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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 751**  
**133<sup>rd</sup> General Assembly**

## Fiscal Note & Local Impact Statement

[Click here for H.B. 751's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Hillyer

**Local Impact Statement Procedure Required:** Yes

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### Highlights

Fund	FY 2021	FY 2022	Future Years
<b>School Districts and Other Units of Local Government</b>			
Revenues	Possible loss	Possible loss	Possible loss
Expenditures	\$0	\$0	\$0

Note: The state or school district fiscal year runs from July 1 through June 30 and is designated by the calendar year in which it ends. For other local governments, the fiscal year is identical to the calendar year.

- The bill requires property values to reflect impairment by the COVID-19 pandemic or related state-ordered shutdowns or limits on business operations.
- Tenants would be allowed to file property tax complaints in certain circumstances.
- These changes may result in loss of property tax revenue to school districts and other local governments.
- Costs of county boards of revision (BORs) and possibly also the Board of Tax Appeals (BTA) may increase and delays in determining cases may lengthen. BTA expenditures are funded by the GRF.

### Detailed Analysis

#### Pandemic-related property value reductions

The bill requires, for tax year 2020 only, that a board of revision (BOR) permit property owners to have their property valued in a manner that accounts for adjustments to the property's

value occurring after the January 1, 2020, tax lien date. The bill further requires that BORs take into account any reduction in property value caused by the COVID-19 pandemic or state orders shutting down or limiting normal business operations during the pandemic. The bill authorizes these adjustments pursuant to a BOR valuation complaint and, for these complaints, waives the rule barring multiple BOR complaints from being filed in the same triennial valuation period.

These provisions may reduce property values by amounts that appear uncertain.

When valuations of some real properties decline, effective tax rates would be adjusted upward so that levies on carryover property raise the same amount of tax revenue as in the prior year.<sup>1</sup> Carryover property is property taxed in the same classification in the current year and the previous year. Similarly, rates on taxes enacted to raise specified amounts of money, such as levies to service bond debt, are adjusted for valuation changes. Taxes due from all property taxpayers would generally be affected by these tax rate adjustments, not just those of persons whose property has declined in value. However, taxes due from persons who are not parties to property valuation cases taken to BORs subsequent to the dates when tax obligations are determined for the year are not adjusted retroactively for changes made in such cases. The bill could result in loss of tax revenue to school districts and other units of local government.

Half of real property taxes due for tax year 2020 will generally be paid in January 2021, and the other half in June 2021. Unless the bill is enacted promptly, reductions in taxes due for tax year 2020 resulting from BOR decisions to lower property values as permitted by the bill may not occur until after the first of these payments is due.

## **Filing of property tax complaints by tenants**

The bill authorizes certain tenants to file property tax complaints and counter-complaints who are not allowed under current law to do so. Only property owners, their representatives, and political subdivisions may file complaints currently. The bill would add tenants of commercial or industrial property to those allowed to file a complaint if the lease requires the tenant to pay the entire amount of taxes charged against the property and the owner has authorized the tenant to file the complaint.

By permitting additional parties to file property tax complaints, the bill may result in lower tax valuations and lower revenues to local governments. The situation that this provision of the bill addresses apparently is sufficiently common that the potential number of such complaints could be significant. The magnitude of resulting revenue losses appears uncertain.

## **Effects on boards of revision and the Board of Tax Appeals**

The changes described above plausibly would result in additional filings with BORs around the state. These increased filings might in turn lead to an increase in appeals to the Board of Tax Appeals (BTA). Such increases in complaints would tend to increase costs of BORs and BTA, to lengthen delays and backlogs in considering complaints, or both. The magnitude of cost increases or delays appears uncertain. BTA expenditures are funded by the GRF.

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<sup>1</sup> Some tax levies are not subject to such rate adjustments, notably inside millage, taxes from the first ten mills (1%) of property taxation.

## **Tax years to which property tax complaint determinations apply**

The bill specifies that a determination on a property tax complaint applies only to tax years occurring in the same triennial period in which the complaint is filed. This specification appears to codify current practice and to have no fiscal effect. For further information, please see the LSC bill analysis.