



Ohio Legislative Service Commission

Phil Cummins

Fiscal Note & Local Impact Statement

Bill: [H.B. 505 of the 129th G.A.](#)

Date: June 19, 2012

Status: As Introduced

Sponsor: Rep. Amstutz

Local Impact Statement Procedure Required: No

Contents: Establishes a Small Claims Division and makes other changes to the Board of Tax Appeals, and authorizes the Tax Commissioner to expedite resolution of residential property value appeals

State Fiscal Highlights

- Creation of a Small Claims Division of the Board of Tax Appeals, with informal procedures for case review, may expedite hearings, cut the Board's large case backlog, and reduce costs for the Board figured on a per case basis. The Board's operations are paid from the GRF.
- Changes to procedures for managing appeals, and electronic filing, may lower Board costs and promote efficient operation.
- Under a temporary program, the Department of Taxation may incur costs to hear appeals docketed with the Board but transferred to the Department for final determination. These added costs may be offset by savings for the Board.

Local Fiscal Highlights

- Faster issuance of decisions by the Small Claims Division or the Tax Commissioner than under the Board's regular docket may accelerate the timing of any resulting changes in local government tax revenues.

Detailed Fiscal Analysis

H.B. 505 creates a Small Claims Division within the Board of Tax Appeals and makes other changes that may promote efficient handling of appeals by the Board. All costs of the Board are paid from the GRF. The bill also authorizes the Tax Commissioner to process certain residential property cases on the Board's docket.

The Small Claims Division of the Board would have authority to hear appeals from county boards of revision involving nonbusiness real property, appeals from municipal boards of appeal involving municipal income taxes if the amount in controversy is \$10,000 or less, and appeals from specified decisions of the Tax Commissioner, the Director of Development, the Director of Job and Family Services, or county auditors if the amount in controversy is \$10,000 or less. The Board may by rule modify the \$10,000 jurisdictional threshold. Assignment of a case to the Small Claims Division would require consent of all parties involved in the case. Under the bill, a decision or order of the Small Claims Division would not be subject to appeal.

The Board is to implement procedures, including telephonic hearings, for informal review of cases heard in the Small Claims Division, which may expedite hearings on the Board's large backlog of cases and may result in cost savings for the Board calculated on a per case basis. The backlog of pending cases had quadrupled by the end of FY 2011 from its level five years earlier. Appeals filed with the Board rose sharply in FY 2009 and FY 2010 following the downturn in real estate markets, while the Board's budget was cut 42% in FY 2010. Effects of the new procedures on local government tax revenues would depend on the determinations made regarding the cases, and might not differ from those that would result from decisions of the Board in the absence of a Small Claims Division, except with regard to timing.

The bill requires the Board of Tax Appeals to institute procedures to control and manage appeals, including establishment of a case management schedule for each case. The Tax Commissioner's review of the operations of the Board of Tax Appeals, published November 15, 2011, suggests that establishment of a case management schedule may reduce delays by putting all parties on notice regarding the anticipated timeline of a case.

The bill allows the filing of a notice of appeal with the Board of Tax Appeals by fax or e-mail. Electronic filing may reduce costs of the Board of Tax Appeals, by an undetermined amount. For an appeal of a municipal income tax case from a municipal board of appeals, the bill also allows the parties to file by fax or e-mail with a court of common pleas.

The bill authorizes the Tax Commissioner, upon the written consent of the parties, to review and issue a final determination for cases involving residential property tax values that have been appealed from a board of revision and are docketed with the Board of Tax Appeals. Any request by a party to a case for transfer of the case

to the Department of Taxation must be made within two years of the effective date of the section of the bill providing for this authority. The bill states that the authority to decide these cases is granted in conjunction with establishment of the Small Claims Division of the Board of Tax Appeals. The Department may incur additional costs, of an undetermined amount, to exercise this authority, but these costs might be offset by cost savings for the Board on cases transferred to the Department. With spending by these agencies limited by their appropriations, however, the effects of the transfers may be limited to altering the timing of resolution of the appeals.

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