OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

S.B. 36
133rd General Assembly

Fiscal Note & Local Impact Statement

Click here for S.B. 36's Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. M. Huffman

Local Impact Statement Procedure Required: No

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Highlights

- The bill would require subsidized residential rental properties to be valued for tax purposes based on presumed market rents rather than contract rents.
- This requirement could result, for some properties, in higher tax revenues than otherwise to units of local government, the magnitude of which is unknown but could be substantial.

Detailed Analysis

The bill would require county auditors, in valuing subsidized residential rental property, to base the determination on the market rent that the property could command if its use was unrestricted, rather than on the contract rents. Use of market rents rather than the actual reduced contract rents, in cases where the latter are lower, would result in higher valuations for property tax purposes, hence would tend to increase property tax revenues to units of local government. Valuations of income properties may be based on their income-generating capability. For tax levies subject to tax reduction factors, and for levies designed to raise fixed sums of money, higher tax valuations for such properties would tend to reduce tax obligations of other taxpayers rather than raise additional tax revenue. These conclusions are based on an assumption that the Ohio Supreme Court's 2018 decision in *Notestine Manor, Inc. v. Logan Cty. Bd. of Revision* would be generally applicable throughout the state, in the absence of a legislated change such as would be made by this bill. The decision affirmed the use of contract rents in property tax value determinations for certain properties.

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