



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 343 of the 132nd G.A.

Status: As Reported by Senate Ways & Means

Sponsor: Rep. Merrin

Local Impact Statement Procedure Required: No

Subject: Limits local governments contesting property values, requires an authorizing resolution, and requires advance notice to owners in some circumstances

State & Local Fiscal Highlights

- The bill places limits and requirements on local governments initiating property tax valuation complaints and counter-complaints.
- The bill's requirement that a local government contesting the value of a parcel or parcels pass an authorizing resolution and, in some cases, provide notice by certified mail to property owners will add to direct costs.
- Indirect fiscal effects may reduce both local government revenues and costs.
- The bill extends a current real property tax exemption for fraternal organizations operating under a state governing body to similar organizations operating under a national governing body, resulting in a loss of tax revenue to local governments.
- No direct fiscal effect on the state.

Detailed Fiscal Analysis

Tax valuation complaints

H.B. 343 places requirements and restrictions on filing of tax valuation complaints by local governments. It requires that a board of county commissioners, a board of township trustees, a board of education of a school district, or the mayor or legislative authority of a municipal corporation, before contesting the value of a parcel or parcels not owned by that local government, must first pass an authorizing resolution at a public meeting. Each parcel, or more than one parcel if included in a single complaint, must be identified in a separate resolution. Multiple such resolutions may in some cases be adopted by a single vote (i.e., a separate vote on each resolution is not needed). Written notice of the tax valuation complaint by certified mail is required in certain cases. No resolution is needed for a counter-complaint. Restrictions are tighter for residential property. A board of education may not file a counter-complaint unless the change in taxable value sought in a complaint is \$26,250 or more (\$75,000 fair market value at Ohio's 35% real property assessment rate).

Local governments may incur added costs to pass resolutions and send notices. The bill would go into effect in tax year 2019. It could result in indirect fiscal effects. If, for example, the bill resulted in filing of fewer property tax complaints, both revenues from successful complaints and legal costs to file complaints might be reduced.

Tax exemption for nationally governed fraternal organizations

Under current law, real property of a fraternal organization that operates under a state governing body, that has been operating in this state for at least 85 years, and that meets other requirements is exempt from taxation. The bill extends this tax exemption to those operating under a national governing body. This change will result in loss of property tax revenue to school districts and other units of local government. The amount of this revenue loss is uncertain.