
- These provisions may reduce numbers of complaints to county boards of revision (BORs).
- A prohibition on appeals of county BOR decisions by subdivisions unless they own the subject property may tend to lower both tax revenues and costs of the Board of Tax Appeals (BTA) and courts. BTA operations are funded by the state GRF.

Detailed Analysis

The bill would limit filing of property tax complaints with respect to property the subdivision or person does not own, allowing such complaints only if (1) the property was sold in the year before the tax year for which the complaint was filed, and the sale price was at least 10% and \$500,000 more than the auditor's value, and (2) for a subdivision, it first adopts a resolution authorizing the complaint. Beginning in tax year 2023, the \$500,000 threshold would be indexed to increase each year with inflation, as measured by the gross domestic product deflator of the U.S. Bureau of Economic Analysis. The bill would allow private citizens who are not the property owner or owner's representative to file a complaint only if the conditions in (1), above, are met.

These limitations will tend to result in lower taxable values and tax revenues than under current law. The magnitude of this revenue loss appears indeterminate, dependent on future non-owner valuation challenges and their resolution that could occur under current law but would be more limited by the bill. The effect on tax revenue of these lower valuations with the bill would be partly offset by smaller tax reduction factors, resulting in higher effective tax rates. Inside millage, the revenues raised by the first ten mills of taxation, would not be subject to this adjustment, so tax revenues from inside millage would decline. The tax rates on levies to raise

fixed amounts of money, such as bond levies, would be adjusted higher than under current law to offset the effect of the lower values with the bill. These adjustments will tend to shift tax payment obligations to taxpayers other than those whose taxes could go up as a result of complaints by school districts and other non-owners under current law. These provisions may also reduce the workload and costs for county boards of revision.

The bill would require subdivisions to provide property owners with notice of a proposed resolution at least seven days before the vote on the resolution. It removes a requirement under current law that school districts receive notice of a complaint if the complaint alleges a change in full market value of at least \$50,000. Also, it modifies the timeline in which school districts can file a counter-complaint, to 30 days after the initial complaint is filed, instead of 30 days after receiving notice of the complaint in current law. The bill requires a county BOR to dismiss a complaint filed by a subdivision within one year after the complaint was filed if the board does not render a decision by then. BORs currently are required to render decisions within 180 days, but current law does not provide for dismissal of complaints after a period of time. These changes appear to have no fiscal effect.

The bill prohibits any subdivision from appealing a BOR decision, unless the subdivision owns the property subject to the complaint. This prohibition may tend to result in lower taxable values and tax revenues. It would also tend to reduce costs of BTA and courts. BTA expenditures are funded by the state GRF.

After the bill's effective date, a property owner and a subdivision would be prohibited by the bill from entering into a settlement agreement whereby the owner would pay the subdivision to refrain from filing a counter-complaint, to dismiss a counter-complaint already filed, or to resolve a claim. However, an exception to this restriction specifies that the bill does not prohibit a settlement agreement whereby parties agree upon a new valuation of a property that is approved by the county auditor and is reflected on the tax list.

The bill specifies that its changes apply to complaints or counter-complaints filed for tax year 2022 and thereafter, except that the bill's provisions regarding private payment agreements apply to such agreements entered into on or after the bill's effective date.