



MULTISTATE INDIRECT TAX

Ohio enacts reforms to local government authority to contest real property assessment values

Tax Alert

Overview

On April 21, 2022, Ohio's Governor signed [House Bill 126](#) (H.B. 126) into law. The legislation, among other things, (1) restricts the authority of public school districts and other political subdivisions to contest the assessment value of real property they do not own or lease ("non-subdivision property") and (2) prohibits private payment agreements. The private payment agreements prohibition takes effect on July 21, 2022. The legislation's other changes apply to original complaints or counter-complaints filed for the 2022 tax year and any tax year thereafter.

This Tax Alert summarizes some of the provisions in H.B. 126.

Changes to the valuation complaint process

Restricts the authority of local governments to contest assessment values

H.B. 126 restricts the authority of public school districts and other political subdivisions to contest the assessment values of non-subdivision property. Specifically, political subdivisions are prohibited from filing initial valuation complaints for such property, unless:

- The property is sold in an arm's length transaction between a willing buyer and seller before the tax lien date for the tax year for which the complaint is filed,
- The sale price is greater than 10% of the property's assessed value and greater than \$500,000, adjusted annually for inflation, and
- The subdivision satisfies certain procedural requirements, including but not limited to, providing notice to at least one owner and adopting a resolution authorizing the filing of the complaint and containing specified additional items.

Reduces the deadline for school districts to file counter-complaints

Public school districts may continue to file counter-complaints supporting or objecting to an initial complaint filed by another party if the alleged change in assessment value in the initial complaint is at least \$17,500 but must now do so within 30 days from the date the initial complaint is filed. Public school districts will no longer receive notice of that initial filing from the county auditor.

Limits the jurisdiction to hear complaints and appeals

H.B. 126 requires county boards of revision – quasi-judicial bodies tasked with hearing valuation complaints and making determinations – to dismiss initial complaints filed by political subdivisions contesting the assessment value of non-subdivision property if no determination is made by the county board of revision within one year from the date the initial complaint is filed.

Additionally, political subdivisions may no longer appeal any determinations of county boards of revision for the valuation of non-subdivision property to the Ohio Board of Tax Appeals.

Prohibits private payment agreements

H.B. 126 prohibits private payment agreements – settlements between political subdivisions and property owners or tenants, or persons acting on their behalf, to settle valuation disputes outside of the complaint process. Those agreements typically provided for the payment of non-tax payments directly to a political subdivision in exchange for the subdivision refraining from formally contesting a property's assessment value, dismissing an initial valuation complaint or counter-complaint if one had already been filed, or settling a claim.

H.B. 126 does not prohibit parties from agreeing to a new assessment value, as long as that new value is used to calculate tax liability and the agreement does not provide for the payment of non-tax payments.

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