

Board of Tax Appeals

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- New responsibility for municipal income tax appeals may add to caseload and result in less timely disposition of cases
- Outdated computer system may not handle current needs
- Staffing has been cut nearly one-third in four years

OVERVIEW

The Board of Tax Appeals (BTA) provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities in a timely and cost-effective way while still satisfying due process requirements. It is an independent, quasi-judicial, single-purpose body, established in 1939 within the Department of Taxation. The Board has operated as a separate agency since 1976. It is comprised of three members appointed by the Governor for six-year terms, and is authorized to determine all appeals regarding questions arising under Ohio tax laws. Staff includes 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. The attorney examiners also conduct mediation sessions.

Duties and Responsibilities

Most 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 from allocations by county budget commissioners of tax receipts to political subdivisions. Decisions by the Director of the Department of Development that enterprises are not qualified for tax incentive qualification certificates may be appealed to BTA. Beginning with tax year 2004, appeals of decisions of municipal boards of appeal regarding municipal income tax obligations were added to BTA's responsibilities. Decisions of the Board of Tax Appeals may themselves be appealed to either the appropriate Ohio Court of Appeals or directly to the Ohio Supreme Court.

BTA is funded entirely from the GRF. Most of the agency's budget is for payroll costs. Tight budgets in recent years have led to reductions of nearly one-third in the Board's staff. In February 2001 the Board employed 31 full-time equivalent (FTE) employees, including the 3 Board members, 25 other full-time employees, and 6 part-time employees. The Board currently has 22.5 full-time equivalent positions.

The number of appeals filed with the Board of Tax Appeals fluctuates from year to year but has shown no downtrend. BTA's smaller staff implies that remaining staff members need to be more productive if the quality and timeliness of the agency's services are to be maintained. Efficiencies resulting from the Board's mediation program have helped BTA cope with its workload. But the number of cases appealed to BTA could rise substantially as a result of the added responsibility for municipal income tax appeals. The agency uses the example that if it receives one appeal per year from each municipal board of appeal in the state, its caseload would increase more than 25%.

The task of coping effectively with its caseload is made more difficult for BTA by outdated information technology. BTA's case tracking system is 15 years old and does not have available fields for entry of information needed for handling municipal income tax appeals. However, the agency is

investing in a computer network upgrade that will ease capacity and technical support problems and would allow eventual replacement of the case tracking system if approval for that expenditure is obtained.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
23	\$2.16 million	\$2.21 million	\$2.16 million	\$2.21 million	Am. Sub. H.B. 66

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

Vetoed Provisions

No provisions of the budget bill pertaining to the Board of Tax Appeals were vetoed by the Governor.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Board of Tax Appeals is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

Tax Dispute Resolution

Purpose: To hear and determine all appeals regarding questions of law and fact arising under the tax laws of the state of Ohio.

The following table shows the line item that is used to fund the tax dispute resolution program and the enacted funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	116-321	Operating Expenses	\$2,155,055	\$2,211,035
General Revenue Fund Subtotal			\$2,155,055	\$2,211,035
Total Funding: Tax Dispute Resolution			\$2,155,055	\$2,211,035

Program Description: The Board of Tax Appeals conducts evidentiary hearings on appeals of tax cases from county boards of revision, determinations by the Tax Commissioner, and other sources. These hearings serve as the basis for decisions by Board members. BTA also conducts voluntary mediation sessions, which often save money for appellants as well as making more efficient use of BTA resources.

Funding Source: GRF

Implication of the Enacted Budget: The enacted budget for FY 2006 provides 5.9% more funding than actual outlays during FY 2005. It budgets a 2.6% increase in spending for FY 2007. More than 90% of this budget pays for personal services. The increases appear sufficient to allow the agency to continue operating much as it has in the recent past, and avoid further staffing cuts. However, if the caseload increases substantially, because of the agency's new responsibility for municipal income tax cases or for any other reason, the timeliness of BTA's termination of cases may deteriorate. In addition, BTA purchases services, primarily court reporting services for the agency's more complex cases. BTA has been able to achieve economies by tape recording simpler sessions. However, use of court reporters greatly facilitates subsequent review of the record, which is helpful in more complex cases. BTA's budget provides for little or no growth in maintenance outlays. Apart from the network capacity upgrade noted above, the budget provides funding for purchases of only minor equipment items.