



H.B. 198

124th General Assembly
(As Reported by H. Ways and Means)

Reps. Peterson, Niehaus, Olman, Carano, McGregor, Coates, Widowfield

BILL SUMMARY

- Provides for delinquent taxes, once collected, to be distributed among taxing districts in the same proportions that current taxes are distributed, rather than in the proportions taxes were distributed while the delinquency accrued.

CONTENT AND OPERATION

Distribution of delinquent property taxes

(secs. 319.45, 319.50(C), 321.31, 323.31(A), 5719.05, 5721.19(D)(3), 5721.25, 5721.32(E), 5721.33(G), 5722.03(E), and 5722.04(C))

When property taxes that have become delinquent eventually are collected, 95% of the amount collected is distributed to the various taxing districts that levied taxes on the property (the remaining 5% is retained by the county to defray expenses associated with collecting delinquent taxes). Currently, for each year that a delinquency accrues, each taxing district is entitled to its proportionate share of the collection for that year. For example, suppose taxes for 1997 and 1998 are not paid until sometime in 2000. Under current law, a taxing district that was entitled to 10% of 1997 tax collections is entitled to 10% of the 1997 delinquent tax collection; if the taxing district was entitled to 7% of 1998 collections, it is entitled to 7% of the 1998 delinquent tax.

Under the bill, delinquent property taxes would be distributed to taxing districts in proportion to their proportionate share of the total current tax collections in the year the delinquency is collected. Thus, in the terms of the example above, if the taxing district is entitled to 5% of total current tax collections when the delinquency is collected in 2000, then it would be entitled to 5% of the total delinquency for 1997 and 1998, rather than 10% for 1997 and 7% for 1998.

The bill applies to delinquent taxes charged against real property and tangible personal property.

COMMENT

Distributing taxes in proportion to the current tax distribution percentages instead of the distribution percentages that prevailed while the delinquency accrued might conflict with a constitutional provision requiring taxes to be applied only to the purpose for which they are levied. From one year to the next, the percentage of taxes distributed to each taxing district is likely to change, as some districts add new levies and other districts' levies expire. So, the percentage of taxes that are distributed to a district when a delinquency eventually is collected is likely to be different than the percentage of taxes distributed to that district in each year the delinquency accrued. If a district's levy expires before the delinquency is collected, it will not receive any part of the collection on account of the expired levy; therefore, its total share of the delinquency will be less than if the delinquency had been distributed on the basis of past distribution percentages.

The Attorney General addressed this issue in a 1997 advisory opinion. The opinion advised that distributing delinquent taxes that accrued under a now-expired levy according to current distribution percentages may violate Article XII, Section 5, of the Ohio Constitution. Article XII, Section 5, provides ". . . every law imposing a tax shall state, distinctly, the object of the same, to which only, it shall be applied." (Op. Atty. Gen. 97-030.)

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-03-01	p. 287
Reported, H. Ways & Means	03-14-02	pp. 1551-1552

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