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Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Hillyer

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SUMMARY

- Authorizes commercial or industrial tenants to file a property valuation complaint if their lease requires them to pay the property taxes charged against the property and the lease or their landlord authorizes them to file the complaint.
- Authorizes a county board of revision, pursuant to a valuation complaint filed for tax year 2020, to make the following adjustments to a property's valuation:
 - An adjustment to account for factors affecting the property's value occurring after January 1, 2020, and relevant to the method by which the property is valued.
 - An adjustment to account for a reduction in the property's value caused by the COVID-19 pandemic or state COVID-19 orders.
- Waives the rule barring multiple valuation complaints from being filed in the same triennial valuation period for these specially authorized 2020 complaints.
- Clarifies the tax years to which a board of revision decision applies.

DETAILED ANALYSIS

Property tax complaints

The bill makes several permanent and temporary modifications to the manner by which a person may file a complaint against a property's assessed tax valuation or classification with a county board of revision – a quasi-judicial body comprised of the county treasurer, the county auditor, and a county commissioner and established to hear property tax complaints and revise tax assessments. First, the bill makes certain commercial and industrial tenants eligible to file complaints. Second, the bill makes special allowances and waives filing limitations for certain complaints challenging tax year 2020 valuations. Third, the bill clarifies the tax years to which a board of revision decision applies.

Tenant complaints

Property tax complaints may be initiated, under continuing law, 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 legislative authority of a county, township, or municipal corporation. In addition, a property owner, their spouse or agents, or, in some cases, a school district may file a counterclaim in response to a complaint initiated by another party.

The bill extends the authority to file a complaint or counterclaim to tenants of commercial or industrial property if the tenant is required under the lease agreement to pay the entire amount of taxes charged against the property and if the landlord, either through the lease or otherwise, authorizes the tenant to file the complaint or counterclaim. This authority also extends to officers, employees, or certain other agents of the tenant.¹

These parties may file complaints or counterclaims beginning for tax year 2020.²

Tax year 2020 complaints

The bill authorizes a person eligible to file a complaint to the board of revision, except a tenant newly authorized to do so under the bill, to file a valuation complaint for tax year 2020 requesting either or both of the following:

- That the property's assessed value be calculated accounting for factors occurring after January 1, 2020, within that tax year that would cause adjustments to that valuation. These factors must be relevant to the valuation method most applicable to the property. (Under current administrative rules, property may be valued according to comparable area sales, the cost of its construction, or its potential to generate income. Certain types of property tend to be valued under one of these methods.³) Under current law, valuation complaints challenge a property's value as of January 1 of the tax year – a date often referred to as the "tax lien date," so factors affecting the property's value after that date, but within the same year, could not be raised until the following tax year.
- That the property's value is reduced in tax year 2020 as the result of the COVID-19 pandemic or a COVID-19-related order issued by the Governor or a state agency.

A board of revision, upon receiving such a complaint, may consider the applicable factors or circumstances occurring during tax year 2020 that would justify those valuation modifications.⁴

¹ R.C. 5715.19(A) and (B).

² Section 4.

³ Ohio Administrative Code (O.A.C.) 5703-25-07.

⁴ Section 3(A) to (C).

Generally, a person may initiate a complaint with respect to a particular parcel only once in each three-year period between a sexennial reappraisal and an assessment update in the third year of that cycle (the “interim period”), unless certain events occur in the meantime, such as the property having been sold.⁵ The bill waives this rule for the special 2020 complaints described above.⁶

Applicability of board of revision decisions

Under continuing law, if a complaint is not resolved in the same tax year for which it is filed, it is continued into the ensuing tax year until it is decided, and the valuation set by the decision relates back to that prior year and carries forward to ensuing tax years until the decision is rendered or any appeal of that decision is resolved. Courts have also held that an adjustment carries forward to any tax year in the same interim period in which the complaint is filed. However, any carryforward ends at the beginning of the next interim period following a countywide reappraisal or update.⁷

The bill codifies this interpretation of existing law to clarify that any change in valuation set by a board of revision pursuant to a complaint applies to the tax year for which the complaint is filed and any tax year remaining in the same interim period.⁸

HISTORY

Action	Date
Introduced	08-21-20

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⁵ R.C. 5715.19(A)(2).

⁶ Section 3(D).

⁷ E.g., *Cannata v. Cuyahoga County Bd. of Revision*, 147 Ohio St.3d 129, 135 (2016).

⁸ R.C. 5715.19(D).