

LSC Redbook

Analysis of the Executive Budget Proposal

Board of Tax Appeals

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Board of Tax Appeals

- BTA decides tax cases outside the court system
- The executive proposal increases BTA's budget by 39% in FY 2012 and 6% in FY 2013

OVERVIEW

The Board of Tax Appeals (BTA) provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities. The agency is an independent, quasi-judicial, single-purpose body. Three board members appointed by the Governor for six-year terms are authorized to determine all appeals regarding questions arising under Ohio tax laws, other than estate taxes. BTA's staff includes three attorney examiners who manage cases and preside at evidentiary hearings to determine the facts of these cases as the basis for decisions taken by vote of the board members. BTA also has an executive director/secretary and three administrative staff members, for a total of ten employees including the three board members.

More than 90% of appeals to BTA arise from real estate valuations by county boards of revision. Cases also arise from appeals of determinations or of rules adopted by the Tax Commissioner, including the Division of Tax Equalization. Another source of cases is appeals of allocations by county budget commissioners of tax receipts to political subdivisions. Beginning with tax year 2004, appeals of decisions of municipal boards of appeal regarding municipal income tax obligations were added to BTA's responsibilities. BTA also has authority to accept appeals of decisions by the Director of the Department of Development that enterprises are not qualified for tax incentive qualification certificates. Decisions of BTA may be appealed either to an Ohio court of appeals or to the Ohio Supreme Court.

The executive recommendation is that BTA's budget be increased to \$1.6 million in FY 2012 and to \$1.7 million in FY 2013. BTA's budget was cut 42% in FY 2010, from nearly \$2.0 million to \$1.15 million, and kept at that reduced level in FY 2011. Most of BTA's budget pays the agency's staffing costs. BTA reduced staff in August 2009, laying off five attorneys and four administrative staff. BTA nevertheless issued more decisions in FY 2010 than the year before, increasing the number issued by 11%. But the number of appeals filed with BTA escalated 72% in FY 2010, after trending higher in previous years. Consequently, the backlog of appeals pending with BTA rose 73% during FY 2010, to more than double the number of cases that remained in active status two years earlier, and more than triple the backlog four years earlier. The backlog has

grown in FY 2011, by more than 25% as of February 24, as appeals filed outpaced appeals finalized by over two to one. A lengthening backlog implies longer delays in resolution of cases appealed to BTA.

ANALYSIS OF EXECUTIVE PROPOSAL

The following table shows the line item that is used to fund the activities of the Board of Tax Appeals and the Governor's recommended funding levels.

Fund	ALI and Name	FY 2012	FY 2013
General Revenue Fund			
GRF	116321 Operating Expenses	\$1,600,000	\$1,700,000
Total Funding: Board of Tax Appeals		\$1,600,000	\$1,700,000

Operating Expenses (116321)

The executive recommendation would increase BTA's operating budget 39.2% in FY 2012 and a further 6.3% in FY 2013. Nearly 90% of BTA's budget is for payroll costs. The budget increases payroll expenditures in FY 2012 by 38.1%, or \$392,540, to \$1,424,000 and in FY 2013 by 6.3%, or \$90,000, to \$1,514,000. This would allow BTA to hire additional staff to better deal with the mounting backlog of cases. Purchased personal services would increase 67.7%, or \$32,297, in FY 2012 to \$80,000 and 13.8%, or \$11,000, in FY 2013 to \$91,000. Much of BTA's purchased personal services expenditures in the past have been for court reporters, whose transcripts facilitate efficient resolution of cases, particularly more complex cases. The executive recommendation for supplies and maintenance is a 28.8%, or \$19,227, increase in FY 2012 to \$86,000 and a 2.3%, or \$2,000, decrease in FY 2013 to \$84,000. Finally, for equipment spending the executive recommends a 164.6%, or \$6,221, increase to \$10,000 in FY 2012 and a 10.0%, or \$1,000, increase to \$11,000 in FY 2013.

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Board of Tax Appeals

General Revenue Fund

GRF 116321 Operating Expenses

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$2,025,583	\$1,978,743	\$1,162,896	\$1,149,715	\$1,600,000	\$1,700,000
	-2.3%	-41.2%	-1.1%	39.2%	6.3%

Source: General Revenue Fund

Legal Basis: ORC 5703

Purpose: This line item provides all funding for the agency, including personal services, maintenance, and equipment.

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
BTA Board of Tax Appeals								
GRF	116321	Operating Expenses	\$ 1,162,896	\$ 1,149,715	\$ 1,600,000	39.16%	\$ 1,700,000	6.25%
General Revenue Fund Total			\$ 1,162,896	\$ 1,149,715	\$ 1,600,000	39.16%	\$ 1,700,000	6.25%
Board of Tax Appeals Total			\$ 1,162,896	\$ 1,149,715	\$ 1,600,000	39.16%	\$ 1,700,000	6.25%