



Sub. H.B. 390*

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

Reps. Carey, Britton, Cates, Calvert, Seitz, G. Smith, Jolivette, Rhine, Flowers, Schmidt, Faber, Aslanides, Metzger, Carano, Hagan, Latta, Latell, Roman, Williams, Fessler, Fedor, Webster, Husted, Lendrum, Widowfield, Ford, Damschroder, Collier, Brinkman, Metelsky, Hollister, Gilb, Ogg, Grendell, Willamowski, Clancy, Reidelbach, Schneider, Buehrer, Core, Niehaus, Evans, Reinhard, McGregor, Hughes, Peterson, Hoops, Coates, Setzer, Flannery, Wilson, Sulzer, Barrett, DePiero, Redfern, Schaffer, Kilbane, Seaver, Oakar, Hartnett, Distel, Young, S. Smith, Manning, Krupinski, Olman, Blasdel, Woodard, Kearns, Carmichael, Trakas, D. Miller, Patton, Otterman, Allen, Brown, R. Miller, Strahorn, Jones

BILL SUMMARY

- Extends the filing deadline for real property tax complaints when the tax payment deadline is extended.
- For members of the National Guard or of a reserve component of the United States Armed Forces who have been called to active or other duty under Operation Enduring Freedom, Operation Noble Eagle, or the Governor's directive of September 28, 2001, extends the time within which taxes and assessments charged against real property or mobile or manufactured homes must be paid.
- Requires that the county treasurer enter into a contract, in the same manner and under the same terms as a delinquent tax contract, with the member or the member's spouse or parent for payment of the taxes and assessments in installments.

** This analysis was prepared before the report of the Senate Ways and Means Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.*

- Includes the kilowatt-hour tax in the calculation for the temporary modification of local government fund distributions and makes other changes to the distributions.
- Declares an emergency.

CONTENT AND OPERATION

Real property tax complaints

Current law; filing deadline

Owners of real property may file complaints against the county's tax assessment of their property. Such complaints are filed with the county board of revision. Usually, complaints are made against allegedly excessive valuations, but complaints may allege other improper assessment decisions: that property is improperly classified for the purposes of the applicable "H.B. 920" tax reduction factor; that property has been denied favorable assessment as agricultural land; or that a recoupment charge was improperly made for converting agricultural land to a nonagricultural use.

Currently, complaints must be filed by March 31 of the year following the year for which the taxes are charged; in practice, this means the deadline is March 31 of the same year in which the tax bills are issued and the taxes fall due. The same deadline applies to manufactured and mobile homes that are taxed in the same manner as real property, but do not satisfy the legal definition of real property.

Extension when tax bills are delayed

(secs. 4503.06(L)(5) and 5715.19)

The bill extends the complaint filing deadline in cases where the tax collection period is extended beyond March 31. In such a case, the deadline for filing complaints is extended until the day the tax collection period closes.

Real property and manufactured or mobile home tax extensions

Property that qualifies for a tax payment extension

(Section 5(A))

The bill authorizes an extension of the time within which taxes must be paid on any real property or manufactured or mobile home that is owned by (1) a

member of the National Guard or of a reserve component of the Armed Forces of the United States who is called to active or other duty under Operation Enduring Freedom, Operation Noble Eagle, or the directive issued by Governor Taft on September 28, 2001, or a successor to that directive, (2) the spouse of such a member, (3) such a member jointly with that member's spouse or dependent parent, or (4) the dependent parent of such a member who dies during such duty or as the result of wounds or illness incurred during such duty.¹

Who may apply for the extension

(Section 5(B))

The member, or the spouse or parent of the member, may apply to the county treasurer for an extension for the payment of taxes and assessments charged against the real property or manufactured or mobile home and payable during the period of the member's duty and the six months ensuing termination thereof. Application must be made not later than the last day of the sixth month after the month in which the member's duty terminates. The applicant must provide evidence satisfactory to the county treasurer to demonstrate eligibility for the extension.

Contract requirements

(Section 5(B))

If the county treasurer determines that the applicant qualifies for an extension under the bill, the treasurer is required to enter into a contract with the applicant for payment of the taxes and assessments in installments, in the same manner as, and subject to the same terms and conditions of, delinquent tax contracts, except that the contract must specify that payments begin in the seventh month after the member's duty terminates. (Existing law permits a person who owns agricultural real property or owns and occupies residential real property or a manufactured or mobile home to have at least one opportunity to pay delinquent or unpaid current taxes charged against the property. To do so, the person must enter into a delinquent tax contract that provides for the payment of taxes in specific installments over a period not to exceed five years.)

Taxes and assessments, payment of which has been extended under the bill, do not constitute delinquent taxes and cannot be placed on the delinquent land list or delinquent manufactured home tax list, notwithstanding existing laws regarding

¹ A "dependent parent" is a parent who, at the time the member was activated, received from the member at least half of the dependent parent's support, including food, shelter, clothing, and medical and dental care.

when property is placed on delinquent tax lists or delinquent land lists or duplicates, when it is subject to penalties and interest, and how delinquent taxes are paid for real property and manufactured or mobile homes. But if the contract becomes void, and a new contract is not entered into pursuant to the delinquent tax contract law, those existing laws do apply.

Tax payments through mortgage companies, other agents

(Section 5(C))

If a member, or a spouse or parent of a member, qualifies for the bill's extension, and that member, spouse, or parent has designated an agent for the payment of taxes and assessments that has been extended, that agent is prohibited from requiring the member, spouse, or parent to pay to the agent any such taxes and assessments for the period for which payment is extended. If those taxes or assessments are paid by the member, spouse, or parent to an agent as part of a mortgage loan installment payment, the agent must deduct the portion of the payment that represents such taxes and assessments from the amount of each such payment payable during the period of extension.

No penalties or interest during contract period

(Section 5(D))

If the member, or the member's spouse or parent has entered into a contract pursuant to the bill before the first day of the seventh month after the month in which the member's duty terminates, the county auditor and treasurer must remove from the tax list and duplicate any penalties and interest that were charged under existing law during the member's duty and before the first day of the seventh month after the month in which the member's duty terminates.²

Notice regarding the extension

(Section 5(E))

Notwithstanding the information and notices that are required by existing law to appear in a tax bill, county treasurers must include a notice of, and

² For real property taxes, existing law requires that the full amount be paid on or before December 31, or 1/2 of the current taxes together with delinquent taxes before that date, and the remaining 1/2 on or before the following June 20. For manufactured home taxes, 1/2 of the tax is due on or before March 1 and the balance is due on or before July 31, or the tax for the entire year may be paid in full on March 1.

information about, the extension provided by the bill, on or with real property or manufactured home tax bills mailed or delivered under existing law.

Adjustments to local government funds

(Section 3)

Section 140 of Am. Sub. H.B. 94 of this General Assembly established a formula for limiting the amount of various tax revenues credited during the current biennium to the Local Government Fund, the Local Government Revenue Assistance Fund, and the Library and Local Government Support Fund. Am. Sub. H.B. 405 of this General Assembly subsequently modified the formula for temporarily modifying distributions to those funds by semi-annually reducing the amounts transferred to those funds.

The bill changes the calculation of the adjustments applicable to these local government funds by including references to the kilowatt-hour tax that were inadvertently left out of the semi-annual reduction mechanism in H.B. 405.

The bill further clarifies that when the semi-annual reductions in the local government funds are made, the amount received by each county undivided local government fund and each municipality directly from the Local Government Fund, by each county undivided local government revenue assistance fund from the Local Government Revenue Assistance Fund, and by each library and local government support fund from the Library and Local Government Support Fund, must be reduced in March 2002, July 2002, March 2003, or July 2003, based on each county's or municipality's proportionate share of the total amounts to be received from that fund in that month.

Emergency clause

(Section 6)

The bill contains an emergency clause that will enable the bill to take immediate effect. The reason stated for the emergency is that active duty military personnel may face real economic hardships while serving their country and urgently need the financial relief provided by the real property and manufactured home tax extensions.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-02-01	p. 870
Reported, H. Ways & Means	01-24-02	p. 1299
Passed House (95-1)	01-30-02	pp. 1344-1348
Reported, S. Ways & Means	---	---

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