New Ohio Law Limits Ability of School Boards to File Property Tax Complaints

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Ohio Governor Mike DeWine signed House Bill 126 into law, which limits the ability of school boards and other political subdivisions to file property tax complaints against properties those entities do not own. House Bill 126 represents a significant change from current law and, as a practical matter, will substantially reduce the number of property tax complaints a school board may pursue.

Property Tax Valuation Process Before House Bill 126

Before House Bill 126, school boards had discretion to pursue property tax valuation complaints as they saw fit. School boards also received notice when a complaint was filed seeking a reduction greater than $17,500 in property tax valuation. Finally, school boards had the ability to appeal adverse decisions to the Board of Tax Appeals and to enter into private settlement agreements to resolve these matters. House Bill 126 changes all of these aspects of the current process.

House Bill 126 Changes

House Bill 126 permits a school board to file an original property tax valuation complaint involving property it does not own only if the following three conditions are met:

- The property was sold in an arm's length transaction before the tax year for which the complaint is to be filed.
- The sale price exceeds the true value of the property appearing on the tax list by both 10% and $500,000 more than the auditor's value.
- The school board first adopts a resolution authorizing the filing of the original complaint after providing notice to the affected property owner.

Notably, beginning in tax year 2023, the tax commissioner is required to adjust the filing threshold for inflation each year.

House Bill 126 continues to permit a school board to file counter complaints. However, the law modifies the timeline in which school districts can file a counter complaint to 30 days after the original complaint is filed (as opposed to 30 days after receiving notice of the complaint). The law also eliminates the notice requirement owed to school districts when an original complaint alleges a change in property tax valuation of at least $17,500 but maintains the prohibition on filing counter complaints alleging a change less than $17,500 in property tax valuation.

Finally, House Bill 126 prohibits school boards from entering into private payment agreements with entities that have filed a property tax complaint and prohibits school boards from appealing adverse board of revision decisions to the Board of Tax Appeals, unless the school board owns the property subject to the complaint.

In summary, House Bill 126 significantly restricts the ability of boards of education to file property tax valuation complaints.

If you have any questions about the impact of House Bill, please contact Joe Scholler, Jack Hemenway, Jonathan Roach, Gwenevier Johnson or any member of Frost Brown Todd's Government Services practice group.