

LSC Greenbook

Analysis of the Enacted Budget

Board of Tax Appeals

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ATTACHMENT:

Budget Spreadsheet By Line Item

Board of Tax Appeals

- BTA decides tax cases outside the court system
- The budget authorizes BTA to increase spending by 53% in FY 2012 and 6% in FY 2013

OVERVIEW

Agency Overview

The Board of Tax Appeals (BTA) provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities. BTA is an independent, quasi-judicial, single-purpose body, authorized to determine all appeals regarding questions arising under Ohio tax laws, other than estate taxes. The Board is composed of three members appointed by the Governor for six-year terms. BTA's staff includes an executive director, three attorney examiners who manage cases and preside at evidentiary hearings, a paralegal, and four other administrative staff 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.

Appropriation Overview

BTA's appropriation in the budget, a single GRF line item, is \$1.6 million in FY 2012, 53% more than actual spending in FY 2011, and is \$1.7 million in FY 2013. Most of BTA's budget pays the agency's staffing costs. The Board is currently seeking to add three attorney examiners to its staff, and plans to add another paralegal and an additional administrative staff member, and possibly another attorney examiner, later in FY 2012. BTA's budget was cut in the last biennium, and spending fell from about \$2.0 million in FY 2009 to \$1.2 million in FY 2010 and \$1.0 million in FY 2011. In response, BTA reduced staff in August 2009, laying off five attorneys and four administrative staff. But the number of appeals filed with BTA escalated and the

backlog of appeals pending with BTA rose sharply. A lengthening backlog implies longer delays in resolution of cases appealed to BTA.

Major Initiatives

In addition to providing appropriations for BTA, the budget requires that the Tax Commissioner conduct a review of the Board's operations and submit a report by November 15, 2011, with recommendations for improvements. Specifically, the report is to include recommendations for improvements to the appeals process and the Board's internal operations, and may include other operational issues. The outcome of this review may affect BTA's operations and use of the funds appropriated to the agency in the current biennium.

ANALYSIS OF ENACTED BUDGET

The following table shows the line item that is used to fund the activities of the Board of Tax Appeals and the funding levels in the enacted budget.

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 budget would allow BTA to increase spending by 52.6% in FY 2012, compared with actual spending in FY 2011, and by 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 \$473,093 (49.8%) to \$1,424,000, and in FY 2013 by \$90,000 (6.3%) 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 \$41,782 (109.3%) in FY 2012 to \$80,000, and \$11,000 (13.8%) 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 budget for supplies and maintenance in FY 2012 is \$86,000, an increase of \$33,114 (62.6%) compared with actual spending in FY 2011, and in FY 2013 is \$84,000, a decrease of \$2,000 (2.3%). Finally, for equipment the budget authorizes spending of \$10,000 in FY 2012, an increase of \$3,671 (58.0%), and a further \$1,000 (10.0%) increase to \$11,000 in FY 2013.

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FY 2012 - FY 2013 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	FY 2011	Appropriations FY 2012	FY 2011 to FY 2012 % Change	Appropriations FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: Enacted					
BTA Board of Tax Appeals								
GRF	116321	Operating Expenses	\$ 1,162,896	\$ 1,048,340	\$ 1,600,000	52.62%	\$ 1,700,000	6.25%
General Revenue Fund Total			\$ 1,162,896	\$ 1,048,340	\$ 1,600,000	52.62%	\$ 1,700,000	6.25%
Board of Tax Appeals Total			\$ 1,162,896	\$ 1,048,340	\$ 1,600,000	52.62%	\$ 1,700,000	6.25%