



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 138 of the 130th G.A.](#)

Date: April 29, 2013

Status: As Introduced

Sponsor: Reps. McClain and Letson

Local Impact Statement Procedure Required: No

Contents: Changes the law governing the Board of Tax Appeals and authorizes expedited final determinations by the Tax Commissioner of residential property value appeals

State Fiscal Highlights

- Creation of a Small Claims Division of the Board of Tax Appeals (BTA), with informal procedures for case review, may expedite determinations of cases and reduce costs. BTA established a small claims unit in FY 2012.
- Resumption of a mediation program at BTA may expedite settlement of cases. BTA used such a program prior to FY 2010.
- Changes to procedures for managing appeals and increased electronic filing may lower BTA's costs and promote efficient operation.
- Under a temporary program, the Department of Taxation may incur costs to hear appeals docketed with BTA but transferred to the Department for final determination. These added costs may be offset by savings for BTA.
- BTA is entirely funded from the GRF.

Local Fiscal Highlights

- Faster issuance of decisions by BTA and the Tax Commissioner may accelerate the timing of any resulting changes in local government tax revenues.

Detailed Fiscal Analysis

H.B. 138 creates a Small Claims Division within BTA, requires BTA to adopt rules for a mediation program, and makes other changes that may promote efficient handling of appeals. The bill also authorizes the Tax Commissioner temporarily to process certain residential property cases on BTA's docket.

The Small Claims Division would have authority to hear appeals from county boards of revision involving nonbusiness real property, and to hear specified other appeals if the amount in controversy is \$10,000 or less. BTA may by rule modify the \$10,000 jurisdictional threshold. A case would be moved from the Small Claims Division to the regular docket on request of a party to the case. A decision or order of the Small Claims Division could not be appealed or serve as a precedent for any other case. BTA is to implement procedures, which may include telephonic hearings, for informal review of cases heard in the Small Claims Division, likely resulting in cost savings.

BTA noted in its FY 2014-FY 2015 biennium budget request that it established a small claims unit in FY 2012. Comprised of entry-level attorneys, the unit handles cases in which appellants represent themselves, appeals involve residential or commercial property, and amounts in dispute are small. It characterized the small claims unit as highly effective in resolving simple cases quickly and reducing the number of appeals pending.

Under the bill, BTA is to adopt rules to implement a mediation program. Prior to FY 2010, BTA used a mediation program to produce settlements between parties. Settlements resulting from mediation eliminated the need to proceed to evidentiary hearings, and generally reduced the time needed to conclude the cases. The earlier program was ended after budget cuts.

The bill requires BTA to institute procedures to control and manage appeals, including establishment of a case management schedule for each case. Use of such a schedule may reduce delays by putting all parties on notice regarding the anticipated timeline of each case. BTA's biennium budget request says it adopted an "aggressive" scheduling policy in FY 2012 that has led to settlement, dismissal, or hearing of more cases than in the past.

The bill changes rules on electronic filing with BTA. It adds fax and e-mail to the ways in which a notice of appeal may be filed. Some notices of appeal to BTA could be filed through the Ohio Business Gateway, the state's online filing and payment system for businesses. For an appeal of a municipal income tax case from a municipal board of appeals, the bill also allows the parties to file by fax or e-mail with a court of common pleas. BTA is to adopt rules requiring that any transcripts from the Tax Commissioner, county boards of revision, or municipal boards of appeal be transmitted to BTA

electronically, starting in January 2015. Electronic filing may reduce BTA's costs, by an undetermined amount.

All of BTA's costs are paid from the GRF.

The bill authorizes the Tax Commissioner, upon the written consent of the parties, to review and issue a final determination for cases involving residential property tax values that have been appealed from a board of revision and are docketed with BTA. Any request by a party to a case for transfer of the case to the Department of Taxation must be made within two years of the effective date of the section of the bill providing for this authority. The bill states that the authority to decide these cases is granted in conjunction with establishment of the BTA Small Claims Division. The Department may incur additional costs, of an undetermined amount, to exercise this authority, but these costs might be offset by cost savings for BTA on cases transferred to the Department.

Effects of new procedures on local government tax revenues would depend on the determinations made regarding the cases, and might not differ from those that would result from BTA decisions in the absence of increased efficiencies except with regard to timing.

Electronic transmission of transcripts from county boards of revision and municipal boards of appeal to BTA will require changes in procedures for these units of local government starting in January 2015, but appear unlikely to materially increase their costs.