



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 123 of the 132nd G.A.

**Status:** As Introduced

**Sponsor:** Sen. Coley

**Local Impact Statement Procedure Required:** Yes

**Subject:** Permits property tax complaints to be initiated only by the property owner, the owner's spouse or representative, or the county recorder

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### State Fiscal Highlights

- Eliminating the right of persons other than property owners, their spouses or representatives, or the county recorder to initiate appeals of real property valuations might reduce the Board of Tax Appeals' caseload, if fewer cases are filed with boards of revision and then appealed to that agency.

### Local Fiscal Highlights

- By eliminating the right of persons other than the property owner, the owner's spouse or representative, or the county recorder to appeal property valuations, the bill might result in lower real property tax revenues to school districts and other units of local government.
- Any tax revenue losses resulting from lower property valuations would be mitigated by the operation of tax reduction factors.

## Detailed Fiscal Analysis

S.B. 123 would permit complaints regarding determinations of real property taxable values or classifications to be initiated only by the property owner, that person's spouse or representative, or the county recorder. This would eliminate the right of school districts and other taxing districts to initiate complaints regarding determinations of property values on the tax list to the county boards of revision. These taxing districts would be permitted to file counterclaims to complaints filed by property owners or their spouses or representatives.

This change could be expected to result in school districts and perhaps others being unable to initiate appeals of valuations of commercial and other property as too low. They might be prevented from filing such appeals in cases where they would do so under current law. This might result in lower tax revenues to units of local government. The tendency for tax revenues to be lower would be mitigated by the operation of tax reduction factors, which for carryover property adjust effective tax rates to raise the same amount of revenue within a taxing district when property values rise or fall, for certain levies, as a result of reappraisal changes or valuation appeal changes.<sup>1</sup>

The bill allows a county recorder to file a complaint regarding a determination for real property located in the county. It states that such a filing is to be at the recorder's discretion and may not be compelled by any other person or entity.

The magnitude of the potential revenue loss appears uncertain. It depends on decisions that school district or other local government officials would make in the future, under current law, to challenge valuations. The impact of S.B. 123 would be predominantly on school districts and other units of local government, as reduced tax revenues. Boards of revision could have reduced numbers of cases to consider if fewer complaints are filed by school districts or others. Decisions of boards of revision could be appealed to the court system or to the state's Board of Tax Appeals, caseloads of which might be reduced by fewer appeals.

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<sup>1</sup> Carryover property is real property taxed in the same class of property in both the current and preceding years. Some levies are not subject to this adjustment, including unvoted taxes within 1% of taxable value (inside millage), and levies to raise fixed sums of money (bond and emergency levies). Also, tax reduction factors cannot cause a school district's effective current expense millage rate to fall below 20 mills (2% of taxable value), or a joint vocational school district's effective current expense millage rate to fall below 2 mills.