

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Board of Tax Appeals**

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**TABLE OF CONTENTS**

**OVERVIEW** ..... 1  
**ANALYSIS OF EXECUTIVE PROPOSAL** ..... 3  
**Operating Expenses (116321)** ..... 3

**ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# Board of Tax Appeals

- BTA decides tax cases outside the court system
- The executive proposal increases BTA's budget about 13% in each year of the next biennium from the FY 2015 level

## 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 five 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, and two paralegals. BTA also has an executive director and eight administrative staff members, for a total of 19 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. Other sources of cases include appeals of allocations by county budget commissioners of tax receipts to political subdivisions, appeals of decisions of municipal boards of appeal regarding municipal income tax obligations, and 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 \$1.925 million in each of FY 2016 and FY 2017 from an estimated \$1.7 million in FY 2015. BTA in the past two years reduced its caseload to about 3,900 cases at the end of FY 2014 from 8,800 cases pending two years earlier. As a result, the median time that an appeal is open with BTA has been cut from nearly two years to about nine months. This reduction was accomplished by (1) setting case management schedules at the time an appeal is filed, largely eliminating lengthy delays in resolving cases, (2) establishment of a small claims case docket allowing accelerated resolution of qualifying cases, many of them homeowners appealing property values, (3) letting parties opt for written argument and a review of the lower court transcript, rather than a formal hearing, and (4) assigning legal resources only to cases that clearly will not be resolved without BTA action, so avoiding wasted effort. BTA has shifted to a case management system that is

largely self-service, using IT services purchased from a vendor. Many case documents are now filed electronically rather than as paper files. BTA, in FY 2013, began relying on the Central Service Agency, within the Department of Administrative Services (DAS), for budgetary and human resource management, freeing up BTA staff time. In FY 2014, BTA began subscribing to services from the Office of Information Technology, within DAS, for desktop support, rather than relying on in-house staff.

## 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 2016	FY 2017
<b>General Revenue Fund</b>			
GRF	116321 Operating Expenses	\$1,925,001	\$1,925,001
<b>Total Funding: Board of Tax Appeals</b>		<b>\$1,925,001</b>	<b>\$1,925,001</b>

### Operating Expenses (116321)

The executive recommendation would increase BTA's operating budget to \$1.925 million in each of FY 2016 and FY 2017 from \$1.7 million estimated for FY 2015. About three-fourths of BTA's budget is for payroll costs. The budget provides for personal services expenditures of \$1.405 million in FY 2016, a decrease of 3.8%, and \$1.472 million in FY 2017, an increase of 4.8%. Purchased personal services are budgeted at \$136,000 in FY 2016 and \$86,000 in FY 2017, versus \$130,000 in FY 2015. 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 \$385,000 in FY 2016 and \$368,000 in FY 2017, up from an estimated \$100,000 in FY 2015. Most of the increase, about \$225,000 per year, is to cover rent costs, being shifted into the agency's budget rather than included in the Department of Administrative Services budget as in past years.

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## Board of Tax Appeals

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### General Revenue Fund

#### GRF 116321 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$1,479,475	\$1,658,293	\$2,010,208	\$1,700,000	<b>\$1,925,001</b>	<b>\$1,925,001</b>
	12.1%	21.2%	-15.4%	<b>13.2%</b>	<b>0.0%</b>

**Source:** General Revenue Fund

**Legal Basis:** ORC 5703; Section 393.10 of Am. Sub. H.B. 59 of the 130th G.A.

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

## FY 2016 - FY 2017 Introduced Appropriation Amounts

All Fund Groups

### Line Item Detail by Agency

			Estimate	Introduced	FY 2015 to FY 2016	Introduced	FY 2016 to FY 2017	
			FY 2014	FY 2015	FY 2016	FY 2017	% Change	
					% Change		% Change	
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>BTA Board of Tax Appeals</b>								
GRF	116321	Operating Expenses	\$ 2,010,208	\$ 1,700,000	\$ 1,925,001	13.24%	\$ 1,925,001	0.00%
<b>General Revenue Fund Total</b>			<b>\$ 2,010,208</b>	<b>\$ 1,700,000</b>	<b>\$ 1,925,001</b>	<b>13.24%</b>	<b>\$ 1,925,001</b>	<b>0.00%</b>
<b>Board of Tax Appeals Total</b>			<b>\$ 2,010,208</b>	<b>\$ 1,700,000</b>	<b>\$ 1,925,001</b>	<b>13.24%</b>	<b>\$ 1,925,001</b>	<b>0.00%</b>