Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 138 of the 130th G.A. **Date**: June 27, 2013

Status: As Passed by the Senate **Sponsor**: Reps. McClain and Letson

Local Impact Statement Procedure Required: No

Contents: Changes the law governing the Board of Tax Appeals

State Fiscal Highlights

- Creation of a Small Claims Docket 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.
- BTA is entirely funded from the GRF.

Local Fiscal Highlights

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

Detailed Fiscal Analysis

H.B. 138 creates a Small Claims Docket within BTA, requires BTA to adopt rules for a mediation program, and makes other changes that may promote efficient handling of appeals.

The Small Claims Docket 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. BTA is authorized to reassign an appeal from the Small Claims Docket to the regular docket and vice versa after the appeal is initially filed with the written consent of all parties. A decision or order of the Small Claims Docket 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 Docket, 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, that apply to appeals filed with BTA on or after January 1, 2015. 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, adding facsimile and electronic transmission to ways in which a notice of appeal may be filed. Effective January 1, 2015, 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 by electronic transmission. Electronic filing may reduce BTA's costs, by an undetermined amount.

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

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.

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