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H.B. 344
(1_135_1214-10)
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 344's Bill Analysis](#)

Version: In House Ways and Means

Primary Sponsors: Reps. Mathews and Hall

Local Impact Statement Procedure Required: Yes

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Highlights

- Elimination of replacement levies could result in loss of property tax revenue, in an indeterminate amount.
- Tighter limits on property tax complaints by parties other than property owners could reduce tax revenue by an uncertain amount.

Detailed Analysis

Replacement levies eliminated

The bill would eliminate the ability of local taxing authorities to enact replacement levies, repealing the Revised Code section (R.C. 5705.192) that authorizes them. This change could result in loss of an indeterminate amount of tax revenue for some political subdivisions. The section would be repealed on the bill's effective date. However, if a taxing authority acts under that section prior to its repeal to replace an existing levy, the vote on the replacement levy would proceed, except that no replacement levy could be submitted to voters at elections held after October 1, 2024. The bill would not alter the ability of school districts and local governments to seek voter approval for other types of levies authorized by current law.

Replacement levies have been described as sometimes confusing to voters, which could lead some to vote for tax increases that they did not intend to support.¹ The extent, if any, of

¹ For an example, see Joe Nichols, "Compare apples to apples when it comes to property levies," The Buckeye Institute, May 18, 2014: buckeyeinstitute.org/blog/detail/compare-apples-to-apples-when-it-comes-to-property-levies.

such confusion's effects on the outcome of votes on replacement levies is unknown. A replacement levy generally extends the term of an expiring levy for the same purpose, but the real property tax reduction factors accumulated under the expiring levy are removed. This sometimes results in an effective tax increase. Replacement levies are not considered renewals of the existing taxes they replace when determining effective tax rates.² Voters who focus only on the voted or gross rate might not realize that the replacement levy would increase their taxes.

Property tax complaint changes

H.B. 344 tightens limits imposed by H.B. 126 of the 134th General Assembly on property tax complaints by parties other than property owners. These tighter limits will tend to reduce, by an uncertain amount, tax revenue to school districts and other political subdivisions.

The bill provides that a political subdivision can file a property tax complaint with respect to property the subdivision does not own only if the complaint is based on a sale evidenced by a conveyance fee statement filed during the two years preceding the tax year for which the complaint is filed. This provision would go into effect on the bill's effective date. Current law requires that the property was sold before that year, but does not expressly include any limit on when that sale occurred.

The bill requires that before a complaint is filed by a third party acting on the subdivision's behalf, the subdivision must adopt a resolution authorizing the complaint. This extends current law requiring a subdivision, before filing a complaint, to adopt such a resolution. The bill requires a third-party complainant to file an affidavit with a board of revision complaint stating whether the complainant is or is not acting on behalf of a subdivision. This provision would go into effect on the bill's effective date.

The bill requires that if a subdivision, or a third party acting on a subdivision's behalf, files a complaint that does not comply with property tax complaint filing requirements, the subdivision or third party must pay the property owner's costs and attorney's fees incurred in connection with the complaint. This change applies only to original complaints filed on or after the bill's effective date.

A school district would be prohibited by the bill from filing a property tax counter-complaint unless the original complaint was filed by the owner or lessee of the property, or a person acting on behalf of either. This change would apply to tax year 2022 and years thereafter. Under current law, school districts may file a counter-complaint with respect to any complaint, so long as the complaint seeks at least a \$50,000 change in the property's fair market value.

The bill extends a current prohibition on a legislative authority entering into a private payment agreement with regard to a property tax complaint to any person acting on behalf of the legislative authority. This change would apply to agreements entered into on or after the bill's effective date. However, in continuing law a "private payment agreement" does not include an agreement to resolve a claim in which an agreed value for the subject property is approved by the county auditor and reflected on the tax list.

² R.C. 319.301. Effective tax rates for Class 1 (residential and agricultural) and Class 2 (all other) real property are figured separately. Carryover property is all real property taxed in the same class in the current year and the prior year, so it excludes new construction, property destroyed, and reclassifications.

The bill extends the prohibition in current law on political subdivisions appealing Board of Revision (BOR) decisions to the Board of Tax Appeals, prohibiting also appeals by third-party complainants. This bill provision applies to any BOR decision from July 21, 2022, except that the limitation on appeals by third parties applies to BOR decisions on or after the bill's effective date.

Synopsis of Fiscal Effect Changes

Removal of the bill's penalty on political subdivisions that fail to comply with property tax complaint filing requirements, and instead requiring payment of property owner costs and attorney fees, will have an indeterminate effect on subdivision costs.

Removal of a bill provision allowing third parties acting on behalf of a school board to file counter-complaints may tend to decrease property tax revenue.

Removal of a provision in the As Introduced bill prohibiting appeals of BOR decisions to a court of common pleas appears to leave this avenue of appeal still open, possibly tending to result in some cases of higher tax revenues than otherwise.