

2022 Property Tax Law Update

A look at current + potential future changes to the property tax system

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As we close out 2022, we should look back to reflect upon what's transpired, and consider the best way to use that knowledge. For commercial property taxpayers in Ohio, this year brought some fairly substantial changes as the Ohio House and Senate worked to protect taxpayers.

To that end Ohio passed House Bill 126, and in July the new law changed how school districts can challenge property tax assessments. A peculiar quirk of Ohio law is that we allow political subdivisions to challenge property tax assessments of individual taxpayers. No other state except Pennsylvania permits such filings. House Bill 126 curtailed some of those privileges.

First, political subdivisions (most often school districts) can no longer challenge a taxpayer's assessment unless 1) a sale occurs with a price at least 10% greater than the current auditor's valuation and 2) the sale price is \$500,000 more than the current auditor's valuation. This protects most homeowners from challenges from school districts, although in practice most school boards already focused on commercial properties rather than residential homes.

Working to further protect taxpayers, HB 126 also sought to end tax challenges from extended litigation.

HB 126 eliminated the ability of the school boards to appeal decisions from the local county board of revision. This means that when taxpayers are successful

at the county level, an appeal cannot be dragged into an additional layer of litigation at the state level. By doing so, this provision places greater weight on the decisions rendered by the county board of revision. Because the local board now has the ability to make final decisions,

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local governance and local expertise on the board is more important than ever to protect taxpayers.

Other provisions included in the new law eliminate the ability to engage in settlement agreements involving payments in lieu of tax increases, as well as a requirement that any political subdivision pursuing an assessment appeal must pass a resolution in a public meeting to

authorize the filing of a complaint against a taxpayer.

How does this law affect commercial property owners specifically? For those that are buying, it does not change much, as the unwary buyer will still be subject to challenges brought by school districts.

Taxpayers that are selling their properties will still see the impact of school appeals on their selling price. However, those taxpayers that intend to hold their properties long-term will be able to do so without interference from local school boards.

With the changes that have been made in 2022, Ohio is becoming more aligned with the rest of the country. But as the year starts to close and we look back at what has happened, naturally we also look to what should be done in the future. A common statement I hear from taxpayers is that they want to pay their fair share, but they don't want to pay more than their neighbors. In other words, they want to be assured that if their house is essentially the same as their neighbor's house, they should both pay the same amount of taxes regardless of when each bought their home. Commercial taxpayers want that assurance too.

In most states, there are constitutional mandates requiring uniform taxation. Currently, however, Ohio does not have formal guidelines protecting taxpayers from non-uniform taxation. Therefore, it is up to the county officials to do the right thing by ensuring they protect taxpayers so that we can all enjoy the benefits and the financial burden on an equal and uniform basis. **P**

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