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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Hall and Bird

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SUMMARY

- Revises, beginning for tax year 2023, the information considered in the sales ratio studies that Department of Taxation (TAX) uses to review and update property values.

DETAILED ANALYSIS

Property tax sales-assessment ratio studies

The bill makes several changes to the information that Department of Taxation (TAX) uses to review and update property values for tax purposes. Under continuing law, as part of the three-year cycle of property reassessment, TAX performs studies that analyze a county's property values and recent sales data. These "sales ratio" studies compare sales prices and the assessed value of property. The goal is to ensure that property is being assessed at 35% of its fair market value. If TAX's studies show that property in a particular county is not being taxed at that threshold, it will require an adjustment in that county's property values. These studies, in particular, play a significant role in updating property values as part of a county's triennial update.

The bill revises these sales ratio studies. First, the bill requires that the studies include all sales made during the preceding three years, and that TAX give each of those sales equal weight. Under current law, TAX is only required to consider a "representative sampling" of the previous three years' sales, and may give more or less weight to sales from different years. Second, if the total number of sales of similarly situated property during the three previous years is less than 5% of all such properties in the county, the bill allows TAX to require the county auditor to conduct actual appraisals of property in that class. Currently, TAX may conduct appraisals if there are insufficient sales to constitute a representative sample. Third,

the bill requires TAX to consider “current economic conditions” when recommending an adjustment in county property values.¹

The bill’s changes apply beginning in tax year 2023. Since TAX will likely have already completed its sales ratio studies and certified adjustments to a county’s property tax values for tax year 2023 before the bill takes effect, the bill requires TAX to recalculate those adjustments, using the bill’s new requirements. TAX must certify its updated values within 15 days after the bill’s 90-day effective date. Due to this delay, the bill also extends the time for affected counties to finalize their tax duplicate and for taxpayers to make their first installment of 2023 property taxes.²

HISTORY

Action	Date
Introduced	05-24-23

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¹ R.C. 5715.012.

² Section 3.