135th General Assembly

JOINT COMMITTEE ON PROPERTY TAX REVIEW AND REFORM

Final Report

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Introduction

Created in Amended Substitute House Bill 33 of the 135th General Assembly, the Joint Committee on Property Tax Review and Reform was created to investigate Ohio's complex property tax system. The Joint Committee was required to review the history and purpose of all aspects of Ohio's property tax law, including the forms of levies, exemptions, and local subdivision budgeting and publish a report of findings and recommendations no later than December 31, 2024[1].

The Joint Committee hosted eight (8) hearings from January 2024 through May 2024, hearing in-person and written remarks from sixty (60) individuals representing state and local governments, business owners, national and statewide research organizations, subject matter experts, community advocacy groups, and taxpaying Ohioans. These accomplished and passionate witnesses provided a broad and thorough analysis of Ohio's real property tax, its importance in public budgeting at every level of government, and the growing financial impact property taxes have on Ohio's property owners.

Commission Members

The following members were appointed to the Joint Committee on Property Tax Review and Reform:

- Representative Bill Roemer (Co-Chair)
- Senator Bill Blessing (Co-Chair)
- Representative Tom Young
- Representative Tracy Richardson
- Representative Bride Rose Sweeney
- Representative Daniel Troy
- Senator George Lang
- Senator Sandra O'Brien
- Senator Bill DeMora
- Senator Hearcel Craig

[1] See R.C. 757.60(A)

Summary

In many ways, Ohio's property tax system is unique in its complexity. Property taxes are Ohio's oldest tax, dating back to Ohio's roots as a territory[2]. Beginning in the 1790s, when the first taxes were established as part of the Northwest Territory, a land tax was the main revenue stream for local and state government[3].

At its origin, property was taxed based on a land classification system, with local assessors, the precursor to the county auditor, rating and grouping properties. The land classification system persisted until it was abolished in 1825 and was replaced with an ad valorem property tax, or a tax based on the real property's current value. Real property, the main focus of the Joint Committee, includes land itself, including farmland, and the structures, improvements, and fixtures on that land[4].

Most inefficient of the land classification system and the new ad valorem property tax was the prevalence of exemptions and the deliberate decision to tax certain parcels of developed land based on its unimproved value. These policies resulted in such insufficient revenue that in the ten years following 1836, governments experienced annual deficits. To address revenue shortfalls, state and local governments levied various new and novel non-land taxes and incurred unprecedented levels of debt[5]. In the years following the 1825 creation of the ad valorem tax, continual attempts were made to refine the application of the tax to meet funding needs with little success.

In 1846, the General Assembly responded by enacting the "Kelley Law" which required all real and personal property to be taxed according to its true value and applied the same tax rate to both property types. The law also narrowed tax exemptions, updated situsing requirements, prescribed appraisal standards, and updated the boards of tax equalization.

Many of the tenets of the Kelly Law influenced the taxation principles in Ohio's 1851 Constitution. Most predominately, the original Article XII Section 2 mandated the uniform rule,

> *"Laws shall be passed, taxing by uniform rule, all moneys, credits, investments in bonds, stocks, joint stock companies, or otherwise; and also all real and personal property, according to its true value in money…"*[6]

Application of the uniform rule required an overhaul of Ohio's tax law, which was completed in 1852.

This uniform standard requires Ohio's property tax system to be based on equality, ensuring that property is taxed in accordance with its true value as opposed to some other value. Meaning that

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[2] See Testimony from Sam Benham, Division Chief, Legislative Service Commission, January 10, 2024
[3] See Testimony from Matt Chafin, Deputy Tax Commissioner, Ohio Department of Taxation, January 10, 2024
[4] See R.C. 5701.02
[5] Bogart, E.L. Financial History of Ohio, University of Illinois, 1912, p. 214
[6] Hebert, R. S., & Shapiro, R. M., Ohio Legislative Service Commission, The Legal Framework for Real Property Assessment (1971).

two properties with identical market values located in the same taxing district must be assessed identical taxes. For purposes of assessing, the definition of "true value" was further defined in 1859. True value, now stated as "value" in the Constitution, is interpreted to mean market value, the estimated amount a property would bring in an open market sale between a willing buyer and a willing seller where all parties are aware of relevant facts regarding the property's value[7] .

Determining this true value over time is done via appraisal which requires viewing the property, noting improvements, and comparing the recorded value with the market value of like properties.

Article XII Section 2 was amended in 1929, effective in 1931, to exclude personal property. However, the uniformity principles were left intact for the appraisal of real property. The present section states,

"Land and improvements thereon shall be taxed by uniform rule according to value…"

There were minimal changes to Ohio's property tax law following the 1851 Constitution until 1902. For the first time in 1902, the General Assembly avoided levying a property tax for the general fund. It wouldn't be until 1968 that the state levied its last property tax, mills to retire bonds for bonus compensation to Korean War veterans[8], however this unwinding of the state's dependence on property tax mirrors the system of today.

While the uniform rule set a standard of tax equality, implementation through the equalization and assessment of property faced challenges. In the absence of a state equalization entity, local factions formed seven (7) separate equalization boards to enforce uniformity. In response to these challenges and through a committee, not dissimilar to the 135th General Assembly Joint Committee on Property Tax, the state was tasked with reviewing Ohio's state tax laws.

From this 1906 committee came the creation of the State Tax Commission, formally established in 1910, to stand as an oversight body for the administration of property tax.

In 1939, the State Tax Commissioner was replaced by the Department of Taxation. The new department was composed of the Tax Commissioner and Board of Tax Appeals (BTA), composed of three (3) gubernatorial appointees[6]. Until 1976, the Board of Tax Appeals served as the body managing property assessments, at which time oversight of the property valuation process was transferred to the Department of Tax Equalization, a separate and distinct administrative body from the Department of Taxation and the BTA. It wasn't until 1983 that the Department of Tax Equalization was absorbed by the Department of Taxation, as it exists today[3].

The creation of the Board of Tax Appeals, and later the Department of Taxation, was meant to be the mechanism for enforcing uniformity. From 1825 to 1859, appraisals were conducted rarely, even when a sexennial valuation requirement was provided in 1852. In 1859, realizing the flaws

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[7] See e.g., State ex. rel. Park Inv. Co. v. Bd. of Tax Appeals, 175 Ohio St. 410 (1964); State ex rel. Park Inv. Co. v. Bd. of Tax Appeals, 32 Ohio St.2d 28 (1972).

[8] Ohio Department of Taxation. (n.d.). History of Major Tax Changes.

in appraisal, the General Assembly mandated a revaluation in 1864. However, this revaluation was delayed to 1868. In 1870, the sexennial valuation requirement was extended to a decennial requirement, which was similarly ineffective in the proceeding years.

The McDonald Act of 1925 established the first fragments of today's sexennial reappraisal by requiring county auditors to reappraise all property every six years. During this period, the BTA was created to ensure these appraisals were conducted. As part of the enforcement of the BTA, annually, the county auditor, the chief property appraiser and tax assessor of the county, was required to present their reappraisal of properties to the county board of revision, a county oversight entity tasked with reviewing complaints of real property tax and to generally oversee taxation of real property[6].

However, these sexennial reappraisals were still lacking. Due to an inability to find qualified assessors, county-wide appraisals were few and most counties only managed to incorporate known land improvements, new construction, recent sales, and classification changes to property.

Seeing the error in all counties appraising in a single year, the General Assembly modified the sexennial requirement to allow auditors to reappraisal once in each six-year period, beginning in 1943. Despite the creation of the BTA, there remained no penalties for county auditors that refused to conduct appraisals and with no funding mechanism allowed, the financing of these reappraisals proved difficult.

In response to these challenges, the General Assembly first enacted penalties. In a 1957 statute the state opted to withhold Local Government Funds and revenue to school districts if the county auditors failed to comply with the reappraisal requirement and BTA orders. In 1959, the General Assembly sought to alleviate some of the auditors' costs by permitting a portion of property tax revenue to be used towards the cost of reappraisals. Today, auditors are still permitted a funding mechanism for reappraisals and similar penalties exist for failure to reappraise[9].

In expanding the BTA's ability to penalize non-appraising counties, the many counties that complied were faced with the difficult task of steeply increasing property values and, thus, property taxes. In 1952, the BTA decided to accept abstracts, documents prepared by the county auditor containing the updated valuation of property in the county[10], with sales-assessment ratios, analyses that compare assessed values to actual sales prices, averaged at 50%. This decision was swiftly challenged by the Cuyahoga County Commissioners, when ordered by the BTA to increase all property values in the county by 25%. In ruling, the Ohio Supreme Court held that the county auditor had a mandatory duty to comply with the BTA's order and that the BTA was acting within their discretion. In doing so, the Court allowed fractional assessment of property, despite the true

[9] See R.C. 319.54, R.C. 5715.26, R.C. 5715.34

[10] Ohio Legislative Service Commission. Property Tax: The Triennial Update, Members Brief (Vol. 134, Issue 57), 2022

value requirement and uniform rule of the Ohio Constitution and recognized the lawful use of sales-assessment ratios to equalize property values[11].

A taxpayer in Hamilton County followed with challenging the BTA in 1955, when ordered to increase all county properties by 10% following submission of their sales-assessment ratio. The Ohio Supreme Court found that, in regard to the taxpayer's constitutional objections, that because the property was equalized in the aggregate there was no constitutional indiscretion. The Court likewise found that individual property valuations are a matter for local appraisers, not the BTA, and, again, upheld the BTA's fractional assessment at less than 100% true value[12].

Even with the support of two Supreme Court wins, there remained uncertainty regarding the constitutionality of the BTA's policy to appraise property at 50% of true value. In 1957, the General Assembly passed legislation that required property to be assessed according to taxable value, rather than its true value, and empowered the BTA to set taxable value via rules. As a result, the Board of Tax Appeals defined taxable value as:

"that percentage of true value as determined from time to time by the Board."[6]

This standard was challenged by Cuyahoga County, but ultimately upheld by the Ohio Supreme Court[13] in 1959. From this, the Court interpreted the true value requirement of the Article XII Section 2 to be a limitation on unvoted millage, but not a limitation on property appraisal so long as the property was appraised uniformly.

Displeased with Ohio's property tax system, the 103rd General Assembly created a Tax Study Commission to review the taxation of property. The Commission found that neither statute or Article XII Section 2 were being met, by uniform standards or true value standards, and recommended a law to set the assessment rate of property at 50%[6].

In the following years, the focus of property tax reform turned to uniformity for the taxpayer. For most of Ohio's history, the taxpayer had few options to challenge non-uniform property values. Prior to 1964, the taxpayer could receive a reduction in property value via the federal courts if their property was not valued in accordance with the rest of the county. However, before 1957, the BTA was not empowered to change individual values that were appraised higher than like properties, but less than 100% of true value. Nor were county boards of revision.

In 1957, the General Assembly passed legislation to expressly allow the BTA and boards of revision to adjust property values and, should an appeal be made to the BTA, granted the BTA the authority to set a new value. However, in 1959, this law was changed to remove the boards of revision authority and clarify that while the BTA was empowered to set a new value, the new value must be at the property's true value. Given the BTA's policy of valuing properties at 50% of true value aggregately, this law change offered limited respite to aggrieved property owners.

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[11] See *State ex rel. Curry v. Monroe*, 159 Ohio St. 1 (1953)
[12] See *Rollman Sons. Co. v. Board of Revision of Hamilton County,* 163 Ohio St. 363 (1955)
[13] See *Carney, Auditor v. Board of Tax Appeals,* 169 Ohio St. 445 (1959)

This stance, that taxpayers had no case to dispute property values appraised at less than true value, was coined the "Ohio Rule.[14]" Despite diverging further with federal courts and, later, the Fourteenth Amendment to the U.S. Constitution, this standard was unchanged until 1964.

In a series of cases termed the *Park Investment Cases*, the Ohio Supreme Court revisited the application of Article XII Section 2's uniform rule. In 1962, the Park Investment Company directed the Board of Tax Appeals to make a determination that all real property in Cuyahoga County was being appraised at less than true value, as well as decrease the aggregate assessed value of commercial real property in the county to align with the aggregate value throughout the state.

Unlike past cases where the Ohio Supreme Court had dismissed complaints citing the "Ohio Rule," in 1964 the Court ordered the BTA to perform a review of all the tax assessments in Cuyahoga County and order an equalization of the assessments if non-uniform taxation was found. Following review, the BTA found sufficient violation of the uniform rule and required the county auditor to reduce all commercial property values by 15%.

In this case and the series of resulting cases, the Ohio Supreme Court ruled that the Ohio Constitution requires all property to be taxed by a uniform rule according to value. Further, while the BTA argued sales price was not the only factor used to determine property value, the Court specified that value must be based on market value and be uniform for all classes of properties across all counties.

In response to these rulings, the 106th General Assembly, in 1965, passed legislation to require the Board of Tax Appeals to create rules to equalize property values with prescribed methods of determining true and taxable value. Under this law, the BTA and the common pleas courts were granted authority to increase and decrease property values when addressing taxpayer complaints. This legislation and the flurry of court cases that followed the *Park Investment Cases* effectively banished the "Ohio Rule."

However, this limited scope of authority did little to satisfy the Ohio Supreme Court's order that property values be equalized immediately. When the General Assembly failed to take action following the Court's fourth order in 1971, the Court went so far as to suggest someone or some board be held in contempt of court if no equalization of values was undertaken. In response, the General Assembly set out a six-year cycle to reappraise all property based on true value.

This six-year cycle mirrors Ohio's current sexennial reappraisal, the practice in which the property in a county is appraised to ensure that real property is being assessed at 35% of its fair market value, by order of the Tax Commissioner. To ensure consistency, the Department of Taxation has created a continuous, cyclical schedule in which every six years each county conducts a full reappraisal of real property. In the third year of that cycle, the county conducts a reassessment, known as the triennial update[15]. This schedule intentionally staggers the counties' reappraisals and updates, such that each year approximately one-sixth of counties conduct a sexennial reappraisal and another one-sixth of counties conduct a triennial update.

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[14] See *Wagoner v. Loomis,* 37 Ohio St. 571 (1882), *McCurdy v. Prugh,* Ohio St. 465 (1898)

[15] See R.C. 5715.33

As demonstrated by the General Assembly's response to the *Park Investment Cases,* regular accurate appraisals are necessary to ensure property is appraised at its true value and assessed at a uniform percentage of that value. Though the reappraisal cycle is mandated in statute, the requirement is ultimately a mechanism for complying with Article XII, Section 2.

Both the sexennial reappraisal and triennial update represent a joint effort by the county auditor and the Tax Commissioner to set accurate values for property statewide. In each instance, the county auditor begins the revaluation process, and the Department of Tax prescribes standards and rules for determining property value[16]. These rules are based heavily on the standards promulgated by the International Association of Assessing Officers (IAAO)[17].

When considering the baseline for conducting a sexennial reappraisal, the Ohio Supreme Court found that a recent sale on the open market was the best indicator of a property's value[7]. Current statute upholds this principle by authorizing county auditors to consider property sales data when the sale occurred within twenty-four (24) months of the tax lien date[18]. It is imperative that the data is composed of only open markets sales, not, for instance, discounted sales among family members, sales with specialized financing, or foreclosure auctions. To determine fair market value, the county auditor undergoes a sales review. The Department of Tax permits three approaches to conducting a sales review: the cost approach, market data approach, and the income approach[19].

The cost approach considers the depreciation and obsolescence of a property to value any buildings and improvements. This is generally based on the structure's construction and replacement costs. The market data approach works as described above by comparing recent sales of like properties to identify comparable market values. Lastly, the income approach calculates property value by the income the property generates[20]. County auditors are tasked with using the best sales review approach for different types of property. While the market approach works well for residential homes, the income approach works better for apartment complexes and commercially leased properties, and so on.

In the absence of a recent valid sale, the county auditor relies on a countywide appraisal, either via a contracted outside mass appraisal firm or through in-house certified mass appraisers[17]. This data is considered in conjunction with the sales review to create a full picture of each property's characteristics, location, and, eventually, its true value.

There are two main types of appraisals: fee appraisals and mass appraisals. A fee appraisal utilizes an in-depth inspection of the interior and exterior of a single land parcel and calculates the estimated value based on comparable properties in the geographical area. Fee appraisals are rarely utilized by the county auditor for the sexennial reappraisal due to their cost, limited scope, and the time restraints of setting new values, however these appraisals may be submitted by property owners as evidence in board of revision complaints[10].

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[16] See R.C. 5715.01(A)

[17] See Testimony from County Auditors Association of Ohio, January 24, 2024

[18] See R.C. 5713.01(B), R.C. 5713.03, O.A.C. 5703-25-06(F)

[19] See O.A.C. 5703-25-11, O.A.C. 5703-25-12

[20] See O.A.C. 5703-25-05(D), (F), and (G), O.A.C. 5703-25-07(D)

Unlike a fee appraisal, mass appraisals evaluate large groups of properties using expert modeling and market trends. These appraisals collect data on relevant property information, such as the age and condition of the property, square footage, design and layout, etc., to establish uniformity and identify the value of a type of property in a specific geographical location.

During the sexennial update, the county auditor uses the findings from the completed sales review and mass appraisals to set new property valuations for all parcels in the county. Notably, while the Constitution requires property to be valued at 100% of market value, the IAAO standards used by the Department of Taxation allow the auditor's taxable value to be 92%-95% of the market value[17].

The county auditor's proposed value changes are then presented to the county board of revision, comprised of the county auditor, county prosecutor, and a county commissioner. This review occurs annually on the second Monday of June, regardless of whether the county is conducting the sexennial reappraisal or triennial update. The board of revision is tasked with making necessary corrections to the proposed assessment list which includes, revising values, improperly listed ownership information, or adding omitted and not yet valued parcels, tracts, and lots[21].

Once approved by the board of revision, the information is recorded on an abstract that is then shared with the Tax Commissioner. This tentative abstract reports the true value data on all carryover property, property that was recorded on the previous year's tax list[3].

While the county auditor is conducting their reappraisal, the Tax Commissioner and the Department of Tax Equalization (DTE) are performing a similar analysis, called a sales ratio study. This analysis takes three previous years of sales data compiled and submitted by the county auditor and proposes aggregate increases or decreases to certain classes of property. Unlike the county auditor, the Department of Taxation does not conduct a mass appraisal of property.

Despite receiving three years of sales data, the *Park Investment Cases* have held that market value is most accurate when calculated based on recent sales, similar to the requirements for a valid sale. Therefore, the Department of Tax prioritizes the most recent year of sales data when setting their adjusted property values. The preceding two years of data are used primarily for evaluating market trends.

Once the Department's evaluation is complete, the Department either accepts or rejects the county auditor's tentative abstract. The Tax Commissioner is authorized to order the county auditor to increase or decrease their aggregate property values to match the proposed values of the sales ratio study. If the county auditor objects to the order, they may appeal the determination to the Board of Tax Appeals. The non-prevailing party of the BTA case can further appeal to the county's Court of Appeals or the Ohio Supreme Court.

Swiftly following the Tax Commissioner's determination or, in the case of an appeal, the decision handed down by the BTA or Court, the county auditor must submit a final adjusted abstract to the Commissioner. This final abstract is reported as the taxable value, 35% of the true value, for all carryover property and, unlike the tentative abstract, new construction. When establishing the taxable value from the true value, special consideration must be given to properties with

[21] See R.C. 5715.16

abatements, exemptions, or within tax-incentivized areas, such as tax incrementing financing projects. As established in 1957, the Commissioner must withhold 50% of the county's Local Government Funds and 50% of the county's school district payments if the county auditor fails to submit a new abstract[22]. Additionally, the Tax Commissioner is permitted to take civil and criminal actions against non-compliant auditors[23].

Once finalized, the county auditor is required to advertise the completion of the sexennial reappraisal in one of the county's generally circulating newspapers and notify property owners with valuation changes of their value changes. It is only once public notification is complete that the county auditor is permitted to issue tax bills[24].

There is one main difference between the sexennial reappraisal and the triennial update. While the sexennial reappraisal examines each parcel to determine a new value, the triennial update adjusts value through a statistical evaluation. For that reason, the triennial update is based only on recent, valid sales data and changes to a single property are not reflected in the adjustments. Like the Department of Taxation in the sexennial reappraisal, during the triennial update, county auditors are tasked with compiling and reviewing three years of sales data and conducting a sales ratio study, instead of a mass appraisal[10].

Aside from using an aggregate approach to re-evaluating property, the triennial update still requires the county auditor to complete an abstract review with the Department of Taxation, receive approval from the board of revision, and provide public notification.

Despite the extensive work of the county auditor and the Department of Taxation, the new property values are not completely set. Property owners retain appeal rights through the board of revision.

A property owner and certain third parties may file a complaint at the board of revision to challenge a multitude of determinations, including: property classification and valuation, CAUV recoupment charges, and tax exemption and reduction amounts[25]. If a property owner believes their property is incorrectly valued, they may file a valuation complaint.

The board of revision process is quasi-judicial in nature. The initial complainant bears the burden of proof and must provide evidence supporting their position. This evidence may include testimony, fee appraisals, recorded sales and deeds, contractor estimates for repairs, and photographs. Additionally, certain other parties may join the complaint via a counter-complaint[17].

To ensure the timely assessment of taxes, valuation complaints may only be filed from January 1 through March 31 of each year. Once filed, the property owner is generally restricted from filing more than one valuation complaint in the period between the sexennial reappraisal and triennial update. A determination by the board of revision must be made within 180 days of the end of the filing period or, if a counter-complaint is filed, 180 days from the counter-complaint filing. If the board of revision does not issue a decision within that period, the property owner's complaint

[22] See R.C. 5715.26(A)(3)
[23] See R.C. 5715.31
[24] See R.C. 5713.01
[25] See R.C. 5715.02 and R.C. 5715.19

continues through the year until a decision is made by the board of revision, BTA, or a higher court.

Despite complaints extending past January 1st, taxpayers will not be charged taxes based on inaccurate values. Instead, valuation decisions made by the board of revision are retroactive to the tax lien date. If a taxpayer's property value decreases, the County Treasure must issue a refund or credit for the overpayments. If the reverse occurs and the property value increases, the taxpayer is required to pay additional taxes[17].

While the sexennial reappraisal and triennial update are now the law of the land, the Ohio Constitution and state law have offered unique measures for the valuation of agricultural property.

The consideration of farmland for purposes of taxation dates to Ohio's original land classification system. At the state's inception, almost all landowners were farmers and land was classified based on how fertile it was for agricultural purposes. As canal networks were established, lands closer to these waterways were considered more valuable under the classification system. As Ohio's industry evolved, the land classification system was replaced with the ad valorem tax. This change meant land would no longer be valued based on its agricultural productivity, but on its market value[2].

In the years that followed, the valuation of agricultural lands faced similar uniformity issues as other types of real properties. While some county auditors appraised agricultural property based on market rate, as required under the ad valorem tax, many auditors continued to appraise these lands based on their productivity. The Ohio Supreme Court clarified, via the *Park Investment Cases,* that the uniform rule did not permit real property classification and, thus, required property to be taxed based on true, market value.

Partially in response to these rulings, in 1973 the voters overwhelmingly approved through constitutional amendment the valuation of agricultural property based on its current use[26]. This amendment acts an exception to the uniform rule[27]. The General Assembly swiftly codified current agricultural use value (CAUV) in law in 1974[28]. The creation of CAUV served two purposes: to provide an alternative valuation measure and to provide an incentive to preserve farmland. The original slogan for the 1973 amendment was "S.O.S. – Save Open Space." The tax benefit offered by CAUV and the recoupment charges act as both an incentive and deterrent from converting productive farmland to other uses.

This first iteration of CAUV did not mandate a specific method for valuation. Instead, the law gave broad authority to the Department of Taxation to create a methodology that was aligned with modern appraisal standards and that considered:

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[26] See Testimony from Leah Curtis, Policy Counsel, Ohio Farm Bureau, February 7, 2024
[27] See Ohio Constitution, Article II, Section 36.
[28] See S.B. 423 of the 110th General Assembly

"the productivity of the soil under normal management practices; typical cropping and land use patterns; the average price patterns of the crops and products produced and the typical production costs to determine the income potential to be capitalized; and other pertinent factors."[29]

In practice, the Department developed a calculation to determine potential net income, which included setting a capitalization rate and tax additur. In 2017, these administrative rules were codified in legislation which honed the capitalization rate to better represent farm interest rates and provided CAUV status to qualified conservation land[26]. Annually the Department revises the formula based on metrics in the farm economy. This process is undergone with the advice of the Agricultural Advisory Committee, a council appointed by the Tax Commissioner and composed of agricultural stakeholders and public agencies.

The CAUV formula intentionally does not consider the development potential of land. Instead, CAUV calculates taxable value based on the projected purchase price for the farmland if the land was used solely for generating income through agriculture production. The metrics used within the formula focus on aggregate expected results. In practice, the individual output of a single farmer may differ slightly from the formula's representative inputs.

To qualify for CAUV, the parcel must, for the three preceding years, be ten (10) or more acres devoted exclusively to agricultural use or, if under ten (10) acres, all the land must be devoted exclusively to agricultural use and produce an average annual gross income of at least $2,500. For valuation purposes, the definition of agricultural use is fairly broad and encompasses, but is not limited to, a multitude of traditional crop farming, livestock farming and animal husbandry, aquaculture, hemp cultivation, biodiesel and biomass energy production, and apiculture[30].

Calculating the agricultural value of farmland is best represented by this formula[26]:

$$CAUV = \frac{(\text{Income from Agricultural Production}) - (\text{Non-Land Production Costs})}{\text{Capitalization Rate}}$$

Determining the farm's income first starts with calculating the farm's projected gross income, portrayed in the equation as "Income from Agricultural Production." To do this, the Tax Commissioner looks at four (4) main factors, soil type, crop yield, crop prices, and management costs. Ohio has over 3,500 types of soil, which have a direct impact on the effective and maximized production of certain crops. A crop that grows well in one soil type may not grow well in another. For the farmer, understanding the unique characteristics of each type may be the difference between below-average crop yield and overwhelming success. A farm may have several soil types present across its total acreage. Maps depicting where soil types are located are consulted, and the soil types are recorded for each farm to value the property on the CAUV program. These soil

[29] See R.C. 5715.01(A)(2)
[30] See R.C. 5713.30

values derived from the formula are published on CAUV "land tables" by the Department. These land tables apply to the counties undergoing their sexennial reappraisal or triennial update in that year and the two years following[31].

Crop yield, measured in yield per acre of crop harvested in each soil type, and price consider the projected earnings for Ohio's major field crops: corn, soybeans, and wheat[32]. The yield information is sourced from federal Farm Service Agency data and adjusted using a 10-year average of actual statewide output. Crop price data is retrieved from the National Agricultural Statistics Service and averaged by the Department to determine the price used in the formula. The Department of Taxation takes seven (7) years of previous crop price data, removes the highest and lowest outliers, and averages the remaining (5) years to generate a weighted average for statewide production price for each crop. Finally, gross income considers management costs. This is done by subtracting a percentage of each average crop price from the overall average. The management percentage is derived from the Ohio State University's Crop Enterprise Budgets. This process creates an adjusted crop price that better reflects farmer's revenue and expenses[31].

The next component is determining net income by calculating "Non-Land Production Costs." Measured per acre, non-land production costs include any expenses not captured in the weighted crop price calculation. This may include seeds, fertilizer, farm equipment, machinery, repair costs, wages, interest, and fuel. The costs are derived from data collected by the Ohio State University and reported in annual crop enterprise budgets. These amounts are calculated similarly to crop price using a weighted five (5) year average per acre for each crop type[31].

Also included in non-land production costs is a metric that accounts for land capability, called the average cropping pattern. There are eight (8) classes of land capability that consider slope, erosion, drainage, soil type, and potential hazards. These classes evaluate the parcel's suitability for farming. Classes I through IV are considered cropland, while Classes V through VIII are only considered suitable and profitable as woodlands or pasture.

The average cropping pattern is an average of the percentage of acres harvested of the three major crop types in the previous five (5) years, adjusted for land capabilities. Again, the data to calculate the average is derived from the National Agricultural Statistics Service. This metric gives a realistic look at what crop rotations are used to best maximize output and prevent soil erosion.

Like the income variable, the formula for approximating non-land production costs does not provide for every unique scenario encountered by the individual farmer. These approximate measures can only provide the nearest statistical representation of the most common hypothetical scenarios. Some farmers may utilize more or less efficient practices than what the formula provides[31].

The final portion of the CAUV calculation is the capitalization rate. Using a mortgage-equity method meant to account for farm mortgage terms and average investment equity returns, the Tax Commissioner sets a capitalization rate to represent the expected rate of return from investing in

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[31] Ohio Legislative Service Commission. Current Agricultural Use Value, Members Brief (Vol. 132, Issue 7.1), 2018

[32] See OAC 5703-25-33(H)

an Ohio farm engaging in only agricultural income earning endeavors. This capitalization rate is updated annually to best account for changing rates.

The formula for calculating the capitalization rate is as follows[31]:

[(Debt-to-Equity Ratio) × (Annual Debt Service)]

+

[(Equity-to-Debt Ratio) × (Equity Yield Rate)]

−

[(Equity Build-Up Over 25 Years) × (Sinking Fund Factor)]

+

Tax Additur

= Capitalization Rate

The "debt-to-equity ratio" represents the percentage of a farmland's purchase price that is financed by borrowed funds. With that amount in mind, the "equity-to-debt ratio" is one (1) minus that debt-to-equity ratio. The "annual debt service," calculated as a percentage, is the annual loan payment on the farmland based on the loan amount. The "equity yield rate" is the expected annual rate of return a landowner can anticipate receiving from the farm and calculated by the U.S. Department of Agriculture's twenty-five (25) year average of the "total rate of return on farm equity."

"Equity build-up" is the equity a landowner receives once the farm loan is fully paid off, assuming the land is held for twenty-five (25) years. The "sinking fund factor" is the rate at which loan principal payments contribute to the equity build-up. Finally, the tax additur, computed as a percentage of market value, is the statewide average tax rate applied to all agricultural land[31].

Once all the formula components are set, the Department of Taxation calculates values for each soil type which is then published in the CAUV Land Table. The Department also sets a minimum value for cropland and woodland. The county auditor is tasked with applying the values to each qualifying land parcel by soil type. Like other types of real property, CAUV property is assessed at 35% of its value. Levied millage charged to the property is adjusted by the tax reduction factors when eligible and CAUV property owners may receive a reduction of taxes from the 10% nonbusiness credit. If the CAUV property contains a residential home, that home's appraisal is treated separately from the rest of the property. The residential home is valued based on true market value and, if eligible, may qualify for the homestead exemption, and 2.5% owner-occupancy credit[31].

Woodlands, property on which timber is grown as part of or next to farmland[33], also qualify for CAUV. However, unlike other types of agricultural property, the valuation for woodlands includes a deduction for the clearing and drainage costs incurred should the woodland be converted to

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[33] See *Adams v. Harris, Slip Opinion No. 2024-Ohio-4640.*

cropland. This should not be confused with forest land, which is not CAUV-eligible. Forest land that is devoted exclusively to forestry or timber, as determined by the Tax Commissioner, is taxed annually at 50% of the tax rate[34]. Known as the Forest Tax Law program, landowners enroll in this program through the Ohio Department of Natural Resources and must meet certain requirements.

Conservation land may also qualify for CAUV. If the land is enrolled in a federal conservation or retirement program or if the land being maintained through eligible conservation practices is 25% or less of the property owner's total CAUV land, the parcel qualifies for the minimum value. This type of non-federal conservation includes most farm management practices to prevent soil erosion, as outlined in the Revised Code[35].

Not only is CAUV beneficial for appraisal accuracy, but the tax savings afforded by the alternate valuation formula provide a significant incentive for famers to continue farming. To continue encouraging the preservation of farmland, the program includes a recoupment charge. If the CAUV-eligible land is converted to a nonfarm use, the property owner is subject to a recoupment charge equal to the tax savings of the three preceding years[36]. A similar recoupment charge is applied to converted conservation land; however, the three years recoupment is charged if the land is converted to farm or nonfarm use. In practice, these recoupment charges can act as a significant deterrent for non-agricultural development.

At the same time the state and local governments were grappling with appraisal standards, so too were they considering tax rates.

In the same legislation that created the 1910 State Tax Commission came "The Smith Law"[37] or "Smith one percent law." Due to concerns over fiscally irresponsible budgeting practices by the local governments[38], this law required taxing authorities to operate in cash through semi-annual appropriations and submit annual budgets, now referred to as "tax budgets." These tax budgets provided anticipated revenues and expenditures for the fiscal year and were submitted to the county auditor to be reviewed by a three-member board composed of the county auditor, county prosecutor, and the mayor of the largest municipality in the county. In 1915, the mayoral position was replaced by the county treasurer, hence creating the county budget commission[39].

At its inception this body was permitted to reduce local subdivision budgets. Since then, the county budget commission has expanded in membership, is responsible for Local Government Fund distribution[40], and must oversee tax budgets, the approval of levies, allocation of non-guaranteed inside millage, reduction of certain other millage, and certification of tax rates and balances, among other statutory obligations. Unlike the initial county budget commission, the current body is

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[34] See R.C. 5713.23
[35] See R.C. 5713.30
[36] See R.C. 5713.34
[37] Bahl, R. W. (Ed.). (1996). Taxation and Economic Development: A blueprint for tax reform in Ohio. Battelle Press.
[38] See Timothy S. Hogan, "Annual Report of the Attorney General to the Governor of the State of Ohio for the period from January 1, 1911 to January 1, 1912," (1913)
[39] Ohio Legislative Service Commission. Political Subdivision Budgeting Process, Members Brief (Vol. 135), 2024
[40] Massie, E. C., Ohio Department of Taxation, History of the Local Government Fund: Part 1 (2014)

prohibited from reducing the rate of levies they are required to approve without action from the taxing authority.

Most notably, the Smith Law imposed a 10 mill limit as the maximum rate that could be levied in one year by a single taxing authority without voter approval[37]. In 1927, the General Assembly repealed the Smith Law and increased the unvoted millage allowance to 15 mills while simultaneously exempting certain types of millage from that limitation. In 1929, via amendment, the voters added a 1.5% limitation on unvoted millage to the Ohio Constitution. This amendment took effect in 1931 and soon after in 1933, this limit was reduced to 1%. The General Assembly revised the statute in 1934 to reduce the allowed unvoted millage from 15 mills to 10 mills[3]. The present-day Ohio Constitution reads,

> *"No property, taxed according to value, shall be so taxed in excess of one per cent of its in money for all state and local purposes, but laws may be passed authorizing additional taxes to be levied outside of such limitation, either when approved by at least a majority of the electors of the taxing district voting on such proposition, or when provided for by the charter of a municipal corporation."*[41]

While similar, the 1% limitation in the Ohio Constitution and the 10-mill limitation in statute are different. This difference lies in the use of the terms "true value" and "taxable value." With its inclusion in the original Ohio Constitution, the uniform rule necessitated that property was to be valued at its true value.

By rule of the BTA in 1965 and in response to the 1959 Tax Study Commission, the General Assembly created a statute to separate appraised value from assessed value by mandating that the assessment of property taxes could not exceed 50% of a property's true value, which was still to be appraised at 100% of true value. With the creation of the first state income tax in 1972, the General Assembly also lowered the assessed value to 35%, where it stands today[42].

This assessment rate is the percentage of a property's value that is subject to taxation. Taxable value, also termed assessed value, equates to 35% of the property's true value. When calculating the taxes owed on a property, the auditor multiples the tax rate by the taxable value of a property.[2]

The differentiation between appraised value and assessed value begot a differentiation between the 1% limitation on unvoted millage in the Ohio Constitution and the 10-mill limitation in statute. The 1% limitation is based on true value, while the 10-mill limitation is based on taxable value[43]. Consequently, the 10-mill limitation is more restrictive than the 1% limitation for local taxing authorities.

Unvoted millage consists of two types: inside millage and charter millage. Inside millage can be further broken down into inside millage debt levies, guaranteed inside millage, and non-allocated

[41] See Ohio Constitution, Article XI, Section 2
[42] See R.C. 5715.01
[43] See R.C. 5705.02 and R.C. 5705.18

inside millage, called “free” inside millage. A mill is the unit used for calculating property taxes and is reflected in the tax rate as mills per dollar of taxable value. A mill is equivalent to one-tenth of one cent[2].

Prior to the 1929 amendment to the Ohio Constitution, inside millage was common. It was only through the limitations referenced previously that voter approval of levies became the means of property taxation. Inside millage may be limited in its amount, but it is permitted to be used for most general purposes including current operating expenses, permanent improvements, and other specific purposes expressed in law[2]. To satisfy the constitutional requirement that local government general obligation bonds be backed by a tax levy, taxing authorities are permitted to pledge the proceeds from an inside millage debt levy[44].

Unlike voted millage, the allocation of inside millage is rather complex. The limitation on unvoted millage is based on the millage applied to a single property, not the millage levied by a single taxing authority. For that reason, inside millage must be allocated simultaneously in shares to overlapping taxing authorities with the total impact to each property in mind. This allocation process is performed by the county budget commission, however the discretion of the commission to change this allocation, once set, is limited. Also, unlike voted millage, inside millage is not subject to the tax reduction factor[2].

Between 1929 and 1933, when the unvoted millage limitation was decreased from 15 mills to 10 mills, the vast share of inside millage was allocated to certain political subdivisions. To this day, the subdivisions that existed during this period are entitled to a share of inside millage equal to two-thirds of the average annual amounts they received during those years. These shares are referred to as guaranteed inside millage and can only be reduced at the request of the political subdivision. The county budget commission does not have the unilateral authority to change these amounts.

The portion of inside millage that is not guaranteed may be allocated by the county budget commission to any taxing authority that shows a need for the millage via their annual tax budget. This portion is often called free inside millage. Free inside millage is allocated every year and can be given to different taxing authorities year-to-year, including recipients of guaranteed inside millage[2]. Free millage is often the only unvoted millage option for taxing authorities that were created after 1933.

Today, most school districts are allocated around four (4) to six (6) inside mills[45].

Finally, charter millage, like inside millage, does not require voter approval nor is it subject to the tax reduction factor. However, unlike inside millage, charter millage is not subject to the 1% limitation and the 10-mill limitation. While inside millage is apportioned by the county budget commission, charter millage is only available to the chartered municipal corporation. The amount

[44] See Ohio Constitution, Article XII, Section 11
[45] See Testimony from Mike Sobul, Retired Research Administrator, March 24, 2024

of available millage is authorized in the municipal charter, which must be approved by the majority of the electorate[46].

The limitations on unvoted millage and the new taxable value measure were not the only tax relief measures of the time. In 1925, the General Assembly enacted the "millage rollback," not to be confused with today's 10% rollback. Similar to today's reduction factors, the millage rollback functioned to reduce the tax rate, also called millage rate, to mostly eliminate any growth in rate caused by an increase in property values caused by a reappraisal. Given the inconsistency of appraisals from 1925 to the 1960s, the millage rollback was rarely employed.

However, in the wake of the *Park Investment Cases* and due to the high inflation rates of the 1970s[2], property owners experienced widespread property value increases and, therefore, tax increases. The 1972 legislation establishing a 35% taxable value buffered some of these tax increases, as did the millage rollback, however many real property owners felt the aid was insufficient. After years of refining the restrictions on unvoted millage, the property tax increases perpetrated by property value increases were widely regarded as just another form of unvoted taxation.

The insufficiency of the millage rollback was due, in part, to its design. The millage rollback applied to both real property and tangible personal property, however, it was calculated based on real property value changes[47]. While personal real property and agricultural property were experiencing sharp increases in valuation, the same could not be said for tangible personal property. As a result, tangible personal property taxpayers were receiving a net reduction in property tax rates, while other forms of real property were only receiving a reduction of the increase. This resulted in a substantial shift in the tax burden, so that tangible personal property owners were paying less compared to real property owners.

To counter this, the General Assembly responded in 1976 with H.B. 920, a new and improved millage rollback. The purpose of H.B. 920 is simple,

> *"to prevent appreciation in real property values from causing commensurate increases in real property taxes."*[47]

H.B. 920, also called the tax reduction factor, acts as a type of inflation indexing, allowing tax collections to automatically adjust to changes in property value. Once a new property value is determined, the tax rate is charged to obtain the taxes owed. At this point, the tax reduction factor is applied to reduce the amount owed by a percentage that offsets the increase in tax collections to a taxing authority. The resulting amount is a reduced tax collection amount in which the net effect is the taxing authority receiving no more or less revenue from voted millage than the previous year

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[46] See Ohio Constitution, Article XVIII, Section 8

[47] See Testimony from Sam Benham, Division Chief, Legislative Service Commission to the Ohio House Ways and Means Committee, March 14, 2023

despite the increase in property value. Like the current tax reduction factors, H.B. 920 acted as a credit on the taxpayer's bill.

H.B. 920 offered one important, key difference – it applied only to real property. By excluding personal property, this tax reduction factor avoided the personal property tax burden shifting created by the original millage rollback. However, it did not fully do away with tax burden shifting[47].

Real property is composed of multiple taxpaying groups – residential, agricultural, commercial, and industrial. H.B. 920 contained a fatal flaw by treating each of these groups the same, as residential property generally appreciates more rapidly than commercial and industrial property. Similar to the original millage rollback, the result was a shift of the taxing burden from commercial and industrial real property to residential and agricultural real property.

Unlike with the creation of H.B. 920, Article XII, Section 2's uniform rule posed a dilemma for drafters of a revised tax reduction factor. To avoid the shifting of the tax burden, revisions of H.B. 920 required certain groups of real property to be treated differently than others with different tax reduction factors. The solution was another constitutional amendment in 1980[47].

The newer and more improved tax reduction factor authorized, for only the purposes of a tax reduction factor, two separate and distinct classes of real property. Class I is composed of residential and agricultural land and its improvements, while Class II consists of all other land and improvements, mainly commercial and industrial real property, including apartment complexes[48].

Today's tax reduction factor works much the same as H.B. 920. For each class of property, if the gross amount of taxes charged against a property increase compared to the preceding year, the taxes owed are reduced by a percentage such that the current taxes owed are the same as the preceding year. For this reason, the tax reduction factors only apply to carryover property, real property that was taxable in the previous year as the same class of property[2]. This reduction does not reduce the tax rate. Instead, the amount of reduced taxes functions as a credit on the taxpayer's bill.

Furthermore, the reduction factors are computed for each tax levy separately, not all levies as a group. Once a reduction percentage is calculated for each levy, the total reduction percentage is determined from the weighted average of the reduction percentages of all levies, with each levy weighted by the proportion of its millage rate to the total of the millage rates of all levies. This creates the composite tax reduction factor[49].

In periods of diminishing property value, the term tax "reduction" factors can be misleading. Just as the tax reduction factors ensure that the taxes collected in the previous year remain unchanged in the following year, the same principle applies when property values decrease. Should property

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[48] See Article XII, Section 2a

[49] See R.C. 319.301, O.A.C. 5705-7-01 and O.A.C. 5705-7-02

values decline, the tax reduction factors adjust upward to ensure the levy collects same taxes as it did in the previous year, up to the original imposed rate. However, the tax reduction factors will never impose collections above the voted rate.

The tax reduction factors do not apply to non-carryover properties, specifically newly constructed property and improvements and property that has changed classes. Without a preceding year of tax collections, there is no "baseline" for which to calculate a reduction in taxes[47].

While the current tax reduction factors have eliminated most tax burden shifting, the classification of residential and agricultural property as Class I has its own unintended consequences. While CAUV generally provides a more accurate valuation of agricultural lands, the unique value fluctuations caused by changes in the farm economy do not necessarily match the housing market valuation trends experienced by residential real property. If agricultural land values increase at a faster rate than residential real property values, the tax burden will shift toward agricultural property, as agricultural value constitutes a greater share of the total property value in the community[31].

While this example is focused on the reduction factors, it is important to note that any major tax change that disproportionately benefits a single Class or type of property could result in an intended shifting of the tax burden to the other Class or types of property.

As mentioned previously, the tax reduction factors only apply to some levies, specifically fixed rate voted levies above the 10-mill limitation. The Ohio Constitution exempts the following types of millage from the tax reduction factors: inside millage, charter millage, unvoted and voted debt levies, and fixed sum levies, i.e. levies that impose whatever rate generates a specified sum of money. By exempting inside millage and charter millage, the tax reduction factors do not prevent all tax increases due to property value growth[47].

While Article XII, Section 2a's tax reduction factors and its predecessor brought consistency to the local taxpayers, taxing authorities lost most of the inflationary growth afforded by voted fixed-rate levies. To help provide funding to school districts, the 20-mill floor was created.

In 1977, following the passage of H.B. 920, the Revised Code was amended to ensure that school districts would maintain a stable minimum level of operating revenue[45]. This qualification for school districts suspended the H.B. 920 reduction factor at the point that a school district would be deprived of a set revenue, measured in mills. This has been termed the "20-mill floor," as it is intended to guarantee school districts maintain at least 20 mills of property tax for current expense purposes. The statute also creates a similar "2-mill floor" for Joint Vocational School Districts (JVSD) [50].

The 1977 statute did not define what "current expenses" could be counted toward the floor[45].

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[50] See R.C. 319.301 and R.C. 3317.01

This law was generally maintained by the 1980 constitutional amendment. Article XII, Section 2a grants that laws may be passed to limit the reduction of taxes charged for current expenses of cities, townships, school districts, counties, and other taxing districts. The Constitution further requires the limitation to be a uniform percent of the taxable value of the property for which it is applied, but that different limitations may be opposed for different taxing entities.

This section of the Constitution expressly allows the creation of a "mill floor" for taxing entities but does not specify what expenses should be taken into consideration or the percent limitation. Then and now, statute creates a 20-mill floor for school districts and a 2-mill floor for JVSDs. In 1987, the definition of current expenses was clarified to mean all levies except emergency and substitute levies[51].

Emergency levies are a type of fixed sum levy, meaning they are levied to collect a specific dollar amount, available only to school districts[52]. Created in 1971, emergency levies were allowed only if the school district's revenue was,

> *"Insufficient to provide for the emergency requirements of the school district or to prevent temporary or permanent closing of one or more schools."*[45]

At this time, emergency levies had a maximum term of five (5) years and could not be renewed. In 1979, the allowable use of emergency levies were refined to include,

> *"Emergency requirements of the schools district or to avoid an operating deficit."*[45]

In 1983, legislation was enacted to allow emergency levies to be renewed. Later, the substitute levy was created. A substitute levy may replace one or more emergency levies. In the first year, the substitute levy acts similar to an emergency levy and generates a fixed amount of revenue. However, in the subsequent years of the levy term, the substitute levy yields additional revenue for any new construction added to the tax list[53].

As discussed above, the tax reduction factors work by ensuring that increases in the value of carryover property do not result in an increase in the year-over-year collection amount of fixed-rate levies, excluding increases caused by improvements, new construction, or new voted millage. However, the 20-mill floor intentionally diminishes that reducing effect. The tax reduction factors reduce school district fixed-rate levies, but only to 20 mills. If a school district is operating with less than 20 mills of property tax, the tax reduction factors do not reduce the taxes charged at all[54].

In practice, this means that while other taxing districts may see little to no growth in revenue following a valuation increase during a Sexennial Reappraisal or Triennial Update, some school districts are ensured revenue growth following a valuation increase.

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[51] See R.C. 319.301
[52] See R.C. 5705.194 to R.C. 5705.197
[53] See R.C. 5705.199
[54] Cooper, P., Ohio Legislative Service Commission, The "H.B. 920" Tax Reduction Factor Law (2001)

Similarly, like the tax reduction factors, the 20-mill floor does not necessarily ensure equal increases in property taxes charged among all homeowners. If one homeowner's property appreciates faster or in a larger amount than another homeowner in the same taxing district, the property appreciating faster would see a larger increase in taxes. In some cases, this tax shifting can be so significant that the homeowner with minimal property appreciation could actually experience a reduction in taxes while the school district still receives tax revenue growth from the 20-mill floor.

The existence of the 20-mill floor is not just tied to the property tax system, but the public school district financing system. Prior to the early 1990s, schools were required to levy 20 mills of property tax to qualify for state funding. The existence of the 20-mill local share requirement predates the 20-mill floor. With the enaction of H.B. 920, the addition of the 20-mill floor ensured the property tax relief measure would not deprive school districts of the 20 mills needed to qualify for state aid[45].

While the local share component of school funding has changed many times since 1990, property valuation and a school's ability to levy property tax is still a significant part of the formula. The 20-mill local share requirement and the 20-mill floor remain in current law.

In addition to the tax reduction factors, the voters and General Assembly responded to rising property values with a variety of other tax credit and exemption programs. While the tax reduction factors intentionally limit the revenue of local governments, the homestead exemption, the nonbusiness credit, and the owner-occupancy credit reduce taxes but reimburse the local governments for lost revenue. Furthermore, these three tax benefit programs are applied after the tax reduction factors are applied[2]. These programs apply to both real property and manufactured homes.

In 1970, effective 1971, the voters approved the homestead exemption for low-income senior citizens via constitutional amendment[8]. The homestead exemption is a property tax benefit for certain eligible homeowners. The benefit works by exempting a portion of the qualifying individuals' true property value from taxation. The homestead exemption only applies to the primary homestead of a qualifying individual. The specification of "primary homestead," is very important, as the credit is only available for the taxes applied to the residence. A CAUV-eligible property owner, for instance, may also qualify for the homestead exemption, however the homestead exemption benefit is only applied to the residence, not the farmable CAUV acres also owned by the taxpayer[2].

In 1974, again by constitutional amendment, the voters expanded the homestead exemption to include permanently and totally disabled homeowners[8]. The General Assembly has defined permanently and totally disabled to mean an individual with some impairment in body or mind that makes them unable to work at any substantially remunerative employment that the person is reasonably able to perform. This qualification can also be met via a state or federal agency certification of permanent disability[55]. This disability qualification extended to disabled military veterans. A third time, in 1990, the voters expanded the homestead exemption, via constitutional amendment, to apply to the surviving spouses of current homestead exemption recipients, if the surviving spouse was at least fifty-nine (59) years old.

The current section of the Ohio Constitution for the homestead exemption reads,

> *"Land and improvements thereon shall be taxed by uniform rule according to value, except that laws may be passed to reduce taxes by providing for a reduction in value of the homestead of permanently and totally disabled residents, residents sixty-five years of age and older, and residents sixty years of age or older who are surviving spouses of deceased residents who were sixty-five years of age or older or permanently and totally disabled and receiving a reduction in the value of their homestead at the time of death, provided the surviving spouse continues to reside in a qualifying homestead, and providing for income and other qualifications to obtain such reduction."*[56]

The Constitution allows for income eligibility requirements and exemption amounts to be set by the General Assembly, but it does not prescribe any specific amounts. These qualifying groups, as laid out in the Constitution, are often referred to as the "traditional homestead exemption." The original traditional homestead exemption included tiered benefits, with the exemption amount of property decreasing as income increased along with other qualifying factors. The lowest tier was for households with an income of $26,200 per year or less[57].

Additionally, the homestead exemption is an application-based program. Applicants must apply with the county auditor, who must provide notices on whether the application is approved or denied by the first Monday in October. If a homeowner believes their application was improperly denied, they can file a homestead exemption complaint with the board of revision[58].

In 2007, the General Assembly removed the tiered benefit structure and income requirements of the homestead exemption in the biennial operating budget. The bill also set a flat exemption amount of $25,000 of true value to all qualifying homeowners. At this point any senior ages sixty-five (65) years or older or permanent disabled, or their surviving spouse aged fifty-nine (59) or older would qualify for the full benefit, regardless of income[57].

In 2014, the General Assembly created an enhanced homestead exemption for permanently and totally disabled military veterans. While disabled veterans were covered under the 1974 constitutional amendment, this bill expanded the benefit from an exemption of $25,000 to $50,000 of true value[59]. The disabled veterans homestead exemption does not include an income eligibility

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[55] See R.C. 323.151

[56] See Ohio Constitution, Article XII, Section 2

[57] Ohio Department of Taxation. (2007, July 3). Property Tax Savings Now Available to Ohio Senior Citizens. [News Release]

[58] Ohio Department of Taxation. Real Property Tax: Homestead Means Testing, tax.ohio.gov/help-center/faqs

[59] See H.B. 85 of the 130th General Assembly

limitation. This exemption is available to veterans of the U.S. armed forces, reserves, or the national guard who have been honorably discharged and have a federal total disability rating or combination of disability ratings totaling 100%[60].

Also in 2014, the General Assembly reintroduced the income limitation to the traditional homestead exemption. This means testing restricted eligibility only to qualifying individuals with a household annual adjusted gross income of $30,000 or less. This income limitation also included an inflation indexing measure that allowed the $30,000 threshold to grow with the GDP deflator. However, this change only applied to new applicants for the traditional homestead exemption. Recipients of the homestead exemption in 2013 or before are still permitted to receive the homestead exemption, no means testing required. Likewise, the homestead exemption is portable. If an eligible recipient moves to a new residence, the homestead can be applied to their new property[8].

In 2021, the General Assembly created the enhanced homestead exemption for the surviving spouse of public service officers killed in the line of duty or by injury or illness sustained in the line of duty, including heart attack or other fatal injury[61]. This exemption matches the enhanced disabled veterans homestead exemption with no income qualification and an exemption of $50,000 of true value. Public service officers include peace officers, firefighters, first responders, EMTs, paramedics, and individuals in equivalent positions[62].

Finally, in 2023, the General Assembly indexed the exemption amounts for each homestead to inflation. Going forward, the $25,000 exemption of true value and the $50,000 enhanced exemption of true value will increase according to the GDP deflator[63].

While the homestead exemption can be very lucrative, the variety of eligibility limitations makes participation in the programs exceedingly selective. In 1971, the General Assembly created a broader 10% property tax rollback, in the same year Ohio authorized the state income tax[2]. The 10% rollback, not to be confused with the now obsolete millage rollback, provided a 10% credit applied directly to the taxpayer's bill. In 2005, the 10% rollback was renamed the 10% nonbusiness credit and was significantly narrowed to only include one-, two-, and three – family homes and agricultural property. Any property used primarily for business activity is no longer eligible. The nonbusiness credit does not require application and is automatically applied to eligible parcels by the county auditor each year[64].

In 1979, the General Assembly enacted a similar program called the 2.5% property tax rollback for owner-occupied residential property. The 2.5% owner occupancy credit reduces an eligible homeowner's taxes by 2.5%, however it can only be received once for the primary dwelling of the

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[60] See R.C. 323.151
[61] See H.B. 17 of the 133rd General Assembly
[62] See R.C. 323.151
[63] See H.B. 33 of the 135th General Assembly
[64] See R.C. 319.302

taxpayer[65]. This is an application-based program and, like the homestead exemption, these applications are process by the county auditor with an available board of revision complaint process.

In 2013, The General Assembly began phasing out both rollbacks. Any new or replacement levies approved in or after November 2013 no longer qualify for the 10% nonbusiness credit or the 2.5% owner-occupancy credit[8].

While these three programs provide great benefit to the eligible taxpayers with no harm to local government revenues, they are of significant expense for the State of Ohio. In tax year 2022, the state paid $1.2 billion for the 10% nonbusiness credit, $230 million for the 2.5% owner-occupancy credit, and $344 million for the homestead exemptions[2].

As Ohio's property tax system has evolved, the General Assembly has enacted a variety of property tax based economic development tools and incentives.

These partial tax exemptions have become very widespread and, generally, allow local governments to partially exempt the increased value of property following development and improvement. These programs can provide a significant financial incentive to improve areas that need substantial public infrastructure or would not otherwise be attractive to private developers. The main partial exemption programs are tax increment financing (TIFs), community reinvestment areas (CRAs), and enterprise zones[2].

Community reinvestment areas are available to municipalities, home rule townships, and counties for new construction and renovations. CRAs are available for new residential, commercial, or industrial buildings. These partial exemptions, up to 100% of new assessed value, are available for up to fifteen (15) years for new construction. For remodeling of current facilities, the partial exemptions are available for up to fifteen (15) years with an additional ten (10) years available if the building is residential and of historical or architectural significance[66].

To establish a CRA, the eligible legislative authority must pass a resolution that establishes the boundaries of the exempted area, specify the percentage of exempt new assessed value, and find that new housing construction or repair of existing historically significant buildings has been discouraged in the area. The Ohio Department of Development is required to verify that development and remodeling has been discouraged[67].

Once established, the tax exempted entity is required to enter into an agreement between the owner and the legislative authority attesting to the construction and repair to be completed and other terms as laid out in statute. By offering these types of partial exemptions and tax abatements, the local taxing authorities within the CRA forego tax revenue from the project. For that reason, statute provides school districts with the authority to approve any CRA agreement unless the taxes still

[65] See R.C. 323.152
[66] See R.C. 3735.66 and 3735.67
[67] See R.C. 3735.65(B) and R.C. 3735.66

expected to be charged on the property and any additional payments the owner makes to the school exceed 75% of the tax revenue that would have been collected without the exemption[68]. This 'veto power' is not extended to other effected taxing authorities.

Finally, to ensure compliance with the CRA agreement, the legislative authority may revoke the tax exemption if the owner violates the agreement or fails to maintain the tax exempted property[69].

Enterprise zones function similarly to CRAs but are available only to certain municipalities and counties and must meet at least two requirements of a broad list of criteria. Enterprise zones are designated areas in which businesses can receive tax exemptions for certain new investment, these exemptions are eligible for new real and taxable personal property when the project includes job creation. The local government may grant an exemption of up to 75% of the increased value for up to 15 years. Similar to CRAs, the tax exemption can be increased to 100% and 30 years, respectively, with the consent of all affected school districts[70].

Enterprise zones may be created by a municipality that is designated as the principal city of a metropolitan statistical area[71]. A board of county commissioners may also establish an enterprise zone within the county's boundaries, but only with the consent of all affected municipalities and townships[72]. The zone must have either a population of at least 4,000 people or a population of at least 1,000 people and be located in a county with a population under 300,000. Furthermore, the zone must meet at least two of the following; (1) be located in the principal city of a metropolitan statistical areas, (2) be located in a county in the "Appalachian region," (3) have an average unemployment rate 125% of the state rate, (4) have a prevalence of vacant or demolished commercial or industrial structures, (5) have a population that decreased by at least 10% from 1980 to 2000, (6) 51% of its resident have less than 80% of the median income of the encompassing municipality or municipalities, (7) have industrial structures not in use due to unfavorable economic conditions, or (8) have depressed tax capacity in overlapping school district.

Once the criteria are selected and the zone is designated, the findings and zone must be approved by the Department of Development[73].

Like CRAs, the owners of businesses within the enterprise zone are held to an agreement with the municipality or county. This agreement must find that the business is qualified by financial responsibility, business experience to create and preserve jobs, and improve the economic climate in the area. The business then agrees to establish, expand, renovate, remediate, or occupy a facility and create or preserve jobs[74].

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[68] See R.C. 3735.671
[69] See R.C. 3735.68
[70] See R.C. 5709.62, R.C. 5709.63, and R.C. 5709.632
[71] See R.C. 5709.62 and R.C. 5709.632
[72] See R.C. 5709.63 and R.C. 5709.632
[73] See R.C. 5709.61
[74] See R.C. 5709.62, R.C. 5709.63, and R.C. 5709.632

Finally, the most widely known partial tax exemption is tax increment financing, generally called TIFs. Unlike enterprise zones or CRAs, these partial exemptions are used to build public infrastructure that will aid economic development activity. Also different from the other two partial exemption programs, while the increased assessed value of real property within the bounds of a TIF are exempted from property taxation of all taxing authorities, the real property owners are required to make payments in lieu of tax to the political subdivision that established the TIF. These payments must be placed in a special fund and are required to be used to repay any debt issued by the political subdivision for the infrastructure project[75].

In establishing a TIF, the public infrastructure investment must be declared to have a public purpose. The State defines public infrastructure as public roads and highways, water and sewer lines, environmental remediation, land acquisition, demolition of public and some private property, storm water and flood remediation, gas services, electric services, telecommunication services, and public waterway development[76].

TIFs may be used by townships, municipalities, and counties and the public infrastructure created using a TIF may support commercial and residential development or some types of residential rehabilitation. While they cannot create a TIF, school districts do receive some authority over their creation. Without school district approval, a TIF may only last for ten (10) years and exempt up to 75% of the value of improvement. With school district approval, a TIF may last up to thirty (30) years and exempt up to 100% of the value of improvements[77].

Municipal corporations were the first political subdivisions granted the authority to create TIFs in 1976. Townships followed in 1987, and counties received the authority in 1990[75].

Any subdivision that creates a TIF must also create a Tax Incentive Review Council, which each year reviews each TIF, the value of the improvements created, and the TIF's employment effects[78]. As part of this process, political subdivisions are required to submit a status report on the TIF to the Department of Development annually[79]. Should a property owner fail to make the TIF service payments, those payments become a lien on the property like other delinquent property taxes[80]. The political subdivision may elect to foreclose on a property with unpaid TIF payments and, if the property is transferred, the TIF payment obligation transfers to the new owner. A TIF agreement may also include additional remedies for compelling compliance.

These partial exemption economic development programs have been widely used across Ohio to stimulate growth residentially and commercially. Proponents of these programs can point to successful development projects that would not have otherwise been possible without these

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[75] Cooper, P., Ohio Legislative Service Commission, Tax Increment Financing Legislation (1995)
[76] See R.C. 5709.40
[77] See R.C. 5709.40, 5709.41, R.C. 5709.73, and R.C. 5709.78
[78] See R.C. 5709.85
[79] See R.C. 5709.40(I), R.C. 5709.41(E), 5709.73(I), and R.C. 5709.78(H)
[80] See R.C. 5709.91

valuable tax incentives. However, many have shared concerns about the impact foregone revenue has had on local government services. While property within a TIF, CRA, or enterprise zone is fully or partially exempted from tax, property owners may still vote on property tax levies and remain somewhat insulated from the impact of property valuation changes and levy increases.

In addition to these partial exemptions, the Ohio Constitution also provides for many types of properties to be fully exempt from property taxation,

> *"general laws may be passed to exempt burying grounds, public school houses, houses used exclusively for public worship, institutions used exclusively for charitable purposes, and public property used exclusively for any public purpose, but all such laws shall be subject to alteration or repeal; and the value of all property so exempted shall, from time to time, be ascertained and published as may be directed by law."*[81]

There are three methods for classifying property for exemption: the use of the property, the ownership of the property, and the special characteristics of the property. Ohio, like most states, evaluates real property tax exemption based on the use of the property. These exemptions can be found throughout the Ohio Revised Code, including R.C. 5709, and often require approval by the Ohio Department of Taxation[37].

The property tax system of today is an intricate and, at times, confusing combination of constitutional limitations, statute, and administrative rules. Compared to other taxes, the Ohio Constitution places a multitude of restrictions on the property tax system with rules that have been defined through various Supreme Court cases. As testimony was presented, it was not infrequent for Joint Committee members to ask whether stakeholder recommendations were permitted under the Ohio Constitution or posed an unintended conflict with the tax reduction factors and the 20-mill floor.

The Joint Committee found that not only is the framework for Ohio's taxation unique, but Tax Year 2023 marked an unprecedented year for Ohioans' property values and, thus, their tax bills.

In 2023, forty-one (41) counties underwent their required Sexennial Reappraisal or Triennial Update. For these counties, the increase due to reappraisal and update in total Class I property value in tax year 2023 was 34.7%. This can be compared to these same counties' last reappraisal and update years in 2020. The total Class I property value increase in tax year 2020 attributed to reappraisal and update was 12.4%. Three years prior, in tax year 2017 the increase was 5.9% and in tax year 2014 the increase was 3.0%[82].

The property valuation increases in 2023 present a historical anomaly.

The tax reduction factors and their exemptions worked as intended, holding some levy collections down to collect the same amount as the previous year, increasing revenue to accommodate new

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[81] See Ohio Constitution, Article XII, Section 2

[82] See Testimony from Dr. Howard Fleeter, Research Consultant, Ohio Education Policy Institute, May 8, 2024

construction, and allowing inside millage, charter millage, and the 20-mill and 2-mill floors to receive revenue growth. Additionally, like all election cycles, property tax levies across the state passed and failed in November 2023. The result was increased property taxes charged to most residents in the forty-one (41) counties undergoing their reappraisals and updates.

The list of recommendations presented in this report considers the flaws and benefits of Ohio's property tax system. This comprehensive approach to reform acknowledges the abnormalities of 2023 while considering how to promote transparency, fairness, simplicity, and predictability for all taxpayers.

Recommendations

The Joint Committee on Property Tax Review and Reform presents the following recommendations. Given the complexities of the property tax system, these recommendations should not be considered as a comprehensive package. Some proposals may contradict others.

Recommendation: The Ohio General Assembly should consider expanding the traditional Homestead Exemption and an enhanced exemption for disabled veterans including a means-tested increase in the benefit.

Recommendation: The Ohio General Assembly should review the Senate Select Committee on Housing report and consider pursuing the recommendations in which there are direct connections between housing and property taxes.

Recommendation: The Ohio General Assembly should consider temporarily revising the Sexennial Reappraisal and Triennial Update schedule so that there are an equal number of counties or parcels being reassessed each year.

Recommendation: The Ohio General Assembly should consider allowing counties to temporarily, for 3 years, implement a 3-year averaging for property valuations. Additionally, a mechanism should be explored to allow the usage of either the current formula or the 3-year averaging, whichever produces a better result for taxpayers.

Recommendation: The Ohio General Assembly should consider lowering the acceptable percentage of market value from 90% to 85% used when calculating market value changes during a mass appraisal sales ratio assessment.

Recommendation: The Ohio General Assembly should consider increasing the number of public meetings required to be held by a taxing authority prior to levying a tax to promote transparency to taxpayers.

Recommendation: The Ohio General Assembly should consider authorizing a property tax circuit breaker as proposed in Senate Bill 271 and other bills pending before the Ohio General Assembly.

Recommendation: The Ohio General Assembly should consider adopting a property tax deferral program for homeowners.

Recommendation: The Ohio General Assembly should review the how and when LLCs transfer and record property with the county auditor.

Recommendation: The Ohio General Assembly should consider expanding the limitations at the board of revision on property value and tax complaints initiated by parties other than the property owner and consider limiting the options for appeal by these non-owners.

Recommendation: The Ohio General Assembly should review the effectiveness of property tax exemption programs and evaluate the efficacy of their use and potential misuse.

Recommendation: The Ohio General Assembly should consider clarifying or expanding, if needed, the powers of each County Budget Commission to oversee the application and collection of voted and unvoted millage for all jurisdictions inside the county.

Recommendation: The Ohio General Assembly should find ways to simplify the process of levying and collecting property taxes and investigate ways to make it easier for all Ohioans to understand. Including, but not limited to,

- Simplifying the types of levies
- Simplifying ballot language being stated in mills vs. dollars
- Simplifying the timing of property re-evaluations
- Publishing the collection and distribution amounts of all voted and unvoted millage
- Ensuring taxing billing notices contain a breakdown of all taxes charged
- Ensuring basic educational information such as the types of levies, how taxable property value is calculated, and availability of tax exemption and credit programs is publicly accessible.

Recommendation: The Ohio General Assembly should consider removing the authority of the Department of Taxation to order adjustments to county auditors' proposed property values.

Recommendation: The Ohio General Assembly should consider requiring that emergency and substitute tax levies be included in the calculation of a school district's 20-mill floor and consider requiring a public hearing before changing unvoted property tax millage in order to increase revenue as proposed in Senate Bill 308.

Recommendation: The Ohio General Assembly should consider reducing the maximum term and renewal options for emergency, substitute, and continuous tax levies.

Recommendation: The Ohio General Assembly should consider eliminating replacement tax levies.

Recommendation: The Ohio General Assembly should consider clarifying the terminology and narrowing the uses of emergency and substitute tax levies to prevent the use of funds for non-emergency purposes.

Recommendation: The Ohio General Assembly should consider reviewing current tax increment financing (TIF) law. Including, but not limited to,

- Public input prior to the creation of a TIF
- Enhanced revenue sharing and cooperation between local governments within a TIF
- Limitations on TIFs used for residential development
- The eligible uses of TIF dollars and the definition of public infrastructure as it relates to TIFs

- Ensuring taxing authorities have reasonable safeguards and clawback mechanisms from TIF non-payment and failed TIFs.

Recommendation: The Ohio General Assembly should consider reviewing the distribution formula for guaranteed inside millage to promote fairness based on taxing authorities' current day services and funding needs.

Recommendation: The Ohio General Assembly should consider reforms to the Ohio Constitution that promote transparency and predictability for the taxpayer and provide more flexibility to the Ohio General Assembly.

Testimony of Kathleen Crowley, Executive Director
Board of Tax Appeals
Joint Committee on Property Tax Review and Reform
January 24, 2024

Co-Chairmen Roemer, Co-Chairman Blessing, and members of the Joint Committee on Property Tax Review and Reform, my name is Kathleen Crowley, and I am the Executive Director of the Ohio Board of Tax Appeals. Thank you for the opportunity to present information about the Board's history and the role it plays in the property tax valuation process.

Introduction

The Board of Tax Appeals is Ohio's sole administrative tax court. According to LSC, the Board "provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities."[1] The Board is an independent arbiter that provides an accessible, fair, and efficient process to decide tax disputes. Through these disputes, millions of dollars of tax revenue pass through our doors each year. Some taxes affect local revenue, such as real property taxes, and some affect state revenue, like sales tax. The Board has statewide jurisdiction, meaning our decisions set statewide precedent. Taxpayers are assured their appeals will be reviewed and considered by Board members and staff attorney examiners who have expertise in Ohio tax law. The Board relieves the overburdened state judicial system because most tax cases can be taken to us.

[1] LSC Greenbook FY 2016-2017.

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Ohio
Board of Tax Appeals

History of the Board

On June 5, 1939, the General Assembly created the Ohio Board of Tax Appeals, initially as part of the Ohio Department of Taxation.[2] From 1939 through 1975, the Board was located within the Department of Taxation but worked autonomously from the Department and the Tax Commissioner. In 1976, the legislature re-established and solidified the Board as an independent quasi-judicial tribunal. [3]

For over 85 years, the Board has existed to resolve disputes between parties in appeals from decisions, orders, determinations, and actions of the Tax Commissioner, tax administrative agencies, county budget commissions, and county boards of revision. R.C. 5703.02. The "essential purpose of the BTA is to hear and decide tax appeals for the state."[4] To perform this function, we conduct hearings that resemble court proceedings.[5]

Who We Are

The Board is composed of three members appointed by the Governor for six-year terms.[6] By law, two members must be attorneys, and all members must have at least six years of tax law experience. At most, two members can belong to the same political party. As the Board's executive director, I oversee the day-to-day operations. The Board's attorney examiners have litigation/tax experience. The current attorney examiners are veterans of the Ohio Attorney General's Office, a county prosecutor's office, a city law director's office, and a private law firm

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[2] *See* Am.Sub.S.B. No. 159 (passed on May 3, 1939, approved by the Governor on May 15, 1939, and filed in the office of the Secretary of State on May 16, 1939, as an emergency act going into immediate effect); *see also* G.C. 1464-1 (predecessor section to R.C. 5703.02).
[3] *See* Am.Sub.H.B. 920; *see also Belden v. Union Cent. Life Ins. Co.*, 143 Ohio St. 329, 343, 55 N.E.2d 629 (1944).
[4] 2010 Op. Att'y Gen. No. 2010-016, at 2-103.
[5] *See generally Superior's Brand Meats, Inc. v. Lindley*, 62 Ohio St.2d 133, 135, 403 N.E.2d 996 (1980) (proceedings before the Board "are judicial in nature and normally give parties ample opportunity to litigate the issues.").
[6] R.C. 5703.03.

(representing taxpayers). The Board monitors all significant legislative changes in state, local, and even federal tax laws. Because the Board hears many real property valuation cases, attorney examiners also regularly complete courses from the Appraisal Institute.

The Appeal Process

The Board hears appeals related to property taxes from decisions issued by the Tax Commissioner, budget commissions, and boards of revision. Roughly 80% of our docket is comprised of BOR appeals. These appeals can encompass several issues related to the assessment of real property, such as valuation, classification, or late payment penalty remission, among others. Because appeals regarding the valuation of real property are a significant portion of our docket, I will focus on the appeals process from that perspective. Most of our process applies to other types of appeals, as well.

A party can appeal a BOR decision up to thirty days after the BOR issues its decision.[7] The appellant must file a copy of the notice of appeal with us and with the BOR.[8] When an appellant files an appeal, they can request a hearing to present new evidence. [9] Otherwise, parties will rely only on written argument and the evidence that was presented to the BOR.[10] Once an appeal is filed, the Board provides written notice to the parties that includes the hearing or briefing date and the applicable case management schedule. The BOR (or other lower tribunal) file the transcript of the proceedings below, and parties can file any jurisdictional motions they believe are appropriate.[11]

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[7] R.C. 5717.01. The appeal period can vary for other types of appeals. *See, e.g.,* R.C. 5717.02.
[8] R.C. 5717.01.
[9] Ohio Adm.Code 5717-1-16.
[10] Ohio Adm.Code 5717-1-16.
[11] Ohio Adm.Code 5717-1-10.

Leading up to the hearing, parties to an appeal may conduct discovery, file motions, subpoena witnesses, or file pre-hearing briefs.[12] Some cases include extensive pretrial motion practice and voluminous discovery, while others proceed to hearing with little Board involvement. All parties must be represented by an attorney authorized to practice law in Ohio unless a party elects to proceed pro se.[13] A party proceeding without counsel is still expected to adhere to statutory requirements and the Board's rules, which have adopted portions of the Ohio Rules of Civil Procedure.[14]

Hearings take place at the Board's offices and are like traditional trials.[15] Attorney examiners, who act on behalf of the Board, serve as administrative law judges and preside over the hearings. Witnesses testify under oath and are subject to direct examination and cross-examination. Parties must comply with the Ohio Rules of Evidence.[16] After the hearing, parties may file post-hearing written briefs.[17]

After all hearings and briefing dates have ended, the Board issues a written decision. That decision may be appealed to the courts of appeals and, in certain circumstances, to the Ohio Supreme Court.[18] Our decisions include a discussion of relevant law and apply that law to the discrete facts of the appeal. Our decisions affect all 88 counties and are part of an extensive body of legal precedent. The Board aims for all decisions to be neutral and predictable, with outcomes reflecting the facts of that particular case.

The Board has created a pro-se guide for those taxpayers who represent themselves or are unable to hire an attorney. The guide can also be used to introduce the Board's

[12] Ohio Adm.Code 5717-1-12; 5717-1-13; 5717-1-14; 5717-1-15; 5717-1-17.
[13] Ohio Adm.Code 5717-1-02(B) and (C).
[14] Ohio Adm.Code 5717-1-16(J).
[15] Ohio Adm.Code 5717-1-16.
[16] Ohio Adm.Code 5717-1-16(J).
[17] Ohio Adm.Code 5717-1-17.
[18] R.C. 5717.03; R.C. 5717.04.

practices and procedures to attorneys without experience in the area of tax appeals. I have included this guide with my testimony.

Accessibility

The Board values accessibility to all taxpayers. Appeals are filed without a filing fee, and parties opting to participate in the Small Claims docket are able to have their hearings telephonically.[19] Additionally, all of our decisions can be searched using the Board's "Journal Search" through our online case management system. Any member of the public is able to search the full text of our decisions free of charge and without having to register.

Real Property Tax and Valuation

BOR appeals often relate to the valuation of real property. According to long established case law, the best evidence of the 'true value in money' of real property is an actual, recent sale of the property in an arm's-length transaction.[20] When evidence of a sale is unavailable, parties will often rely on appraisal evidence.[21] Appraisal evidence may also be presented when a party attempts to show that a sale price does not reflect the property's value.[22] The appraisal evidence that is presented to the Board is generally on a specific piece of property.

Appraisers typically view the subject property and provide photographs, market data, and other information necessary for the Board to review their analysis. Appraisers often appear to testify at the hearing to answer questions from the party offering their report as evidence, the opposing party (or parties), or the Board.

[19] R.C. 5703.021; Adm.Code 5717-1-08.
[20] *Conalco v. Monroe Cty. Bd. of Revision*, 50 Ohio St.2d 129, 363 N.E.2d 722 (1977), syllabus.
[21] *State ex rel. Park Invest. Co. v. Bd. of Tax Appeals*, 175 Ohio St. 410, 195 N.E.2d 908 (1964).
[22] *Bronx Park S. III Lancaster, L.L.C. v. Fairfield Cty. Bd. of Revision*, 153 Ohio St.3d 550, 2018-Ohio-1589, 108 N.E.3d 1079,

Appraisers that appear before the Board typically utilize the three approaches to value: the cost approach, the sales comparison approach, and the income approach.

- The sales comparison approach uses the sales price of other properties to establish the value for the subject property. This approach is very common in residential appraisals.

- The income approach uses market data to determine the net operating income, which is converted into a value using a capitalization rate. This approach is common in appraisals of commercial properties.

- The cost approach, the appraiser adds the value of the land to the depreciated cost of the improvements. The cost approach is common in appraisals of both residential and commercial properties.

For a given property, an appraiser may employ one, two, or all three of these approaches. The appraiser has the opportunity to explain their methodology but is subject to cross-examination and must defend their conclusions. Based upon this testimony and the report itself, the Board must weigh the reliability and credibility of the appraisal evidence presented.

It is common for the Board to have a case with multiple appraisals. The Board considers all documentary evidence and testimony in the record, as well as any legal arguments made by the parties, and issues a written decision. As stated above the Board's decisions may be appealed to the courts of appeal and in certain circumstances to the Ohio Supreme Court.

Conclusion

Property tax and valuation appeals encompass a large portion of the Board's docket and the Board is proud of the role we play in this process. I appreciate the opportunity to present in front of this committee. I am happy to answer any questions.

County Auditors' Association of Ohio

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Joint Committee on Property Tax Review and Reform

May 22, 2024

Testimony before the Joint Committee on Property Tax Review and Reform on behalf of the County Auditors' Association of Ohio will be provided by the following county auditors:

I. Ashtabula County Auditor David Thomas
   a. Understanding the Problem
   b. Addressing the Problem

II. Green County Auditor David Graham
   a. Examples of CAAO Proposals Applied
   b. CAAO Opinion on Testimony Offered by Other Organizations
   c. Issues Still to be Resolved

III. Franklin County Auditor Michael Stinziano
   a. Relief for Individual Homeowners and Communities Affected by Market Pressure
   b. Residential Stability Zones
   c. Deferral Programs
   d. Income-tax Based Circuit Breaker
   e. Annual Tax Increase Limits

IV. Closing

I. ASHTABULA COUNTY AUDITOR DAVID THOMAS

The County Auditors' Association of Ohio (CAAO) members have been on the front line of the property tax problem in Ohio for a number of years and appreciate the opportunity to work with legislators on crafting a solution to a problem that has long needed addressed.

The CAAO members have come together to study solutions to the property tax problem from a number of perspectives with a diverse group of counties. We considered a wide range of solutions dealing with valuation, tax rates and credits. We acknowledge that there is no single solution that will address the property tax problem but believe the following combination of solutions will help manage the problems many of us are facing.

We would be remiss if we did not point out some of the past state policies that have placed stress on local governments, which has caused local governments to rely more heavily on property taxes to fund services. This more property taxpayers as opposed to state tax revenue payers covering this burden. Over the last 20 years we have seen:

- A 50% reduction in local government funding from the state to local governments;
- The elimination of personal property tax that provided funds to local governments and replaced them with the Commercial Activity Tax that was used to fund State revenues;
- Public utility deregulation which resulted in decreases in local property taxes; and
- Through legislation and court interpretation we have seen dramatic increases in tax exemptions (such as TIFs, exempt properties, and abatements) and reclassification of real properties, including but not limited to hospitals, roller coasters and greenhouses (U-Store-It). Revenue stays constant, and thus others are left to pay the difference.

These holes created by the cutting of both the tax base and the tax sources have had to be filled by someone, if not by state tax revenue then that someone is our local property taxpayers. I like to sum it up to my taxpayers during townhalls this way- we, the state, have cut the income and other taxes dramatically over the years, which is good, but if we aren't cutting spending at the state level, that burden to fund local services gets placed at the local level where, those who may not benefit from income tax cuts such as seniors, now pay a higher share of the new burden through property taxes. Essential services must be provided, currently our property taxpayers carry the weight.

A. UNDERSTANDING THE PROBLEM

<u>HB 920 and the 20-mill Floor</u>

HB 920 was intended to prevent dramatic property tax increases from changes in the market for real estate values. When originally passed only the 10 mills of inside millage would see revenue change as a result of changes in the real estate market. Currently, the average effective tax rate for Class I (agricultural and residential properties) is approximately 50 mills. Assuming you are at the average that means 20% of your millage is directly tied to valuation changes- 10 mills of those 50 mills. To take this a step further, if there were a 30% increase in valuation, it would produce a 6% increase in taxes. While this would be an unvoted increase, it would be tied more closely to what constituents would accept as an inflationary increase (2% per year).

To put this in terms of dollars, the tax on a $100,000 property at 50 mills is $1,750. If that appraised value were to increase to $130,000, only the 10 mills of inside millage would result in a tax increase so the additional tax would be $105 ($30,000 valuation increase * 35% assessment ratio * 10 mills (.01))

HB 920 works when actually in application. What today's 20-mill floor for schools means, is a much stronger tie between value increase and tax increase, which is not the intention.

Now a much larger percentage of the levies are directly correlated with the valuation increase. Assuming the voted millage subject to the floor is 17 mills, 27 (10 mills of inside and 17 mills of the floor) or 54% of the mills, are directly correlated to the valuation increases. That is bad. This has much greater tax implications. Given our earlier scenario, the tax increase would now be $283.50 ($30,000 valuation increase * 35% assessment ratio* 27 mills (.027). Keep in mind these examples are based on a property appraised at $100,000, there are not a lot of these homes around anymore.

While taxpayers would certainly complain about a $105 tax increase, they complain much louder when they see a $283 increase. Especially when it is unvoted.

Homestead

Individuals qualifying for homestead have seen a declining benefit for years as a result of the exemption amount being frozen at $25,000 off the value of the home. The problem occurs because as values increase due to a reappraisal, the effective tax rate is reduced by HB 920 resulting in a lesser benefit to the homestead recipient. $25,000 at a 60 mill effective rate is a larger benefit than $25,000 at a 50 mill effective rate. In the Budget Bill you tied the $25,000 exemption to an index increasing it to $26,200 for 2024. This 5% increase in the exemption amount was dwarfed by the 15% increase in the tax liability many of our citizens saw as a result of the valuation increase and the 20 mill floor. Meaning, I fielded hundreds of calls from seniors asking why they lost part of their homestead, it is tragic.

B. ADDRESSING THE PROBLEM

When evaluating solutions, we focused on solutions that benefit the property owner that owns and occupies his or her home as the primary residence- we want direct relief. I think in Columbus, you like to call these people Bob and Betty Buckeye.

The following changes are being proposed by the CAAO:

- Limit the growth on fixed rate levies subject to the 20 mill and 2 mill floors
- Expand the Homestead program
- Give County Auditors greater authority to determine property values
- Revamp the Non-Business Credit (NBC) and Owner Occupancy Credit (OOC)

Limiting the Growth on Fixed Rate Levies Subject to the Floor

The CAAO proposes to limit the revenue that is produced on voted levies subject to the floor. This limit could be based on an established index. If valuations were to increase over the reappraisal cycle by more than the indexed amount during the cycle the index would create a cap that would not allow revenues to grow in excess of the index due to reappraisal changes. If the reappraisal changes grew by less than the indexed amount, the actual valuation would be used to calculate the effective tax rate.

To actually calculate the effective tax rate based on this index would likely be deemed unconstitutional, therefore we recommend a tax credit measuring the difference between what schools would receive with the floor versus the capped increase could be calculated creating a credit rate that would apply to each property tax bill. The credit would not be reimbursed by the State and would be deducted from subdivisions subject to the floor.

This would allow school districts to receive additional revenue from its inside millage, but it would limit their growth from fixed rate levies subject to the floor to an indexed amount. Even with this approach we remind you that school districts will actually be collecting less than the floor amount which may require adjustments to the state school funding formula.

This idea can essentially be explained as limiting school revenue from the 20 mill floor to at or below inflation.

Expanding the Homestead Program

The CAAO supports the expansion of the homestead program. This includes both increases in the value subject to the calculation of the credit and the income required in order to qualify for homestead. We appreciate the fact that this will increase the cost to the state but feel ensuring our most vulnerable Ohioans are protected is an important issue. If we are cutting the income tax and other taxes that benefit workers, it is only right to also cut seniors taxes who now have a higher share of the local government burden without the benefit of less state taxes.

Auditors often hear from seniors, "You are taxing me out of my home!", looking at Greene County Auditor David Graham's mother's property as an example, she has seen an increase in her tax bill $968 (156%) since 2014, $103 (17%) of this increase was the result of new levies. During this same time the homestead reduction has decreased by $43 (10%). We can appreciate the perspective of seniors on this issue, we must do more.

Giving County Auditors Greater Authority to Determine Property Values

Currently, the Ohio Department of Taxation makes recommendations to county auditors of expected valuation changes during valuation update years. These recommendations are based on conveyance forms supplied to the department by county auditors. The Department's recommendations are based on sales in a taxing district. County Auditors, on the other hand, analyze sales based on a neighborhood. Neighborhoods are defined by grouping similar homes in a similar geographical area in order to more accurately analyze data. This approach utilized by county auditors provides much more accurate results.

Additionally, County Auditors validate sales by looking at data available on real estate websites advertising the property. This allows the County Auditor to ensure the data being used in establishing the property value is accurate. If a property were to sell that has a finished basement that was not reported to the County Auditor the sale would likely occur for more than the auditor's value. This would skew the valuation increase in this neighborhood because the difference in the sales price and auditor's value was a factor of not only market changes, but of inaccurate data. County Auditors could either remove this property from the sales study or update the data and include the new valuation with updated data in the sales study.

Auditors do believe that oversight by the Department of Taxation is necessary to ensure that valuations are based on actual market conditions and not influenced by election cycles. We would propose that instead of the Department of Taxation establishing valuation expectations that the auditor is expected to conform with, the Department would instead review the valuations and if necessary, appeal the auditor's valuations to the Board of Tax Appeals. The Board of Tax Appeals would be required to conduct an expedited hearing and decision to ensure valuation disputes do not extend beyond the current real estate cycle.

The County Auditor's determination of value is ultimately based on sales validation methods and evaluating sales based on neighborhoods rather than taxing districts, which makes the County Auditor's valuation much more accurate. This process is supported in versions of HB 187 passed by both the House and Senate. This idea allows the Department to be the watchdog, not the originator, of determining values.

Revamping the Non-Business Credit (NBC) and Owner Occupancy Credit (OOC)

We propose eliminating the Non-Business Credit and expanding the Owner Occupancy Credit to a fixed dollar amount adjusted annually by an index. The State has long attempted to eliminate the link between property taxes and its liability under the Non-Business Credit and Owner Occupancy Credit. We believe in simplifying this concept to one credit, which must be applied for, and will directly help to keep property owners in their home. The Owner Occupancy Credit, if given the financial backing, will do that.

Currently the NBC and OOC are based on a percentage of the property tax. Nearly all agricultural and all residential properties qualify for the NBC which provides a 10% reduction for qualifying levies. This includes granting a 10% tax credit to the large domestic and foreign corporations who are purchasing many single-family homes and renting them out, the same ones we read about increasing the market and contributing to the unprecedented value increases.

Currently the OOC provides a relatively small property tax reduction (originally 2 ½% but now much smaller as state share decreases yearly). We propose a meaningful fixed credit for an individual's primary residence. This would provide greater benefit to those living in lower valued properties and would eliminate credits for all properties that are used in business operations including rental properties and agricultural properties where the property owner does not live on the property.

II. GREEN COUNTY AUDITOR DAVID GRAHAM

A. EXAMPLE OF CAAO PPROPOSALS APPLIED

	Prior Year	Current Year With Floor	Current Year With CAP	Current Year With CAP and NBC Elimination
Assessed Value	32,930	46,560	46,560	46,560
Effective Tax Rate	55.216107	48.075149	44.455779	44.087671
Taxes Before Credits	1,818.27	2,238.38	2,069.86	2,052.72
Non-Business Credit	(166.26)	(209.37)	(193.61)	
Owner Occupancy Credit	(41.57)	(52.34)	(48.40)	(750.00)
Homestead	(427.92)	(389.31)	(360.00)	(404.28)
School Floor Credit			(168.52)	(168.52)
Net Taxes	1,182.52	1,587.36	1,299.34	729.92

Items of Note:

- Value increased 41% from the prior year
- Current method resulted in a 34% increase in property taxes
- With the CAP of 7.6% on fixed rate levies subject to the floor this increase is reduced to 10%
- If you include the CAP and the fixed reduction for OOC the tax actually decreases 38%
- The increase in the homestead amount when the NBC is eliminated is a result of the tax on the homestead not being reduced by the NBC or OOC.

B. CAAO OPINION ON TESTIMONY OFFERED BY OTHER ORGANZIATIONS

In addition to areas where the CAAO is proposing solutions during testimony we have heard a number of suggestions on which we would like to offer our opinion.

Altering the Definition of an Appraisal

The CAAO continues to strongly support the traditional definition of an appraised value; an opinion of value at a point in time. Averaging values based on sales over a period of time would dramatically change that definition and could lead to unintended consequences in the future such as increasing values in a declining market and impacting how Board of Revision would determine valuation when valuation complaints are filed. Remember, Values are Values, they are what the market says they are.

Annual Updates of Property Values

There has been discussion regarding performing valuation updates annually. The CAAO opposes this proposal for a number of reasons.

- It does nothing to address the property tax valuation problem. Instead, it simply spreads the problem over multiple years making it more palatable.
- It would further increase the cost of government as valuation updates would be required more frequently.
- Small villages often do not have a sufficient number of sales in a given year to be statistically relevant. This would result in some areas having valuation updates more frequently than other areas. Also, while not proposed, applying an index to an area would violate the definition of an appraisal.
- In an escalating market, as we have seen for the last decade, annual value increases would result in net tax increases for most taxpayers as they would see annual tax increases rather than the triennial increase. The idea of compounding increases.

Recent Property Values an Anomaly

We have heard caution that recent property value increases are anomalies and changes to property tax policy should not be made in response to large value increases since covid. Our first response is that these value increases are not anomalies. In Ashtabula County for example, our sales just in the first quarter of 2024 were roughly 10% higher than last year and 46% higher than the last Mass Revaluation in 2020. Value increases will be hitting counties again in updates for 2024, 2025, and 2026. These value spikes have shown the flaws in Ohio's Property Tax System and have exacerbated underlying areas in need of changes for policy.

Making School District Emergency and Substitute Levies Subject to the Floor

There has also been discussion on making emergency and substitute levies subject to the floor. While we generally agree with this concept since they are used for the general operations of school districts. This could be a short-term solution as increasing values would eventually work these levies below the floor resulting in this problem occurring in future years. Additionally, this does nothing to address the problem that occurs for school districts that are at the floor and do not have emergency or substitute levies.

While it does nothing to address the property tax problem, we would support changing the name of an emergency levy to more accurately describe the type of levy.

C. ISSUES STILL TO BE ADDRESSED

There is no single solution to our property tax problem and our proposals do not address all of the issues that exist.

- School districts at the floor have seen increases in their general fund revenues in excess of 20% as a result of the most recent reappraisals. As has been discussed, tax rates under HB 920 are adjusted each year for reappraisal changes so the levies produce the same income they did in the previous year. This means this dramatic increase in tax revenues and thus the cost to property owners will not be reduced with legislation focused purely on solving the problem moving forward. Our association continues to look for ways to reduce this cash windfall from future local tax revenues.

- For rural counties an additional issue is CAUV for farmers in update counties over these past several years who have seen dramatic changes to their values. In my county as an example, of our 104,000 acres in CAUV, nearly 75% of their values increased by over 300%. As an association, we do not have uniformity on policy approaches to aid farmers. Some believe the constant spikes are the issue, others see higher values and taxes as a problem, and still more would like the soil value system scrapped for an easier to understand alternative. In rural counties CAUV is a concern and plays into the conversation we are having today.
- The use of controlling interest transfers (aka the LLC Drop and Swap Loophole) to avoid reporting of sale value and conveyance fees harms equity and transparency in both valuation and taxation. Holding real estate in an LLC or other corporate structure can be an important business tool, but it should not receive special treatment when control of a property changes hands. This practice makes it more difficult to properly value property, especially commercial property, impacting all taxpayers.
- Finally, our large urban and suburban counties, including a majority of the state's population, are less impacted by the 20-mill floor and have other challenges than smaller rural counties. Franklin County Auditor Michael Stinziano will provide additional solutions that speak directly to the large and medium county experience but would key options for all Ohio communities.

III. FRANKLIN COUNTY AUDITOR MICHAEL STINZIANO

A. RELIEF FOR INDIVIDUAL HOMEOWNERS AND COMMUNITIES AFFECTED BY MARKET PRESSURE

Overarching Point: In addition to modernizing and strengthening existing property tax protections for homeowners and older adults we need more tools in the tool box to address individual homeowners and communities where market pressures create burdensome tax policies.

In Franklin County, a 41% increase in property values led to only a 6% increase in property taxes on average, but that average included a wide range of experiences for individual homeowners. For those whose homes increased more than the average-a symptom of market pressures on traditionally more affordable areas-the tax increase was severe. Due to the reappraisal alone, more than 30,000 homeowners in Franklin County experienced at least a $1,000 increase in their annual tax bill. With another 77,000 seeing at least an additional $500 come due.

The size of the value change and the shift experienced this appraisal cycle is stark, but the reality that those in the most appreciating areas see the largest and sometimes burdensome change in their taxes is a perpetual problem. While existing programs like the owner occupied credit and the homestead exemption should be modernized, they cannot on their own fully address the housing instability of someone become house rich and cash poor.

Often those most impacted have been the anchors of their communities for years or decades—communities that are seeing growth and investment and the increased property values that go with them. It is these homeowners, both seniors and younger that we have heard from over the last several months looking for help that we cannot provide unless the General Assembly allows better tools and options at the state and local level.

Ohio needs a menu of options so that the needs of each community and each resident can best be met while recognizing the key role property tax plays in supporting key government services. We ask this committee to make recommendations and introduce legislation to create in Ohio property tax deferrals, income-tax based circuit breakers, and residential stability zones to allow locally controlled exemptions for need rather than development. Through this combination approach our homeowners can be protected while cost to the state and local government is minimized.

B. RESIDENTIAL STABILITY ZONES WOULD USE OUR EXISTING ABATEMENT SYSTEM TO EXEMPT VALUE INCREASES FOR NEED RATHER THAN ONLY DEVELOPMENT.

This proposal, now introduced as S.B. 244 (Reynolds, Craig) would allow local governments to exempt increases in value caused by the market for low-to-moderate income homeowners with flexible local control. Our local communities are asking for this option as they see the impact of important development work on the tax liability of long-term homeowners. City of Columbus Mayor Andrew Ginther has stated a desire in redefining the guidelines and policies for Community Reinvestment Areas to include homeowners on fixed or low incomes in order for all Ohio residents in need to see a benefit.[1] This is especially important now as the recent reappraisal has seen prices and valuations increasing significantly in low- to moderate-income neighborhoods

Exempting new value from taxation is a common practice but care is needed to not skew the appraisal process or create disincentives for transferring property. For instance, Michigan constitutionally limits annual value increases to 5% or the inflation rate, opting for whichever is less. The cap can be maintained on the property in the case of a death of the homeowner and the property is transferred into the name of family member. However, in order to protect revenue streams for essential public services, the limit on the growth in taxable value does not apply after the property is sold.[2]

Residential stability zones can work with several key features:

- The ability to shape the location, amount of, and eligibility for exemption to meet local need within state guardrails.
- No state funding required as the equalization process with protect voted levies and only loss would be foregone increases in inside, twenty mill floor, and emergency levies (the levies not subject to H.B. 920).
- Existing administration of development abatements like Community Reinvestment Areas can be used for implementation.
- Appraisal integrity would be maintained so return to full taxation when no longer enrolled will be efficient.
- Residents at the center of major value shifts, like those that are currently being caused by the Intel development could be protected from runaway value and taxes.

C. DEFERRAL PROGRAMS DO NOT ELIMINATE, BUT SIMPLY DELAY WHEN TAXES COME DUE PROVIDING OPTIONS TO BURDENED TAXPAYERS.

[1] "I would like to see some sort of incentive for families that have lived in neighborhoods for years and years. The Ohio Revised Code lays out the CRA guidelines and policies, and one of the things I've been pushing Director Mihalik [on is] a state law change to make sure that folks on fixed incomes, and potentially seniors, might also realize a benefit – particularly if the home prices and valuations are going up dramatically in their neighborhood – that they're given some benefit or reprieve from that. But that would require a state law change that we're working on." https://columbusunderground.com/interview-mayor-andrew-ginther-on-tax-abatements-zoning-reform-transit-and-more-bw1/

[2] https://www.freep.com/story/money/personal-finance/susan-tompor/2023/03/08/how-michigan-property-tax-hikes-inflation-shock-homeowners/69933896007/#:~:text=How%20the%20cap%20works,inflation%20rate%2C%20whichever%20is%20less

Under a deferral program, eligible homeowners can opt out of paying some of their property taxes until their circumstances change or the house is sold. More than twenty states have deferral options for homeowners.

For example, in Florida any owner-occupied property is eligible for deferment of amounts above 5% income for any resident and above 3% for residents older than 65.[3] In Maine, it is a program for older homeowners and those with a disability and capped for eligible at $150,000 of liquid assets and $80,000 of income.[4] In Minnesota, it is available for all ages with tiered income groups on how much can be deferred (note Minnesota also has a circuit breaker program and they can work together).[5]

For a deferral program to be successful in Ohio it should include several features:

- Be accessible to a broad range of homeowners and link benefit amount to income
- Establish a revolving state fund so local levies are kept whole and long-term funds are returned to the state
    - No long-term loss in state funds
    - No complication in local budgeting or levy certification
- Establish a mechanism for efficient communication and income verification between Department of Taxation and County Auditors
- Include an extended repayment timeline to avoid any benefit cliff if repayment becomes necessary without a sale of the home

D. **AN INCOME-TAX BASED CIRCUIT BREAKER USES EXISTING TAX STRUCTURES TO PROTECT AGAINST SUDDEN PROPERTY TAX SWINGS.**

This proposal, now introduced as SB 271 (Blessing, Craig), places a limit on how much a person's income can be taken up by property tax. It can be easily administered as a refundable tax credit on state income tax and be an important supplement to existing state funding of local government services.

Minnesota offers one of the largest circuit breaker programs in the country which establishes a direct state-paid refund to individuals who qualify according to their annual household income. The Minnesotan program also includes renters as eligible for the program's benefits, citing correctly that upwards of 15% of rent paid is used toward property taxes. This is an extremely popular program, with over 500,000 Minnesotans applying for and receiving refunds annually.[6]

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[3] Florida Statute 197.252

[4] Main Title 36, Chapter 908

[5] Minnesota Chapter 290B

[6] https://www.house.mn.gov/hrd/pubs/ss/sshptrp.pdf

West Virginia implements a similar program for their senior citizens with income requirements following federal poverty guidelines. West Virginia caps property tax liability for qualified senior citizens at 4% of annual income.[7]

Using a simplified circuit breaker model put forth by Policy Matters Ohio[8] and the Institute on Taxation and Economic Policy, one sixth of Ohio taxpayers would receive property tax relief. This amounts to more than 1.7 million Ohioans benefiting, and almost three-quarters of the tax cut would go to those with incomes below $45,000. Under this model, relief would start when an individual has paid 5% of their income in property taxes.

Any circuit breaker program in Ohio should include:

- A refundable tax credit on state income tax with a simplified filing option for those who are eligible but would otherwise not file income tax.
- Eligibility for owner occupied property and ideally renters with property tax calculated as a portion of rent (e.g. 15%).
- Amount of benefit can be higher for lower income levels and phase out at higher income levels .
- Cost to the state will be directly proportional to need.
    - Many states include a cap on the benefit for any one individual which could work if paired with other program options like deferrals or increased homestead or owner occupied benefits.

IV. CLOSING

In closing, on behalf of the CAAO I would like to thank you for the opportunity to speak to this important issue. Need for this reform has been at the forefront of my five years as County Auditor and I know my colleagues know this has been a growing concern for much longer. It is critical we take this opportunity to make a difference on this important issue which affects so many of our citizens.

Our final comment is I periodically will hear people say," if you can't afford your home then you should sell it." It is important to remember that an individual's home is not a commodity. It is where they raised their family, helped build their community and is part of who they are. It is personal to them, and government must take steps to ensure individuals can stay in their home.

Again, we thank you.

[7] https://tax.wv.gov/Individuals/SeniorCitizens/Pages/SeniorCitizensTaxCredit.aspx

[8] https://www.policymattersohio.org/research-policy/quality-ohio/revenue-budget/tax-policy/ohio-needs-a-property-tax-circuit-breaker#:~:text=Circuit%20breaker%20covers%20Ohio%20residents,is%20over%205%25%20of%20income

Property Taxation and Property Valuation

Michael Stinziano, Franklin County Auditor
Chris Kline, Lawrence County Chief Deputy Auditor
Bethany Sanders, Director of Policy & Strategic Initiatives, FCAO

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Introduction

Contents:

- How Mass Appraisal Works
- Taxes & Value: How Levies are Calculated
- What the Joint Committee on Property Tax Review and Reform should examine
- House Bill 187 & Tax Year 2023
- Q&A

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How Mass Appraisal Works

- Mass Reappraisal:
  - Requirements
  - Process
- Reappraisal Timeline
- Sexennial Reappraisal vs. Triennial Update
- Level of Assessment

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Mass Reappraisal

- All county Auditors in Ohio are **required by state law** to update the value of all properties by conducting a reappraisal every six years (Ohio Revised Code section 5713.01), with a Triennial Update at the 3-year midpoint between reappraisals.
- This is an effort to **accurately reflect property value changes** in the current real estate marketplace.
- **The Ohio Department of Taxation makes the final determination** as to whether updated property values determined by the Auditor are accurate and acceptable.

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Mass Reappraisal

- Completed every six years
- Establish auditors value, reflecting the market, and equity
- All properties are reviewed using a combination of desktop tools including aerial and street-level 360-degree photographs as well as actual field visits by appraisers
- Neighborhood delineation
- Sales verification and analysis
- Property owners will be notified of their tentative values and have access to informal hearings to discuss new value
- It takes approximately 2 ½ years to complete the process

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How Does Mass Reappraisal Work?

Data is collected from multiple sources to establish updated property values, including:

- **Recent home sales** in a neighborhood – this is one of the most significant factors.
- **Neighborhood data** such as infrastructure quality and proximity to community amenities and resources is another important measure used by appraisers in determining home value.
- A **visual exterior inspection** of the condition of your property relative to other properties in the neighborhood is conducted to determine **physical characteristics** such as age, condition, and recent home improvements which will also affect appraised value.
- *All data collected is then aggregated to re-establish baseline Auditor property valuations and <u>ensure each property value countywide aligns with the current housing market</u>.*
- Property Owners are notified either online, by mail, and sometimes with property value reviews. Different counties use different techniques.

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2023 Reappraisal Timeline

- **2021**
  - Entered contract with Tyler Appraisal
  - Begin data collection
  - Desktop review for all parcels
- **2022**
  - Continue data collection including in the field, aerial photography, 360 street level
  - Build models for cost, income, and market sales
- **2023**
  - Spring: finalize abstract to submit to the Department of Tax
  - Summer: layer in annual maintenance
  - Fall: informal hearings, finalize values

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Reappraisal vs. Triennial

Sexennial Reappraisal

- Completed **every six years**
- Establish market value and equity
- Each individual property is reviewed
- Exterior inspections only (interior data & condition estimated) - Viewed by aerial photography and drive-by or in-person
- Neighborhood delineation
- Property owners will be notified of their tentative values and have access to informal value review hearings to discuss new value (varies county by county)

Triennial Update

- Completed **on the three-year midpoint between reappraisals**
- Updates values based on neighborhood market trends
- Sales verification and analysis
- Establishes uniform trend analysis for each neighborhood to reflect current market conditions
- Property owners will be notified of their tentative values and have access to informal value review hearings to discuss new value

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Level of Assessment

- The level of assessment or sales ratio is a key number in determining how values will be set.
- The LOA is how the Department of Taxation makes recommendations and determines if changes are sufficient.
- The International Association of Assessing Officers standards require goals of between 90% and 110% of market as a successful reappraisal.
- Ohio Department of Taxation looks for between 90% and 94%.
- This is really the number that H.B. 187 as passed by the house would seek to change-picking a level of valuation that is an average of three years rather than the lien date.

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Taxes & Values: How Levies are Calculated

- Why Values Change
- Types of Levies
  - Inside Millage
  - Outside Millage
    - Fixed Sum
    - Fixed Rate
    - Substitute & Incremental
- Levies & Effective Tax Rate

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Taxes & Values: Why Values Change

- Reappraisal Changes:
  - Physical characteristics of the property have not changed, but value has changed due to market conditions
  - While reappraisal changes occur every year most occur during a sexennial reappraisal or triennial update
- Non-Reappraisal Changes:
  - Physical characteristics of the property have changed
    - New Construction
    - Demolition
    - Exemptions
    - Reclassified Real Property
    - CAUV savings

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Taxes are Relative to Value

- Levies, excluding inside millage, adjust the rate for reappraisal changes.
- The rate is adjusted based on the value of the subdivision, not the individual property
- One rate is established for the entire subdivision for each levy
- Not everyone's value changes by the same percentage
- Taxes change based on your relative value to the total value of the subdivision
- Think of the total revenue to be generated by a levy as a pie
  - The percentage of your property's value compared to the total value of the subdivision is your share of the pie (liability)
  - If the percentage increase in your value is greater than the average percentage increase for the subdivision, your share of the liability increases relative to the average and your taxes will increase even though the levy will produce the same amount of revenue

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Relative Taxes Example:

	Owner A	Owner B	Total
Assessed Value	$35,000	$35,000	$70,000
Tax Rate	2.00	2.00	2.00
Taxes	$70.00	$70.00	$140.00
Reappraisal Change	$5,000	$2,000	$7,000
New Value	$40,000	$37,000	$77,000
New Effective Tax Rate	1.818182	1.818182	1.818182
New Taxes	$72.73	$67.27	$140.00

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Types of Levies

- Inside
- Fixed Sum
- Fixed Rate
- Substitute & Incremental

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Types of Levies: Inside Millage

- Unvoted
- Maximum 10 mills for a taxing district
- Shared among subdivisions that existed in 1933
- As values change
  - Revenue and cost change by an equal percentage
  - Rate does not change

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Types of Levies: Fixed Sum Levies

- Voted
- Intended to produce a specific amount of money over a specified number of years
- Bond and Emergency levies
- Rate is set by the Budget Commission each year to produce the specified revenue
- As values change
  - Revenue does not change
  - Rate is adjusted to produce the specified amount of money

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Types of Levies: Fixed Rate Levies

- Voted
- Most common type of levy
- Can be for a specified period of time or indefinite for certain types of levies
- Value changes due to reappraisal changes
  - Revenue does not change
  - Rate is adjusted (effective tax rate)
- Value changes due to non-reappraisal (new construction) changes
  - Revenue changes
  - Rate does not change

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	Reappraisal Change	**Non-Reappraisal Change**
Assessed Value	$500,000	$500,000
Tax Rate	2.00	2.00
Estimated Revenue	$1,000	$1,000
Value Change	$5,000	$5,000
New Value	$505,000	$505,000
New Effective Tax Rate	1.98	2.00
New Revenue	$1,000	$1,010

Fixed Rate Levy Example

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Types of Levies: Substitute & Incremental Levies

- Like a fixed sum levy:
  - Guaranteed to generate at least the amount of money it did in the previous year
- Like a fixed rate levy:
  - Allows for additional revenue to be realized for non-reappraisal changes
    - Incremental Levy – the incremental increase is contained in the ballot language
    - Substitute Levy – increased revenue from the prior year's tax rate applied to the sum of the non-reappraisal changes
    - If the sum of non-reappraisal change is negative the rate is set to generate the same amount of money it did in the prior year

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Substitute Levy Calculation

Prior Year Revenue	200,000
Prior Year Value	50,000,000
Prior Year Rate	4.00
Value Change for Non-Reappraisal Items	500,000
Prior Year Rate	4.00
Additional Revenue to Generate	2,000
New Taxes To Generate	202,000
New Valuation	51,000,000
New Tax Rate	3.96

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Levies & Effective Tax Rate

- Effective tax rate is calculated by measuring the percentage of value change due to the reappraisal and reducing the voted rate so that the levy does not generate additional revenue from the reappraisal change
- Theory
  - If your value increases due to a reappraisal change it doesn't mean it costs more money to provide services
  - If your value increases due to new construction, there is a greater demand for services and thus additional revenue is generated

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Effect of Value Change on Each Levy Type

	Inside Levies	Fixed Sum Levies	Substitute Levy	Fixed Rate Levies	Total
Assessed Value	$35,000	$35,000	$35,000	$35,000	$35,000
Base Effective Tax Rate (in Mills)	10.00	8.00	4.00	20.00	42.00
Taxes on Assessed Value	$350.00	$280.00	$140.00	$700.00	$1,470.00
Reappraisal Change (2.86%)	$1,000	$1,000	$1,000	$1,000	$1,000
New Construction Change (1.43%)	$500	$500	$500	$500	$500
New Value (4.29% Higher)	$36,500	$36,500	$36,500	$36,500	$36,500
New Effective Tax Rate (in Mills)	10.00	7.67	3.89	19.44	41.01
Taxes on New Value	$365.00	$280.00	$142.00	$709.72	$1,496.72
Analysis of Changes					
% Change in Value	4.29%	4.29%	4.29%	4.29%	4.29%
% Change in Taxes	4.29%	0.00%	1.43%	1.39%	1.82%
% Change in Tax Rate	0.00%	-4.11%	-2.74%	-2.78%	-2.37%

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What the Joint Committee on Property Tax Review and Reform Should Examine

- The 20 Mill Floor
- CAAO Suggestions
  - Including Targeted and Need-Based Property Tax Relief
- Exemptions, Abatements, and Tax Increment Financing

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20 Mill Floor - Schools

- If general fund levies are in excess of 20 mills the effective rate of the general fund levies cannot go below 20 mills
- If you have general fund levies less than 20 then the full rate is the floor
- Excludes Emergency, Incremental, Substitute, Bond, Permanent Improvement and Class Room Facilities Levies
- If reappraisal changes would cause the rate to decrease below 20 mills the rate is adjusted upwards to 20 mills so you receive additional revenue from reappraisal changes
- The 20 mill floor adjustment is annual and not cumulative
  - Value increases from reappraisal changes increase the base revenue that the voted fixed-rate levies will produce
  - If values decrease in the future due to reappraisal changes the base revenue will not decrease, instead the effective tax rate will increase to produce that base revenue

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Example of the 20 Mill Floor's Impact

	Inside	Voted	Total
Effective Tax Rate	4.00	16.00	20.00
Assessed Value	$1,000,000	$1,000,000	$1,000,000
Revenue	$4,000	$16,000	$20,000
Reappraisal Change	$10,000	$10,000	$10,000
New Value	$1,010,000	$1,010,000	$1,010,000
New Effective Tax Rate	4.00	16.00	20.00
New Revenue	$4,040	$16,160	$20,200
Reappraisal Change	($10,000)	($10,000)	($10,000)
New Value	$1,000,000	$1,000,000	$1,000,000
New Effective Tax Rate	4.00	16.16	20.16
New Revenue	$4,000	$16,160	$20,160

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Why the 20 Mill Floor is Important

- 403 of the 611 school districts are at the 20 mill floor
- An additional 145 school districts are within 20% of the 20 mill floor
- The floor increases the % of the millage that is directly correlated with value increases

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CAAO Suggestions

The CAAO Property Taxation and Valuation Committee is working on proactive proposals where auditors can mostly reach consensus. These are not final but the draft list includes.

- Reforms of the Owner Occupied, Non-Business, and Homestead exemption programs. Goal: more relief where needed, improve targeting.
- Local controlled exemptions/abatements for need rather than development.
- Budget Commission modernization for checks on the spending side.
- Eliminate abatements and exemptions that are a bad return on investment.
- Change the 20-mill floor
- Circuit breaker via Ohio income tax credits for excessive property tax

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Exemptions & Homeowner Tax Relief

- Owner-occupied credit and non-business credit
- Homestead Exemption

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Owner-Occupied & Non-Business Credits

- Under current law, owner-occupied property and property not used in business activities receive a 2.5% and 10% tax credit for qualifying levies
  - This used to apply to all levies, but in 2013 the legislature removed the credit from new, additional, or replacement levies
  - These credits will shrink as new or replacement levies are passed
- The state of Ohio reimburses local governments for these credits-the change in the amounts of the credits reduces what the state must pay, shifting that cost to property owners
- Non-business includes for example residential, agricultural, and lands that will be used for those purposes

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Homestead Exemption

- The homestead exemption, initially enacted in the Ohio constitution in 1970 allows for specific reductions for homeowners aged 65 or older and those who are permanently disabled.
  - The exemption has been adjusted by the legislature many times since initial enactment
  - In 2007, all income eligibility testing was removed
  - In 2013, the income threshold was reinstated.
  - In 2013 the value of the exemption was fixed at $25,000
  - In 2023, the homestead exemption was tied to the rate of inflation.
- An enhanced homestead at a $50,000 exemption is available for completely disabled veterans and surviving spouses of first responders killed in the line of duty.
- The state of Ohio reimburses local governments for this exemption.

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Homestead Expansion

- Need to right size both eligibility and benefit amount to meet the need
- State reimbursement should be maintained-both for equity and recognizing complications on levy certifications and debt service
- Eligibility should be at least $50,000 in income for the household as opposed to current law $36,100
- Benefit amount currently $25,000 will now increase with inflation
  - Should likely be at least $50,000 or tied to property value changes
- Note: a significant portion of homestead recipients are still those who qualified when the income threshold was removed

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Residential Stability Zones

- Locally controlled abatement programs for homeowners at or below 80% AMI
- Exempts from taxation increases in value that result from reappraisals or triennial updates (but will tax increases that result from new construction)
- Local governments can set additional parameters. For example:
  - Could lower the income threshold or include asset limits
  - Could target based on age or length of ownership
  - Could exempt only a portion of value increase
- This would work well with existing residential abatement programs to minimize displacement that comes with value increases after investment
- Inside millage would be foregone, levies would still collect intended amounts through equalization

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Budget Commission

- Currently comprised of Auditor, Treasurer, and Prosecutor-prosecutors have been asked to be replace.
  - Option of adding public members.
- Certifies tax budgets and expenditures for local governments.
- Can theoretically reduce millage to be collected for any levy, but law is antiquated, and prosecutors differ
- Ask: state law would be cleaned up to give the budget commission clear authority to rollback levies

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Abatements

- Abatements are tax incentives in the form of exemptions from paying part or all of the taxes owed toward a property in exchange for the construction or remodeling of that property as well as meeting other possible benchmarks.
- Types of abatements:
  - Enterprise Zone (EZ) (R.C. 5709.62, 5709.63, 5709.632)
  - Environmental Protection Agency (EPA) (R.C. 5709.87, 3706.041(B))
  - Community Reinvestment Area (CRA) Abatements (R.C. 3735)

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Community Reinvestment Areas

- Community Reinvestment Areas are created by the municipal corporation or county (for unincorporated areas) the ordinance must include:
- Where the CRA is and what types of property investment will qualify-new construction vs remodeling, commercial, industrial, or residential (which gets a consistent percentage abated throughout the area-e.g. 15 year, 100% abated)
- The ordinance must create a housing officer, publish the ordinance, and file with the director of development.
- The director will issue a unique identifier at which point abatements can begin
- Once created, the area is open for abatements

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Tax Increment Financing

General Purposes & Structure

- Per Article XII Section 5 of the Ohio constitution, taxes must be used for their intended purpose as collected
  - TIFs are an alternative to the limitations on property tax by exempting an amount of real property taxes and then collecting the same amount for the designated infrastructure purposes of the TIF
- TIFs can be created under R.C. 725.02 or Chapter 5709 with the latter being more common
- TIFs can be created in different types of incentive districts by counties, municipal corporations, or townships
- Approval by the state tax commissioner is required and can often take 18-24 months for approval but is retroactive to the timeline in the creating ordinance

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Tax Increment Financing

Collecting and Spending Options

- Generally, TIFs begin when improvements occur to property subject to the TIF but timing can be included in the ordinance and can, parcel by parcel have a value trigger for the TIF to begin.
- Current or future projects that will place demand on public infrastructure and current or future improvements to public infrastructure must be identified as part of the need for the TIF.
- Generally, projects like capital investments and direct building of infrastructure in the area covered by the TIF is contemplated while certain expenses-like police and fire equipment specifically excluded.

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Foregone Revenue: Exemptions, Abatements, and TIF

Statewide:

- All Real Property Exemptions total value exempted (TY 2022): $68,069,424,000
- Homestead Exemption cost to the state:
  - TY21 (payable 2022 for real property): $349,379,007
  - Increase in cost projected as benefit increases with inflation:
    - FY2024: 11 Million
    - FY2025: $28 Million
- The Governmental Accounting Standards Board does not require all Abatements (TIFs Specifically) to be reported, meaning a statewide number of foregone revenue is not available.

Franklin County (foregone revenue):

- Abatements: $159,081,886.85
- Tax Increment Financing: $127,659,140
- Real Property Exemptions: $15,846,521

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Best Practices for Residential Property Relief

- Implement Quality Assessment Practices with Regular Revaluation
- Utilize Well-Designed State Aid Formulas
- Provide Targeted and Cost-Effective Tax Relief with Circuit Breakers and Deferrals
- Allow Homeowners to Pay Property Taxes on a Monthly Basis
- Avoid Tax Limitations

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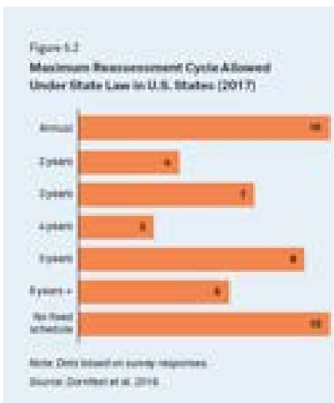
Improving Assessment Practice & Implementing Regular Revaluation

- "Assessment accuracy is enhanced by statistical valuation techniques, state oversight of local assessments, and effective appeals systems open to taxpayer questions and objections"
  - Ohio largely meets this standard through full reassessments every 6 years with an update three years after the full reappraisal.
  - Appeals are available
  - There is state oversight of the values, but it does not fully incorporate IAAO standards.



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Utilizing State-Aid Formulas

- "A frequent criticism of the property tax is that poorer communities with low property tax values cannot supply adequate public services at affordable tax rate."
- "State aid is the only way to address these disparities and ensure that all localities have sufficient resources, especially with regard to public education."
- Ohio has two primary means of transferring state funds to local government: the local government fund, and support for local public schools.
- Both distributions are incredibly complex but have some relationship with property values though not exclusively and amounts available are not directly related to need.
- The need to pass levies also complicates this system in Ohio as some jurisdictions with ability to pay may refuse to pass necessary millage and other jurisdictions with limited ability to pay may not pass needed levies due to fear of the resulting tax burden.

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Targeted Relief Through Circuit Breakers and Deferrals

- This recommendation is where Ohio law is most lacking.
- Outside of the incredibly limited homestead exemption there are no programs for property tax relief based on financial need.
- Circuit breakers provide relief when a homeowner's property tax bill exceeds a set percentage of their income.
  - Found to be less expensive, and more cost-efficient, than broad across-the-board relief.
  - 32 states already utilize income-based circuit breaker programs.
- Deferrals allow property owners to delay payment of property taxes until ownership of the home is transferred.
  - Allows you to draw on your home equity to pay tax bills, imposes no long-term costs on other taxpayers.

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Table 4.4

Summary of Property Tax Relief Programs

Good	Homestead Exemptions and Credits (Flat Dollar Only)
Better	Income-Based Homestead Exemptions and Credits
Best	Circuit Breakers Deferrals

Table 4.5

Recommendations for Eligibility Criteria

Recommended	✓ Cover All Ages ✓ Cover Renters ✓ Maximum Property Value
Consider	• Income Ceiling • Residency Requirements
Avoid	✗ Net Worth Limit

Figure 4.1

Number of States with Property Tax Relief Programs (2018)

Additional Relief Considerations

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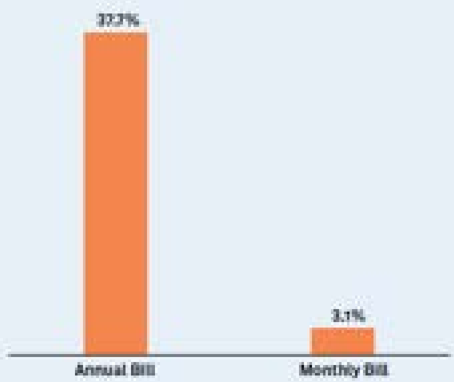
Allow Homeowners to Pay Property Taxes on a Monthly Basis

- The large once or twice-a-year payment structure "creates financial challenges for households that struggle to meet large, infrequent expenses, and it may increase tax delinquency."
- Ohio allows for monthly payments known as a "Budget Payment" for property taxes.
- This is for homeowners who directly pay taxes to the county treasurer rather than escrowed through their mortgage.

Figure 5.3

Property Tax Bill as Percentage of Monthly Income for Median Homeowner (2019)



An annual property tax bill is high relative to monthly income for a typical homeowner, so billing property taxes on an annual basis can create financial challenges for households that have not saved in advance.

Source: U.S. Department of Commerce 2019a.

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Avoid Tax Limitations

- Tax limits are a poor relief option. “They are untargeted, they impose a one-size fits-all limit on very different local governments, and they erode fiscal autonomy.”
- “[Assessment Limits] create unpredictable winners and losers.”
- “Truth in Taxation measures are a better way to constrain growth in property taxes by requiring the same procedures for an increase in tax revenue as for a change in the tax rate, even if the revenue increase is due to rising property values.”

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House Bill 187

- As passed by the House
  - Would require for TY23, 24, 25 an average rather than lien date value
  - Intended to address the very high value changes being seen in 2023
  - Because of levy equalization, most savings occur in 20-mill floor jurisdictions
  - Relief is not targeted but across the board and some would see a small increase compared to current law
- HB 187 in the Senate
  - Moving to a homestead model
  - Temporary increased benefit and additional eligibility with reduced benefit amounts
  - State only reimbursing for a portion of new benefit

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Questions?

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Joint Committee on Property Tax Review and Reform
Wednesday, January 24, 2024

Testimony before the Joint Committee on Property Tax Review and Reform on behalf of the County Auditors' Association of Ohio will be provided by the following county auditors and administrators:

I. **Union County Auditor Andrea Weaver**
   - A. Appraisal Process and Standards
   - B. Determining Value
   - C. Valid, Recent Sale
   - D. True value v. taxable value/35%

II. **Franklin County Auditor Michael Stinziano**
   - A. Large County Experience in Reappraising Property
   - B. Revenue Impact of Valuation Changes
   - C. Taxpayer Impact of Valuation Changes

III. **Cuyahoga County Board of Revision Administrator Ronald J.H. O'Leary**
   - A. Board of Revision Process

IV. **Athens County Auditor Jill Davidson**
   - A. Public Utility Property
   - B. Current Agriculture Use Value Program
   - C. Ohio Forest Tax Law
   - D. Real Property Exempted from Taxation

I. Union County Auditor Andrea Weaver

Co-Chairs Roemer and Blessing and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today on behalf of the County Auditors' Association of Ohio, which strives to promote and protect the interests of Ohio taxpayers. My name is Andrea Weaver and I have served as Union County's Auditor since 2011.

A. Appraisal Process and Standards

Ohio law requires county auditors to reappraise every property in the county once every six years and to complete a triennial update in the third year of the reappraisal cycle. A reappraisal involves a visual inspection of the property. This includes assessing the condition of the property and gathering data regarding changes that may have occurred since the last reappraisal. A triennial update is an update of value based solely on sales. Similar to a reappraisal, it is based on sales prior to the update, but it does not involve reassessing the condition or characteristics of the property. Regular reappraisals are an important part of administering any property tax system as they ensure that taxpayers are being charged based on what their property is actually worth.

There are differences in the appraisal standards based on the type of appraisal being conducted:

1. **Fee Appraisal:** A fee appraisal is an evaluation of a single parcel that gathers many details and includes both interior and exterior inspections. This type of appraisal time-adjusts possible comparables, and often takes into consideration properties both inside and outside the immediate neighborhood with adjustments made for location. This type of appraisal is most used for financing purposes and costs hundreds of dollars for a residential property and thousands of dollars for a commercial property.

2. **Mass Appraisal:** A mass appraisal is an evaluation of many properties used for ad valorem taxation which is the modeling technique used to value large amounts of property in order to generate tax revenue for government-provided services. This type of appraisal seeks uniformity by gathering property characteristics data, (i.e. total living area, construction quality, age and condition, design or style, features such as # of baths/fixtures, finished basement, other structures, # of acres, location, etc.) and evaluates market trends in order to represent the market value of a specific type of property in a specified area.
   i. Most Counties contract with an outside mass appraisal company. These third-party companies represent multiple counties across the State and provide expertise and experience in the mass appraisal process. Several counties have chosen to move this process in house and use certified mass appraisers to assess property.

B. Determining Value

County auditors use the appraised value of a property determined through the mass appraisal process and compare it to the actual sales of properties in the area to determine accuracy. IAAO (International Association of Assessing Officers) mandates a sales ratio of between 92-95%. This means that the taxable value would be within 92-95% of the sales price. The Ohio Department of Taxation will allow a sales ratio of 90% to 94% based on its calculation of the market within a given taxing district. The accuracy of values established by county auditors depends primarily on the completeness and accuracy of property characteristics and market data.

C. Valid, Recent Sale

Ohio law mandates that property is taxed at its market value. The best indicator of market value is a valid, recent sale. Valid means a sale that has been exposed to the market; not compromised by special financing or as a result of a sheriff's sale/foreclosure/auction, etc. The sale has both a willing buyer and willing seller. Per Ohio law, "recent" is 24 months from the tax lien date. And the closer the sale date is to the tax lien date, the better.

D. True Value vs taxable value/35%

In Ohio, the true value of a property is its market value – what it would generate on the open market with no barriers for either the buyer or seller.

The taxable value or assessed value is 35% of the parcel's true/market value. This is simply the value on which taxes are calculated. Many states have assessed values that are different than the property's full market value. This has varied over the years but for decades has been set at 35%

Given the size, cost and time restraints to valuing millions of parcels of property across the State, mass appraisal is the only realistic approach. This is, and has been, the approach used across the United States and around the world in establishing values for taxation purposes.

II. Franklin County Auditor Michael Stinziano

Chair Blessing, Chair Roemer, and members of the committee I am Auditor Michael Stinziano of Franklin County serving in this position since 2019. I thank you for the opportunity to provide testimony regarding the reappraisal process and the impact of value changes on revenue and taxpayers.

Today I will provide an overview of the reappraisal experience from a large county perspective and review how property value change impacts taxing authority revenue and taxpayers.[1] I appreciate this committee beginning with laying the foundation on our current system and hope to work with committee members and the legislature in general towards reform.

A. Large County Experience in Conducting a Mass Reappraisal

All county auditors are tasked with largely the same duties, but the different makeup in our counties including overall parcel count, amount of residential vs commercial vs agricultural land, and decisions of local governments regarding abatements and exemptions can mean fundamental differences in how we do our job.

In Franklin County and in other large counties in the state we begin the work of the mass reappraisal almost immediately following completion of the previous triennial update. This begins with the data collection of reviewing and evaluating each of the more than 450,000 parcels in the county. We use a combination of aerial photography, lidar-using flown lasers to map building footprints, drive by photography, and direct inspection to update and adjust the features of all the land and improvements. This work takes close to two years to complete.

At the same time as this project, we are continuing our sales review. We use this sales data to assign values to different property characteristics and locations that are all part of the work of our computer assisted mass appraisal or CAMA system. For all parcels, we explore a market, cost, and income approach to valuation. Our mission is to assign an auditor's value as of the tax lien date, in this case January 1, 2023, which reflects between 90% and 94% of the full market value aligning with guidance from the Department of Taxation.

One of the most complicated and time-consuming portions of this work is handling the many abatements, exemptions, and TIFs that apply to Franklin County parcels. About 40,000 of our parcels need special handling due to one or more of these tax incentives.[2]

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[1] For a deeper dive into these topics please see appended to this testimony slides from a presentation to the Winter Conference of the County Commissioners Association of Ohio.
[2] Learn more about different types of incentives, where they are in the county and revenue impacts here: https://franklin-county-tax-incentives-fca.hub.arcgis.com/

Every time we adjust the value we have to determine on a case-by-case basis what portion of value change is taxable and what portion should be assigned to an abatement, exemption, or TIF based on the relevant law, the local ordinance creating the incentive, and the characteristic and change of the property.

This phase of the work is completed in the spring of the reappraisal year, and we then submit our tentative abstract to DTE for review and approval.

We share all of the tentative values with the public in August of the reappraisal year both online and by mail to each property owner. Last year we also included a projection of what the new tax bill would be after the reappraisal – not accounting for any levies that may be approved later in the year. In September we conduct property value reviews, a chance for property owners to provide information to support a different value or alert us to any errors. We conducted 10,000 reviews on 20,000 parcels in 2023 in person, virtually, and through document submission. This owner participation is a critical part of the process because despite our best efforts to accurately set values we do not do interior inspections, and no one knows their home better than the homeowner.

In October, we finalize values with information from the reviews before submitting our final abstract to DTE in November. Final values went up on our website in November 2023 and letters explaining the result of the property value reviews were sent in December. Final tax rates are not set until all overlapping counties provide their final values to the state so effective rates can be calculated. This year the tax bills were put online by our county treasurer near the end of December and mailed out the following week. The first half property tax bills are due in Franklin County on January 31st.

B. Property value increases only modestly impact local government revenue except when the 20-mill floor is involved.

Levies, excluding inside millage, have an adjusted effective rate for reappraisal changes. The rate is adjusted based on the value of the subdivision, not the individual property. One effective rate for each levy is established for the entire subdivision.

Franklin County in 2023 illustrates this point. For all class 1 property, meaning residential and agricultural property that is equalized together the total final value change was 39.2%. The total tax increase collected on all class 1 property due just to the reappraisal was 6.1%. Even with new levies including substantial school levies for Columbus City Schools and Dublin City Schools, the new levies added only an additional 5.9%.

This often-major gap between the value change and the tax change continues on a political subdivision level. You will find a table of all these examples appended to this testimony.[3] Whitehall City Schools saw a total value property change of 39.24% but a total revenue change of only 7.92%. Dublin City Schools saw more tax increase change but that was largely driven by passage of a major levy, 7.9 mills plus additional bonds, for Dublin City Schools a 26.97% value change meant a 22.25% revenue increase with that new levy. Without the levy the impact would have been 10%. For cities and townships, the overall tax rates are less but the inside millage makes up a greater portion. For Perry Township for example a value change of 39.69% meant a tax change of 7.53%. For the City of Hilliard, the only property tax they collect is inside millage of 1.6 mills, so a 27.75% value changed caused a 27.75% property tax revenue increase but that total increase was roughly $50 per property ($611,798.28 spread over more than 12,000 parcels).

I will allow colleagues impacted by the 20-mill floor far more than Franklin County delve into the details of the experience. In general, the benefit of equalization in limiting windfall revenue growth for a political subdivision mostly disappears when the floor is reached. This means that the percentage growth in value will closely track with the percentage growth in revenue for those schools. Since schools make up the bulk of property taxes collected, this can result in a 20% or 30% value increase meaning tax increases of between 15% and 25% or more.

While the major value increases are understandably startling to property owners, what we know is that outside of the 20-mill floor they simply do not translate to windfall profits or major revenue increases for most political subdivisions. This keeps local governments more accountable to voters since voters need to approve any significant increase in property tax revenue.

C. Despite equalization, individual property owners can still experience significant changes in their tax bill as values change unevenly.

The experience of individual taxpayers can be very different than the averages because property values do not change at the same rate in each part of a political subdivision. Rates are set based on the political subdivision, but values are set on a parcel level.

Tax rates fall when values increase, but if an individual property increases by more than the average of properties that pay into the same levies they do, their tax bill will still increase. This is how property taxes are supposed to function-everyone should pay on the actual value of their property, but when some properties increase by 10% and others by 80% or more the shift in the tax burden is significant. Understandably, those

[3] See Tables 1-3

who see little tax change or even a decrease in their taxes are less likely to express concern to their elected representatives.

We analyzed how this reality played out for owner occupied property across Franklin County and within each city, village, and township with the stark property value changes we saw between TY22 and TY23. For owner occupied property in Franklin County, the average tax increase based on the reappraisal alone was $306, a meaningful but largely manageable change over the year with a $25 per month impact.

An individual homeowner can see a tax change very different than the average. Due to the reappraisal alone, 12% or 33,216 homes experienced an increase of at least $1000 in their tax bill, another 27% or 77,328 homes saw a change of between $500 and $1000, and 35% or 99,698 homes saw an increase of up to $500. But 26% of owner-occupied homes 72,785 saw a decrease in their taxes despite an increase in their property value. The range of experiences of individual homeowners show the difference between what happens in aggregate due to equalization and how different property value changes result in very different property tax experiences.[4]

For those who receive the homestead exemption, this reduction in rates sadly means a decrease in the cash value of the homestead exemption. Even with the inflationary increase from $25,000 to $26,200 for TY23, the amount of the credit has gone down for every recipient in Franklin County and in most if not all of the 41 counties on a reappraisal or a triennial update. The amount of the change varies by taxing district but is an average of $89 less than the benefit received in TY22.

In 20-mill floor jurisdictions, you will see higher average changes and fewer homes experiencing any decrease or a lesser change. This occurs because the impact of the 20-mill floor is to have a greater portion of the tax bill increase directly as value increases. There is still variation in the experience of property owners with those seeing the largest increases in value seeing the largest increases in taxes.

It is the range in individual experience that is driving much of the stress and housing because of property value changes. My office has received thousands of calls in the last few weeks from those with questions, fears, and panic about how they will be able to stay in their homes. We regret the limited recourse we are able to offer them as Ohio law simply does not have any mechanism to protect those who due to the market become house rich and cash poor.

In conclusion, as central Ohio's population continues to grow, we have no reason to expect property values will decrease so the work of this committee is incredibly important. As the committee lays the foundation I thank you for the opportunity to provide information on

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[4] See Table 4

conducting a reappraisal as well as review the relationship between value changes and revenue and individual owner tax liability. I am happy to join with my colleagues in answering questions today and in the future as we find solutions for this critical issue for all Ohioans.

III. Cuyahoga County Board of Revision Administrator Ronald J.H. O'Leary

Good morning, my name is Ronald J.H. O'Leary, and I am the Administrator for the Cuyahoga County Board of Revision. I will share an explanation of the Board of Revision's processes. I will focus mostly on valuation complaints, but I can answer any questions that you may have about the other complaints and appeals that the Board of Revision decides.

A. Board of Revision

A Board of Revision is a three-person, quasi-judicial board established in each county. Unless a county charter defines membership differently, the Board of Revision's members are representatives from the offices of the County Auditor, County Treasurer, and Board of County Commissioners.

The Board of Revision hears several complaints and appeals, which include:

1. Complaints against the valuation of real property
2. Complaints against the value of manufactured or mobile homes that are taxed like real property
3. Complaints against the assessment of real property other than market value (mostly Current Agricultural Use Value "CAUV")
4. Appeals from denial of homestead or owner-occupancy credit
5. Applications for remission of penalty
6. Expedited tax foreclosures
7. Appeals for failure to register residential rental properties
8. Corrected clerical errors in the tax duplicate

As I said a moment ago, I am focusing my discussion on valuation complaints—more formally known as a "Complaint Against the Valuation of Real Property"—which challenge the property value as set by the County Auditor. A valuation complaint cannot challenge the property tax rates or the amount of property tax due.

When deciding a valuation complaint, the Board of Revision must determine the property's fair market value on the tax-lien date (January 1 of the tax year). Fair market value is the value that a property should sell for in an arm's-length sale on the open market between a willing buyer and a willing seller where the buyer and seller both have full knowledge and facts concerning the property. When determining the fair market value, the Board of Revision can lower the property's value, increase it, or retain the value as determined by the Auditor.

A property owner or a commercial tenant (if the tenant is responsible for paying the taxes) can file a valuation complaint. Under certain circumstances, a political subdivision like a Board of Education or other non-owner can file a valuation complaint.

A party can file a valuation complaint with the Board of Revision each year from January 1 through March 31. If March 31 falls on a weekend, the deadline is the next business day. Unless certain exceptions apply, a person can file only one valuation complaint for a property in the three-year period between the Auditor's reappraisal and the assessment update year.

The party seeking the change in value has the burden of proof before the Board of Revision and should submit any evidence that supports that party's opinion about the value of the property. The evidence can be testimony, documents, or both. Documents frequently include:

1. Documents showing a recent, arm's-length sale like a recorded deed, closing statement (HUD-1), purchase contract, or conveyance-fee statement (DTE 100).
2. Recent appraisal report for the property. The appraiser should testify in case the Board of Revision has questions about the appraisal report.
3. Certified estimates from a contractor for repairs needed at the property. Major structural issues may affect the value of the property, but regular maintenance (new roof, new driveway) is typically factored into the existing current value based on the property's age and condition.
4. Dated interior/exterior photos of the property and comparable properties showing the property conditions.
5. New construction costs certified by a builder that include both hard and soft costs.

A party does not have to attend the hearing at the Board of Revision. But it is in the party's interest to attend if possible. The hearing is the party's opportunity to testify about the reasons why the Board of Revision should change the property's value. Many times, the Board of Revision's members have questions regarding the property and submitted evidence that only the person who filed the complaint can answer. If the party does not testify at the hearing, then the Board of Revision will make its decision based on other evidence submitted.

A Board of Revision must issue a decision within 180 days from the end of the annual filing period (typically March 31). If there is a countercomplaint, then the Board of Revision must issue a decision within 180 days from the date of filing the countercomplaint. If the Board of Revision does not issue its decision during the 180-day period, then the taxpayer has a valid continuing complaint through the year when there is a final decision by the Board of Revision, the Board of Tax Appeals, or the court system (up to the Ohio Supreme Court.)

The Board of Revision must dismiss an original complaint filed by a political subdivision like a Board of Education if the Board of Revision does not render a decision within one year from the date the complaint was filed.

Except for certain political subdivisions like a Board of Education, a party who disagrees with the Board of Revision's decision regarding a valuation complaint can appeal the decision to either the Board of Tax Appeals or the Court of Common Pleas. (Each complaint or appeal type that the Board of Revision decides is appealable, but different complaint/appeal types are appealable to different courts or agencies.) The appeal must be filed within 30 days of the date on the Board of Revision's decision notice. The party who appeals the Board of Revision's decision bears the burden of proof on appeal.

When a Board of Revision decreases a property's value, the change in value is retroactive to the tax-lien date for the tax year of the valuation complaint. If the taxpayer paid the property tax on the original, higher value, then the taxpayer is entitled to a refund of the overpayment. The County Treasurer can either apply the overpayment as a credit on the next tax bill or issue a refund check.

Conversely, if a Board of Revision increases the value of a property, the change in value is retroactive to the tax-lien date for the tax year of the valuation complaint. The taxpayer likely paid the property tax on the original, lower value. In that case, the property owner will owe an additional tax related to the increase in value.

IV. Athens County Auditor Jill Davidson

Thank you to the members of the committee for inviting us today. I am Jill Davidson and I have served as auditor in Athens County for more than 20 years. I will share an explanation of several topics that were requested by the committee.

A. Public Utility Property – Tangible Personal Property

Property taxes imposed on the tangible personal property of public utilities is notably the sole category remaining subject to taxation in Ohio following legislative amendments in 2005.

According to the most recent Annual Report, the assessed valuation of public utility personal property in Ohio reached approximately $27.0 billion. Taxes charged amounted to approximately $2.2 billion. The vast majority of this is from the electric utilities(55%) and the pipeline industry (33%)

Listing Percentages and True Value Determination (R.C. 5727.111, 5727.11)
Determining true value involves a nuanced calculation, factoring in capitalized cost less composite annual allowances, contingent on the property's age and expected life.
The assessed values vary based on the type of public utility.

a. Natural Gas Company – 25% for all taxable property
b. Pipeline, waterworks, heating companies – 88%
c. Energy Company – 24% for production property; 85% for all other property
d. Water Transportation Company – 25% for all property
e. Electric Company - 85% for Transmission and Distribution; 24% for all other property

Exemptions, Credits, and Reporting (R.C. 319.302, 5727.01, R.C. 323.12)
Numerous exemptions exist, encompassing municipally owned utilities, certified pollution control facilities, licensed motor vehicles, and more. Allowances are available for construction and interest. Reporting obligations dictate annual reports due by March 1, with possible extensions, and tax payments align with real property tax due dates.

Following local administrative deductions, the tax is calculated locally, billed by the county treasurer, and distributed by the county auditor to counties, municipalities, townships, school districts, and special districts based on taxable values and total millage levied. The gross (full rate) tax rates apply.

In Ohio, public utility property is assessed based on the determined true value, using prescribed methods and assessment percentages. The process involves considerations for useful life, alternative valuation methods, and final determinations. Once true value is established, taxable value is calculated by multiplying it by the appropriate assessment percentage for each utility and property type.

Appeals play a crucial role in the assessment process. Public utilities can appeal assessments within a 60-day period by filing a petition for reassessment, specifying objections. The appeals process includes a 45-day window for proposing changes in apportionment. Payments during appeals depend on objections, with interest on unpaid taxes. The appeals process involves notifications, hearings, and final determinations by the Tax Appeals Division, which can be further appealed to the Board of Tax Appeals.

Post-appeal procedures include notifications to county auditors, determining overpayments or underpayments, and potential refunds or credits. Miscellaneous provisions include a statute of limitations for assessing omitted property and guidance on identifying public utilities.

Managing Public Utility appeals that lead to refunds can pose challenges for local governments. To illustrate, when a utility files an appeal, it pertains to the value from the preceding year. However, the resolution of the appeal is a time-consuming process, often spanning multiple years, during which substantial refund amounts accumulate. As a result, handling the complexities of these appeals becomes a demanding task for local authorities.

There have been situations where there would be sufficient funds, but due to the services supported by the collection, negotiations were necessary for a repayment plan. This was crucial to ensure that the local government could effectively function while addressing the repayment obligations.

B. Current Agricultural Use Program

CAUV stands for Current Agricultural Use Value. This was created as a constitutional amendment more than 50 years ago. It's a method used to calculate the value of agricultural land for tax purposes (in essence it is an income approach to valuing agricultural property). This helps ensure that farmers are taxed based on the land's use for agriculture rather than its potential market value.

The CAUV is calculated using a formula that considers various factors related to agricultural production.[5]

The yield of major crops, a seven-year Olympic average of the price of those crops, the costs associated with crop production and the capitalization rate calculated by a five-

[5] See CAUV Formula Factors

year averaging method, combining the Farm Credit Service interest rate and the 25-year average of the “total rate of return on farm equity” published by the USDA.

In summary, CAUV is a method designed to support the agricultural community by providing a fair and reasonable valuation of their land for tax purposes.

While the CAUV system is intended to benefit farmers by providing a fair and reasonable valuation for tax purposes, there are arguments and concerns about how this type of valuation may have potential drawbacks for the overall tax base. Here are some points to consider:

1. **Potential Revenue Loss:** The CAUV system, while designed to support farmers, the result is a reduction in property tax revenue for local governments, predominantly from inside millage. This reduction in revenue can directly impact funding for essential public services, such as education, infrastructure maintenance, and public safety.

2. **Shifted Tax Burden to Residential Properties:** Lower property tax assessments for agricultural land also results in a disproportionate burden on residential properties. As agricultural land pays lower taxes, residential, commercial, and industrial properties may bear an increased share of the property tax burden to compensate for the diminished revenue from agricultural land. This shift can create disparities in tax contributions, particularly impacting homeowners.

3. **Impact on Local Services:** Reduced property tax revenue may limit the ability of local governments to provide necessary services. Schools, public safety agencies, and infrastructure projects could face funding challenges, affecting the quality and accessibility of services for residents in the community.

4. **Market Value vs. Use-Value Discrepancy:** Critics argue that the CAUV system may not accurately reflect the true market value of agricultural land. By focusing on the current agricultural use, the system may overlook the potential development value of the land. This discrepancy may contribute to a shift in the overall tax burden toward residential properties, especially in areas experiencing urban expansion.

In addition to these concerns, it's crucial to note that when a property no longer qualifies for the CAUV program, there may be a recoupment of tax savings previously granted under the program. This recoupment aims to recover the difference between the reduced CAUV valuation and the higher market value that would have been assessed during the prior three-year period of CAUV qualification. The potential shift in the tax burden to residential properties, coupled with recoupment provisions, adds complexity to the financial impact on homeowners and the local tax base.

In Athens County, over 120,000 acres, constituting almost 30% of the total acreage, are currently enrolled in the CAUV program. Even if a parcel meets only the minimum requirement, additional acres can qualify for CAUV as residual acreage, irrespective of whether the property is actively used for a qualifying purpose. To grasp the magnitude of the tax dollars redirected to other property owners, consider that for the current tax year, the estimated tax savings for these CAUV qualifying parcels is nearly $3.5 million. Notably, in terms of market value, these CAUV-enrolled parcels enjoy a substantial tax benefit, amounting to nearly 70%.

C. Ohio Forest Tax Law

The Ohio Forest Tax Law (OFTL) program is designed to encourage responsible forest management while providing a 50% reduction in property taxes for eligible forested acreage.

To receive the benefit of the 50% reduction in property taxes, landowners must commit to managing their forest for the commercial production of timber and other forest products, following specific rules. The minimum qualifications require that the forestland be at least 10 acres (excluding buildings) and not less than 120 feet wide. The property boundaries must be permanently marked every 100 feet. Landowners must apply for the program with the Ohio Department of Forestry. There is a one-time fee of $75 due after certification. Compliance costs are the responsibility of the landowner and are paid to the Ohio Division of Forestry. Additionally, landowners must develop and follow an approved Forest Management Plan approved by a State Forester. Then they must self-certify every five years, with random examinations by a State Forester.

Just like CAUV and other tax exemptions, forestry is a significant benefit to those in the program. However, other property owners or sectors may indirectly bear a larger share of the property tax responsibility to compensate for the reduced contributions from enrolled forested properties.

D. Real Property Exempted from Taxation

In Ohio, real property tax is a key source of revenue for local governments, schools, and other public services. Real property that becomes exempt from taxation can impact the tax base by reducing the overall taxable value of real estate in each jurisdiction. When a property is exempt, it means that it is not subject to property taxes. The impact of real property exemptions on the tax base for real property tax is influenced by provisions in the Ohio Constitution and the Revised Code.

Exemptions can apply to various types of real property, including:

1. **Government-Owned Property:** Real property owned by federal, state, or local governments falls under categories such as "United States of America," "State of Ohio," "County," "Townships," "Municipalities," and "Boards of Education." These properties are exempt from real property taxation.
2. **Recreational Use by Governments:** Real property owned by governments and used for recreational purposes, rather than governmental purposes, is categorized under "Conservancy Districts and Park Districts."
3. **Privately-Owned Educational Facilities:** Privately-owned educational facilities, such as schools, colleges, and academies, are exempt, and their values are reported in the category of "Schools, Colleges, and Academies."
4. **Institutions with Tax Exempt Status:** Real property owned by institutions with tax-exempt status is included in categories like "Charitable Institutions" and "Churches."
5. **Cemeteries:** Property used as cemeteries and fixtures used in cemeteries are specifically categorized under "Cemeteries and Monuments."
6. **Tax Abatements:** Municipal, township, and county governments have the authority to grant exemptions as incentives for economic development and urban renewal. Exempt real property in these cases falls under the heading of "Tax Abatements."
7. **Miscellaneous Category:** County auditors may report exempt values for property not fitting into the above categories in a generalized miscellaneous category.

When these exemptions are granted, the taxable base for real property tax is reduced because the exempt properties are not included in the calculation of property taxes. This reduction in the tax base means that the remaining properties may experience a higher tax rate to compensate for the lost revenue.

Ohio has experienced a significant surge in opportunities for tax abatements and an expanded scope for tax exemptions, leading to a notable increase in exempt real property compared to taxable value. Since 2002, the exempt assessed real property value in the state has soared by over 120%, while taxable assessed real property has seen a more modest increase of less than 63% (Source: ODT, PE1 Reports).

In Athens County, boasting nearly 4300 exempt parcels, the region has one of the highest exempt tax bases, with over 30% of the tax base being exempt. In the TY 22 Report, Athens

County is second only to Franklin County. This is primarily attributed to tax-exempt parcels linked to entities such as Ohio University, Hocking College, and the Wayne National Forest. The growing trend of real property qualifying for exemptions and the creation of more tax abatements contribute to a shifting burden, with an increasing share of the tax falling on residential homeowners.

Local government services come with associated costs, and a larger tax base translates to a lighter burden on each property owner. However, the continuous expansion and augmentation of various exemptions mean that fewer individuals are contributing to the same services, resulting in a higher cost for each of them.

Thank you for this opportunity to provide information. We appreciate being at the table with you in the effort to conduct a significant, comprehensive review of the overall system. We look forward to continuing to be a part of the conversation.

Table 1: Assessed Values for Select Political Subdivisions from Tax Year 2022 to Tax Year 2023

	TY 22 Assessed Value	TY 23 Assessed Value	Increase in AV from TY22 to TY23	Percent Change of AV
Whitehall CSD	$280,164,170.00	$390,091,190.00	$109,927,020.00	+ 39.24%
Dublin CSD	$3,115,341,830.00	$3,955,531,180.00	$840,189,350.00	+ 26.97%
Perry Twp	$227,236,750.00	$317,423,570.00	$90,186,820.00	+ 39.69%
Hilliard City	$1,378,112,100.00	$1,760,486,060.00	$382,373,960.00	+ 27.75%

Table 1 depicts the assessed values for all property from above four political subdivisions for TY 2022 and TY 2023, showing both the dollar amount and the percent change between the tax years.

Table 2: Taxes Charged to Select Political Subdivisions from Tax Year 2022 to Tax 2023

	TY 22	TY23	Increase in Taxes from TY22 to TY 23	Percent Change
Whitehall CSD	$13,330,494.48	$14,386,805.70	$1,056,311.22	+ 7.92%
Dublin CSD	$167,564,288.22	$204,842,891.46	$37,278,603.24	+ 22.25%
Perry Twp	$3,548,654.94	$3,815,941.68	$267,286.74	+ 7.53%
Hilliard City	$2,204,979.36	$2,816,777.64	$611,798.28	+ 27.75%

Table 2 depicts the changes in calculated revenue to each political subdivision listed above. Compared with Table 1, while Whitehall CSD shows the largest increase in assessed value, they have the lowest percent increase in taxes. Dublin CSD saw a larger tax increase, mainly driven by major levy 7.9 in a fixed sum levy and additional bonds-the percent change for Dublin CSD without the levies would be 10%. Hilliard City only receives 1.6 mills in inside millage with no charter or voted levies.

Table 3: Tax Rates from Select Political Subdivisions from Tax Year 2022 to Tax Year 2023

	Whitehall CSD	Dublin CSD	Perry Township	Hilliard City
TY 22 Full Rate	74.65	92.09	24.10	1.60
TY 23 Full Rate	73.65	99.85	24.10	1.60
TY 22 Eff. Res. Ag	40.19	49.34	14.01	1.60
TY 23 Eff. Res. Ag	29.50	47.03	10.46	1.60
TY 22 Eff. Com. Ind.	55.85	59.15	15.41	1.60
TY 23 Eff. Com. Ind.	50.58	59.19	11.14	1.60
Inside Millage	10.00	9.89	9.50	9.90

Table 3 depicts the full tax rates, the effective tax rates on residential and agricultural properties, and the effective tax rates for commercial and industrial properties for tax years 2022 and 2023 showing how much rates change with value changes. The table also includes the inside millage for each political subdivision.

Table 4: County Wide Total Owner-Occupied Properties in Tax Year 2023

Total Owner Occupied in TY 23 = 283,027

	With 2023 Levies	**Pre 2023 Levies**
All Owner-Occupied (OOC) Property		
Net Tax Increase	$175,011,222.46	$86,707,827.91
Increase Only	$207,205,803.34	$139,855,498.24
Decrease Only	$(32,194,580.88)	$(53,147,670.34)
OOC Properties Expecting $1000 plus tax increase		
Number:	70,075	33,216
Percentage (of subdivision):	25%	12%
Total Increase Cost:	$115,716,938.64	$56,868,032.01
OOC Properties Expecting $500-999.99 plus tax increase		
Number:	96,596	77,328
Percentage (of subdivision):	34%	27%
Total Increase Cost:	$71,163,776.90	$54,885,144.97
OOC Properties Expecting $0-499.99 plus tax increase		
Number:	70,009	99,698
Percentage (of subdivision):	25%	35%
Total Increase Cost:	$20,325,087.80	$28,102,321.26
OOC Properties Expecting tax decrease		
Number:	46,347	72,785
Percentage (of subdivision):	16.38%	26%
Decrease Only	$(32,194,580.88)	$(53,147,670.34)

Table 4 depicts the total number of owner-occupied properties for Franklin County in 2023, including tax liability change from 2022 to 2023 with new levies and pre-2023 levies. The table breaks down the number of parcels expecting tax increases between $0-499.99, $500-999.99, and $1000 plus. Additionally, properties that experienced a decrease in property taxes are shown.

County Auditors' Association of Ohio

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CAUV Formula Factors

Current Agricultural Use Value (CAUV) is calculated using a formula that takes into account various factors related to agricultural production. Here are the key components of the calculation:

1. **Yield Information:** This involves the typical yields of major crops like corn, soybeans, and wheat for different types of soils. The data is updated regularly to reflect current agricultural practices.
2. **Cropping Patterns:** The distribution of different crops (corn, beans, wheat) based on the average harvested acres in Ohio over the past five years.
3. **Crop Prices:** The prices of crops are calculated as a five-year weighted average, where price data is collected for seven years with the highest and lowest eliminated. The prices are weighted based on the statewide production for each year. For 2023 values the seven-year period is 2016 through 2022.
4. **Non-Land Production Costs:** The average costs associated with crop production, excluding land costs, as determined from data taken from the Ohio Crop Production Budgets prepared by The Ohio State University College of Food, Agriculture and Environmental Sciences are considered. These costs are again based on data collected over a seven-year period with the highest and lowest years eliminated.
5. **Capitalization Rate:** This rate is again derived using a five-year averaging method, combining the Farm Credit Service interest rate and the 25-year average of the “total rate of return on farm equity” published by the USDA.
6. **Cropland Values:** The CAUV for cropland is calculated by dividing the rotational net return per acre by the capitalization rate. However, there's a minimum value set, especially for soils with slopes of 25 percent or less.
7. **Woodland and Pasture Values:** The value of woodland is determined by subtracting conversion costs from the cropland value. Pastureland is valued similarly to cropland.
8. **Minimum Values:** There are minimum values set for different types of land based on slope percentages.
9. **Conservation Land:** Farmland in conservation programs or used for conservation practices may have the lowest CAUV value applied.
10. **Impact on Property Valuation:** The CAUV system helps ensure that agricultural land is assessed and taxed at a rate that reflects its use for farming rather than its potential development value. This benefits farmers by reducing the tax burden on their land, making it more financially sustainable for agricultural purposes.

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ANTHONY J. BORNHORST
JULIE L. EHEMANN
ROBERT A. GUILLOZET
PAMELA STEINKE, Clerk of the Board

Good morning, Co-Chairs Blessing and Roemer and Members of the Joint Property Tax Review and Reform Committee. My name is Tony Bornhorst, and I am serving my twelfth year as a Commissioner for Shelby County. Thank you for the opportunity to express the views of the County Commissioners Association of Ohio on some of the challenges facing our Property Tax System. Five items that I would like to start the conversation with are:

1) Growing lack of Transparency in real estate transactions, especially with LLC's, as real estate assets are transferred within the composition change of the members of the LLC. Avoiding Conveyance Fees and capability of determining true value of that real estate occurs.

2) Overuse and misuse of tax abatements and tax increment financing (TIF).

3) Use of Three Year Averaging in regards to valuation determinations by the County Auditor is appropriate, as spikes in any one year can dramatically increase valuations.

4) Homestead Property Tax Credit, a State program to help senior and disabled Veteran homeowners to cope with rising property taxes, has not been able to keep up with the pace of increased valuations.

5) Proposed levies that do not come before the County Commissioners for placement on the Ballot.

I will address Issue number 4 and 5, and then turn the mic over to my fellow Commissioners Mike Yoder and Dave Burke. In regard to issue 5, Library and Health Districts currently do not have to consult or ask permission to place a levy on the ballot from the County Commissioners. Commissioners have the authority to authorize a ballot levy for numerous entities that do not have elected board members. The Commissioners have the capability to advise and suggest changes in regard to renewals, increases, reductions, or replacement language of the ballot initiative. CCAO supports giving Commissioners discretion in regards to Health Districts and Libraries, same as other entities. Shelby County was successful in a County wide Historical Societies Levy four years ago and renewal this past November due in part to very good conversations and discussion with members of the Historical Societies and members of the community for the best fit for our County. Just the opposite, the Sidney Shelby Health District placed an increase of a current levy that failed in November. I do think with some consultation, that outcome may have been different. I do feel County Commissioners need to be consulted and be allowed to determine ballot access in regards to all levies that originate from entities within the County that have unelected Boards.

In regards to issue 4, Homestead Property Exemption Tax Credit has not kept up with increased valuations, for example in Shelby County qualified applicants have dropped by 925 residents in the last ten years. The average savings is about $350.00 for the 2,822 residents that qualified for 2023. Changes in the parameters of Income Limitation and Reduction Amount need to change in accordance to changes of inflation and valuation percentages.

I wish to have Commissioners Yoder and Burke address some of the other issues that have been presented, starting with Mike.

Thank you for this opportunity to speak, and will be glad to answer any questions.

Respectfully,

Anthony J. Bornhorst
Shelby County Commissioner, Ohio

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Cheryl Subler, Executive Director

JOINT COMMITTEE ON PROPERTY TAX REVIEW AND REFORM
(Written Only)
May 1, 2024

Jon Honeck
Senior Policy Analyst

Good morning, Co-Chairs Blessing and Roemer, and Members of the Joint Property Tax Review and Reform Committee. My name is Jon Honeck. I am a Senior Policy Analyst with CCAO. Thank you for the opportunity to express the views of the County Commissioners Association of Ohio on some of the challenges facing our property tax system. We see three main issues with the current system:

- A growing lack of transparency in real estate transactions caused by the use of limited liability corporations (LLCs) to shield sales from the county auditor, which threatens to undermine the integrity of our property valuation system and reduces conveyance fee revenue to the county;

- Overuse and misuse of tax abatements and tax increment financing (TIF); these actions remove potential funding for county services and shift the tax burden in ways that are not intended or understood by voters that have authorized levies;

- The homestead property tax credit, which is the primary state program to help seniors and disabled homeowners, has not kept up with market valuations and needs to be improved to achieve its intended purpose.

Counties have a dual role in the property tax system as both administrators and providers of services supported by this revenue stream. The services provided by county government are some of the most direct interactions many Ohioans have with any level of government, including public safety, administering elections, protecting Ohio's children, building roads, and providing social services. Ohio's counties serve as branch administrative agencies of the state, with our specific responsibilities outlined in the Revised Code.

Counties receive revenue from both "inside" (unvoted) and "outside" (voted) levies. Counties are guaranteed at least 2/3 of the average mills that were being collected between 1929 and 1933 under the former 15-mill limitation before the constitutional amendment creating the 10-mill limitation took effect in 1934. The average county utilizes 2.5 inside mills. County inside millage can be suspended temporarily without being reallocated by the county budget commission (RC 5705.313).

Three counties have temporarily suspended collection of inside millage (Butler, Geauga, and Warren), and another (Franklin) does not collect all of its allowed inside millage. Most counties dedicate inside millage to their general fund, but it is also common to see inside mills dedicated to debt service for bonds. Revenue from inside millage is allowed to grow with increases in property valuation, thereby allowing part of our revenue stream to keep up with inflation.

Commissioners serve as the budgeting authority for county government and make appropriations for the general fund, as well as various property tax "levy-funded" agencies as children services, senior services, mental health and addiction services, and developmental disabilities. Although levy proceeds are not included in the county general fund, they are the fundamental source of support for many county services. Levies for social services are common, but other purposes may include jails, EMS, 9-1-1, parks and zoos, roads, county homes or hospitals, soil and water conservation, and OSU extension.

In 2023, 87 counties had levies for developmental disabilities; 78 counties had levies for ADAMH services; 72 counties had senior service levies; and 53 counties had children services levies (see appendix). The situation in children services is especially difficult, with more counties having to use general revenue or other sources to supplement levy proceeds due to rising placement costs.

Commissioners must adopt a resolution to approve access to the ballot for most voted levies at the county level. This creates an opportunity for dialogue about the service needs and fiscal situation of entity requesting the levy. This is a responsibility that we take very seriously, and we deny requests for ballot access if we feel they are not warranted. We ask that the General Assembly continue to allow the use of replacement levies as an option so that revenues can keep up with service needs.

Certain special districts for public health, libraries, parks, and multi-county mental health and addiction service districts can place levies on the ballot without commissioner approval. We believe that voters would be better served by having commissioners, who are elected and directly accountable to the voters, have the same authority for these unelected entities as well.

After voters approve a levy, the County Budget Commission, comprised of the auditor, prosecutor, and treasurer, has the authority to roll back millage rates if funds are not needed to provide the required level of services (RC 5705.32, 5705.341).

Use of LLCs in Real Estate Transactions

It has become common in real estate transactions, including residential sales, to characterize the sale as a transfer of ownership shares in a limited liability company or other pass-through entity. In this way, the parties avoid recording a new deed with the county auditor and paying the conveyance fee (real property transfer tax). This practice reduces county revenue and undermines the ability of the auditor to fairly value the property. Over time, as real estate transactions are removed from public scrutiny, it becomes increasingly difficult to maintain a complete list of comparable arms-length transactions that are necessary for the county auditor to establish proper valuations. As a result, property tax millage may be set at higher rates than are otherwise necessary and taxing districts are incentivized to challenge valuations properties owned by LLCs.

Closing the LLC loophole has become more important given the passage of House Bill 126 (134th General Assembly). House Bill 126 limits the ability of schools and other taxing districts to use the board of revision process to challenge the valuations of properties they do not own. This change makes it even less likely that the auditor will be made aware of transactions using LLCs. CCAO supports legislation that will ensure transparency when a controlling interest is transferred in an LLC that owns real estate. Legislation should create and enforce a method to fairly value real estate in transactions that include many different types of assets so that the transfer tax can be levied in a fair and transparent manner. In 2022, counties collected a total of $249.3 million from conveyance fees. The first mill is mandated by the state, and counties may add up to an additional 3 mills. Sixty counties had implemented the maximum 3 mills (see appendix).

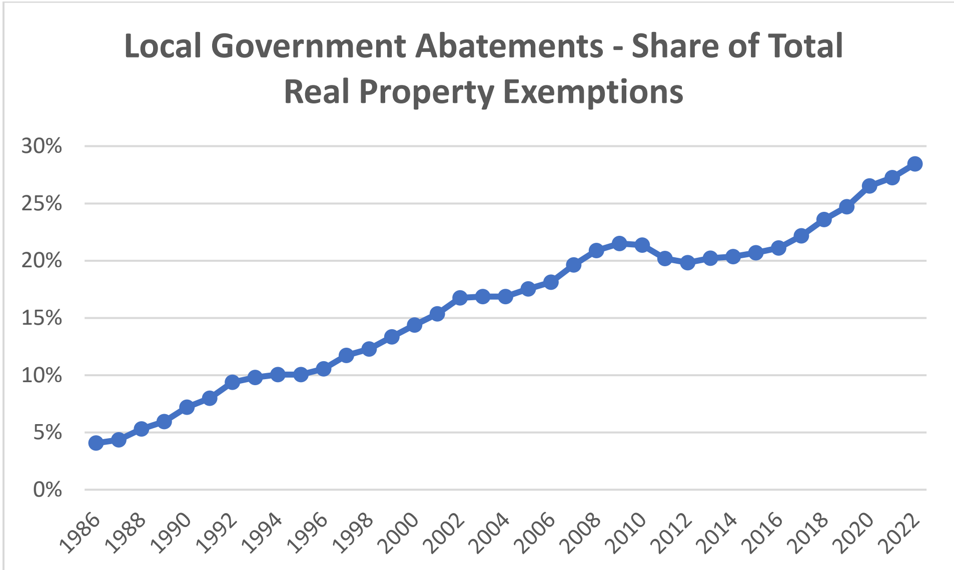
Growth of Tax Abatements

The amount of property subject to tax abatements or tax increment financing (TIFs) has grown tremendously over the last few decades. In 2014, local governments granted exemptions or TIFs to real property worth $9.8 billion. By 2022, this total had grown to $19.3 billion. Property subject to a TIF was the largest single category of this total ($10.6 billion). Tax abatements and TIFs originally served a purpose to lower the cost of a project in a blighted area that otherwise would not experience development. Now they have become routine and used even for greenfield development.

Abatement Categories by Valuation of Property, 2022	
Community Urban Redevelopment Corp	$42,816,710
Community Reinvestment Area (CRA)	$5,924,458,250
Municipal Corporation Increment Financing	$10,602,698,190
Municipal Urban Renewal	$314,203,390
Other (Includes Enterprise Zones)	$2,488,382,750
Total	$19,372,559,290

Source: CCAO Analysis of Tax Department Tables, PE-1 and PE-3.

Over time, property subject to discretionary abatements has become an increasingly large share of all exempt property, reaching 28.5% by 2022 (see graph below).



Source: CCAO analysis of Ohio Department of Taxation data, Tables PE-1 and PE-3.

CCAO opposes efforts to expand the allowable uses of TIFs to include services and activities that are not directly related to the construction and maintenance of physical infrastructure. TIFs should be used as a tool to develop public infrastructure such as roads or utility lines that benefit the general public rather than a tool to offset private development costs of particular projects or developers. The primary purpose of the TIF should be to support industrial or commercial projects rather than residential development.

Current law allows commissioners to object to a municipal or township incentive district TIF if the duration exceeds ten years or the percentage exemption exceeds 75%. The law also includes a default compensation mechanism if the parties do not reach agreement. This default provision should be expanded to include parcel TIFs and allow commissioners to object and receive compensation for any TIF if the duration exceeds ten years or if value of the exemption exceeds 50%.

Homestead Exemption and Property Tax Credits

The standard homestead property tax credit reached over 700,000 low-income senior and disabled households. The standard credit shields $26,200 in appraised valuation from property taxes. Household income cannot be greater than $38,600. An enhanced exemption is available for disabled veterans and surviving spouses of a public service officers killed in the line of duty. CCAO applauds the improvement to the program in House Bill 33 that indexed the valuation and income limits to inflation, but these changes have not kept up with changes in the real estate market. The current program structure was put in place in 2007, when the exempted valuation was set at $25,000. Since that time, the sale price of an Ohio home has increased by over 70%. CCAO recommends significantly increasing the amount of valuation subject to the exemption to take into account changes in the market.

CCAO also opposes efforts to further reduce in scope or eliminate the current state rollback programs for the 10% non-business credit and the 2.5% owner-occupied credit. If new tax relief programs are being considered, the state should maintain its policy of holding local governments harmless from any fiscal effects.

The state should also explore implementing a property tax “circuit breaker” program that caps property tax payments as a percentage of income. This program could be administered using the same data collected through the homestead exemption. Also, some other states have implemented property tax deferral programs in which the state pays a portion of a senior household’s property tax liability each year, and the accumulated costs are treated as a lien on the property. When the house is sold, the lien is paid and the state recovers its investments. Over time, the program comes to resemble a revolving loan program, lessening the need for state general revenue support.

Conclusion

As the committee considers reforms to the system, it is important to maintain the property tax base. When certain types of property are exempted or removed from the tax base, it only creates more pressure on remaining taxpayers. For example, the elimination of the tangible personal property tax shifted tax burdens to residential taxpayers.

If new forms of assistance to homeowners are considered, we ask that the state maintain its policy of offsetting the fiscal impact on local governments.

Ohio’s property tax system is complex and difficult for voters to understand. Policy reforms in one area may have unintended consequences. We look forward to working with the General Assembly to address the many challenges facing our state property tax system. Thank you for the opportunity to share CCAO’s concerns with the committee.

COUNTY DATA EXCHANGE
CDE
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COUNTY INSIDE MILLAGE TAX LEVIES, TAX YEAR 2023

April 2024

County	Guaranteed Inside Millage	Total Current Inside Millage	Purpose	Millage Used
Adams	3.90	3.90	General Fund	3.90
Allen	2.40	2.40	Bond	0.75
			General Fund	1.65
Ashland	2.60	2.60	General Fund	2.60
Ashtabula	2.40	2.51	Bond	0.29
			General Fund	2.22
Athens	2.30	2.30	General Fund	2.30
Auglaize	2.40	2.50	General Fund	2.50
Belmont	2.30	2.30	General Fund	2.30
Brown	3.40	3.80	General Fund	3.80
Butler	1.90	1.48	General Fund	1.48
Carroll	2.40	3.30	General Fund	3.30
Champaign	2.60	2.60	General Fund	2.60
Clark	1.70	1.70	General Fund	1.70
Clermont	3.00	3.20	County Capital	1.00
			General Fund	2.10
			Park Board	0.10
Clinton	2.80	1.50	General Fund	1.50
Columbiana	2.20	0.20	Debt Service	0.20
Coshocton	2.50	2.60	General Fund	2.60
Crawford	1.40	2.00	General Fund	2.00

County	Guaranteed Inside Millage	Total Current Inside Millage	Purpose	Millage Used
Cuyahoga	1.50	1.45	Debt Service	0.35
			General Fund	1.10
Darke	2.60	3.00	General Fund	3.00
Defiance	2.40	2.80	General Fund	2.76
			Park Board	0.04
Delaware	2.80	1.47	General Fund	1.30
			Permanent Improvement	0.10
			Bond ($12,000,000)	0.07
Erie	2.00	2.30	General Fund	2.30
Fairfield	2.60	2.60	General Fund	2.60
Fayette	2.50	4.05	Debt Service	0.20
			General Fund	2.80
			Bond ($20,000,000)	1.05
Franklin	2.30	1.47	General Fund	1.47
Fulton	1.90	2.00	General Fund	2.00
Gallia	3.90	3.90	General Fund	3.40
			Park District	0.50
Geauga	2.30	2.74	General Fund	2.50
			Bond ($24,000,000)	0.24
Greene	2.50	2.50	General Fund	2.50
Guernsey	2.50	2.60	General Fund	2.60
Hamilton	2.30	2.29	General Fund	2.26
			Park District	0.03
Hancock	1.50	1.50	General Fund	1.50
Hardin	2.10	2.80	General Fund	2.80
Harrison	2.50	3.00	General Fund	3.00
Henry	3.40	3.40	General Fund	3.40
Highland	2.90	2.90	General Fund	2.90
Hocking	2.85	3.50	General Fund	3.50

County	Guaranteed Inside Millage	Total Current Inside Millage	Purpose	Millage Used
Holmes	3.00	3.40	General Fund	3.25
			Park District	0.15
Huron	2.10	2.10	General Fund	2.10
Jackson	2.70	3.20	General Fund	3.20
Jefferson	1.80	1.85	General Fund	1.85
Knox	3.40	3.40	General Fund	3.40
Lake	2.10	1.10	General Fund	1.00
			Metro Park	0.10
Lawrence	3.10	3.38	General Fund	3.10
			County Health	0.28
Licking	2.20	1.10	General Fund	1.10
Logan	2.30	2.50	General Fund	2.50
Lorain	1.60	1.60	Debt Service	0.40
			General Fund	1.20
Lucas	2.00	2.00	General Fund	2.00
Madison	3.10	3.50	General Fund	3.00
			Veterans Relief	0.50
Mahoning	2.10	2.10	Debt Service	0.61
			General Fund	1.49
Marion	1.80	2.40	General Fund	2.40
Medina	2.30	2.50	Debt Service	0.20
			General Fund	2.30
Meigs	3.00	4.30	General Fund	4.30
Mercer	2.50	2.50	General Fund	2.50
Miami	2.20	2.44	Conservancy District	0.04
			General Fund	2.40
Monroe	3.30	3.50	General Fund	3.50
Montgomery	1.70	1.70	General Fund	1.70
Morgan	3.20	3.20	General Fund	3.20
Morrow	2.30	3.20	General Fund	3.20

County	Guaranteed Inside Millage	Total Current Inside Millage	Purpose	Millage Used
Muskingum	2.00	2.15	General Fund	2.15
Noble	2.30	3.10	General Fund	3.10
Ottawa	2.00	2.00	General Fund	2.00
Paulding	2.50	3.40	County Health Department	0.10
			General Fund	3.20
			Bond (Hospital)	0.10
Perry	4.10	4.10	General Fund	4.10
Pickaway	2.30	3.00	General Fund	3.00
Pike	4.20	4.90	General Fund	4.90
Portage	2.00	2.00	General Fund	2.00
Preble	2.70	2.80	General Fund	2.80
Putnam	1.30	2.60	General Fund	2.60
Richland	1.80	2.00	General Fund	2.00
Ross	2.40	3.10	General Fund	3.10
Sandusky	2.60	2.60	General Fund	2.60
Scioto	1.90	2.08	General Fund	2.08
Seneca	1.90	1.90	General Fund	1.90
Shelby	2.10	2.20	General Fund	2.20
Stark	2.10	2.20	General Fund	2.20
Summit	2.20	2.20	Debt Service	0.57
			General Fund	1.63
Trumbull	1.80	1.80	General Fund	1.80
Tuscarawas	2.20	2.20	General Fund	2.20
Union	3.40	3.40	General Fund	3.40
Van Wert	1.50	2.40	General Fund	2.40
Vinton	3.10	4.50	General Fund	4.50
Warren	2.60	2.57	General Fund	2.57
Washington	2.60	2.60	General Fund	2.60
Wayne	1.80	2.10	General Fund	2.00
			Bond ($6,000,000)	0.10

County	Guaranteed Inside Millage	Total Current Inside Millage	Purpose	Millage Used
Williams	2.50	2.80	General Fund	2.80
Wood	1.60	2.40	General Fund	2.35
			Historical Center	0.05
Wyandot	1.80	2.90	General Fund	2.90

Guaranteed inside millage is equal to 2/3rds of the millage levied during 1929 to 1933 prior to a constitutional amendment lowering the number of unvoted property mills from 15 to 10.

Source: Ohio Department of Taxation, Property Tax Rate Abstract

COUNTY DATA EXCHANGE

CDE

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COUNTY VOTED PROPERTY TAX LEVIES BY CATEGORY, TAX YEAR 2023

April 2024

The table below shows which counties use outside (voted) property tax levies for certain purposes. These purposes were categorized based on the “Levy Name” column in the property tax abstract data published by the Department of Taxation. In many cases, the categories are combination of narrower “Levy Name” definitions. For example, the Public Safety category below includes levies for sheriffs departments, drug task forces, and crime labs.

Additionally, the revenue from some levies that counties collect are used for multiple categories. To the best of our ability, the county is listed in each category. For example, Medina County has a single levy for its ADAMHS Board, Children Services, and Senior Services. The fact that Medina County is listed under those three categories is not meant to imply that there are separate levies for each purpose.

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
Board of Developmental Disabilities	87	Adams Allen Ashland Ashtabula Athens Auglaize Belmont Brown Butler Carroll Champaign Clark Clermont Clinton Columbiana Coshocton Crawford Cuyahoga Darke Defiance Delaware Erie	Fairfield Fayette Franklin Fulton Gallia Geauga Greene Guernsey Hamilton Hancock Hardin Harrison Henry Highland Hocking Holmes Huron Jackson Jefferson Knox Lake Lawrence	Licking Logan Lorain Lucas Madison Mahoning Marion Medina Meigs Mercer Miami Monroe Montgomery Morgan Morrow Muskingum Noble Ottawa Perry Pickaway Pike Portage	Preble Putnam Richland Ross Sandusky Scioto Seneca Shelby Stark Summit Trumbull Tuscarawas Union Van Wert Vinton Warren Washington Wayne Williams Wood Wyandot

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
Alcohol, Drug Addiction, and Mental Health Services Board	78	Adams Allen Ashland Ashtabula Athens Auglaize Belmont Brown Butler Champaign Clark Clermont Clinton Columbiana Coshocton Crawford Darke Defiance Delaware Erie Fairfield Fayette	Franklin Fulton Geauga Greene Guernsey Hamilton Hancock Hardin Harrison Highland Hocking Holmes Huron Jefferson Lake Lawrence Licking Logan Lorain Lucas Madison Mahoning	Marion Medina Mercer Miami Monroe Montgomery Morgan Morrow Muskingum Noble Ottawa Paulding Perry Pickaway Pike Portage Putnam Richland Ross Sandusky Seneca Shelby	Stark Summit Trumbull Tuscarawas Union Van Wert Warren Washington Wayne Williams Wood Wyandot
Senior Services	72	Adams Allen Ashland Ashtabula Athens Auglaize Belmont Brown Butler Carroll Champaign Clark Clermont Clinton Columbiana Coshocton Crawford Defiance Delaware Erie Fairfield Franklin	Fulton Gallia Geauga Greene Guernsey Hamilton Hancock Hardin Harrison Henry Hocking Huron Jackson Jefferson Knox Lake Licking Lucas Madison Mahoning Marion Medina	Meigs Mercer Monroe Morgan Morrow Muskingum Noble Ottawa Paulding Perry Pickaway Pike Preble Putnam Richland Ross Sandusky Scioto Seneca Trumbull Tuscarawas Van Wert	Vinton Warren Washington Williams Wood Wyandot

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
Children Services	53	Adams Allen Ashland Ashtabula Athens Belmont Butler Champaign Clark Clermont Clinton Columbiana Coshocton Crawford Cuyahoga Fairfield Franklin Geauga Greene Guernsey Hamilton Hancock	Harrison Highland Hocking Jackson Jefferson Knox Lake Licking Logan Lorain Lucas Mahoning Marion Medina Mercer Montgomery Morgan Muskingum Perry Pike Portage Preble	Richland Ross Scioto Stark Summit Trumbull Vinton Washington Wayne	*Not Applicable*
Health Department	49	Adams Ashland Athens Auglaize Champaign Clark Clinton Defiance Delaware Erie Fayette Fulton Gallia Geauga Greene Guernsey Harrison Henry Highland Hocking Jackson Knox	Lorain Madison Medina Meigs Miami Monroe Morrow Muskingum Noble Paulding Perry Pike Portage Preble Putnam Richland Ross Sandusky Seneca Shelby Tuscarawas Union	Vinton Warren Williams Wood Wyandot	*Not Applicable*

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
Library District	38	Adams Athens Belmont Brown Clermont Clinton Coshocton Cuyahoga Defiance Fairfield Franklin Gallia Geauga Greene Guernsey Hamilton Jefferson Knox Lake Lucas Mahoning Meigs	Morgan Muskingum Paulding Perry Pike Portage Preble Ross Scioto Summit Trumbull Tuscarawas Washington Wayne Williams Wood	*Not Applicable*	
Park District	31	Ashland Ashtabula Butler Clark Clermont Coshocton Crawford Darke Erie Fairfield Franklin Geauga Greene Hamilton Hancock Knox Licking Lorain Medina Miami Muskingum Ottawa	Pickaway Portage Richland Ross Sandusky Seneca Stark Summit Wood	*Not Applicable*	

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
9-1-1 Services	21	Adams Belmont Coshocton Defiance Delaware Fulton Hardin Harrison Huron Jefferson Lorain Lucas Madison Meigs Paulding Perry Putnam Sandusky Stark Union Washington	*Not Applicable*		
EMS	17	Adams Athens Coshocton Fayette Fulton Harrison Hocking Jackson Lawrence Meigs Monroe Morgan Morrow Noble Pike Putnam Vinton	*Not Applicable*		
Public Safety	13	Champaign Crawford Guernsey Hamilton Hardin Harrison Lake Lorain Medina Muskingum Sandusky Vinton Wayne	*Not Applicable*		

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
OSU Extension	12	Brown Coshocton Hardin Harrison Monroe Morgan Morrow Noble Paulding Van Wert Vinton Williams	*Not Applicable*		
County Home	10	Carroll Guernsey Harrison Holmes Medina Ottawa Perry Richland Washington Wayne	*Not Applicable*		
Roads and Bridges	6	Carroll Fairfield Geauga Greene Miami Morrow	*Not Applicable*		
Tuberculosis	5	Athens Lorain Mahoning Muskingum Scioto	*Not Applicable*		
Zoo	3	Franklin Hamilton Lucas	*Not Applicable*		
Historical Society	3	Clark Logan Shelby	*Not Applicable*		
Hospital	3	Greene Hamilton Morrow	*Not Applicable*		
County Jail	3	Fayette Jefferson Paulding	*Not Applicable*		
Human Services*	2	Cuyahoga Montgomery	*Not Applicable*		
Soil and Water District	2	Monroe Williams	*Not Applicable*		
Port Authority	2	Cuyahoga Lucas	*Not Applicable*		
Regional Food Center	1	Hocking	*Not Applicable*		

Levy Category	Count	Counties (1-22)	Counties (23-44)	Counties (45-66)	Counties (67-88)
Adult Protective Services	1	Fairfield	*Not Applicable*		
School Financing District	1	Ashtabula	*Not Applicable*		
Family Services and Treatment	1	Hamilton	*Not Applicable*		
Science and Natural History	1	Lucas	*Not Applicable*		

*Cuyahoga County and Montgomery County have combined levies for human services programs. These levies are not as easily broken into their composite purposes like the Medina County levy given as an example above, so they are left as the broad category.

Source: Ohio Department of Taxation, Property Tax Rate Abstract

REAL PROPERTY CONVEYANCE FEES, CALENDAR YEAR 2022

	Number of Conveyances		Fees Collected			Permissive	Average	Average
County	Fee Paid	Fee Exempt	Mandatory	Permissive	Total	Rate per Thousand	Mandatory Fee per Conveyance (a)	Total Fee per Conveyance (b)
Statewide	284,884	192,417	$ 72,853,853	$ 176,474,062	$ 249,327,915		$ 255.73	$ 875.19
Adams	931	537	$ 126,388	$ 379,164	$ 505,552	$ 3.00	$ 135.75	$ 543.02
Allen	2,531	1,641	$ 494,222	$ 988,444	$ 1,482,667	$ 2.00	$ 195.27	$ 585.80
Ashland	1,330	942	$ 283,001	$ 849,004	$ 1,132,005	$ 3.00	$ 212.78	$ 851.13
Ashtabula	3,066	2,083	$ 444,695	$ 1,334,086	$ 1,778,782	$ 3.00	$ 145.04	$ 580.16
Athens	1,011	815	$ 174,722	$ 524,167	$ 698,889	$ 3.00	$ 172.82	$ 691.29
Auglaize	1,032	847	$ 223,179	$ 446,357	$ 669,536	$ 2.00	$ 216.26	$ 648.77
Belmont	1,386	1,656	$ 211,503	$ 423,006	$ 634,509	$ 2.00	$ 152.60	$ 457.80
Brown	1,307	1,038	$ 227,088	$ 681,263	$ 908,351	$ 3.00	$ 173.75	$ 694.99
Butler	7,962	4,745	$ 2,433,595	$ 4,865,205	$ 7,298,800	$ 2.00	$ 305.65	$ 916.70
Carroll	954	1,057	$ 147,512	$ 442,480	$ 589,993	$ 3.00	$ 154.63	$ 618.44
Champaign	931	765	$ 221,918	$ 665,755	$ 887,674	$ 3.00	$ 238.37	$ 953.46
Clark	3,574	2,250	$ 644,279	$ 1,932,838	$ 2,577,117	$ 3.00	$ 180.27	$ 721.07
Clermont	5,374	2,944	$ 1,419,956	$ 4,259,545	$ 5,679,501	$ 3.00	$ 264.23	$ 1,056.85
Clinton	1,075	858	$ 232,455	$ 581,138	$ 813,593	$ 2.50	$ 216.24	$ 756.83
Columbiana	2,272	2,289	$ 332,977	$ 998,811	$ 1,331,788	$ 3.00	$ 146.56	$ 586.17
Coshocton	1,018	719	$ 164,211	$ 492,632	$ 656,842	$ 3.00	$ 161.31	$ 645.23
Crawford	1,084	817	$ 167,141	$ 501,423	$ 668,564	$ 3.00	$ 154.19	$ 616.76
Cuyahoga	29,204	21,251	$ 7,478,043	$ 22,434,130	$ 29,912,173	$ 3.00	$ 256.06	$ 1,024.25
Darke	1,197	962	$ 253,512	$ 507,024	$ 760,536	$ 2.00	$ 211.79	$ 635.37
Defiance	947	742	$ 168,110	$ 504,329	$ 672,438	$ 3.00	$ 177.52	$ 710.07
Delaware	5,943	2,750	$ 2,864,209	$ 5,414,577	$ 8,278,786	$ 2.00	$ 481.95	$ 1,393.03
Erie	3,535	130	$ 407,760	$ 1,223,117	$ 1,630,877	$ 3.00	$ 115.35	$ 461.35
Fairfield	4,452	3,594	$ 1,230,992	$ 3,692,977	$ 4,923,969	$ 3.00	$ 276.50	$ 1,106.01
Fayette	747	507	$ 172,329	$ 344,658	$ 516,986	$ 2.00	$ 230.69	$ 692.08
Franklin	27,089	13,647	$ 10,321,784	$ 19,492,084	$ 29,813,868	$ 2.00	$ 381.03	$ 1,100.59
Fulton	964	1,179	$ 208,552	$ 625,655	$ 834,207	$ 3.00	$ 216.34	$ 865.36
Gallia	611	501	$ 87,842	$ 263,525	$ 351,366	$ 3.00	$ 143.77	$ 575.07
Geauga	1,897	1,826	$ 598,146	$ 1,794,437	$ 2,392,582	$ 3.00	$ 315.31	$ 1,261.25
Greene	3,956	2,475	$ 1,246,177	$ 1,246,177	$ 2,492,354	$ 1.00	$ 315.01	$ 630.02
Guernsey	1,253	1,265	$ 173,394	$ 520,181	$ 693,574	$ 3.00	$ 138.38	$ 553.53
Hamilton	17,916	12,556	$ 5,912,695	$ 11,819,484	$ 17,732,180	$ 2.00	$ 330.02	$ 989.74
Hancock [c]	2,082	1,257	$ 549,115	$ 1,098,230	$ 1,647,345	$ 2.00	$ 263.74	$ 791.23
Hardin	676	588	$ 113,883	$ 341,649	$ 455,532	$ 3.00	$ 168.47	$ 673.86
Harrison	538	563	$ 78,866	$ 236,599	$ 315,465	$ 3.00	$ 146.59	$ 586.37
Henry	748	830	$ 166,079	$ 346,586	$ 512,665	$ 3.00	$ 222.03	$ 685.38

County	Conveyances Fee Paid	Conveyances Fee Exempt	Fees Collected Mandatory	Fees Collected Permissive	Fees Collected Total	Permissive Rate per Thousand	Average Mandatory Fee per Conveyance (a)	Average Total Fee per Conveyance (b)
Highland	1,164	837	$ 215,606	$ 431,212	$ 646,818	$ 2.00	$ 185.23	$ 555.69
Hocking	817	712	$ 214,156	$ 642,467	$ 856,623	$ 3.00	$ 262.12	$ 1,048.50
Holmes	920	819	$ 222,157	$ 666,472	$ 888,630	$ 3.00	$ 241.48	$ 965.90
Huron	1,196	994	$ 197,507	$ 176,189	$ 373,697	$ 1.00	$ 165.14	$ 312.46
Jackson	878	890	$ 120,663	$ 361,989	$ 482,652	$ 3.00	$ 137.43	$ 549.72
Jefferson	1,496	1,827	$ 233,212	$ 699,635	$ 932,846	$ 3.00	$ 155.89	$ 623.56
Knox	3,112	1,263	$ 364,502	$ 729,004	$ 1,093,507	$ 2.00	$ 117.13	$ 351.38
Lake	5,462	3,672	$ 1,264,090	$ 3,792,225	$ 5,056,315	$ 3.00	$ 231.43	$ 925.73
Lawrence	1,298	1,150	$ 157,156	$ 471,469	$ 628,626	$ 3.00	$ 121.08	$ 484.30
Licking	4,658	3,566	$ 2,332,262	$ 4,664,523	$ 6,996,785	$ 2.00	$ 500.70	$ 1,502.10
Logan	1,618	1,023	$ 305,204	$ 915,601	$ 1,220,804	$ 3.00	$ 188.63	$ 754.51
Lorain	7,943	5,610	$ 1,864,494	$ 5,593,482	$ 7,457,976	$ 3.00	$ 234.73	$ 938.94
Lucas	9,956	559	$ 1,835,652	$ 5,505,962	$ 7,341,614	$ 3.00	$ 184.38	$ 737.41
Madison	922	741	$ 409,270	$ 818,540	$ 1,227,810	$ 2.00	$ 443.89	$ 1,331.68
Mahoning	5,459	4,696	$ 933,213	$ 2,799,571	$ 3,732,785	$ 3.00	$ 170.95	$ 683.79
Marion	1,602	1,050	$ 223,778	$ 671,333	$ 895,111	$ 3.00	$ 139.69	$ 558.75
Medina	3,692	2,779	$ 1,190,731	$ 2,379,231	$ 3,569,963	$ 2.00	$ 322.52	$ 966.95
Meigs	581	535	$ 53,596	$ 160,787	$ 214,383	$ 3.00	$ 92.25	$ 368.99
Mercer	918	733	$ 231,523	$ 578,807	$ 810,330	$ 2.50	$ 252.20	$ 882.71
Miami	3,115	1,580	$ 763,869	$ 763,869	$ 1,527,739	$ 1.00	$ 245.22	$ 490.45
Monroe	502	547	$ 46,864	$ 93,727	$ 140,591	$ 2.00	$ 93.35	$ 280.06
Montgomery	16,852	9,662	$ 2,987,723	$ 5,975,446	$ 8,963,168	$ 2.00	$ 177.29	$ 531.88
Morgan	415	255	$ 63,501	$ 127,002	$ 190,502	$ 2.00	$ 153.01	$ 459.04
Morrow	1,112	738	$ 230,738	$ 692,215	$ 922,953	$ 3.00	$ 207.50	$ 829.99
Muskingum	2,147	1,482	$ 364,371	$ 728,743	$ 1,093,114	$ 2.00	$ 169.71	$ 509.14
Noble	477	413	$ 119,053	$ 357,160	$ 476,213	$ 3.00	$ 249.59	$ 998.35
Ottawa	1,897	1,642	$ 402,778	$ 1,208,333	$ 1,611,110	$ 3.00	$ 212.32	$ 849.29
Paulding	577	546	$ 98,108	$ 294,324	$ 392,432	$ 3.00	$ 170.03	$ 680.12
Perry [c]	798	609	$ 106,656	$ 319,968	$ 426,624	$ 3.00	$ 133.65	$ 534.62
Pickaway	1,493	913	$ 528,083	$ 1,056,165	$ 1,584,248	$ 2.00	$ 353.71	$ 1,061.12
Pike	703	590	$ 98,020	$ 294,060	$ 392,080	$ 3.00	$ 139.43	$ 557.72
Portage	3,172	2,659	$ 877,809	$ 2,623,274	$ 3,501,083	$ 3.00	$ 276.74	$ 1,103.75
Preble	1,064	884	$ 187,318	$ 374,637	$ 561,955	$ 2.00	$ 176.05	$ 528.15
Putnam	722	687	$ 130,154	$ 390,461	$ 520,615	$ 3.00	$ 180.27	$ 721.07
Richland	2,336	2,258	$ 537,001	$ 1,611,004	$ 2,148,005	$ 3.00	$ 229.88	$ 919.52
Ross	1,053	1,749	$ 285,751	$ 857,252	$ 1,143,003	$ 3.00	$ 271.37	$ 1,085.47
Sandusky	1,355	1,017	$ 273,829	$ 820,751	$ 1,094,580	$ 3.00	$ 202.09	$ 807.81
Scioto	1,619	1,477	$ 302,899	$ 605,799	$ 908,698	$ 3.00	$ 187.09	$ 561.27
Seneca	1,366	960	$ 201,152	$ 603,455	$ 804,607	$ 3.00	$ 147.26	$ 589.02
Shelby	990	817	$ 243,675	$ 731,026	$ 974,701	$ 3.00	$ 246.14	$ 984.55
Stark	9,073	6,732	$ 2,020,351	$ 6,061,025	$ 8,081,376	$ 3.00	$ 222.68	$ 890.71
Summit	13,333	8,975	$ 2,954,414	$ 8,862,671	$ 11,817,086	$ 3.00	$ 221.59	$ 886.30
Trumbull	4,275	4,314	$ 732,574	$ 2,197,690	$ 2,930,264	$ 3.00	$ 171.36	$ 685.44

County	Conveyances Fee Paid	Conveyances Fee Exempt	Fees Collected Mandatory	Fees Collected Permissive	Fees Collected Total	Permissive Rate per Thousand	Average Mandatory Fee per Conveyance (a)	Average Total Fee per Conveyance (b)
Tuscarawas	2,181	2,155	$ 451,770	$ 1,355,309	$ 1,807,079	$ 3.00	$ 207.14	$ 828.56
Union	2,196	1,129	$ 928,630	$ 2,785,891	$ 3,714,522	$ 3.00	$ 422.87	$ 1,691.49
Van Wert	850	754	$ 177,466	$ 414,166	$ 591,632	$ 3.00	$ 208.78	$ 696.04
Vinton	330	528	$ 55,857	$ 167,571	$ 223,427	$ 3.00	$ 169.26	$ 677.05
Warren	6,409	2,982	$ 2,406,047	$ 4,769,722	$ 7,175,769	$ 2.00	$ 375.42	$ 1,119.64
Washington	1,418	1,153	$ 273,433	$ 820,299	$ 1,093,732	$ 3.00	$ 192.83	$ 771.32
Wayne	2,451	2,188	$ 592,790	$ 1,778,367	$ 2,371,157	$ 3.00	$ 241.86	$ 967.42
Williams	1,406	1,433	$ 190,933	$ 572,798	$ 763,731	$ 3.00	$ 135.80	$ 543.19
Wood	2,424	1,952	$ 782,761	$ 1,565,523	$ 2,348,284	$ 2.00	$ 322.92	$ 968.76
Wyandot	488	555	$ 88,375	$ 265,125	$ 353,500	$ 3.00	$ 181.10	$ 724.39

(a) Average mandatory fee per conveyance excludes exempt conveyances and permissive fees collected.
(b) Average total fee per conveyance excludes exempt conveyances yet includes both mandatory and permissive fees collected.
(c) Calendar year 2022 and 2021 survey was not submitted by this county. Calendar year 2020 was shown instead.

Source: Surveys obtained from county auditors and conducted by the Ohio Department of Taxation.

Steve Robinson, Commissioner, President
David A. Lawrence, Commissioner, Vice President
Dave Burke, Commissioner

William Narducci, County Administrator
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May 1, 2024

Mr. Chairman and Members of the Joint Committee on Property Tax Review and Reform:

I come before you today as a former Marysville City Councilman from 2004-2007, a member of both the Ohio House and Ohio Senate from 2009-2020 and currently as a Union County Commissioner. During my tenure in office, I have been a part of Tax Increment Financing agreements or the crafting of law pertaining to at each level of government. Since first adopted under HB1328 in 1976 but particularly in the last several years, I have witnessed a broadening of legislative interpretation by TIF users as well as intergovernmental divisiveness larger projects with enhanced tax revenue can bring. As you know, TIF revenue exists from increased property values, the increased property tax revenue that follows, and the intended levied recipients of these funds who form the future cashflows to be generated.

Traditionally, TIFs were used to fund infrastructure that enhanced and grew projects that otherwise the governing entity would not have been able to support or fund. This was generally seen as leading to increased economic development, increased property valuations outside the TIF area and an increased quality of life for residents in that area without increasing general taxation. Today, particularly in faster growing counties, it could be argued that some governmental entities appear to be using TIFs as mechanism of primal revenue enhancement, supplanting or control. I fear this unintended consequence could become commonplace and degrade the original intention of TIF law. To that, I submit the following points for your consideration:

1.) Within TIF law, the term 'public infrastructure or purpose' is being interpreted very broadly to mean any infrastructure that allows a project to occur. While most of us think of roads, bridges, environmental remediation, or the running of public utilities, some believe this latitude includes a developer's sunk costs, such as water and sewer taps, that only benefit a single parcel or developer rather than a larger public good. While it is easy to understand a TIF used to run a water or sewer line to a site, it's hard to imagine the paying for the tap fee was an intended covered cost by a TIF. Candidly, if a developer claimed covering the cost of roofing was a requirement for a project to occur, it would likely be an acceptable use of TIF revenue under current law.

2.) The above leads to the issue of single entity TIFs versus intergovernmental TIFs, particularly among counties and townships. While municipalities enjoy Home Rule and broad utility authority, counties and townships do not. Ohio statute dictates these limits. For example, a township can initiate a TIF for a county road without any input from the county itself. The township may not have the bonding authority or engineering capacity to build the road. Because the county might not have the revenue to build the road due to the township capturing the TIF revenue, the road is never built. Because of this statutory paradox, such TIFs should be collaborative.

3.) The state should better define TIFs regarding commercial and retail use versus residential use. One is clearly a long-term job and tax creator while the other, most respectfully, burdens the very entities whose funds are being utilized by the TIF itself. State and county functions such as public education, developmental disabilities, public health and mental health are further suffer levy erosion when TIF fund taken from them are used to purvey additional users of their services. Simply put, residential TIFs should be better separated from commercial and retail TIFs given their impact on the levying entities.

4.) TIF rollover, extended life beyond debt payment and expansion beyond original intent are seeming to have a negative impact on voters who pass levies for specific purposes but are repeatedly subverted by these tools. In some cases, voters are forced to consider additional or new levies to offset the lost revenue that TIFs have removed. Rolling a 30 year, 10/75 or other type TIF should encounter the same thoughtful and public process that originated it.

Mr. Chairman and members of the committee because Union County is a growing and prosperous county, these problems are more pronounced than most areas of our state. I will venture that some counties around Hamilton County are dealing with similar issues. My concern today is that some developers will utilize these loopholes across Ohio to their own benefit and at the cost of the public while it is still legal to do so. Until such matters are better defined, I am uncertain how meaningful discussion around tax valuations are impactful when a significant amount of future revenue is captured and delegated for purposes beyond the scope of which the voters intended.

Thank you for your attention and I would be happy to answer any questions you might have.

Respectfully,

David E. Burke
County Commissioner
Union County Ohio

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Good morning, Co-Chairs Blessing and Roemer and Members of the Joint Property Tax Review and Reform Committee. My name is Mike Yoder. I am a Commissioner in Logan County. Prior to my service as a Commissioner, I was elected six times to the office of County Auditor in Logan County and served as the President of The County Auditors' Association of Ohio in 2005 and again in 2017.

Today, I would like to discuss the value of the inside millage to county operations. As you know, the amount of inside millage is split between the different entities in each taxing district of the counties. I would like to specifically discuss how the inside millage affects the general operation of Logan County. In 2023, the 2.4 mils collected in the county for the general fund was $3.7 million dollars. The total budget as passed for 2023 was $16.38 Million general fund which translates into 22.59% of the operations coming from inside millage.

As you can plainly see, the inside millage is very important to maintaining the services to the citizens of the county.

On March 14th, Logan County experienced an EF3 tornado. The destruction was devastating as some 250 residences were destroyed. As inside millage moves with valuation changes, we are confident that we will see a reduction in the amount collected as a result of this natural disaster. As of today, we are not certain how big of a hit we will be taking.

On another subject, I would like to discuss the conveyance fee. This fee is paid on the sales of properties throughout the county. In Logan County, the rate is $4.00 per $1,000 of sale price. In 2023, one half of these funds were deposited into the General Fund and the other half went to a capital improvements fund which allows us to keep our buildings up to date. Historically speaking, Logan County only receives conveyance fees on about 50% of sales. The other half are exempt from conveyance fees. A form is required to be completed and filed to explain why the fee should not be collected for each sale. The form allows for 25 different reasons for not paying the fee.

Lastly, while serving as Auditor, I personally reviewed every sale to determine if it was in fact an arms-length sale or if it was a sale that should be excluded. Each valid sale was then put into a spreadsheet to determine, by neighborhood code, how values were moving, either up or down. My calculation included determining the average increase or decrease as well as the median. It was my understanding at the time that the three years just prior to the value change should be used to determine the change that should be given to each area. Over most of the years, the Department of Taxation and I were able to come to an agreement as to what should happen. If we did not agree, I would give them the information I had compiled and they would compare it to the information they had and then an agreement would be made.

I believe using all three years is beneficial so trends can be determined when calculating the market value of properties.

Thank you for allowing me the opportunity to give you a few facts as it relates to the taxation and fees generated from inside millage, conveyance fees and valuing real property.

Before the Joint Committee on Property Tax Review and Reform
Invited Testimony

February 7, 2024

Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to provide comments on behalf of the members of the Ohio Chamber of Commerce. My name is Tony Long, General Counsel and Director of Energy & Environmental Policy at the Ohio Chamber.

Recently enacted House Bill 33 provided this mandate to this Joint Committee: The Committee shall review the history and purpose of all aspects of Ohio's property tax law, including the forms of levies, exemptions, and local subdivision budgeting. The Committee may hold hearings on pending legislation related to property taxation and make recommendations regarding that legislation.

I was asked to prepare remarks from a business perspective or through a business lens for this Committee. If you don't mind, I am going to move to a thought experiment before adding any policy recommendations.

Here is the thought experiment. Let's call the residents of Ohio shareholders of a business called Ohio, Inc. Ohio Inc. uses a board made of officials from every corner of Ohio. That Board of Directors hears from managers operating different locations and business units. They explain what monies they need to operate for each two-year cycle and after some deliberation a budget is set. Unlike the business world, the Ohio Inc. board hears from 400 units seeking the same monies for similar services. The business community has moved to shared service units to perform common tasks and services.

Calls for tax reductions inside of Ohio Inc., appear to be starting a process of evaluation at step 3 or 4 instead of getting to root cause analysis to determine a level of spending and the best method to raise revenues for those costs. It is common believe that residents (shareholders) want local services at each location of Ohio Inc. But I am not sure the shareholders have been asked the fuller question, what if we can deliver the same quality of services with more efficiency and less cost by creating economies of scale and by taking advantage of the modern forms of communication and other technology. I would think most shareholders would say yes, especially if the services rendered the same results at lower cost. And then a proper debate of additional services vs dividends (tax reduction) could be held.

I typically lose count of how many jurisdictions (business divisions) in Ohio can levy a tax or fee. There are cities, counties, school districts, townships, special jurisdictions, etc. I once made it to 3,000 but then lost count and stopped before I could get to the correct answer. That many taxing entities add hidden cost, create complexity and lead to filing errors for the residents of Ohio. Reduction in jurisdictions is a political decision and may require a state level version of the BRAC used by the federal government to realign and close military bases.

One simple example is the current division of schools into 607 districts. Again, could we get more classroom instruction to better prepare our 1.7 million K-12 school children for the workforce if we shrank the administrative cost? Florida administers the school system at the county level.

Now to some specific ideas to consider:

HB 126 in the 134th General Assembly started the process of eliminating 3rd party appeals. However, Ohio remains in the small minority of states that allow 3rd parties to contest real property valuation. Ohio businesses should be able to rely on valuations made by the county auditor and any dispute should be between the property owner (tenant) and the county auditor.

A second item to consider. Offer local governments that agree to consolidated shared services and common zoning codes with additional local government fund dollars for the counties that meet the new requirements.

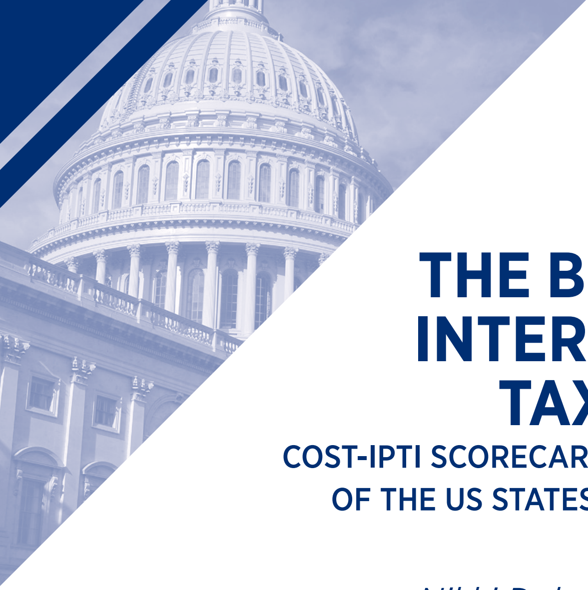
Third, if zoning referendums remain in place then add a per se takings clause to the Revised Code allowing the developer to recover 50% of the cost to develop the site before the vote. The 50% cost could come out of the jurisdiction’s general budget or from a special fund.

Fourth, Ohio could not only look at the Florida model to reduce administrative cost of education but could also model a system paid only at the state and federal level. This would decrease local property taxes and the state could add the current $1.3 billion sent back to local governments into the school funding formula.

This would not be an attempt to remove maps and mascots and school names, but a method to reduce overhead and create uniform education to prepare students for the workforce. Again, local communities could vote to use only local funds but then would forego state dollars under this new system.

In the eyes of business, lower cost combined with less complexity in the tax system that also results in better prepared students and creates more affordable housing would be a welcomed outcome of this Committee. Back at the turn of the century and the beginning of this one, Ohio examined its state tax structure and moved to adjust it considering the new economy and the revenue needs of the state. Such an examination at the local level is fraught with obstacles and entrenched interests, but the residents of Ohio deserve such an examination. In fact, the Ohio Chamber Research Foundation will release a tax study soon that will point to the need for a review of local taxes to keep Ohio competitive with peer jurisdictions.

Thank you for your time and the opportunity to offer these remarks. I will attempt to answer any questions you may have for me.



COST
COUNCIL ON STATE TAXATION

THE BEST (AND WORST) OF INTERNATIONAL PROPERTY TAX ADMINISTRATION

COST-IPTI SCORECARD ON THE PROPERTY TAX ADMINISTRATIVE SYSTEMS OF THE US STATES AND SELECTED INTERNATIONAL JURISDICTIONS

JUNE 2019*

Nikki Dobay, COST
Fred Nicely, COST
Annabel Sanderson, IPTI
Paul Sanderson, IPTI[1]

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*The **Council On State Taxation** (COST) is the premier state tax organization representing multi-jurisdictional taxpayers in the United States. COST is a nonprofit trade organization consisting of approximately 550 multi-state corporations. COST's mission is to preserve and promote equitable and nondiscriminatory state and local taxation of multi-jurisdictional businesses.*

*The **International Property Tax Institute** (IPTI) is widely recognized as the world's leading international organization specializing in property tax policy and practice. IPTI is a non-profit organization with members around the world. IPTI's mission is to provide impartial, objective expert advice in the area of property tax systems and promote the concept that these systems should be fair and equitable and meet the needs of all stakeholders; i.e., governments, taxpayers, practitioners and academics.*

* The Scorecard was revised March 2020 to address some discrepancies.

1 COST and IPTI would also like to thank COST fellows Tim Chen, Aaron Moshiashwili, Kavya Rajasekar, and Sonia Shaikh, along with many practitioners and assessors, who assisted us with the completion of this Scorecard.

EXECUTIVE SUMMARY

Fair and efficient property tax administration is critically important to both individual and business taxpayers around the world. From an individual perspective, the property tax is often identified as "the most hated tax,"[1] surpassing both income tax and sales taxes in taxpayers' low estimation. Some of the dislike of the property tax, unlike an income tax, may be because it is not based directly on an "ability to pay". While much-reviled, it is unlikely to go away anytime soon; in the United States, property taxes provide approximately 65% of local school revenues[2]. International reliance on property tax revenues is similar; the tax is the primary funding mechanism of local services, including public education, in many countries around the world.

"The purpose of the Scorecard is to provide tax policymakers with an indication of best practices and a comparative measure of the fairness and efficiency of their property tax administrative practices."

The purpose of this second version of the COST-IPTI "Scorecard on State and International Property Tax Administrative Practices" (the "Scorecard") is to provide tax policymakers (*i.e.,* national, state, provincial, county, *etc*.) with an indication of best practices and a comparative measure of the fairness and efficiency of their property tax administrative practices. It is our experience that taxpayers are more willing to comply with a property tax system that is perceived to be fair and efficient. Accordingly, it is our hope that this Scorecard will drive changes to ensure that property taxes around the world are administered more effectively, fairly and without perceptions of bias or undue administrative burdens. This Scorecard evaluates the 50 U.S. states (plus the District of Columbia and Puerto Rico); sub-jurisdictions in Australia (states), Canada (provinces), and the United Kingdom (countries); and the jurisdictions of Hong Kong[3], Ireland, New Zealand, South Africa, Singapore, Spain, and The Netherlands. The latter three countries are included in the Scorecard for the first time.

In the U.S., property taxes are primarily levied and administered locally. While they account for less than two percent of revenues used to fund government at the *state* level, there is a heavy reliance on property taxes to fund *local* governmental activities.[4] This is not unique to the U.S. Internationally, property taxes are also typically the primary funding source at the local level (*e.g.* township, municipality, and/or county level). For example, in the United Kingdom, 50% of annual local government revenue is derived from property taxes.[5] What can be a plus (and sometimes a negative), is that local control gives voters a more direct say regarding the government services they want to fund. Regardless of where the property tax is administered (*i.e.,* centralized or decentralized), it is our view that strong oversight from a central governmental agency is essential to ensure property taxes are uniformly and fairly assessed. The chart below provides a general description of the property tax structure used by the jurisdictions evaluated in this Scorecard.

As a percentage of GDP, property taxes around the world vary from 0% to 4%.[6] The total property tax burden in the U.S., both at the residential and business level, was over $530.8 billion in FY 2017, an increase of $43 billion from FY 2012.[7] Viewed from the business community's perspective, property taxes in the U.S. account for almost 39% of the total state and local tax burden imposed on business for FY 2017, far exceeding all other business taxes imposed by state and local jurisdictions.[8] This is an increase of 3% from FY 2012 and equates to $287.4 billion in property taxes paid by U.S. businesses in FY 2017, an amount which, contrary to current economic trends, continues to steadily increase year after year.[9]

One distinctive attribute of property tax administration in the U.S. is that a vast majority of the U.S. states impose a property tax on personal property (*e.g.*, office equipment, inventory, and machinery and equipment, etc.). In most jurisdictions outside the U.S., the valuation basis relates solely to land and improvements (*i.e.,* buildings and structures) and no machinery or equipment is included. In the U.K. and Ireland, only plant and machinery named in statutory regulations is included in the property tax assessment. As a generality, in other parts of the world, machinery and equipment may be assessed if it forms part of the real estate, although it is common for manufacturing plant and machinery to be exempt. For the purposes of this Scorecard, the impo-

Structure of Property Tax[10]				
Jurisdiction	**Valuation Base**	**Entity Assessed**	**Valuation Entity**	**Tax Levy**
United States	Market (Capital) Value	Owner	Decentralized	Local
Canada	Market (Capital) Value	Owner	Provincial Agency (some municipalities decentralized)	Local
Australia	Site Value (for State Land Tax)	Owner	State Government (Valuer-General)	State and Local
Hong Kong	Market (Rental) Value	Occupier	Centralized	Central
Ireland	Market (Rental) Value	Occupier	Centralized	Local
New Zealand	Market (Capital) Value	Owner	Decentralized	Local
Singapore	Market (Rental) Value	Owner	Centralized	Central
South Africa	Market (Capital) Value	Owner	Decentralized	Local
Spain	Market (Capital) Value	Owner	Centralized	Local
The Netherlands	Market (Capital) Value	Owner	Decentralized	Local
United Kingdom	Market (Rental) Value	Occupier	Centralized	Central/Local

Note: where a different valuation base applies to residential properties (e.g., the U.K. and Ireland), the above table shows the base applicable to non-residential properties.

sition of a personal property tax does not impact a jurisdiction's score, but administrative attributes of that tax (*e.g.*, information on how to file and time to appeal) may impact that jurisdiction's grade.

"Property taxes in the U.S. account for almost 39% of the total state and local tax burden imposed on business … far exceeding all other business taxes imposed by state and local jurisdictions."

This Scorecard was mutually developed by COST and IPTI to evaluate and grade selected countries (including subnational jurisdictions, as appropriate) and U.S. states on their property tax administrative practices. It is important to note that many jurisdictions are subject to limitations and/or control from other bodies in their administration of property taxes. Also, some jurisdictions are better at keeping real property values up to date while others in the same country, state, province, *etc.*, are not. However, the evaluation of a jurisdiction's practices is based on the requirements it imposes on the local government officials administering the property tax.

The Scorecard evaluates the following characteristics of property tax systems throughout the U.S. and selected international jurisdictions that, in our view and in the view of taxpayers, represent fair and efficient property tax administration:

- **Transparency—**A fair and efficient property tax system must be transparent to policymakers and taxpayers alike. That includes providing an adequate explanation of the law and regulations on a jurisdiction's website, adequate notice of a proposed valuation, the ability to compare values placed on other properties in the jurisdiction (without disclosing confidential information; *e.g.*, income, expenses, *etc.*), and with frequent revaluations.
- **Consistency—**Consistency is a key attribute for a jurisdiction with a fair and efficient property tax system. Tax forms, filing dates, assessment rates/ratios, adequate assessor training, *etc.,* must be consistent across a jurisdiction, and centralized oversight of local assessors' practices should be the norm.

- **Procedural Fairness**—To avoid negative perceptions, taxpayers should be afforded a sufficient amount of time to file an appeal, a balanced and reasonable burden of proof, review before an independent arbiter of an assessor's or a property tax board's findings, and the ability to partially pay (or escrow) any disputed tax. Fairness also requires that the interest rate paid on refunds of overpaid taxes is at the same rate as is levied on the underpayment of the taxes.

COST and IPTI have published this Scorecard with the intent of ranking *objective* procedural practices of a jurisdiction's tax administrative practices. Accordingly, a higher or lower ranking is no direct reflection of the competence of assessors or other officials in a particular jurisdiction; the grade given to a jurisdiction simply reflects the laws, regulations and administrative practices of that jurisdiction.

"The Scorecard reflects aspects of the administration of property tax systems which are regarded as important by taxpayers."

The Scorecard reflects aspects of the administration of property tax systems which are regarded as important by taxpayers. We accept that certain jurisdictions may disagree with some of the grades allocated to the particular elements contained in the Scorecard and may disagree with the elements used in our analysis. We recognize that grades may be "distorted" by certain elements (*e.g.*, the ability to defer payment on the disputed valuation portion of the tax, where most jurisdictions outside the U.S. achieve a low score). However, as we have made clear, the Scorecard seeks to provide an objective and comparative assessment of issues considered important by taxpayers.

Changes From the Previous Scorecard

Since the publication of the last Scorecard in August 2014, COST and IPTI have significantly modified both the methodology by which jurisdictions are ranked and the criteria adopted. The structure and content of some of the questions have been altered to give more detailed coverage of the three broad characteristics which represent a fair and efficient property tax system. The grading has also been simplified, making direct comparisons between jurisdictions easier.

Finally, the gradings are relative, not absolute. They are intended to enable comparisons between one jurisdiction and another in order to identify best practices. **This means that the grades in this Scorecard and the grades in the 2014 Scorecard are not directly comparable. A jurisdiction could achieve a significantly different score in 2019 because a wider range of issues are under consideration, and not because of changes made by the jurisdiction.** Where feasible, however, we will highlight where a greatly changed grade represents a jurisdiction which has undergone significant changes since the previous Scorecard.

Key Findings

The Scorecard's evaluation of a jurisdiction's administrative property tax practices reflects an international view. The grades reported below reflect the cumulative total of our three broad categories: (1) transparency, (2) consistency, and (3) procedural fairness. Each of these broad categories is evaluated by specific criteria, discussed further below. COST and IPTI strongly encourage the tax policymakers of each jurisdiction not to focus on the jurisdiction's overall grade, but to identify where the jurisdiction can make improvements to its administrative property tax practices for each evaluated category.

The 52 U.S.-based jurisdictions studied show greater variability than the 27 non-U.S. jurisdictions. However, while the best U.S.-based jurisdictions are in similar ranges as the best non-U.S. jurisdictions, the same could not be said at the other end of the scale. Sixteen states scored worse than the worst non-U.S. jurisdiction, and the scores at the bottom are significantly poorer for the U.S. jurisdictions.

In most of those cases, this is attributable to how variable and decentralized U.S. states are. One aspect that virtually all the states have in common is very limited state control over the property tax system, instead letting localities set the rules. This does not result in a beneficial business climate. When even a relatively local business must deal with completely different sets of rules because it operates in two or three different localities, it introduces unnecessary compliance burdens and costs.

Top U.S. Ranked Jurisdictions

Georgia	B+
Kansas	B+
Florida	B
Texas	B

Top Non-U.S. Ranked Jurisdictions

British Columbia	B+
Hong Kong	B+
New South Wales	B+
New Brunswick	B
Ontario	B
Queensland	B
Singapore	B

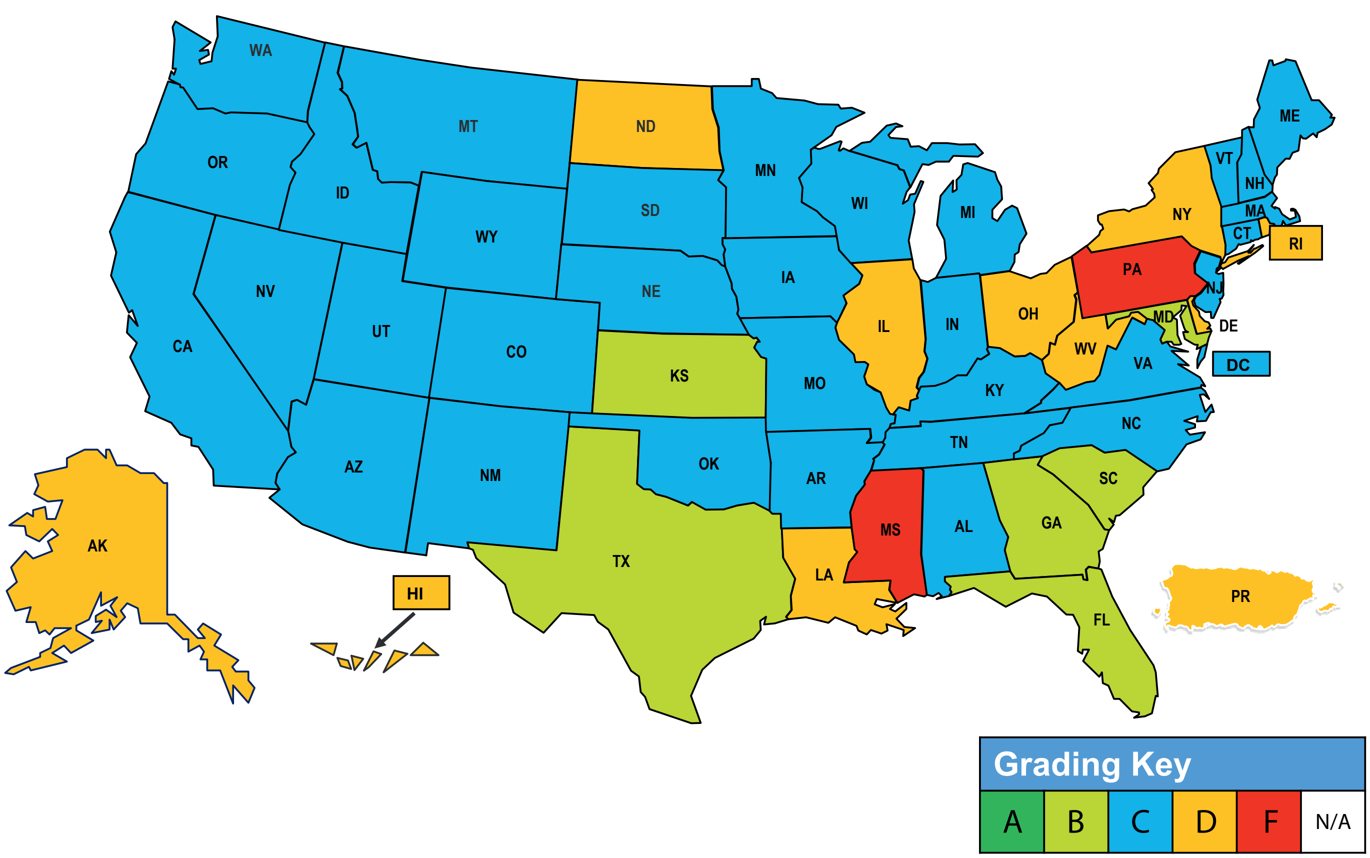
Bottom U.S. Ranked Jurisdictions

Hawaii	D-
New York	D-
Puerto Rico	D-
Mississippi	F
Pennsylvania	F

Bottom Non-U.S. Ranked Jurisdictions

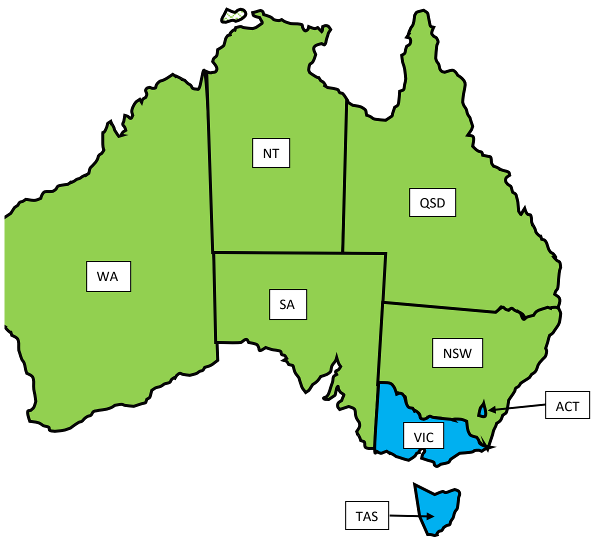
Quebec	C-
New Zealand	C-
South Africa	C-

U.S. States & Puerto Rico Overall Property Tax Scorecard Grade



Australia

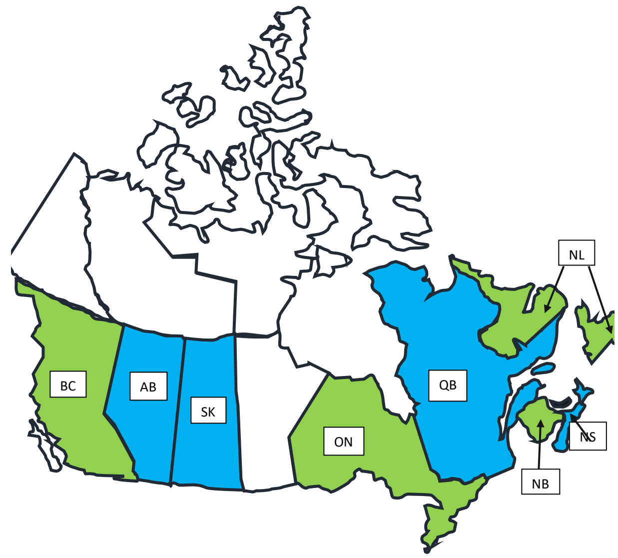
Abbreviation	State	Abbreviation	State
ACT	Australian Capital Territory	SA	South Australia
NSW	New South Wales	TAS	Tasmania
NT	Northern Territory	VIC	Victoria
QSD	Queensland	WA	Western Australia



Grading Key					
A	B	C	D	F	N/A

Canada

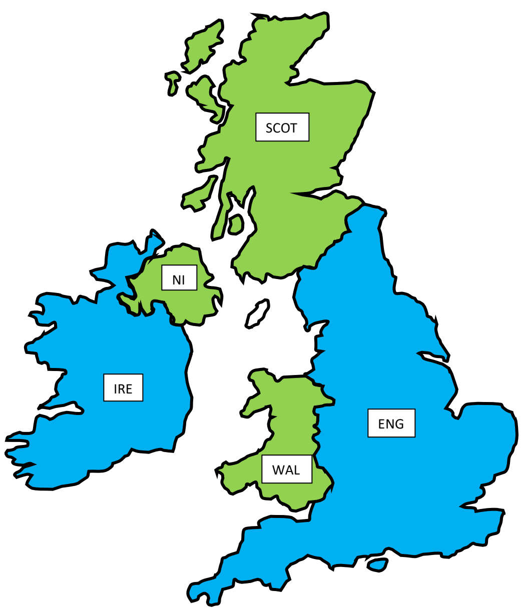
Abbreviation	Province	Abbreviation	Province
AB	Alberta	NS	Nova Scotia
BC	British Columbia	ON	Ontario
NB	New Brunswick	QB	Quebec
NL	Newfoundland & Labrador	SK	Saskatchewan



Grading Key					
A	B	C	D	F	N/A

United Kingdom and Ireland

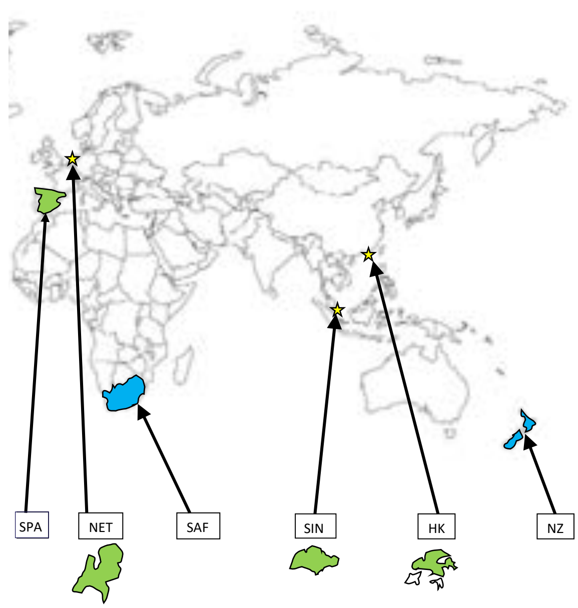
Abbreviation	Country
ENG	England
IRE	Ireland
NI	Northern Ireland
SCOT	Scotland
WAL	Wales



Grading Key					
A	B	C	D	F	N/A

Rest of World

Abbreviation	Country	Abbreviation	Country
HK	Hong Kong	SAF	South Africa
NZ	New Zealand	SPA	Spain
SIN	Singapore	NET	The Netherlands



Grading Key					
A	B	C	D	F	N/A

INTRODUCTION

COST is a non-profit trade organization headquartered in Washington, D.C. that represents approximately 550 multi-state corporations engaged in interstate and international businesses. This Scorecard is intended to promote COST's mission statement of preserving and promoting equitable and non-discriminatory state and local taxation of multi-jurisdictional business entities. COST (with IPTI) last issued a Scorecard on Property Tax Administration in September 2014 and has also issued scorecards related to fair state tax administration (latest version issued December 2016), sales tax administration (latest version issued April 2018, updated August 2018) and unclaimed property administrative practices (latest version issued November 2013).[11]

IPTI is a not-for-profit organization headquartered in Toronto, Canada that is widely recognized as the world's leading international organization specializing in property tax policy and practice. IPTI's mission is to provide impartial, objective expert advice in the area of property tax systems and promote the concept that these systems should be fair and equitable and meet the needs of all stakeholders, *i.e.,* governments, taxpayers, practitioners and academics. In addition, IPTI seeks to ensure that property tax systems contribute to the provision of high-quality services for the benefit of communities. IPTI is also focused on developing the most comprehensive knowledge base concerning property tax including policy, legislation, administration, communication, education, valuation, taxation, collection and enforcement and has developed a database, "IPTIpedia", to assist with disseminating that information. IPTI also publishes on its website "IPTI Xtracts" which contain current news items relating to property tax systems around the world.[12]

COST and IPTI both advocate for fair and efficient property tax policy and practices. COST advocacy is U.S. centric, while IPTI advocates globally. Both organizations share a strong commitment to facilitating the provision and exchange of key information and the sharing of best practices. The purpose of this Scorecard is to promote those practices by encouraging countries (and their subnational jurisdictions as appropriate) to improve their property tax administrative systems and practices and to establish an equal and stable property tax structure as between residential and business properties located in a taxing jurisdiction.

COST maintains a Property Tax Committee which focuses on the improvement of the administration of state and local property tax systems. One of the early achievements of the Committee was to develop a COST policy statement on fair and efficient property tax administration. In October 2008, the COST Board adopted the Committee's recommendations as to what constitutes fair and efficient property tax administration.[13] Those attributes are reflected in this Scorecard. COST also convenes an annual Property Tax Workshop to educate members of industry on property tax issues.

IPTI maintains a Corporate Advisory Committee (with a European Chapter) focused on meeting the needs of both global business organizations and local governments for ensuring that property tax systems are fairly and properly administered. COST has a seat on IPTI's Corporate Advisory Committee and plays an active role in its events.

The COST/IPTI Study: This Scorecard addresses both real and personal property together, along with properties that are centrally assessed (*e.g.*, many public utilities in the U.S. and the U.K.). In general, all jurisdictions evaluated impose a property tax on real property. Most often, real property is assessed at the local level. The U.S. states with a personal property tax vary as to the jurisdiction that administers the tax. None of the non-U.S. jurisdictions reviewed impose a personal property tax similar in breadth to that used in the U.S. Miscellaneous property/licensing/registration taxes imposed on certain types of personal property, such as airplanes, boats and motor vehicles, are not evaluated and are outside of the scope of this Scorecard.

"The Scorecard focuses on objective factors in evaluating a jurisdiction's property tax administrative practices... based on a jurisdiction's laws and regulations."

This Scorecard focuses on objective factors in evaluating a jurisdiction's property tax administrative practices. Objective evaluations are primarily based on a jurisdiction's laws and regulations. Subjective issues (*i.e.*, those relating to a jurisdiction's assessors and their practices) are **not** the focus of this Scorecard. Subjective evaluations may change over time depending on the current property tax assessor in a jurisdiction and are often influenced by relationships taxpayers have with assessors. While analyzing a set of objective criteria creates a useful benchmark for comparison of administrative practices from jurisdiction to jurisdiction, we recognize that it fails to consider burdensome or unfair administrative practices applied within a sound statutory or regulatory framework. However, the use of objective criteria is more appropriate to our purpose in issuing this Scorecard, which is to provide tax policymakers with specific recommendations for improving their respective jurisdictions' property tax laws to help achieve a fairer and more efficient property tax system. Finally, this Scorecard **does not evaluate** the desirability of property tax as a revenue source as compared to other taxes, such as income, consumption or value-added taxes. Such considerations are beyond the scope of this study.

PROPERTY TAX TRENDS AROUND THE WORLD

From the COST/IPTI 2014 Scorecard to the present, a common trend has seen many jurisdictions' property tax systems subjected to increased scrutiny, with a higher incidence of resistance to property tax levels. Below are some specific trends.

Commentary on Trends—Jurisdictions within the USA

One of the most significant trends in the U.S. is for states to modify traditional valuations of large retail stores (in general, stores over 50,000 square feet) by limiting the ability of the owner to use all three approaches to valuing those properties. Often labeled the "dark stores theory," the focus of state legislation is often not on obtaining fair market value for the subject properties, but maintaining the valuation using a cost approach valuation basis, rather than a comparable sales basis, for such properties. The concern is twofold: many states have uniformity clause provisions that prevent general legislation regarding property tax valuations to target specific properties which could impact all types of properties, and more importantly, valuation is not equitably based on the comparable sales of similar properties.

The Uniform Standards of Professional Appraisal Practice (USPAP) in the U.S. require the use of the cost, comparable sales, and income approach for valuations, allowing different weighting based on the type of property. However, legislation has been pursued in some states that arguably restricts a fair market valuation by stating that sales of vacant retail properties ("big box" stores) should not be used as comparable sales when valuing occupied retail property, and any deed restriction should limit a property for use as a comparable sale valuation. While both a long-term vacancy and deed restriction can impact valuation and should be taken into account when valuing any property, these are issues that should be addressed in an appraisal analysis and not subject to legislation that prohibits certain properties from a fair market valuation analysis using all three accepted valuation methods.

Another concern is that certain types of business property are often subject to a sale-and-leaseback transaction that is usually based on the financial value of a business, rather than the underlying fair market value of the property used by the business. While the lease term of a property is an important aspect of valuing a property, a lease's terms should take into consideration whether it is based on the financial value of the business or on the fair market value of the property (both above or below market leases). It may be appropriate, especially for below-market leases for low income housing, to allow such properties to be valued on that basis, but trends to value above-market rent/leases on non-residential properties related to a financing valuation as compared to the value of the subject property itself, are not appropriate if a state requires properties in its jurisdictions to be valued on a fair market basis.

Some states also struggle with inclusion in the personal property tax base of inventory, often held for export to other states or outside the country. Those states often have property tax exemptions or credits to deal with this issue, but the means used often create complex issues of verification, difficult audits, and incentives to locate certain operations outside of a state. Additionally, more states, similar to other countries, are eliminating (or phasing out) personal property taxes on businesses. With much of the property tax revenue dedicated to public education, the elimination of a personal property tax is not an easy task without providing the beneficiaries of the personal property tax with replacement revenue. This is an issue states with personal property taxes imposed on business will have to address in the future. Direct tax on capital investment, especially capital-intensive industries such as manufacturing, are impacted by personal property taxation.

Fair appeals processes are also an issue in some U.S. states. Often, the burden to disprove a valuation by the assessing entity is given much greater weight and the appeal time periods can be limited. Adding additional problems to the appeal process, some states require the tax payable as shown on a tax bill to be paid regardless of whether an appeal is made with respect to a disputed valuation. With some appeals taking years to resolve, the refund of taxes paid to municipalities, many of which do not have adequate reserves due to the law or poor planning, create problems when property owners are successful with their appeals.

Commentary on Trends—Jurisdictions outside the USA

Although the jurisdictions considered outside the USA vary widely in both geographical location, property tax systems adopted, base valuation, frequency of revaluation, exemptions, tax rate, *etc*., the important issues identified have common themes across the jurisdictions. These have been categorized as follows:

1. The incidence of tax/levels of tax rates are impacting commercial properties, especially in the retail sector.

The face of retailing has changed dramatically following the rapid increase in online shopping. While many jurisdictions wish to lessen the burden faced by established businesses, few have developed a tax system to adequately reflect the increasing share of the marketplace occupied by online companies.

Examples

United Kingdom

The subject of business rates is currently very controversial in the U.K. This is partly due to significant changes in both valuations and liability resulting from the latest revaluation (2017), but also due to the fact that levies on property as a percentage of GDP, and as a share of total taxation, are higher in the U.K. than most other countries in the world (OECD data). There are currently many instances of established retailers and independent stores that are disappearing from traditional shopping areas, and the number of vacant High Street units is increasing. While some relief is available for small businesses, this has not alleviated an already significantly high tax rate sufficiently to have a lasting effect.

Canada

(a) Alberta–In 2018, Alberta saw the largest uplift in commercial tax rates among major cities in Canada equating to 9.5%. This is due to the downturn in demand for downtown offices leading to lower office assessment values and a contracting assessment base which, in turn, has resulted in the transfer of the tax burden to other non-residential properties.

(b) Ontario–The 2016 reassessment (the latest revaluation that came into effect in 2017) effectively doubled the property tax on small commercial businesses in the heritage conservation district in Yonge Street, Toronto. After consideration of the problem by policymakers, a discretionary 50% relief was introduced to enable the businesses to stay open. Consideration is also being given to creating a bespoke property tax classification for these small businesses to avoid a similar problem in the future.

Ireland

A rate-alleviation scheme was introduced when business owners faced three or fourfold increases in their rates following valuations of their premises in the wake of the crash in property prices and sharp recovery of recent years.

2. Jurisdictions are moving towards rebalancing the burden of property taxation to ensure greater fairness.

Several jurisdictions are reconsidering property tax policy in order to broaden the tax base. Methods being considered include removing exemptions, introducing additional property taxes, and/or adjusting the ratios between property classifications.

Examples

Australia

(a) Australian Capital Territories—The land tax exemption for vacant properties was scrapped under new legislation passed in the ACT Legislative Assembly in 2018.

(b) New South Wales, Queensland—There is continuing discussion about removing the exemption for land tax in respect of residential properties that are the principal residence of the owner.

(c) Northern Territories—Land Tax is not levied; however, following the issue of the Department of Treasury and Finance *"Northern Territories Revenue Discussion Paper"* in November 2017, there is discussion on introducing Land Tax to provide additional revenue that could fund government services and provide an opportunity to fund other tax reform.

Ireland

In April 2017, the Cabinet agreed to give local authorities power to introduce rate-alleviation schemes and potentially reduce the bills for companies across the country.

Scotland

As part of the Barclay Review, one of the recommendations agreed to be taken forward immediately by the Scottish government was an expansion of fresh start relief to create a greater incentive to bring empty properties back into economic use; an increase from 50% to 100% for the first year of new occupation and making it available after a property has been empty for six months rather than the current twelve.

A report published in December 2015, "Just Change—A New Approach to Taxation" seeking to identify and examine alternatives that would deliver a fairer system of local taxation, led to the legislation that amended the way Council Tax on properties in Bands E, F, G and H is calculated from April 2017. The tax for these properties is now a higher percentage of the Band D rate than previously, addressing a concern that the original Council Tax system was not progressive.

Netherlands

Homeowners' tax is currently not paid by those who have paid off their mortgages; however, the government is to start phasing this in from 2019.

New Zealand

Following consultation, in relation to business properties, consideration is being given to removing statutory exemptions in order to redistribute the burden of council rates more fairly.

Canada

(a) Alberta—A report by the Canadian Federation of Independent Business (CFIB) called for the unfairness of the gap between commercial and residential tax rates in Alberta to be addressed by restraint in municipal spending, rejecting proposals for revenue generating powers for municipalities, and capping commercial to residential tax rate ratios to a maximum of 2:1.

(b) New Brunswick—The Government implemented a freeze on property assessment for the 2018 taxation year.

(c) Saskatchewan—2017 was a revaluation year in Saskatchewan and the Government amended the percentages of value (POV) for the taxation year to shift the incidence of taxation between property classes to provide relief where it was needed. For example, residential POVs were increased from 70 to 80 percent to partially mitigate an expected tax shift onto commercial properties in urban centers.

3. The property tax rate-setting and collection function should be decentralized to enable local councils to invest properly in their jurisdictions

Local ownership of the property tax systems is seen as essential in maximizing the collection of, and prioritization of, funding for local services. The majority of the jurisdictions considered have at least one property tax system which is decentralized.

Examples

England, United Kingdom

Council Tax, for domestic properties, is already locally administered from setting the tax rate (albeit limited by central government) to collection and allocation of funds. For many years, business rates have been regarded as a national tax collected locally. The valuations are carried out by a central government body (the Valuation Office Agency), the tax rate is set by central government (MHCLG in the case of England), and the revenue collected (by local government) was pooled centrally (within MHCLG) and then distributed back to local governments according to a formula intended to reflect their need.

However, following consultation, a move has been made towards 100% business rates retention by local authorities. Most authorities currently retain 50% of non-domestic rates revenue, with 100% retention currently being piloted in specific locations across the country.

Although the tax rate is centrally set, local authorities are able to reduce the rate, or charge supplementary rates (*e.g.*, in a business improvement district), within prescribed limits. Tax relief remains centrally funded.

Ireland

Following the Thornhill report on Local Property Tax (LPT) in 2015, the Irish Finance Department launched a public consultation on LPT in 2018, as part of a broader review of the tax. The consultation asks for consideration of Thornhill's recommendation that the Government should consider moving to a system under which local authorities retain 100 percent of the LPT revenues raised in their areas, and that LPT be re-designated as a local council tax.

4. Increasing the frequency of revaluation will create a fairer property tax system

Large periods of time between revaluations have led to out-of-date valuation bases, frequently updated by the imposition of coefficients rather than revaluations, and not reflective of the changing pattern of values by both property class and location. Several of the jurisdictions now recognize this issue and are implementing or considering increasing the frequency of revaluations to improve both the transparency and fairness of property taxation.

Examples

Spain

Standard revaluation processes in Spain were suspended while the National Cadastre Office updated all valuations to a common valuation base date in 2013. Previous sporadic revaluations across the country had left different areas of the country with disparate valuation dates ranging from as far back as 1984 to 2013. The National Cadastre Office will now decide on the frequency of revaluations in the future.

Ireland

Bucking the trend to increase the frequency of revaluation, the 2015 Thornhill report on LPT also recommended that the Government postpone the planned revaluation of properties from 2016 to 2019, which it did. The 2018 Irish Finance Department public consultation also addresses Thornhill's recommendation to switch from a three-year to a five-year revaluation period. However, for non-residential properties, the Irish Valuation Office are planning to undertake more frequent revaluations.

United Kingdom

(a) Scotland—The Report of the Barclay Review of Non-Domestic Rates was published in August 2017. The 30 recommendations were aimed at boosting economic growth, improving administration and increasing transparency and fairness, within its remit of revenue neutrality.

The Scottish Government Finance Minister responded in September 2017, confirming that he would seek to implement the "vast majority" of the reviews' 30 recommendations, including more regular revaluations which will be 3-yearly with notice one year before.

(b) Northern Ireland—The last revaluation of non-residential properties was in 2015. Another revaluation is currently underway. Regular business revaluations were supported by the business community in consultation exercises in 2015 and 2016, recognizing the importance of ensuring that the rating system remains closely aligned to market values for business ratepayers.

(c) England—Business rates revaluations should be undertaken every 5 years. However, there was a 7-year period between the latest revaluation (2017) and the previous revaluation (2010). Legislation has now set the next business rates revaluation for 2021, *i.e.,* a four-year revaluation and, after that, every three years.

Victoria, Australia

New legislation has been introduced to increase the frequency of revaluations from every 2 years to an annual basis. This is despite opposition from local councils who had already caused the proposal to be removed from June 2017's Taxation Bill. The increase in frequency was originally proposed to increase the fairness and consistency associated with the land valuation system.

5. The use of property tax to counter rising house prices

There are examples of jurisdictions seeking to either introduce, or increase, a tax on residential properties to reduce increasing house prices that are creating problems within the housing market.

Examples

Hong Kong

The Hong Kong government is attempting to cool the overheated market in residential property. Previous attempts such as increasing land supply and stamp duties have not halted demand, and a large undersupply has meant that residential prices have increased by more than 50% in the last 5 years. The latest attempt has seen the proposed introduction of a vacancy tax which is expected to be passed by the legislative council in 2019.

Singapore

A similar scheme was introduced in Singapore which led to a decline in residential prices for approximately 4 years; however, prices began climbing again in late 2017. To counter this, part of the latest government measures has been to increase the Additional Buyer's Stamp Duty (ABSD) rates. The tax will be based on the annual rental income (equivalent to the rateable value) of residential properties. In the past, developers have hoarded a number of flats in new developments, keeping them empty, sometimes for years, to benefit from rising prices. It is proposed that apartments left unsold for more than six months will be taxed at twice the annual rental income, or about 5 percent of the unit's value. More than 1500 hoarded flats were sold in the two-month period between July and September 2018, increasing supply ahead of legislation.

Victoria, Australia

With effect from 1 January 2018, owners of residential properties in certain Melbourne suburbs, which have been unoccupied for more than six months in a calendar year, are liable to pay the Victorian Government's new Vacant Residential Land Tax.

The tax is assessed at 1% of the capital improved value of the property. Capital Improved Values (CIVs) are displayed on council rates notices and take into account the value of any improvements on the land.

The tax is intended to increase supply by encouraging investors to either put their properties on the rental market or sell them.

Ireland

The Government-commissioned Indecon International Economic Consultants report in September 2018, considered the rationale for a tax on vacant property and issues in implementation. The objective of the Government is to increase the supply of homes for rent or purchase to meet demand for housing where it exceeds supply which is reflected in increases in property prices and rents. In this instance, however, the recommendation of the report was that the introduction of a residential vacant property tax at the current time would not be an effective response to dealing with housing shortages.

British Columbia, Canada

A vacant property tax was introduced in Vancouver in 2017. The Empty Homes Tax was implemented within the city of Vancouver and applies to residential properties that are not used as a principal private residence and/or have not been rented out for a minimum of 6 months in a given year. The rate of the Empty Homes Tax is 1% of a property's assessed taxable value.

PROPERTY TAX SCORECARD

This Scorecard evaluates multiple criteria in three primary subject areas: (1) Transparency; (2) Consistency; and (3) Procedural Fairness. Each of the primary subject areas comprises three categories which, in turn, contain three sub-categories, and within each sub-category are three questions, making a total of twenty-seven items for grading. A detailed explanation of each sub-category follows the jurisdictional scoring table below. Each question was scored with a 0, 1, or a 2, with 0 representing "good", 1 representing "average" and 2 representing "poor". The individual question scores have then been totaled and a letter grade derived from this score for each of the categories (*i.e.,* transparency, consistency and procedural fairness). The overall score for the jurisdiction has been converted to an alphabetical grade—arrived at by consideration of the various category scores—adopting the same method used with the previous scorecard.

Below is a table showing the grades for each jurisdiction overall and in the three primary subject areas. Following that is a detailed explanation of the specific areas being examined, with descriptions of the criteria used in scoring. After that, a detailed chart is provided with the specific basis for each jurisdiction's grade. The detailed chart starts with the U.S. states and proceeds alphabetically through Australia (states), Canada (provinces), Hong Kong, Ireland, New Zealand, Singapore, South Africa, Spain, The Netherlands and the United Kingdom (countries).

This Scorecard is available on the website of both COST (**www.cost.org**) and IPTI (**www.ipti.org**).

Jurisdictional Scoring Table

United States	Transparency	Consistency	Procedural Fairness	Overall Grade
Alabama	C	B	C	C+
Alaska	C	D	D	D+
Arizona	B	C	C	C+
Arkansas	C	D	C	C-
California	C	C	D	C-
Colorado	B	B	D	C+
Connecticut	D	C	C	C-
Delaware	F	D	C	D
District of Columbia	C	C	C	C
Florida	A	C	B	B
Georgia	A	B	B	B+
Hawaii	D	F	D	D-
Idaho	B	B	D	C+
Illinois	D	C	D	D+
Indiana	C	B	C	C+
Iowa	C	C	D	C-
Kansas	A	B	B	B+
Kentucky	D	B	C	C
Louisiana	C	C	F	D+
Maine	C	B	C	C+
Maryland	A	B	D	B-
Massachusetts	D	B	C	C
Michigan	C	B	D	C
Minnesota	C	C	C	C
Mississippi	D	F	F	F
Missouri	D	B	B	C+
Montana	A	D	C	C+
Nebraska	C	B	D	C
Nevada	C	C	D	C-
New Hampshire	C	C	C	C
New Jersey	C	C	D	C-
New Mexico	B	D	B	C+
New York	C	F	F	D-

North Carolina	D	B	D	C-
North Dakota	C	D	D	D+
Ohio	D	C	D	D+
Oklahoma	B	C	D	C
Oregon	C	C	C	C
Pennsylvania	F	D	F	F
Puerto Rico	F	D	D	D-
Rhode Island	F	D	C	D
South Carolina	C	B	B	B-
South Dakota	B	B	D	C+
Tennessee	D	C	C	C-
Texas	A	C	B	B
Utah	C	C	C	C
Vermont	B	C	D	C
Virginia	D	B	C	C
Washington	B	C	C	C+
West Virginia	D	D	D	D
Wisconsin	B	D	D	C-
Wyoming	B	C	D	C

Australia	Transparency	Consistency	Procedural Fairness	Overall Grade
Australian Capital Territory	A	C	D	C+
New South Wales	A	A	C	B+
Northern Territory	B	B	C	B-
Queensland	A	C	B	B
South Australia	A	D	B	B-
Tasmania	B	C	C	C+
Victoria	B	C	C	C+
Western Australia	B	C	B	B-

Canada	Transparency	Consistency	Procedural Fairness	Overall Grade
Alberta	A	C	D	C+
British Columbia	A	A	C	B+
New Brunswick	A	B	C	B
Newfoundland and Labrador	A	B	D	B-
Nova Scotia	A	C	D	C+
Ontario	A	C	B	B
Quebec	B	D	D	C-
Saskatchewan	A	C	D	C+

Hong Kong	A	A	C	B+
Ireland	B	B	D	C+
New Zealand	B	C	F	C-
Singapore	A	B	C	B
South Africa	C	C	D	C-
Spain	B	B	C	B-
The Netherlands	B	C	B	B-

United Kingdom	Transparency	Consistency	Procedural Fairness	Overall Grade
England	C	B	C	C+
Northern Ireland	B	A	D	B-
Scotland	B	C	B	B-
Wales	B	B	C	B-

Caveat

Much of the information collected in the Scorecard was obtained during the period 2017 to 2018, although the data requested relates to 2017 to ensure consistency. Tax laws and regulations change frequently and therefore the information provided should be regarded as relating to the position when the data was supplied and not necessarily that which applies today.

ADDENDUM TO PROPERTY TAX SCORECARD

Additional general information regarding each jurisdiction's property tax system was also gathered. As with the previous Scorecard, that information is contained in an Addendum to this Scorecard.

The Addendum is available on both the COST and IPTI websites: **www.cost.org** and **www.ipti.org.**[14]

DETAILED CATEGORY EXPLANATION

Below is a detailed explanation of the elements reviewed by COST-IPTI. Each category is broken down into its sub-categories and describes the significance of the items in the sub-category; it also provides examples of jurisdictions that scored highly in a given category, and jurisdictions with opportunities to improve.

Transparency

For a property tax system to be fair and efficient it must be transparent; that is, explanatory guidance, forms, instructions, and communications regarding the tax must be clear, concise, and readily accessible to taxpayers with various levels of expertise, administrators, practitioners, and the public. Jurisdictions with transparent property tax systems must include at least three elements:

- Centralized websites which include a comprehensive explanation of the property tax system, property tax laws and regulations, and property tax forms;
- An understandable notice to the taxpayer whenever there's an assessed valuation change, including instructions on how to appeal and the appropriate form; and
- A property tax system which has frequent revaluations, using recognized methods, and makes valuation information available to all.

A jurisdiction's willingness and ability to provide information to taxpayers in an understandable format is imperative for a fair and efficient property tax system.

Centralized Website: The property tax website used by a jurisdiction must provide taxpayers with easy access to property tax laws and regulations, as well as forms and instructions for filing tax documents and exemption requests. Forms should be easy to locate, with property tax forms separate from other types of tax forms. Additionally, taxpayers need to be able to easily find the laws and regulations they are expected to follow. It is unfair to penalize taxpayers for failing to follow a property tax procedure that is unavailable on the jurisdiction's property tax website.

From a review of the websites, it appears that jurisdictions have done a lot to provide websites that are more easily navigated and comprehensive. This enables taxpayers to understand not only the basis of the property tax, but their part in the overall process. Although the websites are presented differently, to a great extent, taxpayers can quickly gain an awareness of the laws they must follow, the exemptions they can claim, and the forms they must file. For example, the State of Washington provides such information in question-style format.[15] New York also provides a property tax page specifically geared toward business taxpayers with links to relevant information.[16] In contrast, Delaware receives a "poor" in this category because it lacks a centralized website dedicated to providing property tax rules and information.

> *"For a property tax system to be fair and efficient it must be transparent."*

Outside the U.S. it is now very rare to find a jurisdiction which does not provide a centralized website giving detailed information on the property tax system. Many use online videos, question and answer formats, *etc.*, to provide full details for taxpayers.

Jurisdictions without an adequate centralized website create a frustrating environment for taxpayers seeking to comply with that jurisdiction's laws. Taxpayers without access to adequate property tax information will often feel disadvantaged by the government agency when confusion, errors or misunderstandings arise. Taxpayers are much more willing to fully comply with a tax system that is easily understandable and accessible, and the central governing body is best equipped to provide such information on a centralized website.

In addition to forms merely being available, taxpayers must be able to understand which forms to file and when to file them. Documentation explaining the tax system in a manner which is easy for a lay person to understand is critical to transparency. Such documentation should include not only how property is assessed and when taxpayers should file forms, but it should also explain how and when taxpayers can appeal such assessments. Taxpayers (both business and homeowners) are typically not experts in property tax matters, so the average taxpayer must have access to documents explaining a jurisdiction's property tax system to ensure compliance. The State of Oklahoma is an example of a jurisdiction with effective explanatory documentation.[17] Ireland provides similar information in the form of frequently asked questions.[18] In the U.S., Hawaii, Rhode Island, and Virginia all lack effective easy-to-find explanations regarding their respective property tax processes and procedures.

"Tax assessment must be, to the greatest extent possible, consistent across the jurisdiction."

Valuation Notices: It is unreasonable to expect taxpayers to file timely and accurate property tax forms unless they are fully informed when a change in valuation occurs. Taxpayers must be given adequate time to make an informed decision on whether to appeal a valuation they believe is incorrect. How to appeal a valuation must be drawn to the attention of the taxpayer, preferably by including the appeal form with the notice of alteration. The notice should be clear, include all relevant information and be easy for the lay person to understand. Most jurisdictions provide taxpayers with notices, but some only provide a notice if the property value has increased by a certain percentage. Many jurisdictions fail to provide appeals information in the notice, and some jurisdictions may not provide appeals information until after the deadline for an appeal has passed. Adequate notice helps ensure timely payment of the tax.

Valuation Practice: Taxpayers are less likely to appeal an assessment if they feel the assessment is fair compared to other properties of similar class and size. To determine the fairness of a valuation, taxpayers must have an opportunity to verify their property's valuation in comparison with other similarly situated properties. This cannot be done unless general information regarding other assessments is available on a jurisdiction's website. However, to comply with data protection legislation for businesses and individuals, confidential information must be redacted and/or excluded from public access. Taxpayers in Puerto Rico and Vermont are unable to access this type of information. Outside of the U.S., assessment values are now frequently available online, although in some jurisdictions only the property owner can access the assessment valuation. In other jurisdictions, fees may be charged per search. In the U.K., full valuation details (excluding confidential information) are freely available, and British Columbia, New Brunswick and Ontario provide the values against comparable sales data and/or market reports.

Appraisal Cycle: Although views differ on the subject, the ideal real property tax valuation cycle is annual to three years (unlike personal property tax, which should be annual). This provides stability and certainty for both taxpayers and tax collecting bodies. It is considered inefficient and impractical for assessors to value all properties in a jurisdiction on an annual basis and, perhaps more importantly, it is burdensome for assessors and property owners to manage annual valuation appeals. Also, both taxpayers and taxing authorities like to have some degree of stability in the levels of annual property tax payments. However, because market values can quickly change, a valuation cycle longer than three years is also inappropriate. The valuation cycle must be fixed at a set period of time by law. New Jersey, New York and Puerto Rico all fail to provide for fixed cycles in their statutes. Since the last Scorecard, England has enacted a four-year revaluation period through 2021, and thereafter will undertake revaluations on a three-year cycle.

Consistency

In addition to transparency, fair and efficient property tax administration should include a number of fundamental and consistent components to ensure compliance. The following are basic administrative procedures that promote consistency:

Central Oversight: Property tax system administration is fairest for the taxpayer when it is consistent throughout a jurisdiction. If different municipalities or other governmental sub-units within the same jurisdiction follow different rules, taxpayers can be disadvantaged. Strong central oversight is necessary for a fair and efficient property tax system. The State of Florida sets a good example for requiring consistency across the State. The Florida Department of Revenue has strong authority over local assessors, including reviewing rolls, issuing mandatory procedures and forms, and reviewing property tax refunds of $2,500 or more. The central agency should also mandate what forms are used or state what information must be included. Finally, taxpayers should have a form of recourse if they feel they are not being treated equally; a valuation out of line with similar properties should give rise to a right of action.

Equal Assessment Practices: Tax assessment must be, to the greatest extent possible, consistent across the jurisdiction. Large businesses may pay separate property tax bills across many jurisdictions, nationally and possibly internationally. Thus, it is imperative that due dates for filing and payments are consistent within a jurisdiction. When due dates vary, compliance problems are almost inevitable; taxpayers will miss deadlines and will subsequently be penalized for late filing or payment. For example, Florida, Indiana, Kentucky, Massachusetts, Mississippi, Nevada, North Carolina, Oklahoma, Oregon, BC, New Brunswick, Newfoundland and Labrador, ACT, Northern Territory of Australia, S. Australia, Hong Kong, New Zealand, and all of the U.K. provide due date consistency that is helpful for taxpayers. However, certain jurisdictions—including Delaware, Pennsylvania, Rhode Island, Utah, Virginia and Victoria—have significant local variations as to when reports and payments are due.

Tax rates and ratios should apply equally to all properties and should not change based on property classification. A property tax base disproportionately weighted to impose greater property taxes on business properties is not balanced. Tax rates imposed on property used for business purposes should not significantly differ from tax rates imposed on property used for residential or other purposes. Market value and assessed value ratios for business and residential property should also be similar. Ideally, the assessment ratio for property valuation in a jurisdiction should be 100% of the fair market value (capital or rental) of all taxable properties. Also, the preferred tax structure imposes no "caps" or other "limits"—tax rates should be adjusted (up or down) as the overall valuation base in a taxing district changes. In three U.S. states (New York, Massachusetts, and Hawaii), the effective tax rate on commercial or industrial property is over 3.5 times higher than the tax rate on the residential property in the largest cities within those states.[19] Outside the U.S., no other jurisdiction reports such a significant variation and in Hong Kong a single tax rate is charged across all properties.

Interest rates should fairly reflect the time value of money, and a government should raise revenue through fair taxation—not through inappropriate interest rates when a taxpayer underpays. Accordingly, the imposition of interest on an overdue payment of tax should be the same and *no greater than* the interest paid by a government for the overpayment of a property tax. Eleven U.S. states, two Australian states, Spain, The Netherlands and South Africa were found to impose the same interest rate on property tax deficiencies as they do refunds. The date that interest begins to accrue is also important. After allowing a reasonable amount of time for assessors to correct billing and assessment errors, refunds should incur the same rate of interest based on the same measurement period for a tax deficiency.

Assessor Training and Outreach:
The importance of the assessment valuations being carried out by appropriately qualified assessors is considered in the Scorecard for the first time.

"Management of the assessment process is a crucial task which requires specialized knowledge and understanding."

Management of the assessment process is a crucial task which requires specialized knowledge and understanding. Additionally, continuing professional development is necessary for an assessor to keep up to date with modern developments in an era of changing technology.

Assessors with a higher level of professionalism and expertise will produce more accurate—and more defensible—valuations, thereby providing advantages both to the jurisdiction and its taxpayers. Finally, assessors should take steps to be proactive in informing taxpayers about revaluation cycles; the earlier taxpayers are involved in the process the easier and less costly it is to deal with issues.

Procedural Fairness

A system perceived as fair and unbiased will encourage property taxpayers to be open and more willing to share information with assessors about factors affecting the value of taxable property. To avoid negative perceptions, taxpayers should be afforded a realistic amount of time to file an appeal, have a reasonable burden of proof, a review before an independent arbiter of an assessor's or a property tax board's findings, and ideally should not be required to pay any disputed tax during the appeals process.

Initial Review: The earlier problems are caught, the simpler and less costly they are to correct. The ideal time for a taxpayer to contest a valuation before it is finalized in a notice of assessment or roll, *i.e.,* while still in draft stage. Jurisdictions such as British Columbia, Nova Scotia, Ireland and the U.K. give taxpayers the right to review the proposed valuation before it is final. Taxpayers seeking to file a property tax appeal to a local assessor, local property tax board, or a state tax agency should have at least 60 days from the formal written notice of the disputed assessed value. Unfortunately, only eight U.S. States and three Canadian Provinces (Alberta, Ontario and Quebec) provide this protection. However, almost all of Australia, Hong Kong, Singapore and the U.K. allow at least 60 days for filing an appeal. Finally, a fair system doesn't allow the work of assessors to go unscrutinized—assessors should be required to substantiate their valuations.

Fair and Independent Tribunals: In general, the preferred tax appeal procedure will grant taxpayers an initial administrative review by a tax assessor or a board dedicated to handling property tax appeals. Such an appeal system provides taxpayers and assessors with an opportunity to quickly resolve disputes based on errors or other factual discrepancies. However, subsequent appeals should be to an independent tribunal, and such a review should be *de novo.* The taxpayer should be able to provide additional evidence before the independent tax tribunal, such as an appraisal and/or testimony from experts that may not have been available (or provided) at the initial hearing with the tax assessor or the property tax board. Similarly, a reasonable time period—at least 60 days—should be given to file such an appeal. Not all jurisdictions adopt this timescale, making it difficult for even the most diligent taxpayer to adhere to the deadline.

It is customary with most tax appeals for the burden of proof to rest with the taxpayer. However, property tax is unique in that the taxpayer often lacks all the information to determine whether the assessor's initial valuation of the property is correct. Reflecting that reality, some jurisdictions impose the initial burden on the assessor to present evidence to show the basis for the valuation of the property. This is considered the appropriate approach. In certain cases, the burden falls on the taxpayer to prove the taxpayer's asserted valuation of the property, based on a preponderance of the evidence. Any additional burden of proof, such as a higher "clear and convincing" standard, is considered unfair. Many U.S. jurisdictions, two Canadian provinces, two Australian territories, New Zealand, and Spain impose this higher burden on taxpayers.

Other Procedural Fairness Issues: Some jurisdictions charge fees to access the property tax appeals system which could be considered burdensome even for large corporate taxpayers. Taxpayers should not have their ability to correct errors in assessments controlled by their ability to pay fees.

Property taxpayers with large property holdings (predominantly businesses) are often erroneously blamed for causing financial harm to a community by appealing an assessor's valuation or requesting a refund on property subsequently found to be overvalued. Businesses understand that property tax revenues are critical for funding many important government functions, particularly for primary and secondary public-school education. A preferred solution is to allow taxpayers to pay the property tax on only the undisputed value of the property, made in good faith. If a property's value is found to be greater than the undisputed amount after all appeals are exhausted, any additional tax owed should be paid by the property taxpayer, with interest. As a second-best alternative, the disputed tax should be placed and held in an interest-bearing escrow account until the dispute is resolved. Either approach mitigates political pressure on both tax officials and the taxpayer to reduce the property tax recipients' exposure to refunds resulting from payment of the disputed portion of the property tax.

Some jurisdictions grant third parties the right to appeal an unrelated taxpayer's appraisal. This may be highly restricted; for example, a school district which is the direct recipient of property taxes might have the right to file an appeal. In other cases, the right might be so broad that any taxpayer in the jurisdiction can file such an appeal. Political subdivisions of a property tax jurisdiction should be limited in filing independent tax appeals and, instead should work with the tax assessors if they believe certain properties are incorrectly valued.

QUESTIONS PRESENTED AND SCORING RUBRIC

The questions provided to taxpayers, practitioners and government officials to evaluate each jurisdiction are provided below. The scoring key used to grade each question is included as well. Up to two points are given for each question, with best practices scoring zero, and higher scores indicating a less desirable situation.

Transparency

Centralized Website

- Does the national/subnational government have a centralized website that includes a clear explanation of how the property tax system (including the appeals process and the types/categories of property taxed/exempt) works at the national/subnational level, which is sufficient for a lay person to understand?
  - *0 points—A centralized website with a clear explanation of the property tax system.*
  - *1 point—A centralized website exists, but it has a limited explanation of the property tax system, or it is difficult to locate or navigate.*
  - *2 points—The site is extremely limited or does not exist.*
- Does the national/subnational government have a centralized website that includes its property tax laws and regulations?
  - *0 points—Property tax laws and regulations are posted on a separate website.*
  - *1 point—Property tax laws and regulations are posted to a limited extent, or the site is difficult to locate or navigate.*
  - *2 points—There is no separately available website with property tax laws and regulations.*
- Does the national/subnational government have a centralized website that includes its current property tax forms (*e.g.,* for filing an appeal, request for exemptions, etc.)?
  - *0 points—The centralized website has standard forms, which are easy to find and use.*
  - *1 point—The centralized website has a limited number of forms.*
  - *2 points—The centralized website does not have property tax forms.*

Valuation Notice

- Do taxpayers receive a valuation notice when there is a revaluation—even if there is no valuation change?
  - *0 points—Taxpayers are always notified at a property revaluation.*
  - *1 point—Taxpayers are only notified if there is a change in value, or there is only constructive notice given of revaluations.*
  - *2 points—Taxpayers are not required to be notified of a revaluation or are only required to be notified if there is a significant (i.e. 10%) change in value.*
- Do taxpayers, by law or regulation, receive a notice of assessed valuation that is sufficiently clear for a lay person to understand, including a clear explanation of the type/category of the property being assessed (*e.g.,* residential, agricultural, etc.)?
  - *0 points—Clear and complete information is provided with the notice of assessed valuation.*
  - *1 point—The state requires certain information be included on the valuation notice, but implementation on the local level varies, or a constructive notice is published that is easy for a lay person to understand.*
  - *2 points—The notice of valuation contains little explanatory information, or the notice would be difficult for a lay person to understand.*

- Do taxpayers receive notice on how to appeal the valuation with the notice of valuation or value changes?
  - *— 0 points—The notice of valuation includes details on how to appeal including any relevant forms.*
  - *— 1 point—The notice of valuation includes some details on how to appeal, or states where to find information on the appeals process.*
  - *— 2 points—The notice of valuation does not include information on how to appeal.*

Valuation Practice

- How often is real property valued?
  - *— 0 points—Revaluation takes place every 1 to 3 years.*
  - *— 1 point—Revaluation takes place every 4 or 5 years.*
  - *— 2 points—Revaluation takes place at intervals of more than 5 years or does not follow a fixed schedule.*[20]
- Can taxpayers obtain: (1) valuation information about other assessments and/or (2) tax rates imposed on the properties via a website at the national/subnational level?
  - *— 0 points—Detailed valuations of other assessments and tax rates are published online.*
  - *— 1 point—Property tax values for other assessments are published, but there is no detailed valuation information. Tax rates are published.*
  - *— 2 points—Property tax values of other assessments are not published online. Tax rates may be published.*
- Are assessors using recognized valuation methods for valuing property or are there restrictions prescribed for some or all types of properties?
  - *— 0 points—Assessors are required to apply generally-recognized professional valuation methodology.*
  - *— 1 point—Valuation methodology varies across localities or is prescribed for a limited number of property classes.*
  - *— 2 points—There is no requirement to adopt professional valuation methodology, or the jurisdiction mandates non-standard valuation methods.*

Consistency

Central Agency Oversight

- Does the national/subnational governmental entity control (or have strong oversight over) local property tax assessors via law or regulation, which includes performing ratio studies and imposing equalization and/or reappraisal orders to correct inequities?
  - *— 0 points—The jurisdiction exercises full oversight over local assessors, or assessment is handled on a jurisdictional (rather than local) level.*
  - *— 1 point—The jurisdiction exercises limited oversight over local assessors.*
  - *— 2 points—The jurisdiction exercises no oversight over local assessors.*
- Does the national/subnational government require the use of standardized forms?
  - *— 0 points—Standard forms are required across the jurisdiction.*
  - *— 1 point—Standard forms are provided by the jurisdiction but not required to be used; localities may substitute their own preferred forms.*
  - *— 2 points—Standardized forms are not used.*
- Can a taxpayer challenge a valuation on the basis that it appears to be out of line with the valuation of similar properties (*i.e.*, comparable properties)?
  - *— 0 points—Taxpayers have a legal right to appeal assessments if they are out of line with comparable properties.*
  - *— 1 point—An assessment being out of line with comparable properties can be part of a challenge to a property's valuation, but additional evidence is required.*
  - *— 2 points—Taxpayers are unable to appeal assessments on the grounds that they are out of line with comparable properties.*[21]

Equal Assessment Practices

- Does the national/subnational government have consistent due dates for property tax filings and payments?
  - *0 points—Rules set specific filing and payment dates across the jurisdiction.*
  - *1 point—Localities have limited freedom to set their own filing and payment dates.*
  - *2 points—Localities are free to set their own dates for filing and payment.*
- Does the tax rate, assessment ratio and/or caps apply equally to all types of taxable property?
  - *0 points—The tax rates and caps are the same for residential and business properties, leading to equal effective tax rates.*
  - *1 point—There is some variation in tax rates and caps for different types of properties.*
  - *2 points—Tax rates and caps vary widely across different types of properties.*
- Is the interest rate payable on unpaid property tax and any refund of the tax equal?
  - *0 points—The interest rates are within 2%.*
  - *1 point—The taxpayer pays an interest rate which is between 2-5% higher, or there are equivalent penalty charges in lieu of interest.*
  - *2 points—The taxpayer pays an interest rate which is more than 5% higher.*

Assessor Training/Outreach

- Are assessors/appraisers required to possess recognized professional qualifications (*e.g.*, membership of a recognized professional body or hold a license)?
  - *0 points—Assessors must be professionally qualified or hold a license.*
  - *1 point—Assessor must be suitably experienced and hold some qualifications.*
  - *2 points—Assessors do not require formal qualifications.*
- Are assessors/appraisers required to meet continued professional development requirements?
  - *0 points—Assessors must complete 10 or more credit hours per year.*
  - *1 point—Assessors must complete fewer than ten hours or must complete recommended programs which are required to keep assessors up to date.*
  - *2 points—There is no requirement for assessors to undergo professional development.*
- Do assessors publicize property tax revaluations?
  - *0 points—Assessors publicize revaluations with press releases, social media, online video, etc.*
  - *1 point—Assessors publicize basic data relating to revaluations, but it is generally low profile.*
  - *2 points—Assessors do not publicize revaluations.*

Procedural Fairness

Initial Review

- Pursuant to law or regulation, does a taxpayer have the ability to obtain an informal or formal review with an assessor (or an appraiser working for the assessor) before the taxpayer's valuation is finalized?
  - *0 points—Taxpayers have a right to a review before the valuation is finalized by the appraiser and received by the taxpayer as a notice/bill.*
  - *1 point—Taxpayers have a right to a review but only in certain circumstances.*
  - *2 points—There is no right to a review before the valuation is finalized by the appraiser and received by the taxpayer as a notice/bill.*
- Does a taxpayer have at least 60 days to file the initial appeal of an assessment?
  - *0 points—Taxpayers have 60 days or more to file an initial appeal.*
  - *1 point—Taxpayers have 30-59 days to file an initial appeal.*
  - *2 points—Taxpayers have fewer than 30 days to file an initial appeal.*

- Is an assessor (or appraiser working for an assessor) required, by law or regulation, to produce evidence on which valuations are based?
  - *0 points—The assessor must always substantiate a valuation*[22]*.*
  - *1 point—The assessor must substantiate valuations at the time of appeal.*
  - *2 points—The assessor is not required to produce evidence to substantiate valuations.*

Fair and Independent Tribunal

- Which party carries the burden of proof in connection with an appeal against an assessment at the independent tribunal level?
  - *0 points—The burden is on the assessor or equal weight given to taxpayer and assessor.*
  - *1 point—The burden is on the taxpayer only by a preponderance of the evidence.*
  - *2 points—A heavier burden is imposed on the taxpayer.*
- Does a taxpayer have the right to appeal the valuation to an independent tribunal and at that tribunal is the taxpayer able to introduce new facts and issues to support the value of property (*i.e.*, review)?
  - *0 points—The taxpayer has full rights to a review before an independent tribunal.*
  - *1 point—There is an independent tribunal, but the taxpayer is restricted as to new issues that can be raised.*
  - *2 points—The taxpayer has no rights to a review.*
- Does a taxpayer have at least 60 days to file an appeal of an assessment or decision of the informal appeal/review to the independent tribunal?
  - *0 points—Taxpayers have 60 days or more to file an appeal.*
  - *1 point—Taxpayers have 30–59 days to file an appeal.*
  - *2 points—Taxpayers have fewer than 30 days to file an appeal.*

Other Procedural Fairness

- Is the taxpayer required to pay a fee to make an initial appeal?
  - *0 points—There is no fee requirement to file an initial or second level property tax appeal.*
  - *1 point—There is no fee at the initial appeal level, but reasonable filing fees must be paid for subsequent appeals.*
  - *2 points—A fee to make an initial appeal must be paid and/or fees post initial appeal are onerous.*
- Does the taxpayer have the ability to either not pay or place the disputed tax into escrow (or something similar) until all appeals are exhausted?
  - *0 points—The appeals process puts into abeyance collection, as well as penalties and interest, related to the disputed amount.*
  - *1 point—Taxpayers can place the disputed amount in escrow or partially pay while the appeal is ongoing.*
  - *2 points—Taxpayer must pay the full amount despite the ongoing appeal.*
- Is only the taxpayer able to appeal the valuation or do third parties (*e.g.*, municipalities or other taxpayers) have separate appeal rights?
  - *0 points—Third parties have no separate appeal rights.*
  - *1 point—A small number of third parties have appeal rights or have appeal rights only under specific circumstances.*
  - *2 points—All third parties have appeal rights.*

Endnotes

1 Comment from Gerald Prante, economist at the Washington, D.C. based Tax Foundation. Located on MSN Money, http://articles.moneycentral.msn.com/Taxes/Advice/AmericasMostHatedTax.aspx. See also, Holley Hewitt Ulbrich, *A Property Tax for the 21st Century,* (published in 1998, indicating issues of "fairness" are probably the biggest cause of taxpayer discontent. The Report is available at: http://www.strom.clemson.edu/opinion/ulbrich/proptax/.html.

2 Research Committee of IAAO, *Assessed Value Cap Overview,* published in the Journal of Property Tax Assessment & Administration (2010), Volume 7, Issue 1, p. 17.

3 Unlike the other listed countries, Hong Kong is a special administrative region of China.

4 Richard Almy, Alan Dornfest & Daphne Kenyon, Fundamentals of Tax Policy, published in 2008 by the IAOO.

5 Department for Communities and Local Government, *Local Government Financial Statistics England No. 23* (May 2013).

6 For example, Malta has no property tax (therefore 0%); U.K. exceeds 4%. See OECD, Revenue Statistics, Comparative tables, http://stats.oecd.org/Index.aspx?DataSetCode=REV.

7 Quarterly Summary of State & Local Taxes, United States Census, http://www.census.gov/govs/qtax/.

8 *See* "Total State and Local Business Taxes" report for fiscal year 2017 prepared by Ernst and Young in conjunction with COST issued November 2018. The report can be found at: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/FY16-State-And-Local-Business-Tax-Burden-Study.pdf.pdf.

9 *Id.*

10 The summary information only provides a general description of a jurisdiction's property tax structure. There are often exceptions to the general rule listed for a jurisdiction.

11 COST scorecards can be found at: http://www.cost.org/StateTaxLibrary.aspx?id=17768

12 www.ipti.org

13 That policy statement can be found at: http://www.cost.org/uploadedFiles/About_COST/Policy_Statement/Fair%20and%20Equitable%20Property%20Tax%20Systems.pdf.

14 Some of the information contained in the Addendum for the U.S. is in the process of being updated and will be issued at a later date. The Addendum for the non-U.S. jurisdictions has been updated and is available on IPTI's website.

15 *See* https://dor.wa.gov/find-taxes-rates/property-tax

16 *See* www.tax.ny.gov/bus/property.

17 *See* www.ok.gov/tax/documents/TES-14.pdf.

18 *See* http://www.valoff.ie/en/publications/practice-guidance-notes/.

19 Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, *50-State Property Tax Comparison Study* (April 2018), p. 37.

20 Note—This refers to situations where valuation happens at the whim of the jurisdictional or local government, not situations where there is a statutory scheme which includes variable intervals for revaluations.

21 This most often happens when the property valuation scheme locks values in at certain dates, thus making the valuations inherently unequal, such as in California.

22 If we awarded bonus points, we would give an additional half-point to jurisdictions which make the assessor's basis for valuation always available to taxpayers, versus jurisdictions where that information is only available at certain times or requires a payment or formal request to the government.

SCORECARD DETAIL BY JURISDICTION

UNITED STATES

Alabama—Overall Grade C+

Transparency - C	Consistency - B	Procedural Fairness - C
CENTRALIZED INFORMATION	CENTRAL AGENCY OVERSIGHT	INITIAL REVIEW
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - The state has a website, but it lacks explanations for some things, such as how property is valued.	0 - The state Department of Revenue advises assessors, has oversight over their practices, and equalizes.	2 - Taxpayers have a right to a review but only as part of the appeal procedure after the assessment has been notified.
http://revenue.alabama.gov/advalorem/	Ala. Code § 40-3-16; Ala. Code § 40-2-16.	Ala. Code § 40-3-16. Ala. Code § 40-3-19.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - The state's property tax website has rules listed but does not break out property tax laws separately.	1 - Some forms are standardized state-wide, but many vary by county and are only available from county-level sources.	1 - No, the taxpayer only has 30 days from the date of final publication of the property assessment.
		Ala. Code § 40-3-20
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - The site has some forms. Exemption forms must be requested through local property tax offices.	1 - Yes, but additional evidence is required, and counties may refuse to hear such a challenge.	2 - The assessor is not required to produce evidence to substantiate valuations.
http://revenue.alabama.gov/advalorem/forms/		
VALUATION NOTICE	EQUAL ASSESSMENT PRACTICES	FAIR INDEPENDENT TRIBUNAL
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1- A notice is only required if there is an increase, but a general notice that the tax rolls are available must be published.	0 - Yes. Reports are due Dec 31 for real property, March 1 for utility property. Payments are due on Oct 1.	1 - The taxpayer bears the burden of proof, but the evidentiary burden is low.
Ala. Code §§ 40-3-20, 40-7-25, 40-7-45	Ala. Code §§ 40-7-2, 40-11-4.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The state requires certain information, but local implementation varies.	2 - Tax rates and caps vary widely across different types of properties.	0 - Taxpayer has full rights to a review before the circuit court.
		Ala. Code § 40-2A-9(g)(2); § 40-3-25.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The state does not require specific information, although most counties include general info on how to appeal.	0 - The taxpayer and government pay the same interest rates.	1 - No, the taxpayer has 30 days from the date of final decision at the Board of Equalization.
	Ala. Code § 40-1-44(b)(1).	Ala. Code § 40-3-25.
VALUATION PRACTICE	ASSESSOR TRAINING/OUTREACH	OTHER PROCEDURAL FAIRNESS
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Revaluation of real property takes place annually.	0 - Assessor must be professionally qualified or hold a license.	0 - No fees are required to make property tax appeals.
	Ala Admin Code. R. 780-X-3.	Ala. Code 11-51-191(e)(1)
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some counties make valuation information publicly available on their websites.	0 - Yes, appraisers must attend 28 hours of classes every 2 years.	1 - The taxpayer can file a supersedeas bond with the court for the disputed amount.
	Ala Admin Code. R. 780-X-12.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Use of the Alabama Appraisal Manual is required, allowing different methods. Many counties primarily rely on the cost approach.	1 - Once complete, assessor must publish in local newspaper that the rolls are available at the courthouse for inspection.	0 - Third parties have no separate appeal rights.
	Ala. Code §§ 40-3-20, 40-7-25.	

Alaska—Overall Grade D+		
Transparency - C	**Consistency - D**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a centralized property tax website, but the explanation is limited.	**2** - Only centrally-assessed property is regulated by the state DOR.	**2** - No, reviews are only available after the notice of assessment is mailed.
https://www.commerce.alaska.gov/web/dcra/LocalGovernmentOnline/Taxation Assessment	Alaska Stat. § 43.57.060. Alaska Stat. § 29.45.080(b), (c), (d).	Alaska Stat. § 29.45.170(b); §§ 43.56.100-43.56.120.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Code sections for relevant laws are listed on the website, but without text or links to the text.	**2** - Standardized forms are not required for locally assessed property.	**2** - Taxpayers have 20 days to appeal for centrally-assessed property, 30 days for locally-assessed property.
		Alaska Stat. §43.56.110; 190.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - The website only has forms for centrally assessed property, and no exemption forms.	**1** - Yes, but the property holder bears the burden of proving that the valuations are improperly unequal.	**2** - Taxpayer bears the burden before the assessor is required to substantiate.
http://www.tax.alaska.gov/programs/forms	Alaska Stat. § 29.45.210(b).	860 P.2d 1248, 1263 (Alaska 1993).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Taxpayers are always notified when there is a revaluation.	**2** - Centrally-assessed property returns are due on January 15, but locally-assessed tax dates vary from locality to locality.	**1** - The burden is on the taxpayer, and the evidentiary standard is unclear.
Alaska Stat. § 29.45.170, 43.56.100	Alaska Stat. § 29.45.240.	Alaska Stat. §§ 29.45.210 and 43.56.130.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Yes, but the form of the notice varies from county to county.	**1** - There is a de minimis difference between business and personal tax rates.	**1** - Appeals to the superior court are for centrally-assessed property, but on the record below for locally-assessed property.
	Alaska Stat. §§ 29.45.110 & 43.56.060.	Alaska Stat. § 43.56.130(i); 29.45.210.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - Notices are not required to include any information other than the dates the Board of Equalization sits.	**2** - No. Municipalities collect a 15% interest rate on delinquent taxes, but only pay 8% on refunds.	**1** - No. Must file a notice of appeal within thirty days after the date the board's order is mailed to the appellant.
	Alaska Stat. §§ 29.45.250, 29.45.500.	Alaska RAP § 602(a)(2).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Real property is not valued on any fixed timetable. Centrally-assessed oil and gas property is valued yearly.	0 - Yes, assessors are required to possess certification.	**2** - Superior court requires $250 fee + $750 bond. Municipalities may require high fees e.g. Anchorage $1000 on $2m property.
Alaska Stat. § 29.45.150, 160	Alaska Stat. § 08.87.100.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some local governments provide this information.	**0** - Yes, assessors are required to do approximately 15 classroom hours or the equivalent a year.	**1** - The taxpayer can file a supersedeas bond with the court, for 125% of the amount in dispute.
	Alaska Stat. § 08.87.120.	Alaska RAP § 603 (a) (2).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - The assessor has discretion in deciding among recognized valuation methods and can use other methods if they can be shown reasonable.	**2** - Notice is only required to be given to the property owner.	**0** - No, there are no separate appeal rights.
	Alaska Stat. § 29.45.170.	

Arizona—Overall Grade C+		
Transparency - B	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - The website is not user-friendly but contains information as well as links to county assessors.	**0** - The DOR has general supervisory authority over county assessors and equalizes valuations.	**2** - No. Some assessors may be open to discussions, but valuations will not be changed until a formal appeal.
https://www.azdor.gov/businesses-arizona /property -tax	Ariz. Rev. Stat. §§ 42-13002, 42-11054, 42-13005, 13251 - 13257.	Ariz. Rev. Stat. § 42-15101(E).
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - Only the general state code site. The property tax site has manuals.	**0** - Yes.	**0** - 60 days for real property, 30 days for personal property.
		Ariz. Rev. Stat. §§ 42-16051, 42-19051.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, state DOR forms are available.	**1** - Yes by law, although some assessors and appeals boards may not consider this a valid basis for appeal.	**1** - The assessor is not required to substantiate assessments until an appeal hearing.
https://www.azdor.gov/Forms/Property	Ariz. Rev. Stat. § 42-16055(B).	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes.	**0** - Yes. Reports are due Apr. 1. Payments in two instalments, Oct. 1 and Mar. 1.	**1** - The taxpayer bears the burden, under a preponderance of the evidence standard.
Ariz. Rev. Stat. § 42-15101.	Ariz. Rev. Stat. § 42-15053, 42-18052.	Eurofresh, Inc. v. Graham County 218 Ariz. 386
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 – The DOR publishes a standard Notice of Value form, but individual counties are allowed to use their own. This has led to confusion as some counties have not updated their forms to provide clarity about a 2015 statutory change.	**2** – The same tax rate and 5% cap applies to all property in a jurisdiction, but ratios vary by property type leading to widely different effective rates. This leads to a wide disparity in high-growth and economically depressed areas of the state.	**0** – Yes, an appeal to tax court is a appeal.
	Ariz. Rev. Stat. §§ 42-12001 to 42-15009.	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 – The notice includes simplified instructions on how to appeal.	**2** – No. Interest on underpayment is 16%; interest on overpayments is the federal short rate.	**2** – 60 days if the initial appeal is to the tax court, but only 25 days if the tax court appeal is after an administrative appeal.
Ariz. Rev. Stat. § 42-15102.	Ariz. Rev. Stat. § 42-18053, 16254(E), 1123.	Ariz. Rev. Stat. § 42-16201, 42-16056.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 – Depends on the type of property, but either annually or up to every three years.	**0** – Yes, although this requirement does not apply to elected assessors.	**0** – No fee is required to file an administrative appeal.
Ariz. Rev. Stat. § 42-15101, 42-13052.	Ariz. Rev. Stat. Ann. § 42-13006.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 – Counties publish valuation information, and the state publishes both state-wide and countywide averages.	**0** – Yes, 20 hours every two years.	**2** – Taxes must be paid before they become delinquent or the Tax Court must dismiss the appeal.
		Ariz. Rev. Stat. §42-16210 (B).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties – e.g., municipalities/other taxpayers – have separate appeal rights?
1 – In some cases, assessors must use statutorily mandated valuation methods, otherwise they follow DOR guidelines.	**2** – There is no requirement for the assessor to publicize revaluations, although some may.	**0** – Only property owners can appeal, although they can delegate authority to tenants/property managers in some cases.
		Maricopa Cty v. Superior Ct., 170 Ariz. 248

Arkansas—Overall Grade C-		
Transparency - C	**Consistency - D**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - The site is a work in progress, and it is said to be improving.	**0** - Yes. The ACD performs annual or revaluation cycle ratio studies and can require corrective action.	2 - Assessors are required to meet with taxpayers but only as part of the appeal process after assessment has been sent.
http://www.arkansas.gov/acd/	Ark. Code Ann. § 26-26-304.	Ark. Code Ann. § 26-23-203(3).
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Property tax laws and regulations have a separate website, but it is out of date, with some non-functional links.	**1** - Standardized forms are used in key compliance areas; other forms may be developed individually by counties.	**1** - No. 30 days for centrally assessed property, approx. 50 days for real property.
http://www.arkansas.gov/acd/laws_rules_regs		Ark. Code Ann. §§ 26-26-1610, 26-23-203, 26-27-317.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Yes, but exemption forms are not available.	**1** – This can be used as appeal evidence before the County Equalization Board.	**0** - Yes, and disclosure guidelines have recently been improved.
http://www.arkansas.gov/acd/forms.html	Ark. Code Ann. §26-27-315, §26-27-317.	Ark. Acts 659, Section 4; Ark. Code Ann. § 26-27-317.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No. Taxpayers only receive notice in case of value changes.	**1** - Reports are due by May 31. Due dates vary by property type.	**1** - The appealing party has the burden of proof, by the preponderance of evidence.
Ark. Code Ann. § 26-23-203(2)(A) (2017).	E.g., Ark. Code Ann. §§ 26-35-501, 26-36-201, 26-26-1403, 26-26-1408.	2017 Ark. Acts 659, Section 5; Ark. Code Ann. § 26-27-318.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Yes, the notice is clear.	**2** - Ratios apply equally, but caps are different for residential property. Centrally assessed property includes intangibles.	**0** - Appeals are subject to review with no presumption of correctness to the agency decision.
	Ark. Code Ann. § 26-26-303.	2017 Ark. Acts 659, Section 5; Ark. Code Ann. § 26-27-318.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The notice must include some information, e.g. right to appeal, appeals deadline, legal criteria for a correct appeal.	**2** - Interest rates on unpaid taxes range from 10 to 25%. Interest is not paid on tax refunds.	**2** - Appeals must be filed by the second Monday in October, or 10 days from the end of a special session of the eq. board.
Ark. Code Ann. § 26-23-203(2) (B) (iii-v).	Ark. Code Ann. § 26-36-201, 26-35-901.	Ark. Code Ann. §§ 26-27-311; 317; 318.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - On a 5-year cycle. Statute provides for a shift to a 3-year cycle if values increase 25% over 5 years, but no county does this.	**0** - Yes.	**0** - The county court is prohibited from charging a fee for an appeal from the Eq. Board; fees apply for further appeals.
Ark Code Ann. §§ 26-26-1308, 26-26-1902.	Ark. Code Ann. § 26-26-503.	Ark. Code Ann. § 26-27-318(a)(1).
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - This information is available for many counties via online platforms, or direct request to the assessor's office.	**1** - The requirement is for 20 hours of continuing education during every 3-year period.	**1** - Real property - tax is not due until all appeals are complete. Centrally-assessed property - tax is due in full.
		Ark. Code Ann. §§ 26-35-802(a), (b); 802(c); 26-26-1610(c), (d).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Different property types are valued using methods specified by statute.	**2** - No.	**2** - Any property owner may apply to the eq. board in relation to any property.
Ark. Code Ann. §§ 26-26-407; 26-26-1202.		Ark. Code Ann. § 26-27-317(a).

California—Overall Grade C-		
Transparency - C	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**1** - The state Board of Equalization has the authority to adopt binding rules, but local assessors have substantial autonomy.	**2** - Most counties permit an informal review but only after the assessment has been notified.
http://www.boe.ca.gov/		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes.	**0** - The state BoE has standardized forms that act as min. requirements; counties require approval to modify them.	**1** - Generally, only assessments outside the regular roll have 60-days; other appeals have specific calendar filing periods.
http://www.boe.ca.gov/proptaxes/proptax		
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Some forms are available on county assessor websites; less used forms, e.g. for exemptions, are not as readily obtained.	**2** - No, inequality of valuation of similar properties is built into California's constitution.	**1** - The assessor is only required to substantiate the valuation after the taxpayer has presented evidence.
http://www.boe.ca.gov/proptaxes/forms		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - Centrally-assessed taxpayers do, but localities are not required to notify taxpayers until they receive their tax bill.	**0** - Yes. Personal property filings due May 7 with payment Aug 31. Other property tax payments due on Dec. and April 10.	**2** - The burden of proof rests with the taxpayer. There are some exceptions e.g. single-family primary dwellings.
R&T Code § 1603.		
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The notice provided is generally understandable to lay persons and lists the types of property being assessed.	**1** - Yes. There is no difference between rates based on usage, local assessed property inconsistent removal of intangibles..	**2** - Centrally-assessed property has a right to review. Locally-assessed property must be appealed on a question of law.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Counties usually include appeal information on their assessment notices.	**2** - Interest on overpayments is generally 3%; interest on underpayment ranges from 9% to 18% and can include fees on top.	**0** - Yes, the taxpayer has six months to appeal an administrative decision to the courts.
		C.R.T.C § § 5097, 2635.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Personal property is revalued yearly. Real property is never reassessed.	**0** - Yes, appraisers must have a certificate issued by the state Board of Equalization.	**2** - Varies from county to county; some counties charge burdensome fees.
CA. Prop. 13.	Cal. Rev. & Tax. Code § 670.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, taxpayers can obtain valuation and rate information, although taxpayer identity is withheld.	**0** - Yes, 24 hours annually.	**2** - Disputed taxes must be paid prior to judicial appeals; penalties and interest accrue while appeal is ongoing.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - California State BoE prescribes valuation methods to be used and documents how the methods are implemented.	**1** - Real property is never revalued but aggregate changes in valuation are published by county assessors yearly.	**0** - No, only the taxpayer has appeal rights.
Reg. § 3.		

Colorado—Overall Grade C+		
Transparency - B	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - Yes, although the information on the site is focused on assessors, not taxpayers.	**1** - The State BOE conducts ratio studies and equalization, but local assessors have some autonomy.	**2** - Yes, but only in the form of an objection with assessor. Assessor's decision may be appealed to county board.
https://www.colorado.gov/pacific/dola/property-taxation	Colo. Rev. Stat. § 39-1-105.5, 39-2-114, & 39-9-103.	Colo. Rev. Stat. § 39-5-122.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, just the general website with Colorado statutes.	**0** - Yes.	**2** - No. 31 days for real property. 15 days for personal property.
http://leg.colorado.gov/laws		Colo. Rev. Stat. § 39-5-121.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Yes, some forms are available.	**1** - The actual value assigned to comparable properties is relevant evidence in appeals.	**1** - Yes, although it requires a written request, can take several weeks, and the assessor can charge a fee.
https://www.colorado.gov/pacific/dola/property-taxation-forms	Colo. Rev. Stat. § 39-8-108(5)(b).	Colo. Rev. Stat. §§ 39-5-121.5 & 39-8-107(3).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes.	**0** - Yes. There are consistent, state-wide due dates for reporting and payment.	**1** - The taxpayer, by a preponderance of the evidence standard.
	Colo. Rev. Stat. §§ 39-4-103, 39-5-108, 39-6-106(1)(h), 39-7-101, 39-10-104.5.	Board of Assessment Appeals v. Sampson, 105 P.3d 198 (Colo. 2005).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - Ratios vary widely which can lead to vastly different rates for different usages of similar properties.	**2** - No. Appeals to the court are based on the record before the Board of Assessment Appeals.
	Colo. Rev. Stat. §§ 39-1-104, 39-1-104.2.	Colo. Rev. Stat. § 39-8-107.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - Yes, and includes the form required to appeal.	**0** - Yes, the rate is 1% monthly for both overpayment and underpayment.	**1** - No, the taxpayer has 49 days after judgment is entered.
	Colo. Rev. Stat. §§ 39-10-104.5, 39-4-109(3).	Colo. App. Rule 4(a)
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Every two years.	**0** - Yes, the state sets forth four different levels of licensing and certification.	**1** - No fee is required for the initial appeal. Further appeals to the court system or the Board of Assessment Appeals require fees.
Colo. Rev. Stat. § 39-1-104(10.2).	Colo. Rev. Stat. § 12-61-706.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, at the local level.	**0** - Yes, 28 hours every two years.	**2** - Yes.
	Colo. Rev. Stat. § 12-61-706, 4 CCR 725-2.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors use standard valuation methodology - Cost, market, and income approaches.	2 - There is no statutory requirement that assessors publicize information about revaluations.	**0** - No.

Connecticut—Overall Grade C-

Transparency - D	Consistency - C	Procedural Fairness - C
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - It does not seem like there is a separate property tax website, just a section on laws and regulations on the CT OPM website.	**1** - The Office of Policy and Management has limited authority to regulate local assessors. It conducts ratio studies and performs equalization.	**2** - There is no right, but there may be a meeting at the assessor's discretion.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes.	**2** - No. The CT Association of Assessing Officers has some standardized forms which assessors can use.	**2** - No. The taxpayer has 20 days and can file for a 30-day extension from that.
https://www.ct.gov/opm/cwp/view.asp?q=383128		Conn. Gen. Stat. § 12-111, 12-112.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No. Some municipal websites post property tax forms.	**1** - Yes, as a piece of evidence that the assessment does not properly reflect true value.	**1** - Yes, but that evidence is not easy for the public to access.
		Gen. Stat. § Sec 12-62 (c).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Taxpayers only receive a notice if there has been a valuation increase.	**0** - Yes. Reports and payments have consistent, state-wide due dates.	**1** - The taxpayer, by a preponderance of the evidence standard.
Conn. Gen. Stat. § 12-55.	Conn. Gen. Stat. § 12-41.	Gen. Stat. § Sec 12-117 (a).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Each municipality uses its own valuation notice.	**1** - Yes, in all parts of the state except Hartford.	**0** - Yes.
	Conn. Gen. Stat. § 12-63.	Stamford Apartments Co. v. City of Stanford, 203, 586, 588 (Conn. 1987).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Statute requires that appeals info. is included in the notice but not the form.	**2** - No. Interest on overpayment is 1%; interest on underpayment is 18%.	**0** - Yes, taxpayers have two months, per statute.
Conn. Gen. Stat. § 12-55.	Conn. Gen. Stat. § 12-146; 12-39.	Gen. Stat. § Sec 12-117 (a).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - At least every 5 years - municipalities can revalue property more frequently.	**0** - Yes, must be certified and have a current license with Certified Connecticut Municipal Assessor Committee.	**0** - No.
Conn. Gen. Stat. § 12-55.	Conn. Agencies Regs. § 12-40a-6.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes. Information is available through the local Assessors office. Some localities provide this information on their websites.	**0** - Yes, 50 hours every 5 years.	**1** - Yes, from 75% to 90% of the tax claimed to be owed.
	Conn. Agencies Regs. § 12-40a-11.	Gen. Stat. § Sec 12-117 (a).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors use standard valuation methodology - Cost, market, and income approaches.	**1** - At the end of the revaluation process, the assessor must "lodge the Grand List for public inspection," but the method is not specified.	**2** - Yes. Any person, including any lessee of real property may appeal.
Whitney Ctr., Inc. v Hamden, 4 Conn.App. 426.	Conn. Gen. Stat. § 12-55(b).	Gen. Stat. § Sec 12-117 (a).

Delaware—Overall Grade D		
Transparency - F	**Consistency - D**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - No, there is no centralized property tax website, although there are a few questions answered on a general tax website.	**2** - No, the state does not exercise oversight function. Local assessors have a great deal of autonomy.	**2** - No provision is made for an initial review prior to a formal appeal.
https://delaware.gov/topics/TaxCenter		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there is no website where property tax laws and regulations are broken out separately.	**2** - No.	**2** - Appeal deadlines vary from county to county.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No, the state does not make property tax forms available, although states might.	**1** - There is a constitutional uniformity clause though it is unclear how it is enforced in practice.	**0** - Provisions are made in law for examination of assessments.
	Del. Const. Art. VII Sec. 1.	9 Del. C. § 8310.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No, only if there is a valuation increase.	**2** - No, dates vary from county to county.	**2** - On the taxpayer to show that the Board of Assessment or state body acted contrary to law, fraudulently, arbitrarily or capriciously.
9 Del. C. § 8317.		9 Del. C. § 8312 (c).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Each county sets the form of its notice and the appeal date is the only statutory requirement for inclusion.	**1** - Rates are equal, and there are no caps; however, ratios vary from county to county.	**1** - Taxpayers can introduce new evidence, but not new issues.
	9 Del. C. § 8401.	9 Del. C. § 8312 (c).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - If valuation is increased, an appeal date is automatically set and included in the notice.	**1** - The general rule is unclear; however, supplemental assessments have an equal overpayment interest and penalty rate.	**1** - No, 30 days after receipt of a decision.
9 Del. C. § 8317.	9 Del. C. § 8343.	9 Del. C. § 8312 (c).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - There is no specified cycle; revaluations can happen at the request of the Board, the DoR, or the taxpayer.	**0** - Yes. Statute establishes the Delaware Council on Real Estate Appraisers which sets standards for levels of licensure.	**0** - No.
	24 Del. C., Chapter 40; https//dpr.delaware.gov/boards/realestateappraisers/	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some counties make this information available.	**0** - Yes, 28 hours every two-year cycle.	**1** - No, but an ongoing appeal does not pause interest and penalties.
	Council rule 2.3.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
2 - Delaware law requires that assessors determine "true value in money" but it is not clear what method are used.	**2** - There is no requirement in law that assessors publicize revaluations.	**0** - No.
9 Del. C. § 8306(a).		

District of Columbia—Overall Grade C		
Transparency - C	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - Yes, but the system is not well-explained.	**0** - Yes, the Mayor appoints assessors and must perform and report ratio studies.	**2** - There is no provision in statute or regulation for review prior to issuance of a proposed assessment notice.
https://otr.cfo.dc.gov/service/real-property-taxpayers	D.C. Code §47-823.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - There is no website which separately lists property tax laws or regulations.	**0** - Yes.	**1** - The taxpayer has 30 days, or 45 if the taxpayer is a new owner of real property.
		D.C. Code § 47-4312.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Yes, but some forms such as requests for waiver of penalties and mixed-use reports are not included.	**0** - Yes.	**1** - DC practice is that the assessor will provide workpapers for the assessment on request, but it is not required by law.
https://otr.cfo.dc.gov/service/real-property-taxpayers		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No, taxpayers only receive notice if there is a change in valuation.	**0** - Yes, although different tax property types have different dates for reporting and payment.	**1** - On the taxpayer, but the evidentiary standard is unclear.
D.C. Code § 47-824(B)(1).	D.C. Code § 47-1524, 47-829(a).	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Yes. Additional information, e.g. the difference between classifications, could be added - but it is generally understandable.	**2** - Ratios are the same, but rates and caps vary, leading to widely different effective tax rates.	**0** - Yes, the Superior Court hears appeals
		D.C. Code §§ 47-3303.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, information must be included.	**2** - No. Interest on underpayments is 10%; interest on overpayments is discount rate + 1%, capped at 6%.	**0** - Taxpayers have at least 6 months to appeal.
	D.C. Code §§ 47-4201, 47-4202.	D.C. Code §§ 47-3303, 47-825.01a.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Annually.	**1** - Yes, although ad valorem property appraisers working for DC taxation and revenue office don't require certification.	**0** - There is no fee to appeal to the Real Property Tax Appeals Commission.
D.C. Code § 47-820(b-2).	D.C. Mun. Regs. Tit. 17, § 2325.3.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Taxpayers can obtain assessed values and tax rates of other properties. However, determining tax rates is difficult.	**0** - Yes, 28 hours every 2 years.	**2** - Appeals to the Superior Court require payment of taxes prior to filing suit.
	D.C. Mun. Regs. Tit. 17, § 2310.	D.C. Code §§ 47-3303.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Regulations permit the 3 recognized approaches, but there is currently litigation over use of a hybrid approach.	**2** - Unknown.	**0** - Third parties do not have appeal rights.

Florida—Overall Grade B		
Transparency - A	**Consistency - C**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes. (Note that the Florida state government uses .com in its domain names rather than .FL.US.)	**0** - Yes, the DoR reviews rolls, requires the use of mandatory procedures and forms, and reviews refunds of $2,500+.	**2** - Informal conference with appraiser is allowed but only as part of the appeal procedure after assessment notified.
http://floridarevenue.com/property/Pages/Home.aspx		Fla. Stat. § 194.011.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Yes, but the site is difficult to navigate.	**0** - Yes.	**1** - Taxpayers have 60 days to appeal to the Circuit Court but only 25 days to appeal to the Value Adjustment Board.
https://revenuelaw.floridarevenue.com/Pages/Browse.aspx#3-18	http://floridarevenue.com/property/Pages/Forms.aspx	Fla. Stat. §§ 194.011 & 194.171.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**2** - Yes, but it is exceedingly difficult.	**0** - Yes.
http://floridarevenue.com/property/Pages/Forms.aspx		F.A.C. 12D-9.020(2)(c).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes. The annual TRIM Notice is mailed mid Aug. through early Sept. and includes the proposed assessment.	**0** - Yes. Property tax bills are issued November 1. Payments are due March 31 of the subsequent tax year.	**1** - On the party initiating the challenge by a preponderance of evidence.
		Fla. Stat. § 194.301(2).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - Caps vary by type, millage rates vary based on district/taxing authority, leading to widely varying effective tax rates.	**0** - Yes.
http://floridarevenue.com/property/Pages/TRIM.aspx		Fla Stat. § 194.036(3).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, although it does not include the appeal forms.	**0** - Yes, both are at the prime rate.	**0** - Yes. Appeals from the VAB judgment or direct appeals to the Circuit Court must be within 60 days.
Fla Stat. § 200.069(b)(7).	Fla Stat. § 194.014(c)(2).	Fla. Stat. § 194.171(2).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Revaluation happens annually. Physical inspection is required at least every 5 yrs.	**2** - No. Officials can choose to apply for certifications, but it is not required.	**1** - There is a $15 filing fee, which is waivable.
Fla Stat. § 193.023(2).	Fla. Admin. Code Ann. r. 12-9.003.	Fla. Stat. §196.151.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, at the county level and usually through the county Property Appraiser's website.	**0** - Florida Certified Property Appraisers are required to take 24 hours of continuing education annually.	**0** - Taxpayers appealing to circuit court need only pay the amount they admit in good faith to owe.
		Fla. Stat. § 194.171(3).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - The Florida Constitution requires that property be appraised at the "just value" - i.e. fair market value.	**2** - No.	**1** - A very small number of related parties, such as condominium associations.
Fla. Const. Art. VII, § 4.		Fla. Stat. §196.181.

Georgia—Overall Grade B+		
Transparency - A	**Consistency - B**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**1** - Local assessors are fairly autonomous. The state commissioner equalizes county assessments.	**2** - No, the formal appeals process seems to be the taxpayer's only recourse.
https://dor.georgia.gov/property-taxes-georgia	OCGA § 48-5-340.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - It is difficult to find the property tax specific rules and not all are available.	**0 –** Yes.	**1** - The taxpayer has 45 days to file an appeal.
https://dor.georgia.gov/rules-policies		OCGA § 48-5-311.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes, Georgia has a constitutional uniformity clause.	**0** - The valuation notice has a statement that all valuation information is available on request and details on how to do so.
https://dor.georgia.gov/real-and-personal-property-forms-and-applications	Ga. Const. Article VII Para. III.	OCGA § 48-5-306.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes, notice is given annually, and if there are any changes the taxpayer receives an additional written notice.	**1** - Reports dates are set by state law, but counties are free to set their own payment deadlines.	**0** - The Board of Tax Assessors, by preponderance of the evidence.
OCGA § 48-5-306.	OCGA § 48-5-18.	OCGA § 48-5-311(g)(3).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes, Georgia uses a uniform notice of assessment developed by the Department of Revenue.	**2** - Ratios are applied equally. Differing rates and caps lead to widely different residential and commercial tax rates.	**0** - Yes, to the superior court of the county where the property is located.
	OCGA § 48-5-7.	OCGA § 48-5-311(e)(4).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, appeal information is required by law to be included, but not the form.	**0** - Yes, both over and underpayments collect interest at a rate of 1% per month.	**1** - No, the taxpayer has 30 days.
OCGA § 48-5-306.	OCGA §§ 48-2-35, 48-2-40.	OCGA § 48-5-311(e)(2)(C).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Annually.	**0** - Yes. Counties must use appraisers of the appropriate designation for their size.	**0** - An initial fee is not required for administrative appeals; however, filing to Superior Court requires a fee of $25.
	OCGA §§ 48-5-261, 48-5-262.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, at the county level, and county websites are all linked from the state site.	**0** - Yes. 40 hours every two years.	**1** - During a dispute, the county can issue a bill for 85% of the current year valuation. A court has no jurisdiction unless the taxpayer has paid all prior years' taxes.
https://dor.georgia.gov/property-records-online	Georgia Rules and Regulations, Chapter 560-11-2-25.	OCGA § 48-5-311(e)(2)(C).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors must follow Department Regs (Appraisal Procedure Manual) and recognized industry appraisal methods.	**2** - It is recommended, but not required.	**0** - No.

Hawaii—Overall Grade D-		
Transparency - D	**Consistency - F**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - Property tax is handled on a per-county basis and there is no central state property tax website.	**2** - No. Local assessors are fairly autonomous.	**2** - There is no state-wide law requiring this but informal consultations may be directed to assessors after the value has been notified.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No. Each county has its own separate site.	**2** - No. Each county has its own forms.	**1** - It varies from county to county but generally 30 days.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No. Each county has its own separate site.	**0** - Yes. See, e.g., In Re Tax Appeal of Weinberg, 82 Hawai'i 317 (1996).	**2** - Unknown, likely varies from county to county.
	HRS §§ 232-3.	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - Revaluation notices are not issued at all, just assessment notices.	**2** - No, due dates are set at the county levels.	**2** - The taxpayer must present evidence that the assessments are at least a certain percentage above market value.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - Ratios are 100% of fair market value, caps by country create differentials.	**0** - Yes.
		HRS §§ 232-16(e).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, assessment notices include this information.	**2** - Interest on underpayments is 1% per month; there is no interest on overpayments.	**1** - No, taxpayers have 30 days.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annually, but no specific physical appraisal periods.	**2** - Unknown.	**1** - Yes, a $100 fee to the tax court and between a $25-$75 fee for Boards of Review.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, each locality publishes this information.	**2** – Unknown.	**2** - No, but disputed taxes go into a Litigated Claim fund.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
2 - There are no state-wide requirements.	**2** - Unknown	**1** - Those liable on contract may appeal.

Idaho—Overall Grade C+

Transparency - B	Consistency – B	Procedural Fairness - D
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**1** - The state exercises some statutory oversight, mandates ratio studies, and can directly equalize if localities don't comply.	**2** - No, although informal reviews before formal appeals are common.
https://tax.idaho.gov/i-1128.cfm		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - There is no site that breaks out property tax laws. There is a document listing property tax administrative rules.	**2** - No. The state prepares some forms, but they are not mandatory.	**1** - No. 30 days for locally assessed property' centrally assessed property appeals must be filed by August 1.
https://adminrules.idaho.gov/rules/current/35/350103.pdf		Idaho Code. §§ 63-511; 63-407; IDAPA 31.01.03.047.09.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No. Some forms are available at the county level.	**0** - The Idaho constitution does have a uniformity clause, and the courts enforce it as a constitutional requirement.	**2** - The appeal body may require it but it is not a general legal requirement.
	Idaho Const. Art. VII Sec. 5; County of Ada v. Red Steer Drive-Ins, 609 P.2d 161 (ID 1980).	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes, taxpayers receive valuation notices annually.	**0** - Yes. Notices must be sent by the fourth Monday in June; payments must be made December 20 and June 20.	1 - On taxpayer by a preponderance of the evidence.
		Idaho Code § 63-502.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The state requires certain information, but implementation on the county level varies.	**1** - Homestead exemption leads to business properties effectively taxed at 1.67x the rate of residential property..	**1** - A trial before the court is but is restricted to the issues that were before the Board of Tax Appeals.
	Idaho Code § 63-205.	Idaho Code § 63-3812; 63-511.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The specifics vary by county but generally yes.	**0** - Yes, Idaho law requires that counties adopt the same rate of interest.	**1** - No, the taxpayer has only 30 days.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Reappraisal and physical inspection must be made every 5 years.	**1** - Yes, but the requirements are comparatively weak.	**0** - There is no fee to file initial appeals at the local or state level.
Idaho Code § 63-314.	Idaho Regs. § 35.01.03.125.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - The state hosts general statistical information. The counties make specific information available.	**0** - Yes, 32 hours every two years.	**2** - Yes. Payment of property taxes is not suspended by appeals.
	Idaho Regs. § 35.01.03.126.	Idaho Code §§ 63-511; 63-3812.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors can standard valuation methodologies - cost, market, and income approaches.	**1** - There is no requirement, but many assessors do undertake proactive measures when assessment notices are released.	**1** - There is catch-all statutory language which may allow county assessors to appeal on behalf of taxing district.
IDAPA 35.01.03.217(02), Idaho Code § 63-208; Tax Comm. Property Tax Rule 217(02).		Idaho Code § 63-407, 63-511

Illinois—Overall Grade D+		
Transparency - D	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - Illinois has a state property tax website but geared towards county officials with minimal information to taxpayers.	**1** - Local assessors are fairly autonomous but the state government does perform equalization.	**2** - Yes, with the local county board of review as part of the appeal process.
https://www2.illinois.gov/rev/localgovernments/property/Pages/General-Information.aspx		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, this information is only available at the county level.	**1** - The state prepares some forms, but they are not mandatory.	**1** - No. Taxpayers have 30 days.
		35 ILCS 200/16-25, 200/16-160, 200/16-110.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No, this information is only available at the county level.	**1** - Yes, for residential properties where the change sought is less than $100,000.	**1** - Yes, the board of review must provide substantive, documentary evidence or legal argument to support its assessment.
	http://www.ptab.illinois.gov/filing.html	86 Ill. Admin. Code 1910.63(c).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No. A notice is only required if there is a change of value. In Cook County notice is only required if there is an increase.	**1** - The state sets standard payment dates, but counties can change those dates by ordinance.	2 - On the taxpayer by a preponderance of the evidence (appeals based on M.V. at the PTAB). On the taxpayer by clear and convincing evidence (appeals based on lack of uniformity or at the Circuit Court).
35 ILCS 200/12-30(a); 35 ILCS 200/12-55.	35 ILCS 200/21-5.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The state sets minimum standards for the valuation notice, and each individual county creates its own.	**2** - Ratios are 33.33% except for Cook County. Counties may cap at 7%pa. In 2016, effective tax rate on commercial & industrial property was 3.115 times higher than for residential property in Chicago.	**0** - Yes. Appeals before the circuit court are
35 ILCS 200/12-30(b).	35 ILCS 200/9-145; 200/15-176.	35 ILCS 200/23-15.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, the state requires that taxpayer be given full appeal information but does not specify that the form should be included.	**2** - Interest on underpayments is 1.5% monthly, interest on overpayments is at 5% yearly or the % increase of the CPI.	**1** - No. 30 days after the date of the final decision.
35 ILCS 200/12-30(b)(9).	35 ILCS 200/23-20.	35 ILCS 200/16-160.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Every four years except for Cook County, which is every three years.	**0** - Yes, one of two professional certifications and two years' experience.	**0** - No, no fee is required.
35 ILCS 200/9-215.	35 ILCS 200/3-45.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, this information is available at the local level.	**0** - Yes, 30 hours, including 15 hours in a class which requires an exam.	**2** - Yes, in all cases except exemption cases all taxes must be paid within 60 days.
	35 ILCS 200/4-10.	35 ILCS 200/23-5.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors use standard valuation methodology - Cost, market, and income.	**1** - Depends, based on the county, but generally yes.	**2** - Yes. Any taxing body that has an interest in the decision may appeal.
	35 ILCS 200/12-55.	35 ILCS 200/16-160.

Indiana—Overall Grade C+		
Transparency - C	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes, an extremely understandable and taxpayer-focused site.	**0** - Yes. The state requires an approved ration study and can impose equalization.	**2** - No, there is no provision for a valuation review prior to a formal appeal.
http://www.in.gov/dlgf/2516.htm	Ind. Code §§ 6-1.1-4-4.6; § 6-1.1-4-4.9.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - There is no separate section, but it is extremely easy to find the property tax laws on the general site.	**0** - Yes. Counties must use the state form, which includes room for county-specific information.	**1** - No, the taxpayer has 45 days.
http://www.in.gov/legislative/ic/code/title6	Ind. Code § 6-1.1-22-8.1.	Ind. Code. § 6-1.1-15-1.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**1** - While the Indiana Constitution does provide for uniformity of assessments, in practice assessments of other properties are not considered relevant evidence.	**1** - Yes, during the informal hearing prior to appeal.
http://www.in.gov/dlgf/8516.htm	Indiana Constitution Article X, Sec. 1; Ind. Code. § 6-1.1-15-1.1.	Ind. Code. § 6-1.1-15-2.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - Depending on the assessor's schedule, a valuation notice may or may not be sent in advance of the tax bill.	**0** - Yes. Returns are due on May 15; payments are due in two installments on May 10 and November 10.	**1** - On the taxpayer, unless there was a value increase of more than 5%, in which case on the assessing official.
	Ind. Code §§ 6-1.1-1-7, 6-1.1-3-7, 6-1.1-7-7, 6-1.1-22-9.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Generally, although the amount of information on the form may be overwhelming for a layperson.	**2** - Ratios/rates apply equally, caps vary by property type (homesteads 1%, farm property 2%, other real property 3%).	**1** - Appeals before the Indiana Board of Tax Review are , but not the Tax Court.
	Ind. Code § 6-1.1-1-3.	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The assessment notice includes detailed appeal information, though not the form.	**0** - Yes. They are equal by law.	**1** - No, the taxpayer has 45 days.
	Ind. Code § 6-8.1-10-1.	Ind. Code. § 6-1.1-15-3(d).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Revaluations happen once every four years, although assessments are adjusted on a yearly basis.	**0** - Yes, the DLGF conducts an exam and certification program assessors and appraisers.	**0** - No.
	Ind. Code § 6-1.1-35.5-1.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, this is available via a centralized website.	**0** - Yes, either 30 or 45 hours of ungraded continuing education, depending on the level of the certification.	**1** - The taxpayer must pay a portion of the tax, based on the previous year's assessment.
http://www.in.gov/dlgf/		
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Standard methods are used but the end goal is "true tax value", which is not the same as fair market value.	**1** - Indiana law requires that assessors publicize revaluations in at least two newspapers.	**0** - Indiana has no third-party appeal rights.
	Ind. Code § 6-1.1-4-10.	

Iowa—Overall Grade C-		
Transparency - C	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes, the website is aimed towards the layperson.	**1** - The DoR performs ratio studies and equalization of aggregate levels of assessment for locally assessed properties not meeting compliance by property class.	**2** - Yes. Taxpayers may contact county assessor for an informal review of the assessment after it has been notified.
https://tax.iowa.gov/iowa-property-tax-overview	Iowa Code § 441.21.	Iowa Code § 441.30.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No.	**1** - The state prepares some forms, but they are not mandatory.	**2** - No. Reval Notices can be sent as late as April 1; appeals must be filed by April 30.
		Iowa Code § 441.37(1)(a).
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Limited forms are available.	**0** - Yes, this is the first listed statutory ground for appeal.	**0** - On taxpayer's request, the assessor/DoR must disclose all information used to determine the value of their property.
https://tax.iowa.gov/form-types/property-tax	Iowa Code § 441.37(1)(a)(1).	Iowa Code § 441.21(3)(a).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No, a notice is only sent on change in value or at the written request of the taxpayer.	**1** - Reports vary slightly by type. Payments are due in two instalments, Sep. 30 and Mar. 31.	**1** - As of Jan 1, 2018 the burden is on the taxpayer to provide competent evidence by at least two disinterested witnesses, after which the burden shifts to the state.
Iowa Code § 441.23.	Iowa Code §§ 432A.8, 437A.21, 441.19.	Iowa Code § 441.21(3)(b)(1).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Unknown	**1** - Ratios for properties are: 100% - residential/agricultural; 90% - commercial/ railroad/industrial. 3% cap locally-assessed; 8% cap centrally-assessed.	**1** - Reviews before the Property Asst. Appeals Board are Appeals before the district court are on same issues and evidence as before the PAAB.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The taxpayer is informed that they can contact the assessor or appear before BoR.	**2** - No. Interest on underpayments is 1.5% monthly. No interest on overpayments.	**2** - No, 30 days for centrally assessed property, and 20 days for locally assessed.
Iowa Code §§ 441.23; 30	Iowa Code § 445.39.	Iowa Code § 441.37.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Every two years for real property.	**1** - Applicants need a high school diploma; education required by Director of Revenue, and to pass an examination.	**0** - No.
Iowa Code § 428.4.	Iowa Code § 441.5.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, at the local level, and statistical information is on the state agency website.	**0** - Yes. 150 hours every six years.	**2** - Yes.
	Iowa Code § 441.8.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Yes, market value except for agricultural property which is use or productivity value.	**2** - Unknown.	**2** - Yes. Officers of taxing districts, or taxpayers thereof, may make complaints about the assessment of any property in the district.
Iowa Code § 441.21.		Iowa Code § 441.42.

Kansas—Overall Grade B+		
Transparency - A	**Consistency - B**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes, Kansas has a website which includes a wide variety of information on its different forms of property tax.	**0** - The state requires local assessors use their computer appraisal system, conduct compliance reviews, and independent ratio studies.	**2** - Yes. Taxpayers may informally meet with the appraiser after the valuation has been notified.
https://www.ksrevenue.org/pvindex.html		Kan. Stat. Ann. § 79-1448
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes, the Department of Revenue has an excellent site which collects policy information from many sources.	**0** - Yes.	**1** - No, the appeal must be filed within 30 days of the valuation notice being sent.
http://rvpolicy.kdor.ks.gov/		Kan. Stat. Ann. § 79-1448.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - The Department of Revenue has a site with some forms; the Board of Tax Appeals has others.	**0** - Yes, under the Kansas Constitution or a general statutory provision allowing appeals for aggrieved taxpayers.	**0** - Yes; at the informal meeting, the appraiser must provide evidence substantiating the valuation.
https://www.ksrevenue.org/pvdforms.html http://www.kansas.gov/cota/Forms/	Kan. Const. Article 11 Sec. 1; Kan. Stat. Ann. § 79-1409.	Kan. Stat. Ann. § 79-1448.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes. Notices are delivered by Mar. 1 for real property and May 1 for personal property.	**0** - Reports are due Mar. 20 for state appraised public utilities, and Apr. 1 for oil and gas. Payments are due in two instalments, Dec 20 and May 10.	**1** - Burden of proof is on the appraiser, except for leased commercial & industrial property, where it is on the taxpayer by preponderance of the evidence.
Kan. Stat. Ann. § 79-1460.	Kan. Stat. Ann. §§ 79-306, 79-5a02, 79-2004, 79-2004a.	Kan. Stat. Ann. § 79-1448.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes. The state provides a standard form, which the localities can customize.	**2** - No, the tax rate for property varies widely depending on property use.	**0** - The District Court is required to hear an appeal case
		Kan. Stat. Ann. § 79-2426(c)(4)(B).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes. The notice must include full information about the appeals process but not the form.	**2** - No, interest on delinquent real property is 10% and personal property 5%. Refunds are 3% except for clerical errors which are 7%.	**1** - No. Appeals to the Board of Tax Appeals must be filed within 30 days.
Kan. Stat. Ann. § 79-1460.	Kan. Stat. Ann. § 79-2968, 79-2004, 79-2004a.	Kan. Stat. Ann. § 79-1609.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annually, with physical inspection every six years.	**0** - By statute, appraisers must hold one of four appraisal designations/certifications.	**0** - No fee is required for an appeal.
Kan. Stat. Ann. § 79-1476.	Kan. Stat. Ann. § 19-430.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, this information is available at the county level for valuations and at the state level for rates.	**0** - Yes, at least 120 hours of continuing education shall be completed during each four-year period.	**1** - A portion of the tax must be paid for a property under appeal. County treasurer has discretion to accept partial payment.
	Kan. Admin. Reg. § 93-6-3.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties—e.g., municipalities/other taxpayers—have separate appeal rights?
0 - Valuation is at fair market value using generally accepted appraisal standards.	**1** - Yes, the county appraiser must publish the results of annual market study analyses.	0 - No, only the taxpayer can appeal.
Kan. Stat. Ann. § 79-505.		

Kentucky—Overall Grade C		
Transparency - D	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - The state has a fairly recent website, but the information is not clearly laid out for a layperson and there are broken links.	**0** - Yes. The state Department of Revenue performs sales-assessment ration studies annually, and audits for underassessment.	**2** - Any formal appeal begins with a mandatory informal meeting with an assessor.
http://revenue.ky.gov/Property/Pages/default.aspx	Ky. Rev. Stat. § 133.250.	Ky Rev Stat § 133.120.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there does not seem to be a specific website for property tax laws.	**0** - Yes. Forms are provided to local officials by the state.	**2** - No. The taxpayer must make an initial appeal during the 13-day inspection period. The period for appeal to Board of Assessment is one day longer.
	Ky. Rev. Stat. § 131.140(1).	Ky Rev Stat §§ 133.120; 133.045.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Yes, although exemption forms are not available.	**0** - Yes, see College Heights Corp. College Heights Apts. v. Ky. Bd. Of Tax Appeals.	**0** - Yes. The assessor must provide an explanation during the informal meeting.
http://revenue.ky.gov/Get-Help/Pages/Pages/Forms.aspx	No. 2011-CA-000546-MR (Ky. App. 2013)	Ky Rev Stat § 133.120(1)(c).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Notice is sent the first time a property is listed, and then when valuation changes.	0 - Yes. Real property listing period is Jan 1 – March 1 and tax payment due Dec 31.	**1** - On the appellant, by preponderance of the evidence.
Ky Rev Stat § 132.450.	Ky Rev Stat §§ 132.220; 91.430; 92.590.	Ky. Rev. Stat. § 13B.090(7).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - No. The notice is clear, but there is not much information useful to the taxpayer.	**1** - Generally, leading to a de minimis difference in the effective tax rates.	**0** - Yes, before the Kentucky Claims Commission, which hears appeals
		Ky. Rev. Stat. § 49.220(1).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Basic appeal information is included, but not full information.	**1** - No. The interest rate is based on the prime rate charged by KY banks during Sept. plus 2% for underpayments and minus 2% for overpayments.	**1** - No, only 30 days.
	Ky. Rev. Stat. § 131.183.	Ky. Rev. Stat. § 49.220(3).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annually, with a reinspection every four years, or sooner if there is evidence of a rapid change in value.	**1** - Before running, candidates must take a test and be certified by the state.	**0** - No fee for an appeal to the county Board of Assessment Appeals or to the Kentucky Claims Commission.
Ky. Rev. Stat. § 132.690.	Ky. Rev. Stat. § 132.380.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - The state maintains a database of rates; valuation information is only available at the county level and availability varies.	**1** - No, but the state provides financial incentives for assessors who complete at least 40 hours.	**1** - The taxpayer can stay the collection of the tax by filing a supersedeas bond.
	Ky. Rev. Stat. § 132.590.	Ky. Rev. Stat. § 49.250.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Fair cash value is determined by either the cost approach; sales or market approach; income/capitalization approach; or subdivision development approach.	**1** - Assessors are required to publish the availability of rolls in a local newspaper and on the courthouse door.	**2** - Mayors and school superintendents can make recommendations to the Board of Assessments, and other real property owners can request an assessment review.
Ky. Rev. Stat. § 132.191(2).	Ky. Rev. Stat. § 133.045(2).	Ky. Rev. Stat. § 133.120(2)(f-g).

Louisiana - Overall Grade D+		
Transparency - C	**Consistency - C**	**Procedural Fairness - F**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - There is a website, but it seems outdated and difficult for a lay person to navigate or understand.	**0** - The Louisiana Tax Commission performs equalization studies and can order reappraisals.	**2** - Yes, taxpayers may discuss the valuation with the assessor before filing an appeal, but only after it has been notified.
http://www.latax.state.la.us/Default.aspx	La. Rev. Stat. § 47:1837.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes, both statutes and rules and regulations are broken out in their own sections.	**1** - Yes, with the exception of Orleans Parish.	**2** - The appeals process differs by parish, and in no case is 60 days given. In Orleans Parish there is only a 3-day window.
http://www.latax.state.la.us/Default.aspx		La. Rev. Stat. §§ 47:1992.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes.	**1** - A taxpayer has access to evidence during the discovery portion of an appeal.
http://www.latax.state.la.us/Menu-FormsReportsRegs/General-Forms.aspx	La. Const. Ann. art. VII, §§ 18(A), (D).	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - No. Unless there was a large (15%) increase or a general reappraisal, the taxpayer only gets a notice of tax due.	**1** - Some parishes set filing or due dates different from the state.	**1** - On the taxpayer, by preponderance of the evidence.
La. Rev. Stat. §§ 47:1987(b), 47:1992.	La. Rev. Stat. §§ 47:1970, 47:1954, 47:2324.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - No. There is no mandatory valuation notice.	**2** - No. Rates apply equally, but ratios and caps vary widely, leading to significantly different effective tax rates.	**1** - New evidence can be presented at the administrative level, but not at the District Court level (but no deference is owed to the Tax Commission).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - No.	**2** - No. Underpayment - 1%/month; overpayment - equal to actual interest paid while the funds are held by government.	**2** - No. The taxpayer has 10 days to appeal to the Tax Commission, and 30 days to appeal to the District Court.
	La. Rev. Stat. §§ 47:2127(B); 47:1856(F).	La. Rev. Stat. § 47:1989(D)(1); 47:1998(A)(1).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Every four years.	**0** - Yes, in conjunction with the International Association of Assessing Officers and the Appraisal Institute.	**0** - There is no filing fee.
La. Rev. Stat. §§ 47:2331.	La. Rev. Stat. § 47:1907(C)-(F).	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes. The state publishes the tax rolls online.	**0** - Yes, 59 hours with an exam, or 74 hours without one, each over five years.	**2** - Yes. The disputed portion of the tax is filed separately.
www.latax.state.la.us/Menu-ParishTaxRolls/TaxRolls.aspx	La. Rev. Stat. § 47:1907(G).	La. Rev. Stat. § 47:1998(A)(2).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes, fair market value, using either 1) Market Approach; 2) Cost Approach; 3) Income Approach.	**2** - No, except in the case of natural disasters where they are required to notify taxpayers that tax bills will be delayed.	**2** - Yes. Any taxpayer or a bona fide representative of a tax recipient body may appeal a decision of the Tax Commission.
La. Rev. Stat. § 47:2323.		La. Rev. Stat. § 47:1998 (B).

Maine—Overall Grade C+		
Transparency - C	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a specific property tax website but the information on it is of limited use to a layperson.	**0** - The state has general oversight; may conduct investigations and institute legal proceedings to assure equity; it performs annual ratio studies.	**2** - The law does not require taxpayer meetings, but they are encouraged. This is after the formal notification of assessed value.
https://www.maine.gov/revenue/property tax/homepage.html	Me. Rev. Stat. 36 §§ 384, 208.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes.	**1** - The state does not require standard forms but provides them in some cases.	**0** - Yes, 185 days from the delivery of the tax rolls.
https://www.maine.gov/revenue/property tax/PropertyTaxLaw.html		Me. Rev. Stat. 36 § 841.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes, the Maine Constitution requires equality, and taxpayers may appeal "unjust discrimination" in valuation.	**1** - Most municipalities have property record cards, which are public records and inspectable, but this is not mandatory.
https://www.maine.gov/revenue/forms/ property/appsformspubs.htm	Me. Const. Article IX, Sec. 8; Petrin v. Town of Scarborough, 2016 ME 136, para. 14	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - No. No notice is required.	**2** - No, municipalities are free to set their own due dates.	**2** - On the taxpayer to show that the valuation was "manifestly wrong."
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Some municipalities may provide clear notices, but no notice is required.	**0** - Yes.	**0** - Hearings before the State Board of Property Tax Review are
		Me. Rev. Stat. 36 § 843(1-A).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - Some municipalities may provide clear appeal information, but it is not required.	**1** - As of 2018, interest on underpayment is the prime rate + 1%. Interest on overpayments can be up to 4% lower.	**0** - Yes, the taxpayer has 60 days to appeal to the State Board of Property Tax Review.
	Me. Rev. Stat. 36 § 506-A.	Me. Rev. Stat. 36 § 843.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Physical inspection of each parcel must take place at least once every 4 years.	**0** - Yes, full time assessors must be certified.	**1** - No fee is required for appeals to local assessor, but further appeals may require a fee of up to $150.
Me. Rev. Stat. 36 § 328(7).	Me. Rev. Stat. § 18-125-205.01.	Me. Rev. Stat. 36 § 271(10).
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some localities publish valuation information online.	**0** - Yes, 16 hours per year.	**1** - For values > $500,000 the undisputed amount must be paid to advance an appeal.
		Me. Rev. Stat. 36 §§ 843(4), 844(4).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Specific valuation method are not prescribed, but the courts have required the use of the three standard methods.	**1** - It is not a requirement, but the general practice is for assessors to publicize revaluations in some way.	**0** - No, only property owners and those appointed by them can appeal.
South Portland Associates et al. v. City of South Portland, 550 A.2d 363 (Me. 1988).		

Maryland—Overall Grade B-		
Transparency - A	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes, including information focused towards both laypeople and practitioners.	**0** - The State Department of Assessments and Taxation administers localities, equalizes, and conducts ratio studies.	**2** - Yes, taxpayers may meet with a local assessment supervisor, but after the assessment has been notified.
https://dat.maryland.gov/RealProperty/Pages/default.aspx		Md. Code Ann., Tax-Prop. § 8-415.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there is not a separate website breaking out property tax laws and regs.	**0** - Yes, the state requires standardized forms.	**1** - No. The taxpayer has 45 days from the date of notice.
		Md. Code Ann., Tax-Prop. § 14-502(a).
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes. Forms are both available on a centralized website and available on the subject-specific page they are related to.	**0** - Yes. The state constitution requires uniformity. This type of appeal is included in the Property Owner's Bill of Rights.	**1** - On appeal, the assessor must provide the "sales analysis" at least 14 days prior to the hearing.
https://dat.maryland.gov/Pages/sdatforms.aspx	Md. Code Ann., Tax-Prop. §1-402.	Md. Code Ann., Tax-Prop § 14-510.1(a)(2).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - The statute only requires notice for a change in valuation or classification, but in practice notice is always sent.	**0** - Yes. Returns due Apr. 15; payments due July 1, with a grace period until Sep.30.	**2** - The party appealing the assessment bears the burden of proof.
Md. Code Ann., Tax-Prop. §§ 8-401.	Md. Code Ann., Tax-Prop. §§ 10-102(a)-(b), 10-204.3(i), 11-101(a).	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes, the notice is clear and understandable to a layperson.	**2** - Ratios vary greatly by type. Localities can adopt different caps than the State.	**0** - Yes, appeals to the Tax Court are
		Md. Code Ann., Tax-Gen. § 13-523.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - Yes, the notice includes detailed info, and includes the appeal form itself.	**0** - Yes, interest rates are the same on under and overpayments.	**1** - No. The taxpayer has 30 days to appeal to the tax court.
Md. Code Ann., Tax-Prop. §§ 8-401.	Md. Code Ann., Tax-Prop. § 14-611.	Md. Code Ann., Tax-Gen. § 13-510.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Every three years.	**1** - Assessors must undertake International Association of Assessing Officers' training courses 101, 102, 103, as well as USPAP.	**0** - No. Filing an appeal is free of charge and there is no fee at subsequent appeal levels.
Md. Code Ann., Tax-Prop. §§ 8-104(b).		
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, both valuation data and tax rates are available online.	**1** - Yes, there is a professional development requirement.	**1** - The taxpayer may submit a bond for the disputed portion of the tax.
https://dat.maryland.gov/RealProperty/Pages/default.aspx https://dat.maryland.gov/Pages/Tax-Rates.aspx	Tax Property Article §2-110	Md. Code Ann., Tax-Prop. §14-514.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessment is to Full Cash Value using the cost, market, and income approaches.	**0** - Yes. There is a yearly press release to all media outlets and 20,000 subscribers, as well as social media posts.	**2** - Third parties do have appeal rights.
E.g., Lane v. Supervisor, 447 Md. 454 (2016).		Tax Property Article §14-502.

Massachusetts—Overall Grade C		
Transparency - D	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - No. The DOR page for property tax seems to contain information only about the estate tax and motor vehicle excise tax.	**0** - Commissioner of Revenue has regulatory power to require local assessors conduct rations and equalization.	**1** - A taxpayer may meet with an assessor to review the valuation before value finalized.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - The DOR has a Legal Library section which has property tax information, but is difficult to use.	**1** - Yes, most forms are standardized state-wide.	**1** - No, the longer of the last day to pay the first instalment, or thirty days from the date of the bill.
https://www.mass.gov/service-details/dor-legal-library		Mass. Gen. Laws Ch. 59 §§ 57C, 59.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Forms related to appeals to state bodies are available.	**0** - Yes.	**2** - Only through discovery when the appeal is before the Appellate Tax Board.
https://www.mass.gov/lists/appeal-forms		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No, however, notice is required with a revaluation.	**0** - Yes. Lists of exempt real property must be filed by March 1. Tax payments are due in two or four installments.	**1** - If within two years of a Board determination of fair cash value, the appellant. Otherwise, on the taxpayer.
IGR 19-08	Mass. Gen. Laws Ch. 59 §§ 29, 57, and 57C.	Mass. Gen. Laws Ch. 58A, § 12A.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Notice provided, but varies at the local level.	**2** - Municipalities may tax residential property at rates different from commercial or industrial property.	**0** - Appellate Tax Board provides independent and de novo review of local assessor decisions.
	Verizon New England v. Board of Assessors of Boston, 475 Mass. 826 (2016)	Mass. Gen. Laws Ch. 58A, § 13.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The tax bill has some limited appeal information on the assessment.	**2** - No, interest on underpayments is 14% annually. Interest on overpayments is 8%.	**0** - Taxpayer has 3 months to appeal ATB.
Mass. Gen. Laws Ch. 59 § 59.	Mass. Gen. Laws Ch. 59 §§ 57, 69.	MGL Chap. 59, Sec. 65.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - State law does require 5 year revaluation, with DOR requiring annual adjustments to market value.	**0** - Yes, following the standards of the Appraisal Foundation.	**2** - Yes, from $10 to $5,000, depending on the type of property and its value.
MGL Chap. 58, Sec. 1A		831 CMR 1.10.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - This information is published at the local level.	**0** - Yes, at least 28 hours every 2 years.	**1** - Can use average value last three years, unless less than $5,000. At least one-half of personal property tax must be paid.
	264 CMR 4.01(4).	Mass. Gen. Laws Ch. 59, § 64.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Assessors can (but are not legally required to) use the sales, income, or cost approaches to determine fair cash value.	**0** - Public disclosure program is required by DOR regulation.	**0** - There are limited third-party appeal rights, and they all apply to tenants or others with a possessory interest.
Mass. Gen. Laws Ch. 59 § 2A.	IGR 19-08	Mass. Gen. Laws Ch. 59 § 59.

Michigan—Overall Grade C

Transparency - C	Consistency - B	Procedural Fairness - D
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a property tax website, although it is somewhat difficult to navigate.	**1** - Limited oversight. State Tax Commission advises the assessors, & assists individual counties with equalization.	**2** - Taxpayers may request a review, but it is not common.
https://www.michigan.gov/taxes/0,4676,7-238-43535--,00.html		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - There is no separate website, but there is a direct link to the General Property Tax Act.	**1** - Standardized forms are required for assessments and equalization.	**2** - No. Initial appeals are filed to local Board of Review, and revaluation notices of revaluation are required to be delivered 14 days prior to the Board's meeting.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - The state constitution provides for uniform ad valorem taxation; taxpayers can use comparable properties as evidence.	**0** - Yes. Property record cards are public records.
https://www.michigan.gov/treasury/0,4679,7-121_2164--,00.html	Mich. Const. Art. IX Sec. 3.	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No. Notice is only given if there is an increase in value.	**1** - For reports, not payment. Reports are due by Feb. 20, but payment dates vary.	**2** - The petitioner must establish the true cash value.
Act 332 (S.B. 395), Laws 2010.	Mich. Comp. Laws § 211.19.	Mich. Comp. Laws § 205.737(3).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes. It is clear and complete.	**1** - Ratios: 50% of true cash value; cap: 5%; there is de minimis difference between the commercial and residential rate.	**0** - Yes.
https://www.michigan.gov/documents/treasury/4093f_504170_7.pdf	Mich. Const. Art. IX Sec. 3.	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Limited appeal information is included on the valuation notice.	**0** - Yes, interest rates are 1% monthly for both over and underpayments.	**1** - Appeal periods vary with property type and can be as little as 35 days.
	Mich. Comp. Laws §§ 211.44(3), 211.59(1).	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annually, however, no physical inspection requirement.	**1** - Assessors must be certified according to State Tax Commission standards.	**2** - Yes. Depending on the valuation, the fee can be as much as $1000.
	Mich. Comp. Laws §§ 211.206, 211.10d.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - This information is available at the local level.	**0** - Yes, 16 hours per year.	**1** - The full tax must be paid despite the appeal with exceptions - principal residences/qualified agricultural property.
		Mich. Comp. Laws § 205.743.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Property is valued at "true cash" value, determined by the "highest and best use."	**1** - The State Tax Commission mandates notice requirements a best practice.	**0** - Local units can intervene but cannot initiate an appeal.
	https://www.michigan.gov/documents/treasury/ Bulletin2014-2PropertyInspection_447098_7.pdf	

Minnesota—Overall Grade C

Transparency - C	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes. The website has both basic and advanced information.	**0** - Yes. The state performs ratio studies, equalizes local valuations, and can order reappraisals.	**2** - Yes. Taxpayers are encouraged to call the assessor to discuss their market value, but only after it has been notified.
http://www.revenue.stste.mn.us/property tax/Pages/Tax-Information.aspx		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there is no separate website for property tax laws.	**1** - The state Commissioner provides standardized forms which may be used.	**0** - Yes. Taxpayers have until April 30 of the year the taxes are due - effectively over a year.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Limited forms are available both at the state and the Minnesota Tax Court's site.	**1** - The taxpayer can appeal on this basis but needs valuation evidence to succeed.	**2** - No. It is recommended but not required that assessors provide this on appeal.
http://www.revenue.stste.mn.us/property tax/Pages/Forms-and-instructions.aspx		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Yes. If there is a valuation change, the taxpayer gets a specific notice that there has been a change.	**0** - Payments are due in two instalments, May and Oct. 15. Later due dates apply for a limited number of property classes.	**1** - The taxpayer, by preponderance of the evidence.
Minn. Stat. § 273.121.	Minn. Stat. § 279.01.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - No. Ratios vary widely by property type, with no assessment caps, leading to widely varied effective tax rates.	**0** - Yes, the Tax Court hears issues
	Minn. Stat. § 273.13.	Minn. Stat. § 271.06, subdivision 6.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes. Appeal information is required to be included, but not the form.	**0** - The interest rate on both overpayments and underpayments is the greater of 4 percent or the treasury rate plus 1%.	**0** - Yes, the taxpayer has 60 days to appeal to the Tax Court.
Minn. Stat. § 273.121.	Minn. Stat. §§ 278.08, 278.09.	Minn. Stat. § 271.06, subdivision 2.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Property is valued annually, with inspections every five years.	**1** - Must obtain a license by July 1, 2022.	**1** - There is no fee to file an initial appeal. Appeals to the Tax Court have a $150 fee.
Minn. Stat. § 273.08.	Minn. Stat. § 270C.9901.	Minn. Stat. § 271.06, subdivision 4.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Taxpayers can obtain valuation information at the local level, and sales ratio information from the state.	**0** - Depending on the level of the assessor's certification, either 40 or 50 hours over 2 years.	**1** - If the appeal is not resolved by the tax due date, 50% or 80% of the tax is due depending on the unpaid balance.
		Minn. Stat. § 278.03.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes, assessors are required to use recognized valuation methods to determine market value.	**2** - No.	**1** - In practice no, although Minnesota law in theory allows third parties with some interest to appeal.
Minn. Stat. § 273.11.		Minn. Stat. § 278.01.

Mississippi—Overall Grade F		
Transparency - D	**Consistency - F**	**Procedural Fairness - F**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes. There is a property tax website with a wide variety of information.	**2** - The Department of Revenue "provides guidance" to local governments.	**2** - No, not outside of the appeal procedure.
https://dor.ms.gov/Property/Pages/default.aspx		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Property tax regulations are broken out into their own website.	**1** - Standardized forms are made available but there is no requirement for their use.	**2** - No. 20 days for the initial appeal.
https://dor.ms.gov/Property/Pages/Part-VI-Property.aspx		MCA § 27-35-119.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Limited forms are available.	**1** - Taxpayers can challenge valuations as being for more than the actual value.	**1** - Not until an appeal is made.
https://dor.ms.gov/Property/Pages/Property-Forms.aspx	MCA §27-35-143(12).	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - No individual valuation notice is given, just newspaper publication that tax rolls are available for inspection.	**0** - Yes. Reports are due on Apr. 1. Payments are due on or before Feb. 1 of the following year.	**2** - The burden is on the taxpayer to present two or more competent witnesses.
MCA § 27-35-83.	MCA §§ 27-35-23; 27-41-1.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - No individual valuation notice is given	**2** - No, however tax rate varies by property type.	**0** - Yes, in the circuit court.
		MCA §§11-51-77, 27-35-119.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - The only required information is the date when the board of supervisors will meet to hear appeals.	**2** - Interest on underpayment is 1% per month. There do not seem to be provisions for interest on overpayment.	**2** - No. Only ten days (although the state has 20 days.)
MCA § 27-35-83.	MCA § 27-41-9.	MCA §§11-51-77.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Every 4 years.	**2** - Private appraisers need licenses, but public officers are not required to have licenses.	**2** - Localities can charge fees.
	MCA §73-34-5.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes. This information is available at the local level.	**1** - State certified appraisers need to complete an annual recertification class.	**2** - Taxpayers must post a bond for greater of $100 or double the amount in dispute.
		MCA §§11-51
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors are required to use the cost, income, and market approaches as they determine to be appropriate.	**2** - No, not beyond notification in the newspaper that rolls are available for inspection.	**0** - No.
MCA § 27-35-50(2).	MCA § 27-35-83.	

Missouri—Overall Grade C+		
Transparency - D	**Consistency - B**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is some property tax information, but it is not at all clear.	**1** - The state tax commission assists county assessors, measures accuracy, hears appeals, & oversees some assessments.	**2** - Yes, taxpayers have the option to schedule an information review prior to appeal, but after value has been notified.
https://stc.mo.gov/	Mo. Rev. Stat. §§ 138.380, 138.390.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there is no site where property tax laws and regulations are broken out.	**0** - Yes, except for locally assessed personal property.	**0** - No. Notices for locally assessed property must be mailed by June 15, and appeals must be filed by the second Monday in July.
	Mo. Rev. Stat. §§ 138.380.	Mo. Rev. Stat. § 138.180.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - There is a website with some commonly used forms, but it is difficult to navigate, and the forms are unclear.	**0** - Missouri has a constitutional uniformity clause.	**1** - Yes, but not until there is an appeal.
https://stc.mo.gov/assessor/generalforms/	Missouri Const. Art. X Sec. 3.	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Only if there is an increase in valuation.	**0** - Yes. Reports are generally due Mar. 1 (personal) and Apr. 1 (state assessed). Payments are due on Dec. 31.	**0** - On the assessor to prove that the assessor's valuation does not exceed the true market value of the subject property.
Mo. Rev. Stat. § 137.180.1.	Mo. Rev. Stat. § 137.340.	Mo. Rev. Stat. § 138.060.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes, the notices are clear and understandable. Counties make their own notices, but the info. is set by statute.	**2** - No assessment caps; however ratios vary greatly by property type which leads to widely varied effective tax rates.	**0** - Yes, before the State Tax Commission.
Mo. Rev. Stat. §§ 137.355, 137.180.		Mo. Rev. Stat. § 138.430.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - It must include the appeal deadline but no other information.	**1** - No. Interest on underpayments is 4%; interest on overpayments is 1.3%.	**1** - No. 30 days or until a specified date, whichever is later.
	https://dor.mo.gov/intrates.php	12 CSR. § 30-3.010(1)(B).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Every two years.	**0** - Yes, assessors are licensed by the Missouri Division of Professional Registration.	**0** - No.
Mo. Rev. Stat. §137.115(1).	Mo. Rev. Stat. § 339.511.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, this information is available at the local level.	**0** - Yes, 28 hours every two years.	**1** - If taxes are paid under protest, the disputed amount is put into escrow.
	https://www.pr.mo.gov/boards/appraisers/FAQ.pdf	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Statute requires assessors determine "true value in money". Case law prescribes the cost, market, and income methods.	**2** - Unknown.	**0** - No.

Montana—Overall Grade C+		
Transparency - A	**Consistency - D**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - A clear website with a great deal of information about Montana property tax.	**0** - There are no local assessors; the DoR directly supervises all assessment and is responsible for equalization.	**2** - Yes. Property owners can request an informal review but only after receipt of the assessment notice.
https://mtrevenue.gov/property/		MCA § 15-7-102.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - The Department of Revenue has a link to the revenue-related sections of the Montana administrative code.	**0** - Yes. Forms are standardized and do not vary by locality.	**1** - No. An appeal to the county tax appeal board must be filed within 30 days.
https://mtrevenue.gov/government/administrative-rules/		MCA § 15-7-102.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, the forms directory has an easily findable property tab.	**1** - In practice there are many routes to such a challenge but there is no explicit legal right.	**0** - Yes. Taxpayers who request an informal review can request an appraisal date information pack.
https://app.mt/myrevenue/Endpoint/Directory?type=SiteMenu		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - No. Taxpayers receive notice the first year the property is taxable, then after if there are changes in valuation.	**2** - No. Local county treasurer's offices are responsible for property tax billing and collection.	**1** - On the taxpayer by preponderance of the evidence.
MCA § 15-7-102.	MCA § 15-7-101.	MCA § 2-4-704.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - Ratios vary widely by property type, leading to significant variations in effective tax rates.	**2 –** It is unclear whether the Montana Tax Appeal Board or the District Court must hear cases
	MCA §§ 15-6-131-159.	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, including due dates, which forms are needed, and appropriate contact information.	**2** - Interest on: underpayment - 5/6 of 1% per month; overpayments - the actual interest rate earned by the disputed funds.	**1** - No, 30 days to file to the Montana Tax Appeal Board.
MCA § 15-7-102.	MCA § 15-16-102, 15-1-402.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Every two years.	**1** - The assessor must be qualified and receive on-the-job training.	**0** - No fees are required to submit an appeal.
MCA § 15-7-111.	ARM 42.18.206.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, through Montana's "My Property" website.	**2** - On-the-job training is provided, but continuing education is not required.	**2** - Yes. The disputed tax must be paid in full, under protest.
https://svc.mt.gov/dor/property		MCA § 15-1-402.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes, the department uses recognized valuation methods.	**1** - Yes, a press release is sent to all media contacts in the state when classification and appraisal notices are mailed in the first year of the two-year valuation cycle.	**0** - There are no third-party appeal rights.
MCA § 15-7-111.		

Nebraska—Overall Grade C		
Transparency - C	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a central website, but it is difficult to navigate.	**1** - Local assessors are regulated by the state Property Assessment division but do have some autonomy.	**1** - Only in counties with a population of at least 150k, which is 3 out of 93 counties representing about half of NE's population.
http://www.revenue.nebraska.gov/PAD/index.html	Neb. Rev. Stat. § 77-1330.	Neb. Rev. Stat. 77-1301.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes, there is a site which acts as a central link to property tax laws and regs.	**0** - All forms are either standardized by statute, or the content is prescribed.	**2** - No. Final notices are sent on June 1 and appeals must be filed by June 30.
http://www.revenue.nebraska.gov/PAD/legal/legal.html		
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes, Taxpayers can challenge the value and/or equalization with like property. All property in the must be equalized within its class and subclass.	**1** - The assessor must keep a record of the valuation which is available for the owner's examination under certain circumstances, and otherwise will be presented at appeal.
http://www.revenue.nebraska.gov/PAD/forms/forms.html		Nebraska Title 350 Regulations 50-002.03E, 50-002.05, and 10.003.02A(1)(a).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Counties must provide notice only if there is a value change.	**0** - Yes, dates vary by type.	**2** - Taxpayer must show that the property is arbitrarily or unlawfully overvalued.
Neb. Rev. Stat. § 77-1315, 1301.	Neb. Rev. Stat. §§ 77- 1229, 603, 801, 1247.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The form of valuation notices is not prescribed by the State.	**1** - Ratios can vary, e.g. 75% for agricultural land, but most are 100% of FMV.	**0** - Yes, appeals to the Tax Equalization and Review Commission are heard
		Neb. Rev. St. § 77-5016.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The notice must include some information, such as the dates for filing a protest.	**2** - No. Interest rates are 14% for underpayment; interest is not paid on overpayment of tax.	**1** - No. Appeals must be filed before certain set dates.
Neb. Rev. Stat. § 77-1315		Neb. Rev. Stat. § 77-5013.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Real property must be "inspected and reviewed" at least every six years.	**0** - Yes, county assessors are required to have a certificate.	**1** - Yes, although the fee ($25) is de minimis.
Neb. Rev. Stat. §§ 77-1311.03.	Nebraska Title 350 Regulation 71-005.	Neb. Rev. Stat. §77-5013(3).
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Only 90 out of 93 counties.	**0** - Yes, 60 hours every 4 years.	**2** - Yes, there is no escrow/deferred payment process.
http://www.nebraskataxesonline.us/	Nebraska Title 350 Regulation 71-006.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - The sales, income, and cost approach are all valid methods of appraisal.	**1** - Notice is published in newspapers about areas of the county which will be reviewed.	**2** - Owners or any person with similar property that has an interest in the county may file valuation protests to the county board of equalization.
Neb. Rev. Stat. § 77-112.		

Nevada—Overall Grade C-		
Transparency - C	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - There is a website which contains links to county sites and extremely limited other information.	**1** - The Tax Commission establishes uniform policies/procedures, but assessors retain a large degree of autonomy.	**2** - No legal right, but informal discussions are frequent and encouraged after the assessment is notified.
https://tax.nv.gov/LocalGovt/County_property_tax/General_Tax_Information_and_Links_to_County_Assessors_and_Treasurers/	Nev. Rev. Stat. § 360.250.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No.	**2** - For reporting personal property and to petition to appeal. The DoR hasn't created certain forms as directed by Legislature.	**1** - No. Notices are sent in December, and appeals must be filed by Jan. 15 for locally assessed and Mar 10 for centrally assessed.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Limited forms are available.	**0** - Yes.	**1** - Yes. Appeal to the Board of Equalization requires that the assessor's office substantiate the valuation.
https://tax.nv.gov/LocalGovt/CA_Prop/Property_Tax_Reporting_Forms/		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes. Any time property is reappraised, it triggers a notice requirement.	**0** - Yes. Reports for personal property are due July 31. Payments are due in four installments.	**2** - The taxpayer, by "clear and satisfactory evidence."
Nev. Rev. Stat. § 361.300(6), (7).	Nev. Rev. Stat. §§ 361.265, 483.	Nev. Rev. Stat. § 361.410.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**1** - Ratios are 35% of taxable value, however assessment caps vary.	**2** - No. Appeal to the State Board of Equalization is based on the record made before the county board.
	Nev. Rev. Stat. §§ 361.225, 4722.	Nev. Rev. Stat. § 361.360.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - Only the dates allowed for appeals.	**2** - No. Interest on underpayments is 10% annually; interest on overpayments is 0.25% monthly.	**2** - Unclear.
Nev. Rev. Stat. § 361.300(7)(b).	Nev. Rev. Stat. §§ 361.486, 570.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Required at least once every five years.	**0** - Yes.	**0** - No.
	Nev. Rev. Stat. §§ 361.221.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - At the local level. The state website links to each county assessor's office.	**0** - Yes. 36 hours every 3 years.	**2** - Yes. Taxes must be paid under protest prior to commencing the suit.
	Nev. Rev. Stat. §§ 361.223.	Nev. Rev. Stat. § 361.420.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Taxable value, as determined through the cost, income, and market approaches.	**1** - Newspaper publication is required.	**0** - No.
Nev. Admin. Code § 361.396.		

New Hampshire—Overall Grade C		
Transparency - C	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - There is a centralized website with a detailed property taxation information, but aimed at municipalities, not taxpayers.	**0** - The state exercises some oversight through the Commissioner for Assessors, who performs equalization.	**2** - No, the first opportunity for a review is after the taxpayer has received an assessment.
https://www.revenue.nh.gov/mun-prop/property/index.htm		N.H. Rev. Stat. Ann. §76:16.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes, statutes and regulations are broken out on a clear, separate site.	**2** - The state provides standard forms, but they are not required to be used.	**0** - Yes. The taxpayer generally has two months.
https://www.revenue.nh.gov/laws/index.htm	N.H. Rev. Stat. Ann. § 76:16.	https://www.nh.gov/btla/appeals/documents/deadline-chart-2016.pdf
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, all commonly-used forms are available.	**0** - Yes; the taxpayer must show that the tax paid was more than a fair share with respect to others in the taxing district.	**0** - Yes. Tax cards, upon which the reviews are based, are public information and many municipalities make them available online.
https://www.revenue.nh.gov/laws/forms.htm	Appeal of Cannata, 129 N.H. 399, 529 A.2d 896 (1987).	N.H. Rev. Stat. Ann. § 91-A.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - No. Municipalities are not required to send taxpayers notices of revaluation, though some may.	**1** - Localities can choose to make payments on July and Dec. 1 or July 1, Oct. 1, Jan. 2, March 31.	**1** - On the taxpayer by preponderance of the evidence.
	N.H. Rev. Stat. Ann. §§ 76:15-a, aa.	N.H. Code Admin. R. Tax 204.13.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - There is no notice of revaluation.	**0** - Yes. Within a municipality, all real estate is subject to the same rates and ratios - there cannot be higher rates for commercial property.	**0** - Yes. Appeals before the Superior Court are
		N.H. Rev. Stat. Ann. § 71-B:11.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - There is no notice of revaluation. The tax bill must contain some appeal info.	**2** - No, interest on underpayments is 12%, interest on overpayments is 6% annually.	**1** - No. Appeals to the Superior Court must be within 30 days.
N.H. Rev. Stat. Ann. § 76:11-a.	N.H. Rev. Stat. Ann. §§ 76-13; 76:17-a.	N.H. Rev. Stat. Ann. § 541:6 .
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Every 5 years, except for utility property, which is yearly.	**0** - Yes, qualifications and certification are required.	**1** - There is no fee at the municipality level but at further levels filing fees apply.
N.H. Const. Part II, Art. 6th; N.H. Rev. Stat. Ann. § 75:8-a.		N.H. Rev. Stat. Ann. § 76:16-a.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some localities publish this information online.	**0** - 50 hours are required every five years.	**2** - The ongoing appeal does not stay the duty to pay tax or the accrual of interest.
	N.H. Admin. Code Asb 305.01.	N.H. Rev. Stat. Ann. § 76:13.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes. Assessors determine market value, using the sales, income, and cost methods.	**2** - There is no general requirement that they do so, though specific jurisdictions may publicize revaluations.	**1** - Municipalities can appeal an adverse decision from the Superior Court or the Board of Tax and Land Appeals.
N.H. Rev. Stat. Ann. § 75:1.		N.H. Rev. Stat. Ann. § 541.

New Jersey—Overall Grade C-		
Transparency - C	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a state website which is detailed but it is unclear and difficult to navigate.	**0** - Yes. The director of the tax division of tax supervises assessors and conducts equalization.	**2** - Meeting with the assessor for an informal appeal is encouraged, but only after the taxpayer has received an assessment.
http://www.nj.gov/treasury/taxation/lpt/referencematerials.shtml		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No.	**1** - Standardized forms are available but localities are not required to use them.	**1** - No. Appeal to a county board must be filed by later of April 1 or 45 days after the notification of assessment is mailed.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, property tax forms are available.	**2** - Unknown.	**0** - The property record card must be produced upon request, and more detailed discovery is available on appeal.
http://www.nj.gov/treasury/taxation/rprntlpt.shtml		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Taxpayers get a yearly notice and get a second notice within 30 days of any change to the assessment.	**2** - No, real property types do not have due dates unless requested by the assessor. Payments are due consistently.	**2** - On the taxpayer to present "persuasive and credible evidence."
N.J. Stat. Ann. § 54:4-38.1.	N.J. Stat. Ann. § 54:4-2.48; 54:4-34; 54:4-66.	http://www.nj.gov/treasury/taxation/pdf/lpt/ptappeal.pdf
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Yes. The notice is simple and easy to understand.	**0** - Yes. Ratios are 100%; caps are 2%, although exceptions apply.	**0** - Appeals before the State Tax Court are
		N.J. Stat. Ann. § 2B:13-3.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes. The notice includes due dates, contact information, and where to go for more information, as required by law.	**2** - No, interest on: underpayments - max. 8% on the first $1,500 and 18% thereafter; overpayments - 5% annually.	**1** - No. 45 days from the judgement of the County Board.
N.J. Stat. Ann. § 54:4-38.1.	N.J. Stat. Ann. §§ 54:4-67; 54:3-27.2.	N.J. Stat. Ann. § 54:51A-9.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - There is no formal schedule.	**1** - They must possess some qualifications, as determined by the Director of Taxation.	**2** - Yes, up to $150 for properties valued at over $1 million.
	N.J. Rev. Stat. §54:1-35.25.	N.J. Admin. Code §18:12A-1.7(a).
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, the state publishes full assessment details, although the search feature is somewhat difficult to use.	**0** - Yes, 30 hours every three years.	**2** - Yes, the full amount of taxes owed plus back taxes must be paid, although this may be relaxed "in the interest of justice."
https://tre-dotnet.state.nj.gov/TYTR_TLSPS/TaxListSearch.aspx		N.J. Stat. Ann. § 54:3-27.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Assessors can use whatever methods are allowed by the Director of Taxation.	**1** - Publication in at least one circulating newspaper is required.	**2** - Appeals may be filed by any property owner in the county or taxing district.
N.J. Stat. Ann. § 54:1-35.3	N.J. Rev. Stat. §54:4-38.	

New Mexico—Overall Grade C+		
Transparency - B	**Consistency - D**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - No. The information provided is limited and is aimed at municipalities, not taxpayers.	**1** - The property tax director has supervisory power, and evaluations the correctness of assessors' valuations.	**2** - No. Only after a formal protest is filed.
http://www.tax.newmexico.gov/Businesses/appraisal-bureau.aspx	N.M. Stat. Ann. § 7-36-16(B).	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - There is a link to the appropriate sections of the New Mexico code and regulations from the above website.	**2** - Only centrally assessed properties have standardized forms.	**1** - No. The taxpayer has 30 days.
		N.M. Stat. Ann. §7-38-24.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Some limited forms are available.	**2** - No. There is no specific challenge for uniform and consistent property valuation.	**1** - During the discovery portion of the appeals process.
http://www.tax.newmexico.gov/Businesses/appraisal-bureau.aspx		NMAC 3.6.7.36.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes.	**0** - Yes. Reports are due the last day of February. Payments are due Nov. 10 and Apr. 10.	**1** - On the taxpayer, who must show "evidence tending to dispute" the valuation, after which the burden shifts to the county or the assessor.
N.M. Stat. Ann. § 7-38-20.	N.M. Stat. Ann. §§ 7-38-8, 38(A), 86; 7-1-16.	NMAC 3.6.7.13.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes. The form is standardized by the state.	**1** - No, leading to some differences in effective tax rates for commercial versus residential properties.	**0** - Yes. Administrative appeals and appeals to the state district court are
N.M. Stat. Ann. § 7-38-20(d); NMAC 3.6.7.29.		N.M. Stat. Ann. §§ 7-38-28, 40; 39-3-1.1.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, a brief description of the appeals process is included.	**2** - Underpayments: 1% per month; Overpayments: property owners share of interest earned by the protested taxes.	**1** - No. 30 days from the day of the final decision.
N.M. Stat. Ann. § 7-38-20(d)(13).	N.M. Stat. Ann. §§ 7-38-41; 7-38-49.	N.M. Stat. Ann. §§ 7-28-38, 39-3-1.1, 7-1-25.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Either a one or a two-year cycle, as determined by the county appraiser.	**2** - The previous statute exempted gov't workers from its requirements. It is unclear if that exemption still exists.	**0** - No fee for initial appeals and only standard court filing fees.
NMAC § 3.6.5.23(C).	N.M. Stat. Ann. § 61-30-10.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some localities make this information available.	**0** - Yes. 30 hours every three years.	**0** - If a timely protest is filed, the disputed portions of tax do not become delinquent.
	NMAC 3.6.3.16(G).	N.M. Stat. Ann. § 7-38-46.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors use M.V. determined by sales, income or cost methods of valuation.	**1** - Newspaper publication is required.	**0** - No.
N.M. Stat. Ann. § 7-36-15(B).	N.M. Stat. Ann. § 7-38-18.	

New York—Overall Grade D-		
Transparency - C	**Consistency - F**	**Procedural Fairness - F**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - Website contains much information but would be difficult for a layperson to navigate.	**2** - The state exercises little to no control over local assessors.	**2** - State law requires assessors be available to explain assessment but only after the taxpayer has received the assessment.
https://tax.ny.gov/pit/property/default.htm		NY Real Prop. Tax § 511(3)
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - No, there is no specific website containing property tax code information.	**1** - For some forms; for others, localities are allowed to use their own.	**1** - Uncertain: complaints may be filed with assessor any time prior to board of assessment hearings or at a hearing.
		NY Real Prop. Tax § 524(1)
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Property tax forms are available online.	**2** - It is unclear, but there is no constitutional uniformity clause.	**2** - Taxpayer bears burden of showing assessment is incorrect.
https://tax.ny.gov/forms/orpts_cur_forms.htm		NY Real Prop. Tax § 525(2).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Notification is required for increases only.	**2** - Report and payment dates vary based on locality.	**1** - Taxpayer bears burden, but evidentiary standard is unclear.
NY Real Prop. Tax § 510(1).	NY Real Prop. Tax § 924.	NY Real Prop. Tax §§ 525(2)(a); 732(2)
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - The form of the notice varies by locality.	**2** - No. Ratios vary by local jurisdiction. There is a 2% cap on levy increases. There is a vast difference in effective tax rates of commercial and residential properties.	**1** - Yes (only applies to small claims assessment review).
		NY Real Prop. Tax § 732(4).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - There is no statutory requirement pertaining to appeals information.	**0** - Default rates: overpayments - 6%; underpayments - 7.5%, but commissioner has authority to set both rates.	**1** - Taxpayer has 30 days to appeal.
	NY Real Prop. Tax § 726(2); NY Tax Law § 697(j)	NY Real Prop. Tax § 702(2).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Some jurisdictions revalue annually, others have not reassessed for decades.	**1** - There are licensure/experience requirements, but the standards are weak.	**2** - $30 fee required.
	20 NYCRR § 8188-2.2(a)	NY Real Prop. Tax § 730(3)
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Valuation information does not appear to be available, but rates are.	**1** - County directors and appointed or sole-elected assessors must complete an average of 12 continuing education credits every year.	**2** - Yes.
http://orps1.orpts.ny.gov/cfapps/MuinPro	20 NYCRR §§ 8188-2.8; 8188-4.8	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors determine market value using the sales, cost, and income approaches.	**2** - Unclear but there does not seem to be a legal requirement to do so.	**1** - School districts may become a party.
https://www.tax.ny.gov/pit/property/learn/HowAssess.htm		NY Real Prop. Tax § 712(2-a).

North Carolina—Overall Grade C-		
Transparency - D	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**1** - The Property Tax Commission and Department of Revenue exercise oversight over different aspects of local assessment.	**2** - Most assessors will allow this but it is not a legal requirement and occurs after the assessment has been notified.
https://www.ncdor.gov/taxes/property-tax/property-tax-division	N.C. Gen. Stat. §§ 105-288(b); 105-289(d).	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, property tax laws and regulations are not broken out into their own site.	**0** - Yes.	**2** - Appeals must be filed by the Board's adjournment, with a statutory minimum of 15 days given.
		N.C. Gen. Stat. § 105-290(g)(2)(a).
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, property tax forms are available.	**0** - Yes.	**2** - No. There is no requirement to substantiate valuations.
https://www.ncdor.gov/taxes-forms/property-tax/property-tax-forms		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - Notice requirements are set at the county level.	**0** - Yes. Reports are due Jan. 31, payments are due Sept. 1.	**1** - The Board renders its decision based on the "greater weight of evidence."
	N.C. Gen. Stat. §§ 105-307; 105-360.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - The form of the notice varies by county.	**1** - Generally, but public utility property has higher assessment rate.	**0** - Yes.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The appeals process is identified on the notice. Some jurisdictions provide procures explaining the appeal process.	**2** - No. Interest on underpayments is 2% for the first month, and 0.75% each month after; interest on overpayments is 5% annually.	**1** - No. The taxpayer has 30 days from the date of entry of the Commission's order.
	N.C. Gen. Stat. § 105-360.	N.C. Gen. Stat. § 105-345(a).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Every 8 years, though counties can reappraise on a shorter cycle.	**1** - Assessors are required to have some qualifications and take certain courses.	**0** - There is no fee to make an appeal.
N.C. Gen. Stat. § 105-286.	https://files.nc.gov/documents/files/april2018_revisedregulationsmanual.pdf	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - This information is made available at the local level.	**0** - Yes. 30 hours every two years.	**1** - Taxpayers need not pay the disputed amount to access the appeals process, but interest and penalties continue to accrue.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Appraisal is "current true value" as judged by sale price.	**1** - There is no requirement, but generally assessors are proactive about publicizing the revaluation process in their local area.	**2** - Yes. The Board hears the appeals of any taxpayer with property in the county, about their property or any others.
N.C. Gen. Stat. § 105-283.		N.C. Gen. Stat. § 105-290(g)(2).

North Dakota—Overall Grade D+		
Transparency - C	**Consistency - D**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - Yes, but the information contained therein is limited.	**1** - The tax commissioner sets rules for assessors.	**2** - The local township/county assessor may be contacted after assessment notified.
https://www.nd.gov/tax/user/individuals/forms—publications/property-tax	N.D. Cent. Code § 57-01-02.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes.	**1** - Some forms are standardized and much information now provided electronically.	**2** - No. The appeal must be filed during the time the Board is in session.
https://www.nd.gov/tax/tax-resources/laws—regulations/property-tax-law—regulations		N.D. Cent. Code § 57-11-04.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Limited forms are available.	**1** - The North Dakota Constitution does have a uniformity clause.	**1** - A request could be filed under North Dakota's open records law.
https://www.nd.gov/tax/user/individuals/forms—publications/property-tax/forms--instructions	North Dakota Const. Article X Section 5.	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - No. Various statutes give different triggers for notice requirements, mostly at least a 10% change, or at least $3,000.	**1** - Reports vary depending on assessment type. Payments are due Jan. 1 and may be paid through March 1 without penalty.	**1** - On the taxpayer to show error, but the evidentiary standard is unclear.
N.D. Cent. Code § 57-02-53(1)(a).	N.D. Cent. Code § 57-20-01.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Yes. It shows value, exemptions, and breaks out taxation by district.	**2** - Ratios vary by property type; 1.5-10% of assessed value. Assessed value is 50% of full value. There are no assessment caps.	**2** - No.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - No. The hearing schedule is included, but no information on how to appeal or how to present at a hearing is included.	**2** - No. Interest on underpayments is 12% annually. Provision does not seem to be made for interest on overpayments.	**2** - It does not appear there is a defined path to an appeal before an independent tribunal.
	N.D. Cent. Code § 57-20-01; 57-23-08.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Annually. Assessors must determine the "true and full value" of each taxed property by April 1st.	**1** - Yes. Certification requires a high school diploma and 180 hours of instruction for a Class I assessor or 80 hours for a Class II.	**0** - No.
N.D. Cent. Code § 57-02-34.	N.D. Cent. Code § 57-02-01.1.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some are available at the local level.	**1** - 10 hours every 24-month certification period.	**2** - Yes, although the disputed amount is placed in a protest fund.
http://www.ndpropertytax.com		
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes. The assessor determines "true and full value" using the market and income valuation methods.	**1** - There is no statutory requirement, but some assessment officials do, and assessors are given some continuing education in public relations.	**0** - No.
N.D. Cent. Code § 57-02-01(15).		

Ohio—Overall Grade D+		
Transparency - D	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a website, but the information is fairly minimal.	**1** - The tax commissioner has regulatory control to instruct and guide country auditors.	**2** - Most counties offer an informal review period after assessment has been notified.
https://www.tax.ohio.gov/real_property.aspx		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there are general links to the Ohio Revised and Administrative Codes, but no property tax specific resources.	**0** - Yes.	**1** - Real property values may be appealed until March 31 or the last for collection of first half taxes, whichever date is later.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, forms are readily available through the Department of Taxation's website.	**2** - Ohio courts have declined to accept this argument.	**2** - No. the auditor's value is assumed to be prima facie correct.
https://www.tax.ohio.gov/Forms.aspx		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - For a change in value, the owner must be notified at least 30 days prior to issue of the tax bill, but failure to give that notice does not have any consequences.	**0** - Yes. State law establishes tax payment deadlines of January 31 and June 20.	**1** - The appellant bears the burden of proof, but the evidentiary standard is unclear.
ORC 5713.01(C).		
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Valuation notices are provided by individual county auditors, and their content is not regulated by the state.	**1** - The assessment ratio is the same for all real property, but different public utility classes are assessed at different levels.	**0** - Yes. Appeals at the trial level are heard
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - Valuation notices are provided by individual county auditors, and their content is not regulated by the state.	**0** - Yes. 1/12th of the federal short-term rate per month in both cases.	**1** - No. Appeals of real property values must be taken to the board of tax appeals or court of common pleas within 30 days.
	ORC 5713.041.	ORC 5717.11.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Real property is reappraised every three years, with physical inspection every 6 years.	**2** - Unclear.	**0** - No fees are charged to file a valuation complaint with the board of revision or to file a petition for reassessment of public utility values with the tax commissioner.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - This information is public record and as such is generally available on county auditors' websites.	**1** - County auditors must complete a min. 14 hours of continuing education in the first year of their term and a total of 24 hours over the entire four-year term.	**2** - No, but an appeal does not stay tax liability or responsibility for interest or penalties.
		ORC 5717.06.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Agricultural land is valued at use value; other real property is valued according to rules set by the tax commissioner.	**1** - Virtually all of them do as a public relations gesture, but it is not required by law.	**2** - All local political subdivisions can appeal real property values.
ORC 5713.03(A).		ORC 5717.02.

Oklahoma—Overall Grade C

Transparency - B	Consistency - C	Procedural Fairness - D
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - No, but there is a pdf with a general overview of the property tax system.	**0** - Yes. The state Board of Equalization equalizes property values.	**2** - A taxpayer can only file an appeal protesting the increase in valuation.
https://www.ok.gov/tax/documents/TES-14.pdf		Okla. Stat. tit. 68, §2876.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes.	**0** - Yes.	**1** - No. The taxpayer has 30 days to appeal to the assessor, then 10 days to appeal to the county BoE.
https://www.ok.gov/tax/All_Taxes/Ad_Valorem/Legislative_Information/		Okla. Stat. Ann. tit. 68, § 2876, par. D-F.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**1** - Equity arguments can be made by taxpayers at all level of protest.	**1** - Assessors are required to substantiate their valuations during appeals.
https://www.ok.gov/tax/Forms_&_Publications/Forms/Ad_Valorem/	Ok. Const. Article X Sec. 8(B).	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Notice is only required for new properties or if there is an increase in value.	**0** - Yes. Reports are due Mar. 15. Payments are due Dec. 31 and Mar. 31.	**2** - Unclear; however, there is a presumption of accuracy and use of proper procedure in the assessor's favor.
Okla. Stat. tit. 68, § 2876.	Okla. Stat. tit. 68, §§ 2835, 2913.	Okla. Stat. tit. 68, § 2880.1.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes. It is clear and complete.	**2** - Tax rates and caps vary widely across different counties, different types of properties, and different taxpayers.	**0** - Yes. Appeals to the district court are
https://www.ok.gov/tax/documents/926.pdf		Okla. Stat. tit. 68, § 2880.1.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes. The notice includes this information, although it is not legally required.	**2** - No. Underpayments are paid at a rate of 1.5% per month; overpayments accrue interest at a rate of 6% per year.	**2** - No. The taxpayer has ten days after the county Board of Equalization adjourns.
Okla. Stat. tit. 68, § 2876.	Okla. Stat. tit. 68, §§ 2913, 2374.	Okla. Stat. tit. 68, § 2880.1.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Properties are valued annually, although visual inspection is only required every four years.	**2** - No. However, they must pass certain educational requirements within a certain period of time.	**0** - No fee is required until the appeal reaches the district court.
Okla. Stat. tit. 68, § 2820.	Okla. Stat. tit. 68, § 2816.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, this information is available at the county level.	**0** - Yes, 30 hours every 3 years.	**1** - The full amount of tax must be paid, but the dispute portion is paid into escrow.
		Okla. Stat. tit. 68, § 2884.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Assessors determine fair cash value, according to the use value of the property.	**0** - Oklahoma assessors engage the public with newspaper articles, radio and television appearances, and ongoing communications via their public websites and various social media platforms.	**1** - Only the taxpayer and assessor have appeal rights.
Okla. Stat. tit. 68, § 2817.		

Oregon—Overall Grade C		
Transparency - C	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**0** - The Department of Revenue oversees the system including issuing supervisory orders, reviewing ratio studies, and running training programs for assessors.	**2** - Assessors may only make changes to the certified roll.
https://www.oregon.gov/DOR/programs/property/Pages/default.aspx		Or. Rev. Stat. § 308.242.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - The Department of Revenue webpage points readers to the relevant sections of the administrative rules, however.	**0** - Yes.	**0** - Yes, bills go out in October and appeals are due by December 31st.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, the general forms site has a property section.	**2** - No, but comparable sales can be used as an indicator of value during appeals.	**0** - The tax roll and certain supporting documentation is public information.
https://www.oregon.gov/DOR/forms/Pages/default.aspx		Or. Rev. Stat. § 308.242.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - Notice is only required if an error is made which requires correction after the roll has been published.	**0** - Yes, returns are due Mar. 15. Payments are due Nov. 15, Feb. 15, and May 15.	**1** - On the challenging party by a preponderance of the evidence.
Or. Rev. Stat. § 311.208.	Or. Rev. Stat. § 308.290.	Or. Rev. Stat. § 305.427.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - No valuation notice is generally given. Notices which are given are set by the state but implemented by the county.	**1** - Yes, all taxable property is valued at 100% of real market value; however, centrally assessed property includes intangibles, which creates significant differences in value.	**0** - Yes, in the Oregon Tax Court all proceedings are
		Or. Rev. Stat. §§ 305.501(6), § 305.425(1).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - Appeals information is not required and is available on state and county websites.	**0** - Interest on underpayments is 1.33%, while interest on overpayments is 1%.	**1** - No. Taxpayer has 30 days to appeal orders of the board to Magistrate Division.
	Or. Rev. Stat. §§ 311.812, 311.505.	Or. Rev. Stat. §305.280(4).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Assessed annually, although there is no reappraisal cycle required by statute.	**1** - Yes, the Department of Revenue administers an examination.	**2** - Yes, $265.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes, centrally (tax lot map website) and also at the local level.	**1** - Yes, as set under rules adopted by the Department of Revenue.	**2** - Yes, the taxpayer must pay the tax.
http://www.ormap.net/		
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Property is required to be appraised based on the sales, income or cost methods, but there are some exceptions.	**2** - No.	**0** - No, only the taxpayer can appeal.

Pennsylvania—Overall Grade F

Transparency - F	Consistency - D	Procedural Fairness - F
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - No.	**2** - There is no direct equalization, and no state-level agency which is able to police local assessors.	**2** - Some counties do allow for an informal "first-level review" but only after the assessment has been notified.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No.	**2** - No. The only standardized form is for the property tax or rent rebate program.	**2** - Deadlines vary by county.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No.	**1** - At county level, appeals are heard, but often the appeal is based on the market value as it relates to the Common Level Ratio.	**0** - Property record cards are located in the county assessor's office.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Taxpayers only receive notice if there is a change in valuation.	**2** - No. Dates vary by municipality.	**2** - Unclear.
72 P.S. § 5341.10.		
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - The form of notices and the information provided varies county by county.	**2** - No. Jurisdictions can deviate up to 15% from the state board set ratio. There are no caps. This may result in the effective tax rate for commercial properties being much higher than residential.	**1** - Appeals are heard at the Board of Appeals/ Assessment Appeal Board at the county level. New facts can be presented at that time.
	72 P.S. § 5452.10; 5020.402(b)(4).	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - This information may be provided by the county but there is no requirement to do so.	0 - No, interest on underpayments is 3%, while interest on overpayments is 1%.	**2** - Varies by county.
	72 P.S. §§ 806, 806.1.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Revaluation cycles vary by county.	**0** - To be certified assessors need 90 hours of coursework and to pass a test.	**2** - Varies by county.
	63 P.S. §§ 458.5, 458.6.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, this information is available at the county level.	**0** - Yes, 20 hours over two years.	**1** - Full payment is required while the appeal is pending, but 25% must be put into an escrow account (except for class 2 cities and school districts of class 1 cities).
	63 P.S. §§ 458.4.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors determine "fair market value" using the market, cost, and income methods.	**1** - At the county level, assessors publicize revaluations.	**1** - Taxing authorities such as school districts can appeal.
72 P.S. § 5020-402.		

Puerto Rico—Overall Grade D-		
Transparency - F	**Consistency - D**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is a website with a basic FAQ section.	**1** - Local assessors have some autonomy but generally follow territory's procedures.	**2** - There is no legal right and it is at the appraiser's discretion.
https://www.crimpr.net/crimdnn/en-US/Questions/		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Laws and regulations can be found at CRIM's website, but recent amendments or regulations might not be posted.	**0** - Yes. All tax collection is handled centrally, through the CRIMPR website.	**1** - No. A taxpayer may file a request for administrative review within 30 days from the mailing date of the tax bill.
https://www.crimpr.net/crimdnn/en-US/Documents-Registry		21 L.P.R.A. §5098a.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - The website has e-filing but there is no place to download individual forms.	**2** - The statute provides for administrative review of the tax imposition notices.	**2** - The assessor is not required to produce evidence during the administrative review.
	21 L.P.R.A. §5098a.	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - There has been no general appraisal of real property since 1958. An imposition and collection notice is issued when a valuation changes for other reasons.	**0** - Yes. Real property tax is due in instalments on January 1 and July 1.	**2** - Heavier burden on the taxpayer.
21 L.P.R.A. §5076; §5077; §5803.		
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - No. Taxpayers receive a tax bill that includes valuation amount, applicable exemptions and tax due, but does not explain the reason for valuation changes.	**2** - No. Municipalities are free to set their own rates within limits set by the state government.	**0** - The judicial review is a procedure.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Case law has prescribed that the tax bills must include details of appeal rights and procedures.	**1** - No. Interest on underpayments is 10%; interest on overpayments is 6%.	**1** - No, 30 days.
21 L.P.R.A. § 5803.	21 L.P.R.A. § 5091; Puerto Rico Tax Law § 6025.03.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Real property was last valued in 1958.	**2** - Unknown	**0** - Not for an administrative review.
		21 L.P.R.A. §5098a.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
2 - No.	**2** - Unknown	**1** - At least 40% of the disputed tax must be paid as a jurisdictional requirement to file a request for administrative review.
		21 L.P.R.A. §5098a.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Real property is valued by a scientific assessment method from 1955 using recognized valuation methods based on reproduction cost as of 1957.	**2** - Information is not publicized	**1** - Municipalities may file an administrative or judicial challenge of any assessment. Other taxpayers do not have a separate appeal right.
		21 L.P.R.A.§5071.

Rhode Island—Overall Grade D		
Transparency - F	**Consistency - D**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - No.	**0** - Yes. the Division of Property Valuation and Municipal Finance oversees assessors. DoR performs equalization.	**2** - Only after the assessment has been notified.
	R.I. Gen. Laws § 44-5-43, -44.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, there is no site with property tax laws and regulations broken out.	**2** - No.	**0** - The taxpayer has 90 days to appeal.
		R.I. Gen. Laws § 44-5-26.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No, the state forms website does not contain property tax forms.	**0** - Yes. A taxpayer can challenge a disproportionate assessment.	**1** - Yes, but not until an appeal before the Superior Court.
	R.I. Gen. Laws § 44-5-26(b).	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Taxpayers receive a yearly assessment notice.	**2** - Dates vary by municipality.	**1** - On the taxpayer by a preponderance of the evidence. If fraud is alleged the burden of proof is on the taxpayer to show clear and convincing evidence.
R.I. Gen. Laws § 44-5-24.	R.I. Gen. Laws §§ 44-5-5, -15.	R.I. Gen. Laws § 8-8-28.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - No. Ratios vary by municipalities. There is no fair market value standard for utilities. There are no assessment caps, but there is a 4% limit on tax levy increases.	**1** - In general new evidence cannot be presented but in some specific cases, trail may be
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - No. The notice does not need to include any appeal information. Municipalities may, however, provide this.	**1** - Interest rates for underpayment differ by municipality. Interest only applies to a refund if the taxpayer obtains a judgment in Superior Court against the municipality. Pre-judgment interest is 12% by statute.	**1** - No. The taxpayer has 30 days to file to the Superior Court.
R.I. Gen. Laws § 44-5-24.		R.I. Gen. Laws §§ 44-5-26.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Every nine years, but an "update" - a statistical revaluation - is performed every three.	**1** - Yes, but exceptions are sometimes made.	**0** - No fee is required.
R.I. Gen. Laws § 44-5-11.5.		
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, this information is provided at the local level.	**2** - The state suggests continuing education hours but does not require or track them.	**2** - The taxpayer must pay all taxes when due to maintain an assessment appeal.
		R.I. Gen. Laws §§ 44-5-26, -28.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
2 - Assessors determine a property's full and fair cash value, but it is unclear what methods are required.	**1** - Local assessors may publicize revaluations, but there is no general requirement that it be done.	**0** - No.
R.I. Gen. Laws § 44-5-12.		

South Carolina—Overall Grade B-		
Transparency - C	**Consistency - B**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - There is a website, although the information it contains is extremely limited.	**0** - Local assessors must use the state approved CAMA system. Division of Property Valuation provides general oversight.	**2** - A review and meeting is required by law, but only after the assessment has been notified.
https://dor.sc.gov/tax/property		S.C. Code Ann. § 12-60-2520, 2110.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No.	**0** - Yes.	**0** - Yes, the taxpayer has 90 days.
		S.C. Code Ann. § 12-60-450.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes, the South Carolina Constitution and statutes so require.	**0** - Assessors are required to exchange evidence prior to a County Board of Tax Appeal hearing, but they usually make the information available beforehand.
https://dor.sc.gov/forms/find-a-form?name=&category=Property&year=	S.C. Const. Art. X Sec. 6.	S.C. Code Ann. § 12-60-2530.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - The law only requires notice if there is an increase of $1,000, but practice in reassessment years is to send notices to all.	**1** - Reports are due by the close of the accounting period. Payment is due by Jan. 15 of the year following the tax year.	**1** - The burden is on the taxpayer to support their assertion of value, but the evidentiary standard is not clear.
S.C. Code Ann.§ 12-60-2510.	S.C. Code Ann. § 12-45-70.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - No. The assessment cap is 15% over the revaluation period. Ratios vary by property type from 4-10.5% so there is an enormous disparity in effective tax rates between commercial and residential.	**0** - Yes. Reviews before an Administrative Law Judge can present new issues and evidence.
	S.C. Code Ann. § 12-43-220.	S.C. Code Ann. § 12-60-2150(H).
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - The law requires that appeal procedure be included in the notice; practice is to send a notice of how to appeal.	**0** - Yes, using the federal underpayment rate, although the state has a 75-day grace period on overpayments.	**1** - No, the taxpayer has 30 days.
S.C. Code Ann.§ 12-60-2510(A)(1)(i)	S.C. Code Ann. § 12-54-25.	S.C. Code Ann. § 12-60-2150(H).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Every 5 years.	**0** - Yes, including 150 hours of education and 2000 hours of experience.	**0** - There is no fee for an initial appeal from either the SCDOR or county assessor.
S.C. Code Ann. § 12-43-217.	S.C. Code Ann. § 40-60-33.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes. Taxpayers can obtain valuation information on other assessments and tax rates from county websites.	**0** - Yes, 28 hours every two years.	**1** - 80% of the disputed tax must be paid if an appeal is likely to extend beyond Dec. 31. At the Court of Appeals, a bond for the full amount must be paid.
	S.C. Code Ann. § 40-60-35.	S.C. Code Ann. §§ 12-60-2140, 2550, 3370.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors use the recognized valuation methods prescribed for all property types.	**1** - As a public service, assessors generally publicize reassessment programs.	**1** - Third parties with "legal or equitable interest in the property" can intervene.
		S.C. Code Ann. § 12-60-2530(D).

South Dakota—Overall Grade C+		
Transparency - B	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - A website with a limited amount of information is available.	**0** - The DoR supervises local BoE's and performs sales ratio studies.	2 - Assessors typically have reviews but only after assessment has been notified.
http://dor.sd.gov/Taxes/Property_Taxes/	SDCL §§ 10-1-15, 10-1-16, 10-11-55.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes, pointers to property tax laws, rules, ratio studies, and the Assessor's Handbook are in a single place.	**0** - Yes, localities are required to use state forms.	**2** - No. Valuation notices must be sent by March 1 and appeals to the local BoE must be filed by 3rd week in March latest.
http://dor.sd.gov/Taxes/Property_Taxes/Property_Tax_Laws_and_Regulations.aspx		SDCL §§ 10-6-50, 10-11-16.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes.	**1** - For valuation increases >20%, an offer to provide information supporting the increase must be made, but many assessors will provide this information earlier.
http://dor.sd.gov/Taxes/Property_Taxes/Forms.aspx		SDCL §§ 10-6-33, 10-6-75.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes. Notice is required on a yearly basis.	**0** - Yes. Reports of telephone, public service, and pipeline properties due Apr. 15; airlines due June 1. Taxes due Jan. 1.	**1** - On the taxpayer to prove incorrect valuation with "credible examples of comparable property" or other evidence.
SDCL § 10-6-50, 10-38-29.	SDCL §§ 10-33-4, 10-29-3, 10-21-4.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The form of the notice varies by locality, but standards are set by the Secretary of Revenue.	**1** - A uniform assessment ratio median is required (85-100%). There are no assessment caps. Moderate difference between effective commercial/residential.	**0** - Yes. Appeals starting at the County Board of Equalization are
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Many counties will include appeal guidelines, but they are not required unless the change in valuation is at least 20%.	**2** - No. Interest on underpayments is .833% per month, while interest on overpayments is 4% per year.	**2** - No, the appeal deadline dates depend heavily on jurisdiction and year. They range from 13 to 75 days.
SDCL § 10-6-75.	SDCL §§ 10-18-17, 10-21-23, 54-3-16.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Annually.	**1** - A certificate issued by DoR is required, obtained by exam or training program.	**0** - No.
SDCL § 10-6-2.	SDCL §10-3-1.1.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - All assessment/taxation information is public record and available from the state.	**1** - Yes, for certain levels of assessors.	**2** - If the appeal starts or extends past the due date, the entire amount must be paid.
https://apps.sd.gov/rv76salesratio/Login.aspx		SDCL § 10-27-2.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Assessors use the cost, market, or income approach. Agricultural property is valued using a separate formula.	**1** - There are no requirements; however, many counters do proactively publicize revaluations.	**0** - No.
SDCL §§ 10-1-16.1, 10-6-33.		

Tennessee—Overall Grade C-

Transparency - D	Consistency - C	Procedural Fairness - C
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - Property tax information is spread amongst a variety of websites.	**0** - The Division of Property Assessments supervises reappraisals and prescribes rules and regulations that for assessors.	**2** - Yes, property assessors provide for informal reviews but only after the assessment has been notified.
http://www.comptroller.tn.gov/sboe/sbptxov.asp	Tenn. Code Ann. § 67-1-202.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No, although the state BoE website does have recent property tax decisions.	**0** - Yes.	**2** - No. Notices are only required to be given 10 days before BoE meets, and appeals must filed during the BoE meeting.
	Tenn. Code Ann. § 67-5-505.	Tenn. Code Ann. § 67-5-508(a)(3).
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - For state assessed properties.	**0** - Yes. The lower appraisal values of comparables is valid ground for complaint.	**1** - Yes, to the Board of Equalization.
http://www.comptroller.tn.gov/sap/advalorem.asp	Tenn. Code Ann. § 67-5-1407(a)(1)(C).	Tenn. Code Ann. § 67-5-1401.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Taxpayers only receive notice if there has been a change in value or classification.	**0** - Yes. Property taxes are payable on the first Monday in October.	**1** - On the taxpayer by a preponderance of the evidence.
Tenn. Code Ann. § 67-5-508(a)(3).	Tenn. Code Ann. § 67-1-701; 67-5-903.	Tenn. Comp. Regs. 0600-1-.11.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The notification is required to show the previous year's assessment and classification and the current year's assessment and classification.	**2** - No. Rates and ratios vary widely based on property class. There are no caps. This leads to widely different effective tax rates for commercial and residential property.	**0** - Yes. Final decisions of the State BoE are subject to judicial review based on "the administrative record and any additional or supplemental evidence which either party wishes to adduce relevant to any issue."
	Tenn. Code Ann. 67-5-503(b); 67-5-801.	Tenn. Code Ann. § 67-5-1511.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - There is no statute that requires notice on how to appeal to be sent to the taxpayer.	**2** - Underpayments: prime rate less 2% or 1.5% per month (depending on whether appeal pending); overpayments: state's standard interest rate, 8.75%.	**1** - No. 45 days or August 1, whichever is later.
	Tenn. Code Ann. §§ 67-1-801, 67-5-1501.	Tenn. Code Ann. § 67-5-1412.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - On either a 4, 5, or 6-year cycle, depending on the county.	**2** - Not required, but there is certification available.	**0** - No fee for the county BoE. Further appeals may require reasonable fees.
Tenn. Code Ann. § 67-5-1601.	Tenn. Comp. R. & Regs. §0600-04-.01.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Yes.	**2** - No.	**1** - A taxpayer may pay the undisputed tax and as long as the challenge is in good faith, the unpaid amount will not accrue penalties and interest.
http://assessment.cot.tn.gov/RE_Assessment/		Tenn. Code Ann. § 67-5-1512.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Assessors determine market value, according to the sale value of the property.	**1** - Statute requires newspaper publication prior to the BoE's annual session.	**0** - No.
Tenn. Code Ann. § 67-5-601.		Tenn. Code Ann. § 67-5-1412.

Texas—Overall Grade B

Transparency - A	Consistency - C	Procedural Fairness - B
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes, an excellent, modern website.	**0** - Yes. The state comptroller sets min. standards for appraisal districts, conducts equalization studies, & reviews procedures.	**2** - Most districts offer informal reviews but only after the assessment has been notified.
https://comptroller.texas.gov/taxes/property-tax/	Tex. Tax Code § 5.03(a); Tex. Gov't Code §§ 5.102, 403.302.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes, including court decisions, rules, laws, and recent changes.	**1** - Forms are mandatory or need to be compliant with the Comptroller's model form and statutory requirements.	**1** - No, the taxpayer has 30 days after the final determination.
https://comptroller.texas.gov/taxes/property-tax/legal-resource.php		Tex. Tax Code § 41.44.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes, over 175 forms are available.	**0** - Yes, unequal appraisal is a valid reason to bring a protest before the appraisal review board.	**1** - The taxpayer may inspect any evidence that is to be relied on at least 14 days prior to a protest hearing.
https://comptroller.texas.gov/taxes/	Tex. Tax Code § 41.41.	Tex. Tax Code §§ 41.461(a)(2); 41.67(d).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes, notice is sent any time there is a reappraisal.	**1** - Yes. Payments are generally due Feb. 1. Reports are due April 15, but legislation has changed this date for some counties.	**0** - On the appraisal district to establish value of the property by a preponderance of the evidence.
	Tex. Tax Code §§ 22.23(a,b); 31.02(a).	Tex. Tax Code § 41.43.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The comptroller provides an excellent model form, but districts are not required to use it.	**2** - Rates and caps vary widely across location, property type, and usage, leading to different effective tax rates.	**0** - Review by the district court is
https://comptroller.texas.gov/taxes/forms/		Tex. Tax Code § 42.23.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - Yes, valuation notices must include detailed explanations, a pamphlet about remedies, and a copy of the protest form.	**1** - Both the state and the taxpayer pay 1% monthly, but the state gets a 60-day grace period before having to pay.	**0** - Yes, the taxpayer has 60 days to file an appeal with the district court.
Tex. Tax Code § 25.19.	Tex. Tax Code §§ 31.12(a), 33.01(c).	Tex. Tax Code § 42.21(a).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - At least once every 3 years.	**0** - Yes, appraisers must be certified by the state or by a recognized licensing body.	**0** - No fees are required for initial appeals.
Tex. Tax Code § 25.18.	Tex. Tax Code § 6.05(c).	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Appraisal rolls are public. Most districts post property info. on their websites and most county tax offices post tax bill info.	**0** - Yes, generally 20 hours per year.	**0** - The taxpayer must pay only the greater of the undisputed amount or the amount paid in the previous year.
Tex. Tax Code § 1.10.	Tex. Tax Code § 6.231.	Tex. Tax Code § 31.071(b).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Texas law requires appraisers to use the most appropriate of the cost, income, and comparison methods of appraisal.	**2** - There is no requirement to do so beyond the notice of appraisal.	**0** - A taxing may challenge the level of appraisals of a property category, but not the appraised value of a single property.
Tex. Tax Code § 23.0101.		Tex. Tax Code § 41.03(a)(1)

Utah—Overall Grade C		
Transparency - C	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - Yes, but it only contains specific information about centrally assessed property.	**0** - The state establishes standards, monitors compliance, and conducts sales ratio studies.	**2** - No, Utah taxpayers are only encouraged to meet with the assessor once the assessment has been notified.
http://propertytax.utah.gov/	http://propertytax.utah.gov/real/locally assessed	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - Part of the site tracks legislation but no general listing of laws and regulations.	**1** - No, but the state provides many forms.	**1** - 45 days real property assessment.
http://propertytax.utah.gov/general/ legislation		Utah Code Ann. §§ 59-2-1004, 59-2-1005.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes.	**1** - During the appeals process, in the course of a Board of Equalization hearing.
http://propertytax.utah.gov/forms		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Valuation notices are sent every year there is to be an assessment regardless of whether there is a value change.	**2** - No. Varies by county and by property type.	**1** - New legislation will share the burden of proof between the parties depending on whether the value defended is greater or less than the inflation adjusted value.
	Utah Code Ann. §§ 59-2-306, 59-2-1331.	http://propertytax.utah.gov/standards/ standard01.pdf
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes. Each county can make its own form, but all forms must be uniform in content and the commission must approve the form.	**2** - No, primary residences assessed at 55% of fair market value; other property 100%. There are no assessment caps. This leads to widely different effective tax rates between commercial and residential.	**0** - Yes, appeals before the District Court are
Utah Code Ann. § 59-2-919.1.	Utah Code Ann. § 59-2-103.	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - No, appeal information is not required.	0 - Yes. In either case, the federal rate +6% (with a minimum of 7% and a maximum of 10%).	**1** - No. Appeals must be filed by later of Sept. 15 or 45 days after the county auditor provided the valuation notice.
	Utah Code Ann. §§ 59-2-1330, 59-2- 1331.	Utah Code Ann. §59-2-1004(2).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annually, with physical reassessment every five years.	**0** - Yes, assessors	**0** - No.
Utah Code Ann. § 59-2-303.1.		
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some localities publish information online.	**0** - Yes. 28 hours every two years.	**2** - Yes, no escrow or deferred payment process.
	Utah Code Ann. § 61-2g-307.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Generally fair market value, except construction work in progress (full cash value projected on completion).	**2** - No, assessors are not required to proactively publicize revaluations.	**0** - Third parties do not have separate appeal rights.
Utah Code Ann. § 59-2-201.		

Vermont—Overall Grade C		
Transparency - B	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - Yes, although the website is broken up by the viewer's role - so "tax professionals" have different information to property owners.	**1** - The state Department certifies appraisal firms and can order reappraisal if the municipality's appraisal does not meet certain standards.	**2** - Taxpayers can write a written protest to the Board but given the short appeals window this seems of limited value.
https://tax.vermont.gov/property-owners	Vt. Stat. Ann. tit. 32, § 4041a.	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The Department of Taxes has a website where it links to various tax-related rules and rulings, but nothing property-tax specific.	**0** - Yes.	**2** - No. The taxpayer has 14 days from the receipt of notice.
https://tax.vermont.gov/tax-law-and-guidance		Vt. Stat. Ann. tit. 32, § 4401.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**0** - Yes.	**0** - Draft sheets and listers' notes are considered public records.
https://tax.vermont.gov/tax-forms-and-publications/property-owners		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes.	**1** - Reports are due by April 20, but payment dates vary by municipality.	**2** - On the taxpayer to produce "credible" evidence.
Vt. Stat. Ann. tit. 32, § 4046.	Vt. Stat. Ann. Tit. 32, § 4004; 4772.	
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Unknown.	**1** - There are no assessment caps and no classes of property subject to different assessment ratios, but there are still some differences between the tax rates for commercial vs. residential property.	**0** - Yes. Appeals to the Director or to the Court are
	Vt. Stat. Ann. Tit. 32 §§ 3481,3482,3651.	Vt. Stat. Ann. Tit. 32, § 4467.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes, but this does not seem to be a statutory requirement.	**2** - No. Underpayment: 1% for first 3 months, then 1.5%. Interest does not appear to be paid on overpayment/refunds.	**1** - No. The taxpayer has 30 days from the entry of the decision of the board of civil authority.
	Vt. Stat. Ann. Tit. 32, § 5136.	Vt. Stat. Ann. Tit. 32, § 4461.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Yearly.	**1** - Appraisal firms must apply for certification from the Department of Tax and meet certain qualifications.	**2** - Yes, a $70 fee per property.
Vt. Stat. Ann. tit. 32, § 4041.		Vt. Stat. Ann. Tit. 32, § 4461.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
2 - No.	**1** - 21 hours every 3 years.	**2** - Yes.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes. Fair market value is determined using the cost, sale, & income approaches.	**2** - Not beyond standard local posting of tax rolls.	**0** - No.
https://tax.vermont.gov/property-owners/understanding-property-taxes/assessment		

Virginia—Overall Grade C		
Transparency - D	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
2 - No.	**1** - No direct control, assessment ratio studies are performed at State level, and locals can be penalized for failing to meet assessment requirements.	**2** - The commissioner of revenue or other assessing official may hold a conference with the taxpayer if requested, but only after the assessment has been notified.
	Va. Code Ann. § 58.1-3259.	Va. Code Ann. §58.1-3983.1.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
2 - No.	**2** - No.	**2** - There are over 130 assessing authorities with different deadlines. Notice of an assessment increase must be mailed at least 15 days prior to the date of a hearing to protest the change.
		Va. Code Ann. § 58.1-3378, 58.1-3330.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - No.	**0** - Yes, fair market value and uniformity are Constitutional requirements.	**0** - Yes, the taxpayer can request the assessor's "working papers."
	Va. Const. Art. X Sec. 1.	
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Taxpayers receive a notice during reassessment years, or if there's a change in value.	**2** - Returns are generally due on May 1, but any county, city, or town can set its own dates.	**1** - On taxpayer by a preponderance of the evidence.
Va. Code Ann. § 58.1-3330.	Va. Code Ann. § 58.1-3916.	Va. Code Ann. § 58.1-3984(B).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The statute sets out minimum requirements, but the state does not prescribe a specific form.	**0** - Ratios are 100% of fair market value. There are no assessment caps.	**0** - Yes.
Va. Code Ann. § 58.1-3330(B).	Va. Code Ann. § 58.1-3503(b).	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Limited information on how to appeal is required.	**0** - Yes, 10%. Localities can use a different rate, but they must be equal.	**0** - Yes, taxpayer has at least 1 year from the Tax Commissioner's final determination to appeal to circuit court.
Va. Code Ann. § 58.1-3330(B).	Va. Code Ann. §§ 58.1-3918, 58.1-3916.	Va. Code Ann. § 58.1-3984(A).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - 2 years for cities and 4 years for counties.	**0** - Yes.	**1** - No fees for initial appeals, $275 fee for appeals to the state Tax Commissioner.
Va. Code Ann. § 58.1-3250, 3252.	Va. Code Ann. §58.1-3276, 3258.1.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, this information is available at the local level.	**0** - 28 hours every two years.	**1** - Subject to local standards, collection of the disputed amount can be put in abeyance.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Fair market value, as determined by sale price.	**1** - Yes.	**1** - The taxpayer's representative and the locality have appeal rights.
		Va. Code Ann. § 58.1-3982.

Washington—Overall Grade C+		
Transparency - B	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes, there is a website with clear explanations for lay people.	**1** - Yes.	**2** - Yes, but only after the assessment has been notified.
https://dor.wa.gov/find-tax-rates/property-tax		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Yes.	**0** - No, but the Department of Revenue must approve all forms.	**1** - No. 30 days, although counties can extend that to as much as 60 days.
https://dor.wa.gov/find-tax-rates/property-tax/laws-rules		Wash. Rev. Code § 84.40.038.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**2** - No, taxpayers can only appeal if their valuation is not a market value assessment. However, they can request equalization of assessments in their neighborhood.	**0** - Yes.
https://dor.wa.gov/get-form-or-publication/forms-subject/property-tax-forms		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Yes, but only when the value changes and the timing of notices can vary widely from year to year.	**1** - Yes. Personal Property reports are due on or before the last day of April. Payments are due Apr. 30 and Oct. 31.	**2** - The assessor is presumed correct. On taxpayer to show erroneous assessment by cogent, clear, and convincing evidence.
Wash. Rev. Code § 84.40.045.	Wash. Rev. Code §§ 84.40.040; 84.56.020.	Wash. Rev. Code § 84.40.0301.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Notices vary from county to county, but state law requires certain information on the notice.	**0** - Yes. Ratios are 100% of true and fair value. There are no assessment caps. This leads to equal effective tax rates between commercial and residential property.	**1** - The appeal is at the state board level and any subsequent appeal is based on the evidence already presented.
Wash. Rev. Code § 84.40.045, Wash. Admin Code § 458-12-360.		
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes. Information on how to appeal is included.	**2** - No, underpayments - 12%, overpayments - a variable interest rate based on short term Treasury bill rates.	**1** - No. The taxpayer has 30 days from local Board of Equalization to the state Board of Tax Appeals.
Wash. Admin Code § 458-12-360(5)(i).	Wash. Rev. Code § 84.56.020(5), 84.69.100.	
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annually, with physical inspections every 6 years.	**0** - Yes. The Department of Revenue confirms experience and provides an examination prior to accrediting assessors.	**0** - No.
Wash. Rev. Code § 84.41.030, 84.41.041.	Wash. Rev. Code § 36.21.015.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes, at the local level. The state website links to the various counties.	**1** - 15 hours every 2 years.	**2** - Yes. The tax must be paid regardless of the appeal.
	Wash. Admin Code § 458-10-050.	
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Yes, using accepted appraisal methods to arrive at current market value.	**1** - There is no legal requirement, but assessors often do of their own motion.	**0** - Only if the third party has a fiduciary interest or power of attorney.
Wash. Rev. Code § 84.40.030(3)(b).		

West Virginia—Overall Grade D		
Transparency - D	**Consistency - D**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**0** - The state government sets standards for assessors.	**2** - Yes, but only after the assessment has been notified.
https://tax.wv.gov/Business/PropertyTax/Pages/PropertyTax.aspx		
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - The site contains only the tax codes and is difficult to read.	**1** - In some cases, but the forms are often unclear to laypeople and many exemptions are handled at the county level.	**2** - No. 8 days for an informal meeting, formal appeals: notices sent as late as Jan. 15, appeal must be filed to the Board of Assessment Appeals by Feb. 20.
https://www.state.wv.us/taxrev/ptdweb/tax-codes.htm		
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Yes, but exemption forms are not available.	**2** - Unclear.	**0** - Yes, assessors are required to have supporting documentation of the values.
https://tax.wv.gov/Business/PropertyTax/Pages/PropertyTax.aspx		
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
2 - No. Notice is only given if the increase is more than 10% *and* $1,000, and this can be waived in some circumstances.	**0** - Yes. Taxes are due on Sept. & Mar. 1 and are delinquent a month after. A discount is given for payment by due date.	**2** - The burden is on the taxpayer to show erroneous assessment by clear and convincing evidence.
W.VA. Code § 11-3-2a(a).	W.VA. Code §§ 11A-1-3.	W.VA. Code § 11-10A-10.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
2 - Real and personal property are included together, and only the assessed value difference is given.	**2** - Most properties have a 60% ratio. There are caps. This leads to a large variance in effective tax rate between commercial and residential property.	**1** - Appeals of public utility assessments and Office of Tax Appeals hearings are
	W.VA. Code § 11-1C- 1(d).	W.VA. Code § 11- 10A-10; W.VA. Reg. 121-1-62.5.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
2 - No. There is no requirement that appeal information be included.	**2** - Underpayments - 9%; overpayments - no interest unless ordered by a court.	**1** - No. 30 days from after the order of the Board of Assessment Appeals is served.
	W.VA. Code §§ 11A-1-3 & 11-6-18.	W.VA. Code § 11-3-25.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Yearly, with physical inspection every three years.	**2** - No.	**0** - No.
W.VA. Code §§ 11-1C-7 & 11-1C-9.		
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Some counties are available in a state-wide database.	**2** - No, although there is a required annual meeting.	**2** - Yes. Failure to pay before delinquency can lead to the dismissal of an appeal.
http://wvpropertytaxes.com/		W.VA. Code §§ 11-3-25a.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Generally fair market value, except for farmland and managed timberland, which have their own standards.	**1** - Assessors are required by code to publicize revaluations through, among other things, a pamphlet.	**0** - No.
W.VA. Code § 11-3-1, 11-1C-10.	W.VA. Code §§ 11-3-2a(b).	

Wisconsin—Overall Grade C-		
Transparency - B	**Consistency - D**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes.	**1** - The state Department of Revenue regulates local assessors.	**2** - Yes, during the "open book" period, but after the assessment has been notified.
https://www.revenue.wi.gov/Pages/PropertyTax/home.aspx		Wis. Stat. §70.47(3).
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - No. The Wisconsin property tax website has a link to the general state statutes and administrative code pages.	**0** - Yes.	**2** - 15 days, or 30 at a revaluation, with the exception of state-assessed manufacturing property (60 days).
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Yes.	**2** - A taxpayer cannot challenge a single assessment on this basis, but they can challenge all assessed values on the basis that they assessed values are not uniform.	**1** - During the Board of Review the assessor must substantiate the valuation.
https://www.revenue.wi.gov/Pages/Form/govprtax-Home.aspx		Wis. Stat. §70.47(8)(h).
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Notice is only given if there is a valuation change.	**0** - Due dates are consistent throughout localities but vary by property type.	**2** - The presumption is that the valuation is correct, rebuttable is by "a sufficient showing…. that the valuation is incorrect."
Wis. Stat. § 70.365.	Wis. Stat. §§ 70.35(3); 74.11, 70.35(3).	Wis. Stat. §70.47(8)(i).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Yes.	**2** - No. Ratios may be different between classes of property. There are no caps, but there are limits on tax levy increases.	**0** - Yes. Appeals to the Board of Review and DoR allow new evidence. Appeals to the Circuit Court are
https://www.revenue.wi.gov/dorforms/pr-301f.pdf	Wis. Stat. §§ 70.05(5)(a), 70.32(4).	
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The information included is mostly limited to pointers to where to find more information.	**2** - No. Underpayments - 12% annual; overpayments - 6-month T-bill rate for most property tax cases.	**0** - Yes, the taxpayer has 90 days from the time of notice of an adverse decision by the Board of Review.
	Wis. Stat. §§ 74.47, 74.35, 74.37.	Wis. Stat. §70.47(8)(13).
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Full valuation is required at least once every 5 years.	**1** - Assessors are required to be certified by the state Department of Revenue.	**1** - Not for locally assessed property; $45 for state assessed manufacturing property.
Wis. Stat. § 70.05(5)(b).	Wis. Stat. §73.09.	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Yes. Valuation information is available at the local level, tax rate information is available state-wide.	**1** - 30 hours of CE & attendance at 4 of 5 annual assessor meetings over 5-yr period.	**2** - No. The tax must be paid for an appeal to be maintained.
	Wis. Stat. §73.09(4)(b).	Wis. Stat. § 74.35(5)(c).
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Assessors determine fair market value. Precedent favors the sale price method.	**2** - No, there is no requirement to proactively publicize revaluations.	**1** - None other than municipality appeals of state assessed manufacturing property.
Waste Management v. Kenosha County Board of Review, 184 Wis. 2d 541, (1994).		

Wyoming—Overall Grade C		
Transparency - B	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Yes. Property Tax Division website was redesigned in 2017.	**1** - State board equalizes rates between counties, oversight seems limited.	**2** - Prior statutes may have allowed this but currently it is not clear.
http://wyo-prop-div.wyo.gov/home	Wyo. Const. Art. 15 § 10	
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - There is a site which breaks out tax law, but it is not clear if it is kept up to date.	**1** - Yes, but county websites contain various forms e.g. for veteran exemption.	**1** - No. The taxpayer has 30 days to file the initial appeal of an assessment.
https://sites.google.com/a/wyo.gov/wy-dor/home/rules-and-regulations-by-chapter		Wyo. Stat. Ann. § 39-13-109(b)(i)
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Yes. Forms found under type of property (residential, commercial, agricultural, etc.)	**1** - Constitution and statutes require uniformity, but process for challenging valuation unclear.	**1** - Assessor has to substantiate valuation on appeal.
http://wyo-prop-div.wyo.gov/home	Wyo. Const. Art. 15 §§ 10-11	Wyo. Stat. Ann. § 39-13-109(b)(i)
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - There is no separate valuation notice, but the annual assessment notice has details that the taxpayer would expect from a revaluation notice.	**0** - Due dates are set by state statute but vary by property type.	**2** - Taxpayer bears the burden to present evidence rebutting presumption in favor of department's valuation.
	Wyo. Stat. Ann. §§ 39-13-107(a)(ii); (b)(i)(D)	Wyo. Stat. Ann. § 39-13-109(b)(iv)
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The information is clear.	**2** - Rates and caps vary widely across different types of property. County caps differ from city/town caps.	**1** - Review is before the county or state BOE, while appeal from a BOE to a court is on the existing record.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The state requires that the valuation notices contain appeal information.	**2** - No. Interest on underpayments is 18%, while interest on overpayments is limited to interest earned in an escrow account.	**1** - The board's rules require an appeal be filed within 30 days of the final administrative decision.
Wyo. Stat. § 39-13-103(b)(viii)	Wyo Stat. Ann. §§ 39-13-108(b)(ii); 109(f)	Wyo. Bd. Equal. Rules Ch. 2 § 5(e)
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Annual valuation with detailed review every 6 years.	**0** - Yes. The state mandates licensing for assessors.	**0** - No fee required
Wyo. Dept. Rev. Rules, Ch. 9 § 3(c)	Wyo. Stat. Ann. § 18-3-201	
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Information available at state and local level online, but taxpayer information is not redacted. Impressive online map for entire state.	**0** - Yes, 28 hours every 2 years required for permanent certification.	**1** - Protested tax is placed in an interest-bearing escrow account.
http://gis.wyo.gov/parcels	Wyo. Dept. Rev. Rules, Ch. 13 § 5(g)(iv)	Wyo. Stat. Ann. § 39-13-109(f)
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Property valued at current value; vacant land valued at highest and best use.	**2** - Assessors passively publicize revaluation.	**1** - Only a very restrictive set of third parties can appeal (county assessor, state Revenue Dept, "aggrieved parties" after exhausting administrative remedies).
ORPTS Counsel opinion, Vol. 10, No. 45		Wyo. Stat. Ann. §§ 39-13-109(b)(ii); 16-3-114(a)

AUSTRALIA

Australian Capital Territories—Overall Grade C+

Transparency - A	Consistency - C	Procedural Fairness - D
CENTRALIZED INFORMATION	CENTRAL AGENCY OVERSIGHT	INITIAL REVIEW
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - All taxation information can be found on the ACT Revenue Office website and is easy to understand. https://www.revenue.act.gov.au/	0 - ACT employs in-house valuers, and ratio analysis/regrading activities are specified in the ACT Rating Procedures Manual.	2 - Taxpayers can only have their land value reviewed by objecting to the valuation notice of assessment. Taxation Administration Act
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - ACT Legislation Register is linked from the property tax website and easily navigated. https://legislation.act.gov.au/	1 - There are standardized forms relating to land tax and rates on the ACT website, but no objection form.	0 - A taxpayer has 60 days to lodge objection. S.102 Taxation Administration Act
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - There are standard forms for exemptions, rebates and referrals but no bespoke objection form, however the contact us form may be used to object.	1 - Grounds of appeal not limited but case law has established the need for additional evidence. S.101 Taxation Administration Act 1999	1 - No the Commissioner is not required to produce evidence, but generally provides a valuation report if an objection is disallowed.
VALUATION NOTICE	EQUAL ASSESSMENT PRACTICES	FAIR INDEPENDENT TRIBUNAL
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Valuations are conducted annually and notices of assessments are mailed (or emailed) to property owners.	0 - Due dates for payments are consistent between rates and land tax.	2 - The burden of proof is on the taxpayer who must provide reasons for appeal.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Legislation requires notification of the unimproved land value. The notice gives details of the assessment basis but not land classification. S.12 Rates Act 2004	2 - Different assessment ratios/caps apply based on property type. Rates vary according to type of property/valuation bands.	0 - Legislation allows the taxpayer to introduce new grounds to support the value of property. S.108A Taxation Administration Act
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Details of how to object are included but not the relevant form.	1 - Premium of 8% interest on unpaid tax. Interest on refunds is paid at market rate. S. 111 Taxation Administration Act	2 - The time limit is 28 days after the objection decision. S. 10 ACT Civil and Administrative Tribunal Act 2008
VALUATION PRACTICE	ASSESSOR TRAINING/OUTREACH	OTHER PROCEDURAL FAIRNESS
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Properties are valued annually based on sales comparison.	0 - Yes, the ACT Government requires membership of a recognised valuation institute.	1 - No fees are payable for initial appeal, but ACAT charges fees, which may be less on grounds of hardship.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - ACT government makes tax rate information available but does not publish land valuations. They are available from ACT for a fee or via a commercially operated property sales website.	0 - All in-house ACT Government valuers are members of the Australian Property Institute and are required to complete professional development requirements to maintain membership.	2 - Payment is up to the taxpayer, however, an appeal does not 'stay' the assessment and interest may be charged.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - ACT valuations are based on individual comparisons with sales evidence. This approach is not legislated but has been confirmed by the Courts.	2 - The ACT Government does not publicise property tax revaluations.	1 - Legislation prescribes that the applicant and decision-maker are the only parties to an application for review, unless a third party was party to the original decision. S.29 ACT Civil & Administrative Tribunal Act

New South Wales—Overall Grade B+		
Transparency - A	**Consistency - A**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Information is provided by the NSW Valuer General and rating and taxing authorities. Significant efforts have been made to simplify the information. https://www.valuergeneral.nsw.gov.au/land_values	**0** - The NSW VG is ultimately responsible for all valuations produced in NSW for rating and taxing purposes. The VG sets policies and standards, and monitors compliance.	**1** - There is no legal right, however the VG encourages engagement with key industry stakeholders before the valuations are finalised, providing them with provisional values to consider.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - There is an easy to access website containing consolidated legislation, with direct links from the VG website. www.legislation.nsw.gov.au/maintop/scanact/inforce/NONE/0	**0** - The VG and Property NSW have standardised forms for data collection and objections/appeals. Individual local governments have their own forms for rating administration.	**0** - Taxpayers have 60 days to lodge objections. ***S. 35 Part 3 Valuation of Land Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - The forms are held on different websites. Objection forms are on the VG website. Forms for rebates and exemptions are on the individual Council websites. https://www.valuergeneral.nsw.gov.au	**0** - This is an acceptable ground for objection, however, at review the VG will consider comparison with market evidence. ***Part 3 Valuation of Land Act***	**0** - The VG supports an open and transparent objection process. All documents relating to the valuation are available to landholders. ***S.35C Part 3 Valuation of Land Act***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Notices are always sent out at revaluation for council rating purposes, but only if there has been a change in value at revaluation for land tax.	**0** - Due dates are legislated for rates and related to the issue of the assessment notice. ***Cb.15 Part 7 Local Government Act 1993***	**1** - Burden of proof legally lies with the appellant, but generally the VG must demonstrate the valuation is reasonable. ***Land and Env. Court Act 1979***
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The Notice includes the relevant zoning, size of land etc., together with an explanation of the basis of valuation. It provides full information.	**2** - Rating: each local government sets different rates dependant on property type. Land tax: there are 2 standard percentages dependent on value.	**0** - Following an objection review, new evidence may be introduced at the Land and Environment Court hearing.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Information on lodging an objection is included on the back of the Notice. There is an explanatory factsheet.	**1** - For rating, each council adopts their own policy. For land tax refunds any interest paid is reimbursed.	**0** - Yes; 60 days from the date of issue of the objection determination. ***S.38 Valuation of Land Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Revaluations take place at least once every 3 years. From 2017 all Local Governments will receive valuations on a common three year cycle.	**0** - There are no legal requirements, however valuers working for the VG must, under the terms of their contract, be a member of a recognised professional body.	**2** - No fee for the initial objection, appeal fees range from $336-$1912. https://www.lec.justice.nsw.gov.au/Pages/for/ms_fees/fees/feesschedule.aspx
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - The assessment values for the last 5 years, and tax rates, are published. https://www.valuergeneral.nsw.gov.au/land_values/land_value_search	**0** - The professional bodies require at least 20 hours per annum of CPD per annum to maintain their membership.	**2** - All taxes and rates owed on a property must be paid while an objection or appeal is being actioned. ***S.36 Part 3 Valuation of Land Act***
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognised methods are used to value all property types including named classes. ***Valuation of Land Act 1916***	**0** - There are no legal requirements, however the VG undertakes a substantial revaluation public information campaign.	**1** - Taxpayers with an interest, rating/taxing authorities and state depts can appeal. ***Part 3 Valuation of Land Act***

Northern Territories—Overall Grade B-

Transparency - B	Consistency - B	Procedural Fairness - C
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The NT GOV website is limited but provides necessary information. Each council website also provides details. https://nt.gov.au/property/	**0** - The VG imposes strict quality assurance on all returned values which are checked for consistency, grading, ratio comparison etc.	**1** - Factual information may be corrected, however after service of the Notice an enquiry must be made which, if not resolved, may become a formal objection.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The website is easily navigable; the legislation is consolidated and there is a link from the NT GOV website. https://legislation.nt.gov.au/	**1** - There are prescribed forms under the Valuation of Land Act. It is assumed that individual councils have their own forms.	**1** - The initial objection must be made within 30 days after the date of posting of the notice of valuation. ***S.18 Part V Valuation of Land Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - There are no forms on a centralized website. Forms for an initial review by the VG must be requested.	**2** - This is not a prescribed ground for objection. ***S.19 Part V Valuation of Land Act***	**1** - There is no legal requirement however the VG may provide a copy of the objection report to the land owner.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - A valuation notice is sent out to all taxpayers every 3 years, irrespective of whether there are changes in value.	**0** - Consistent due dates for payment exist across the councils.	**0** - The Valuation Board of Review has total discretion. Generally, it is for the Valuer-General to defend his valuation.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The notice details all attributes of the property including, legal description, zoning, owner, address, postal address, size of property, assigned UCV.	**2** - Different tax rates based on town planning zones are applied by each of the 9 different councils.	**1** - New facts and issues may be introduced at Valuation Board of Review, but the grounds stated limit the appellant at the Land and Valuation Review Tribunal. ***S.25 Part VI Valuation of Land Act***
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - There is a clear explanation of each step of the appeal process outlined with the notice of valuation.	**0** - Interests rates are equal. Interest on unpaid tax is legislated. ***Ch.11 Part 11.7 Local Government Act***	**1** - An appeal to the Valuation Board of Review must be made within 30 days after the date of the posting of the decision of the VG. ***S.20A Part V Valuation of Land Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Property is revalued every 3 years. ***S.10 Part IV Valuation of Land Act***	**0** - The VG and other valuers must be a fellow/associate of the Australian Institute of Valuers or hold equivalent qualifications. ***S.4 Part I Valuation of Land Act***	**1** - There is no fee for the initial objection to the VG, and a $20 fee for an appeal to the Valuation Board of Review. ***S.20A Part V Valuation of Land Act***
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Tax rates are available from Councils. The UCV for every property is available together with property attributes on NT Atlas web site.	**0** - Annual Continuing Professional Development points are required (usually 20 points).	**2** - The tax must be paid and can be refunded later if appeal successful.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Standard valuation methodology is prescribed and is consistent with IAW Inter/National valuation standards.	**1** - Land owners can look at the VG website for details on when the next revaluation is due.	**1** - Only the land owner and the rating authority may object. ***S.18 Part V Valuation of Land Act***

Queensland—Overall Grade B		
Transparency - A	**Consistency - C**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Queensland government website gives clear information about valuation and Land Tax. Individual council websites give details on council rates. www.qld.gov.au/environment/land/tax	**0** - Under the legislation the Valuer-General (head of the SVS) must exercise independent judgment but abides by Government policies/procedures. Central SVS policies and procedures are published and adopted by each regional office.	**2** - There is no legislation to allow for an informal/formal review of the valuation prior to a valuation release.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The website is easy to access and contains consolidated legislation. There are direct links from the qld.gov.au website. www.legislation.qld.gov.au	**1** - There are standard forms for land tax, but forms for council rates vary across each local government area.	**0** - Landowners may lodge an objection within 60 days of the date of issue of the valuation notice. ***S.109 Land Valuation Act 2010***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Objection forms are available on a centralized website. Remission and exemption forms are on council websites. https://www.qld.gov.au/environment/land/title/valuation/lodge-objections	**2** - Relativity as a separate ground is not included in the objection form. Ground 3, other grounds, excludes relativity as an example of a valid ground. ***Land Valuation Act 2010***	**0** - There is no legislation requiring evidence to be produced, however at each revaluation, market evidence and reports for each market segment are published.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - It is a requirement of legislation to give the owner of the land a notice of the annual valuation. ***S.26 Taxation Administration Act 2001***	**1** - Property tax filings are not required. Local authorities have only one issue date, but this may vary by authority. There is one issue/due date for land tax.	**1** - Legislation which assumed the VG to be correct is now repealed and a greater balance exists. ***Lawson v Valuer-General [2012] QLC 0027***
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The notice includes the property valuation method but not the property type or category. A brochure is included to help understanding.	**2** - Rating; rates vary by property type (e.g. Brisbane CC - 76 categories). Land tax; cent/$ rates vary for individuals and companies for each of 4 valuation bands.	**0** - The hearing of an appeal to the land court is a hearing for all property types and is limited to the grounds on the notice of appeal.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The notice includes the last date for objection and how the obtain the form. ***S.80 Land Valuation Act 2010***	**2** - Unpaid tax accrues interest at 11-12%. There is no interest paid on refunds.	**0** - An appeal must be made within 60 days of the decision from the VG. ***S.157 Land Valuation Act 2010***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Land valuations are issued annually unless there has been insufficient market movement to warrant a revaluation. ***S.72 Land Valuation Act 2010***	**0** - Valuers are required to be registered but membership of the Australian Property Institute is desirable but not required. ***S.214 Land Valuation Act 2010***	**0** - No fee is required for an objection to the valuation issued, filing an appeal to the Land Court or for or proceeding to a full hearing.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Tax rates are available on council websites. The valuation roll stays on the website for 90 days after publication but is otherwise available as a map based product.	**0** - The Valuers Registration Board requires a minimum of 10 hours CPD per calendar year, the Australian Property Institute requires 20.	**2** - The making of an objection, or the starting of an appeal, does not stop the levying of rates.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognised valuation methodology is used appropriate for the class of property.	**1** - There may be consultation with some stakeholder groups.	**0** - Third parties do not have separate appeal rights. ***S.105 Land Valuation Act 2010***

South Australia—Overall Grade B-		
Transparency - A	**Consistency - D**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Clear explanations are available on local council and the land services website including links to related sites. www.sa.gov.au/topics/planning-and-property	**0** - Valuations are undertaken by a private sector companies, with strong oversight of the contractual, quality and legislative requirements by the VG.	**1** - This does happen, but it is not a legislative requirement.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The website is easy to access and contains consolidated legislation, with direct links from land services website. www.legislation.sa.gov.au	**1** - Standardized objection and valuation review forms are available. www.sa.gov.au/topics/planning-and-property/owning-a-property	**0** - An objection must be lodged within 60 days of receiving the first rate notice from any rating authority for the financial year. ***S.24 Valuation of Land Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Objection forms are on the land services website. Exemption/rebate forms are on individual councils' websites. www.sa.gov.au/topics/planning-and-property	**1** - A taxpayer can question but not challenge a valuation based on relativity. The VG has the discretion to change a valuation on that basis.	**0** - The VG needs to justify his valuation or face the risk that the values will be altered based on the submissions made by the taxpayer.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - The rating authorities annual rates notice is legislated as the valuation notice. ***S.23 Valuation of Land Act 1971***	**0** - Instalment dates are legislated. ***S.181 Local Government Act 1999***	**0** - Both parties carry the burden of proof.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Limited explanation, including contact and website details for the VG, is given on the rate bill.	**2** - Each Council varies rates depending the property type and use. Land tax uses different $/$100 rates for 4 bands.	**0** - A taxpayer can appeal to an independent tribunal and can introduce new facts at the hearing.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - An explanation of the objection and appeal process is stated on the back of every rate bill.	**1** - Council rates: 2% penalty and interest at 3%/month above the rate paid on any refund. Land tax: only cost penalties are imposed. ***S.181 Local Government Act***	**2** - An application for review/appeal must be lodged within 21 days of receiving notice of the Valuer-General's decision. ***S.25C Valuation of Land Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Real property is valued annually, although the previous valuation may remain if the VG is of opinion that values have not altered. ***S.14 Valuation of Land Act***	**2** - The valuation industry is not regulated in SA. It is not necessary for a qualified valuer to be licensed or belong to an industry association.	**1** - There is no fee for the initial objection. Fees are payable for an application to SACAT. Taxpayers pay a lower rate than companies.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Tax rates are available on council websites. Taxpayers must pay a fee to obtain general valuation information about other assessments.	**2** - No.	**1** - Under legislation an objection is not a basis for non-payment. Some authorities may allow the disputed portion to be stayed. ***S.25D Valuation of Land Act***
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors are using recognized valuation methodologies, appropriate to the class of property they are valuing.	**1** - No. Under legislation the VG must publicize that the valuations have been undertaken and when they will come into force. ***S.13 Valuation of Land Act***	**0** - Only the person with an interest in the property can object. ***S.24 Valuation of Land Act***

Tasmania—Overall Grade C+		
Transparency - B	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Clear documentation is provided on the Land Tasmania/Land Tax gov't websites. There are links to all municipal councils for details of council rates. https://dpipwe.tas.gov.au/land-tasmania	**0** - All statutory valuations in Tasmania (including those contracted out to private valuation firms) are under the direction and control of the Valuer-General.	**2** - The owner of land only has formal objection rights, after the Valuation Notice is issued.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - There is an easy to access website containing consolidated legislation. There are direct links from the Land Tasmania website. www.thelaw.tas.gov.au	**1** - Each municipal council has their own forms. The Land Tasmania website has standard forms for information returns and objections. https://dpipwe.tas.gov.au/land-tasmania/office-of-the-valuer-general/forms	**0** - A person has 60 days from the date of receipt of the notice of valuation to lodge an objection in the approved form. ***S.28 Part 5 Valuation of Land Act 2001***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Forms are easily accessible on the Land Tasmania website which has links to local gov't websites for rebate forms.	**0** - A taxpayer can object on this basis, but the objection review would focus on the market evidence to establish the fair valuation for the property. ***S.27 Part 5 Valuation of Land Act***	**0** - The reviewing valuer is required to provide comparable sales evidence/reasons to support the valuation assessment.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Under legislation the VG is required to send a valuation notice at every revaluation. ***S.27 Part 5 Valuation of Land Act 2001***	**1** - For Land Tax due dates are set by State Revenue Office. For council rates there are 29 municipalities who issue notices according to their own practice.	**2** - The objector has to prove that the assessed value is not reflective of the market as at the date of the valuation. https://dpipwe.tas.gov.au/Documents/Objection-to-Valuation.pdf
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The Valuation Notice gives clear and understandable details of the property classification and a glossary.	**2** - Land tax: 2 value dependant rates. Council rates: each council determines their own rates which can vary between property types and fixed costs.	**1** - Appeals to the Land Valuation Court are confined those in the objection, but recent cases have allowed new information if provided in advance.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The Valuation Notice includes details of the objection procedure and a website address for the objection form.	**2** - Council rates; varies. Land tax; market rate plus penalty rate of 8% for unpaid tax, market rate only for refunds.	**1** - The objector has 30 days to require VG to refer the matter to the LVC. ***S.30 Part 5 Valuation of Land Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Six yearly. Adjustment Factors are applied annually for Land Tax and biennially for Municipal rating. S.20 ***Part 4 Valuation of Land Act 2001***	**0** - Legislation states that valuers must meet the requirements of a professional body - effectively by being a member. ***S.4 Part 1 Land Valuers Act***	**1** - There is no fee for an initial objection, but there are filing fees for the higher courts.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Tax rates are published by SRO and individual council websites. Assessed values are available for a fee.	**0** - To meet the requirements of the Land Valuers Act valuers are required to complete 20 hours CPD annually.	**1** - Generally the full amount, based on the original valuation, has to be paid, although there is discretion.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Both external contractors and VG valuers are required to utilize recognized valuation methodologies.	**1** - No, however leaflets may be distributed whilst inspecting properties for revaluation.	**1** - The rating authority and any State Department may object to a valuation. ***S.28 Part 5 Valuation of Land Act***

Victoria—Overall Grade C+		
Transparency - B	**Consistency - C**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Land Tax system is clearly explained on the SRO website. The VG's website deals with Council Rates and has links to the local councils' websites. https://sro.vic.gov.au/land-tax https://www.propertyandlandtitles.vic.gov.au/valuation/council-valuations	**0** - The state government supervises and audits all valuations. From 2022 the VG will carry out all valuations for rating and taxation purposes.	**2** - No, there is only an objection process after the valuation is final.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Consolidated legislation is available. There are links to the website on both the SRO and VG websites. https://www.legislation.vic.gov.au	**1** - Land tax objection form - SRO website. Council Rates rental questionnaire & objection forms - VG website. Others - individual council websites.	**0** - Yes, within 2 months after receiving the notice of assessment of land tax. ***S.18 Valuation of Land Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Land tax forms - SRO website. Council Rates forms - VG website. Individual council websites also provide their own forms.	**2** - No this is not a valid ground for objection.	**0** - Prescribed information is required including valuation approach adopted and sales/rentals relied on. ***S.15 Valuation of Land Regulations 2014***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Notices are issued annually for both Council Rates and Land Tax regardless of valuation change. ***S.15 Valuation of Land Act 1960***	**2** - Due dates vary between authorities.	**0** - Equal weight is given to taxpayer and the valuer.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Taxpayers receive a notice which varies by council. It provides details of the property, details on how to appeal etc.	**2** - Councils apply differential rates depending on property type/use. Land tax is divided by different value percentage for 5 tax bands.	**1** - The objector can rely on grounds of objection set out in the original objection and the application for review. ***S.24 Valuation of Land Act***
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes details of how to appeal are included.	**0** - Yes, they are equal.	**1** - The time limit is 30 days after the notice of the decision is given to the objector. ***S.22 Valuation of Land Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Revaluations are currently undertaken 2 yearly but become annual in 2019. ***S.11 Valuation of Land Act***	**0** - Yes, qualification and membership of Australian Property Institute (API).	**1** - There is no fee for the initial objection. For a subsequent appeal, there is a lodging fee and possibly hearing fees.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
2 - Tax rates are available: Land Tax - SRO website, Council Rates - each council's website. No information on the valuation of other properties is available.	**0** - The Australian Property Institute requires that 20 CPD points are accrued per year - equivalent to 20 hours CPD.	**2** - The taxpayer must pay the disputed tax, however if a there is a reduction as a result of the objection the refund plus interest will be paid.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognized valuation methods are used with guidelines for valuing specialised properties. www.propertyandlandtitles.vic.gov.au/valuation/council-valuations	**2** - No.	**2** - Anyone who is affected by the valuation has the right to appeal it. ***S.16 Valuation of Land Act***

Western Australia—Overall Grade B-

Transparency - B	Consistency - C	Procedural Fairness - B
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Comprehensive explanations are given for: Land Tax - State Revenue website; valuation process for land tax and council rates - Landgate/VG website. www.finance.wa.gov.au/cms/State_Revenue/Land_Tax www0.landgate.wa.gov.au	**0** - The Valuer-General is responsible for the general admin. of the Valuation of Land Act and is accountable for the valuation outcomes, including regulation of values in line with international accuracy and uniformity standards.	**2** - No, there is only an objection process after the valuation is final.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The centralized website is easily navigable. Legislation is consolidated. There are links on OSR website. https://www.legislation.wa.gov.au	**1** - They are preferred but not compulsory. Both OSR and individual councils provide links to Landgate's objection forms.	**0** - An objection may be made within 60 days from issue of the notice of assessment. ***Pt IV S.32 Valuation of Land Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Forms for exemptions etc are on the OSR and local council websites, objection forms on the Landgate website. www0.landgate.wa.gov.au/for-individuals/land-values/lodging-an-objection	**0** - An objection may be made on the ground that the valuation is not fair, unjust, inequitable or incorrect in comparison with other valuations in force. ***Pt IV S.32 Valuation of Land Act***	**1** - Only a brief statement of the reasons for the decision is required. At appeal to Tribunal, both parties should provide detailed submissions and evidence. ***Pt IV S.32 Valuation of Land Act***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Legislation does not provide for Notices of Valuation. Values are notified on assessment notices issued by rating and taxing authorities.	**1** - Payment dates for Land Tax (lump sum or instalments) are consistent. All councils offer payment options with similar, but not consistent due dates.	**0** - Equal weight with possibly some dispensation towards applicant. Both parties should provide detailed submissions and supporting evidence.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Values are notified on assessment notices issued by rating and taxing authorities and detail unknown.	**2** - There are 5 uniform rates of land tax depending on value across the state. Each of 139 local governments determines their own differential rates according to property use.	**0** - Yes: by notice to VG requiring referral to the State Administrative Tribunal. Additional information is allowed from both parties with sufficient notice. ***Pt IV S.36A Valuation of Land Act***
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Details are provided as to how to contact the Valuer-General to either discuss or object against a valuation.	**1** - Interest on outstanding land tax is charged at a higher rate than the rebated interest rate paid on refunds.	**0** - Yes; the objector has 60 days to request referral from the VG notice of decision. ***Pt IV S.33 Valuation of Land Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - Unimproved Value: annually. Gross Rental Value: 3 yearly for major cities etc., 4-5 yearly for others. ***Pt III S.22 Valuation of Land Act 1978***	**1** - Professional qualification is not required, however, most valuers are licensed under the ***Land Valuers Licensing Act 1978***.	**0** - There are no fees for the initial objection or the referral to the State Administrative Tribunal by the VG.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Regulated fees are charged for online extracts from the valuation roll. Tax rates are available from OSR and individual councils.	**0** - Land Valuers Licensing Act 1978 has a code of conduct including a requirement for CPD for licensed valuers.	**2** - All outstanding rates and taxes must be paid by the due date regardless of any objection or review proceedings. ***S.33 Taxation Administration Act 2003***
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - The definition of UV prescribes a formula basis for certain property classes. ***Pt I S.4 Valuation Land of Act***	**1** - The making of a general valuation is advised in the Government Gazette and newspaper advertisement.	**0** - Third parties do not have appeal rights, only the taxpayer. ***Pt IV S.33 Valuation of Land Act***

CANADA

Alberta—Overall Grade C+

Transparency - A	Consistency - C	Procedural Fairness - D
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Municipal Affairs website has an easily accessible and comprehensive property assessment and taxation section. http://municipalaffairs.gov.ab.ca/mc_property_assessment_and_taxation	**0** - Municipal assessments are reviewed to meet Provincial standards by the Assessment Standards Branch. The equalization process is explained on the Municipal Affairs website.	**2** - No, only after receipt of the annual revaluation notice.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Consolidated legislation is on a centralized website. There are easily accessible and comprehensive links from the Alberta Municipal Affairs website. www.qp.alberta.ca/	**1** - No, however there are a limited number of forms on the Municipal Affairs website.	**0** - There is at least 60 days from the mailing of the assessment notice to file an appeal to the Assessment Review Board. This period is also a customer review period where taxpayers may make an informal approach to the assessors.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - The compliance review form and Assessment Review Board (ARB) complaint form are standardized and on the Municipal Affairs website.	**0** - Appeals based on consistency are allowed. Fairness/equity in valuation, are standards set for both the Assessor and ARB. ***S.293 & 467 Municipal Gov'nt Act***	**0** - An assessed person has the right to see all assessment-related information about their own property, including information about the valuation model.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - An annual notice is served at reassessment. ***S. 308 Pt 9 Division 3 The Municipal Government Act Chapter M-26.***	**2** - Due dates are not consistent.	**2** - The Taxpayer/Appellant.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The minimum requirements for notice content are legislated. The class of property assessed is clearly identified. ***S.303 & 308 Municipal Government Act***	**1** - No, the municipality can set different tax rates for different classes of property, generally limited to residential, non-residential and farmland categories.	**0** - The appeal creates the opportunity to submit new evidence.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - It is legislated that the notice must include details on how to appeal. The relevant form may also be included.	**1** - Fixed percentage penalties are charged for late payments and no interest is paid on overpaid taxes/refunds.	**0** - The taxpayer has 30 days to appeal a decision of the ARB, however this increases to 60 days from 2018.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Revaluations are undertaken annually. ***S.285 Municipal Government Act***	**0** - Assessors must be registered as an accredited municipal assessor or possess equivalent qualifications or experience. ***Para 2 Qualifications of Assessors Regulations, Alberta Regulation 233/2005***	**2** - It varies between municipalities. If the relevant municipality has set a filing fee, non-payment will render the complaint invalid. The fee is returned if the ARB decides in favour of the taxpayer.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Comparative value information may be available on-line. Taxpayers may request information on up to 5 comparables. Tax rates by property class are available online.	1 - There is no legislative requirement for CPD re-certification, however, assessors may belong to organisations that do have these requirements.	**2** - The tax remains due and payable regardless of the appeal.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Most properties are valued to market value. Ministerial regulations may specify a non-market approach for limited classes.	1 - There is no legislative requirement, but it is a common practice in most of Alberta's municipalities.	**2** - Any assessed person/taxpayer in a municipality can appeal any assessed property. ***S.460 Municipal Government Act***

British Columbia—Overall Grade B+		
Transparency - A	**Consistency - A**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The BC Assessment (BCA) website provides clear and comprehensive information about property taxation. Municipalities provide details on payment. www.bcassessment.ca/	**0** - BCA is a Crown Corporation, reporting to the Provincial Government. The Assessment Act and the Assessment Authority Act govern BC Assessment.	**0** - Assessments may be revised after representation between publication of the completed roll (31 December) and the revised roll (basis adopted for taxation, late March). ***S.11 Pt 1 Assessment Act***
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Consolidated legislation is available on both a centralized and the BCA website. Legislation and related regulations are located together. www.bclaws.ca	**0** - BC Assessment requires the use of standardized forms for classification, exemptions and other matters.	**1** - Assessment notices are mailed on December 31. The deadline to file a Notice of Complaint to the Property Assessment Review Panel (PARP) is January 31. ***S.33 Pt 4 Assessment Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - BCA's website includes links to forms for creation of the roll, including property classification, exemption, appeals and information requests etc.	**0** - Fairness and equity are valid grounds for an appeal and challenging a valuation as out of line with similar properties is called an equity appeal.	**0** - BCA produce market trend and assessment shift reports. Assessors can be compelled to produce evidence at appeal. ***S.39 Pt 4 & S.46 Pt 5 Assessment Act***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes, by law, all owners must be sent a Notice on Dec 31 every year regardless of any value change. ***S.3 Pt 1 Assessment Act [RSBC 1996] Chapter 20***	**0** - Tax rate setting - by May 15. Notices sent - by end of May. Property taxes due - by July 2. ***S.197 Division 3 Community Charter [SBC 2003] Ch. 26***	**1** - The burden of proof lies with the appellant at first level of appeal (PARP) and assessor at second level (The Property Assessment Appeal Board).
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The valuation notice is comprehensive and includes property class and the basis of assessment etc. BCA's website illustrates the notice types. ***S. 1.2 Assessment Authority Act Regs 497/77***	**2** - Taxing authorities are able to set different tax rates for each property class, based on budget requirements and the distribution of property types.	**0** - If a person appeals to the Property Assessment Appeal Board, it is a appeal, and new facts and issues can be raised.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The assessment notice contains full information on how to appeal, including deadlines.	**1** - Late payment penalties are imposed (5-10%) rather than interest. Generally, no interest is paid on refunds.	**2** - PARB decisions are notified by April 7. Further appeals must be made by April 30. ***S.60 Pt 6 Assessment Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - BC is on an annual assessment cycle and properties are valued annually using mass appraisal techniques. ***Pt 1 Assessment Act***	**0** - Senior Appraiser and Assessor ranks of BCA are required to be members of Real Estate Institute of BC (REIBC) or Appraisal Institute of Canada (AIC).	**1** - There is no fee payable to submit an initial Notice of Complaint. There is a $30 fee for subsequent appeals to the Property Assessment Appeal Board.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Tax rate information and the assessments of other properties (incl. property details, sale prices) are online.	**0** - Senior appraisal staff/assessors must maintain the educational standards required by their professional bodies.	**2** - There is no option to have the disputed tax placed in escrow or a similar function until the appeal is resolved.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - 96% of market values are determined using recognized appraisal principles. The remainder use legislatively mandated methods. ***S. 19 Pt 3 Assessment Act***	**0** - The media from across the province were provided with a preview of the 2018 Assessment Roll. There is also a social media and advertising campaign.	**2** - Other taxpayers, the assessment authority, local government, taxing treaty first nation, or Nisga'a Nation; may also make complaints in specified circumstances. ***S.32 Pt 4 Assessment Act***

New Brunswick—Overall Grade B		
Transparency - A	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - There is comprehensive information about assessments, appeals etc. on the Service New Brunswick (SNB) website. www.snb.ca	**0** - Oversight is provided by the province of New Brunswick.	**2** - There is no provision in NB for providing the opportunity to taxpayers to discuss final assessment valuation, prior to it being place on the roll.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Acts/regulations are provided on Office of the Attorney General website. Comprehensive links from SNB website. www2.gnb.ca/content/gnb/en/departments/attorney-general/acts-regulations.html	**0** - SNB uses standardized forms for data collection, notices and appeals. Tax bills are prepared and delivered by the province on behalf of municipalities.	**1** - A property owner must make a request for a review within 30-days of the mailing of the assessment and tax notice. ***S.25 Assessment Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Relevant forms and information pertaining to property assessment is located on the SNB website.	**2** - Taxpayers cannot challenge an assessment based on equity. This has been confirmed by the Court of Queen's Bench.	**1** - There are no legislative requirements, however it is common practice for a range of property sales to be provided to the property owner.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Assessment and Tax Notices are issued annually. ***S.21 Assessment Act [RSNB 1973] Chapter A-14***	**0** - Yes, dates are set on a consistent basis. The province collects taxes on behalf of the municipalities.	**0** - *The Assessment Act* has been amended to be silent on the onus of proof. In practice, it is now a shared burden.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - There is limited explanation on the notice and more detailed explanation online. The notice is being reviewed to improve understanding and to consider separating it from the tax bill.	**1** - Property tax rates are set for two classes of property - residential and non-residential. These are consistent at provincial level but differ between taxing authorities.	**0** - The level of appeal to the Assessment and Planning Appeal Board provides for a hearing.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - The middle portion of the Notice, called "Request for Review of Assessment" can be completed and submitted.	**2** - Interest on unpaid property tax is generally greater than for refunds. For provincial property tax the annual interest rate is 9.5%, compared to 1.5% on refunds.	**2** - No. The taxpayer must appeal within 21 days of the issue of the decision from the Request for Review. ***S.28 Assessment Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Real property is revalued annually.	**0** - Designation is not mandatory, but SNB requires assessors to undertake courses leading to Canadian Residential Appraiser or Appraisal Institute of Canada designations.	**0** - No fees are applicable for a request for review or an appeal. ***S.17 Regulation 84-6 of the Assessment Act***
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - SNB Property Assessment Online (PAOL) is freely available to the public and allows access to property assessment and sales information. Detailed information is available to the owner only. https://paol.snb.ca/?lang=en	**0** - Assessors with a designation are required to meet the CPD requirement of AIC. Mandatory annual in-house training recognized by AIC awards CPD Credits.	**2** - Taxes must be paid before the penalty date on properties where an assessment is under dispute.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessments are based on real and true (market) value and assessors use the three approaches to value, to establish and defend assessments. ***S.15 Assessment Act***	**0** - Although this was not previously done, SNB has now commenced releasing information via the media.	**1** - Municipalities or other Taxing Authorities (Local Service Districts) also have appeal rights. ***S.28 Assessment Act***

Newfoundland and Labrador—Overall Grade B-		
Transparency - A	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Municipal Assessment Agency (MAA) website has explanations of assessments/ appeals. Municipal websites explain payment matters. City of St Johns has its own assessors & extensive website. www.maa.ca/propertyowners	**0** - Oversight is provided by the Provincial Government and a municipally controlled Board of Directors.	**2** - No. Assessment reviews and filing of appeals can only take place once the assessment notice has been issued.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Easily navigable consolidated legislation is on the House of Assembly website. A link exists from MAA website. www.assembly.nl.ca/legislation	**1** - The provincial assessment agency uses standardized forms for data collection, notices and appeals. Bills can vary between taxing authorities.	**1** - The deadline to file an appeal is thirty days after the mailing of the assessment notice. ***S.30 Pt 2 Assessment Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Various forms are available on the MAA website. Forms in connection with exemptions and reliefs are held on the websites of the municipalities.	**0** - A challenge can be made on these grounds. It is legislated that taxation must fall in a uniform manner across assessments. ***S.17 Pt 1 Assessment Act***	**1** - The assessor is compelled to appear as a witness and produce the evidence on which the valuations are based. ***S.35 Pt 2 Assessment Act***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes, a valuation notice is sent out at revaluation. ***S.25 Pt 1 Assessment Act [SNL 2006] Chapter A-18.1***	**0** - Assessments are typically mailed on the first Monday of October. Individual municipalities are responsible for billing.	**2** - The property owner.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The Notice gives details of who carries out the assessment, how properties are assessed and the appeal process, but little detail of property classification.	**1** - Properties are generally classified as either residential or commercial, although application can vary by region.	**0** - An appeal to the Assessment Appeal Commission is and new/additional information may be introduced.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - The form on which to appeal the assessed value is provided on the Notice.	**2** - Annual or compounding interest can be charged for unpaid tax. A compounding rate is generally 1%/month (City of St Johns - 1.25%). It is assumed that no/low interest is payable on refunds.	**1** - An appeal against the decision of the commissioner, has the right to appeal within 30 days after the mailing or delivery of the decision. ***S.39 Pt 2 Assessment Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - There are three-year reassessment cycles.	**0** - The only requirement is for senior level assessors to be professionally accredited, however all assessors are members of either AIC, IMA, or IAAO.	**2** - The amount of the fee is set by the Director of the Assessment Agency and is $25.00 for residential or $100.00 for commercial per property.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - MAA/City of St Johns websites provide the assessed value of each property. More detailed information is available for a fee. www.maa.ca/appeals/	**0** - All assessors must meet the continuing education requirements of their professional association.	**2** - Taxes must be paid on time on properties where an assessment is under dispute.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors employ the standard three approaches to value, as modelled in a CAMA environment. No methodology is prescribed.	**0** - There is no requirement, however the assessment authorities do issue media releases highlighting changes in the assessment across the jurisdictions.	**1** - Third party appeal rights are only available to municipalities.

Nova Scotia—Overall Grade C+		
Transparency - A	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Complete assessment information is provided Property Valuation Services Corporation (PVSC) website. www.pvsc.ca	**0** - The province of Nova Scotia is responsible for the governing legislation and requires PVSC to have an external compliance audit conducted every 5 years.	**0** - PVSC offers owners and agents an opportunity to review preliminary values of their property prior to the filing of the roll.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The provincial legislature website has consolidated property tax laws & regs. There is a link from PVSC website. https://nslegislature.ca/legislative-business/bills-statutes	**1** - PVSC uses standardized forms for data collection, notices and appeals. Tax bills are the responsibility of individual municipalities.	**1** - The appeal period is 31 days. A "late" appeal may be filed within 60 days but may require a special hearing for decide whether the appeal will be accepted. ***S.63 Assessment Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Forms for provincial/municipal assistance/ tax relief are accessed through provincial department and municipal government websites. PVSC forms and guides are found on their website.	**2** - Nothing in legislation allows equity challenges. The valuation standard is uniformity, but the court of appeal has held that this cannot be interpreted as comparison to other assessments.	**0** - There is nothing in legislation, however there is a common law duty set out in case law to provide disclosure sufficient to understand an assessment and sales evidence to support an assessment.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Valuation notices are issued on an annual basis from PVSC. ***S.53 Assessment Act Chapter 23 1989***	**2** - The schedule is determined by each municipality. Some send one tax billing per year, other send out two.	**2** - The property owner.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The Notice is clearly laid out and includes the property category, assessment explanation, how to appeal and contact details for further information.	**1** - Municipalities set two rates for residential/ resource, and commercial, property. These may also vary depending on location (e.g. urban/ rural).	**0** - An Assessment Appeal Tribunal appeal follows the stated grounds. Appeal to Utility & Review Board is a hearing & may include new evidence.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - The appeal form is located on the assessment notice.	**2** - Interest rates are greater for unpaid tax, e.g. Halifax: unpaid tax - 15%; refund - interest rate earned on short-term investments. ***S.5.0(b) Halifax Regional Municipality Administration Order 18***	**2** - An appeal against the decision of the first level appeal, the Tribunal must receive the appeal within 14 days of the date the appellant signed to receive their confirmed or amended assessment notice.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Reassessment occurs annually. ***S.52 Assessment Act***	**0** - Assessors are required to hold, or be working towards, a recognized professional designation. PVSC Training and Development Policy	**1** - There is no fee to file an assessment appeal.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - The PVSC website contains property search tools which allow users to display property valuation information. Tax rates are found on municipal websites.	**1** - Generally yes, however the CPD requirements can vary by accrediting organizations and the designation held by the Assessor.	**2** - Where the assessment is under dispute, the municipality will still require that the taxes be paid on the valuation assessed by PVSC.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Assessors use the three standardized methodologies for calculating and determining value.	**0** - Advanced notification of preliminary values occurs in each fall prior to filing the roll. This allows owners and agents to review the values.	**2** - Appeals can be made by any property owners in the same municipality, but specific notice requirements apply to third party appeals. ***S.62 Assessment Act***

Ontario—Overall Grade B		
Transparency - A	**Consistency - C**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Municipal Property Assessment Corporation (MPAC) provide an exceptionally clear and comprehensive website including market valuation reports. www.mpac.ca/HowAssessmentWorks	**0** - MPAC is responsible for all valuations. The Quality Service Commissioner uses Median Assessment-to- Sale Ratio and Coefficient of Dispersion to measure assessment quality and accuracy.	**1** - No general right to review. As part of the Advanced Disclosure Protocol consultations on valuation methodology of specified large & special purpose business properties takes place.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The Ontario Gov. website has easily navigable consolidated property tax laws and is linked from the MPAC website. www.ontario.ca/laws	**1** - There are standardized forms used by MPAC for data collection, notices and appeals, however, tax bills vary for each municipality.	**0** - Taxpayers are provided a 90-a day period to file an RfR from a valuation notice.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - The MPAC website provides a range of forms including the Request for Reconsideration (RfR). Each municipality has its own tax rebate application forms.	**1** - The legislation does not specify comparability as a valid ground, however recent case law has held that equality (and therefore comparability) outweighs accuracy.	**0** - The onus of proving assessment and equity value is on the assessment authority, i.e., MPAC.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - MPAC mails a Property Assessment Notice to property owners in Ontario at revaluation every four years.	**1** - Each municipality is responsible for payment dates, which are fairly standardized. No requirement for filings.	**0** - Onus of proving assessment and equity value falls on the assessing authority. ***S.40(17) Assessment Act***
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The notice is clearly laid out & includes details of assessment process, property classification and contact details. www.mpac.ca/sites/default/files/imce/pdf/PANBusinessSinglePartition2018.pdf	**2** - There are tax rates for a possible 38 different classes/subclasses of property. The MOF have provided a toolkit of options to remove properties from capping.	**0** - Under the Assessment Review Board (ARB) rules, within 14 weeks of the commencement date all evidence to be relied on must be filed with the ARB. This may include new issues or facts.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - MPAC's Assessment Notices clearly define the actions required for an RfR or appeal including where to find website information.	**2** - Unpaid tax: normally enforcement action is taken, but other penalties may be imposed (e.g. Toronto; 1.25% on day of default, then monthly). Refunds/overpayments: no interest paid.	**0** - An appeal to the ARB may be made by March 31 or within 90 days of the assessment notice (if no RfR made), or 90 days from the mailing date on the RFR decision. ***S.40(5) Assessment Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - All properties in Ontario are revalued every four years. ***S.19.2 Assessment Act [RSO 1990] Chapter A.31***	**0** - MPAC requires those in senior valuation roles to hold membership of a recognized professional body.	**1** - RfR: no fee. Appeals to the ARB: Residential, farm, managed forest properties $125 per roll number; others $300.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 – MPAC's *about my property* website allows assessment comparison. Tax rates are held by each municipality. www.aboutmyproperty.ca	**0** - MPAC employees are required to keep their recognized professional designation in good standing which may include CPD.	**2** - The property tax must be paid by the due date based on MPAC's assessment notice.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - MPAC uses one of the three recognized valuation approaches. Only the valuation of generating facilities is prescribed. ***S.19.0.1 Assessment Act***	**0** - The Advanced Disclosure Protocol for the 2016 Assessment Update involved pre-roll consultations for large & special purpose business properties.	**2** - An RfR may only be made by a property owner/taxpayer in municipality. ARB appeals may be made by any person. ***S.39.1 & 40.1 Assessment Act***

Quebec—Overall Grade C-		
Transparency - B	**Consistency - D**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - Each municipality has its own property assessors and most have websites explaining the system in lay terms, although the quality of websites varies. www.ville.quebec.qc.ca/citoyens/taxes-evaluation	**1** - No, but there are provincial procedures that must be followed, including a process of reporting.	**1** - There is no right in the Act to this effect, except for the case of a single use immovable of an industrial or institutional nature, as declared so by the Assessor.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - The Legis Quebec website provides consolidated legislation and related regulations. http://legisquebec.gov.qc.ca	**1** - Yes, there are provincial rules and regulations to this effect for many forms, but not all.	**0** - The application for review must be filed before 1 May following the coming into force of the roll. This exceeds 60 days. ***S.130 Ch. X of the Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - It varies from one municipality to another.	**2** - Comparability with other properties is not an appropriate ground on the standardized *Application for a Review*.	**1** - If the case goes to appeal to the Administrative Tribunal of Quebec the assessor must produce such evidence.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Yes at the deposit of a new 3-year roll, the taxpayer receives a notice of assessment. ***S.81 Ch. VIII Act Respecting Municipal Taxation Chapter F-2.1***	**1** - The dates for filing the rolls are fixed. The date of payments of taxes is governed by certain rules but may vary between municipalities.	**1** - The taxpayer initially bears the burden of proof. If the Assessor admits the deposited assessment is not the actual value; the rule is the preponderance of evidence.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Notices may vary between municipalities, however detailed information to be included is legislated. ***(Regulations regarding form content for municipal taxation) Chapter F-2.1, r. 6***	**1** - The assessment ratio is the same, however tax rates vary depending on the category of the immovable and the municipality.	**2** - An appeal to the independent tribunal against the result of the Assessor's administrative review must be based on the same subject matter as the application for review. ***S.138.5 Ch. X of the Act***
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Details of the how to file an administrative review/appeal are included with the notice.	**2** - For unpaid tax, a penalty rate is added to the interest rate paid on refunds (e.g. Montreal: penalty rate is monthly rate of 0.41% charged daily).	**0** - The taxpayer has 60 days from assessor's reply to the administrative review to lodge an appeal with the Administrative Tribunal of Quebec.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Reassessment takes place every three years. ***S.14 Ch. III of the Act***	**1** - The assessor or deputy are required to be a member of the Ordre Professionnel des valuateurs Agréés du Québec. ***S.22 Ch. IV of the Act***	**2** - A fee is chargeable by regulation of the assessing body (e.g. in Montreal fees range from $75 - $1000 depending on value). ***S.263.2 Ch. XIX of the Act***
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - There is no right to access valuation info for comparable properties, however the roll may be inspected or there will be online search facilities by property.	**1** - CPD is required by the Ordre Professionnel des valuateurs Agréés du Québec.	**2** - No, the sum due has to be paid irrespective of an outstanding appeal.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - All recognized valuation methods are used. The cost method must be used for industrial/institutional single use immovables. ***S.10 Ch. XIX of the Act***	**2** - In general, it is not required that the assessor be pro-active.	**2** - Any person bound to pay tax to the municipality or school board who uses the roll may file an application to review. ***S.124 Ch. X of the Act***

Saskatchewan—Overall Grade C+		
Transparency - A	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Property tax policy and info is on the Ministry of Government Relations website and the Saskatchewan Assessment Management Agency (SAMA) websites. www.saskatchewan.ca/	**0** - SAMA's governance role provides for quality coordination (informal process) and assessment audits (formal process).	**1** - It is common practice for assessment service providers to hold open houses/ preview periods to meet with property owners to discuss valuations and answer questions.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Consolidated legislation is on the provincial government Freelaw website. There are direct links from the Ministry of Government website. www.publications.gov.sk.ca/freelaw	**1** - Forms related to filing appeals are specified in legislation. Bills vary by municipality, but other forms are mostly similar in appearance. ***S.225(6) Pt X Div.6 The Municipalities Act***	**0** - 60 days is provided in a revaluation year; 30 days in a non-revaluation year. ***S.226 Pt X Div.6 The Municipalities Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Various forms can be found on the Ministry of Government Relations website, and SAMA's website (both as above) and various municipality websites.	**0** - Property owners can use comparable property assessments to indicate that their assessment is not being treated fairly.	**1** - 10 days prior to hearing, the assessor must provide the assessment field sheet and how it was determined. ***S.230(4) Pt X Div.6 The Municipalities Act***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - At revaluation assessment notices are sent out with additional communications to make property owners aware of possible assessment changes. ***S.216 Pt X Div.3 The Municipalities Act Chapter M-36.1***	**2** - The province has established legislated final dates when assessment rolls are to be posted. Municipalities have flexibility and taxes are due by the date specified on the local tax notice.	**1** - The initial burden of proof is with the appellant, however once it has been demonstrated that an error exists, the assessment appraiser assumes the burden of proof.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The contents of the valuation notice are legislated & include assessment information and property class etc. but limited info on the basis of assessment. ***S.215 Pt X Div.3 The Municipalities Act***	**2** - Municipal tax rates vary for property classes and are applied to the product of assessed value & property class percentage (established by the province). ***S.196 Pt X Div.1 The Municipalities Act***	**1** - For certain properties a appeal goes directly to Sask. Municipal Board SMB. If the appeal is heard at the first (Board of Revision) level, then no new facts/issues can be heard at SMB.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
0 - An appeal form is sent with the assessment notice.	**2** - Unpaid tax: starts at 1.25%/month (see Regina & Saskatoon). Refunds - no formal provisions for payment of interest.	**1** - An appeal to the Assessment Appeals Committee (AAC) of the SMB must be made within 30 days of being served with a decision of the BoR.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - All assessable property in Saskatchewan is revalued every 4 years.	**0** - Only licensed appraisers, who belong to an appraisal association, can undertake/supervise assessments.	**2** - A municipality may set an appeal fee for the initial appeal. Fees for the AAC level are set out in regulations.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Property owners can view comparable property valuations on the SAMA website (subject to confidentiality).	**1** - All licensed appraisers belong to one or more appraisal associations that require CPD.	**2** - Taxes are due by the date specified on the tax notice and no adjustment can be made for an appeal.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Properties are valued by the three recognised methods, unless subject to the regulated property valuation standard. (e.g. farm land, heavy industry)	**0** - There is no formal requirement. Assessors generally communicate in a pro-active manner, including media releases, mail outs, open houses and public forums.	**2** - Persons with an interest in the assessed value or property classification can appeal, as well as the municipality, another taxing authority or SAMA.

Hong Kong—Overall Grade B+

Transparency - A	Consistency - A	Procedural Fairness - C
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Comprehensive information is available on the RVD's website explaining all aspects of the rating system. http://www.rvd.gov.hk	**0** - RVD has quality assurance for valuation level and uniformity by benchmarking statistical results of ratio studies against the IAAO standards.	**2** - There is no provision under the Ordinance giving ratepayer the right to obtain a review before valuation is finalised.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Legislation is available on the government e-legislation website. A link is provided on the RVD's website. http://www.elegislation.gov.hk	**0** - There are standard specified forms used by the RVD for data collection, notices, proposals and objections.	**0** - Time limits are: over 60 days at revaluation; within 28 days for an Interim Valuation Notice. ***S.37 & 40 Pt IX of the Ordinance***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - The public forms section of the RVD's website provides a comprehensive list of easily accessible forms. www.rvd.gov.hk/en/public-forms/index.html	**0** - Under legislation, a taxpayer may challenge the assessment on the grounds that it is above or below its proper rateable value.	**1** - The Commissioner is required to provide evidence to support the valuation once it has been challenged by specific evidence.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Following annual revaluation, the new rateable value (RV) is shown on the April-June quarterly rates demand for the property. There is no separate notice.	**0** - All rates are payable quarterly in advance, normally falls on the last day of January, April, July and October.	**0** - The onus of proof is upon the appellant to show that the RV is incorrect, however overall equal weight is given to evidence provided by both parties.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - At revaluation, explanatory leaflets explaining the basis of the revaluation are sent with the demands. A Notice of Interim Valuation sets out the basis of valuation in simple terms.	**0** - Rates are charged at a percentage of the rateable value of the property and a single percentage rate is applied across the board.	**1** - Grounds of appeal are confined to those stated in the appeal. The tribunal may allow new facts to be raised provided they fall within the stated grounds of appeal.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - A leaflet on how to appeal is included with rate demand following revaluation. Details of how to appeal is included on the interim notice.	**1** - There is no interest on unpaid rates, but they may be subject to a penalty surcharge of 5% and later 10%. No interest is paid on refunds. ***S.22 Pt V Rating Ordinance (Cap. 116)***	**2** - An appeal must be lodged with the Tribunal within 28 days after the service of the notice of decision. ***S.42 Pt IX of the Ordinance***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - General revaluations are on an annual basis to ensure that rates are charged equitably according to prevailing market rentals and on an up to date basis.	**0** - The entry requirement for RVD is Professional Membership, General Practice Division, Hong Kong Institute of Surveyors (HKIS), or equivalent.	**1** - Fees are payable for lodging appeals with the HK Lands Tribunal or higher courts.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - After each revaluation, a valuation list containing tenement descriptions and rateable values of all assessed properties is available for public inspection from March to May each year.	**0** - Professional members of HKIS are required to complete a minimum requirement of 60 hours of continuing professional development (CPD) over a three-year period.	**1** - Rates must be paid as demanded, although in exceptional circumstances, the Commissioner may hold over payment of all or part of the rates due, pending a decision on appeal to the Tribunal.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - The three recognized valuation methods are used to arrive at the rateable values of all properties.	**0** - Yes - press releases, media announcements and communications with various large corporate ratepayers.	**1** - A third party who is aggrieved may appeal in specified circumstances. ***S.37 Pt IX of the Ordinance***

Ireland—Overall Grade C+		
Transparency - B	**Consistency - B**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - Local Authority Rates (LAR): detailed explanation on the Valuation Office (VO) website. Local Property Tax (LPT): full details of self-assessment are on the Revenue Commissioners (RC) website. www.valoff.ie	**0** - LAR: By legislation, the VO, through its statutory head - the Commissioner of Valuation - is independent in carrying out its functions.	**0** - LAR: Yes. Representations may be made following the publication of the proposed valuation certificate.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - There is a central Government website for Irish legislation. The legislation is also on the VO and IR websites. www.irishstatutebook.ie	**0** - VO and Revenue Commissioner forms are issued centrally and do not vary.	**1** - LAR: Within 40 days of receiving a PVC. LPT: An appeal only arises where the Revenue alters a self-assessment. ***S.26(2) Pt.5 Valuation Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Standardized forms are available in relation to: LAR - on the VO website; and LPT - on the Revenue Commissioners website.	**0** - LAR: At revaluation, this type of challenge is valid. LPT: Application can be made to alter the declared valuation on the grounds that was incorrect.	**1** - LAR: VT may direct anyone to give evidence. LPT: The liable owner must retain information used for his property valuation. ***S.8 Sch.2 Valuation Act***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - LAR: the legislation provides for notification at all stages. LPT: relies on self-assessment and filing by the t/p.	**1** - LAR: Consistent due dates for filing. Billing varies by authority. LPT: Filing and payment dates are consistent nationally.	**1** - LAR: Burden of proof rests with the appellant. LPT: Burden of proof falls equally on t/p and Rev. Commissioners.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - LAR: The Proposed Valuation Certificate (PVC) sets out the property class and how it has been valued. LPT: The Notice of Estimate includes a booklet detailing how to value a property for LPT.	**1** - LAR: One Annual Rate on Valuation (ARV) for each local authority; no differential ratios or caps for particular categories. LPT: Residential tax rates may vary between local authorities.	**1** - LAR: At VT the presumption is no review, however, there have been exceptions. LPT: Taxpayers may introduce whatever facts and issues they consider relevant.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - LAR: Details of how to make representations are given on the PVC. LPT: The RC website gives advice for a taxpayer believing the declared valuation is incorrect.	**1** - Simple interest payable at the daily rate of 0.0219% is payable for unpaid tax and 0.011% for a refund of tax.	**1** - LAR: appeals to VT may be made 28 days from the issue of the final valuation certificate. LPT: There is at least 60 days to appeal to the Tax Appeals Commission. ***S.34(2) Pt.7 Valuation Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - LAR: 5 to 10 yearly. LPT: 1st self-valuations were 2013, next 2019. ***S.25(2) Pt.5 Valuation Act No 13 of 2001***	**1** - No but they are encouraged to obtain full membership of the Society of Chartered Surveyors in Ireland.	**2** - No fee for representations against a PVC. -250/property is payable to apply for individual valuation revision.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - LAR: The Valuation List is a public document. LPT: Valuation information about other assessments is not available. ***S.23(4) Pt.5 Valuation Act***	**0** - The office expects a minimum of 20 hours CPD to be obtained per annum.	**1** - LAR: No provision for escrow/ similar arrangement. LPT: individuals contesting liability are not required to pay pending determination.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - LAR: Assessors use the three recognized methods of valuation. LPT: Self-assessment is carried out by the comparative method.	**1** - LAR: A Notice of a Valuation Order for revaluation is published. LPT: The self-assessment form includes a Notice of Estimate. ***S.22(1) Pt.5 Valuation Act***	**2** - For LAR, the rating authority, an occupier/ interest holder in a property, an occupier of another property in the same rating authority area, all may apply.

New Zealand—Overall Grade C-		
Transparency - B	**Consistency - C**	**Procedural Fairness - F**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
1 - There is no central website. Each local authority website explains the system. The Land Information New Zealand (LINZ) website details Valuer registration and rates audit. www.aucklandcouncil.govt.nz/property-rates-valuations	**0** - The Valuer-General carries out audits of valuations, objections and processes and issues the Rating Valuations Rules which set quality standards for consistent, impartial and equitable rating valuation systems. ***S.5 Pt 1 Rating Valuations Act***	**2** - There is no legislative provision for a taxpayer to obtain a review before the values are finalized.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - There is a centralized website with mainly consolidated legislation. Links can be found on the LINZ website. www.legislation.govt.nz	**2** - There is no requirement for standardized forms.	**2** - Time limits for objections: within 30 working days for revaluation, 20 working days for other changes. ***Sections 4 & 5 Rating Valuations Regulations 1998***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Each local authority has its own forms on their respective website – these are often documented within the Long-Term Council Community Plan.	**1** - Objections must be based on comparable sales evidence at revaluation and comparable roll parcels for value changes during the currency of the roll.	**0** - On appeal/objection the valuer must document evidence to support their valuation review. ***Rule 6.3 Rating Valuations Rules***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Separate notices are sent to all properties following a revaluation. ***S.13 Part 2 Rating Valuations Act 1998***	**0** - Local authorities accept payment of the whole amount or 4 instalments and have consistent due dates.	**2** - The ratepayer has to prove their case – the benefit of doubt generally goes with the local authority.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - By prescription, notices explain the rating valuation process. Property type and category is defined in the Rules. ***Rule 2.9 Rating Valuations Rules 2008***	**2** - Local authorities vary tax rates between property types/uses. Authorities may rate on RV, targeted rates, uniform annual charges or a combination.	**0** - New facts and issues can be introduced at the Land Valuation Tribunal, provided they would have been available at the effective date of the revaluation.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Valuation notices sent to all property taxpayers detail appeal rights.	**1** - Unpaid tax: Legislative provision allows penalties not exceeding 10%. Refunds: no interest is paid. ***S.57 Part 3 Local Gov. (Rating) Act 2002***	**2** - Ratepayers can appeal to the Land Valuation Tribunal within 20 days of the decision of review letter from the council. ***S.36 Part 4 Rating Valuations Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - All real property is valued at least once every three years. ***S.9 Part 2 Rating Valuations Act***	**0** - Assessors must be registered valuers (hold a degree, Valuers Registration Board exam pass & 3 years' experience). ***S.8 Part 2 Rating Valuations Act***	**2** - No fee is required for an initial objection. There are lodging fees (NZ$50) and daily fees (up to NZ$900/day) for appeals to the Land Valuation Tribunal.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - Individual rating units and tax rates can be obtained from the website. Bulk data downloads are restricted.	**0** - The requirement for registered valuers is to complete and lodge details of at least 20 hours CPD annually.	**2** - Rates are paid on the value in the district valuation roll and payment can't be delayed until appeal are resolved.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Properties must be valued by registered valuers using International Valuation Standards and methodologies. There is prescription for some utilities. ***Rule 7 Rating Valuations Rules***	**1** - The territorial authority has overall responsibility for communications with ratepayers. Legislation requires revaluations to be publicly notified but only on completion.	**2** - There are appeal rights for: the VG, ratepayers against their own or any assessment in the same roll at revaluation, or against their own assessment after alteration. ***Part 4 Rating Valuations Act***

Singapore—Overall Grade B

Transparency - A	Consistency - B	Procedural Fairness - C
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The IRAS website provides comprehensive information about billing, payment, statutory valuation basis etc. www.iras.gov.sg	**0** - IRAS is responsible for all valuations and assessments and follow central guidelines.	**1** - For complex cases, the assessors will usually discuss with the owners on the assessment of their properties before issuance of the Valuation Notices.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - All consolidated legislation is accessible on Singapore Statutes Online. There are links from the IRAS website. https://sso.agc.gov.sg	**0** - Standardized forms are used for billing, valuation notices, objections and appeals - all functions of IRAS.	**0** - An objection may be made at any time within the year of revaluation, or within 30 days of a Notice of Alteration. ***S.20A(1) & (2) Pt III Property Tax Act***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Downloadable hard copy property tax forms are on the IRAS website. There is also *My Tax Portal* which allows forms to be submitted online. www.iras.gov.sg/irashome/Quick-Links/Forms/Property	**1** - Taxpayers are encouraged to rely on rental values of comparable properties available on the Housing and Development Board and Urban Redevelopment Authority websites.	**0** - There is no specific legal regulation on producing evidence, however it is professional practice to share evidence with our taxpayers during the engagements on their objections or appeals.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - A combined annual property tax bill and valuation notice is issued at the end of each year. Valuation notices are issued for in year changes.	**0** - Yes, the annual property tax bill has a payment due date of January 31st every year.	**1** - The taxpayer as appellant carries the burden of proof at the Valuation Review Board (VRB), however evidence from parties is given equal weight.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The combined notice/bill details valuation, property classification, tax calculation, etc. It is comprehensive and easy to understand.	**1** - Non-residential properties are taxed at 10%. Residential properties are charged rising percentages by value band and owner-occupation or other tenure.	**2** - An appellant will not be allowed to rely on any ground of appeal other than those stated in the Notice of Appeal unless he obtains the permission of the Board.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The notice directs taxpayers to the IRAS website if they disagree with the valuation.	**1** - Unpaid tax: 5% penalty. IRAS will pay interest on any late refund beyond 30 days. ***S.36 Pt V Property Tax Act***	**1** - The owner has 30 days from the Chief Assessor's decision to lodge an appeal. ***S.20A(7) Pt III Property Tax Act***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Annual Values (AVs) of properties are reassessed annually to account for the changes in market conditions.	**1** - Assessors must be trained in real estate, and have a local Diploma, University Degree in Real Estate or overseas equivalent.	**1** - No fee is payable for the initial appeal. At the VRB, a fee payment of $50 (owner-occupied residential property) or $200 (all other properties) has to be paid.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - IRAS publish tax rates and an e-valuation list, providing taxpayers with the AV and name of the owner of any property at a fee of $2.50 per search.	**0** - The assessors working under IRAS record their learning hours and meet about 100 hours per financial year.	**2** - A taxpayer is still required to pay tax by the due date even if he has lodged an objection. ***S.35A Pt V Property Tax Act***
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - The three recognized valuation methods are used. The AV of vacant/dev. land is generally taken to be 5% of capital value, although it is not prescribed. ***S.2(3) Pt I Property Tax Act Chapter 254***	**1** - Large corporate owners are engaged to understand the revaluation process and discuss the assessment of their properties in advance.	**0** - Only the person that falls under the definition of owner is able to appeal the valuation. ***S.20A Pt III Property Tax Act***

South Africa—Overall Grade C-		
Transparency - C	**Consistency - C**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Cooperative Governance Traditional Affairs website provides an explanation of the rates system, valuation, rate setting and the appeal process. www.cogta.gov.za	**1** - Oversight is currently at a provincial level mainly on procedural compliance with the legislation however there is a limited amount of oversight on valuations and quality.	**2** - No. Reviews are limited to after the publication of the Valuation Roll.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Primary legislation/amendments are available on the SA Gov website. A link is available on the Cooperative Governance website. www.gov.za/documents/acts	**1** - The forms that have been standardized and regulated are the objection and appeal forms.	**1** - A person may lodge an objection within the timeframe for public inspection of the roll, which may not be less than 30 days.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
2 - Objection and appeal forms are regulated but vary between municipalities. Applications for exemptions and rates relief may not be published.	**2** - Case law has confirmed that a valuation can't be challenged on the basis of consistency. ***Glencairn Buildings v Johannesburg Municipality 1926 TPD 68***	**1** - Within 30 days of notification of the valuer's decision, the objector may apply for the reasons for the decision. A fee may be payable. ***S.53 Ch.6 MPRA***
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Every ratepayer must receive a notice in a general or supplementary valuation roll. ***S.49 Ch.6 Municipal Property Rates Act (MPRA) No 6 of 2004***	**0** - Property rates are billed monthly and there are no requirements for ratepayers to submit tax filings.	**0** - In typical appeal board hearings equal weight given to the appellant and the municipal valuer.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - The format of the notice is prescribed. It provides details relating to inspection of the valuation roll and objections.	**2** - Ratios are imposed between tax rates, and tax rates vary, for certain property categories. Compulsory categories must be in place by 2022. ***S.8 Ch.2 MPRA***	**0** - Yes, an appeal is heard and decided by an independent valuation board and is considered
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The notice includes details of rights to objection and where to obtain the relevant form.	**0** - Interest is payable on unpaid taxes or a refund based on regulated conditions which are standardized.	**1** - An appeal must be lodged to the Valuation Appeal Board within 30 days of the date the written objection decision was sent. ***S.54 Ch.6 MPRA***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
1 - A valuation roll is valid for a maximum of 4 years for a metropolitan municipality, and 5 years for a local municipality. ***S.32 Ch.4 MPRA***	**0** - Municipal valuers must be registered in accordance with the Property Valuers Profession Act 2000. ***S.39 Ch.4 MPRA***	**1** - There is no fee payable for the initial objection, however, a fee may be payable if the objector requires the reasons for the initial objection decision.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - The valuation roll is a public document and must be available for inspection and published on the municipality website with tax rates and policy.	**0** - Registered valuers must amass 10 Continuing Education and Training (CET) points/hours per year or 50 in a 5-year period.	**2** - Even in an objection or appeal process the ratepayer is still required to pay the rates due. ***S.50(6) Ch.6 MPRA***
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
1 - Recognized valuation methods are used. A municipality approved mass valuation system may be used if market data is scarce. ***S.45 Ch.5 MPRA***	**1** - The date of the next revaluation is published on municipal websites including valuation, inspection and effective dates.	**2** - Objections may be made by any person against any matter reflected in or omitted from the roll. Also, a municipal council. ***S.50(4) Ch.6 MPRA***

Spain—Overall Grade B-		
Transparency - B	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Portal of the Directorate General of the Cadastre, on the Spanish Government website provides extensive information about Cadastral Values. www.catastro.meh.es/esp/faqs.asp	**0** - The valuations are carried out by, and regulated by, the Cadastral Office. The details of the procedure are set by a national law, the Real Estate Cadastral Law.	**2** - It is necessary to wait until the revaluation process is completed and then lodge an appeal.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - All consolidated legislation is on the website of the Spanish Official Gazette (Boletín Oficial del Estado). Links are provided on the Cadastre website. www.boe.es	**0** - The Cadastre website makes available to interested parties a set of forms for their use. www.catastro.meh.es/esp/procedimientos_tramites.asp	**1** - The taxpayer has one month, counted from the day following the receipt of the notification to lodge an appeal.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - A range of forms are available on the cadastre website. www.catastro.meh.es/esp/procedimientos_tramites.asp	**1** - Whilst consistency and accuracy are essential valuation standards, cadastral values are protected data and are generally available to the property owner only.	**1** - Yes, as in any other appeal, evidence must be provided to support the allegations.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Values must be notified after revaluation even if there is no change. ***Art. 29.1 Law on Real Estate Cadastre (TRLCI Ley del Catastro Inmobiliario)***	**2** - Each city council sets its own payment period. The only condition to meet is that the payment period must be at least 2 months.	**2** - It is the appellant who carries the burden of proof. The first appeal is usually addressed to Cadastre and must include all the allegations.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Cadastre has made efforts to make notification easy to understand, but some technical details are complex.	**1** - The basic tax rate is the same within a municipality. Supplements may be added e.g. for transport or extra services.	**0** - An appeal, with all supporting evidence, can be made to the Regional Economic-Administrative Tribunal.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - The notice letter includes all the details and also the instructions of how to appeal.	**0** - Yes, they are equal, and set annually by the National Budget Law.	**1** - The taxpayer has one month to appeal from the day after notification. ***Art. 29 Law on Real Estate Cadastre***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - 10 yearly with annual updates by coefficient. The National Cadastral Office is currently moving toward a *continuous update scheme* based on online transaction information exchange**.**	**1** - Assessors must meet some professional requirements.	**0** - There is no fee to make an initial appeal. Fees may be payable for lodging appeals to the higher judicial courts.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
2 - Protected cadastral data (value, ownership etc.) is only available to the property owner. Tax rates are published. ***Art.51 Law on Real Estate Cadastre***	**1** - No formal requirement is in place. But training programs by reputed appraisal companies and professional associations keep assessors updated.	**2** - An appeal submission does not suspend the obligation to pay the property tax bill.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognized valuation methods are used. Cadastral value may not exceed market value & is prescribed by adopting a reference coefficient of 0.5.	**0** - The revaluations are publicized by Cadastre.	**0** - The taxpayer is the usual appellant. Councils do not lodge appeals as they must approve the Cadastre office's revaluation before it is published.

The Netherlands—Overall Grade B-		
Transparency - B	**Consistency - C**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Netherlands Council for Real Estate Assessment, (*Waarderingskamer),* gives comprehensive details about property tax assessment (WOZ value). Detailed information is also provided by each municipality. www.waarderingkamer.nl	**0** - The Waarderingskamer supervises, audits and monitors the quality of municipal real estate property assessment.	**1** - It is not a legal requirement; however, many municipalities do offer the possibility of a review, usually via their website.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - All Dutch laws and regulations are on a centralized website and links are provided on the waarderingskamer website.	**1** - Standardized forms are provided on the websites of the different municipalities, but these are not mandatory.	**1** - The objection must be filed within 6 weeks of the date on the municipal tax bill or assessment notice.
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Property tax forms are available on the websites for each municipality.	**1** - Yes for residential properties. For non-residential properties the Woz values are not published	**0** - The municipality is obliged to provide appraisal reports giving details of the valuation.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - Yes. Revised property values are sent out with the municipal tax bill each year. ***Article 24 Ch. IV Immovable Property Valuation Act***	**2** - No the individual municipality is responsible for due dates.	**0** - The municipality.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - The content of the notice is prescribed. ***Article 23 Ch. IV of the Act***	**1** - There are three different rates of tax for each municipality – residential (owner) and non-residential (owner and user).	**0** - The taxpayer may appeal the assessment value to the District Court if they disagree with their notice of objection decision. This is a review.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Yes. It is a legal requirement to give details of how to object on the notice.	**0** - Yes, for 2017: 4%	**1** - A taxpayer has 6 weeks from the date on the decision to file an appeal with the administrative law sector, district court.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
0 - Reassessment is annual. ***Article 22 Ch. IV of the Act***	**1** - No, the Waarderingskamer has developed professional competence requirements for WOZ-employees.	**1** - No fees are charged for the initial objection. An appeal to the administrative law court attracts fees.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
1 - Taxpayers can view the property appraisal for their own assessment, but only the assessment value of others. Tax rates are published by the relevant municipality.	**2** - No.	**1** - The Municipal Tax Dept can grant a suspension of payment for the assessment that is contested, but it may attract interest if the objection is dismissed.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Three recognized valuation methods can be used: sales-comparison, income-capitalisation and DCF.	**0** - More and more municipalities provide advance information about the value and data used in the revaluation, but it is not mandatory.	**0** - A municipality has appeal rights at the Court of Appeal level, otherwise third parties do not have separate appeal rights.

UNITED KINGDOM

England—Overall Grade C+

Transparency - C	Consistency - B	Procedural Fairness - C
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The VOA website (at GOV.UK) is easily navigable and detailed and has been prepared with taxpayers in mind. www.gov.uk/government/organisations/valuation-office-agency	**0** - The VOA is responsible for all valuations and assessments, and follow central guidelines including co-ordination.	**1** - Only factual matters can be addressed by review during the 6-month draft list period.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Finding the legislation is difficult and successive amendments make it difficult to read. Links from the VOA website are hard to find. http://www.legislation.gov.uk	**1** - Standard forms are used by the VOA for data collection, notices and appeals. Bills issued by the local government differ by location.	**0** - NDR: within 4 months of completion of the check. CT: within 6 months for new occupiers. Other appeal rights are limited. ***Reg 6A The Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
1 - Forms for rental evidence are standard. Registering a check is a cumbersome process and many ratepayers are put off. Forms for rebates, payments - local government.	**1** - NDR: under the new CCA process it is likely additional info to that published on the website will be needed. CT: appeals can be based on comparables.	**2** - The assessor does not have to produce evidence until the taxpayer has provided his full case.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - From 2017 hard copy notices were abandoned and constructive notices were published online.	**0** - All payments are due at the beginning of the financial year - April. Payment by instalment is common.	**1** - The burden is on the taxpayer on a preponderance of evidence basis.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Constructive notice only at revaluation. Hard copy notices for alterations. Property types are clearly indicated.	**2** - NDR: there are differing rates for small or large businesses and numerous adjustments. CT: each council sets rates for 8 value bands (proportions legislated).	**0** - Both VT and Upper Tribunal (UT) hearings are hearing; however, it is expected that evidence must be disclosed prior to the hearing.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Constructive notice indicate that it is possible to register, to claim the property, to check, and then to challenge. Hard copy notices include details of how to appeal.	**1** - Unpaid tax is recovered by enforcement proceedings through the courts and penalties may be applied. There is no interest paid on refunded tax.	**0** - NDR: 4 months to appeal to VT from challenge decision. CT: at least 60 days where appeal is possible. ***S. 13B Alteration of Lists and Appeals Regs***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - There has been no revaluation for council tax (CT). Business rates (NDR) were 5 yearly revaluations, but the next will be 2021 and then 3 yearly.	**1** - No, although a significant number hold a professional qualification, and it is necessary for certain senior professional grades.	**2** - NDR: modest fees for appeal to VT. For NDR & CT: no fees for initial appeals, but UT appeal fees are substantial. ***S. 13D Alteration of Lists & Appeals Regs***
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - CT bands, and full NDR valuations (excl. sensitive information) are published. Tax rates for both taxes are published online.	**0** - Qualified chartered surveyors or members of other professional bodies are required to undertake 20 hours CPD/year.	**2** - Property tax is payable on the VOA's assessment by the due date. Payment cannot be delayed during the appeal.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognised valuation methods are used to arrive at the values of all properties.	0 - The VOA undertakes a communication programme. A draft list is published 6 months early for factual changes.	**1** - Prior to 2017, third parties had full appeal rights. Under Check Challenge Appeal those rights have been limited.

Northern Ireland—Overall Grade B-		
Transparency - B	**Consistency - A**	**Procedural Fairness - D**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Land & Property Services (LPS) website (part of ni.gov.uk) is straightforward and provides links to other sites providing property tax information. https://www.finance-ni.gov.uk/topics/property-rating	**0** - LPS is responsible for all property tax valuations. LPS has published central guidelines requiring a consistent approach to be adopted by all offices in its network.	**0** - In the period immediately prior to a new Valuation List coming into effect, LPS publishes draft assessments and seeks comment.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
0 - Consolidated legislation is available on the centralized website. The LPS policy division website details all legislation and policy changes. http://www.legislation.gov.uk	**0** - Standard forms are used by LPS for data collection, appeal notices and valuation certificates. The format of the tax bills is standardized and governed by LPS Revenue and Benefits directorate.	**0** - Northern Ireland operates an open appellant system where initial appeals can be lodged at any time to the District Valuer. ***S.49 & 51 Pt III Rates (Northern Ireland) Order 1977***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Forms are accessible from LPS, NI Direct & NI Business Info websites. LPS has online applications from which citizens can submit requests for review.	**0** - Yes. The reasons for the appeal must be stated on the relevant appeal form.	**1** - Yes, but subject to proportionality when considering the grounds of appeal and comparisons used by the taxpayer/ representative.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - For revisions between revaluations a Certificate of Valuation is issued. At revaluation the new list is published electronically, and the valuations set out on the annual rate bill.	**0** - No statutory requirement for property tax filings. Rate bills are issued at the beginning of the financial year (April) and payment can be in one lump sum or by instalments over 10 months.	**1** - At Tribunal there is a statutory presumption that the assessed value is correct, however usually LPS will provide evidence to support the valuation once it has been challenged.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - No revaluation notices are issued. Certificates of Valuation on revision provide a full explanation of terms, basis of valuation and appeal right.	**2** - The same tax rate applies to all properties located in the same District Council area. For domestic properties, tax assessment is capped at £400,000.	**0** - New evidence can be submitted at tribunal hearing, however it is expected that the parties will have disclosed the evidence prior to the hearing.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Notice of how to appeal is included on the Certificate of Valuation sent to the ratepayer on revision.	**0** - There is no interest payable on unpaid property tax, enforcement action and cost penalties are imposed. Interest may be paid on refunds in certain cases.	**2** - The taxpayer has 28 days from receipt of the Certificate of Valuation in which to appeal to either NIVT or Lands Tribunal (LT). ***S.54 Pt III the Order***
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - Domestic Rates (DR) – last revaluation 2007, none planned. Non-Domestic Rates (NDR) – last revaluation 2015, next 2020.	**1** - No, although a significant number hold a professional qualification as Chartered Surveyors.	**2** - No fees are payable for initial or next level appeals. For LT fees are 1% of the pre-appeal NAV to a max of £15,000.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - All property details & tax assessments are available on the LPS website. Full valuations are provided for shops, offices, factories and warehouses.	**0** - Those who are qualified are required to complete a minimum of 20 hours continued professional development each year.	**2** - The property tax is payable based on LPS's valuation assessment. Payment cannot be delayed until after any appeal has been resolved.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - The comparative, contractor's basis and the receipts and expenditure methods are used to value all properties.	**0** - Yes, LPS engages extensively with stakeholders and ratepayers to explain the valuation and rating processes.	**2** - Any person who is aggrieved by an alteration in the Valuation List may make an appeal.

Scotland—Overall Grade B–		
Transparency - B	**Consistency - C**	**Procedural Fairness - B**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The Scottish Assessors Association (SAA) website is easily navigable and comprehensive, although the taxes are complex. www.saa.gov.uk	**2** - The SAA has 14 appointed independent local Assessors. Although autonomous, the assessors are governed by strict rules and legislation, subject to regular audit and answerable to the Courts.	**1** - Once the draft Valuation Roll is published, taxpayers are able to correct any factual information.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Finding the legislation is not easy. Successive amendments make it difficult to read. Links are provided on the SAA website. www.legislation.gov.uk	**1** - SAA uses standard data collection forms. Valuation notices and appeal forms are prepared by each Assessor but Notice content is prescribed. Billing forms vary for each authority.	**0** - NDR: 6 months from notification of reval assessment. CT: 6 months for new properties, new taxpayers or an altered band. ***The Valuation Timetable (Scotland) Order 1995***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 - Appeal forms are on the SAA website. Forms for rebates, payments etc are held on individual local government websites.	**0** - Appeals can be made on the grounds that a valuation is out of line with the valuation of similar properties.	**1** - Yes, the assessor is required to produce evidence, but only on a "proportionate" basis.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
0 - Proprietors, Tenants and Occupiers (PTO) are sent notices about new, revalued or altered rating assessments and council tax bandings.	**0** - Consistent due dates apply throughout the national level and payment by instalment is common. No filings are required.	**1** - Equal weight is generally given to evidence provided by both parties, however, the burden is on the taxpayer on a preponderance of evidence basis.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
0 - Taxpayers receive a notice that is easy for a lay person to understand.	**2** - With the exception of large properties, the same NDR rate applies to properties. For CT the same rate will apply to properties in the same tax band and local authority area.	**0** - Valuation Appeal Committees (VAC) & Lands Tribunal hold hearings. S. 10 ***The Valuation Appeal Committee (Procedure in Appeals under the Valuation Acts) (Scotland) Regs 1995***
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Notice of how to appeal is included with any valuation notice sent to the ratepayer.	**2** - There is a 10% surcharge imposed on unpaid NDR. There is no interest paid on refunds at present.	**0** - For both NDR and CT, there is at least 60 days to file an appeal.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - There has been no revaluation for council tax (CT). Business rates (NDR) have been revalued 5 yearly or longer but will reduce to 3 yearly after the next revaluation.	**1** - Assessors are not required to possess a recognised professional qualification, although a significant number are professionally qualified.	**1** - There is no fee for submitting an appeal to the VAC, but fees are payable for appeals to the Lands Tribunal for Scotland.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - CT bands and detailed valuations (excl. sensitive information) for NDR assessments are published. Tax rates are shown on Government websites for NDR & local government websites for CT.	**0** - Assessors that are qualified chartered surveyors or members of other professional bodies are required to undertake 20 hours CPD per year.	**2** - Property tax is payable based on the Assessor's valuation assessment for both taxes cannot be delayed. ***S.9 Pt I Local Government (Scotland) Act 1975***
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognized valuation methods are used to arrive at the annual rental value of all properties.	**0** - At an NDR revaluation, the draft valuation roll is published 3 months before of it takes effect so facts can be checked.	**0** - Owners can appeal as well as occupiers but there are no other third-party appeal rights.

Wales—Overall Grade B-		
Transparency - B	**Consistency - B**	**Procedural Fairness - C**
CENTRALIZED INFORMATION	**CENTRAL AGENCY OVERSIGHT**	**INITIAL REVIEW**
Does the state have a website with clear explanations about property taxation?	Does the state regulate local assessors by performing e.g., ratio studies, equalization?	Does the taxpayer have a legal right to a review before a revaluation is finalized?
0 - The VOA website (at GOV.UK) is easily navigable and detailed. The taxes are complex, but it has been prepared with taxpayers in mind. www.gov.uk/government/organisations/valuation-office-agency	**0** - The VOA is responsible for all valuations and assessments, and follow central guidelines including co-ordination.	**1** - Only factual matters can be addressed by review during the 6-month draft list period.
Does the state have a separate website for property tax laws/regulations?	Does the state require the use of standardized forms?	Does the taxpayer have at least 60 days to file the initial appeal of an assessment?
1 - Finding the legislation is difficult and successive amendments make it difficult to read. Links from the VOA website are hard to find. http://www.legislation.gov.uk	**1** - Standard forms are used by the VOA for data collection, notices and appeals. Bills issued by the local government differ by location.	**0** - NDR: for initial appeals, any time during the life of the list. CT: within 6 months for new occupiers. Other appeal rights are limited. ***Reg.5 The Non-Domestic Rating (Alteration of Lists and Appeals) (Wales) Regs 2005***
Does the state have a website where its property tax forms are available?	Can a taxpayer challenge a valuation as out of line with comparable properties?	Is the assessor required to produce evidence upon which valuations are based?
0 – Appeal forms - VOA website. Forms for rebates, payments etc - local government websites.	**0** - Appeals can be made based on comparability with other assessments.	**1** - Yes, the assessor is required to produce evidence, but only on a "proportionate" basis.
VALUATION NOTICE	**EQUAL ASSESSMENT PRACTICES**	**FAIR INDEPENDENT TRIBUNAL**
Do taxpayers receive notice at revaluation, even if there is no valuation change?	Does the state have consistent due dates for property tax filings and payments?	Which party bears the burden of proof in connection with an assessment appeal?
1 - From 2017 hard copy notices were abandoned and constructive notices were published online.	**0** - All payments are due at the beginning of the financial year - April. Payment by instalment is common.	**1** - The burden is on the taxpayer on a preponderance of evidence basis.
Is the valuation notice clear and understandable?	Do the tax rates/assessment ratios/caps apply equally to all taxable properties?	Do taxpayers have a right to independent review introducing new facts and issues?
1 - Constructive notice only at revaluation. Hard copy notices for alterations. Property types are clearly indicated.	**2** - NDR: one tax rate (small business rate relief was introduced in 2017). CT: each council sets rates for 9 value bands (proportions legislated).	**0** - Both VT and Upper Tribunal (UT) hearings are ; however, it is expected that evidence must be disclosed prior to the hearing.
Does the valuation notice include information on how to appeal?	Are interest rates payable on unpaid property tax, and refunds, equal?	Does the taxpayer have at least 60 days to appeal to an independent tribunal?
1 - Hard copy notices where issued include details of how to appeal. The constructive notice has limited info, but full details are on the website.	**1** - Unpaid tax is recovered by enforcement proceedings through the courts and penalties may be applied. There is no interest paid on refunded tax.	**0** - At least 60 days to file any proposal/appeal. VOA must, within time limits, send the VT details of unsettled proposals which then become appeals.
VALUATION PRACTICE	**ASSESSOR TRAINING/OUTREACH**	**OTHER PROCEDURAL FAIRNESS**
How often is real property valued?	Are assessors/appraisers required to hold recognized professional qualifications?	Is the taxpayer required to pay a fee to make an initial appeal?
2 - The last Council Tax (CT) revaluation was 2005. Business rates (NDR) are 5-yearly but a reduction to 3-yearly is being considered.	**1** - No, although a significant number hold a professional qualification, and it is necessary for certain senior professional grades.	**1** - There is no fee for an appeal to VT, but fees are payable for appeal to UT. The Welsh Government is considering the question of fees as part of a larger review.
Can taxpayers obtain valuation and/or tax rate information for other assessments?	Are assessors required to meet continued professional development requirements?	Must the taxpayer pay the disputed tax regardless of an ongoing appeal?
0 - CT bands, and full NDR valuations (excl. sensitive information) are published. Tax rates for both taxes are published online.	**0** - Those that are qualified chartered surveyors or members of other professional bodies are required to undertake 20 hours CPD per year.	**2** - Property tax is payable on the VOA's assessment/band by the due date. Payment cannot be delayed until after any appeal has been resolved.
Are assessors using recognized valuation methods or are there some restrictions?	Do assessors publicize property tax revaluations?	Do third parties - e.g., municipalities/other taxpayers - have separate appeal rights?
0 - Recognised valuation methods are used to arrive at the values of all properties.	**0** - The VOA undertakes a communication programme. A draft list is published 6 months before the final list to allow for factual changes.	**1** - Anyone with a legal interest in the property may appeal, together with the Billing Authority (limited). **Reg.4(2) Alteration of Lists and Appeals**

The Council On State Taxation (COST) is a nonprofit trade association consisting of approximately 550 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

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Testimony to the Ohio Joint Committee on Property Tax Review and Reform

Fred Nicely, Senior Tax Counsel, Council On State Taxation

February 28, 2024

Co-Chairs Senator Blessing and Representative Roemer and Members of the Joint Committee, I appreciate the opportunity to testify today to assist this Committee in making recommendations to improve Ohio's property tax structure and business climate. My presentation will primarily focus on a property tax scorecard the Council On State Taxation (COST) issued in 2019 that graded the states (and other countries) on property tax administrative practices. Before that, however, I will explain COST's interest in the states' property tax systems. I will also highlight several areas where we recommend improvements to foster a better property tax system and business environment in Ohio.

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities. Many COST members do business in Ohio and are impacted by Ohio's property tax structure.

COST Engagement/Perspective with Property Tax Issues

Similar to the other state and local taxes we cover for our membership, our efforts are geared toward improving the administrative practices states use to collect and remit all state and local taxes. Our concerns are focused on ensuring the equitable and efficient administration of taxes, and not the level of taxes imposed by state and local governments. COST increased its focus on property tax issues and the states' administrative practices related to property taxes in 2008 based on input from our membership. With respect to property taxes, our Board of Directors has adopted a policy position on "Fair and Equitable Property Tax Administration Systems"[1] We also issue periodic Property Tax Scorecards (addressed below); provide our membership with legislative updates and education on property taxes; comment on property tax legislation; and file *amicus* briefs on cases dealing with property tax issues. Our policy position highlights the need for property tax systems to include: 1) *uniform tax base and rates* (tax should not disproportionally fall upon business); 2) *efficient filing procedures* (reasonable and uniform due date and valuation methods); 3) *centralized review and uniform appeal procedures* (a central

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[1] COST's "Fair and Equitable Property Tax Systems" policy position is available at: www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/fair-and-equitable-property-tax-systems.pdf.

agency should have oversight over local agencies valuations and appeal processes should be uniform); and 4) *no pre-payments on contested portions of valuations*.

Since 2002, addressing comments from various interested parties (including state legislators) that businesses are not paying their fair share of state and local taxes, COST, in conjunction with EY, has annually published a "State and Local Business Tax Burden Study."[2] For fiscal year 2022, property taxes in the U.S. accounted for almost 35% of the taxes paid by business ($373.1 billion) – more than the next two combined highest taxes on business, which are sales taxes on business inputs (21% - $225 billion) and corporate income taxes (13% - $141.4 billion). Ohio's property tax on business is similar, accounting for 32.7% ($9.9 billion) of the total taxes paid by business at the state and local level. Ohio's sales taxes on business are 23.1% ($6.5 billion) of the total and corporate income taxes (which includes Ohio's CAT and municipal income tax on net profits) are 8.8% ($2.7 billion) of the total.

Property taxes offer an interesting dynamic as compared to other taxes imposed on both businesses and households (total of $2.407 trillion). Households (end user consumers) on average pay about 55% ($1.333 trillion) of the total U.S. state and local tax burden, and businesses pay around 45% ($1.075 trillion). *However, the business share of property taxes is much higher; total U.S. state and local property taxes paid by business is 54% ($373.1 billion) as compared to 46% (317.6 billion) paid by households.* This is likely because property tax rates and assessment rates are often higher on business property (both real and personal), and most states still tax business personal property (while most household property is excluded). Thus, while many state legislators (and the general public) are justifiably concerned with the increase in property taxes paid by homeowners due to valuation increases, nationally, the overall property tax burden is still greater on business properties.

The Good and Bad of Property Taxes

The property tax is often identified as "the most hated tax," even more so than income taxes and sales taxes. This is likely because understanding how property taxes are imposed is often confusing, and unlike income taxes, the property tax is not based on the ability to pay the tax from current income streams. That said, property taxes are a stable source of revenue, and, on average, they fund 70% of public education at the primary and secondary school levels. [3] Additionally, property tax levies are often overseen by voters at the local level – those voters often control the imposition, continuation, increase, or decreasing of many property tax levies.

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[2] The "State and Local Business Taxes" study is available at: www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/fy-2022-ey-cost-50-state-bus-tax-study_optimized.pdf.

[3] The Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence publishes a "50-State Property Tax Comparison Study," which is a valuable resource for understanding the states' property tax systems. That study is available at: https://go.lincolninst.edu/50-state-property-tax-comparison-for-2022.pdf?_gl=1*1jk84ap*_ga*MzYzNDcwMjQ3LjE3MDg5NTc1MjQ.*_ga_26NECLE3MM*MTcwODk1NzUyNC4xLjEuMTcwODk1NzU1NS4wLjAuMA..&_ga=2.7127861.66216670.1708957524-363470247.1708957524.

Here are four good points and counterpoints to property taxes:

The Good	**The Bad**
Stable source of revenue	*Not based on the ability to pay*
Mass appraisal valuation data	*Valuations can still be subjective*
Fairly easy to administer	*Complex appeals and battle over appraisals*
Funds many local government operations	*Refunds create budget issues*

Property taxes, like many other taxes, are not perfect, but neither are they going away – all 50 states and the District of Columbia currently impose real property taxes. Additionally, over 35 states impose personal property taxes, and over 12,000 different county, city, and other local jurisdictions assess and/or collect those taxes in the U.S. COST tracks hundreds of state and local tax bills every year, including over 110 bills related to property tax last year. Property tax issues are clearly on the radar not just in Ohio, but in all 50 states, where legislatures are considering revisions to their property tax systems.

COST/IPTI Property Tax Scorecard

COST has issued three property tax administrative scorecards (2011, 2014, and 2019), with the last two done in conjunction with the International Property Tax Institute (IPTI), an international property tax association comprising government assessors, businesses, and academics. As with our administrative scorecard, "The Best and Worst of State Tax Administration" in 2001,[4] our goal with the property tax scorecards is to improve the overall administration of state and local taxes by objectively evaluating the statutory framework that drives state administrative tax practices – it is not a subjective review of the personalities of those in charge of administering state and local taxes. We currently evaluate the states with a letter grade format (A to F) because that evaluation makes it easier for state tax policy makers (state legislators and certain executive branch personnel) to better understand where the business community stands with a state's administrative practice regarding state and local taxation.

Our latest 2019 Scorecard of the "Best and Worst of International Property Tax Administration"[5] delves into many facets of property tax administration. It looks at three key principles in evaluating the states' (and several other countries' subnational jurisdictions) property tax practices: 1) *transparency* of the property tax system; 2) *consistency* (central oversight); and 3) *procedural fairness*. Each of those three key principles has three subcategories, each with an additional three factors that are evaluated (total of 27 evaluation criterion). A map of the U.S.

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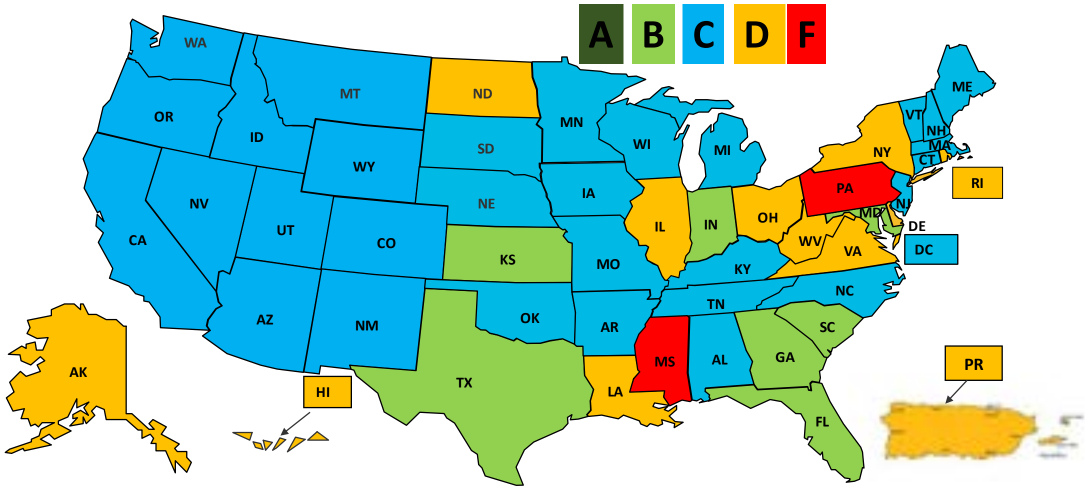
[4] The most current version of COST's "Best and Worst of State Tax Administration," 8th edition (December 2023), is available at: www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/cost-2023-admin-scorecard---final-draft-combined.pdf. Ohio's overall score was a "B+".

[5] COST/IPTI Scorecard on "The Best (and Worst) of International Property Tax Administration," is available at: www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/2019-international-property-tax-scorecard---final-june-20.pdf.

with results is provided below, showing Ohio received an overall score of "D+" – indicating there is much room for improvement.

Overall Property Tax Grades for U.S. States and Puerto Rico



Source: The Best (and Worst) of International Property Tax Administration, COST & IPTI, June 2019

Transparency Category – Ohio scored an overall D grade in this category (practices based on review of Ohio's 2018 procedures). This category addressed 1) centralized information on a state's property tax system, 2) valuation notices, and 3) valuation practices.

Our concerns with this category are the following:

Ohio (like several other states) has a practice of using assessment ratios that do not reflect the "true value" (*i.e.* market value) of the assessed property, which complicates the understanding of the tax applied to the actual valuation of a property. For example, the property owner (taxpayer) is presented with a "true value" of its property and a corresponding "taxable value" (also known as the "assessed value") for the levying of an authorized property tax. Ohio's taxable value is based on 35% of the true "market" value of real property. The application of an assessment ratio to reduce the taxable value of property only serves to further complicate the understanding of the impact of levied taxes when applied to real property valuations. Transparency dictates that valuations should be based on the actual valuation of a property (100% of its valuation) and any tax increase/decrease based on that valuation should be expressed by $X dollars of tax increase/decrease per $1,000 dollars of valuation (or a substantially similar format). Additionally, the use of a millage rate on assessed value only frustrates property taxpayers from understanding the tax impact from a property tax rate change. This is an easy fix; taxing property taxpayers at "true value" rather than an "assessed valuation" can be accomplished by automatically decreasing those tax rates based on a change from using an "assessment rate" applied to such properties to using a property's market valuation (true value) – for both homeowner and business owned properties.

Ohio's reduction of effective tax rates based on increases in valuation does a fair, but not great, job in controlling property tax increases. Ohio should avoid the practice used in some other states, such as California, that use the "Welcome Stranger" approach to limit property tax increases by artificially reducing valuation increases of property based on the date of purchase. This inequitably forces new owners of a property to pay more property tax on similarly valued properties that have not changed ownership for several years. It would also likely run afoul of Ohio's uniformity clause in the State's Constitution. Improvements should be made to the reduction factors put in place in 1976 (H.B. 920) and should consider applying the same reduction of tax rates to all classes of property (not separate for residential/ag property and all other property), and new construction should be part of the overall formula to reduce the tax rates to account for growth in the property tax valuation base.[6]

Properties also need to be revalued on a regular basis to make adjustments in valuations based on market conditions. Ohio requires these adjustments every three years, with a more detailed review (*e.g.*, physical inspection) every six years. In a perfect world, adjustments should be made annually and in periods of strong growth of property valuation, this reduces the "sticker shock" of valuation increases that are made less frequently. This Committee should consider requiring more detailed review by the county assessors at least every two years, instead of the three-year review process that is currently utilized.

Consistency Category – Ohio scored an overall C grade in this category (based on Ohio's 2018 procedures). This category addressed 1) central agency oversight of local assessors and uniform statewide property tax forms, 2) equal assessment practices for all properties, and 3) assessor training and public outreach.

Our concerns with this category are the following:

Presently, Ohio's Tax Commissioner is charged to verify that county assessors (in general the county auditors) are valuing property at its true value (market value). The Tax Commissioner's central oversight of verifying and requiring county assessors to make valuation adjustments to ensure properties are valued at their true market value in each county should not be diminished (and if anything, strengthened). The State should also review its qualifications and mandatory training standards imposed on county assessors (such as courses offered by the International Association of Assessing Officers) to assist the county assessors in determining the valuation of properties located in their jurisdictions.[7]

While an assessment rate of 35% is used to ascertain taxable value of real properties in Ohio, the assessment rates on certain public utility property are higher. In 2005, the Ohio Legislature

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[6] Any changes to the rate reductions would need to comply with Article XII, Section 2a of Ohio's Constitution.

[7] Texas is state that is known to have good property tax training requirements; those requirements are available at: https://comptroller.texas.gov/taxes/property-tax/arb/training.php.

enacted a major tax reform package to reduce taxes imposed on businesses making capital investments in the State. Part of accomplishing that goal was phasing out the State's personal property tax imposed on general businesses.[8] However, the personal property tax on certain public utilities, such as electric companies and pipelines, was not phased out. The assessment rates on certain electric company property (transmission and distribution equipment) is 85%, and heating and pipelines property is assessed at 88%, with an assessment rate of 24% to 25% for other property. For taxes payable in 2022, this amounted to a tax on $27 billion of assessed value, which amounted to $2.2 billion in tax. [9] These are taxes on capital investment in the state, and while it can be argued that property such as transmission and distribution equipment is not going to leave the State, it imposes an increased cost on all businesses conducting operations in Ohio when businesses purchase utility services from a utility that is still required to pay a personal property tax (with that cost passed on to its customers). Just as businesses evaluate wage, construction, and other costs when seeking to locate in a state, utility bills are also a factor. This Committee should seriously consider the ramifications of continued taxation of certain personal property and make recommendations for the elimination, or at least a significant reduction in those assessment rates.

Stability of the property tax base is also important. While it is understood there is a push by several states to increase homestead exemptions for residential properties, caution is warranted in this area to not increase a shift of the property tax burden to fall greater on business properties. Post-Covid, the value of many commercial properties is in flux with more employees working at home and the declining need for commercial office space.

Procedural Fairness Category – Ohio scored an overall D grade in this category (based on Ohio's 2018 procedures). This category addressed 1) the initial review of a proposed valuation, 2) fair and independent tribunal, and 3) other procedural fairness issues.

We have several concerns in this category. First, while many county assessors offer an informal review for a property owner to dispute a valuation after it is finalized, there should be a legal right for a property owner to have a proposed valuation reviewed prior to a value being established by a county assessor. This will assist in reducing property tax appeals and give property owners (especially more complex business property owners) the ability to explain a valuation concern prior to a valuation being finalized.

The burden of proof is also important. While the initial burden of proof is often on a taxpayer for most taxes because the taxpayer has control over most of the information for determining the tax owed; however, real property valuations are different. The county assessors make the initial value determination of real property and are in a better position of knowing the valuation trends in their jurisdictions; thus, the initial burden of proof for protesting a property tax valuation

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[8] Several other states have followed this trend with Michigan enacting legislation reducing its personal property tax on certain business properties, Wisconsin eliminating its personal property tax last year (effective this year), and West Virgina has proposed legislation to reduce/eliminate its personal property tax.

[9] This information was derived from the Ohio Department of Taxation's 2022 Annual Report; available at: https://tax.ohio.gov/static/communications/publications/annual_reports/2022annualreport.pdf.

should accordingly be on the county assessor.[10] Alternatively, the county assessor's valuation should not be given greater deference than a property owner's requested valuation.

Lastly, an improvement Ohio recently made was imposing restrictions on school boards filing valuation complaints with the enactment of H.B. 126 (2022). In general, the State's county auditors are the entities vested with determining the fair market value of real property. Allowing school districts and other governmental entities to independently dispute property owners' valuations, primarily targeted towards business properties, is unfair. The vast majority of the states do not allow this practice and it should be eliminated in Ohio. H.B. 126 is a step in the right direction, and some adjustments may be necessary to further improve the restrictions imposed on school boards filing property tax valuation complaints. In addition, while Ohio does not require full payment of a disputed property valuation for a property owner to appeal a valuation, in some instances the imposition of penalties and interest practically require a property owner to pay the disputed portion of a valuation. Instead, which also prevents local government authorities from relying on (and spending) property tax revenue that may be refunded, a property owner should not have to pay the disputed tax portion (or it should at least be held in escrow).

Conclusion

I appreciate the opportunity to testify today. COST shares the same goal as this Committee to improve Ohio's property tax structure, and to grow Ohio's economy and create jobs in Ohio. I would be pleased to answer any questions.

Respectfully,

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cc: COST Board of Directors
Douglas L. Lindholm, COST President & Executive Director

[10] Several states put the initial burden on the assessor, such as Georgia (OCGA § 48-5-311(g)(3)), Kansas (only residential property – KSA § 79-2426(c)(4)(B)), Missouri (MRS § 138.060), and Texas (TTC § 41.43).

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July 6, 2023
FINAL VALUES – 2023

2023 CURRENT AGRICULTURAL USE VALUE OF LAND TABLES EXPLANATION OF THE CALCULATION OF VALUES FOR TAX YEAR 2023

Formula Changes

Am. Sub. H.B. 49, of the 132nd General Assembly, prescribes the factors that must be considered in computing the Current Agricultural Use Value (CAUV). The lower values were phased-in using a two-step process over each county's next two revaluations, beginning with the counties undergoing reappraisal or update in 2017. That phase-in was completed with tax year 2022, and the values for 2023 continue to reflect the full impact of the changes to R.C. 5715.01.

Explanation of the Calculation

The annual current agricultural use values of land are calculated by the capitalization of net income from agricultural products assuming typical management, cropping and land use patterns, and yields for given types of soils. The necessary information is available for approximately 3,500 map units, which are the soils with slopes of 25 percent or less. The information used for a capitalized net income approach is as follows:

YIELD INFORMATION
CROPPING PATTERN
CROP PRICES
NON-LAND PRODUCTION COSTS
CAPITALIZATION RATE

Each of these factors is explained below.

A. YIELD INFORMATION

For each of the soil mapping units, data regarding typical yields of each of the major field crops (corn, soybeans and wheat) were last published in 1984. In order to reflect more accurate yields, those yields of record have been updated annually since 2006. The yields are updated by a factor based on ten years of statewide yield information published by USDA. For 2023, yield data from calendar years 2013-2022 were averaged and divided by the 1984 yield for each crop (Exhibit A). This factor is applied to the 1984 crop yield of record for each soil. The table below shows the average yields used to develop the factor for each of the crops.

		TY 2020	TY 2021	TY 2022	TY 2023
Crop	**1984 Base**	**2010-2019**	**2011-2020**	**2012-2021**	**2013-2022**
Corn	118.0 bu	162.3 bu	163.4 bu	167.4 bu	174.1 bu
Soybeans	36.5 bu	50.2 bu	50.8 bu	51.8 bu	52.9 bu
Wheat	44.0 bu	68.2 bu	69.2 bu	72.0 bu	73.1 bu

B. CROPPING PATTERNS

The cropping pattern for each map unit is assigned a rotation based on the most recent five-year average of crop acres harvested in Ohio: 37.1% corn, 57.4% beans, and 5.5% wheat. This rotation is based on data from 2018-2022 and closely reflects current agricultural production in Ohio. The acres harvested in each year are shown in Exhibit B.

There are two exceptions as follows:

1.) Soil map units with a productivity index of 55 or less are assumed to be most profitably used as pasture; in 2023, a minimum value of $350 is used for these soils. In 2012, the minimum value was increased from $300 to $350 per acre.

2.) A pattern of 50% corn and 50% soybeans is used for organic soils.

C. CROP PRICES

The crop prices used for the field crops are five-year weighted average prices. Crop price data is collected for seven years with the highest and lowest prices eliminated, and the average calculated using the remaining five years' data. The prices are weighted based on the statewide production for each year. For this calculation, the seven-year period is 2016 through 2022. The annual production and price per unit for each of these crops for the period are shown in Exhibit C.

The table shows average weighted prices for this period as well as prices for the three previous years. Each weighted price is reduced by 5% to allow for management.

		TY 2020	TY 2021	TY 2022	TY 2023
Crop	**Unit**	**2013-2019**	**2014-2020**	**2015-2021**	**2016-2022**
Corn	Bushel	$3.63	$3.59	$3.77	$4.21
Soybeans	Bushel	$9.12	$9.10	$9.32	$10.22
Wheat	Bushel	$4.84	$4.76	$4.75	$5.20

D. NON-LAND PRODUCTION COSTS

Data on crop production costs are used to estimate average non-land production costs. The data are taken from the Ohio Crop Production Budgets prepared by The Ohio State University College of Food, Agricultural and Environmental Sciences for 2017-2023, inclusive. Again, data are collected for the seven-year period and the highest and lowest costs for each category are eliminated from the array. Five-year average costs per unit of specific non-land production cost items are computed from the remaining data as shown in Exhibit D.

The budgets are computed for each crop at a base yield equal to the lowest yield reported and for each additional unit above the base yield based on information from the Ohio Crop Budgets (Exhibits D-1 through Exhibit D-3). The five-year average non-land production costs for tax year 2023 are summarized in the following table and compared to the costs used for tax years 2020 and 2022:

NON-LAND PRODUCTION COSTS				
Crop Base Cost	**Base Yld/2023**	**TY 2020**	**TY 2022**	**TY 2023**
Corn	139 bu	$503.44	$491.16	$509.17
Soybeans	43 bu	$331.48	$317.57	$323.41
Wheat	59 bu	$303.88	$269.72	$264.36
Additional Cost per Unit				
Corn	1 bu	$1.38	$1.30	$1.31
Soybeans	1 bu	$0.89	$0.91	$1.03
Wheat	1 bu	$1.33	$1.27	$1.37

E. CAPITALIZATION RATE

Five-year averaging is used to derive the Farm Credit Service interest rate of 5.76% (Exhibit E). Interest rate data is collected for seven years with the highest and lowest rates eliminated, and the average calculated using the remaining five years' data. The interest rate of 7.45% for the 20 percent equity portion is based on the 25-year average of the "total rate of return on farm equity" published by USDA (1997-2021, inclusive). (R.C. 5715.01)

The capitalization rate for typical Ohio farmland is computed by the mortgage-equity method. The statewide average effective tax rate after application of the reduction factors levied on agricultural property is 47.90 mills for tax year 2022 (R.C. 319.301). The 8.6 percent non-business credit rollback authorized by R.C. 319.302 reduces this rate further to 43.78 mills. As a percent of market value, the effective tax rate to be used in this year's capitalization formula is 1.5%, (0.35 x 43.78)/1000.

80% loan x annual debt service of 0.076422*		0.0611
20% equity x equity yield rate of 0.0745		+ 0.0149
	Subtotal	0.0760
Less: equity buildup for 25 years		
% loan x 100% mortgage paid off x sinking fund factor**		
(0.80) (1.00) (0.014810)		(0.0118)
	Subtotal	0.0642
Tax Additur Adjustment		+ 0.015323
Capitalization Rate		0.0800 or **8.0%**

*Mortgage constant assumes 25-year loan, 5.76% interest rate.
**Sinking fund factor assumes 25-year term, 7.45% equity rate.

> The capitalization rate, including R.E. taxes, is **8.0%** for typical Ohio farmland.

F. CROPLAND VALUES

The current agricultural use cropland value equals the rotational net return per acre of the soil map unit divided by the capitalization rate. However, the minimum value for cropland is $350 per acre for soils with 25 percent slope or less regardless of this calculated amount. In tax year 2012, the minimum value was increased from $300 to $350 per acre.

G. WOODLAND VALUE

1. The woodland value, with slopes of 25% or less, equals the cropland value less the costs to convert the woodland to cropland. The conversion costs used in the formula are as follows:
   a. Clearing - *$1,000 per acre for all soils*

   b. Drainage
      a.) Excessively drained, well drained, moderately well drained,
      (E, W, MW) - *No Conversion Cost*

      b.) Somewhat poorly drained, poorly drained, very poorly drained,
      saturated (SWP, P, VP) - *$890* for Tile Drainage*

      c.) For the following soil series, a $440* adjustment for surface drainage was used: Blanchester, Bono, Clermont, Condit, Conneaut, Darien, Fries, Ginat, Ilion, Latty, Lorain, McGuffey, Mill, Miner, Montgomery, Muskego, Paulding, Peoga, Piopolis, Purdy, Roselms, Sheffield, Toledo, Trumbull, Wabash, Wabasha, Warners, and Wayland.

2. The minimum value for woodland with slopes of 25% or less is $230.

* Due to the low number of survey responses for this expense category The Ohio State University did not publish an updated cost for this item. After consultation with the Department of Agricultural, Environmental, and Development Economics it was determined that the best available source for this cost was the last published number, which was from Ohio Farm Custom Rates in 2020, and it has been retained in the 2023 calculation.

H. PASTURELAND VALUE

Where soil map units listed in these tables or comparable soils are used for permanent pasture, the land should be valued as cropland.

I. MINIMUM VALUES

Slopes of 25% or less:

Cropland & pasture	$350
Woodland	$230

Slopes greater than 25%:

Woodland & pasture	$230

J. CONSERVATION LAND

Farmland in a federal land retirement or conservation program is eligible for CAUV. Additionally, land used for conservation practices is eligible if it comprises 25% or less of the landowner's total CAUV land. As defined by R.C. 5713.30(E), conservation practices are farm management practices used to abate soil erosion as required in the management of the farming operation, including the installation, construction, development, planting, or use of grass waterways, terraces, diversions, filter strips, field borders, windbreaks, riparian buffers, wetlands, ponds, and cover crops for those purposes. The lowest CAUV value of all soil types is applied to farmland used for conservation practices or enrolled in a federal land retirement or conservation program under an agreement with an agency of the federal government. The land must be enrolled as of the first day of January of the applicable year as detailed on the initial or renewal application.

Exhibit A - Average Crop Yields by Year in Ohio

Year	Corn	Soybeans	Wheat
1984	**118**	**36.5**	**44**
1985	127	41.5	62
1986	128	40.5	46
1987	120	37	58
1988	85	27	50
1989	117	31.5	51
1990	121	39	60
1991	96	36	49
1992	143	40	53
1993	110	38	52
1994	139	43.5	58
1995	121	38	61
1996	111	35	39
1997	134	44	63
1998	141	44	64
1999	126	36	70
2000	147	42	72
2001	138	41	67
2002	89	32	62
2003	156	38.5	68
2004	158	47	62
2005	143	45	71
2006	159	47	68
2007	150	47	61
2008	131	36	67
2009	171	49	71
2010	160	48	61
2011	153	48	57
2012	120	45	68
2013	174	49.5	70
2014	176	52.5	74
2015	153	50	67
2016	159	54.5	80
2017	177	49.5	74
2018	187	56	75
2019	164	49	56
2020	171	55	71
2021	193	57	85
2022	187	55.5	79
Average 2013-2022	174.1	52.9	73.1
1984 Base	**118**	**36.5**	**44**
Average/1984 base	1.475424	1.449315	1.661364
% Increase	47.54%	44.93%	66.14%

Source: United States Department of Agriculture, National Agricultural Statistics Service, Crop Production 2022 Summary, January 2023. Corn Area Planted for All Purposes and Harvested for Grain, Yield, and Production - States and United States: 2020-2022; Winter Wheat Area Planted and Harvested, Yield, and Production - States and United States: 2020-2022; Soybeans for Beans Area Planted and Harvested, Yield, and Production - States and United States: 2020-2022. 2/27/2022

Exhibit B - Acres Harvested, 2018-2022
TY 2023 Crop Rotation

Year	Corn	% of Total	Soybeans	% of Total	Wheat	% of Total	Corn, Beans & Wheat Totals
2018	3,300,000	**37.6%**	5,020,000	**57.2%**	450,000	**5.1%**	8,770,000
2019	2,570,000	**35.6%**	4,270,000	**59.1%**	385,000	**5.3%**	7,225,000
2020	3,300,000	**37.9%**	4,920,000	**56.5%**	490,000	**5.6%**	8,710,000
2021	3,340,000	**38.2%**	4,880,000	**55.9%**	515,000	**5.9%**	8,735,000
2022	3,180,000	**36.4%**	5,080,000	**58.2%**	465,000	**5.3%**	8,725,000
Five Year Average	3,138,000	37.1%	4,834,000	57.4%	461,000	5.5%	8,433,000

Source: United States Department of Agriculture, National Agricultural Statistics Service, Crop Production 2022 Summary, January 2023. Corn Area Planted for All Purposes and Harvested for Grain, Yield, and Production - States and United States: 2020-2022; Winter Wheat Area Planted and Harvested, Yield, and Production - States and United States: 2020-2022; Soybeans for Beans Area Planted and Harvested, Yield, and Production - States and United States: 2020-2022. 2/27/2023.

Exhibit C, FIVE YEAR AVERAGE CROP PRICES, TAX YEAR 2023

CORN	Year	Production (1,000 bu)	Price	Value (1,000 dollars)
	2016	~~524,700~~	~~$ 3.61~~	~~1,894,167~~
	2017	557,550	$ 3.61	2,012,756
	2018	617,100	$ 3.74	2,307,954
	2019	421,480	$ 3.91	1,647,987
	2020	564,300	$ 4.69	2,646,567
	2021	644,620	$ 5.92	3,816,150
	2022	~~594,660~~	~~$ 6.45~~	~~3,835,557~~
Totals		2,805,050		12,431,414
Weighted Avg. Price			$ 4.43	
After Management Allowance of 5%			**$ 4.21**	

SOYBEANS	Year	Production (1,000 bu)	Price	Value (1,000 dollars)
	2016	263,780	$ 9.66	2,548,115
	2017	251,955	$ 9.62	2,423,807
	2018	~~281,120~~	~~$ 8.69~~	~~2,442,933~~
	2019	209,230	$ 9.04	1,891,439
	2020	270,600	$ 11.30	3,057,780
	2021	278,160	$ 13.60	3,782,976
	2022	~~281,940~~	~~$ 14.40~~	~~4,059,936~~
Totals		1,273,725		13,704,117
Weighted Avg. Price			$ 10.76	
After Management Allowance of 5%			**$ 10.22**	

(Winter) WHEAT	Year	Production (1,000 bu)	Price	Value (1,000 dollars)
	2016	~~44,800~~	~~$ 4.25~~	~~190,400~~
	2017	34,040	$ 4.90	166,796
	2018	33,750	$ 5.08	171,450
	2019	21,560	$ 5.22	112,543
	2020	34,790	$ 5.27	183,343
	2021	43,775	$ 6.49	284,100
	2022	~~36,735~~	~~$ 7.95~~	~~292,043~~
Totals		167,915		918,232
Weighted Avg. Price			$ 5.47	
After Management Allowance of 5%			**$ 5.20**	

Source: United States Department of Agriculture, National Agricultural Statistics Service, Crop Production 2022 Summary, January 2023. Corn Area Planted for All Purposes and Harvested for Grain, Yield, and Production - States and United States: 2020-2022; Winter Wheat Area Planted and Harvested, Yield, and Production - States and United States: 2020-2022; Soybeans for Beans Area Planted and Harvested, Yield, and Production - States and United States: 2020-2022. United States Department of Agriculture, National Agricultural Statistics Service, Crop Values 2022 Summary, February 2023. Corn for Grain Price per Bushel and Value of Production- States and United States: 2020-2022; Winter Wheat Price per Bushel and Value of Production- States and United States: 2020-2022; Soybeans for Beans Price Per Bushel and Value of Production - States and United States: 2018-2020; United States: 2020-2022. 2/27/2022.

Exhibit D, Production Costs, Tax Year 2023
Determination of Five Year Average Costs for the Projected Crop Budgets

ITEM VARIABLE COSTS		Units	2017	2018	2019	2020	2021	2022	2023	MAXIMUM	MINIMUM	5 Year Avg.
Seed	CORN	1000k	$3.44	$3.50	$3.38	~~$3.25~~	$3.25	$3.44	~~$3.60~~	$3.60	$3.25	$3.40
	SOYBEANS	1000s	~~$0.37~~	$0.43	$0.43	$0.39	$0.39	$0.41	~~$0.43~~	$0.43	$0.37	$0.41
	WHEAT	1000s	~~$0.03~~	$0.03	$0.03	$0.03	$0.03	$0.03	~~$0.03~~	$0.03	$0.03	$0.03
Fertilizer	N Corn		$0.34	$0.31	$0.37	~~$0.30~~	$0.38	~~$0.91~~	$0.55	$0.91	$0.30	$0.39
	N Wheat		~~$0.36~~	$0.41	$0.45	$0.43	$0.48	~~$1.07~~	$0.71	$1.07	$0.36	$0.50
	P2O5, Corn/Soybeans		$0.44	$0.47	$0.50	~~$0.38~~	$0.59	~~$0.91~~	$0.77	$0.91	$0.38	$0.55
	P2O5 Wheat		$0.43	$0.44	$0.52	~~$0.39~~	$0.43	$0.83	~~$0.96~~	$0.96	$0.39	$0.53
	K2O, Corn/Soybeans		~~$0.26~~	$0.28	$0.32	$0.28	$0.32	~~$0.69~~	$0.48	$0.69	$0.26	$0.34
	K2O Wheat		~~$0.24~~	$0.26	$0.30	$0.28	$0.26	$0.60	~~$0.73~~	$0.73	$0.24	$0.34
	LIME		~~$25.00~~	$25.00	$25.00	$25.00	$25.00	$25.00	~~$25.00~~	$25.00	$25.00	$25.00
Chemicals	CORN		~~$60.42~~	~~$43.93~~	$46.22	$46.22	$46.22	$51.03	$50.00	$60.42	$43.93	$47.94
	SOYBEANS		$45.70	~~$39.30~~	$41.99	$41.99	$47.76	~~$78.07~~	$55.40	$78.07	$39.30	$46.57
	WHEAT		$13.25	$13.25	~~$14.65~~	$14.65	$14.65	$13.18	~~$13.18~~	$14.65	$13.18	$13.80
Fuel, Oil, Grease	CORN	145.4	~~$12.66~~	$13.64	$13.56	$13.75	$13.75	$26.13	~~$26.35~~	$26.35	$12.66	$16.17
		181.8	~~$12.66~~	$13.64	$13.56	$13.75	$13.75	$26.13	~~$26.35~~	$26.35	$12.66	$16.17
		218.2	~~$12.66~~	$13.64	$13.56	$13.75	$13.75	$26.13	~~$26.35~~	$26.35	$12.66	$16.17
	SOYBEANS	45.2	~~$7.18~~	$12.57	$11.58	$11.58	$11.58	~~$22.00~~	$20.84	$22.00	$7.18	$13.63
		56.5	~~$7.18~~	$12.57	$11.58	$11.58	$11.58	~~$22.00~~	$20.84	$22.00	$7.18	$13.63
		67.8	~~$7.18~~	$12.57	$11.58	$11.58	$11.58	~~$22.00~~	$20.84	$22.00	$7.18	$13.63

Exhibit D, Production Costs, Tax Year 2023
Determination of Five Year Average Costs for the Projected Crop Budgets

ITEM VARIABLE COSTS		Units	2017	2018	2019	2020	2021	2022	2023	MAXIMUM	MINIMUM	5 Year Avg.
	WHEAT	60.3	$9.90	$7.62	$12.05	$8.33	~~$7.50~~	~~$15.83~~	$15.00	$15.83	$7.50	$10.58
		75.4	$9.90	$7.62	$12.05	$8.33	~~$7.50~~	~~$15.83~~	$15.00	$15.83	$7.50	$10.58
		90.5	$9.90	$7.62	$12.05	$8.33	~~$7.50~~	~~$15.83~~	$15.00	$15.83	$7.50	$10.58
Repairs	CORN	145.4	$26.78	~~$19.91~~	$20.48	$25.54	$28.12	$28.12	~~$31.32~~	$31.32	$19.91	$25.81
		181.8	$26.78	~~$19.91~~	$20.48	$25.54	$28.12	$28.12	~~$31.32~~	$31.32	$19.91	$25.81
		218.2	$26.78	~~$19.91~~	$20.48	$25.54	$28.12	$28.12	~~$31.32~~	$31.32	$19.91	$25.81
	SOYBEANS	45.2	$20.61	~~$17.22~~	$17.57	$21.60	$23.98	$23.98	~~$26.14~~	$26.14	$17.22	$21.55
		56.5	$20.61	~~$17.22~~	$17.57	$21.60	$23.98	$23.98	~~$26.14~~	$26.14	$17.22	$21.55
		67.8	$20.61	~~$17.22~~	$17.57	$21.60	$23.98	$23.98	~~$26.14~~	$26.14	$17.22	$21.55
	WHEAT	60.3	~~$20.32~~	$16.33	$16.72	~~$13.81~~	$15.47	$15.47	$18.19	$20.32	$13.81	$16.44
		75.4	~~$20.32~~	$16.33	$16.72	~~$13.81~~	$15.47	$15.47	$18.19	$20.32	$13.81	$16.44
		90.5	~~$20.32~~	$16.33	$16.72	~~$13.81~~	$15.47	$15.47	$18.19	$20.32	$13.81	$16.44
Crop Insurance	CORN	145.4	$13.00	$13.00	~~$12.00~~	$14.70	$19.00	~~$27.00~~	$23.00	$27.00	$12.00	$16.54
		181.8	~~$14.00~~	$14.00	$14.00	$16.70	$21.00	$30.00	~~$30.00~~	$30.00	$14.00	$19.14
		218.2	$16.00	~~$14.50~~	$15.00	$18.70	$26.00	~~$40.00~~	$35.00	$40.00	$14.50	$22.14
	SOYBEANS	45.2	$12.00	$9.50	~~$7.00~~	$8.60	$16.00	~~$20.00~~	$16.00	$20.00	$7.00	$12.42
		56.5	$12.00	$10.00	~~$7.50~~	$10.60	$17.00	~~$24.00~~	$19.00	$24.00	$7.50	$13.72
		67.8	$13.00	$10.50	~~$8.00~~	$12.60	$20.00	~~$29.00~~	$22.00	$29.00	$8.00	$15.62
	WHEAT	60.3	~~$13.00~~	~~$6.00~~	$6.00	$6.00	$9.00	$12.00	$10.00	$13.00	$6.00	$8.60
		75.4	$13.00	~~$6.50~~	$6.50	$6.50	$10.00	~~$15.00~~	$11.50	$15.00	$6.50	$9.50
		90.5	$13.00	~~$7.00~~	$7.00	$7.00	$11.00	~~$18.00~~	$13.00	$18.00	$7.00	$10.20

Exhibit D, Production Costs, Tax Year 2023
Determination of Five Year Average Costs for the Projected Crop Budgets

ITEM VARIABLE COSTS		Units	2017	2018	2019	2020	2021	2022	2023	MAXIMUM	MINIMUM	5 Year Avg.
Variable Miscellaneous	CORN	145.4	$5.00	~~$4.80~~	$5.10	$5.10	$5.50	$5.69	~~$5.81~~	$5.81	$4.80	$5.28
		181.8	$5.00	~~$4.80~~	$5.10	$5.10	$5.50	$5.69	~~$5.81~~	$5.81	$4.80	$5.28
		218.2	$5.00	~~$4.80~~	$5.10	$5.10	$5.50	$5.69	~~$5.81~~	$5.81	$4.80	$5.28
	SOYBEANS	45.2	$3.50	~~$3.25~~	$3.40	$3.40	$3.75	$3.87	~~$4.10~~	$4.10	$3.25	$3.58
		56.5	$3.50	~~$3.25~~	$3.40	$3.40	$3.75	$3.87	~~$4.10~~	$4.10	$3.25	$3.58
		67.8	$3.50	~~$3.25~~	$3.40	$3.40	$3.75	$3.87	~~$4.10~~	$4.10	$3.25	$3.58
	WHEAT	60.3	~~$13.00~~	~~$3.00~~	$3.00	$3.00	$3.50	$4.46	$5.58	$13.00	$3.00	$3.91
		75.4	~~$13.00~~	~~$3.00~~	$3.00	$3.00	$3.50	$4.46	$5.58	$13.00	$3.00	$3.91
		90.5	~~$13.00~~	~~$3.00~~	$3.00	$3.00	$3.50	$4.46	$5.58	$13.00	$3.00	$3.91
Drying: Fuel & Electric	CORN		~~$0.11~~	$0.06	$0.04	$0.04	$0.04	$0.05	~~$0.04~~	$0.11	$0.04	$0.05
Hauling Farm to Market	CORN	181.8	~~$0.02~~	$0.18	$0.17	$0.17	$0.16	$0.19	~~$0.29~~	$0.29	$0.02	$0.17
	SOYBEANS	56.5	~~$0.02~~	$0.18	$0.17	$0.17	$0.16	$0.19	~~$0.29~~	$0.29	$0.02	$0.17
	WHEAT	75.4	~~$0.02~~	$0.18	$0.17	$0.17	$0.16	$0.19	~~$0.29~~	$0.29	$0.02	$0.17
Interest - variable costs			5.00%	5.00%	5.50%	5.00%	~~4.00%~~	5.00%	~~7.50%~~	7.50%	4.00%	5.10%
FIXED COSTS												
Labor Charge	CORN		~~$45.00~~	~~$37.50~~	$37.50	$37.50	$38.25	$40.50	$42.75	$45.00	$37.50	$39.30
	SOYBEANS		~~$30.00~~	$22.50	$22.50	$22.50	~~$18.70~~	$19.80	$20.90	$30.00	$18.70	$21.64
	WHEAT		~~$22.50~~	$22.50	$22.50	$22.50	$22.95	$24.30	~~$25.65~~	$25.65	$22.50	$22.95
Machinery & Equipment	CORN		~~$130.45~~	~~$84.61~~	$86.07	$95.22	$99.87	$99.87	$110.12	$130.45	$84.61	$98.23
	SOYBEANS		~~$107.89~~	~~$56.43~~	$57.90	$65.50	$69.16	$62.16	$75.87	$107.89	$56.43	$66.12
	WHEAT		~~$125.86~~	$64.49	$65.28	~~$47.29~~	$50.57	$50.57	$57.86	$125.86	$47.29	$57.75

Exhibit D, Production Costs, Tax Year 2023
Determination of Five Year Average Costs for the Projected Crop Budgets

ITEM VARIABLE COSTS		Units	2017	2018	2019	2020	2021	2022	2023	MAXIMUM	MINIMUM	5 Year Avg.
Fixed Miscellaneous	CORN	145.4	$22.00	$23.10	$22.80	~~$20.50~~	$20.50	$21.17	~~$23.49~~	$23.49	$20.50	$21.91
		181.8	$22.00	$23.10	$22.80	~~$20.50~~	$20.50	$21.17	~~$23.49~~	$23.49	$20.50	$21.91
		218.2	$22.00	$23.10	$22.80	~~$20.50~~	$20.50	$21.17	~~$23.49~~	$23.49	$20.50	$21.91
	SOYBEANS	45.2	$14.50	$14.90	$14.70	~~$13.40~~	$13.70	$14.06	~~$15.21~~	$15.21	$13.40	$14.37
		56.5	$14.50	$14.90	$14.70	~~$13.40~~	$13.70	$14.06	~~$15.21~~	$15.21	$13.40	$14.37
		67.8	$14.50	$14.90	$14.70	~~$13.40~~	$13.70	$14.06	~~$15.21~~	$15.21	$13.40	$14.37
	WHEAT	60.3	$13.00	$12.75	$12.10	~~$10.70~~	$12.70	$12.99	~~$15.19~~	$15.19	$10.70	$12.71
		75.4	$13.00	$12.75	$12.10	~~$10.70~~	$12.70	$12.99	~~$15.19~~	$15.19	$10.70	$12.71
		90.5	$13.00	$12.75	$12.10	~~$10.70~~	$12.70	$12.99	~~$15.19~~	$15.19	$10.70	$12.71

Source: The Ohio State University; College of Food, Agricultural, and Environmental Sciences; Crop production budgets. Updated with 2023 data as of 5/15/2023. *https://farmoffice.osu.edu/farm-management/enterprise-budgets#2022*

2023 CORN BUDGET (Final)

Conservation Tillage

VARIABLE COSTS		Inputs - 5 Yr. Olympic Average UNITS	BASE 139 BUSHEL	@ ADD. BUSHEL	5 YR. AVG. COST Exhibit D	Costs per Acre BASE 139 BUSHEL	Costs per Acre @ ADD. BUSHEL
SEED		**Kernels (1000s)**	28	0.12	$3.40	$95.20	$0.41
FERTILIZER							
	N	LB.	147.41	0.99	$0.39	$57.49	$0.39
	P2O5	LB.	49.23	0.35	$0.55	$27.08	$0.19
	K2O	LB.	29.79	0.21	$0.34	$10.13	$0.07
	LIME	TON	0.25	0.00	$25.00	$6.25	$0.00
CHEMICALS					$47.94	$47.94	$0.00
FUEL, OIL, GREASE					$16.17	$16.17	$0.00
REPAIRS					$25.81	$25.81	$0.00
CROP INSURANCE					$19.14	$19.14	$0.00
VARIABLE MISCELLANEOUS					$5.28	$5.28	$0.00
DRYING: FUEL & ELECTRIC ONLY					$0.05	$6.95	$0.05
HAULING/TRUCKING					$0.17	$23.63	$0.17
	Rate	Months	(Rate/12)*Months				
INTEREST on OPER. CAP. *	5.10%	7	3.0%			$8.67	$0.03
TOTAL VARIABLE COSTS						***$349.73***	***$1.31***
FIXED COSTS							
LABOR CHARGE					$39.30	$39.30	$0.00
MACHINERY & EQUIPMENT CHARGE					$98.23	$98.23	$0.00
MISCELLANEOUS					$21.91	$21.91	$0.00
TOTAL FIXED COSTS						***$159.44***	***$0.00***
TOTAL COSTS						***$509.17***	***$1.31***

*Interest on all variable costs except hauling and crop insurance.

Source: The Ohio State University; College of Food, Agricultural, and Environmental Sciences; Crop production budgets. Updated with 2023 data as of 5/15/2023. https://farmoffice.osu.edu/farm-management/enterprise-budgets#2022

DTE 2023

2023 SOYBEAN BUDGET (Final)

No-Tillage Practices

VARIABLE COSTS		Inputs - 5 Yr. Olympic Average UNITS	BASE 43 BUSHEL	@ ADD. BUSHEL	5 YR. AVG. COST Exhibit D	Costs per Acre BASE 43 BUSHEL	@ ADD. BUSHEL
SEED		**Seeds (1000s)**	164.0	0	$0.41	$67.24	$0.00
FERTILIZER							
	N	LB.	0.00	0.00	$0.00	$0.00	$0.00
	P2O5	LB.	34.27	0.80	$0.55	$18.99	$0.44
	K2O	LB.	51.48	1.18	$0.34	$17.30	$0.40
	LIME	TON	0.25	0.00	$25.00	$6.25	$0.00
CHEMICALS					$46.57	$46.57	$0.00
FUEL, OIL, GREASE					$13.63	$13.63	$0.00
REPAIRS					$21.55	$21.55	$0.00
CROP INSURANCE (Middle yield)					$13.72	$13.72	$0.00
VARIABLE MISCELLANEOUS					$3.58	$3.58	$0.00
HAULING/TRUCKING					$0.17	$7.48	$0.17
		Rate	Months	(Rate/12)*Months			
INTEREST on OPER. CAP. *		5.10%	6	2.6%		$4.98	$0.02
TOTAL VARIABLE COSTS						***$221.28***	***$1.03***
FIXED COSTS							
LABOR CHARGE					$21.64	$21.64	$0.00
MACHINERY & EQUIPMENT CHARGE					$66.12	$66.12	$0.00
MISCELLANEOUS					$14.37	$14.37	$0.00
TOTAL FIXED COSTS						***$102.13***	***$0.00***
TOTAL COSTS						***$323.41***	***$1.03***

*Interest on all variable costs except hauling and crop insurance.

Source: The Ohio State University; College of Food, Agricultural, and Environmental Sciences; Crop production budgets. Updated with 2023 data as of 5/15/2023. https://farmoffice.osu.edu/farm-management/enterprise-budgets#2022

DTE 2023

2023 WHEAT BUDGET (Final)

Conservation Tillage

VARIABLE COSTS		Inputs - 5 Yr. Olympic Average UNITS	BASE 59 BUSHEL	@ ADD. BUSHEL	5 YR. AVG. COST Exhibit D	Costs per Acre BASE 59 BUSHEL	@ ADD. BUSHEL
SEED		**Seeds (1000s)**	1,400	0	$0.03	$42.00	$0.00
FERTILIZER							
	N	LB.	59.44	1.57	$0.50	$29.48	$0.78
	P2O5	LB.	30.86	0.52	$0.53	$16.36	$0.28
	K2O	LB.	20.01	0.27	$0.34	$6.80	$0.09
	LIME	TON	0.25	0	$25.00	$6.25	$0.00
CHEMICALS					$13.80	$13.80	$0.00
FUEL, OIL, GREASE					$10.58	$10.58	$0.00
REPAIRS					$16.44	$16.44	$0.00
CROP INSURANCE (MIDDLE YIELD)					$9.50	$9.50	$0.00
VARIABLE MISCELLANEOUS					$3.91	$3.91	$0.00
HAULING/TRUCKING					$0.17	$10.27	$0.17
		Rate	Months	(Rate/12)*Months			
INTEREST on OPER. CAP.*		5.10%	9	3.8%		$5.57	$0.04
TOTAL VARIABLE COSTS						***$170.95***	***$1.37***
FIXED COSTS							
LABOR CHARGE					$22.95	$22.95	$0.00
MACHINERY & EQUIPMENT CHARGE					$57.75	$57.75	$0.00
MISCELLANEOUS					$12.71	$12.71	$0.00
TOTAL FIXED COSTS						***$93.41***	***$0.00***
TOTAL COSTS						***$264.36***	***$1.37***

*Interest on all variable costs except hauling and crop insurance.

Source: The Ohio State University; College of Food, Agricultural, and Environmental Sciences; Crop production budgets. Updated with 2023 data as of 5/15/2023. https://farmoffice.osu.edu/farm-management/enterprise-budgets#2022

DTE 2023

Exhibit E: INTEREST RATES - CAPITALIZATION RATE

INTEREST RATE*	
Year	
2017	5.65
2018	6.04
2019	6.00
2020	4.90
2021	~~4.27~~
2022	6.19
2023	~~7.86~~
Average	**5.76**

EQUITY RATE**	
Year	
2021	13.87
2020	4.72
2019	2.54
2018	1.76
2017	4.47
2016	1.71
2015	-0.78
2014	8.08
2013	8.37
2012	17.04
2011	11.04
2010	12.46
2009	-0.71
2008	4.30
2007	4.60
2006	13.30
2005	18.18
2004	17.32
2003	8.17
2002	-0.57
2001	6.13
2000	8.74
1999	8.12
1998	6.12
1997	7.36
Average	**7.45**

USED IN CALCULATION 2017-2023	
TAX YEAR	**CAP RATE**
2017	8.0%
2018	8.0%
2019	8.0%
2020	7.9%
2021	7.8%
2022	7.8%
2023	8.0%

* Fixed multi-flex rate for a 25-year term on a loan $75,000 and over, Farm Credit Services.

**Equity rate is the USDA rate of return on farm equity averaged for most recent 25 years.

USDA Farm sector financial ratios, March 6, 2023

2023 CAUV SAMPLE CALCULATION

SOIL:	**Millgrove, Silt Loam**
SLOPE:	**0-2**
EROSION:	**Slight**
DRAINAGE:	**Very poorly**
PROD. INDEX:	**100**

	CORN	BEANS	WHEAT
PI DAT yield/acre (1984)	144	52	64
% increased yield	1.48	1.45	1.66
adjusted yield/acre	212	75	106
X Crop Price/Unit	$4.21	$10.22	$5.20
= GROSS INCOME / ACRE	$892.52	$766.50	$551.20
YIELD / ACRE	212	75	106
BASE YIELD	139	43	59
= YIELD ABOVE BASE	73	32	47
X ADDED UNIT COST	$1.31	$1.03	$1.37
ADDED UNIT COST / ACRE	$95.63	$32.96	$64.39
BASE YIELD COST	$509.17	$323.41	$264.36
= TOTAL NON-LAND PROD. COSTS	$604.80	$356.37	$328.75
NET RETURN / ACRE	$287.72	$410.13	$222.45
X CROPPING PATTERN	37.10%	57.40%	5.50%
= ROTATIONAL NET RETURN / ACRE	$106.74	$235.41	$12.23
TOTAL ROTATIONAL NET RETURN	$354.39		
BASE CAP RATE	8.00%		
VALUE	$4,429.92	*Rounded*	**$4,430**

5/24/2023

2020 CAUV SAMPLE CALCULATION

SOIL:	**Millgrove, Silt Loam**
SLOPE:	**0-2**
EROSION:	**Slight**
DRAINAGE:	**Very poorly**
PROD. INDEX:	**100**

	CORN	BEANS	WHEAT
PI DAT yield/acre (1984)	144	52	64
% increased yield	1.375424	1.375342	1.55
adjusted yield/acre	198	72	99
X Crop Price/Unit	$3.63	$9.12	$4.84
= GROSS INCOME / ACRE	$718.74	$656.64	$479.16
YIELD / ACRE	198	72	99
BASE YIELD	132	40	58
= YIELD ABOVE BASE	66	32	41
X ADDED UNIT COST	$1.38	$0.89	$1.33
ADDED UNIT COST / ACRE	$91.08	$28.48	$54.53
BASE YIELD COST	$503.44	$331.48	$303.88
= TOTAL NON-LAND PROD. COSTS	$594.52	$359.96	$358.41
NET RETURN / ACRE	$124.22	$296.68	$120.75
X CROPPING PATTERN	0.372	0.572	0.056
= ROTATIONAL NET RETURN / ACRE	$46.21	$169.70	$6.76
TOTAL ROTATIONAL NET RETURN	$222.67		
BASE CAP RATE	0.079		
UNADJUSTED VALUE	$2,818.64	SAY	**$2,820**

6/8/2020

2023 CAUV SAMPLE CALCULATION

SOIL:	**Miami Silt Loam**
SLOPE:	**2-6**
EROSION:	**Slight**
DRAINAGE:	**Well**
PROD. INDEX:	**76**

	CORN	**BEANS**	**WHEAT**
PI DAT yield/acre (1984)	108	38	50
% increased yield	1.48	1.45	1.66
adjusted yield/acre	159	55	83
X Crop Price/Unit	$4.21	$10.22	$5.20
= GROSS INCOME / ACRE	$669.39	$562.10	$431.60
YIELD / ACRE	159	55	83
BASE YIELD	139	43	59
= YIELD ABOVE BASE	20	12	24
X ADDED UNIT COST	$1.31	$1.03	$1.37
ADDED UNIT COST / ACRE	$26.20	$12.36	$32.88
BASE YIELD COST	$509.17	$323.41	$264.36
= TOTAL NON-LAND PROD. COSTS	$535.37	$335.77	$297.24
NET RETURN / ACRE	$134.02	$226.33	$134.36
X CROPPING PATTERN	37.1%	57.4%	5.5%
= ROTATIONAL NET RETURN / ACRE	$49.72	$129.91	$7.39
TOTAL ROTATIONAL NET RETURN	$187.02		
BASE CAP RATE	8.00%		
VALUE	$2,337.81	*Rounded*	**$2,340**

5/24/2023

2020 CAUV SAMPLE CALCULATION

SOIL:	**Miami Silt Loam**
SLOPE:	**2-6**
EROSION:	**Slight**
DRAINAGE:	**Well**
PROD. INDEX:	**76**

	CORN	BEANS	WHEAT
PI DAT yield/acre (1984)	108	38	50
% increased yield	1.375424	1.375342	1.55
adjusted yield/acre	149	52	78
X Crop Price/Unit	$3.63	$9.12	$4.84
= GROSS INCOME / ACRE	$540.87	$474.24	$377.52
YIELD / ACRE	149	52	78
BASE YIELD	132	40	58
= YIELD ABOVE BASE	17	12	20
X ADDED UNIT COST	$1.38	$0.89	$1.33
ADDED UNIT COST / ACRE	$23.46	$10.68	$26.60
BASE YIELD COST	$503.44	$331.48	$303.88
= TOTAL NON-LAND PROD. COSTS	$526.90	$342.16	$330.48
NET RETURN / ACRE	$13.97	$132.08	$47.04
X CROPPING PATTERN	0.372	0.572	0.056
= ROTATIONAL NET RETURN / ACRE	$5.20	$75.55	$2.63
TOTAL ROTATIONAL NET RETURN	$83.38		
BASE CAP RATE	0.079		
UNADJUSTED VALUE	$1,055.45	SAY	**$1,060**

6/8/2020

5/23/2023							
TY 2023 Proposed Final Values							
Productivity	**No. of**	**Net Return/Acre**			**Cropland Value/Acre**		
Index	**Units**	**Low**	**High**	**Average**	**Low**	**High**	**Average**
0-49	602	$0	$82	$1	$350	$350	$350
50-59	749	$0	$140	$47	$350	$1,750	$607
60-69	1,114	$0	$206	$119	$350	$2,580	$1,502
70-79	800	$108	$275	$189	$1,350	$3,440	$2,364
80-89	211	$189	$325	$259	$2,370	$4,060	$3,244
90-99	35	$288	$354	$309	$3,600	$4,430	$3,871
100+	6	$354	$354	$354	$4,430	$4,430	$4,430
ALL	3,517	$0	$354	$110	$350	$4,430	**$1,443**

6/11/2020							
TY 2020 Final Values							
Productivity	**No. of**	**Net Return/Acre**			**Cropland Value/Acre**		
Index	**Units**	**Low**	**High**	**Average**	**Low**	**High**	**Average**
0-49	601	$0	$0	$0	$350	$350	$350
50-59	749	$0	$45	$2	$350	$570	$351
60-69	1,114	$0	$99	$31	$350	$1,260	$488
70-79	798	$19	$156	$84	$350	$1,970	$1,073
80-89	211	$84	$193	$140	$1,060	$2,440	$1,783
90-99	35	$164	$222	$182	$2,070	$2,810	$2,303
100+	6	$223	$223	$223	$2,820	$2,820	$2,820
All Regions	3514	$0	$223	$40	$350	$2,820	**$668**

5/23/2023							
TY 2023 Proposed Final Values							
Productivity Index	**No. of Units**	**Net Return/Acre**			**Cropland Value/Acre**		
		Low	**High**	**Average**	**Low**	**High**	**Average**
0-49	602	$0	$82	$1	$350	$350	$350
50-59	749	$0	$140	$47	$350	$1,750	$607
60-69	1,114	$0	$206	$119	$350	$2,580	$1,502
70-79	800	$108	$275	$189	$1,350	$3,440	$2,364
80-89	211	$189	$325	$259	$2,370	$4,060	$3,244
90-99	35	$288	$354	$309	$3,600	$4,430	$3,871
100+	6	$354	$354	$354	$4,430	$4,430	$4,430
ALL	3,517	$0	$354	$110	$350	$4,430	**$1,443**

6/20/2022							
TY 2022 Final Values							
Productivity Index	**No. of Units**	**Net Return/Acre**			**Cropland Value/Acre**		
		Low	**High**	**Average**	**Low**	**High**	**Average**
0-49	602	$0	$31	$0	$350	$350	$350
50-59	749	$0	$89	$17	$350	$1,140	$409
60-69	1,114	$0	$147	$70	$350	$1,880	$915
70-79	800	$63	$206	$130	$810	$2,640	$1,672
80-89	211	$127	$251	$190	$1,630	$3,210	$2,439
90-99	35	$211	$277	$234	$2,710	$3,550	$3,007
100+	6	$277	$277	$277	$3,550	$3,550	$3,550
ALL	3,517	$0	$277	$70	$350	$3,550	**$999**

Average CAUV Values by Year, 2005-2023																			
Productivity Index	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Proposed Final 2023**
0-49	100	108	100	100	176	200	300	350	350	350	350	350	350	350	350	350	350	350	350
50-59	106	134	100	100	200	214	328	362	516	700	518	466	430	400	378	351	358	409	607
60-69	101	125	123	188	435	436	632	610	1218	1778	1371	1235	1061	896	731	488	598	915	1502
70-79	124	241	283	431	746	845	1126	1147	1958	2728	2347	2255	1969	1723	1469	1073	1253	1672	2364
80-89	293	465	521	708	1059	1278	1641	1717	2743	3718	3354	3302	2909	2586	2270	1783	1969	2439	3244
90-99	492	675	747	973	1368	1601	2017	2128	3310	4428	4104	4074	3602	3226	2863	2303	2512	3007	3871
100+	650	880	970	1200	1620	1900	2380	2490	3780	5030	4770	4750	4205	3810	3420	2820	2990	3550	4430
Average	123	177	181	249	459	505	700	719	1205	1668	1388	1310	1153	1015	876	668	759	999	1443
No. of Soils	3358	3482	3510	3511	3511	3514	3514	3514	3514	3514	3514	3514	3514	3514	3514	3514	3517	3517	3517

Average CAUV Values by Reappraisal/UpdateYear																			
Productivity Index			**2008**			**2011**			**2014**			**2017**			**2020**				**Proposed Final 2023**
0-49			100			300			350			350			350				350
50-59			100			328			700			430			351				607
60-69			188			632			1778			1061			488				1502
70-79			431			1126			2728			1969			1073				2364
80-89			708			1641			3718			2909			1783				3244
90-99			973			2017			4428			3602			2303				3871
100+			1200			2380			5030			4205			2820				4430
Average			249			700			1668			1153			668				1443
No. of Soils			3511			3514			3514			3514			3514				3517

5/23/2023

Comparison of Inputs, Tax Years 2020-2023

Crop Prices

	2020	2021	2022	2023	Difference 2020-2023	Difference 2022-2023
Corn	$3.63	$3.59	$3.77	$ 4.21	**$0.58**	$0.44
Soybeans	$9.12	$9.10	$9.32	$ 10.22	**$1.10**	$0.90
Wheat	$4.84	$4.76	$4.75	$ 5.20	**$0.36**	$0.45

Non-land Production Costs

Base Cost	2020	2021	2022	2023	2020-2023	2022-2023
Corn	$503.44	$491.35	491.16	$509.17	**$5.73**	$18.01
Soybeans	$331.48	$323.17	317.57	$323.41	**($8.07)**	$5.84
Wheat	$303.88	$284.91	269.72	$264.36	**($39.52)**	($5.36)

Additional Unit Cost	2020	2021	2022	2023	2020-2023	2022-2023
Corn	$1.38	$1.34	$1.30	$1.31	**($0.07)**	$0.01
Soybeans	$0.89	$0.89	$0.91	$1.03	**$0.14**	$0.12
Wheat	$1.33	$1.29	$1.27	$1.37	**$0.04**	$0.09

Capitalization Rate

	2020	2021	2022	2023	2020-2023	2022-2023
Mortgage/Equity Ratio	80/20	80/20	80/20	80/20		
Years	25	25	25	25		
Interest Rate	5.69%	5.46%	5.55%	5.76%		
Equity Rate	7.36%	7.21%	7.20%	7.45%		
Tax Additur	1.6%	1.6%	1.6%	1.5%		
Capitalization Rate	7.9%	7.8%	7.8%	8.0%	**0.1%**	**0.2%**

5/16/2023

Current Agricultural Use Value (CAUV)

What is CAUV?

CAUV was established after Ohio Farm Bureau campaigned for a constitutional amendment to have farmland taxed for its agricultural
value, rather than its fair market value. The agricultural value of farmland is determined by the following equation:

(Income from agricultural production – Non-land production costs)/ Capitalization rate = Current Agricultural Use Value

Start with gross farm income:

The projected farm income for all land enrolled in CAUV is based on the soil type and data from three crops: corn, soybeans and wheat.

Yield information for each of these crops starts with Farm Service Agency production data and is adjusted by the 10-year average of actual statewide yields. Prices for each crop are based on a survey of Ohio grain elevators.*

Subtract non-land production costs*:

These costs are based on Ohio State University data and include typical farm input costs for corn, soybeans and wheat.

Divide by the Capitalization Rate*

This rate is based on the mortgage interest rate for a 25- year fixed rate mortgage from Farm Credit Services with 20 percent equity and 80 percent debt and is adjusted for taxes.

**When determining crop prices, production costs and the capitalization rate, the last seven years of values are used, with the highest and lowest values removed and the remaining five years averaged.*

A guide to CAUV

Farmers who are enrolled in the Current Agricultural Use Valuation (CAUV) program saw increases in the taxable value of their land. While no less frustrating to landowners, these increases can be explained by looking at how the formula works.

Consider the following example based on 2023 data for the Miami Silt Loam soil type:

Corn

Average Yield: 159 bushels per acre
Average Price: $4.21 per bushel
Gross Income Per Acre: $669.39
Non-land production costs: $535.37
Net return per acre: $134.02

Soybeans

Average Yield: 55 bushels per acre
Average Price: $10.22 per bushel
Gross Income Per Acre: $562.10
Non-land production costs: $335.77
Net return per acre: $226.33

Wheat

Average Yield: 83 bushels per acre
Average Price: $5.20 per bushel
Gross Income Per Acre: $431.60
Non-land production costs: $297.24
Net return per acre: $134.36

Factoring in Cropping Patterns

Harvest data will determine the percent that each crop will represent in the final per acre income:
2023 Cropping Data - Corn:37.1 percent, Soybeans: 57.4 percent, Wheat: 5.5 percent

Final Per Acre Income for Miami Silt Loam

Corn: $134.02 x 37.1% = $49.72
Soybeans: $226.33 x 57.4%=$129.91
Wheat: $134.36 x 5.5%=$7.39
Total = $187.02

Final Current Agricultural Use Value

A net income of $187.02/ Capitalization Rate of 8% = CAUV Land Value of $2340 per acre for farms with Miami Silt Loam.

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Columbus, Ohio 43215
OhioFarmBureau.org

Working together for Ohio farmers to advance agriculture and strengthen our communities.

Chairman Blessing, Chairman Roemer and the members of the Joint Property Tax Review Committee, my name is Leah Curtis and I serve as Policy Counsel and Sr. Director of Member Engagement for the Ohio Farm Bureau. In my role, I work with our members to understand important legal concepts that affect their homes, property and business - including property taxes. We appreciate the invitation and opportunity to provide background and context about the Current Agricultural Use Valuation Program as you undertake this important and monumental task of reviewing Ohio's complicated property tax system.

History and Basics of Current Agricultural Use Valuation

The Current Agricultural Use Valuation program is not a tax exemption or a tax credit. Instead, it is a different method of valuing property. Instead of using the property's fair market value for property tax purposes, land that enrolls and qualifies for the CAUV program is valued for its agricultural producing potential only. This was a choice made by Ohio's voters and authorized through a constitutional amendment in 1973 - with over 75% of the vote. Today, nearly every state in the country has a similar program that provides for a differential assessment of agricultural land.

The CAUV program serves as the front-line defense to preserve Ohio's farmland and open space. While a criticism lobbed at CAUV is that the values don't take into account the development potential of land, that is precisely the point of the program (and programs like it in nearly every other state of this country). By removing the upward value pressure development places on farmland, farmers are able to continue producing food, feed, fiber and fuel and are not taxed off of their land.

While CAUV uses a different method of valuing property, once that value is set, it operates as you have heard from others. The value is reduced to 35% to determine the taxable value and the Class 1 millage rate is applied to that taxable value.

Components of the CAUV Formula

CAUV land takes its value from a calculation that is performed by the Ohio Department of Tax. That calculation is done for every one of Ohio's 3500+ soil types, considering the yield, crop prices, input prices and cropping pattern to determine a net income from Ohio's top crops - corn, soybeans and wheat. That net income number is then divided by a capitalization rate. The data used in the formula is averaged over multiple years and obtained from reliable government sources. Additional deductions are made from the values to determine soil values for property that is used as woodland. A minimum value is also set by the Tax Department as a floor for CAUV values - though there is no corresponding ceiling or cap on values. The county auditor applies the values to a landowner's property based on the soil types that are present. In the packet we provided, you will see this year's explanation of value from the Ohio Department of Taxation which provides sample calculations for two soil types.

In 2017, Ohio Farm Bureau and other agricultural groups like the Ohio Farmers' Union, lobbied for changes to the CAUV calculation to ensure its accuracy. The changes made largely dealt with the capitalization rate, which at that time was based upon interest rates and assumptions not tied to agriculture. Those changes resulted in a more accurate capitalization rate in the CAUV formula. Additionally, the law was changed so that land that qualified as conservation land and certified as such would be valued at the minimum value as set by the Tax Department. We have provided you supplements that include the Tax Department's explanation of 2023 CAUV values, and a brief guide to the calculation.

Who can enroll in CAUV?

To receive the benefits of CAUV, landowners must annually enroll and qualify with their county auditor. To qualify for CAUV, landowners must show they have at least 10 acres of land devoted to commercial agricultural production, or if less than 10 acres, that they can evidence at least $2500 gross annual revenue from agricultural production on that land. Additionally, land enrolled in federal conservation programs qualifies, and non-commercial woodland that is connected to otherwise qualifying land can also qualify. You previously heard a criticism that landowners can meet minimum qualifications and enroll all residual land to receive a tax benefit- but that is simply not the case. Landowners must qualify all their land into one of those 4 categories to qualify the acreage for CAUV. Additionally, landowners must show that the land has been used in such a way for 3 years before it can enroll in the program, often referred to as the 3 year waiting period. Auditors can, and often do, split list properties so that only the property that qualifies for CAUV gets that treatment, while other land is taxed at fair market value. In fact, the auditor is required to remove at least 1 acre of land from CAUV when a home is present on the parcel. CAUV does not apply to buildings, homes, or the 1-acre homesite - all of which are taxed at their regular fair market value. It is the statutory duty of the county auditor to approve CAUV enrollment and to annually inspect properties to ensure they qualify. In our experience, most auditors do a good job of maintaining a balance of ensuring qualified land is on the program and assisting landowners. However, with 88 county auditors, there are 88 ways of doing things and it is not uncommon to find a landowner who qualifies in one county when the same situation would be denied in another county.

And, CAUV provides both a carrot-and-stick approach. If a landowner fails to renew their CAUV status or converts the land from agricultural use, they are levied a recoupment penalty that is equal to three years worth of tax savings. Essentially, the auditor looks at what the landowner paid in taxes on the CAUV program, and what they would have paid had they not been - and charges the

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landowner three years worth of that difference. Depending on fair market values in an area, recoupment can easily top 10s of thousands of dollars.

The Current State of CAUV Values

Many property owners saw their property values increase in the most recent round of reappraisals and updates. You have heard of 40 or 50% increases in residential home values. But, CAUV landowners in 41 counties saw their property values double or more in this last reappraisal cycle. While almost unheard of in residential or commercial real estate, increases of this nature have not been uncommon for CAUV in the last 20 years. In many cases, their taxes have also doubled or more as a result. While the formula does a good job of valuing farmland for productive potential, as you have heard from others, applying the current tax system to those values does result in a very high property tax burden. Additionally, the CAUV calculation was designed to follow a farm economy , but the farm economy of the 1970s is one that no longer exists. Instead, today farmers operate in a global marketplace and we have an incredibly volatile farm economy - where prices and costs can change dramatically not just from day to day but from minute to minute. Where the actions of a country halfway across the world will throw our industry into a tailspin in a moments notice. One flaw in the property tax system is that CAUV values are based upon the farm economy that was a year and further back, but we pay taxes in the present. By the time the tax bill comes due, the farm economy could be very different than the one the calculation considered. Additionally, because of the three-year cycle of updating values, the farm economy can change wildly from the time the values are calculated to the last year of those values application for tax purposes three years later. Our farmers are happy with the purpose and philosophy of the CAUV program, but all would prefer some more predictability in their values and more importantly, their tax bill.

CAUV, HB 920 and Tax Credits

As the HB920 reduction applies to the collection side, it applies to CAUV just as any other property. OFBF does strongly support the HB920 tax reduction factors that help to reduce inflationary aspects of the property tax system. However, the inflation attributable to the inside 10 mills and the 20 mill floor often result in large property tax increases.

As to the other credits, they generally do apply to CAUV properties when those credits apply to land. However, as the homestead credit applies to home values, and CAUV does not apply to homes or buildings, the homestead credit is not applicable to the CAUV context. The owner-occupied credit does apply where the owner occupies that parcel of land. CAUV landowners, like any other, would only benefit from those credits where their house is located. The non-business credit applies to most CAUV land, but in a strange caveat, is not permitted to apply to woodland, including that enrolled in CAUV.

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Board of Revision

Ohio farmers on the CAUV program largely do not engage in the Board of Revision process as to appeals of their values. As the auditor does not set their values, and instead they are set by a calculation run by the Tax Department, any appeal of value is often an exercise in futility. CAUV landowners have largely been instructed through court cases and precedent that challenging CAUV values requires a challenge to the Tax Commissioner's order setting the soil values and the methodology of the calculation. Litigation regarding this very issue as it pertains to woodland values is currently pending before the Ohio Supreme Court.

Farmers do use the Board of Revision process to appeal CAUV enrollment. If a landowner is denied CAUV, they have the opportunity to appeal that denial through the Board of Revision. Landowners can also challenge if they believe their soil types have been inaccurately recorded, or if their acreage has not been properly attributed to the different agricultural uses that may affect valuation (cropland vs. woodland vs. conservation land).

Conclusion

The CAUV program recognizes that while farmland is part of the system that pays property taxes, it provides less of a burden on the services provided by those taxes. In 2008, a cost of community services study was completed by the American Farmland Trust focusing on Madison Township in Lake County and found that for every $1 agricultural land pays in property taxes, it receives about 30 cents in services. CAUV property represents a net good to the community from a funding context - because farmland does not send children to schools, it does not need police, fire or paramedic services at the same rate as densely populated areas, it does not access mental health or addiction or health services but the property taxes farmers pay on this land still pays for all of those important programs and services. In contrast, that study found that residential taxpayers receive approximately $1.24 in services for every $1 spent in property taxes. I would also note that this study was done during a time when CAUV values were at some of their lowest levels.

Ohio agriculture would not be the number one industry it is today in Ohio without the Current Agricultural Use Valuation program. The unchecked urban sprawl of the 1970s would have continued, driving up farmland property values and pushing farmers off of their land through increases in property taxes. Instead, Ohio enjoys some of the best and most productive farmland in the country - if not the world. The food security provided by Ohio agriculture is not just good for farmers, or good for the economy, but is a matter of national security. Still over 400,000 acres of Ohio farmland has been lost or compromised in 2022 alone, according to the most recent data from the U.S. Department of Agriculture. Ohioans of all areas - urban, suburban, and rural - want farms in their communities. However, that can only be maintained if farmers can afford to pay their property taxes while also supporting their businesses. I would again like to thank the Chairmen and the committee for inviting us today, and would be happy to answer any questions you may have.

Joint Committee on Property Tax Review and Reform
Testimony of Zaino Hall & Farrin LLC/ZHF Consulting LLC
Thomas M. Zaino, Stephen K. Hall & Brian M. Perera
February 28, 2024

Co-Chair Blessing, Co-Chair Roemer, and Members of the Joint Committee on Property Tax Review and Reform, thank you for inviting us to speak today about Ohio's property tax system.

My name is Tom Zaino. I served as Ohio Tax Commissioner under Governor Bob Taft many years ago and I currently serve as managing member of Zaino Hall & Farrin LLC, a boutique law firm with offices in Columbus and Cincinnati. We focus our practice on tax and economic development matters. Through our wholly-owned subsidiary, ZHF Consulting LLC, we provide policy and government affairs consulting services. Supporting me with this testimony today are Steve Hall and Brian Perera. Steve's legal practice includes representing property owners with respect to their personal and real property tax matters. Brian's consulting practice leverages his decades of experience in dealing with tax issues and state budget issues, having served as Senate Budget director for more than 20 years. At your request, our goal today is to provide the Committee with some historical perspective on the property tax system, highlight problem areas with the current property tax system which hurt Ohio, and describe some options to address those problem areas.

While we are not representing any particular client today, for transparency purposes, you should know that we represent all sized taxpayers, from the smallest to the largest, before government tax and economic development authorities and in the court system.

A Perspective on Property Tax Reform – Change Takes Time

This committee has heard testimony from the Legislative Service Commission describing the history of the real property tax system, including the H.B. 920 and related constitutional enactments in the 1970s and 1980. We will provide some additional historical and data driven perspectives.

On March 1, 2003, the bipartisan *Committee to Study State and Local Taxes* ("CSSLT") issued a report that examined Ohio's tax system in light of the five elements of a quality tax system and identified obstacles and options for Ohio tax reform. The five elements of a quality tax system used by the Committee were:

1. Simplicity
2. Equity
3. Stability
4. Neutrality
5. Competitiveness.

These five elements are generally accepted by policy makers and economists as representing essential components of a quality tax system.[1]

CSSLT's Report identified and examined many obstacles in Ohio's tax system, including property taxes, and provided 39 options to overcome all those obstacles. Before creation of your committee, Ohio had acted upon 33 of the 39 options.[2] The formation of this Committee adds the opportunity to address two of the remaining six options called for in 2003:

- Establish a special committee to examine the real property tax; and
- Explore eliminating the differences in the property taxation of public utilities as compared to other businesses.

I draw the Committee's attention to Attachments C and D, which are excerpts from the CSSLT report. It is fascinating because the issues faced in 2003 have not changed much, if at all.

I realize that the focus of the committee has, so far, been on the real property tax system, but I would like to point out that Ohio still retains some uncompetitive vestiges of the archaic tax on personal property. The enabling legislation creating this committee did not limit the committee's work to real property--division (B) of uncodified section 757.60 of Am. Sub. H.B. 33, provides in relevant part:

> (B) The Committee shall review the history and purposes of <u>all aspects</u> of Ohio's property tax law . . ..

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[1] See Attachment A which provides a description of each element as used by CSSLT.

[2] See Attachment B which lists each option recommended by the CSSLT and the status of each recommendation.

This committee is well-positioned to address the problems remaining in Ohio's real and personal property tax system and keep Ohio on a trajectory of positive economic growth. In the early 2000s, Ohio recognized the inherent problems with the tangible personal property tax and moved to eliminate most of those taxes. However, the tax still applies to public utilities at an overly burdensome rate. For example, while real property is taxed at 35% of true value, pipeline property is taxed at 88% of true value and electric transmission and distribution property is taxed at 85% of true value. This significantly high assessment rate increases the tax liability on this property. Because these taxes are passed-on to rate payers, this high tax is ultimately paid by Ohio consumers.

According to the Department of Taxation's 2022 Annual Report, this tax resulted in $2.2 billion of tax revenue in tax year 2021, up 3.5 per cent from 2020. By comparison, the tax on real property (not including manufactured homes which are generally taxed like real property) generated $18.5 billion of revenue in tax year 2021, up 1.6 per cent from tax year 2020.

The following chart illustrates the disparity of the listing percentages applied to tangible personal property of different types of public utilities.

Ohio Property Tax Assessment Percentages[3]	
Type of Property	Assessment Percentage (i.e., % of Fair Market Value subject to tax)
Pipeline company property	88%
Electric transmission and distribution property	85%
Energy companies (all property except taxable production eqpt.)	85%
Rural electric company property	50%
Real property (all)	35%
Natural Gas, Waterworks, and Water transportation property	25% (or 88% for pre-2017 property)
Electric generation property	24%
Energy companies (taxable production equipment)	24%
All other general business tangible personal property	0%

[3] Ohio Department of Taxation Annual Report, 2022.

These high listing percentages are an obstacle for Ohio-based investment in the infrastructure maintained by these public utilities. If new investment is made in Ohio infrastructure, then the cost of doing business in Ohio, or living in Ohio, is increased.

House Bill 920 Reduction Factors – Is the System Working?

While this Committee is tasked with reviewing and considering reform of Ohio's entire property tax system, a catalyst for its formation was certainly the recent substantial increases in taxes impacting Ohio's citizenry. Please note that I referred to "increases in taxes" not "increases in value." The reason this distinction is important is that property owners generally like their property to increase in value, but they also want to be protected from unbudgeted and unvoted inflationary increases in real property taxes. In 1976, the General Assembly enacted H.B. 920. The purpose of H.B. 920 was to protect all Ohio real property taxpayers from experiencing an increase in real property taxes on existing property simply because the value of the property increases. The concept was that if a jurisdiction wanted more revenue, the jurisdiction had to explain the benefits of the revenue increase to the voters who would then approve and pay the tax increase. In 1980, Ohio voters passed a constitutional amendment which separated Class I from Class II property for purposes of the H.B. 920 protections against unvoted inflationary tax increases.[4]

So, why are some Ohio property owners experiencing dramatic increases in property taxes? Based on research and available data, we believe school districts have done their own type of "tax planning," by utilizing levies that have been enacted over the last 48 years but which are exempt from H.B. 920. As a result, H.B. 920 is broken. We will show why H.B. 920 is broken and why it no longer works to protect Ohioans from inflationary increases in property taxes.

The goal of H.B. 920's protections is to reduce the effective tax rate in order to offset inflationary increases in property values that existed on the date a levy was enacted.[5] Some important characteristics should be understood about the H.B. 920 protections, as well as some trends that have occurred which impact the effectiveness of H.B. 920.

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[4] Ohio Constitution, Article XII, Section 2a.

[5] Note: The H.B. 920 tax reduction factors do not apply to limit growth on inside mills or on new construction occurring after a levy is enacted. Therefore, all local political subdivisions, including school districts, can experience revenue growth from both inside mills and from new construction.

- Under law, 20 mills or a 20-mill equivalent is a minimum requirement to qualify for state aid from the school foundation formula.[6] Therefore, school district millage cannot be effectively "reduced" below 20 mills (i.e., the 20-mill floor) via the tax reduction factors created by H.B. 920.
- Only Current Expense Levies and Permanent Improvement Levies can be reduced by the H.B. 920 protections (i.e., the tax reduction factors).
  - However, only Current Expense Levies are included in the calculation of the 20-mill floor.
- Once a school district's millage on Current Expense Levies is rolled back to the 20-mill floor, H.B. 920's protections no longer apply to protect property owners from inflationary increases in property values.
  - At that point, school districts benefit from unrestrained growth in tax revenues for those current expense levies merely due to inflationary values of real property.
- The Levy Loophole Incentive: Because school districts benefit from unrestrained growth when at the 20-mill floor, schools in need of additional revenue that are also reasonably close to, or at, the 20-mill floor are incentivized to only offer new levies to voters that are not included when determining whether the district is at the 20-mill floor.
- The following levies are not included when determining the 20-mill floor:

Levies Not Factored into the 20-mill Floor[7]	
General Operation Levies	**Specific Purpose Levies**
Emergency	Bonds
Substitute	Permanent Improvement
School District Income Taxes (millage equivalent)	Recreation
	Libraries
	Safety & Security

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[6] R.C. 3317.01(A).
[7] *Property Taxation and School Funding*, Ohio Department of Taxation, Meghan Sullivan and Mike Sobul, Updated February 2010. https://tax.ohio.gov/researcher/tax-analysis/tax-data-series/school-district-data/publications-tds-school/publications-tds-school.

- Data shows that schools are being influenced by this incentive to plan around H.B. 920's taxpayer protections. The following chart illustrates that 70% of school districts are at, or closing in on, the 20-mill floor.

School District Mills – 2022[8]				
	Number of School Districts	Percentage of School Districts	Cumulative Percentage	Number with additional millage not subject to H.B. 920
Less than 20 mills	10	2%	2%	N/A[9]
At 20-mill floor	333	54%	56%	264 (79% of the 333)[10]
Near 20-mill floor	84	14%	70%	N/A
22.01-25 mills	52	8%	78%	N/A
More than 25 mills	132	22%	100%	N/A

Ohio's Real Property Tax System Lacks Simplicity

Simplicity is generally recognized as one of the five elements of a quality tax system. The idea is that the tax system be easy to understand and easy to administer. I would suggest to the committee that Ohio's real property tax system fails on this element. You have been policy makers for quite some time, and you have been involved in the state budgeting process. You have heard from experts from the Legislative Service Commission, the Ohio Department of Taxation, the Ohio Auditors Association and the Board of Tax Appeals. After all that, I rhetorically ask you to consider

[8] 2022 Aggregate Property Tax Rates by School Districts, Ohio Department of Taxation, https://tax.ohio.gov/researcher/tax-analysis/tax-data-series/school-district-data/publications-tds-school/publications-tds-school.

[9] These 10 school districts are either special island districts or school districts that rely on JVS millage to meet the 20-mill minimum.

[10] In 2022, 131 school districts had between 0.01 to 10 additional mills or equivalents (such as income tax); 133 school districts had an additional 10 or more mills or equivalents. As a result, although 264 districts are at the "20-mill floor," those districts are, in reality, levying more than 20 mills via emergency, substitute and/or income taxes!

whether you feel that you understand Ohio's real property tax system? If the answer to this question is "no," I ask you to consider what the everyday taxpayer can possibly be expected to understand.

Simplicity Gone Awry: When originally enacted in 1971, emergency levies were fixed sum levies (and, therefore, not subject to the H.B. 920 inflationary protections) that could be enacted for one of the following purposes:

- To provide for the emergency requirements of the school district; or
- To prevent the temporary or permanent closing of one or more schools within the district.

On May 11, 1971, during a state Senate Committee hearing on the bill proposing emergency levies, Cincinnati School Board member, Mrs. Virginia K. Griffin, who was testifying said that allowing school boards to submit limited-time levies to meet emergencies "is going to make the situation worse." She further raised her concern that this type of levy, if enacted, would create a circumstance where "there would be a series of emergencies." As you will see in the chart on the next page, Mrs. Griffin's view was prescient.[11]

In 1980, the second possible purpose was replaced with a purpose of avoiding an operating deficit. I suggest that all general levies are intended to avoid an operating deficit. The change of the second purpose seems to have been interpreted as an expansion of the types of expenses for which such levies may be used.

Over the years, Ohio has enacted many other changes to the emergency levy provisions, enhancing the appeal of such levies for school districts, including the following:

- 1983 – authorizing the renewal of a single expiring emergency levy.
- 1985 – excluding emergency levies from the calculation of the 20-mill floor.
- 1992 – allow multiple emergency levies to be renewed as a single emergency levy.
- 2008 – allow one or more emergency levies to be converted to substitute levies.
- 2008 – increase maximum term for an emergency levy from five to ten years.

[11] The Columbus Dispatch, (published as Columbus Evening Dispatch) – May 12, 1971 – page 31.

As alluded to above, the following chart illustrates how prescient Mrs. Griffin was when she testified. Since at least 1994, emergency levies appear to now be routine and no longer indicate a true state of emergency.[12]

Chart Illustrating Routine Emergencies Since 1994				
Type of Levy	No. of School Districts Imposing such Levy		Percentage of School Districts Imposing such Levy	
	1994	2022	1994	2022
Emergency Only	192	199	31.3%	33.0%
Substitute Only	N/A	52	N/A	8.0%
Both	N/A	13	N/A	2.0%
Total Levies	192	264	31.3%	43.0%

Substitute Levies: The fact that emergency levies may be "substituted" creates additional problems for taxpayers. Although taxpayers may think they know what it means to "substitute" a levy, I don't believe they do--there are important consequences to substitution. After the first year, the substitute levy raises the fixed sum of an emergency levy and imposes additional tax on new construction. Also, unlike emergency levies, substitute levies may be levied for a continuing period of time. In truth, a "substitute levy" is really much more than a mere substitute of the emergency levy.

I note that Ohio's Deceptive Trade Practices law[13] prohibits a person from representing that services have characteristics that those services do not actually have. Through no fault of school districts (at all), the use of the terms "emergency levy" and "substitute levy" come close to giving taxpayers an impression that a new levy has characteristics that those levies do not actually have. This obviously violates "simplicity," but also negatively impacts the other characteristics of a quality tax system—including equity, stability, neutrality and competitiveness.

[12] For this chart, 1994 data is used because it is the earliest data that was publicly available on the Ohio Department of Taxation's website. Also, note that substitute levies were not available until 2008.
[13] R.C. 4165.02 – Ohio's Deceptive Trade Practices law.

We believe H.B. 920 is broken. Because 343 of Ohio's 611 school districts (56%) were at or below the 20-mill floor in 2022, many Ohio property owners are experiencing unexpected, dramatic, and unvoted tax increases.

Other Elements of a Quality Tax System: Ohio's real property tax on property owners and personal property tax on public utilities also fail to meet other important elements of a quality tax system. In order to save time, I encourage this committee to see Attachment A, which is an excerpt from the actual 2003 Committee to Study State & Local Taxes which has concise review of how these taxes measure up to the quality elements.

Options to Fix Ohio's Property Tax System

The following list provides some reform options the Committee may want to consider as it completes its review of Ohio's property taxes.

1. Fix H.B. 920: H.B. 920 can work to prevent inflationary pressures from increasing property tax values. It needs to be strengthened to fulfill its intended purpose.
    a. Factor in emergency and substitute levies when determining whether a district is at the 20-mill floor.
        i. Example: If a school is currently at the 20-mill floor and has a 7-mill emergency levy, treat the district as having 27 mills and, therefore, not generating inflationary growth on any mills (except the inside millage, of course).
    b. Similarly, factor in school district income taxes toward the 20-mill floor.

2. Truth in Advertising: The real property tax system is confusing for taxpayers and not "simple."
    a. Rename "emergency levies" and "substitute levies" to make sure taxpayers truly understand the implications of supporting such levies.
    b. Limit emergency levies and their related substituted levies to true emergency situations with a limited time frame.
    c. Clarify other terminology and simplify the tax levy system.

3. Smooth Out the Valuation Process. Jumps in property taxes every three or six years can stun property owners with higher taxes. One way to address this problem is to revalue property on a more frequent basis.
    a. Consider requiring more frequent revaluations.
        i. Annual or bi-annual.
        ii. Portions of counties.

4. Address Equity and Neutrality: Property rich individuals, such as older Ohioans on fixed incomes or low-income Ohioans living in gentrifying neighborhoods, may not be able to pay inflationary property taxes. This can force them to make decisions to sell their property simply because of taxes. I draw your attention to the attached Policy Brief from the Lincoln Institute of Land Policy which highlights some options to address these problems.
    a. Enhanced homestead credits.
    b. Circuit breakers based on income.
    c. Property tax deferral programs.
    d. Monthly payment of real property taxes.

5. Address Competitiveness: High and unexpected property taxes create competitiveness hurdles for Ohio when competing in a global environment.
    a. Ohio's remaining tangible personal property tax system imposed on public utilities is a disincentive to new investment in Ohio's energy infrastructure and increases the cost of doing business in Ohio and of living in Ohio.
    b. Unexpected and inflationary increases in real property taxes create an environment of uncertainty that puts Ohio at a disadvantage.

We appreciate the opportunity to present this testimony and are happy to answer any questions the Co-Chairs or other members of the Committee may have.

Attachment A

Excerpt from the Report of the Committee to Study State & Local Taxes
March 1, 2003

II. Elements of a Quality Tax System

Am. Sub. S.B. 261 directs the Committee to consider five elements of a quality tax system (simplicity, equity, stability, neutrality, and competitiveness) in making its recommendations. These five elements are widely accepted as the key elements of a quality tax system. While no tax system is perfect, the use of these principles of tax policy helps to achieve an effective and balanced tax system. The Committee recognizes that these five elements can conflict with each other and, therefore, the elements must be prioritized in order to achieve the best result. A summary of the five elements is provided below.

Simplicity – The tax system should facilitate taxpayer compliance by being easy to understand and easy to administer. Taxpayers, both businesses and individuals, pay two distinct "costs" with respect to tax compliance. The first cost, of course, is the expense of the actual tax. The second cost is the compliance cost of comprehending and properly complying with the tax system. By reducing a taxpayer's compliance cost, the taxpayer's overall tax burden is effectively reduced with no impact on government revenues. Finally, a simple tax system reduces the taxing authority's cost of administering the tax.

Equity – Two types of equity exist: Horizontal Equity and Vertical Equity. Horizontal Equity exists when the tax system imposes similar burdens on similarly situated taxpayers. Vertical Equity exists when the tax system recognizes differing abilities of various taxpayers to pay. For example, wealthy individuals are generally able to pay more taxes than less wealthy individuals.

Stability – The tax system exists to fund essential government services and should provide adequate revenue to fund those services in both good and bad economic times. For example, an economic downturn may force a business to lay off employees due to decreased demand for its products. However, a bad economy generally creates new demands for state services. Therefore, a stable funding of government services is essential.

Neutrality – The tax system should not unduly influence economic behavior. The economy and the marketplace, not the government's tax policy, should drive business decisions.

Competitiveness – The tax system is a meaningful part of a state's living, working, and business environment. It should not impose an excess burden on taxpayers, particularly as compared to the tax systems of other states and, more and more, as compared to other parts of the world.

Attachment B

Committee to Study State & Local Taxes
List of Recommendations and Results

✓ = Achieved

× = Not achieved

M = Mixed results

CORPORATION FRANCHISE TAX OPTIONS – *The tax was phased out from 2005 through 2009.*

- ✓ Adopt a Combined/Unitary Income Tax Base
- ✓ Broaden the Tax Base, Eliminating a Substantial Portion of Special Interest Deductions and Tax Credits
- ✓ Adopt a Throwback Rule for Sales Factor Apportionment Purposes
- ✓ Increase the Net Worth Cap
- ✓ Adopt UDITPA Treatment of Business and Nonbusiness Income
- ✓ Retain Net Operating Loss Deductions
- ✓ Lower the Top Corporation Franchise Net Income Tax Rate and Eliminate the Brackets

PERSONAL INCOME TAX OPTIONS

- ✓ Reduce the Number of Low-Income Taxpayers
- ✓ Remove Trust Tax Sunset
- ✓ Lower Personal Income Tax Rates

MUNICIPAL INCOME TAX OPTIONS

- M Create a Uniform Tax Base for Net Profits Tax Purposes [*still needs work*]
- ✓ Create a Uniform Withholding Base
- ✓ Provide Appeals to the Board of Tax Appeals and the Ohio Supreme Court
- ✓ Create Uniform Net Operating Loss ("NOL") Carryover Treatment
- M Provide Uniform Treatment of Pass-Through Entities [*still needs work*]
- ✓ Provide a Centralized, Web-Based Filing and Payment Option on *Ohio Business Gateway*
- ✓ Provide a Centralized Web-Based Tax Return Extension Site for Business
- ✓ Revise the Due Date of Municipal Income Tax Returns and Extensions
- ✓ Eliminate Three-Year Requirement for Reporting for Withholding Tax Purposes

SALES & USE TAX OPTIONS

- ✓ Broaden the Sales and Use Tax Base in Order to Capture the Broader Economy
- ✓ Ohio Should Participate in the Streamlined Sales Tax Project
- × Broaden the Sales and Use Tax Base by Eliminating Special Carveouts to the Tax
- × Do Not Increase the County Permissive Tax Rate Authority
- × Lower Tax Rates

TANGIBLE PERSONAL PROPERTY TAX OPTIONS

- ✓ Eliminate the Tangible Personal Property Tax and Replace It with a Broad-Based, Low Rate Tax [*i.e., the CAT*]
- ✓ Accelerate Elimination of the Inventory Tax Base
- ✓ Eliminate Filing Requirements Associated with the $10,000 Exemption
- ✓ Phase Out Reimbursement of the cost of the $10,000 Exemption
- ✓ Expand Abatement of Penalty Circumstances

REAL PROPERTY TAX OPTIONS

- × Establish a Special Committee to Examine the Real Property Tax – This is YOU!
- ✓ Expand Abatement of Penalty Circumstances

GENERAL PUBLIC UTILTIY TAX OPTIONS

- × Explore Eliminating the Differences in the Taxation of Public Utilities as Compared to Other Businesses as the Barriers to Competition Break Down

TELECOMMUNICATIONS TAXATION OPTIONS

- ✓ Tax Local Telephone Companies in the Manner of Other Telecommunications Companies

GENERAL FINANCIAL SERVICES INDUSTRY OPTIONS

- ✓ Perform Industry-by-Industry Examination for Change

DEALERS IN INTANGIBLES TAX OPTIONS

- ✓ Eliminate the Dealers in Intangibles Tax

OPTIONS RELATED TO TAX ADMINSTRATION AND OHIO'S BUDGET

- ✓ Rebuild Ohio's Rainy Day Fund [*Still needs work*]
- M Increase Funding of the Department of Taxation to Ensure Fair Compliance by All Taxpayers [*Done initially, but dramatically reversed in the 20teens.*]
- ✓ Enhance Enterprise Zone Agreement Enforcement Provisions and Tools
- ✓ Limit Enterprise Zone Benefits to New Investments Involving Interstate Competition

Attachment C

Excerpt from Report of the Committee to Study State and Local Taxes
March 1, 2003

REAL PROPERTY TAX OBSTACLES

Simplicity: Ohio's real property tax system is so complicated that it is not understood by taxpayers. This leads to frustration with the tax. Tax relief initiatives, particularly the tax reduction factor law (H.B. 920), have broken down the relationship between the tax rates approved by the voters and the taxes actually due. The tax reduction factor law, with its many complications and ramifications, is difficult even for experts to fully comprehend. Other examples of areas of confusion are the use of "mills" rather than percentages for tax rates, the difference between fair market value and assessed value, the existence and purposes of the 2.5% and 10% rollbacks, the current agriculture use valuation law, and the difference between replacement levies, continuing levies, and renewal levies.

Equity: While the tax reduction factor law has its shortcomings, it does limit tax increases arising out of appreciation of property values. This has been a key public policy of the state for many years. The 20-mill floor, below which the tax reduction factor law cannot cause school tax levies to fall, can cause taxes to increase with appreciation. In effect, the tax reduction factor law does not provide the same protections from tax increases for taxpayers in areas where the 20-mill floor has been reached that it does in other areas. This may be perceived as a horizontal equity issue if the primary policy objective is limiting tax increases arising from increased property values.

As a tax relief measure, the state pays 10% of every real property tax bill. For homesteads (owner-occupied housing), the state pays an additional 2.5% of the bill. This tax relief applies without regard to the financial circumstances of the property owner, and may be viewed as a violation of vertical equity. That is, the state assumes responsibility for 12.5% of every homesteader's property tax bill, whether that homesteader is a retiree on a fixed and limited income or whether the homesteader clearly has the financial means to pay the tax.

Stability: Ordinarily a stable tax source will provide for some expansion over time. The tax reduction factor law affects this potential expansion, by limiting the amount of revenue expansion arising from property value appreciation. Even so, the real property tax is a very stable and vital revenue source, with about two-thirds of the tax going to local school districts and the balance going to county and other local jurisdictions. Some exceptions to this general conclusion warrant mention. In areas where few additions are being made to the tax base, the tax reduction factor law may be thought to severely restrict revenue growth.

At the same time, the Committee has observed a recent trend of school districts to reduce their millage down to the 20-mill floor. As noted above, the result of this phenomenon is to short-circuit the impact of the H.B. 920 reduction factor limits on real property tax growth so that it has no impact in those districts. It is estimated that 314 school districts are currently at the 20-mill floor and that 113 more will be at the 20-mill floor within the next six years, barring passage of a new levy.[14] When the tax reduction factor law does not apply, the increases in taxes on real property can be quite dramatic, and can outstrip the amount of growth considered reasonable in order to maintain stability.

Closely tied to stability is the impact of the revaluation process every six years, with the intervening three-year update. As a result of this process, taxpayers can experience large and unexpected jumps in their tax liabilities upon revaluation.

Neutrality: Significant variations in local tax rates do exist and may affect decisions regarding where to live, although decisions may be equally driven by the level of service provided, as by the amount of tax charged. That is, taxpayers may choose to pay additional tax in order to have more services.

Competitiveness: Ohio's real property tax does not pose any significant competitiveness issues. While many Ohioans feel that the real property tax rates are very high and burdensome, Ohio's average effective tax rates are generally lower than the effective rates of its competitor states. For example, Ohio was ranked 21st when comparing effective tax rates on $100 of value in each state's largest city.[4315] Neighboring states with higher effective real property tax rates include Indiana, Michigan, and Pennsylvania. Other competitor states with higher effective real property tax rates include Florida, Georgia, Texas, and Wisconsin.

> [ZHF NOTE: The above observation on competitiveness is based on 2000 data. Using similar data in 2024, Ohio's rank in the same study when comparing effective tax rates on $100 of value in each state's largest city is 20th highest burden even though the effective rate dropped from 1.64 mills in 2000 to 1.53 mills in 2020.[16]]

REAL PROPERTY TAX OPTIONS

To overcome the obstacles described above, the Committee has identified the following options:

1. Establish a Special Committee to Examine the Real Property Tax. The real property tax system in Ohio is uniquely complicated. Further, it is inextricably tied to the funding of primary and secondary education, which is beyond the scope of the Committee's statutory duties. While the Committee received testimony regarding the real property tax, a more focused examination of this tax is deserved. A bi-partisan committee can focus solely on this tax and also consider the implications any change will have on school funding.

2. Expand Abatement of Penalty Circumstances. The powers of county auditors and the Tax Commissioner to abate penalties for underpayment of the real property tax should be expanded to be equivalent with other taxes. For example, with most state-administered taxes, the Tax Commissioner may abate penalties for "good cause."

[14] Based on 2001 data available from the Ohio Department of Taxation.

[15] Source: District of Columbia Report, *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*, 2000.

[16] Source: District of Columbia Report, *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*, 2020.

Attachment D

Excerpt from Report of the Committee to Study State and Local Taxes
March 1, 2003

General Public Utility Taxation Obstacles

Public utilities were at one time easily identifiable as businesses that provided specialized services or products under specially regulated conditions. The importance of the product, its predictable delivery, and unusual market conditions contributed to the public interest in regulation and oversight. This regulation often involved the creation of state-authorized monopolies and the imposition of special or heavier taxes than apply to other businesses. In some ways these issues may have been related: in return for a monopoly franchise, the state may have imposed heavier taxes. Also, the existence of rate regulation may have made it easier to levy higher taxes on these businesses since they were theoretically guaranteed full recovery of taxes through the rate-making process. For whatever reason, a system developed that did impose heavier and different tax burdens on the public utility industry than on general businesses.

The discussion below reviews obstacles as they apply to public utilities in general. Immediately following the general discussion, the obstacles are reviewed in more detail with respect to the telecommunications industry.

Simplicity: Public utility taxes apply to a class of taxpayers—those defined as "public utilities." Public utility status affects tax liability of both the utility and its customers. In the era of deregulation and re-regulation, the term "public utility" has lost its bright-line meaning. Determining whether an entity meets the definition of a particular public utility can be difficult. It is also possible for a particular business to meet the definition of a public utility one year, but not the next. On the customer side, the taxes paid by the consumer will differ based on whether the provider of the service or product is a public utility or not.

Equity: To tax the same product or services differently depending on whether or not it is provided by a public utility is not only confusing, it is inequitable. To tax two companies differently when they provide products or services in competition with each other is also inequitable.

Stability: The public utility taxes, once a hallmark of stability, have become less reliable as public utilities have moved out of the monopoly environment and into a more competitive situation. Competitive pressures have affected both the rate-making processes and prompted legal challenges to the statutes that impose differing tax regimes than apply to general businesses. Legal challenges have already led to some refunds, and they create uncertainty for the future.

Neutrality: The disparities between general business taxation and public utility taxation have led to the creation of non-utility related entities to assume some portion of the traditional public utility role, but at a lower tax cost. An historical example best illustrates this. Formerly, electric companies were subject to higher listing percentage on inventory (like coal to be used in generating electricity) than general businesses. By transferring ownership of the inventory to a non-utility, the electric company could significantly reduce its tax.

Competitiveness: The uncertainty associated with Ohio's current tax treatment of public utilities and their competitors makes investment in these ventures risky. In some cases, businesses may defer investment until the tax questions are resolved. The central roles of these industries, once regulated in part due to their critical importance, argues for the elimination of these artificial and troubling differences in tax treatment.

Attachment E

Property Tax Relief for Homeowners
Policy Brief
Lincoln Institute of Land Policy
March 2022

PROPERTY TAX RELIEF FOR HOMEOWNERS

By Adam H. Langley and Joan Youngman

The property tax is uniquely suited for supporting the independent local governments that play a critical role in the United States federal system. Localities fund a variety of key public services that enhance quality of life for their residents, including K–12 education, public safety, parks, infrastructure, and much more. Local governments—which include cities, counties, school districts, and all other jurisdictions below the state level—are the closest to the people and most trusted by them. An important reason for this is the proximity and flexibility that allow local governments to understand and respond to the needs of residents. But independent decision making requires that local governments have the ability to raise sufficient revenues to fund their operations.

The property tax has important strengths as a local revenue source. Its immobile tax base allows localities to assemble a package of taxes and services reflecting the preferences of their citizens. It provides stable revenue over the business cycle, promotes transparency regarding fiscal decisions, and tends to impose less drag on the economy than other taxes. The property tax is also progressive compared to most alternatives; that is, it tends to take a relatively smaller share of income as incomes fall—especially when targeted tax relief options such as circuit breakers and homestead exemptions are in place.

Targeted property tax relief policies can lead to a tax system that is fair and affordable while still providing the revenue needed to support quality public services.

These strengths lead to heavy local reliance on property taxes. The property tax accounts for nearly half of all revenue raised by local governments in the United States. Local governments raise over five times more revenue from property taxes than from sales taxes, and over 10 times more than from income taxes.

Like any tax, however, the property tax faces challenges. Fiscal disparities across communities are a problem for any local tax and mean that poorer jurisdictions may struggle to provide adequate services at reasonable tax rates. Since it does not consider current income, the property tax can be unaffordable for those who are house-rich but cash-poor. In addition, property taxes can potentially increase sharply from one year to the next, they may be based on inaccurate or outdated estimates of value, and they often must be paid in large lump sums.

The good news is that there are policy options that can effectively address all of these challenges. When used together, they can lead to a tax system that is fair and affordable while still providing the revenue needed to support quality public services. But it is important to design relief programs carefully to address specific issues, because untargeted policies can cause excessive revenue losses and serious unintended consequences.

The Keys to an Equitable and Efficient Property Tax System

LINCOLN INSTITUTE OF LAND POLICY

Designing Targeted and Effective Tax Relief Policies

Research shows that most property tax revolts are a response to dramatic increases in property taxes, particularly when these result from rising home values. These political reactions have often led to some form of state-level property tax limitations, including rate limits, assessment limits, and levy limits. These limits can constrain growth in property taxes, but they may also shift the revenue mix to less reliable sources, reduce the quality of local services, and impede local governments' ability to respond to local preferences and changing circumstances.

To avoid politically unacceptable tax increases without resorting to inflexible tax limitations, it is critical that local officials reduce tax rates during periods of rapid growth in property values. Responsive rate setting, quality assessment practices, and regular revaluations are the foundation of a fair property tax system.

Targeted tax relief policies can build upon that foundation. Circuit breakers, deferrals, and homestead credits each address specific property tax challenges without undermining the strengths of this essential revenue source. Relief programs can make the property tax more progressive, offset rapid tax increases, assist homeowners who face liquidity issues, and help those who are least able to pay.

Homestead Exemptions and Credits

Homestead exemptions and credits are the most common type of property tax relief. These exemptions and credits are usually available for all owner-occupied primary residences, although some states restrict eligibility to seniors or provide seniors with additional benefits. Most jurisdictions exempt a fixed *dollar* amount from taxation, making the property tax distribution more progressive. For example, a $20,000 exemption reduces property taxes by 20 percent on a $100,000 home, 10 percent on a $200,000 home, and 5 percent on a $400,000 home. Some jurisdictions exempt a fixed *percentage* of value from taxation, leaving the property tax distribution unaffected and providing the largest dollar savings to owners of high-value homes. Homestead credits are similar to exemptions, but they reduce tax bills directly rather than reducing taxable values.

Income-Based Homestead Credits

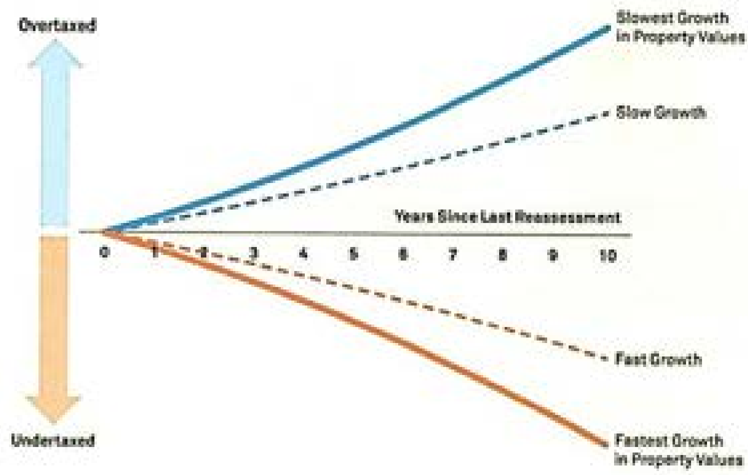
Income-based homestead credits tie the amount of property tax relief to applicants' incomes, with credits decreasing as income increases. These means-tested programs provide more targeted and cost-effective relief than homestead exemptions or credits that do not take income into account. However, means testing can also reduce participation rates and increase administrative burdens.

Quality Assessment Practices Are Essential for Tax Fairness

Accurate assessments are essential for equity under a market-value property tax system. Without them, the distribution of property taxes becomes unfair and arbitrary. Assessment accuracy depends on regular revaluations, and it is enhanced by modern valuation techniques, state oversight of local assessing offices, and effective appeals systems.

The most common cause of inaccurate assessments is that too much time has passed since the last revaluation. The longer a jurisdiction goes without reassessing property values, the greater the tax inequities. Properties with the slowest growth in values (or largest declines) become increasingly overtaxed. Properties with the fastest growth become increasingly undertaxed.

Tax Inequities Grow Without Reassessment



Recommendations

Property tax relief must be designed thoughtfully to address specific issues and avoid unintended consequences. The following recommendations promote an equitable and efficient tax system.

IMPLEMENT QUALITY ASSESSMENT PRACTICES WITH REGULAR REVALUATIONS. Accurate assessed values are the foundation of a fair property tax system, and regular revaluations are crucial to maintaining accurate assessments. Without them, taxpayers in areas of slow or declining growth will be overtaxed, subsidizing taxpayers in neighborhoods with the greatest property appreciation. Between full revaluations, assessments can be kept current by statistical adjustments and mass appraisal techniques.[1] Regular revaluations should be paired with tax rate reductions during periods of rising values.

UTILIZE WELL-DESIGNED STATE AID FORMULAS. A frequent criticism of the property tax is that poorer communities with low property values cannot supply adequate public services at affordable tax rates. However, this is not a problem with the property tax, but with local taxation generally. Areas that cannot support quality services with their local tax base require transfers from a higher level of government. State aid is the only way to address fiscal disparities across communities and ensure that all localities have the resources to provide quality services, especially public education. State aid formulas should account for socioeconomic factors that affect expenditure needs and differences in the local costs of providing public services.[2]

PROVIDE TARGETED AND COST-EFFECTIVE PROPERTY TAX RELIEF WITH CIRCUIT BREAKERS AND DEFERRALS. Circuit breakers target relief to households paying the highest share of their income in property taxes. These may include senior citizens on fixed incomes, low-income homeowners in gentrifying neighborhoods, and workers who have lost their jobs. These programs offset taxes above a threshold percentage of income and can provide effective relief to the most heavily burdened households.[3]

Tax deferrals allow homeowners to delay payment of their tax until their home is sold or inherited, at which point the deferred taxes are due, together with any interest. Deferrals provide substantial assistance to homeowners who are cash-poor but house-rich, allowing them to defer 100 percent of their tax liability and draw on their home equity to pay current property tax bills. They are particularly appropriate for senior citizens who wish to age in place.[4]

ALLOW HOMEOWNERS TO PAY PROPERTY TAXES ON A MONTHLY BASIS. Instead of requiring lump-sum payments that can create financial challenges for households and increase tax delinquency, local governments should consider alternative payment plans. This is typically done through prepayment programs that allow monthly payments to accumulate in an escrow account, which is used to pay the annual or biannual tax bill.[5]

AVOID TAX LIMITATIONS, ESPECIALLY ASSESSMENT LIMITS. Tax limits are one of the most common responses to political pressure for property tax relief, but they are generally a poor choice.[6] They are untargeted and impose a one-size-fits-all constraint on very different local governments. Limits on growth in assessed values are particularly harmful. They create unpredictable winners and losers, shift the tax burden from owners of rapidly appreciating property to those whose home values are growing slowly or even depreciating, and generate large inequities where owners of homes of similar value face very different tax bills.[7] Rather than imposing inflexible tax limits, state and local governments should provide targeted tax relief that preserves the revenue needed to maintain quality public services.

This Policy Brief is based on *Property Tax Relief for Homeowners*, a Policy Focus Report by Adam H. Langley and Joan Youngman (Cambridge, MA: Lincoln Institute of Land Policy, 2021).

1 International Association of Assessing Officers. 2017. *Standard on Mass Appraisal of Real Property*. Kansas City, MO: International Association of Assessing Officers.

2 Matthew Chingos and Kristin Blagg. 2017. "Making Sense of State School Funding Policy." Washington, DC: Urban Institute.

3 John H. Bowman, Daphne A. Kenyon, Adam Langley, and Bethany P. Paquin. 2009. *Property Tax Circuit Breakers: Fair and Cost-Effective Relief for Taxpayers*. Policy Focus Report. Cambridge, MA: Lincoln Institute of Land Policy.

4 Alicia Munnell, Anek Belbase, Wenliang Hou, and Abigail N. Walters. 2017. "Property Tax Deferral: A Proposal to Help Massachusetts Seniors." Chestnut Hill, MA: Boston College Center for Retirement Research.

5 Adam H. Langley. 2018. "Improving the Property Tax by Expanding Options for Monthly Payments." Working paper WP18AL1. Cambridge, MA: Lincoln Institute of Land Policy.

6 Joan Youngman. 2016. "Tax Restrictions and Assessment Limits." In *A Good Tax: Legal and Policy Issues for the Property Tax in the United States*. Cambridge, MA: Lincoln Institute of Land Policy.

7 Mark Haveman and Terri A. Sexton. 2008. *Property Tax Assessment Limits: Lessons from Thirty Years of Experience*. Policy Focus Report. Cambridge, MA: Lincoln Institute of Land Policy.

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In Colorado, the property tax deferral option for senior homeowners has many elements of a well-designed program, imposing no income ceiling and using a low interest rate on deferred taxes equal to the latest 10-year Treasury note. Taxpayers must submit an annual application to qualify, and the state government makes payments to each county on behalf of those who have deferred their taxes.

Shoveling snow in Crested Butte, Colorado.
Source: John Terence Turner/Alamy Stock Photo.

Income-based homestead credits define several income brackets, and taxpayers within each bracket receive the same property tax reduction. For example, a state might provide a 75 percent property tax credit for households with incomes up to $10,000, a 50 percent credit for incomes of $10,001 to $20,000, and a 25 percent credit for incomes of $20,001 to $30,000. Some states provide a fixed-dollar credit for taxpayers in each income bracket, again with credits decreasing as incomes rise.

Circuit Breakers

Property tax circuit breakers are meant to prevent homeowners from being overburdened by property taxes, just as an electrical circuit breaker prevents electric current overloads. They offer relief when property taxes exceed a threshold percentage of income. Circuit breakers target property tax relief to homeowners paying the highest share of their income in property taxes, such as seniors on fixed incomes, low-income homeowners in gentrifying neighborhoods, and individuals facing a sudden reduction in earnings. These programs are more cost-effective than those that provide a small amount of tax relief to all homeowners, because they can allow significant assistance to the most heavily burdened households at a lower cost overall.

Most states impose income ceilings to restrict eligibility and benefit limits to constrain the amount of relief provided to any taxpayer. It is important to avoid income ceilings and benefit limits that are too low, to ensure that homeowners receive adequate relief.

Deferrals

Property tax deferral programs allow homeowners to delay payment of their property taxes until ownership of the home is transferred. At that point, the full amount of deferred tax becomes due, typically with interest. Deferrals directly address concerns faced by homeowners with substantial home equity but limited cash flow, allowing them to draw on their home equity to pay current property tax bills. Unlike other forms of tax relief, deferrals impose no long-term cost on other taxpayers. Yet they can also provide very substantial assistance—usually allowing homeowners to defer 100 percent of their tax liability.

Summary of Property Tax Relief Programs

Good	Homestead Exemptions and Credits
Better	Income-Based Homestead Credits
Best	Circuit Breakers Deferrals

Eligibility for deferrals is usually restricted to low-income seniors. Deferrals are an excellent solution for these households, as most seniors own their homes and have considerable home equity. In addition, most seniors prefer to age in place, and deferrals ensure that no eligible homeowner will be forced to move due to property taxes.

Ohio Legislative Service Commission

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Appendix A: Glossary of Property Tax Terms

Summary

This document alphabetically compiles and defines terms related to property taxation to assist the work of the Joint Committee on Property Tax Review and Reform.

1% limitation - the constitutionally established upper limit on the amount of property taxes that may be levied without voter approval or municipal charter authority; no property tax may be levied that raises revenue in excess of 1% of the true value in money of any article of property unless the tax is approved by voters or is provided for in a municipal charter; compare to 10-mill limitation *(Ohio Constitution, Article XII, Section 2)*

2.5% owner occupancy credit - a statewide property tax credit that reduces the taxes levied on owner-occupied property by 2.5%; does not apply to new or replacement levies approved by voters in or after November 2013 *(R.C. 323.152(B))*

10% nonbusiness credit - a statewide property tax credit that reduces the taxes levied on any property that is not used in business, i.e., residential and most agricultural property, by 10%; does not apply to new or replacement levies approved by voters in or after November 2013 *(R.C. 319.302)*

10-mill limitation - the statutorily established upper limit on the amount of property taxes that may be levied without voter approval or municipal charter authority; no property tax may be levied that raises revenue in excess of 10 mills (1¢) per dollar of the taxable value of any article of property unless the tax is approved by voters or provided for in a municipal charter; compare to 1% limitation *(R.C. 5705.02 and 5705.18)*

20-mill floor - the minimum effective tax rate on real property that can result from the revenue limits of tax reduction factors; in effect, guarantees that school districts generate at least 20 mills' worth of taxes from real property even if the revenue limits warrant less revenue *(Ohio Constitution, Article XII, Section 2a(D), R.C. 319.301(E))*

Appraisal - the procedure for valuing real property for the purpose of taxation; is performed in each county every six years, requiring an actual viewing of the property; values are updated in the third year following reappraisal in an attempt to keep all real property taxed on the same percentage of value *(R.C. Chapter 5713)*

Assessment rate - the percentage of a property's true value that is subject to taxation; the tax rate is multiplied by this percentage of value; the rate for real property equals 35% of the property's true value *(R.C. 5715.01)*

Board of revision - a board that is established in each county to review complaints regarding real property tax matters and to generally oversee real property taxation; the board's decisions are appealable to the Board of Tax Appeals *(R.C. 5715.01 to 5715.21)*

Carryover property - is associated with the tax reduction factor law and used to consider the amount of the tax reduction; refers to a stock of property that was taxable in the previous year, continues to be taxable, and has not changed from one class to another since the preceding year *(R.C. 319.301)*

CAUV (current agricultural use valuation) - an alternative method of valuing land that is used in agriculture for the purpose of property taxation; taxable land value is based on its potential for producing income from agriculture rather than its fair market value, which may be influenced by speculative factors in the local real estate market such as encroaching development (*Ohio Constitution, Article II, Section 36; R.C. 5713.30 to 5713.38)*

Charter millage - property tax millage that pursuant to a municipal charter does not require prior voter approval; revenue raised from charter millage is not limited by the tax reduction factor law *(Ohio Constitution, Article XII, Section 2; R.C. 319.301 and 5705.18)*

Class I property - real property that is used for residential or agricultural purposes, classified for the purpose of limiting revenue growth under the tax reduction factor law; the separate classification prevents changes in nonresidential/nonagricultural (Class II) property values from influencing tax reduction factors for Class I property (*Ohio Constitution, Article XII, Section 2a; R.C. 319.301 and 5713.041)*

Class II property - real property, primarily commercial and industrial property, including apartment complexes, that is used for purposes other than residential or agricultural purposes, classified for the purpose of limiting revenue growth under the tax reduction factor law; the separate classification prevents changes in residential/agricultural (Class I) property from influencing tax reduction factors for Class II property *(Ohio Constitution, Article XII, Section 2a; R.C. 319.301 and 5713.041)*

County budget commission - a body composed of certain elected county officials that reviews local government budgets, apportions local government fund money among subdivisions in the county, and ensures that property taxes are properly authorized and that unvoted property taxes do not exceed 10 mills *(R.C. 5705.27 to 5705.37)*

Debt levy - Property tax levied to pay the debt service on general obligation bonds; not subject to tax reduction factors

Effective tax rate - the H.B. 920 credit-adjusted property tax rate; the hypothetical tax rate that, if multiplied by the taxable value of a class of real property, would yield the same amount of revenue as the actual "voted" tax rate yields after the H.B. 920 credits (tax reduction factors) are applied; under normal circumstances, the effective rate is less than the voted rate *(R.C. 319.301 and 323.08)*

Fixed-rate levy - Property tax levied at a fixed rate; subject to the tax reduction factors; the most common type of levy imposed by taxing authorities

Fixed-sum levy - Property tax levied at a rate that will generate a fixed sum of revenue; not subject to the tax reduction factors; most common example is a school district emergency levy

Homestead exemption - a property tax benefit that partially exempts the value of homes owned by individuals who are (a) 65 and older, (b) permanently and totally disabled, or (c) the surviving spouse age 59 or over of such an individual, (d) a disabled veteran, or (e) a public safety officer who died in the line of duty; depending on eligibility category, some individuals must also meet an income limit; there are two tiers of benefit, also depending on eligibility category *(R.C. 323.152(A) and 4503.065)*

H.B. 920 credit (tax reduction factor law) - a credit that is applied to each real property tax bill to discount the effects of property value appreciation on tax bills; is derived from tax reduction factors, which prevent taxes on real property from increasing in proportion to inflationary increases in property values, and is computed on the basis of property values in general rather than individual parcels *(Ohio Constitution, Article XII, Section 2a;; R.C. 319.301)*

Inside millage (unvoted millage) - property tax millage that may be levied without prior voter approval; not more than 10 inside mills may be levied per dollar of taxable property value in a given jurisdiction; inside millage is allocated among overlapping jurisdictions so that no property bears an unvoted tax greater than 10 mills per dollar (i.e., 1%) of its taxable value *(Ohio Constitution, Article XII, Section 2; R.C. 5705.02)*

Mill - a unit for expressing property tax rates; property tax rates are expressed in mills per dollar of taxable value; a mill is $^1/_{10}$ of one cent, and a tax rate of one mill per dollar of taxable value is the equivalent of $^1/_{10}$ of 1%

Tax budget - a local government's initial budget document that sets forth anticipated revenues and expenditures for the coming fiscal year; may be waived in whole or in part *(R.C. 5705.28 to 5705.35)*

Tax list and duplicate - the definitive list of real property and public utility tangible personal property that is subject to taxation; a duplicate corresponding with the list is held by the county treasurer

Tax reduction factors - the reductions that are made in the gross amount of real property taxes to prevent property value appreciation from resulting in proportionate increases in taxes; the H.B. 920 credit derives from tax reduction factors, and effective tax rates reflect the net effect of the factors *(R.C. 319.301)*

Tax year - the calendar year for which taxes are assessed even if the taxes are payable in a subsequent year *(R.C. Chapters 319 and 5705)*

Taxable value (assessed value) - the portion of property's true value in money that is subject to taxation; the assessment rate for any article of property multiplied by its true value in money yields the property's taxable value; taxable value multiplied by the tax rate yields the gross tax due *(R.C. 5713.03)*

Taxing authority - a local legislative body, such as a city council, board of county commissioners, board of township trustees, or school board, and others, that is authorized by law to levy property taxes *(R.C. Chapter 5705)*

True value or true value in money - the imputed value of property for the purposes of property taxation; in the case of real property, it equals estimated fair market value *(R.C. 5713.03)*

Uniform rule - a constitutional mandate that all taxable real property is to be taxed at the same rate and on the same percentage of its true value in money *(Ohio Constitution, Article XII, Section 2)*

Voted millage - Property tax millage that exceeds the 10-mill limitation and may be levied only with voter approval

Taxation and Economic Development Group, Office of Research and Drafting

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Appendix B: Types of Voted Property Tax Levies

Summary

This document distinguishes each existing type of voted property tax levy to assist the work of the Joint Committee on Property Tax Review and Reform.

Under the Ohio Constitution, property taxes that would cause the total rate levied on real property to exceed 10 mills per dollar, or 1%, of fair market value may not be levied unless the levy is approved by voters or is provided for in the charter of a municipal corporation.[1] Current law authorizes political subdivisions to levy property taxes in excess of this 10-mill limitation, subject to voter approval, to fund their operating expenses or, in some cases, permanent improvements or debt service. The characteristics of each authorized levy vary. Levies can generally be arranged into three categories: those levied at a fixed rate (fixed-rate levies), those levied at a rate that will generate a fixed sum of revenue (fixed-sum levies), and those levied to pay the debt service on general obligation bonds (debt levies). Under certain circumstances, multiple types of levies may be combined in a single ballot question.

A fixed-rate levy is generally subject to the H.B. 920 tax reduction factors, which prevent taxing authorities from realizing additional property tax revenue when real property increases are reflected in a reappraisal or triennial update. Separate tax reduction factors apply to (1) residential and agricultural property and (2) commercial and industrial property (described in law as "classes" of real property). When the value of existing real property within a property class increases from one year to the next, H.B. 920 tax reduction factors reduce the effective tax rate so that tax revenue from

[1] Ohio Constitution, Article XII, Section 2. In the Revised Code, the limitation is expressed as a limitation on the number of mills per dollar of "tax valuation," which is construed to mean the value subject to taxation, which is 35% of the property's true value in money.

property in that class remains the same as the preceding year. The tax reduction factors do not apply to fixed-sum levies or debt levies.[2]

The tables below distinguish between and summarize each type of levy, including whether the levy is subject to the H.B. 920 tax reduction factors. The first table summarizes those types that may be levied by most taxing authorities, and the second summarizes the types that may be levied only by school districts. Most of the specialized school district levies were enacted in the last couple decades.

Levies Available to Most Taxing Authorities			
Type of Levy	**Description of Levy**	**Subject to Tax Reduction Factors?**	**Statutory Authority**
Additional Levy	Fixed-rate tax levied for, in general, a single purpose, most commonly for general or specified current expenses or permanent improvements. An additional levy is the most common type of property tax levy.	Yes	*R.C. 5705.19*, *5705.191*, *5705.21*, and various other sections of the Revised Code
Renewal Levy	Levied to reauthorize an expiring levy at the same voted rate as the original levy while continuing to account for effective millage reductions to the original levy caused by the H.B. 920 tax reduction factors. May be coupled with a ballot question to levy an additional tax.	Yes	*R.C. 5705.191* and *5705.25*
Replacement Levy	Levied to replace one or more existing levies, with the exception of emergency levies, discussed below. A replacement levy may increase or decrease the tax rate of the existing levy or replace it at the same rate. Multiple levies may be combined into one replacement levy if both levies have the same purpose and if both are set to expire in the same year or both are levied for a continuing	Yes, if replacing a fixed-rate levy	*R.C. 5705.192*

[2] R.C. 319.301. The tax reduction factors also do not apply to the extent that increased revenue comes from new construction.

Levies Available to Most Taxing Authorities			
Type of Levy	**Description of Levy**	**Subject to Tax Reduction Factors?**	**Statutory Authority**
	period of time. Unlike a renewal levy, a replacement levy's effective millage is nearly equal to the millage appearing on the ballot. In effect, it resets the effective millage of a fixed-rate levy nearly equal to the voted millage.		
Debt Levy	Levied to pay principal and interest on capital improvement project debt.	No	*R.C. 5705.19* and *5705.218*

Levies Available to School Districts Only			
Type of Levy	**Description of Levy**	**Subject to Tax Reduction Factors?**	**Statutory Authority**
Emergency Levy	Fixed-sum tax levied to meet the "emergency" requirements of a school district or prevent an operating deficit. May be renewed for the same or a lower fixed sum. May be coupled with a question to levy an additional sum.	No	*R.C. 5705.194* to *5705.197*
Substitute Levy	Tax levied to replace one or more emergency levies with a single "substitute" levy. In its first year, the substitute levy will yield a stated, prespecified amount equal to the total annual proceeds derived from the levies being substituted. In each subsequent year, the levy will yield increasingly more revenue to the extent new construction is added to the tax list.	No	*R.C. 5705.199*
Incremental Levy	Fixed-rate tax levied, in a single ballot measure, as an "original tax" and up to four additional "incremental" taxes for current expenses, phased in one per year.	Yes	*R.C. 5705.212*

Levies Available to School Districts Only			
Type of Levy	**Description of Levy**	**Subject to Tax Reduction Factors?**	**Statutory Authority**
Growth Levy	Fixed-sum tax levied to raise a fixed amount of money for current expenses that will raise additional revenue each year according to the dollar amount or percentage increase approved by voters.	No (although the statutes do not expressly exempt such levies)	*R.C. 5705.213*
Combined Operating and Permanent Improvement	Fixed-rate tax levied for current expenses and permanent improvements in a single ballot issue.	Yes	*R.C. 5705.217*
Combined Debt Levy	Tax levied to pay debt charges on voter-approved general obligation bonds that may be combined with an additional fixed-rate property tax for permanent improvements, current expenses, or both in a single ballot issue.	No (debt levy only)	*R.C. 5705.218*
Combined Income Tax and Property Tax Levy	Levies a school district income tax and a fixed-sum property tax in a single ballot issue.	No	*R.C. 5748.09*
Combined Income Tax and Debt Levy	Levied to impose a school district income tax and a property tax to pay debt charges on permanent improvement bonds in a single ballot issue.	No	*R.C. 5748.08*
Conversion levy	**NOTE: After 2014, school districts may not levy new conversion levies, but previously adopted conversion levies may be renewed.** Fixed-sum tax levied by school districts whose aggregate effective tax rate for current expense levies on residential/agricultural real property is above the 20-mill floor (explained below). A conversion levy repeals the effective millage in excess of 20 mills and re-levies it as a single fixed-sum levy for current expenses. The	No	*R.C. 5705.219*

Levies Available to School Districts Only			
Type of Levy	**Description of Levy**	**Subject to Tax Reduction Factors?**	**Statutory Authority**
	fixed-sum levy is excluded from the 20-mill floor computation. The repeal and re-levy of the "excess" millage causes the district to be at the 20-mill floor with respect to residential and agricultural property, and as a result, revenue growth on that millage will occur nearly proportionate to increases in the value of residential/agricultural real property increases. **20-mill floor:** The 20-mill floor refers to the minimum effective tax rate for school district current expense levies that can result from the revenue limits of the H.B. 920 tax reduction factors. In effect, the floor guarantees that districts generate at least 20 mills' worth of current expense taxes even if the reduction factors would otherwise warrant less revenue. (See *R.C. 319.301(E)(2).)*		

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Appendix C: Credits, Exemptions, and Reductions

Summary

This document lists and summarizes property tax credits, exemptions, and other reductions that are available under Ohio law, to assist the work of the Joint Committee on Property Tax Review and Reform.

Credits

Current law authorizes several property tax credits, which are direct reductions of tax liability, as opposed to reductions of the taxable value of the assessed property. Application of a credit reduces the tax owed after the tax liability is calculated. Most homeowners benefit from the first two types of credits discussed below.

Nonbusiness and homestead credits

The nonbusiness credit, known by its former name as the "10% rollback," reduces the taxes owed on certain property tax levies by 10%. It applies to residential and most agricultural property. The owner occupancy credit, formerly known as the "2.5% rollback," reduces by an additional 2.5% the tax on owner-occupied dwellings that are the taxpayer's domicile and up to one acre of land. New and replacement levies approved at elections held on or after November 2013 are not included in computing either rollback.[1] The state reimburses local governments and schools for the cost of both of these rollbacks from the GRF.[2]

Tax reduction factors

Each year, the Department of Taxation calculates effective property tax rates based on a system of tax reduction factors. Known as the H.B. 920 reduction factors, the computation of these percentage reductions is complex, but the basic effect is to eliminate changes in revenue

[1] R.C. 319.302 and 323.152(B).

[2] R.C. 321.24(F) and 323.156.

from certain voted levies that would otherwise occur when the valuation of existing real property in a taxing unit is reappraised or updated.

Separate percentage reductions are applied to two classes of real property: Class I, consisting of residential and agricultural property, and Class II, consisting of other property, e.g., commercial, industrial, mineral, and public utility real property. The result is lower effective tax rates for each class of property.[3]

Nuisance abatement credit

A board of township trustees or the legislative authority of a municipality may designate building nuisances, the abatement of which may qualify a purchaser for a tax credit. The property must be purchased at a foreclosure sale or sale of nonproductive or forfeited lands. The purchaser cannot be the previous owner or a closely related family member or company. The purchaser must then abate the nuisance, getting at least three independent bids for demolition or abatement and use the lowest one. The value of the credit will then be a percentage of the cost of demolition or abatement. It can be up to 100% but cannot exceed $10,000 or the lowest bid. This credit has an indefinite carry-forward and runs with the land.[4]

Hamilton County homestead credit

Counties that, as of 1996, are both home to a major league professional athletic team and have enacted a sales and use tax may also adopt a resolution granting a tax credit equal to a selected percentage of tax to homesteads in the county. Such a county must reimburse taxing authorities for any forgone revenue.[5] Currently, only Hamilton County authorizes this credit.

Valuation of agricultural and forest land

Farmland used for commercial agricultural purposes may be valued and taxed on the basis of its "current agricultural use value" (CAUV) rather than on its "highest and best" potential use, e.g., residential or commercial development. The CAUV method typically results in a lower tax bill for farm owners because the land is often valued below its actual market value. To use the CAUV method, a farm must generally include at least ten acres or have an average annual gross income of at least $2,500.[6]

Forest land is treated separately from other agricultural land. Land which is devoted exclusively to forestry or timber growing and that has been classified as forest land by the Chief of the Division of Forestry is taxed at 50% of the otherwise applicable rate.[7]

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[3] R.C. 319.301.

[4] R.C. 505.06 (townships) and 715.263 (municipalities).

[5] R.C. 323.158 and 4503.0610.

[6] R.C. 5713.30 and 5713.31; see also LSC's Current Agricultural Use Value (PDF) *Members Brief*, which is available on LSC's website: lsc.ohio.gov.

[7] R.C. 5713.22 and 5713.23.

Deductions and partial exemptions

Deductions, sometimes referred to as partial exemptions, partially reduce the value of a property before tax liability is calculated. In contrast, complete exemptions, as the name implies, effectively exclude property from taxation altogether.

Homestead exemption

Ohio offers several types of homestead exemptions for certain homeowners. The standard homestead exemption equals the taxes that would be charged on up to $25,000 of the true value of a home owned by a homeowner who is 65 years of age or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption, essentially exempting $25,000 of the value of a homestead from taxation. The standard homestead exemption is means-tested, so only homeowners with household income below an inflation-indexed threshold ($36,100 for tax year 2023) may qualify for the exemption.

An enhanced exemption of $50,000 is available for homes of military veterans with a total disability and surviving spouses of emergency responders who died in the line of duty. The enhanced exemption for disabled veterans extends to the surviving spouse of such a veteran and neither of the enhanced exemptions are means-tested.[8] For both enhanced and standard deductions, the exemption amount is indexed to increase with inflation beginning in 2023. As with the two rollbacks described above, the state reimburses local taxing authorities from the GRF for the reduction in revenue as a result of homestead exemptions.[9]

Tax increment financing

Tax increment financing (TIF) is an economic development mechanism available to townships, municipalities, and counties to finance public infrastructure improvements that support commercial development and, in certain circumstances, residential rehabilitation. Local governments seeking to authorize a TIF project or district have to enact legislation that declares private improvements to be for a public purpose. Such legislation exempts the new value of improvements from property taxation, instead collecting the amount that would be collected as taxes and directing it to a separate fund for public improvements. Public infrastructure improvements directly serving the increased demand arising from the improvements to the properties or district are eligible for TIF financing.

Up to 75% of the value of such improvements may be exempted up to ten years, without the approval of affected school boards. With school board approval, the exemption may be up to 100% and for up to 30 years.[10]

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[8] R.C. 323.152 (real property) and 4503.065 (manufactured homes).

[9] R.C. 323.156 and 4503.068.

[10] R.C. 5709.40 (municipalities), 5709.41 (municipalities and home rule townships), 5709.73 (townships), and 5709.78 (counties).

Municipal corporations also have similar options to enter into urban renewal development agreements to exempt improvements to properties in slum or blighted areas. Municipalities are authorized to issue bonds to fund urban renewal projects. The owner of the improvements subject to an agreement can be obligated to make payments in lieu of taxes that must go to an urban renewal debt retirement fund to pay off the municipality's obligations. The tax exemption on new improvements can be 75% to 100%, dependent on the approval of affected school boards.[11]

Exemptions for community urban redevelopment corporations also operate similarly to TIFs. These corporations can be for- or not-for-profit and may acquire land that is part of a blighted area from a municipality.[12] The corporation than applies to the municipality proposing the project. When a municipality approves a project, the parties enter into an agreement specifying the details of the tax exemption and the payments the corporation must make in lieu of taxes.[13] The value of improvements made in the development of a blighted area can be exempted up to 75%. With the approval of affected school districts, the exemption can be up to 100%, with the school boards able to negotiate for payments equal to the taxes they would have received in excess of the 75% exemption. The exemption can be for up to 30 years for one-, two-, or three-family dwellings and up to 20 years for all other improvements.[14]

Community reinvestment areas

Municipalities, home rule townships, and counties may establish areas where new construction and renovations are eligible for a property tax exemption. The legislative authority must pass a resolution defining the boundaries of the area and finding that new housing construction and repair of existing historically significant buildings in the area has been discouraged. These findings must be verified by the Director of Development.[15]

The resolution must specify what percentage, up to 100%, of assessed valuation of new construction or of newly added value shall be exempt and for how long. For remodeling, up to 15 years plus an addition ten if the building is residential and of historical or architectural significance. For new construction of residential, commercial, or industrial buildings, also up to 15 years.[16]

Commercial and industrial construction or remodeling must be subject to an agreement between the owner and the legislative authority. The agreement must describe the remodel or construction and the exempted percentage of valuation and include certain other terms. An agreement must be approved by a local school district unless the taxes still to be charged on the

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[11] R.C. 725.01 to 725.07.

[12] R.C. 1728.02 and 1728.03.

[13] R.C. 1728.06 and 1728.07.

[14] R.C. 1728.10.

[15] R.C. 3735.65(B) and 3735.66.

[16] R.C. 3735.66 and 3735.67.

property and any payments the owner makes to the school district exceed 75% of the tax revenue that would have been collected without the exemption.[17] An exemption can be revoked if the owner violates the agreement or fails to maintain the property.[18]

Enterprise zones

Enterprise zones are designated areas of land in which businesses can receive tax exemptions on eligible new investment. Certain municipalities and counties can provide tax exemptions for a portion of the value of new real and personal property investment (when that personal property is still taxable) when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are generally not eligible.

A municipality that is designated as the principal city of a metropolitan statistical area can seek to establish a zone within its own boundaries.[19] A county board of commissioners can seek to establish a zone within its boundaries with the consent of all affected municipalities and townships.[20] A zone must fulfill certain requirements, namely having either (a) a population of at least 4,000 or (b) a population of at least 1,000 and being located in a county with a population under 300,000 and, in either case, meeting any two of the following criteria:

1. Be located in the principal city of a metropolitan statistical area;
2. Be located in a county in the "Appalachian region";
3. Have an average unemployment rate 125% of the state rate;
4. Have a prevalence of vacant or demolished commercial or industrial structures;
5. Have a population that decreased by at least 10% from 1980 to 2000;
6. 51% of its residents have less than 80% of median income of the encompassing municipality or municipalities;
7. Has industrial structures not in use due to unfavorable economic conditions;
8. Has depressed tax capacity in overlapping school districts.

These findings and the zone must be approved by the Department of Development.[21]

Once a zone has been approved, the municipality or county may enter into an agreement with an enterprise which is seeking to establish or expand operations within the zone. The authority must find that the enterprise is qualified by financial responsibility and business experience to create and preserve jobs and improve the economic climate in the area. In exchange for the enterprise agreeing to establish, expand, renovate, remediate, or occupy a

[17] R.C. 3735.671.

[18] R.C. 3735.68.

[19] R.C. 5709.62 and 5709.632.

[20] R.C. 5709.63 and 5709.632.

[21] R.C. 5709.61.

facility and create or preserve jobs, the local government may grant an exemption for up to 75% of the increased value for up to 15 years. Those limits can be increased to 100% and 30 years, respectively, with the consent of all affected school districts.[22]

Downtown redevelopment districts

Municipal corporations can create downtown redevelopment districts to promote economic development, fund public infrastructure improvements, and make loans to entities to rehabilitate buildings and start businesses. A municipality may pass an ordinance designating the district, identifying historical parcels that will be rehabilitated, and describing the economic development plan for the district including how the municipality will collaborate with businesses to achieve specified goals. Properties within the district may be exempted from taxation for up to 30 years with the approval of affected school districts or with an agreement with a property owner to pay an annual service payment.[23] The annual service payment must be equal to the taxes that would have been charged on the property. This payment is then distributed to other taxing authorities, like school districts, with the municipality's portion going to a fund dedicated to the public infrastructure improvements or other projects specified in the ordinance.[24]

Newly developable or redevelopment property

Any person that owns a property to be developed or redeveloped for commercial or industrial use can apply to a municipality, township, or county and the tax commissioner to have the project declared for a public purpose and to exempt the property's increased value from taxation for five years. The legislative body must give notice to any affected school board and pass a resolution or ordinance to grant an applicant the exemption.[25]

Residential development land

Real estate developers qualify for a partial property tax exemption for unimproved land that has been subdivided for residential development. The value exempted is the value in excess of the property's most recent arms-length sale price, apportioned according to the relative value of each subdivided parcel. The exemption applies beginning with the tax year in which the subdivided parcel first appears on the tax list and may be claimed for up to eight years, or until either the land is sold to another person or construction begins on a residential building.[26]

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[22] R.C. 5709.62, 5709.63, and 5709.632.

[23] R.C. 5709.45.

[24] R.C. 5709.46 and 5709.47.

[25] R.C. 5709.52.

[26] R.C. 5709.56.

Other partial exemptions

Deduction for damage

When a property has been destroyed or damaged for more than $100, the county auditor may deduct an amount that fairly represents the extent of the damage from the property's valuation. That amount is reduced by a percentage (25%, 50%, or 75%), depending upon in what calendar quarter the property was damaged.[27]

Agricultural security areas

Landowners may request a tax exemption on new investments of at least $25,000 in a building, structure, improvement, or fixture that is used exclusively for agricultural purposes located in land enrolled in an agricultural security area (ASA). The legislative authorities of each township and county are to enter into an agreement which establishes the tax exemption up to 75% of the new investment for a specified number of years.[28]

Child care facilities

Licensed child care centers are eligible for a partial property tax exemption based on how many children that attend the center reside in a household that receives public assistance. If 25% to 50% of the children than attend a center come from such a household, the center is allowed a 25% exemption. If more than half of the children come from a family that receives assistance, then the center is allowed a 75% exemption.[29]

Athletic facilities

A board of commissioners of a county with an Olympic or Paralympic training facility is required to enter into agreement with the facility's owner whereby the owner will make payments in exchange for tax exemption of up to 100% for up to 17 years.[30]

Environmental remediation land

Contaminated property that the Director of Environmental Protection has certified as having begun remediation efforts is eligible for a ten-year exemption for the increase in assessed value of the property that is due to the cleaning of the contamination. If at any time the Director revokes the certification, the property owner will owe back the taxes on the exempted value.[31]

A property to which such an exemption applies can also be treated similarly to an enterprise zone discussed above. A municipality or county may enter into an agreement with an enterprise which owns the remediation land and which agrees to invest at least 250% of the value of the land to establish, expand, renovate, or occupy a facility and create or preserve jobs. The

[27] R.C. 319.38 and 4503.0611.

[28] R.C. 5709.28.

[29] R.C. 323.16.

[30] R.C. 5709.57.

[31] R.C. 5709.87.

municipality or county may agree to grant an exemption of up to 100% of the increased valuation for up to ten years.[32]

Pollution control facilities

The owners of air, noise, or industrial water pollution control facilities or energy conversion facilities, may apply to the Tax Commissioner for a tax exemption certificate.[33] The Tax Commissioner must seek the opinion of the Director of Environmental Protection, Natural Resources, or Development before issuing a determination approving a certificate.[34] Once certified, an exempted facility is not considered an improvement for real property tax purposes, relating back to the day when the application was filed.[35]

Complete exemptions

The table below lists the complete property tax exemptions available under Ohio law, organized according to the Revised Code section in which each exemption is authorized.

Eligible Property	R.C. Section(s)
Department of Development property	R.C. 122.61
Hospital facilities	R.C. 140.08 and R.C.339.14
Ohio Public Facilities Commission property	R.C. 154.14
Industrial development property	R.C.165.09
County transit system, county transit board	R.C.306.07 and R.C.306.13
Regional transit authority, commission	R.C.306.52 and R.C.306.87
County convention centers and arenas	R.C.307.695, R.C.5709.083, and R.C.5709.084
Township memorials and memorial buildings	R.C.511.11
Municipal off-street parking facilities	R.C.717.05, R.C.717.051, and R.C.5709.10
Businesses preserving dead bodies	R.C.1743.03

[32] R.C. 5709.88.

[33] R.C. 5709.20 and 5709.21.

[34] R.C. 5709.211.

[35] R.C. 5709.25.

Eligible Property	R.C. Section(s)
Local board of education property	R.C.3313.44
State universities	R.C.3345.17
Municipal universities and educational institutions	R.C.3349.17
Community colleges	R.C.3354.15
University branch districts	R.C.3355.11
Technical college districts	R.C.3357.14
Ohio Higher Education Facility Commission property	R.C.3377.12
Air Quality Development Authority projects	R.C.3706.041 and R.C.3706.15
Metropolitan Housing Authority property	R.C.3735.34 and R.C.5709.10
JobsOhio enterprise acquisition project	R.C.4313.02
Port Authority property	R.C.4582.20 and R.C.4582.46
Halfway houses	R.C.5120.104
Turnpike and infrastructure projects	R.C.5537.20
Homes for the aged, i.e., nursing homes and residential care facilities	R.C.5701.13 and R.C.5713.07
Churches, museums, performing arts centers, and other property used for public or charitable purposes	R.C.5709.07, R.C.5709.12, R.C.5709.121, and R.C.5713.07
School property	R.C.5709.07
Public colleges, academies, and state universities	R.C.5709.07
State, adjoining state, and U.S. government property	R.C.5709.08
Public property used for a public purpose	R.C.5709.08

Eligible Property	R.C. Section(s)
Public recreational facilities used for Major League athletic events[36]	R.C.5709.081
Nature preserves and environmental projects	R.C.5709.09
Public property including market houses, public squares or other public grounds owned by a municipality or township, and county fairgrounds	R.C.5709.10
Certain community improvement corporation property	R.C.5709.101
Property used for treatment, distribution, and sale of water	R.C.5709.111 and R.C.1702.01
Nonprofit housing to be transferred to low-income families	R.C.5709.12(E)
Land reutilization program (i.e., land bank) property	R.C.5709.12(F) and R.C.5722.11
Nonprofit human tissue distribution property	R.C.5709.12(G)
Microloan organization property	R.C.5709.12(H)
Nonprofit housing for people with developmental disabilities, mental illness, or substance use disorder	R.C.5709.121(E) to (F)
Qualifying nonprofit parking garage	R.C.5709.121(G)
Homes for poor children	R.C.5709.13
Nonprofit graveyards	R.C.5709.14
Veteran monuments and memorials	R.C.5709.15 and R.C.5709.17
Monuments and memorials	R.C.5709.16
Veterans' and fraternal organization property	R.C.5709.17
Prehistoric earthworks and dedicated historic buildings	R.C.5709.18

[36] 50% of income tax revenue collected by a municipality from new employees of such a facility is distributed to taxing districts that would have received property taxes from the property but for this exemption. R.C. 5709.082.

Eligible Property	R.C. Section(s)
Transportation financing districts[37]	R.C.5709.48
Certain solar, wind, hydrothermal, and small energy facilities	R.C.5709.53
Port authority property leased to railroad	R.C.5709.71
Property used in local railroad operations	R.C.5709.84
Certain abandoned school property sold to developers	R.C.5709.86
Qualified renewable energy projects	R.C.5727.75
Regional water and sewer district property	R.C.6119.40
Ohio Water Development Authority property	R.C.6121.16
Industry, commerce, distribution, or research projects	R.C.6123.041

[37] This is a locally granted exemption that may also be a partial exemption.

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LSC presentation on real property taxation Joint Committee on Property Tax Review and Reform January 10, 2024

Good morning. My name is Sam Benham, and I am the Division Chief of Taxation and Economic Development in LSC's Office of Research and Drafting. I'm here to give a brief overview of real property taxes. My presentation includes references to some appendices and other resources that I will not read, but that are included with my remarks to give you additional details.

Appendix A is a glossary of terms, included because property tax has developed its own terms-of-art to shorten otherwise complex concepts. I will use and explain these terms in this presentation, but the appendix will be a helpful reference. A term that is defined in that glossary will appear in boldface the first time I use it in this presentation.

I like to conceptualize property taxes as a tapestry—a large, finished work made up of many intricately connected threads. In this presentation, after a brief overview of the development of property taxes, I will examine some of these threads. I will discuss the first step of the property tax process—valuation. Then, I will discuss how property taxes are levied and authorized. Next, I will focus on credits, reductions, and exemptions. I will conclude with a brief look at property tax complaints, appeals, and procedures and delinquent tax enforcement.

Early history

Local governments, or **taxing authorities**, may levy taxes on real property, including mineral interests and manufactured homes, and upon tangible personal property owned by public utilities. Property taxes are Ohio's oldest taxes, arising when Ohio was still a territory. Initially, the taxes were the largest revenue source for local governments and the state, which continued to levy property taxes until 1968. County auditors, county treasurers, and the Tax Commissioner are largely responsible for administering property taxes.

Unlike most other taxes levied in Ohio, the Ohio Constitution places several restrictions and guidelines on the mode and manner of valuing property and levying property taxes. In addition, as you might imagine, property tax law has accrued a multitude of changes in its over-two-century tenure. At times, the General Assembly has made significant reforms to the tax. When appropriate, I will reference and discuss these reforms.

In Ohio's early years, almost everyone was a farmer, so property values were set according to how fertile land was for farming. That changed when Ohio began developing an extensive network of canals. Land closer to proposed canals became much more valuable than land located further afield. To create a fairer system of taxation, the General Assembly, in 1825, transformed the property tax from an agricultural productivity basis to an *ad valorem* tax — a tax calculated based on land's market value. This change ensured that owners of more valuable land would bear a higher share of taxes than those who owned less valuable land. This system of valuing real property was later mandated by Ohio's 1851 Constitution, which created the requirement that "[l]and and improvements thereon shall be taxed by uniform rule according to value."[1] As I shall discuss in a moment, this **uniform rule** continues to control and inform the process of assessing real property.

Assessment

The property tax cycle begins with determining a property's value. A moment ago, I mentioned that the 1851 Constitution's uniform rule requirement continues to control the assessment process. "Continues," however, may be the wrong description, at least with reference to the year 1851, because that rule was unenforced, at least as it is currently understood, until the 1970s, and not even recognized until 1964. After a series of Ohio Supreme Court cases and legislative changes, the present rule was clearly established.[2]

The Ohio Constitution requires that all real property, except agricultural property, be valued for taxation according to its **true value**. Ohio courts have determined that true value means its "fair market value," regardless of use. In other words, property can't be valued according to its current use as a house, field, or warehouse. It must be valued according to what price it would sell for on the open market. However, the Ohio Constitution allows agricultural land to be valued according to its value for use in agriculture (its **current agricultural use value** or **CAUV**).[3] If property is taxed at anything other than its full true value, each piece of property must be taxed on the same lesser percentage of that value, by applying the same **assessment rate**, which, for real property, currently equals 35% of true or CAUV value.

In Ohio, assessment involves a two-step process for real property: (1) determining its true value or CAUV, and then (2) determining its **taxable value**. Each property has its true value adjusted every three years, through two alternating processes that each occur every six years. The first is the sexennial **appraisal**, in which every property in a county is physically viewed and appraised by the county auditor to determine its fair market value. The second is the triennial update, in which market values are adjusted to account for broad trends in the property markets. In the triennial update, the county auditor, with assistance from the Tax Commissioner, determines the average rate of change in value for each class of property – such as residential and industrial–since the last sexennial appraisal, and adjusts the value of each property in that class accordingly. Appraisals and updates are done in each county according to a fixed three-year

[1] Ohio Constitution, Article XII, Sec. 2.

[2] See, e.g., *State ex. rel. Park Inv. Co. v. Bd. of Tax Appeals*, 175 Ohio St. 410 (1964); *State ex rel. Park Inv. Co. v. Bd. of Tax Appeals*, 32 Ohio St.2d 28 (1972).

[3] Ohio Constitution, Article II, Sec. 36. For more information about CAUV, please see the LSC Members Brief on the topic entitled **Current Agricultural Use Value**, which is available on LSC's website: lsc.ohio.gov.

schedule, published by the Tax Department, so not every county undergoes an appraisal or triennial update in the same year.[4]

State law and rules adopted by the Tax Commissioner prescribe the methods used to appraise real property. In general, the best evidence of a parcel's true value is its recent arm's-length sale price, or the price paid for the parcel by a willing buyer to a willing seller. Otherwise, county auditors may use, in general, three appraisal methods to appraise property—the comparable sales approach, income approach, or cost approach. Each approach is discussed in detail in the attached LSC Members Brief entitled **Property Tax: The Triennial Update**, but the most important point is that the goal of each is to determine the price a property would command on the open market.

Tax rates

Now that I've summarized how property is assessed for taxation, I will discuss how property taxes are levied. Many political subdivisions are authorized to levy property taxes, including the most well-known: municipalities, townships, counties, and school districts. Other taxing authorities include special districts created, separately or jointly, for the maintenance or management of such things as roads, colleges and other schools, or detention facilities, or to provide services such as police, fire, EMS, ADAMH services, recreation, or waste disposal. Property taxes may be categorized into three types:

- **Inside millage**, which are taxes levied on up to 1% of a property's true value without the approval of voters;
- **Voted millage**, which are taxes levied with the approval of voters in excess of that 1% limitation; and
- **Charter millage**, which are taxes provided for in the charter of a municipal corporation and may be levied without voter approval outside the 1% limitation.

Inside millage

The Ohio Constitution provides that the combined tax rate levied by all overlapping taxing authorities on any piece of property cannot exceed 1%, or 10 **mills**, of the property's true value without approval from voters or authorization in a municipal charter.[5] A mill is 1/10 of one cent so, the **1% limitation** imposed by the Constitution is also sometimes referred to as the **10-mill limitation**, which is how it is called in statute.

Unvoted millage has existed since the inception of property taxes, but was first addressed in the Ohio Constitution in 1929, when voters approved a 1.5% limitation on inside millage. The limitation was soon reduced to 1% during the Great Depression. Inside millage may be used for

[4] See The Department of Taxation's "Year of Sexennial Reappraisal and Triennial Update for Ohio's 88 Counties, 2023-2028 (PDF)," available by conducting a keyword search for "reappraisal schedule" on the Department's website: tax.ohio.gov/.

[5] Ohio Constitution, Article XII, Sec. 2.

general purposes such as for current operating expenses, permanent improvements, or debt and a few special purposes specified by law.

Guaranteed millage

Because several overlapping taxing authorities simultaneously tax the same property, inside millage is allocated between them. A board of local officials called the **county budget commission** performs this allocation, but its discretion to do so is limited. A significant share of inside millage is automatically allocated to certain subdivisions on the basis of what it received between 1929 and 1933, when the limit on inside millage was reduced from 15 to 10 mills. This share is often referred to as "guaranteed millage." Every subdivision that was in existence between those years is generally entitled to receive a share of inside millage equal to two-thirds of the average annual amounts it received between those years, unless it requests a lower rate.

Free millage

Inside millage not allocated as guaranteed millage is "free millage," which may be allocated, in the budget commission's discretion, to any taxing authority, provided that the need for such millage is shown in the authority's budget. The allocation occurs each year and may change from one year to the next. Taxing authorities that did not exist between 1929 and 1933 may be granted free millage from a county budget commission; however, they are not guaranteed any portion of inside millage allocated according to the historical allocation. The proportion in which shares of inside millage are allocated to taxing authorities varies by county.[6]

Voted levies

Taxing authorities may levy property taxes in excess of the 10-mill limitation, subject to voter approval, to fund their operating expenses or, in some cases, permanent improvements or debt service. The characteristics of each authorized levy vary. Levies can generally be arranged into three categories:

- Those levied at a fixed rate (**fixed-rate levies**);
- Those levied at a rate that will generate a fixed sum of revenue (**fixed-sum levies**); and
- Those levied to generate a fixed amount each year to pay the debt service on general obligation bonds (**debt levies**).

There are various types of levies within these categories, and the tables in **Appendix B** distinguish between and summarize them. I will here give a brief overview of the most common types.

Levy types

There are four types of property tax levies that are generally available to taxing authorities:

- An *additional levy* is a fixed-rate tax generally levied for a single purpose such as for current expenses or permanent improvements. This is the most common type of property tax levy and there are many authorized purposes.

[6] *Washington Local School Dist. v. Budget Comm'n.*, 73 Ohio St.3d 700, 703 (1995).

- A *renewal levy* reauthorizes an expiring levy at the same voted rate while continuing to account for effective millage reductions caused by the **tax reduction factors** (to be explained later). It may be combined with an additional levy on the ballot.
- A *replacement levy* replaces one or more existing levies and may increase or decrease the tax rate or replace it at the same rate. Multiple levies may be combined into one replacement levy if both levies have the same purpose and are set to expire in the same year or are both levied for a continuing period of time, i.e., permanently. Unlike a renewal levy, a replacement levy resets the **effective tax rate** of a fixed-rate levy to align with the voted millage.
- A *debt levy*.

There are additional types of levies that are available only to specific taxing authorities, most commonly school districts, including:

- *Emergency levies*, which are school district fixed-sum levies for the purpose of meeting an emergency need or to prevent an operating deficit. They may be renewed for the same or a different sum.
- *Substitute levies*, which are levied to replace one or more emergency levies. The rate of the tax is determined in the first year, yielding an amount equal to the total annual proceeds derived from the levies being substituted. Though considered a fixed-sum levy, proceeds increase each year as new property is added to the tax list.
- *Combination levies*, which may combine levies for operating expenses or permanent improvements with debt levies or even with a school district income tax.

Political subdivision budgeting and levy authorization

An integral aspect of levying a property tax is the requirement for taxing authorities to adopt **tax budgets** and have those budgets approved by the **county budget commission** (CBC), which is comprised of the county auditor, treasurer, and prosecuting attorney. This requirement, which is imposed by the state and originated in the 1910s, was designed to encourage responsible local spending and budgeting.

The CBC undertakes a variety of tasks, including approving local tax budgets and distributing certain local government funds. These tasks are more fully discussed in the attached LSC Members Brief entitled the **Political Subdivision Budgeting Process**.

One of the primary functions of the CBC is to approve certain property tax levies. In particular, the CBC must, upon finding them to be properly authorized, approve the levy of the following:

- Levies in excess of the 10-mill limitation, i.e., voted millage;
- Inside millage debt levies; and
- Guaranteed inside millage.

Other than free millage, the CBC does not have the authority to reduce the rate of a levy it is required to approve — recall that the purpose of the CBC was to ensure local fiscal discipline, not to reduce a local government's sources of funding. However, while the CBC is not able to unilaterally reduce the rate of a required levy, a taxing authority may do so in two ways. First, for a voted tax, a taxing authority may simply use its authority to levy less than the full rate of the tax. Alternatively, a taxing authority may use the CBC to indirectly reduce the rate of a levy the commission would otherwise be required to approve. The CBC is required to reduce the rate of such a levy if it is not properly authorized, which occurs if a taxing authority does not adequately account for the levy proceeds in its tax budget. Thus, a subdivision could reduce its tax budget below what the full proceeds from the levy would fund. Then the CBC would be required to reduce the tax rate to conform to the subdivision's reduced tax budget.

Reductions and exemptions

At this point, we have discussed true and taxable value, which is the property tax base. We have discussed property tax rates and how taxes are levied and authorized. In a simple world, this would be the complete summary of property taxation, base × rate = tax. However, we are just at the point where things really get interesting — where we start talking about reductions and exemptions.

Tax reduction factor

The first reduction I will discuss is also the most complex. Even the name can be confusing, because, even though it is a reduction in taxes through a tax credit, it is often referred by the factors that are used to calculate the credit—the H.B. 920 **tax reduction factors**—after the bill that first enacted the credit in 1976. The tax reduction factors play a significant role in how property tax bills are calculated and interact with many different parts of the property tax system. If you are interested in a more comprehensive look at tax reduction factor law, see the attachment entitled **LSC presentation on H.B. 920 tax reduction factors**, which is a presentation I gave last year to the House Ways & Means Committee.

Although the law's operation appears complex and sometimes may yield unexpected results, the purpose of the tax reduction factors is very simple: to prevent appreciation in real property values from causing commensurate increases in real property taxes levied by a taxing authority as a whole by applying a **H.B. 920 credit**. The tax reduction factor law acts as a sort of inflation indexing adjustment, ensuring that rising property prices alone do not cause property tax increases. Without the H.B. 920 credit, an increase in property values of, say, 10% would be translated into a 10% increase in property taxes. H.B. 920's purpose is accomplished by essentially stabilizing the amount of taxes that may be charged against the existing stock of real property. When the value of that stock of property appreciates, the H.B. 920 credit ensures that the total amount of taxes charged against that property remains about the same.

The simplicity of the tax reduction factor law's purpose is easily obscured by its actual operation. The law is complicated by the following factors:

- Some property tax levies are exempted from reduction. Specifically, inside millage, charter millage, debt millage, and fixed-sum levies are not subject to reduction factors.

(Reduction factors are not relevant to debt millage or fixed-sum levies as they are designed to raise the same amount each year.)

- The reduction applies separately to two distinct classes of real property — **Class I property**, which is property used for residential and agricultural purposes, and **Class II property**, which is all other property. To avoid complications with the uniform rule, Ohioans passed a constitutional amendment in the 1970s to authorize these two separate reduction factors. This amendment ultimately limits the General Assembly's authority to alter the computation or application of the tax reduction factors so long as two reduction factors endure.[7]
- To accomplish their purpose, the tax reduction factors necessarily distinguish merely inflationary increases in property values from increases resulting from newly built property. The factors are computed on the basis of the same stock of property as existed in the preceding year, i.e., property that was taxable in the preceding year, that continues to be taxable in the current year, and that has not changed from one class to the other since the preceding year. In other words, the H.B. 920 credit is computed only on the basis of property within the same class carried over from the preceding year to the current year; accordingly, it is referred to as **carryover property**. There is Class I carryover property and Class II carryover property.
- The reduction is suspended in a school district if it would deprive the district of a minimum level of operating revenue. This qualification is known as the **20-mill floor** since it is intended to guarantee that school districts have at least 20 mills worth of property taxes available to pay operating expenses. The 20-mill floor works by suspending the tax reduction factor once the reduction has reduced the total taxes charged against a class of property for current operating expenses, including both inside and voted fixed-rate millage, to 2% of the class's taxable value, which is equivalent to 20 mills in property taxes. In most cases, the 20-mill floor does not mean that the tax reduction does not apply at all; in fact, the reduction does apply in most cases, but the reduction is not as great as it would be if the floor did not intervene to diminish the extent of the reduction. Currently, just over one-half of school districts are on the 20-mill floor in at least one class of real property. A separate 2-mill floor applies to joint vocational school districts. The constitutional amendment that authorizes two tax reduction factors also gives discretion to the General Assembly to set a floor for any taxing authority. However, if the General Assembly does set a floor, then the floor must be the same across that entire class of taxing authorities.[8]

Rollbacks

Because the tax reduction factors do not actually reduce the rate of any levy, they are properly classified as a tax reduction. After the reduction factors are applied, county auditors calculate something called the **effective tax rate**, which is merely a short-hand, artificial construct

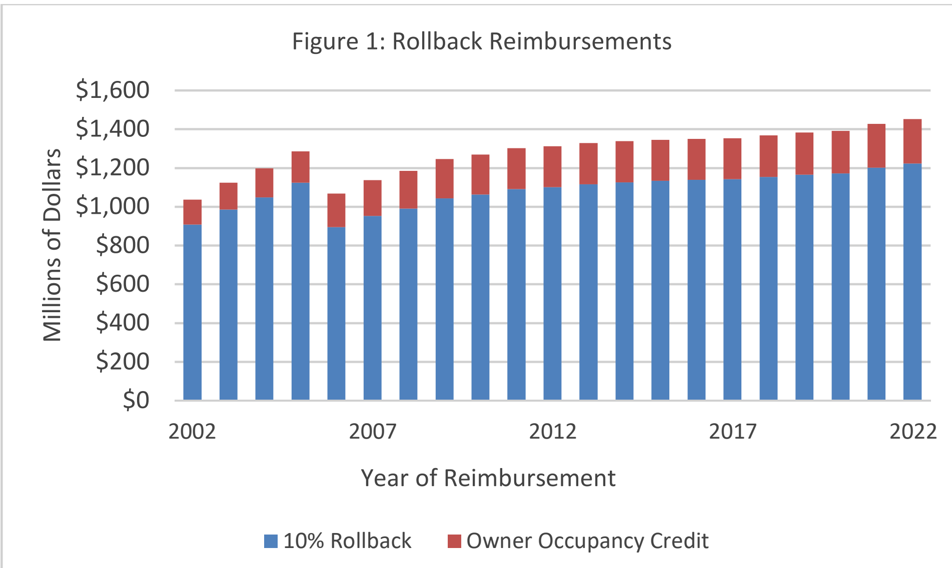
[7]Ohio Constitution, Article XII, Sec. 2a.

[8]Ohio Constitution, Article XII, Sec. 2a(D).

used to describe what the rate of the tax against a class of property would be if the tax reduction factors actually did reduce the levy's rate. After effective tax rates are calculated, the next reductions to apply are often referred to as "rollbacks."

Most homeowners qualify for the rollbacks, which are direct credits against the homeowner's tax liability. There are two different rollbacks: (1) the **10% non-business credit**, which reduces the tax due by 10% on one-, two-, or three-family homes and most agricultural property, and (2) the **2.5% owner occupancy credit**, which reduces the taxes due by 2.5% on owner-occupied homes. The General Assembly created the 10% rollback in 1971, the same year it authorized the state's income tax. The 2.5% rollback was added later, in 1979.

The state reimburses taxing authorities for the cost of both rollbacks from the GRF. As reflected in Figure 1, below, in **tax year** 2022, the 10% credit cost the state $1.2 billion. The cost of the 2.5% credit was $230 million.



In 2013, the state began to phase-out the rollbacks. New and replacement levies approved in or after November 2013 are not included in computing either rollback. Taxpayers pay the full cost of those levies. As a result, the cost of the rollbacks have increased over the past ten years, but at a slower pace than they otherwise would have because they apply to a smaller share of tax levies.

Homestead exemption

In addition to the rollbacks, the **homestead exemption** is another important homeowner property tax relief program. The homestead exemption is a property tax credit for the primary residence, or "homestead," of qualifying individuals. The credit essentially exempts a portion of the value of the homestead from taxation. The standard exemption is available to individuals who are (a) at least 65 years of age or older, (b) permanently and totally disabled, or (c) at least 59 years old and the surviving spouse of a person who previously received the exemption.

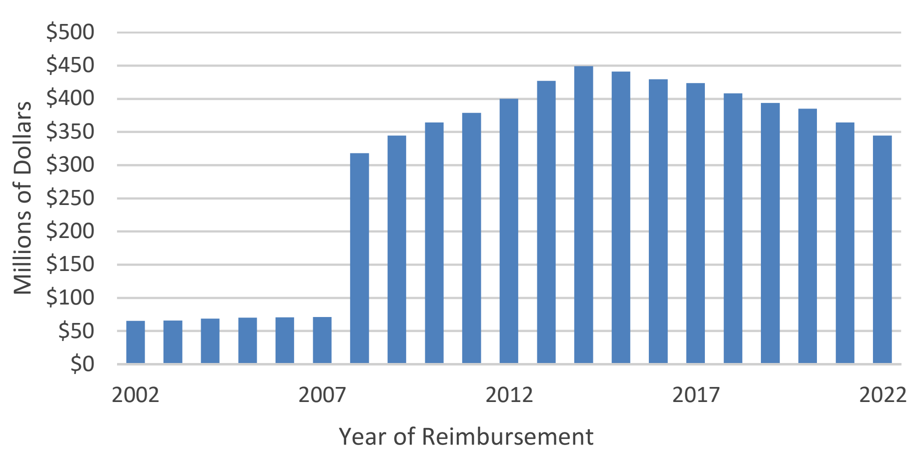
The Ohio Constitution specifically authorized the homestead exemption in 1970. The exemption was initially means-tested, but in 2007, the General Assembly expanded the exemption by removing the income limit. Then, in 2014, the state reinstituted an income limit. Homeowners who qualified before 2014 can continue to receive the exemption, regardless of their income.

For many years, the exemption amount was a flat $25,000, but an annual inflation adjustment was added in 2023 ($26,200 for 2023). For 2023, homeowners must have an Ohio modified adjusted gross income of $36,100 or less.

Additionally, an "enhanced" exemption is available for homes of military veterans who are totally and permanently disabled and their surviving spouses and for surviving spouses of peace officers, firefighters, or other emergency responders who die in the line of duty or by an injury or illness sustained in the line of duty. No income limit applies to these enhanced exemptions. For 2023, the enhanced exemption amount equaled $52,300.

Like with the rollbacks, the state reimburses local governments for their revenue loss from the homestead exemption. As reflected in Figure 2, below, reimbursements grew significantly in 2007, peaked at 2014, and then the growth rate started to taper off as a result of the policy changes discussed earlier. In 2022, those reimbursements equaled around $344 million.

Figure 2: Homestead Exemption Reimbursements



Other exemptions

Apart from the homestead exemption and rollbacks, Ohio also offers full or partial exemptions to certain property. While the Ohio Constitution limits the General Assembly's authority to value and assess real property, courts have held that the General Assembly has broad, exclusive authority to grant property tax exemptions, including both full and partial exemptions.[9] LSC has compiled a list of these exemptions in **Appendix C**.

Perhaps the most significant partial exemptions, other than the homestead exemption, are economic development-related exemptions. These include tax increment financing

[9] See, e.g., *Denison University v. Bd. of Tax Appeals*, 2 Ohio St. 2d 17 (1965); *Dayton v. Cloud*, 30 Ohio St. 2d 295 (1972).

exemptions, or TIFs; community reinvestment areas, or CRAs; and enterprise zones. In general, these programs allow local governments to partially exempt the increased value of property following development or other improvements as a means to encourage economic development in a particular area. **Appendix C** includes a fuller description of each of these programs if you'd like more detailed information.

Property tax complaints

Once a county auditor determines a property's value and applies any eligible reductions or exemptions, the property owner or, in certain circumstances, a local government can challenge that property's value or exemption eligibility. These challenges are generally filed for years in which the property undergoes a reappraisal or triennial update.

The owner can file a formal complaint any time before March 31 of the following year. These complaints are filed with the **board of revision**, or BOR, which consists of the auditor, treasurer, and a county commissioner. The owner can appeal BOR decisions to the state Board of Tax Appeals.

Local governments can also file property tax complaints under certain situations. The General Assembly limited these situations recently, beginning in tax year 2022. If you would like more information about these new limitations, I encourage you to review the LSC **Final Analysis of H.B. 126 of the 134th General Assembly**, which is available on the General Assembly's website: legislature.ohio.gov.

Property tax collection

Now that I have discussed how a property's value and tax liability is calculated and potentially challenged, I will briefly discuss some mechanics of how real property taxes are collected. After property is assessed, the county auditor prepares a **tax list and duplicate** that allows the county treasurer to prepare property tax bills. Property taxes are generally paid in arrears, meaning that they are due in the year after they are levied. For example, taxes for tax year 2023 will be paid in 2024. Payments are due in two semiannual installments. The statutory due dates for these installments are December 31 and June 20. However, in practice, these due dates are often extended into January or February, and July or August, depending on the county and year.

Delinquent tax collection

If property owners do not pay their taxes on time, those taxes will become delinquent. County officials have many options to collect delinquent taxes, including a tax foreclosure or a sale of a delinquent tax certificate, which gives a private party the right to foreclose on the tax lien. If you'd like more information on these various collection options, please see the LSC Members Brief entitled **Delinquent Property Tax Collection**, available on LSC's website.

Before foreclosure, a delinquent taxpayer will generally first have an opportunity to enter into a delinquent tax contract. Through such contracts, the property owner pays delinquent taxes in installments over a period of up to five years. No interest or penalties accrue as long as the contract is valid, meaning the homeowner is current in payments. The county treasurer must offer a contract to homeowners and farmers at least once, and may offer a contract to other property owners at the treasurer's discretion.

Conclusion

Having now explored the major threads comprising the tapestry of real property taxation, this concludes my presentation. I'm happy to answer any questions you may have.

TESTIMONY BEFORE THE JOINT COMMITTEE ON PROPERTY TAX REVIEW AND REFORM

FEBRUARY 7, 2024

Co-chairs Representative Roemer and Senator Blessing, and all members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to make some remarks on behalf of the over 20,000 governing members of the National Federation of Independent Business (NFIB) regarding real property tax and the impact on small businesses and their employees. My name is Chris Ferruso and I serve as State Director here in Ohio.

By way of background, a typical NFIB member employs 20 or fewer people and has less than $2 million in gross receipts. Our members come from all industry sectors and all 88 counties. NFIB members are for profit, privately held entities. We frequently survey our members on various business issues to better understand the challenges they face in maintaining their operations. One such survey is our quadrennial publication *Problems & Priorities*. Our most recent issue was released in 2020 and we will have a new version later this year. This survey provides our members with a list of 75 different business-related topics, including everything from cost of healthcare, cost of utilities, interest rates, employee turnover, etc. Our members are asked to rank these issues from most impactful/biggest impediment to growth to least. The closer to number one, the bigger the issue. Of note, and importance to this committee, is the topic "property tax." Property tax ranked as the fifth biggest concern amongst Ohio members.[1] In fact, 10 percent ranked property tax as "critical."

Small businesses vary in how they hold real estate. Some own industrial or commercial properties, others may be a residential based-business, and others may lease their building paying rent to the owner of the property. Regardless of the arrangement, property taxes impact all these situations. While our members who own real property will see and be directly subjected to the property tax by receiving a bill, those that lease are impacted as well through the rent they pay. And it goes well beyond this of course.

Our members purchase goods and services in a similar way to everyday consumers. That is to say, many do not have the economies of scale to negotiate a less substantial price increase based upon a large volume and have experienced increased costs of inputs to

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[1] https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf

their operations as those they purchase from have had to increase their costs as well. They feel the same pinch that we all do with factors outside the scope of this committee, like inflation and interest rates. This strains the bottom line and it in turn places challenges on ability to expand. Despite the challenges associated with increased costs of doing business, our members have responded to the tight labor market by increasing compensation as well as putting together more competitive employment opportunities.

Our members are not naïve to the impact increased real property values have on their current and prospective employees. Their employees need to have a place to live in order to work. Unfortunately, the increase in real property values in some parts of the state has skyrocketed. Coupled with the aforementioned inflationary pressures on daily necessities, there are a lot of individuals who are encountering challenging financial situations.

The General Assembly is well aware of property tax increases facing many Ohioans. Several pieces of legislation have been introduced to alleviate some of the increases on select classes of properties as well as provide relief to seniors and others on fixed incomes. These are noble public policy positions but do not provide long-term solutions.

While I do not have proposals today to provide long-term solutions to the property valuation issue, I will take the opportunity to make a couple of observations which I hope will be considered by this committee as you prepare your report.

We are supportive of the provisions of House Bill 344 which aim to put belts and suspenders on House Bill 126 from the 134th General Assembly to limit who may initiate challenges to real property valuation. We feel the county auditors are doing their diligence when assessing values. Any dispute should be between the property owner and auditor.

We believe a key component of this discussion is transparency to taxpayers on what their property taxes are going to fund. There are many different levies and assessments to taxpayers' bills. We are not taking a position on which levies may or may not be appropriate. However, we believe it is good government to be transparent. I will use Franklin County as an example. One can look up real property on the webpage and click the tax distribution tab on a parcel to see to what entities are receiving what dollar amount from the total tax bill.[2] Additionally, there is a levy estimator so taxpayers can see an itemized breakdown of all the levies for each entity collecting as well as the potential impact to their property tax bills for any upcoming levies.[3] Voters are empowered with a better understanding of what their potential costs will be prior to voting. We hope this committee encourages the retention and expansion of such transparency tools to taxpayers.

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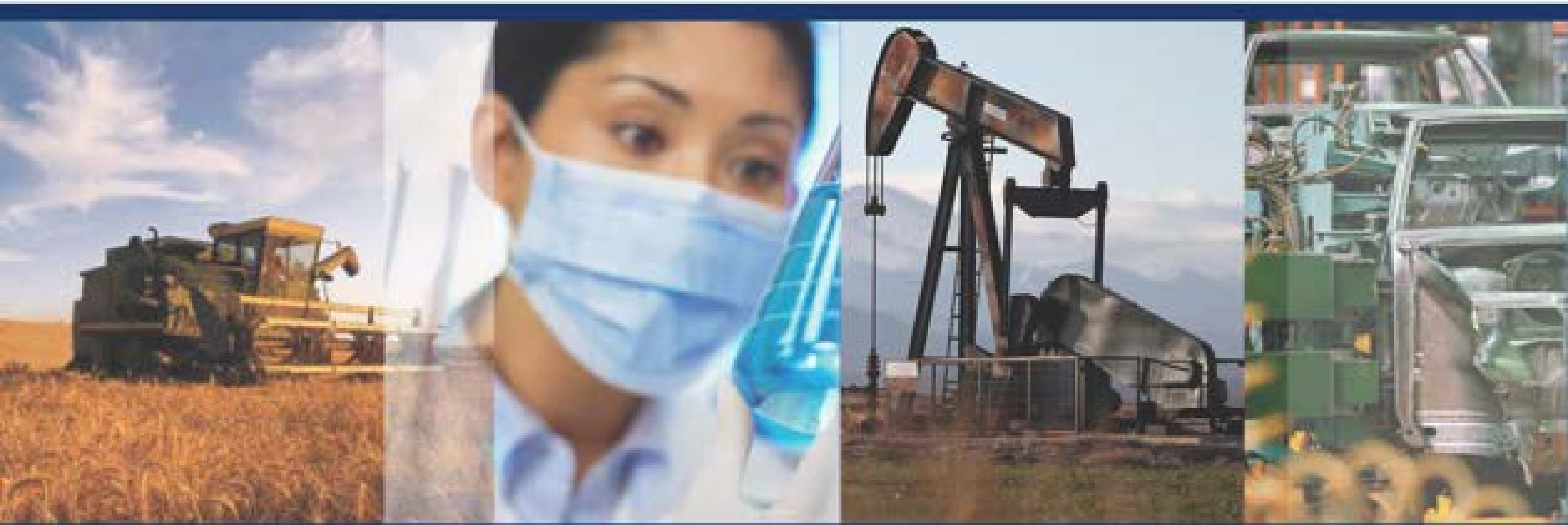
[2] https://property.franklincountyauditor.com/_web/search/commonsearch.aspx?mode=owner
[3] https://audr-apps.franklincountyohio.gov/LevyEstimator

I also hope this committee will explore what can be done locally to provide property tax relief. Is there a mechanism that allows local governments to reduce the amount they otherwise would collect based upon a reassessment? If not, is this an option that can be provided through statute? Can local governments give property tax relief themselves by returning funds to their taxpayers?

In closing, thank you for the opportunity to share our members' perspective. We want to be part of the dialogue and help to find solutions. However, it is paramount that as this process unfolds, we maintain an environment that encourages economic development investment and retains/attracts a robust workforce. Any solutions must consider Ohio is competing with other states and not jeopardize the overall vibrancy of the state.

2022 Ohio Economic COMPETITIVENESS STUDY



An analysis of issues to advance Ohio in a complex global economy

THE MCNAIR CENTERS FOR ENTREPRENEURISM AND FREE ENTERPRISE

MIAMI UNIVERSITY

NORTHWOOD UNIVERSITY

2022 Ohio Economic Competitiveness Study:

An Analysis of Issues to Advance Ohio in a Complex Global Economy

Table of Contents

About the Ohio Business First Caucus

With the mission of promoting, advancing, and protecting business interests and entrepreneurship by eliminating barriers to expansion and job creation, the Ohio Business First Caucus has set its sights on making Ohio the most prosperous state in the nation by making Ohio the most business-friendly state in America. The Business First Caucus is the largest legislative caucus in Ohio, being bicameral and bipartisan, with over 60 members.

The Caucus is chaired by State Senators George Lang and Mark Romanchuk and State Representatives Brian Lampton and Jon Cross. The Ohio Business First Caucus rests on the foundations of the following four pillars:

- Tax Reform/Simplification
- Regulatory Reform
- Smaller Government
- Workforce Development

Every goal the Business First Caucus outlined upon its conception has been achieved ahead of schedule. The new target of the Business First Caucus is to grow Ohio's GDP from about $700 billion annually to $1 trillion, and to add a Congressional delegate by the end of 2029.

About The Big Six

The Ohio "Big Six" is a coalition of the six largest business groups in the state:

- The Ohio Business Round Table
- The Ohio Chamber of Commerce
- The Ohio Manufacturers' Association
- The Ohio Council of Retail Merchants
- The Ohio Farm Bureau
- The National Federation of Independent Businesses of Ohio

About Northwood University

Northwood University develops future leaders to positively drive and influence global, social and economic progress. Rooted in the Northwood Idea, the University promotes the importance of free enterprise, ethics, individual freedom and responsibility. Private, nonprofit, and accredited, Northwood University specializes in managerial and entrepreneurial education at a full-service, residential campus located in Midland, Michigan. The Adult Degree Program is offered in multiple states and online for students with transfer credits and work experience who are looking to complete their undergraduate degree. The DeVos Graduate School of Management offers MBA and Master of Science degrees in Finance, Business Analytics, Human Resources and Organizational Leadership with day and evening, and online delivery options. The Doctor of Business Administration (DBA) program is delivered online, with a differentiated focus on leadership and business analytics using both qualitative and quantitative methodologies. International education is offered through study abroad and at International Program Centers in Switzerland, China (Changchun and Wuxi) and United Arab Emirates (UAE).

The McNair Center for the Advancement of Free Enterprise and Entrepreneurship at Northwood University is a leading university think-tank, generating information, research, and programs focused on the study, advocacy and expansion of the market process and the creation and the cultivation of entrepreneurs.

About Miami University

Established in 1809, Miami University is consistently ranked among the top 50 national public universities by U.S. News & World Report for providing students with an Ivy League-quality education at a public school price. Located in the quintessential college town of Oxford, Ohio—with regional campuses in Hamilton and Middletown, a learning center in West Chester, and a European study center in Luxembourg—Miami serves more than 21,600 undergraduates across 120 areas of study and more than 2,500 graduate students through 70 masters and doctoral degree programs. At this comprehensive research university, students engage and conduct research with premiere teacher-scholars. Miami adds $2.3 billion annually to Ohio's economy through innovative partnerships and job creation. Miami is an NCAA Division I school serving over 500 student-athletes across 19 varsity sports.

Acknowledgements

The Ohio Business First Caucus would like to thank Northwood University and its McNair Center for the Advancement of Free Enterprise and Entrepreneurship and Miami University, for agreeing to conduct this study and assembling a first-class team of researchers to bring it to fruition. In particular, the Ohio Business First Caucus would like to thank Northwood University President, Dr. Kent MacDonald; Dr. Gregory Crawford, President Miami University; Randi Malcolm Thomas, Esq., Vice President of ASPIRE at Miami; and Dr. Timothy G. Nash, Director of the McNair Center at Northwood University, for shepherding the project from inception to completion.

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Mr. Joshua Antonini, McNair Center Scholar

Mr. Andrew Reder, McNair Center Scholar

Ms. Joy Feeney, McNair Center Consultant

And study editors: Bob Thomas, David J. Nash, Matt Davis, and Jonathan Williams.

Miami University:

Dr. Jing Li, Associate Professor of Economics

Finally, Northwood University and Miami University would like to thank the Ohio Business First Caucus, the Big Six, and especially Pat Tiberi and Gordon Gough for their involvement and support of this study.

Executive Brief

Introduction

The State of Ohio's institutional framework is solid for a home-grown manufacturing base to flourish in Ohio. Multi-billion-dollar deals with massive firms and Ohio's investments into its education system are reasons to expect a brighter tomorrow. It is well positioned geographically and with ample access to natural resources and affordable energy. Its investments and accomplishments help make it a pioneering state for the 21st century. Ohio's current economy embodies this frontiersman ethos: Modern Ohio is an expanding center for Midwestern commerce with dozens of Fortune 500 companies choosing to headquarter there, an attractive and affordable housing market, over 150 world-class colleges, universities, and technical schools, and a "top ten state" in the nation for its business-friendly environment. With an emerging chip industry located in central Ohio and earning it the moniker of "Silicon Heartland," Ohio's already vibrant economy is sure to become a seedbed for further economic investment for decades to come.

The purpose of the study is to conduct a comprehensive analysis of the Ohio economy that builds upon research completed for 2012, 2013, 2014, 2015, 2016, 2017, and 2018 Economic Competitiveness Studies and that provides benchmarks for measuring the state's economy against national and regional competitors.

The focus is on Ohio's economy as it compares to regional and national data over the last decade, as well as the trends that help forecast its future. Now in its seventh edition, Ohio is evaluated against over 200 metrics including Gross State Product (GSP) growth, tax policy, regulatory policy, employment growth and the cost of doing business. Researchers examined state tax structures, regulations and rules that govern business, educational attainment, workforce composition and the most current economic statistics available to give the most complete picture of the state's business climate.

The study also breaks out data comparing Ohio to Great Lakes Region states (Illinois, Indiana, Michigan, Ohio, and Wisconsin) and looks at some of the largest cities in the Great Lakes Region as contributors to the state's economic success**.** This study includes a close-up look at Ohio's major metropolitan areas.

The Ohio economy began its second year of economic recovery in the spring of 2022 after the COVID-19 pandemic and recession. The state has seen increases in personal income growth, economic growth and employment growth since the last 2018 study despite that trough in economic productivity.

Methodology

Using statistical techniques called factor analysis, a process in which the values of observed economic data are expressed as functions of a number of possible causes or factors to find which are the most important to overall economic competitiveness, researchers studied the following factor categories: 1) General Macroeconomic Environment, 2) State Debt and Taxation, 3) Workforce Composition and Cost, 4) Labor and Capital Formation, and 5) Regulatory Environment. These are the same five factor categories used in each year's installment of the study.

Factor 1 - General Macroeconomic Environment – considers general measures of statewide economic health such as unemployment rates, labor force participation rates, per-capita income growth and life-satisfaction (another measure of well-being in addition to per-capita income).

Factor 2 - State Debt and Taxation – considers state debt per capita, cost of living and tax burden per capita (tax burden considers state sales taxes, selective taxes, license taxes, corporate income taxes and state income taxes).

Factor 3 - Workforce Compensation and Cost – considers percentage of the working population that is part of a union, percentage of the private working population that is a member of a union, percentage of the public working population that is a member of a union and cash payments to beneficiaries (including withdrawals of retirement contributions) of employee retirement, unemployment compensation, workers' compensation and disability benefit social insurance programs.

Factor 4 - Labor and Capital Formation – considers employment growth, population growth, migration and organizational birth and death data.

Factor 5 - Regulatory Environment – is a composite of other indices that consider the business friendliness of a state's regulatory framework/environment.

The Northwood University Competitiveness Index

The Northwood University Competitiveness Index was developed for this study and is comprised of the five factor categories measuring various areas of economic performance for all 50 states (1 is the most favorable and 50 is the least favorable). Unlike many other indices where the data and/or categories are assigned weights by the researchers, the Northwood Index assigns weights based on factor analysis which initially involved 200 variables. The weights are market sensitive and are susceptible to fluctuate with changes in economic conditions and data from year to year. Thus, the indices are based on these weights and are snapshots of current market conditions and key factors over said period. Therefore, the model delivers an overall ranking for a state, provides evidence of strengths and weaknesses relative to other states by category and the weights assigned in each category derived by the model may be useful in prioritizing efforts to improve a state's relative competitiveness (see Exhibits 106 and 107).

Exhibit 106: Northwood's State Competitiveness Index Rank (2022)

Rank	State	Rank	State
27	Alabama	28	Montana
40	Alaska	16	Nebraska
9	Arizona	19	Nevada
25	Arkansas	30	New Hampshire
47	California	49	New Jersey
15	Colorado	39	New Mexico
46	Connecticut	50	New York
29	Delaware	1	North Carolina
5	Florida	11	North Dakota
8	Georgia	**13**	**Ohio**
48	Hawaii	18	Oklahoma
6	Idaho	37	Oregon
42	Illinois	35	Pennsylvania
7	Indiana	45	Rhode Island
17	Iowa	12	South Carolina
24	Kansas	10	South Dakota
23	Kentucky	4	Tennessee
31	Louisiana	3	Texas
44	Maine	2	Utah
38	Maryland	43	Vermont
41	Massachusetts	14	Virginia
20	Michigan	33	Washington
34	Minnesota	36	West Virginia
32	Mississippi	21	Wisconsin
26	Missouri	22	Wyoming

RTW (white) / NRTW (shaded)

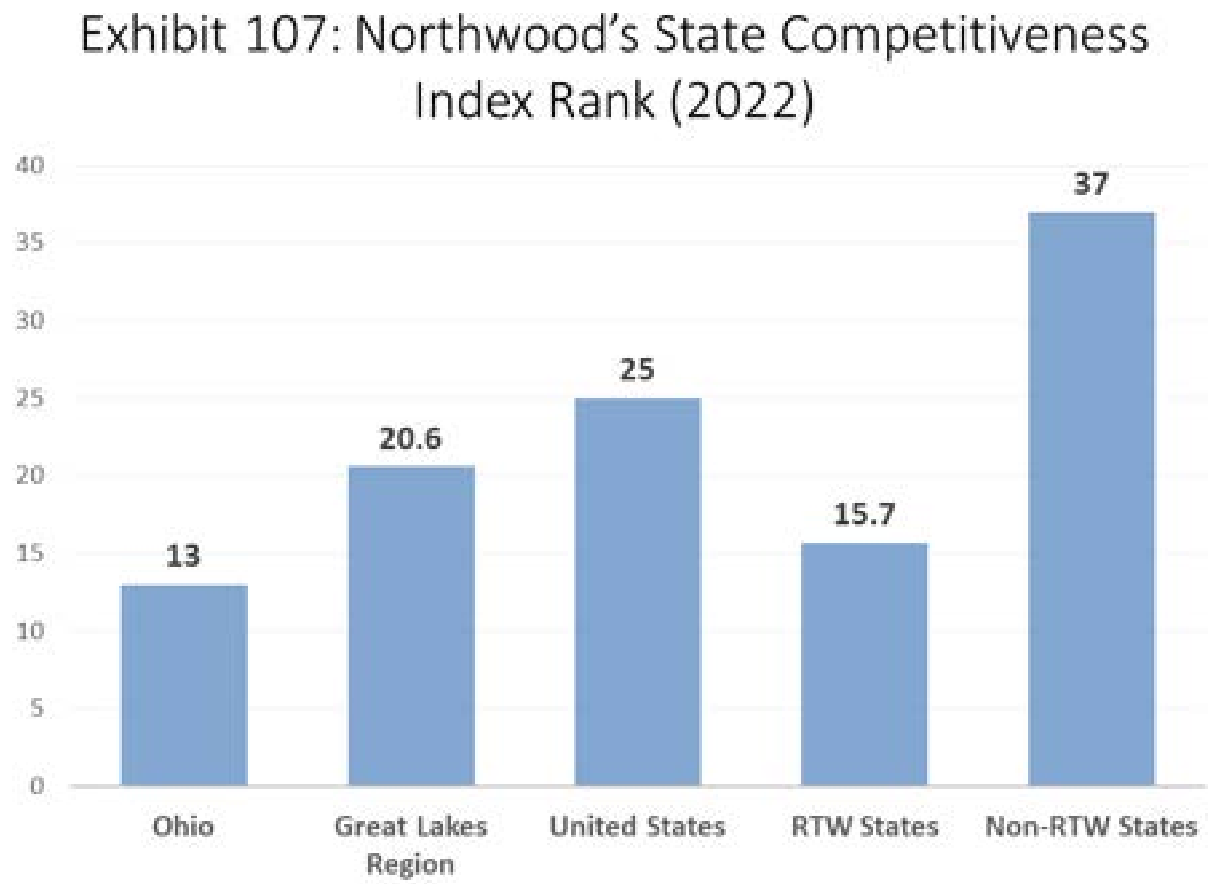
RTW Average Rank 15.7

Non-RTW Average Rank 37

Great Lakes Average Rank 20.6

The research concluded and the analysis shows that Ohio's economy improved similarly to the U.S. economy and made gains in its overall competitiveness and strides relative to its placement among other states. **The overall factor analysis making up the Northwood University State Competitiveness Index shows Ohio moving from 24th in 2018 to 13th in 2022.**

Overall, Ohio ranks 13th out of the 50 states in the Index. Ohio has seen significant improvements in factors related to Debt and Taxation, Workforce Composition and Cost, Labor and Capital Formation, and Regulatory Environment; however, factors related to Ohio's General Macroeconomic Environment worsened since 2018. A careful analysis of factors 2, 3, 4, and 5 coupled with sound public policies designed to address the issues in factor 1 will enhance Ohio's competitiveness in the future.



The 2022 study includes a snapshot of the economic performance of Ohio's major metropolitan areas. The above chart shows Ohio's economic performance through major times of economic turbulence beginning with data in 1998. Exhibit 143 shows that Ohio, driven by strong public policy, was the 11th most competitive state economically from 2011-2018, something all Ohioans played a role in and should be proud of (see Exhibit 143).

Exhibit 143: Northwood's State Competitiveness Index Rank (2011-2018)

Rank	State	Rank	State
28	Alabama	36	Montana
48	Alaska	16	Nebraska
12	Arizona	13	Nevada
24	Arkansas	32	New Hampshire
34	California	44	New Jersey
3	Colorado	39	New Mexico
49	Connecticut	40	New York
41	Delaware	9	North Carolina
5	Florida	14	North Dakota
6	Georgia	**11**	**Ohio**
50	Hawaii	22	Oklahoma
10	Idaho	25	Oregon
29	Illinois	23	Pennsylvania
4	Indiana	45	Rhode Island
15	Iowa	19	South Carolina
35	Kansas	30	South Dakota
31	Kentucky	2	Tennessee
38	Louisiana	1	Texas
46	Maine	7	Utah
43	Maryland	47	Vermont
33	Massachusetts	18	Virginia
8	Michigan	21	Washington
20	Minnesota	42	West Virginia
37	Mississippi	17	Wisconsin
26	Missouri	27	Wyoming

RTW
NRTW

RTW Average Rank
18.1

Non-RTW Average Rank
34.1

Great Lakes Average Rank
13.8

Ohio's top Fortune 500 companies on average have outperformed the three major stock indices over the past decade: from 2009 to 2022, Ohio-based firms such as Sherwin-Williams, Progressive Insurance, and Parker-Hannifin have seen stock price increases of 1236%, 998%, and 582%, respectively. The Dow Jones Industrial Average over that same period only enjoyed a 216% increase. If one were to have invested $10,000 in 2009 in the Dow Jones Industrial Average, it would have grown to about $32,000 by 2022. If one were to have instead invested $10,000 in 2009 in 10 of the top Fortune 500 companies headquartered in Ohio, that $10,000 investment would have grown to almost $53,000 by 2022 (see Exhibits 155, 156).

Ohio's economic performance in the five categories ranked as follows:

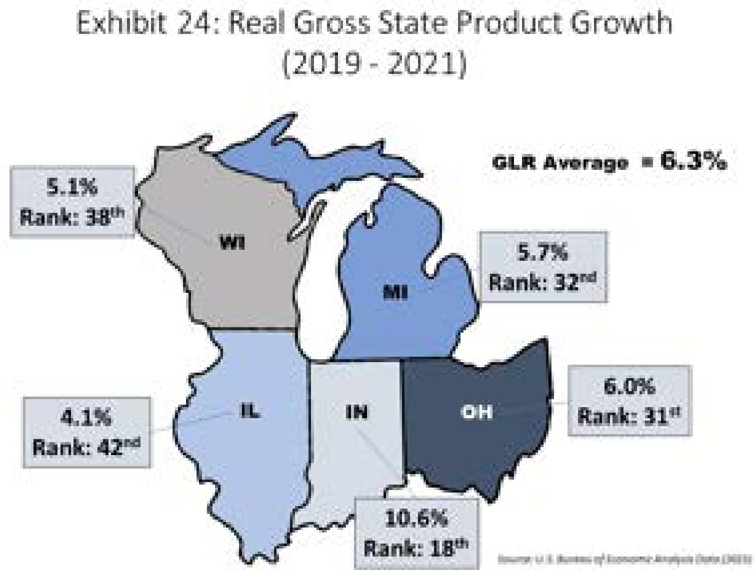
Exhibit 118: Ohio's Economic Performance Ranking

(2022-2014 Data)

	2022	2018	2014
NU State Competitiveness Index: Ohio	**13**	24	31
Factor 1 – General Macroeconomic Environment	**36**	21	26
Factor 2 – State Debt and Taxation	**22**	42	19
Factor 3 – Workforce Composition and Cost	**8**	28	41
Factor 4 – Labor and Capital Formation	**3**	10	40
Factor 5 – Regulatory Environment	**18**	37	29

Source: Northwood Competitiveness Index 2014-2022

The factor analysis shows Ohio worsening in the General Macroeconomic Environment since 2018, likely due in no small part to the COVID-19 pandemic and recession. The factor analysis does, however, show Ohio improving in Workforce Composition & Cost and Labor & Capital Formation, which in 2022 have Ohio in 8th and 3rd places, respectively. The 2021 Kauffman Indicators of Entrepreneurship found Ohio below the national average and the Great Lakes Region average.



Ohio ranked second best of the Great Lakes Region states in economic growth. It is also of note that the Great Lakes Region was the fourth best performing region in the country (out of eight regions) over the same period with good performance coming from Indiana, Ohio, and Michigan. The region showed average growth in Annual Real Gross State Product (GSP) of 6.3% and Ohio GSP growth of 6.0%. The Great Lakes Region did not outperform the U.S. national average in personal income growth per capita as it did in previous studies. The Great Lakes region realized 32.8% growth compared to the national average of 39.07% since 2000. Ohio's recovery outpaced the regional average and was more broad-based, as many non-automotive Ohio Fortune 500 companies dramatically improved in the stock market since the recession brought on by the COVID-19 pandemic in 2020-2021.

The 2022 study includes a feature analyzing seven of the Great Lakes states' largest economic areas and principal cities. The Columbus and Cincinnati areas show signs of good growth since 2021 after facing challenging economic hard times during the pandemic and are projected to outperform Chicago, Detroit, Indianapolis, and Milwaukee from 2022-2023. Columbus was the top performing major Great Lakes region city at 6.8% economic growth with Cincinnati next at 6.5% growth.

Key Findings

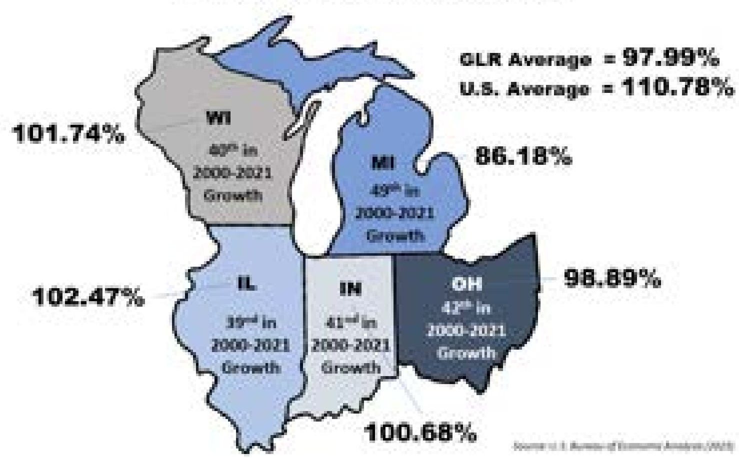
The following are significant observations of the many variables used in the 2022 study to evaluate the competitiveness of the Ohio economy relative to the U.S., the Great Lakes region, as well as Right-To-Work (RTW) states and Non-Right-To-Work (NRTW) states.

1. Growth in Personal Income

Personal income per capita growth in Ohio grew 98.89% from 2000-2021 while the U.S. average income grew at 39.07% over the same period. Personal income growth over the period grew at 112.42% in RTW states, at 109.91% in NRTW states, and 97.99% in the Great Lakes region. Ohio outpaced the Great Lakes region average from 2000-2021 and the national average for per capita personal income growth (see Exhibits 35 and 36). Increasing per capita income growth in Ohio over the last few years is still a leading indicator of a strengthening economy and job market.

Exhibit 35: Personal Income Per Capita Growth (2000-2021)

Exhibit 36: Great Lakes Average Personal Income Per Capita Growth (2000-21)



2. Real Gross State Product (GSP) Growth

From 1998-2021, Ohio Real Gross State Product (GSP) lagged the national average significantly. While the U.S. economy grew from an overall Gross Domestic Product (GDP) level of more than $9 trillion in 1998 to just over $23 trillion in 2021 (using current dollars), or around 160%, the Ohio economy grew by only 116%. Gross State Product grew at an average rate of roughly 168% over the same period in RTW states while realizing a slower growth rate in NRTW states of just 152.5% and 116.8% in the Great Lakes region. Ohio's real GSP growth was solid from 2019-2021. The Ohio average of 6% is second in the Great Lakes region and was above the U.S. average of 2.1% for the same period. The Great Lakes region average was 6.3%. If Ohio were its own region, it would rank fifth in economic growth trailing only the Far West, the Southeast, New England, and the Great Lakes regions, signaling recent improvement in the Ohio economy (see Exhibits 18, 26, and 27).

Exhibit 18: Gross State Product Growth (1998-2021)

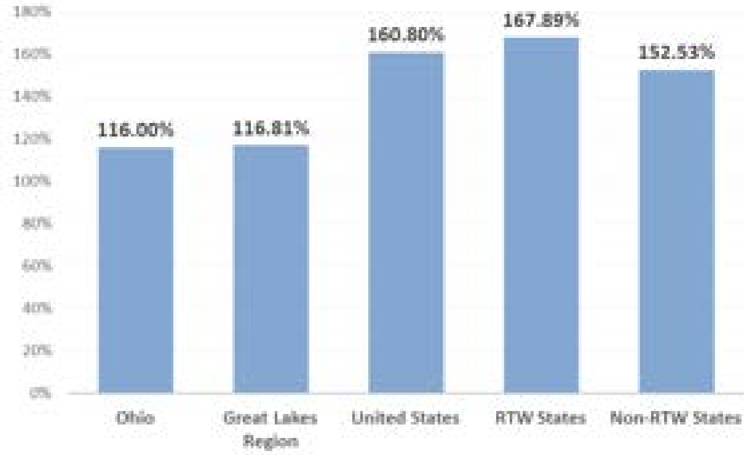


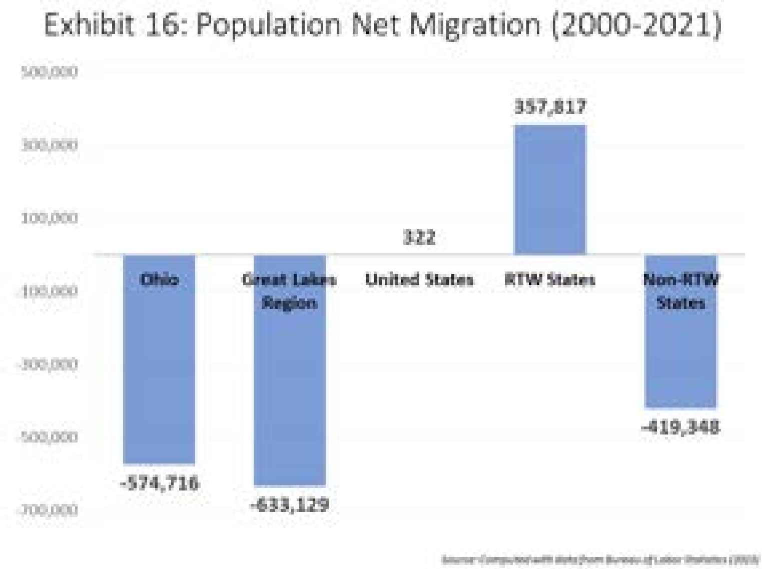
Exhibit 26: U.S. GDP Growth Rates 2010-2021

Economic Region	Nominal GDP Growth Rate	Nominal GDP Growth Rank	Real GDP Growth Rate	Real GDP Growth Rank
Indiana	3.9%	Tied 28th	1.6%	Tied 22nd
Illinois	3.2%	40th	0.8%	30th
Michigan	3.1%	42nd	1.3%	29th
Ohio	4.0%	Tied 27th	1.5%	Tied 25th
Wisconsin	3.3%	Tied 38th	1.0%	Tied 35th
United States	4.5%		2.1%	

Exhibit 27: U.S. GSP Growth by Region
(2011 - 2022)

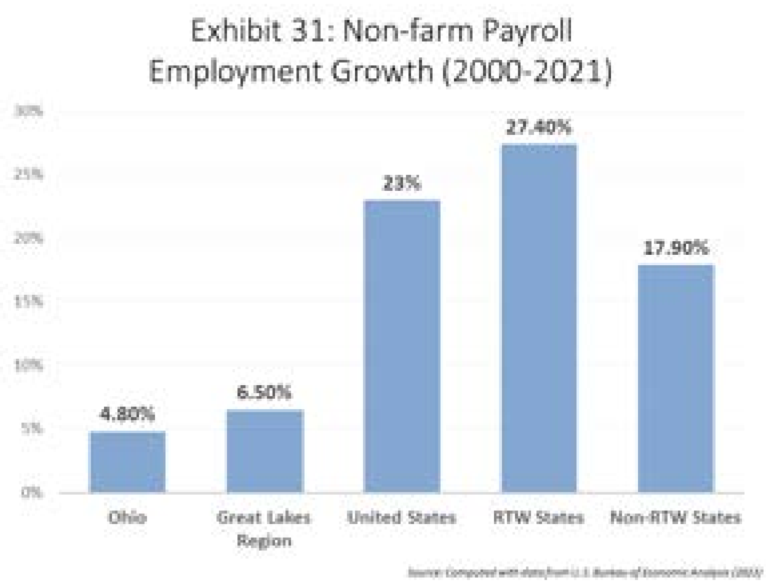
Region	2011	2012	2013	2014	2015	2016	2017	2022
New England	1.0	1.2	1.3	1.6	1.3	3.6	3.3	6.3
Mid East	1.2	1.5	0.7	1.7	1.6	2.9	3.3	5.2
Great Lakes	2.4	2.2	1.6	1.4	2.1	2.9	3.5	6.1
Plains	2.0	2.7	2.5	1.3	1.3	1.7	2.8	4.3
Southeast	1.0	2.1	1.6	1.7	2.2	3.4	3.8	6.5
Southwest	3.0	4.1	3.3	4.3	3.1	0.6	5.6	3.8
Rocky Mountains	1.5	2.1	4.1	3.9	3.1	2.9	5.4	5.8
Far West	1.5	3.3	2.0	2.7	3.8	4.4	5.0	7.4
United States	1.7	1.3	2.7	2.5	1.9	3.0	4.1	5.9

3. Net Population Migration



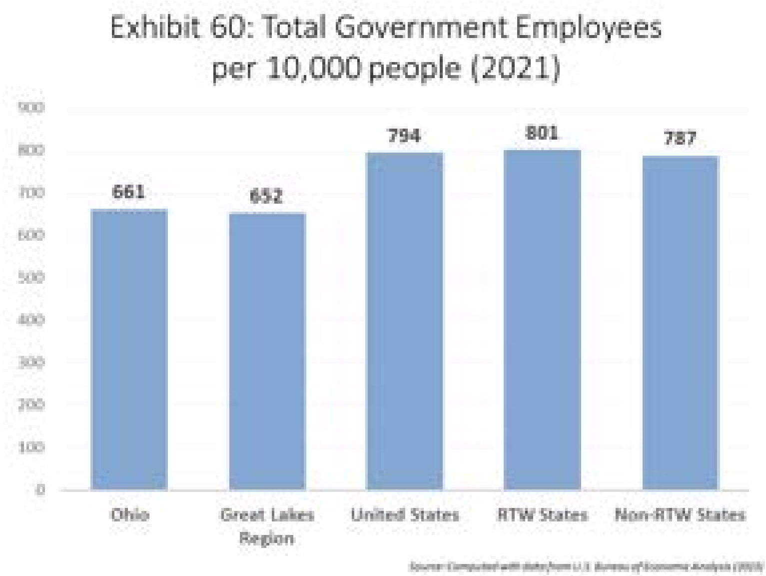
Ohio's population net migration from 2000-2021 was among the worst in the United States, ranking 45th with a loss of 574,716 people. Net migration is defined by the difference in people leaving a state relative to people migrating to a state over a given period of time. The overall U.S. population net migration for the same period was just over 322 people net positive with RTW states experiencing a positive net migration total of 357,817 and NRTW states suffering a net migration loss of 419,348 with the Great Lakes region realizing a loss of 633,129 people (see Exhibit 16). Even though population net migration is still negative, it is slowing with the net job creation that has taken place in Ohio over the last decade.

4. Job Growth by State



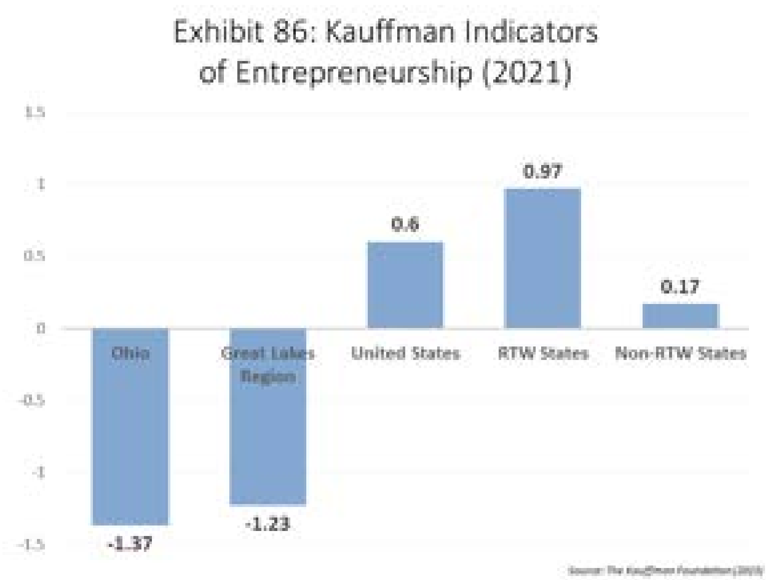
During the same period between 2000 and 2021, Ohio Non-Farm Employment growth increased 4.8% while the U.S. overall jobs grew 23%. RTW states saw employment growth at around 27% while NRTW states job growth was almost 18%. The Great Lakes region realized slightly more growth than Ohio alone (see Exhibit 31).

5. Total Government Employees per 10,000 People



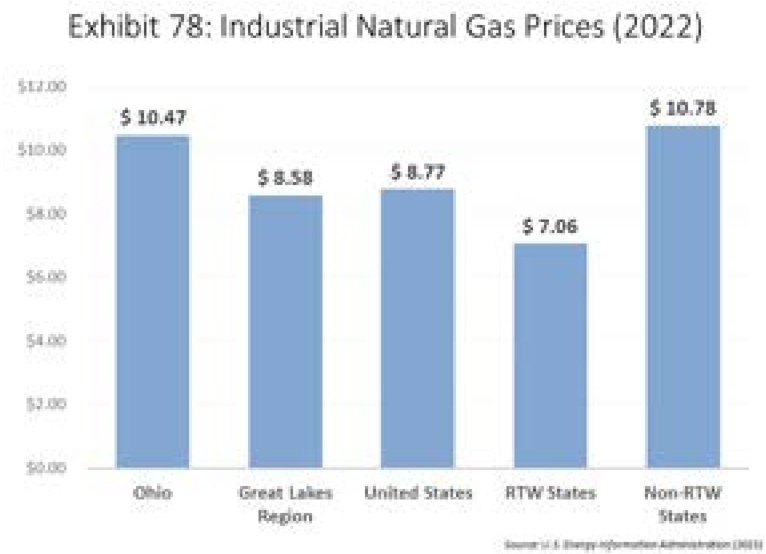
Ohio, as of 2021, had 661 government employees per 10,000 people, ranking it 13th best in the country (see exhibit 60). This is a slight decrease from the 2018 study when Ohio had 690 government employees per 10,000 people. This decrease in government employees is one sign of strong government efficiency.

6. Index of Entrepreneurial Activity per 100,000



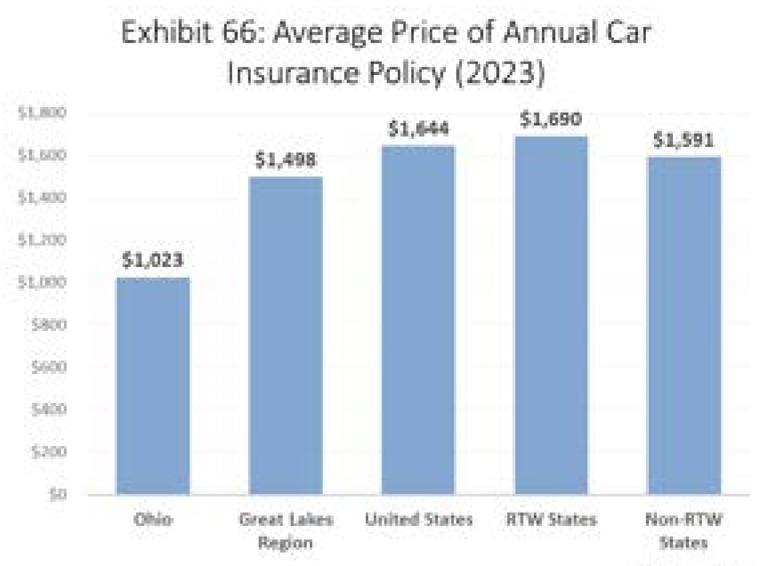
The Kauffman Foundation ranked states according to four key indicators on its Kauffman Early-Stage Entrepreneurship (KESE) Index: rate of new entrepreneurs, opportunity share of new entrepreneurs, startup early job creation, and startup early survival rate. The national average was 0.6 and the Ohio average at –1.37. The RTW state average was 0.97, the NRTW state average was 0.17, and the Great Lakes region was –1.23.

7. Industrial Cost of Natural Gas



Ohio seems to be somewhat competitive in average cost of electricity and generally leads in natural gas per unit cost relative to the Great Lakes region and RTW averages. It was below the national average for electricity price per unit and above the RTW average price for electricity per unit in 2022. However, the RTW average for industrial natural gas prices was below the national, NRTW, Great Lakes region and Ohio average costs for 2022 (see Exhibit 78). Ohio's industrial natural gas price increased from the 2018 study to this year's study, ending up higher than all but NRTW states, and so did the cost for the rest of the country.

8. Automobile Insurance Cost



The cost of doing business in Ohio is quite reasonable. The median price for an automobile insurance policy in Ohio is the lowest in the country. The median average in Ohio is $1,023, the national average is just over $1,640, the RTW average is $1,690, the NRTW average is just over $1,590 and the Great Lakes region average is $1,589. In Ohio, the cost figures out to be 1.63% of median household income to purchase insurance, or 8th cheapest nationwide (see Exhibit 66).

9. State Business Tax Climate Index

The *State Business Tax Climate Index* is produced annually by the Tax Foundation, one of this country's leading fiscal policy think tanks. The index is a measure of how each state's tax law affects economic performance. An overall index rank of 1 means the state's tax system is most favorable for business; a rank of 50 means least. Rankings are weighted and do not average across to total.

The following chart depicts an improvement in climate for business in Ohio since 2018, but still leaves room for progress. Ohio ranks 37th overall, 39th best relative to corporate taxes, 41st in individual income taxes and 36th in sales tax. Ohio's tax climate ranks worst in the Great Lakes region (see Exhibit 105).

Exhibit 105: State Business Tax Climate Index 2023

State	Overall Index Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Unemp. Insurance Tax Rank	Property Tax Rank
Wyoming	1	1	1	6	28	34
South Dakota	2	1	1	34	37	14
Alaska	3	28	1	5	44	26
Florida	4	10	1	21	3	12
Montana	5	22	24	3	18	21
New Hampshire	6	44	9	1	45	43
Nevada	7	25	5	44	46	5
Utah	8	14	10	22	16	8
Indiana	9	11	15	19	27	2
North Carolina	10	5	17	20	10	13
Great Lakes Region						
Michigan	12	20	12	11	8	25
Wisconsin	27	31	38	7	31	15
Illinois	36	38	13	38	43	44
Ohio	**37**	**39**	**41**	**36**	**13**	**6**

Source: Tax Foundation (2023)

A Snapshot of Key Great Lakes Region Cities

Using the most current data available, the study looks at how key cities in the Great Lakes region have functioned since 2020. Seven cities from the five Great Lakes region states were studied including Cincinnati, Columbus, and Cleveland from the state of Ohio. Ohio's cities sit in the middle of the pack in terms of economic growth from 2020-2021, above cities like Milwaukee but below Indianapolis and Detroit. As growth slowed down for the Great Lakes region in 2022, Ohio cities like Columbus and Cincinnati took the lead while Chicago and Milwaukee trailed behind (see Exhibit 120).

Exhibit 120: An Economic Snapshot of Key Great Lakes Region Cities (2020-2023)

City	Metro Compounded Annual GDP Growth Rate (2020-2021)	Metro Compounded Annual GDP Growth Rate (2021-2022)	Metro Compounded Annual Real GDP Growth Rate (2022-2023)	Metro Nominal GDP (2021)	Number of Employers (2021)	City Population (City Proper) (2021)	City Median Household Income/State (2021)
Chicago	9.2%	8.3%	5.0%	$757.2 B	291,000	2,696,555	$65,781/$72,563
Cleveland	8.5%	8.8%	6.0%	$144.9 B	232,680	367,991	$33,678/$61,938
Detroit	11.8%	8.6%	6.0%	$284.5 B	61,868	632,464	$34,762/$63,202
Cincinnati	8.6%	8.2%	6.5%	$165.2 B	16,153	308,934	$45,235/$61,938
Indianapolis	11.6%	9.0%	6.4%	$163.9 B	69,366	882,039	$54,321/$61,949
Columbus	10.0%	8.7%	6.8%	$151.0 B	15,563	906,528	$58,575/$61,938
Milwaukee	7.5%	8.3%	5.9%	$110.1 B	38,017	569,830	$45,318/$67,080
U.S. Metro Areas	10.7%	9.2%	-	$ 19.6 T			

Source: U.S. Bureau of Economic Analysis (2023)

A Changing Ohio: Comparing the 2014-2022 Ohio Competitiveness Studies

Ohio is showing a strong rebound when comparing our 2022 study to our 2018 study. Five of the nine key variables outlined in this year's Executive Summary have shown some or much improvement (variables 1, 2, 4, 5, 8) in 2022, while the other factors outline areas for concern or in need of improvement (variables 3, 6, 7, 9). It should be noted that Ohio has abundant natural gas and a strong natural gas industry, the sixth most productive in the U.S. Its commercial and residential natural gas prices are below the national average, though when it comes to industrial natural gas, Ohio's prices remain high. Regarding automobile insurance, Ohio has the lowest costs in the country, though since 2018 the average costs have slightly increased (see Exhibit 121).

Exhibit 121: Comparison of Key Ohio Data from 2014 – 2022 Studies

	2014 Study	2016 Study	2018 Study	2022 Study
Average Personal Income Per Capita Growth	2000-2013	2000-2015	2000-2017	2000-2021
	36.9%	51.9%	60.0%	98.89%
Gross State Product Growth	1998-2013	1998-2015	1998-2017	1998-2021
	61.4%	73.6%	85.3%	116.0%
U.S. Population Net Migration	2001-2013	2000-2015	2000-2017	2000-2021
	-438,589	-488,129	-523,245	-574,716
U.S. Employment Growth	2001-2012	2000-2014	2000-2017	2000-2017
	-2.0%	0.4%	3.5%	3.5%
Total Government Employees Per 10,000 People	2013	2015	2017	2021
	688	686	690	661
The Kauffman Index of Entrepreneurial Activity	2013	2016	2018	2022
	200	240	230	-1.37
Industrial Natural Gas Prices	2013	2016	2018	2022
	$ 6.36	$5.14	$7.13	$10.47
Median Price of Annual Car Insurance Policy	2014	2016	2018	2022
	$ 926	$ 900	$ 944	$1,023
Northwood University Competitiveness Index	2014	2016	2018	2022
	31	30	24	13

Source: Northwood Competitiveness Index (2014-2022)

Ohio made significant progress over the last decade of research culminating in this year's Northwood University/Miami University *Economic Competitiveness Study*. Ohio moved from a ranking of 31st in 2014 to 13th in 2022 using data from 2014-2022. It is also important to note that when measuring Ohio's overall competitiveness using data from 2011-2018, Ohio ranked 11th nationally.

Ohio also made significant progress in all but one of the five factor categories, improving an average of 16.5 places per category where there was improvement since 2018 (see Exhibit 118). Through December 2022, top Ohio-based Fortune 500 companies have on average outperformed the Dow Jones Industrial Average since the troughs of the Great Recession and COVID-19 (see Exhibit 156). There is much yet to do in areas ranging from energy cost and infrastructure to tax reform, yet there is no doubt that near the end of 2022 it can clearly be said that Ohio's economic comeback continues. If one reflects on where the state was just a decade ago, Ohio experienced a remarkable transformation.

Conclusion

Economists fundamentally agree on the sources that drive economic growth. Robert Barro (1991) in his seminal paper, "Economic Growth in a Cross Section of Countries," studied the key economic and political factors that determined 98 countries' competitiveness that led to economic growth and standards of living. It is clear from this, and other studies that economic growth is helped by investments in human capital, lower tax rates, a lower regulatory burden on businesses and emphasis on human development. It is also clear that, in recent times, the U.S. has been steadily falling behind in these critical investment areas, or at least unable to keep up with the investments vis-à-vis many of its competitors. One factor might be that government in the United States is becoming increasingly more important in the overall scheme of things as compared to the private sector. In addition, the federal government budget deficit and national debt are growing alarmingly high, and the financing of the deficit has been instrumental in increasing the cost of capital, making it difficult for private businesses to invest in critical areas. Many economists would argue that this unprecedented increase in government spending and a national debt that exceeds 120% of U.S. GDP has been the primary reason behind the relative decline in overall American competitiveness (see Exhibit 9).

U.S. economic growth began to slow toward the end of the 20th century and experienced additional challenges in the early 21st century. Government was becoming more significant to the U.S. economy with the U.S. experiencing the highest corporate income tax rate in the industrialized world according to the U.S. Tax Foundation. Taxes continue to plague American businesses disproportionately to its competitors. The 2018 Heritage Foundation/Wall Street

Journal's *Index of Economic Freedom* measures political freedom, prosperity and economic freedom across 10 metrics to gauge the economic success of 184 countries around the world. In 1995, the U.S. was ranked 4th in the world on the index, and in 2018 the U.S. fell to 14th.

It is important to highlight the large and expanding role of Ohio in this highly integrated global economy. Ohio's GSP is roughly the size the same GDP of the country of Poland, which would make Ohio the 23rd largest economy in the world. This study paints a much rosier picture of Ohio's competitive position relative to most other U.S. states since the initial 2012 study was released. Ohio's ranking on *The Northwood University Competitiveness Index* of 13th indicates that although Ohio has made tremendous progress over the last seven years, it has both room for improvement and reason for optimism in the future.

Ohio is once again moving in the right direction and deserves to be studied. The *2022 Ohio Economic Competitiveness Study* clearly notes that there has been tremendous economic progress in the state of Ohio over the last decade. Ohio has been a leader in natural gas and oil exploration and production, high tech and semiconductor manufacturing, and has been a low-cost state for general cost of living and automobile insurance. In addition, Ohio's two largest cities, Cincinnati and Columbus, have shown strong growth potential over the last ten years, in areas ranging from business tourism and technology to exports and transportation. Ohio is blessed: A) with exceptional institutes of higher learning, graduating highly educated white collar workforces, B) a highly skilled and productive blue collar workforce, given Ohio's long and productive experience in the automotive industry, C) part of the Great Lakes water network, the epicenter of the world's largest deposit of fresh water, D) a gateway of waterway transportation for the Great Lakes region, the Mississippi and to Ontario, Canada, E) a hub for rail, trucking and air transportation, F) home to many of the world's leading manufacturing and technology companies, and G) is currently realizing an energy boom via safe oil and natural gas exploration and production.

Ohio has made it through the Great Recession and COVID-19 and is showing continuing signs of an economic rebound and growth. There is no doubt that Ohio is continuing on the comeback path but has not yet arrived. Can Ohio return to the position of greatness it once occupied in the U.S. business structure? The answer is unequivocally yes, but only if it continues to adopt growth-friendly public policies. Ohio must continue to set its sights high and benchmark the best economic and political practices of this country's top performing states.

Ohio's improvement on the Northwood University Competitiveness Index has been impressive and is to be lauded. However, it is important to understand that state policy can only go so far in driving a state economy forward in today's complex global economy. The U.S. federal government still takes the lion's share of income taxes placed on businesses and individuals and determines much of the regulatory burden faced by households and commerce in America today (see Exhibit 3). Not only must Ohio continue to compete against an ever-changing, aggressive tax policy from other states trying to attract new business, but it must also compete against international competitors whose federal tax policies are often more attractive as well (see Exhibit 5, 6 and 12).

The United States is still the strongest and most vibrant economy in a world rattled with challenges, complexities and much uncertainty. It is a country that is no longer burdened with the highest corporate income tax rate in the industrial world yet has a national debt that is above $20 trillion (roughly 120% of GDP) and a regulatory environment that still presents a higher than needed cost of doing business relative to many other countries. These and other factors have slowed U.S. growth for nearly a decade with U.S. GDP growth averaging less than 2% from 2011-2022, while its historic yearly average growth rate since World War II is 3.23% (see Exhibit 23). Ohio's economic comeback has been and continues to be impressive. If Ohio, and the other 49 states, are to realize significant growth in the future, policy makers in Columbus will need congruent policies from Washington— policies that will complement and supplement pro-growth and pro-business policies at the state level such as federal tax and regulatory reform.

Introduction

The state of Ohio exemplifies many facets of the American Spirit. Though it may appear modest in size and location-- neither as cosmopolitan as New York or California nor as caricatured in culture as Texas or Florida-- Ohio possesses the historical position as part of America's first frontier. When the Continental Congress passed the Northwest Ordinance in 1787, Ohio became established as one of the territories into which settlers were permitted to expand. As it quickly filled with courageous and optimistic pioneers determined to try their luck at a new life westward, Ohio was the first of the Northwest territories to become a state in 1803. That spirit of advancing the frontiers of exploration and knowledge has persisted in Ohio ever since. Whether in iron and steel works, manufacturing, agriculture, or telecommunications, Ohio has been at the forefront of innovation and production for over two centuries. The state claims legendary trailblazers like Ulysses S. Grant and Neil Armstrong, Steven Spielberg and Toni Morrison, Gloria Steinem and Annie Oakley; these and many more legendary Ohioans have had legacy impacts on American history, arts and culture.

Ohio's current economy embodies this frontiersman ethos: Modern Ohio is an expanding center for Midwestern commerce with dozens of Fortune 500 companies choosing to headquarter there, an attractive and affordable housing market, over 150 world-class colleges, universities, and technical schools, and a "top ten state" in the nation for its business-friendly environment. With an emerging chip industry locating in central Ohio and earning it the moniker of "Silicon Heartland," Ohio's already vibrant economy is sure to become a seedbed for further economic investment for decades to come.

Ohio sits at the easternmost point of the American Midwest among the first states to form after the birth of the nation. The state borders a founding state, Pennsylvania, to its east, West Virginia and Kentucky to its south, Indiana to its west, and Michigan to the north. A majority of Ohio's northern edge is shoreline for Lake Erie, one of the five Great Lakes and a gateway for interstate shipping. Ohio's 400 miles of waterways, including the Ohio River, have given the state a unique commercial advantage to transport goods within the state and to others. The construction of multiple large canals in the early 19th century furthered this advantage, positioning Ohio as a link between New York and the Mississippi River. This situated Ohio as the primary route for the massive trade hubs of New York City and New Orleans. This civil engineering achievement netted Cleveland alone tens of millions of dollars in the mid-19th century and made Ohio the third richest state in the Union, setting it up for the industrial and manufacturing future it enjoys today. Further, with massive rail expansion linking urban hubs from the East Coast to the Midwest, Cleveland saw huge investments in infrastructure that made its location a significant hub for interstate commerce. By the late 20th century, all the major railroads that dominated freight traffic east of the Mississippi River operated in Ohio.

In 2018, Ohio's modern Maritime Transportation System (MTS) moved over 40 million tons of cargo, provided over 100,000 jobs, and contributed an estimated $26.5 billion to the Ohio economy. The estimated "cost savings to the State of barge transportation over truck and rail… is estimated at $545.1 million for 2018."

Ohio's economy is quite robust. Its state GDP in Q3 2022 was $829 billion, making it the seventh largest economy by GDP in the nation. Among its neighbors, only Pennsylvania has a higher GDP. If Ohio were an independent country, it would rank 21st in the world above Taiwan's $828 billion and below Turkey's $853 billion economies, according to estimates. As for Ohio's labor market, Ohio had an unemployment rate of 4.2% in November 2022 with 5.5 million employed citizens out of a population of 5.7 million. According to the Ohio Legislative Service Commission's 2021 report on the Ohio Labor Market, the Ohio economy's largest sectors by nonfarm employment were education/health (16.7%), retail and wholesale trade (14.3%), and government (14.0%). Goods production, which includes manufacturing, construction, and natural resource extraction, is a significant industry both in employment (16.7% of nonfarm employment) as well as share of GDP (22%). In fact, Ohio contributes significantly to nationwide manufacturing; Ohio's factory output accounted for 11% of the national economy in 2021. Ohio was the fourth leading state for value of factory output behind California, Texas, and Illinois. The Food and Agriculture Industry contributes more than $100 billion to the state's economy and 14% of jobs; nearly one in seven Ohio workers is employed in agriculture. Ohio ranked ninth nationally in the value of its exports, accounting for about 3% of total U.S. exports. Ohio's exports are dominated by the industrial machinery and vehicle/vehicle production sectors, each contributing 16.5% and 15.5% of all exports, respectively. The next largest segments are aircraft/spacecraft and parts (8.2%), plastics (6.5%), electric machinery (6.0%), and oil seed/grain (4.4%). These top six production sectors "accounted for $28.5 billion (57.1%) of the total value of Ohio exports." With such an emphasis on manufacturing and goods production, Ohio will be a beneficiary in upcoming decades as American trade policy favors bringing the supply chain of goods production back home. And with industrial policy such as the CHIPS Act of 2022 Ohio seems well poised to take advantage of the swing towards onshoring manufacturing processes.

Ohio's record of pro-business policies helped many companies and corporations decide to move operations and headquarters into the state. Over two dozen Fortune 500 companies are headquartered in Ohio. Most recently, Intel chose Ohio as the site for its new $20 billion semiconductor manufacturing site in what is "the largest single private-sector investment in state history" --as well as the company's history. Columbus, for instance, is home for companies such as Huntington Bancshares, Abercrombie & Fitch, Wendy's Company, Nationwide Insurance, American Electric Power, Big Lots, and Bath & Body Works. Kroger, Procter & Gamble, American Financial Group, Fifth Third Bank, Cintas, and Belcan all call the greater

Cincinnati region home. And in Cleveland, the headquarters of Sherwin-Williams, Parker-Hannifin, KeyCorp, and Progressive Corporation reside.

Education in Ohio is alive and well, with over 150 colleges, campuses, technical centers, and universities serving well over half a million students. Ohio has 37 public two-year and four-year colleges and universities, 74 independent institutions, 49 technical schools, and dozens of additional postsecondary options. The state puts particular emphasis on higher education, arguing that "a 5% gain in education attainment… would yield a state budget benefit of $1 billion due to increased tax revenue… and a reduced need for social services spending." Ohio thus seeks to improve its education for the good of the economy and therefore its citizens. According to the Ohio Department of Higher Education's "The State of Higher Education in Ohio: 2022 Year in Review," "Ohio is a net importer of new college students by 11,647 students, the 4th highest total in the nation." This signals "both Ohio's affordability and quality." Given that 20% of the Ohio population has some college but no degree, the Department of Higher Education's "College Comeback" and "Second Chance" initiatives to award grants to that population are a welcome step in improving that issue. Ohio "currently leads the nation in the magnitude of [student] debt relief available," and the aforementioned Second Chance grants alone have awarded a total of $2.1 million to 1,050 Ohioans at 64 postsecondary institutions as of December 31,2022. Ohio also has a "College Credit Plus" program that has "saved students and their families more than $1 billion on the cost of tuition over the past seven years." The state of Ohio's pro-higher education policy shines through in its tuition inflation as well; while the overall inflation level has increased approximately 38.2% since 2007 and average U.S. public university tuition and fees have inflated by 85.3%, Ohio prides itself on having its public university tuition and fees not only below the U.S. average, but below overall inflation as well at 33.7%.

The population of Ohio ranks seventh in the nation with about 11.8 million people. According to the data gathered in the U.S. Census Bureau's American Community Survey, Ohio skews slightly older than the national average age of 38.2 with its own median age of 39.4. More than 75% of Ohio's population is older than 18 years of age, leaving 22.3% of the state to be minors, which is approximately the same as the nation as a whole. The population of Ohio has about the same gender ratio (males per 100 females) as the U.S. broadly, with 97.2 males per 100 females. According to the Small Business Administration, women make up 48% of workers and 41.4%of business owners. The population of Ohio has an 11% higher proportion of white people when compared to the U.S. average (79.6% white in Ohio versus 68.2% U.S. average), though approximately the same percentage of Black people (12.3% Black in Ohio compared to 12.6% nationally). The proportion of Asian and Hispanic or Latino populations in Ohio is less than the national average, with Ohio's 2.4% Asian population in contrast to the national 5.7% Asian population and a Hispanic or Latino population of 4.1% in Ohio compared to 18.4% of the U.S. These groups make up 12.4% of business owners and nearly 20% of the workforce. Ohio has slightly proportionally more veterans than the U.S. at large, with 7.3% versus the U.S. average of 6.9%; veterans owned 7.2% of businesses.

The sons and daughters of Ohio are remarkable and representative of almost every chapter of American history. The state has earned the nickname the “Mother of Presidents” since seven U.S. Commanders-in-Chief have been born in the Buckeye State: Ulysses S. Grant, Rutherford B. Hayes, James Garfield, Benjamin Harrison, William McKinley, William Howard Taft, and Warren G. Harding (William Henry Harrison also settled in Ohio, though was born in Virginia). Annie Oakley, famed sharpshooter, was a native Ohioan. Thomas Edison and Granville Woods, both prolific inventors whose works include the telegraph, were also both from Ohio. Astronauts Neil Armstrong and John Glenn are sons of Ohio. And from Dean Martin to Steven Spielberg and Doris Day to Gloria Steinem, American culture would certainly not be the same without these influential Ohioans.

Sports teams are important business and cultural influences in Ohio, whether professional or college teams. Ohio comes in sixth in the number of professional sports teams, behind Texas but ahead of Illinois. The Cincinnati Reds and Cleveland Guardians represent the Buckeye State in the Major League of America’s Great National Pastime, baseball. The Cincinnati Bengals and Cleveland Browns franchises play for Ohio in the National Football League; the Cleveland Cavaliers play basketball, the Columbus Blue Jackets claim hockey; and finally, in soccer, Ohio has the Columbus Crew and FC Cincinnati. There is, of course, the famous Big Ten college football team from Ohio State University, with the entire university generating $15.2 billion in economic impact annually to the state.

Oil and natural gas have been good to Ohio; according to a 2021 PricewaterhouseCoopers report prepared for the American Petroleum Institute, the oil and gas industries employed roughly 375,000 people in Ohio in 2019, which amounted to 5.3% of state employment. The oil and gas industry also “provided over $24.6 billion in wages and contributed more than $58.7 billion to the state’s economy.” The report also found that “every direct job in the natural gas and oil industry generates an additional 3.8 jobs in Ohio.” Natural gas is particularly promising, as the Ohio Legislature passed a law categorizing natural gas as a “green” energy, thus permitting its extraction on public lands. This pro-energy policy takes into account natural gas’ properties, such as lower carbon emissions when used for electrical generation, versatility in use as a feedstock for numerous industrial processes, and empowerment for the U.S. stated goals of energy independence.

The following research and conclusions emanate from a series of meetings and discussions between the study authors and leadership of the Ohio Big Six. The study is a follow up to Northwood University’s previous 2012-2018 competitiveness studies, which were conceived and designed to take a careful and unbiased look at the issue of competitiveness with specific reference to the U.S. and Ohio economies.

The U.S., and therefore the Ohio economy, is part of a highly complex global economy which faces constant and often radical change due to factors such as falling oil prices and global unrest (see Exhibits 4 and 12). The study briefly outlines the current state of U.S. competitiveness in the global economy and then focuses on Ohio's economic performance relative to the other 49 U.S. states, the Great Lakes states and regionally within Ohio. The purpose of the study is to conduct a comprehensive analysis of the Ohio economy and evaluate its rank and performance across a number of metrics including but not limited to Gross State Product (GSP) growth, tax policy, regulatory policy, and cost of doing business.

The 2022 study focuses on competition on a national scale by state, Right-To-Work versus Non-Right-To-Work states, an expanded Great Lakes region states section, a comprehensive analysis of Ohio-based Fortune 500 companies, and their stock competitiveness and entrepreneurial activity. The study results are informative and unique and make a compelling case for bipartisan discussion, action and objective pro-business reforms.

The U.S. in a Complex Global Economy

Again, this year, we begin the study with the statement that economists fundamentally agree about the source of economic growth. There are definite reasons why some nations grow, and others don't. Robert Barro (1991) in his seminal paper "Economic Growth in a Cross Section of Countries" tried to answer that question. He studied the key economic and political factors that determined 98 countries' competitiveness that led to economic growth and standards of living. It is clear from his studies and others that economic growth is helped by investments in human capital, lower tax rate, less regulatory burden on businesses and emphasis on the overall human development matrix. According to Barro, there is a positive correlation between economic growth rate and the initial male educational attainment level, and a negative correlation exists between growth rate and fertility rate. His estimates indicated that economic growth can be significantly influenced by favorable government policies, such as enforcements of property rights and reduced government consumption expenditure. The obvious explanation is that the strong enforcement of property rights provides a strong incentive to acquire property, which leads to increased work efforts and efficient allocation of resources. In addition, he argued that government expenditures crowd out private expenditure, and since private investment expenditure is productivity enhancing it contributes to economic growth. In addition, Barro also found out that favorable terms of trade also are positively correlated with economic growth.

The most significant contribution made by Barro is the estimation of the convergence rate, which he estimated to be around 2.5% per year. This means that with a 2.5% growth rate it will take approximately 27 years to bridge 50% of the gap between the current level of output for an economy and the steady state level of output for the same economy. His estimates indicate that it will take 89 years to bridge 90% of the gap between the current level and the steady state level of output. Barro has estimated that the convergence rates for U.S. states is also around 2.5% although there is tremendous homogeneity among U.S. states in terms of government policies, institutional characteristics and choice sets which included choices in fertility and savings rates. Barro also found a significant negative relationship between inflation and economic growth. He argued that inflation creates some uncertainties about the future value of money and hence reduces savings and investments, which in turn reduces economic growth.

Barro argued that the bulk of the cross-country differential in growth rates and difference in growth rates among different U.S. states can be explained by the neoclassical growth theory, whereas the growth in the long run can be better explained by the endogenous growth theory. He also argued that most of the differences in growth rates among different U.S. states and U.S. regions can be explained by differences in bad economic policies of the government. If, however, the government focuses more on opening its economy to more global competition, educating its work force better and enforcing property rights, growth rates will converge and the gap between incomes slowly will get lower. If that is true, then the focus will shift from explaining differences in growth rates among different countries and different states within the U.S. to ways to increase productivity and shift the technological frontier to the right.

One significant, yet curious, finding of Barro is that democracy and freedom have a curvilinear impact on economic growth, indicating that at a low level of output, more freedom leads to higher growth; and after a certain level of output, more freedom reduces economic growth. Barro interpreted this finding by arguing that democracy is important in preventing dictatorial tendencies and associated siphoning of economic resources by the very few, but democracy also has the tendency to promote distributive efficiency over economic efficiency. It is important to note that Barro did not provide any empirical evidence that such tendencies exist within vibrant democracies.

It is clear that the advantages that the U.S. enjoyed in these critical investment areas vis-à-vis its competitors are slowly eroding. Also, government is becoming increasingly more important in the overall scheme of things as compared to the private sector. In addition, the federal government budget deficit and national debt have grown alarmingly high, and the financing of the deficit along with additional post-recession banking regulation has been instrumental in increasing the cost of capital, thus making it difficult for private businesses to invest in critical areas. The cost in burden of introducing the Patient Protection and Affordable Care Act (PPACA) caused many business leaders to be indecisive and delay decisions that would lead to greater growth in the economy over the last few years (see Exhibit 14). Many economists argue that these unprecedented increases in government spending and new regulation have been the main reasons behind the relative decline in American competitiveness. In the appendix of this paper, we provide numerous tables and charts that highlight this decline in U.S. competitiveness across a variety of factors.

It is important to note that the 20th century clearly was the "American Century." The 1900s saw the United States become the world's largest, most productive and most competitive economy in history while also becoming the world leader in invention and innovation. The U.S. was the envy of the world, producing new technologies and abandoning old ones while successfully commercializing the best at a rate the rest of the world could only dream of (see Exhibit 1). While the American competitive free enterprise system produced individual giants like Ford, GM, Standard Oil and U.S. Steel and billionaires named Rockefeller, Carnegie and Ford, the educated middle class realized rapid income growth and soaring standards of living that was the U.S. hallmark during this time (U.S. Department of Commerce, 2016).

U.S. economic performance was nothing short of exceptional during the 20th century driven by inventors and innovators. The U.S. became the world's most entrepreneurial, most educated and most competitive economy in the world and remained that way throughout most of the century. This creation of millions of jobs and newly founded businesses and industries that performed at exceptional levels allowed America to shoulder the burden of World Wars I and II while realizing a 213% increase in real disposable personal income— from $9,240 in 1950 to $28,899 in 2010 (U.S. Bureau of Economic Analysis, 2011).

Toward the end of the 20th century grave concerns were voiced as to whether or not the U.S. could or would remain in its position of prominence atop the global economy. Income and job growth began to slow toward the end of the 20th century and has continued to slow into the 21st century (U.S. Department of Commerce, 2012). Simultaneously after the collapse of the Berlin Wall, many of the former communist countries began to appear on the global economic stage as viable competitors to the United States. Countries from Poland and Hungary to China and India began to reform their economic benchmarking to the historical success of the U.S. Over the last decade or more, evidence of a decline in American competitiveness has continued to mount. As an example, U.S. 15-year-olds ranked just 40th in math among the 66 industrialized countries that make up the Organization for Economic Cooperation and Development (OECD) countries and scored in the middle in science and reading on the Program for International Student Assessment (PISA) test given to students in almost 70 countries in 2016. The test is given every three years with the Shanghai region of China finishing number one among the 72 countries taking the exam (see Exhibit 2). In response to this report, U.S. Secretary of Education Arne Duncan stated that "the brutal fact here is there are many countries that are far ahead of the U.S. and improving more rapidly than we are. This should be a massive wake-up call to the entire country (Bloomberg, 2010)."

In addition, according to the Congressional Budget Office and the Heritage Foundation, government at all levels in the United States consumed 7.6% of GDP by expenditures in 1902 and today consumes more than 36%. We believe less than 8% of government expenditures as a percent of GDP is unrealistically low in today's complex global economy, yet we also believe that 41% is excessively high**,** creating a crushing burden on business and economic growth in the United States (see Exhibit 3).

Additionally, the U.S. tax system is becoming less burdensome to U.S. competitiveness relative to the rest of the world. According to recent data from KPMG and the Tax Foundation, the U.S. no longer has the highest corporate income tax rate in the industrialized world at somewhere between 26% and 28% because it cut taxes in 2018 when many of its competitors also lowered their rates over the previous decade (see Exhibit 5). In 2022, the U.S. has a less than competitive long-term capital gains tax rate (see Exhibit 6).

In reviewing the 16 key indicators needed to enhance capital (including the number of scientists and engineers, corporate and government R&D, venture capital, productivity, trade performance and others) contained in the July 2011 Atlantic Century (Atkinson, 2011) report, the results show the U.S. ranked number four behind Singapore, Finland and Sweden.

While a fourth-place ranking doesn't appear to be too bad, additional studies and data sources paint a picture of a less nimble and less competitive U.S. economy and business environment. The 2022 Heritage Foundation/Wall Street Journal's Index of Economic Freedom measures political, prosperity and economic freedom across 10 metrics to gauge the economic success of 184 countries around the world. In 1995 the U.S. was ranked fourth in the world on the index**,** and in 2022 it dropped out of the top 15 (see Exhibit 7). Another measure of economic competitiveness is the highly regarded International Institute for Management Development's (IMD) Global Competitiveness Index, which consists of 323 variables and four sub-indices (Economic Performance, Government Efficiency, Business Efficiency and Infrastructure) and measures the competitiveness of nations by analyzing how they create a competitive business environment. The U.S. dropped from being ranked number one on the 1999-2000 index to number four on the 2010-2011 index behind Switzerland, Singapore and Sweden and returned to number one in the 2017-18 study due to a slowing global economy and political uncertainty around the world (see Exhibit 4-8).

U.S. competitiveness is being adversely impacted by a number of factors, including its mounting national debt which now stands at more than $31.4 trillion and is greater than 120% of projected 2022 US GDP. The national debt of the United States took more than 205 years to reach the $1 trillion mark, and in roughly 40 years we have increased it more than 30-fold (see Exhibit 9). According to the U.S. Department of the Treasury and the U.S. Congressional Budget Office (CBO), U.S. gross interest rate payments on treasury debt securities in 2020 was $523 billion dollars (more than the total GDP of some of the most advanced economies in the world). It is also important to note that the debt has been serviced at a historically low average interest rate of just 1.6% (see Exhibit 11). We are concerned with the future burden of high gross interest rate payments in the United States if the economy recovers or if it enters an inflationary spiral; in either case, interest rates will rise as will the cost of servicing national debt as the average interest rate for servicing the debt is expected to be 2.2% from 2021-2030.

Many believe that the solution to the U.S. deficit problem is simply to raise taxes, especially on those in the top 1% on personal income taxes and on corporations. According to the Tax Foundation in 2017 (most recent tax data available), the top 1% of income earners paid 37.5% of total U.S. personal income taxes while the top 10% paid 68.5% (Tax Foundation, 2015). Additionally, from 2012-2015 the U.S. gained the dubious distinction of having the highest corporate income tax rate in the industrialized world, making the U.S. and the North American region less competitive (see Exhibit 11).

We are of the opinion that somewhere over the last 100 years the United States as a country has lost sight of what made it great. There is less understanding of the contributions of A) economic and political freedom and B) entrepreneurship and investment to C) business success, infrastructure development and rising standards of living. Productivity and wealth generated by a free and dynamic business sector allow for households to prosper and government to exist and operate in a vital role in an economy. All three of the macro flow variables (households, business and government) are important (see Exhibit 14). It seems to us that the mix of resource allocation among households, businesses and government needs to be closely re-examined as government is consuming a large share of U.S. GDP thus thwarting U.S. competitiveness and growth. The above is also true on a smaller scale at the state level as the 50 states that comprise the United States of America often compete with each other as well as internationally for business, human capital, and economic growth. We are guardedly optimistic that the new administration and Congress will move pro-business public policy reform in Washington, D.C. in 2022 and beyond.

Ohio in a Changing U.S. Economy

The U.S. economy's pace for invention, innovation and new business formation was staggering throughout the 20th century, and Ohio was at the epicenter of much of that growth. Inventors and entrepreneurs from Charles Kettering to the Wright Brothers did much of their work in Ohio; its location on Lake Erie and in the heart of a burgeoning industrial heartland made Ohio a hub for interstate commerce. Ohio-based companies like Sherwin-Williams, Parker-Hannifin, Progressive Insurance, American Electric Power, Proctor & Gamble, Kroger, and Marathon Petroleum and many others were complemented and supplemented by thousands of small- and medium-sized entrepreneurial organizations, making Ohio a center for business excellence.

However, Ohio has lost much of its competitive edge in the last half century, whether to lower-cost U.S. states or foreign countries. The Ohio economy needs to attract new businesses to the state or develop home-grown entrepreneurs to ensure strong economic growth and wide-scale diversification. The following analysis will shed some light on the factors impeding economic growth in Ohio. It also compares Ohio to numerous national averages and the average for U.S. Right to Work (RTW) states, U.S. Non-Right to Work (NRTW) states and Great Lakes region states. We are pleased to report that Ohio has made strong progress both on a regional and national level as evident by the coming findings in this study. Ohio has moved from an overall competitiveness rank of 24 out of 50 in our 2018 study to a rank of 13 in this 2022 study.

Population, Employment and GDP Growth in Ohio and the United States

Ohio's U.S. population net migration from 2000-2021 was among the worst in the United States with a net loss of 574,716 people. Net migration is defined as the difference in people leaving a state relative to people migrating to a state over a given period of time. The overall U.S. population net migration favored RTW states with RTW states experiencing a positive net migration average of 357,817 and NRTW states suffering an average net migration loss of 419,348. The Great Lakes region states lost 2.7 million in net migration exodus over the period (see Exhibits 15 and 16). For more complete definition of net population migration, see Appendix C.

From 1998-2021 Ohio Gross State Product (GSP) lagged the national average significantly. While the U.S. economy grew from an overall Gross Domestic Product (GDP) level of more than $9 trillion in 1998 to just over $23 trillion in 2021 (using current dollars), or around 160%, the Ohio economy grew by only 116% over the same period. GSP grew at an average rate of roughly 168% in RTW states while realizing a slower growth rate in NRTW states of roughly 153%. Great Lakes region states grew to 116.81% over the same period (see Exhibits 17-23).

There is good news for the Ohio and Great Lakes region over the last decade. Real Gross State Product grew at 6.1% in the Great Lakes region while it grew at 5.9% for the U.S. as a whole.

The Great Lakes region was the 4th best performing region in terms of average Gross State Product growth in 2011- 2022 and Ohio was in second place in the region in real GSP growth at 6% during this time (see Exhibits 24-27).

As one should expect, poor growth or negative growth in GSP is generally correlated with higher levels of unemployment. From 2000-2022, the average unemployment rate in Ohio was 6.14%, while the average for the United States was 5%. Average unemployment in RTW states was 5.34%, while NRTW states averaged 5.58% and Great Lakes region states averaged 6.12% (see Exhibits 28 and 29). Ohio and U.S. unemployment improved over the last decade

Employment growth in the non-farm segment of the U.S. economy from 2000-2021 averaged 23%. Ohio's job creation was low— it ranked 48th out of the 50 states for job growth during this period. The average rank for job growth in RTW states over the same period was 27.4% while the average rate for NRTW states was 17.9%; The Great Lakes region states had an average rank of 6.5% (see Exhibits 30 – 33). It is important to note that while Ohio had low job growth and net population loss, employment did grow during this period.

Household Income Growth and Minimum Wage in Ohio and the United States

Personal income per capita growth in Ohio grew 98.9% from 2000-2021 while the U.S. average income grew at 110.78% over the same period. Personal income growth over the period grew at just over 112.21% in RTW states, at 109.1% in NRTW states and 97.99% in Great Lakes region states. Ohio outperformed the Great Lakes average since 2000 (see Exhibits 34-36).

Median income (generally for the head of household) is often used as a benchmark income to show growth and demonstrate competitiveness. Ohio lags the national, Great Lakes region, and RTW averages in 2021. NRTW states have higher average incomes, but the margin is narrowing relative to RTW states due to more rapid income growth and GSP growth in RTW states over the past decade. Ohio ranked 38th in overall median household income in 2021 (see Exhibits 37-38).

Minimum wage rates are often considered to be a barrier to entry for young and/or unskilled workers who either lack necessary skills or job experience or both. The U.S. federally mandated minimum wage floor is $7.25; thus, no state may set its minimum wage below this rate. The Ohio minimum wage in the 2018 study was $8.30 and has risen to $8.80 in 2021, one cent above the average for the Great Lakes region, $.82 above the RTW states average, while $.58 below the national average and $6.56 below the NRTW states average (see Exhibits 39 and 40).

Assessing the Cost of Government in Ohio and the United States

Tax burdens, especially on business, have a generally negative effect on job creation, job growth and new businesses attraction. The average state and local income tax burden as a percent of income in Ohio in 2020 was 9.13%. The average in RTW states is 8.8% while the average in NRTW states is 10.2% and the Great Lakes region states average 9.3% (see Exhibits 41 and 42). The average combined state and local tax rate on corporations in Ohio in 2021 was the best in the nation at 0.0%, significantly better than the national average of 6%, the NRTW state average of 7.2%, and the Great Lakes region average of 5.7% (see Exhibits 43-45).

Like the federal government and many other states, Ohio's state debt as a percent of Ohio GSP has increased since the 2018 study and is up to 13.63%, still lower than the U.S. average of 14.61%. This compares to 13.5% on average in RTW states, 15.9% in NRTW states and 15.2% in Great Lakes region states (see Exhibits 49-50). State debt per capita in Ohio is relatively low and has remained about the same compared to 2018, staying at $2,853 per capita, with the U.S. average at $3,751, the NRTW state average at $5,266 and the Great Lakes region states at $3,751. However, the RTW average is considerably lower at $2,442. Ohio's rate of per capita debt is still among the most impressive in the country, at 17th best (see Exhibit 51 and 52). In examining state debt as a percent of tax revenue, Ohio fared well with the national average at 119.13% and the Ohio average at 99.45% (a decrease of more than 15% since 2017), while RTW states' debt as a share of tax revenue was just under 89%, NRTW states average more than 154% and Great Lakes region states averaged 116.68% (see Exhibits 53 and 54). Ohio's debt service as a share of tax revenue is 6.13% and is below the Great Lakes region states average of 7.17%. Additional factors will be introduced later in the study to show the greater tax related burden on businesses in Ohio (see Exhibits 55 and 56).

Ohio's state liability ranking was 35 out of 50 in 2022 with RTW states' average rank at 26.9 and NRTW states at 23.9 (see Exhibits 57 and 58). The effects of greater efficiencies and productivity at the governmental level have allowed the state to see a reduction in the number of government employees at all levels over the past decade. Ohio, as of 2021, had 661 government employees per 10,000 people, ranking it 13th best in the country. This is a slight decrease from the 2018 study when Ohio had 690 government employees per 10,000 people (see Exhibits 59 and 60).

Looking at state and local government employees alone, Ohio ranks 15th among the 50 states, almost equal to the Great Lakes region states average and below the U.S. and RTW state averages (see Exhibits 61 and 62).

Government operating efficiencies notwithstanding, Ohio received the 38th most federal bailout funds per capita as of 2019 with $27.52 per capita, lower than the national, Great Lakes region states, RTW states, and NRTW states averages (see Exhibits 63 and 64).

Cost of Key Goods and Services in Ohio and Nationally

The cost of doing business in Ohio is generally low. The median average price of an annual automobile insurance policy in Ohio is the lowest in the nation with $1,023, while the national average is $1,644. The RTW average is $1,690, while the NRTW average is $1,591 and the Great Lakes region average is $1,589. The cost of this insurance figures out to be just 1.63% of household family income to purchase insurance, putting Ohio in 8th place and not far behind the best bargain of 1.46% of household family income in Idaho (see Exhibits 65-68).

Ohio has below average prices for retail electricity, residential natural gas, and commercial natural gas prices, though has higher than average gasoline taxes and industrial natural gas prices. Ohio is below the national average for electricity cost relative to all metrics for electricity per unit in 2022. However, Ohio's 2022 gas taxes are above the national, NRTW, and RTW state averages, but below the Great Lakes region state averages with Ohio's gas taxes being the 37th lowest in the nation. In residential natural gas pricing, Ohio sits at 20th place, above the Great Lakes region states average but below the U.S., RTW, and NRTW states averages. In commercial natural gas prices, Ohio has the 3rd lowest prices, below the Great Lakes region, U.S., RTW, and NRTW states averages. However, when it comes to industrial natural gas prices, Ohio sits in 41st place for lowest prices and has higher prices than the Great Lakes region, U.S. average, and RTW states averages, though slightly lower than the NRTW states average (see Exhibits 69-78).

Finally, the average insurance trust expenditure in Ohio is high and sat at $1,780 per capita in 2021. The national average has increased to $1,369 with the Great Lakes region average cost increasing from $948 per capita in 2017 to $1,398 in 2021 (see Exhibits 79 – 82).

Competitiveness Metrics in Ohio and the United States

In this section, we have attempted to compile a number of measurement tools related to the business environment and business competitiveness of a state and the subsequent rankings. We have broken them down to compare Ohio with RTW and NRTW states.

We looked at a study by *Town and Country Magazine*. It noted the top 50 destinations for business and leisure travel in 2022, and Ohio had one city in the top 50 (see Exhibit 83 and 84). Also, the Kauffman Foundation ranked states according to four key indicators on its Kauffman Early-Stage Entrepreneurship (KESE) Index: rate of new entrepreneurs, opportunity share of new entrepreneurs, startup early job creation, and startup early survival rate. The national average was 0.6 and the Ohio average at –1.37. The RTW state average was 0.97, the NRTW state average was 0.17, and the Great Lakes region was –1.23 (see Exhibits 85 and 86). In this study we were able to find additional data on establishment births and deaths in 2020. Ohio did quite well in 2020 for business births, having more start-ups than the Great Lakes region average, the national average, the RTW states average, and the NRTW states average. This was almost true in 2017 as well, when Ohio beat the national average, the Great Lakes region states average, and RTW states average, and only slightly behind the NRTW states average. From 2000-2020, Ohio ranked 50th in business establishment growth while ranking 2nd best in retaining existing businesses (see Exhibits 87-94).

Professors from the University of Warwick in England and Hamilton College in New York completed some path-breaking work trying to measure happiness and quality of life published in the journal *Science*. We took their survey rankings from 2022 and compared Ohio to RTW and NRTW states and discovered the following. In 2022, Ohio ranked 38th happiest, unfortunately down from 20th in 2017 (see Exhibits 95 and 96).

The American Legislative Exchange Council (ALEC) annually ranks states on economic performance considering seven factors ranging from corporate tax rates and GSP growth to non-farm payroll growth and population growth. We took the 2022 score on several variables, and Ohio ranked at 31st in economic performance with the average ranking for the Great Lakes region at 32.8, RTW states average ranking of 21.1 and NRTW states averaging ranking of 30.7. ALEC ranked Ohio in the top 20 states for future economic growth (see Exhibits 97 and 98).

We then took the *Forbes Best States for Business Index* and broke it down to compare Ohio to RTW and NRTW states. The Forbes Index considers seven variables ranging from business costs and the regulatory environment to the economic climate and a state's growth prospects. Ohio ranked 9th overall out of 50 with 1 being the highest and 50 being the lowest.

The Great Lakes region average according to the Forbes Index is 17; the RTW states average is 27.6 and NRTW states measured 23.1 (see Exhibits 99 and 100).

In this study, we again did a similar analysis with data from the *2022 CNBC Index of America's Top States for Business*. The 10 general variables used by CNBC range from education and infrastructure, to cost of living and cost of business. Ohio has fallen from its rank of 10th in 2021 to its current rank of 15th in 2022 (50th being least favorable) with RTW states averaging just under 23 and NRTW states averaging just over 28 (see Exhibits 101 and 102).

The Northwood University Competitiveness Index

In this study, Ohio shows strong improvement in many measures of competitiveness mentioned earlier, ranging from happiness and business climate to economic performance in general. To define the combined effects of our data, we took the roughly 200 variables in our study for all 50 states and conducted a factor analysis to find five categories or aggregate factors.

Unlike many other indices where the data and/or categories are assigned weights by the researchers, the Northwood Index assigns weights based on factor analysis. The weights are market sensitive since they change with changes in the economic conditions, and the indices are therefore subject to change as the values of our data change over time. Thus, the model delivers an overall ranking for a state, provides evidence of strengths and weaknesses relative to other states by category and the weights assigned in each category by the model may be useful in prioritizing efforts to improve a state’s relative competitiveness.

The Factor Categories and the key variables that influenced each factor are:

Factor 1 - General Macroeconomic Environment – considers general measures of statewide economic health such as unemployment rates, labor force participation rates, per-capita income and life-satisfaction (another measure of well-being in addition to per-capita income).

Factor 2 - State Debt and Taxation – considers state debt per capita, cost of living and tax burden per capita (tax burden considers state sales taxes, selective taxes, license taxes, corporate income taxes and state income taxes).

Factor 3 - Workforce Composition and Cost – considers percentage of the working population that is part of a union, percentage of the private working population that is a member of a union, the percentage of the public working population that is a member of a union and cash payments to beneficiaries (including withdrawals of retirement contributions) of employee retirement, unemployment compensation, workers’ compensation and disability benefit social insurance programs.

Factor 4 - Labor and Capital Formation – considers employment growth, population growth, migration and organizational birth and death data.

Factor 5 - Regulatory Environment – represents a composite of other indices that consider the business friendliness of a state's regulatory framework/environment.

Based on the most current available data, Ohio's economic performance in the five categories is:

Exhibit 118: Ohio's Economic Performance Ranking

(2022-2014 Data)

	2022	2018	2014
NU State Competitiveness Index: Ohio	**13**	24	31
Factor 1 – General Macroeconomic Environment	**36**	21	26
Factor 2 – State Debt and Taxation	**22**	42	19
Factor 3 – Workforce Composition and Cost	**8**	28	41
Factor 4 – Labor and Capital Formation	**3**	10	40
Factor 5 – Regulatory Environment	**18**	37	29

Source: Northwood Competitiveness Index 2014-2022

Overall, Ohio ranks 13th out of the 50 states in the Index. Ohio has seen significant improvements in factors related to Debt and Taxation, Workforce Composition and Cost, Labor and Capital Formation, and Regulatory Environment, though factors related to General Macroeconomic Environment worsened since 2018. A careful analysis of factors 2, 3, 4, and 5 coupled with sound public policies designed to address the issues in factor 1 will enhance Ohio competitiveness in the future (see Exhibits 106-119).

The factor analysis again shows Ohio improving in the factors of Workforce Composition & Cost and Labor & Capital Formation. GSP growth in Ohio improved since the 2018 study, with a 6% real GSP growth rate from 2019-2021 compared to a 3.5% nominal GSP growth rate from 2011-2017. Ohio's workforce composition and cost remains among the best nationally, sitting in 8th place compared to the Great Lakes region average 21st place. The 2022 *Kauffman Indicators of Entrepreneurship* shows Ohio behind the Great Lakes region average and the national average. The following is additional analysis of Ohio's competitive environment.

Additional Data on State Business Climate

The *State Business Tax Climate Index* is produced by the Tax Foundation, one of this country's leading fiscal policy think tanks. The index is a measure of how each state's tax laws affects economic performance. An overall index rank of 1 means the state's tax system is most favorable for business; a rank of 50 means least favorable. Rankings are weighted and do not average across to total. The chart depicts an improving climate for business in Ohio with an overall rank of 37th in 2023, up from 45th in 2018 (see Exhibit 105).

An Economic Snapshot of Key Great Lakes Region Cities

Using the most current data available, we took a close look at how key cities in the Great Lakes region have functioned since 2020. We looked at seven cities from the five Great Lakes region states including Ohio cities Cincinnati, Columbus, and Cleveland. Ohio's cities sit in the middle of the pack in terms of economic growth from 2020-2021, above cities like Milwaukee but below Indianapolis and Detroit. As growth slowed down for the Great Lakes region in 2022, Ohio cities like Columbus and Cincinnati took the lead (see Exhibit 120).

An Economic Snapshot of Key Ohio Metropolitan Areas

Again, with the 2022 study, we analyzed of Gross State Product by key metropolitan areas across the state of Ohio. Ohio's real Gross State Product for 2022 was $615 billion. To put Ohio's major metropolitan areas into perspective, if metropolitan Columbus was a country, it would be the 60th largest economy in the world, similar in size to Morocco; Cincinnati's metropolitan area would be 59th in the world and roughly the size of Kuwait; the metropolitan region of Cleveland would be the 61st in the global economy (see Exhibit 122-126).

Exhibit 122: Metropolitan to Global GDP 2022

Ohio Metropolitan Region	State Rank	GDP 2021	Roughly the Size of	Global Rank	Projected GDP Growth 2020-23	
					Rate	State Rank
Akron	5th	40.1	Latvia	100th	23.8%	12th
Canton-Massillon	8th	19.6	Palestine	121st	25.0%	8th
Cincinnati (OH, KY, IN)	1st	165.2	Kuwait	59th	25.2%	7th
Cleveland	3rd	144.9	Angola	61st	24.4%	10th
Columbus	2nd	151.0	Morocco	60th	27.7%	2nd
Dayton	4th	48.3	Uganda	91st	21.9%	13th
Huntington-Ashland (WV, KY, OH)	9th	16.9	Equatorial Guinea	132nd	27.6%	3rd
Lima	11th	8.9	Kosovo	155th	24.7%	9th

Source: U.S. Bureau of Economic Analysis (BEA), World Bank and McNair Center Data (2023)

Exhibit 123: Metropolitan to Global GDP 2022

Ohio Metropolitan Region	State Rank	GDP 2021	Roughly the Size of	Global Rank	Projected GDP Growth 2020-23	
					Rate	State Rank
Mansfield	13th	5.2	French Polynesia	166th	25.5%	5th Tied
Steubenville (WV, OH)	12th	5.9	Maldives	163rd	24.1%	11th
Springfield	14th	5.1	Fiji	167th	25.5%	5th Tied
Toledo	6th	37.6	Zimbabwe	103rd	26.4%	4th
Wheeling (WV, OH)	10th	10.3	Mauritania	151st	30.0%	1st
Youngstown-Warren	7th	22.6	Gabon	117th	21.4%	14th
Ohio	**N/A**	**Real: $615 B Nominal: $736 B**	**Poland**	**23rd**	**26.8%**	**N/A**

Comparisons of Key Data from 2014, 2016 and 2018 Studies to 2022 Study

Ohio is showing a strong rebound when comparing our 2022 study to our 2018 study. Five of the nine key variables outlined in this year's Executive Brief have shown some or much improvement (Variables 1, 2, 4, 5, 8) in 2022, while the other factors outline areas for concern or much improvement (Variables 3, 6, 7, 9). It should be noted that Ohio has abundant natural gas and a strong natural gas industry, the sixth most productive in the U.S. Its commercial and residential natural gas prices are below the national average, though when it comes to industrial natural gas, Ohio's prices remain high. Regarding automobile insurance, Ohio has the lowest costs in the country (see Exhibit 121).

Exhibit 121: Comparison of Key Ohio Data from 2014 – 2022 Studies

	2014 Study	2016 Study	2018 Study	2022 Study
Average Personal Income Per Capita Growth	2000-2013	2000-2015	2000-2017	2000-2021
	36.9%	51.9%	60.0%	98.89%
Gross State Product Growth	1998-2013	1998-2015	1998-2017	1998-2021
	61.4%	73.6%	85.3%	116.0%
U.S. Population Net Migration	2001-2013	2000-2015	2000-2017	2000-2021
	-438,589	-488,129	-523,245	-574,716
U.S. Employment Growth	2001-2012	2000-2014	2000-2017	2000-2017
	-2.0%	0.4%	3.5%	3.5%
Total Government Employees Per 10,000 People	2013	2015	2017	2021
	688	686	690	661
The Kauffman Index of Entrepreneurial Activity	2013	2016	2018	2022
	200	240	230	-1.37
Industrial Natural Gas Prices	2013	2016	2018	2022
	$ 6.36	$5.14	$7.13	$10.47
Median Price of Annual Car Insurance Policy	2014	2016	2018	2022
	$ 926	$ 900	$ 944	$1,023
Northwood University Competitiveness Index	2014	2016	2018	2022
	31	30	24	13

Source: Northwood Competitiveness Index (2014-2022)

Comparison of Key Ohio Fortune 500 Stocks

Ohio's Fortune 500 companies on average outperformed the three major stock indices over the past decade; from 2009 to 2022, Ohio-based firms such as Sherwin-Williams, Progressive Insurance, and Parker-Hannifin have seen stock price increases of 1236%, 998%, and 582%, respectively. The Dow Jones Industrial Average over that same period only enjoyed a 216% increase.

Great Lakes Region Personal Income Growth by State in 2022

By the end of 2021, a key indicator of Ohio's economic comeback was growth in personal income.

Exhibit 128: Real Per Capita Personal Income Growth
2010 - 2021

Year(s)	Ohio Growth Rate	National Rank	Great Lakes Region Rank	U.S. Growth Rate
2018-19	1.6%	43rd	4th	3.0%
2019-20	7.3%	10th	2nd	5.1%
2020-21	1.7%	40th	4th	3.2%

Exhibit 154: Great Lakes Region Personal Income Per Capita Growth (2010-2020)

Great Lakes Region	Personal Income Per Capita 2010 (in Millions)	Personal Income Per Capita 2020 (in Millions)	Percent Change	Regional Rank
Illinois	$ 535,464	$ 852,083	59.13%	5th
Indiana	$ 227,692	$ 384,526	68.88%	1st
Michigan	$ 347,723	$ 439,362	63.29%	2nd
Ohio	**$ 419,570**	**$ 567,797**	**59.70%**	**4th**
Wisconsin	$ 219,628	$ 351,624	60.10%	3rd

Source: U.S. Bureau of Economic Analysis (2020)

Conclusion

We added numerous slides to the end of the study, including rankings produced by *CEO Magazine*, extensive cost of living data, unique analysis of Ohio's 13 metropolitan areas and a more thorough analysis of tax and GDP data. For the first time with the Ohio Economic Competitiveness Study, we've included a slide on the U-HAUL index, the Big Mac Index, an analysis of factors used to select top convention destinations, and a comparison of top publicly traded Ohio-based companies' performance relative to the Dow Jones Industrial Average since The Great Recession. The 2022 study has more than 160 slides which are designed to complement and supplement the study relative to 2017.

It is important to highlight the large and expanding role of Ohio in this highly integrated global economy. Ohio's GSP is slightly larger than the GDP of the country of Poland, which would make Ohio the 23rd largest economy in the world. This study paints a much rosier picture of Ohio's competitive position relative to most other U.S. states since the initial 2012 study was released. Ohio's ranking on *The Northwood University Competitiveness Index* of 13th indicates that although Ohio has made tremendous progress over the last seven years, it has room for improvement and reason for optimism in the future.

The research contained in this study should, however, serve as a guidepost and tool for benchmarking for Ohio public policy leaders. For many years, Ohio was the economic catalyst for much of the U.S. economy, being one of the top 5 largest manufacturing states in the country, providing much of the manufacturing firepower along with Michigan to turn the tide of WWII.

The 2022 Study clearly notes that there has been tremendous economic progress in the state of Ohio over the last decade. Ohio has been a leader in natural gas and oil exploration and production, high tech and semiconductor manufacturing, and has been a low-cost state for general cost of living and automobile insurance. In addition, Ohio's two largest cities, Cincinnati and Columbus, have shown strong growth potential over the last ten years, in areas ranging from business tourism and technology to exports and transportation. Ohio is blessed: A) with exceptional institutes of higher learning, graduating highly educated white collar workforces, B) a highly skilled and productive blue collar workforce, given Ohio's long and productive experience in the automotive industry, C) part of the Great Lakes water network, the epicenter of the world's largest deposit of fresh water, D) a gateway of waterway transportation for the Great Lakes region, the Mississippi and to Ontario, Canada, E) a hub for rail, trucking and air transportation, F) home to many of the world's leading manufacturing and technology companies, and G) is currently realizing an energy boom via safe oil and natural gas exploration and production.

Ohio has made it through the Great Recession and COVID-19 and is showing continuing signs of an economic rebound and growth. There is no doubt that Ohio is continuing on the comeback path but has not yet arrived. Can Ohio return to the position of greatness it once occupied in the U.S. business structure? The answer is unequivocally yes, but only if Ohio can continue to adopt growth-friendly public policies. Ohio must continue to set its sights high and benchmark the best economic and political practices of this country's top performing states.

The good news on the Ohio economy continues and is incorporated in this year's study. The Ohio economy is not only improving but doing so across a broad-based range of businesses as noted by the leading Ohio-based Fortune 500 companies' stock growth in recent years as well as Ohio's impressive improvement on business rankings from *CEO Magazine* and Forbes to ALEC and CNBC. Ohio must continue to be open to new ideas, change and improvement while celebrating its successes and strengths.

Ohio ranks 20th nationally in state GDP growth since 2010. So far in 2022 Ohio ranks 17th in overall state job growth, but 45th in per capita job growth. Ohio saw an impressive decline in unemployment from the peak of the COVID recession to date. Ohio's unemployment rate fell almost 10 points from May 2020 (13.7%) to December 2022 (4.2%).

The comeback of the Ohio economy is a testimony of its resilience, and that resilience comes from Ohio's competitive spirit. It is incumbent on Ohio's lawmakers to stoke that spirit with a pro-business, tax-friendly environment where free-market instincts can soar high to regain Ohio's former glory.

A 2022 study from the Ohio Chamber of Commerce recommended various regulations to make the state more business friendly. The recommendations included cutting regulations through various means, whether the current rule requiring state administrative agencies to cut two regulations for every one regulation added, or continuing promotion of regulation reviews and cuts through the existing Common Sense Initiative Office and the Cut Red Tape Ohio programs. Another recommendation by the Chamber of Commerce study was the mitigation of lawsuit abuse against small businesses and individuals through requiring clear and explicit causal links between alleged harm and alleged misconduct. The Chamber of Commerce study also recommended standardization of occupational licensing by requiring individuals to only need to create one single profile with the Ohio Secretary of State which would automatically funnel the appropriate information to the necessary licensing agencies. Additional recommendations consist of making the exact process for licensing applications more transparent, including costs and timing, as well as limiting licensing requirements to occupations necessary to protect the public and joining more interstate compacts for occupational licensing reciprocity.

A recent Miami University of Ohio analysis of Ohio's taxation structure found clear links between lower tax rates and accelerated economic growth and improved labor markets. Unfortunately, the study also took note of Ohio's potentially unfriendly business tax environment by its relatively high variation of tax rates. The Tax Foundation's ratings of Ohio showed considerable stagnation and little improvement in the last few years; Ohio improved slightly from an overall rank of 41st out of 50 in 2018 to 37th in 2019, where it has remained since.

However, there is reason to be optimistic about Ohio's future. Federal industrial policy such as the CHIPS Act will likely benefit Ohio's burgeoning semiconductor industry as the state prepares to become America's "Silicon Heartland." A 2022 study sponsored by The Empowerment Alliance and published by the McNair Center at Northwood University details the potential of natural gas, and the strong natural gas industry in Ohio leaves it poised to take advantage of that resource's potential in myriad sectors— from electricity generation to use as a feedstock in other products. With regulatory, tax, and licensure reforms, Ohio could become a seedbed for new economic growth in the high-tech manufacturing and energy industries.

Ohio's improvement on the Northwood University Competitiveness Index has been solid since 2018 and is to be lauded. However, it is important to understand that state policy can only go so far in driving a state economy forward in today's complex global economy. The U.S. federal government still takes a lion's share of income taxes placed on businesses and individuals and determines much of the regulatory burden faced by households and commerce in America today (see Exhibit 3). Not only must Ohio continue to compete against an ever-changing, aggressive tax policy from other states trying to attract new business, but it must also compete against international competitors whose federal tax policies are often more attractive as well.

The United States is still the strongest and most vibrant economy in a world rattled with challenges, complexities and much uncertainty. It is a country that is no longer burdened with the highest corporate income tax in the industrial world yet has a national debt that is above $20 trillion (roughly 106% of GDP) and a regulatory environment that is improving yet still presents a higher than needed cost of doing business relative to many other countries. These and other factors have slowed U.S. growth for nearly a decade with U.S. GDP growth averaging less than 2% from 2011-2016, while its historic yearly average growth rate since World War II is 3.23% (see Exhibit 23). Ohio's economic comeback has been and continues to be impressive. If Ohio is to realize significant growth in the future, policy makers in Columbus will need congruent policies from Washington; policies that will complement and supplement pro-growth and pro-business strategies at the state level, such as federal tax and regulatory reform.

We believe Ohio's single biggest challenge to greater economic competitiveness is the level of taxation and the complexity of the tax structure in the state of Ohio. We have provided the following study which reveals some of the issues thwarting economic competitiveness within the state of Ohio as well as when ranked against a number of peer states.

Analyzing a Complex Ohio Tax Structure

This empirical analysis explores the impact of state and local income tax, state and local general sales tax, property tax, and total taxes paid at the county level from 2015-2019 on the economic competitiveness of Ohio communities as compared across Ohio's 88 counties and nine peer states (Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Pennsylvania, West Virginia).

The taxes were divided by county population to obtain per capita taxes (dollars). Average tax rates (percentage) were computed as 100 times ratios of taxes to county gross domestic product (GDP). The study considered three economic measurements: the GDP ratio to population, the annual growth rate, and the unemployment rate. Key takeaways from the study include the following:

1. **Ohio has a relatively high per capita tax but a relatively low tax rates compared to the other nine states in the study.** Among the ten states, Ohio has the third highest per capita state and local income tax ($384) after Indiana ($389) and Pennsylvania ($422) (PIT). Ohio also has the third highest per capita property tax ($207) after Michigan ($233) and Pennsylvania ($306) (PPT), and the third highest per capita state and local total tax ($558) after Michigan ($561) and Pennsylvania ($684) (PTT). The full tax report is attached as Appendix B.

State	PA	IN	OH	KY	MI	WV	NC	GA	IL	MO
PIT	422	389	384	360	343	292	250	238	159	116

State	PA	MI	OH	IL	IN	GA	NC	KY	WV	MO
PPT	306	233	207	118	110	107	100	99	55	41

State	PA	MI	OH	IN	KY	WV	GA	NC	IL	MO
PTT	684	561	558	483	459	343	247	224	171	108

Nevertheless, in terms of tax rates, Ohio is only ranked sixth for average state and local income tax rate (RIT), sixth for average property tax rate (RPT), and seventh for average state and local total tax rate (RTT). See Table 5 of final report. **The full tax report is attached as Appendix B.**

State	GA	KY	NC	IN	MI	OH	WV	PA	MO	IL
RIT	1.28	1.24	1.23	1.03	0.96	0.89	0.88	0.87	0.84	0.77

State	IL	MI	PA	GA	NC	OH	KY	IN	MO	WV
RPT	0.68	0.66	0.64	0.58	0.51	0.47	0.33	0.29	0.29	0.17

State	GA	NC	MI	KY	PA	IL	OH	IN	MO	WV
RTT	1.88	1.71	1.61	1.6	1.45	1.42	1.3	1.3	1.19	1.06

2. **Ohio has a high variation of tax rates across counties that may lead to a tax-unfriendly business environment relative to the peer states in the study.** Ohio ranked second for the highest variation of state and local income tax (RIT), third for the highest variation of state and local total tax rate (RTT), fourth for the highest variation of property tax (RPT), and tenth for the highest variation of state and local sales tax (RST). The greater taxing authority granted Ohio political subdivisions than the taxing authority given political subdivisions of the respective peer states in the study may contribute to an unfriendly Ohio tax environment. See Table 6 of final report. The full tax report is attached to this larger document as Appendix B.

State	KY	OH	IL	MO	GA	IN	WV	NC	PA	MI
RIT	0.9	0.83	0.8	0.77	0.75	0.75	0.74	0.72	0.71	0.67

State	IL	KY	WV	OH	MO	IN	PA	GA	NC	MI
RPT	1.11	1.8	1.03	0.99	0.99	0.89	0.89	0.78	0.74	0.7

State	WV	KY	IN	IL	MO	GA	MI	PA	NC	OH
RST	1.23	0.94	0.88	0.86	0.85	0.84	0.82	0.79	0.75	0.64

State	IL	KY	OH	MO	PA	IN	WV	NC	GA	MI
RTT	1	0.99	0.97	0.89	0.87	0.86	0.85	0.81	0.81	0.77

3. **Property tax plays a more significant role than state and local income taxes in explaining the variation in taxes across Ohio counties. Additionally, the data indicates that areas with high development report higher property tax rates. This coupled with the great variation in taxes across Ohio's 88 counties may lead to a tax-unfriendly business environment relative to the peer states in the study.**

From 2015-2019, across all 88 Ohio counties, summary statistics indicate the average State and Local Income Tax rate of 0.89% is almost double the average property tax rate of 0.47%. The state and local income tax and property tax dwarf the state and local general sales tax, for which the average rate is only 0.02%.

In terms of magnitude, the state and local income tax dominates other taxes by contributing to around two-thirds of the state and local total tax (0.89/1.3=.68). The state and local sales tax is negligible (0.02%). Nevertheless, regarding variability, the property tax dominates the other two taxes. The ratio of standard deviation to mean (coefficient of variation) is 0.79 for property tax, 0.62 for state and local income tax, and 0.5 for state and local sales tax. In other words, the variation in taxes across counties is attributed to the property tax more than the income and sales taxes. See Table 3 of final report. **The full tax report is attached to this larger document as Appendix B.**

The five counties with the highest average property tax rates are Delaware (2.13%), Geauga (1.83%), Fairfield (1.34%), Warren (1.32%) and Medina (1.29%); the five counties with the lowest property tax rates are Monroe (0.09%), Fayette (0.1%), Harrison (0.1%), Gallia (0.1%), and Adams (0.11%).

	RPT			RPT
Monroe	0.09		Medina	1.29
Fayette	0.1		Warren	1.32
Harrison	0.1		Fairfield	1.34
Gallia	0.1		Geauga	1.83
Adams	0.11		Delaware	2.13

This study does present some limitations.

- Ohio tax rates are computed as ratios of taxes to GDP and can be interpreted as "average tax rates. "They are not marginal tax rates or effective tax rates. For several reasons, it is difficult to obtain a national dataset of effective tax rates at the county level across states.
- Ohio statistical analysis of average tax rates and local economy summarized in Table 4 only indicates correlation rather than causation. Numerous factors drive the local economy, and tax is just one of them.
- We do not have a national dataset for tax credits such as the $475 million job creation tax credit offered by Ohio to Intel as the company plans to build a $20 billion semiconductor plant in Licking County. Those tax credits can be a decisive factor for local economic competitiveness.

The attached report, Appendix B, expounds further on the aforementioned limitations.

We strongly recommend Ohio continue to focus on economic growth in general, with close attention paid to its chip and semiconductor sectors as well as encouraging additional growth in oil and natural gas exploration. With Ohio being the home of eight U.S. presidents, four of the country's great zoo's, three of the country's top amusement parks, numerous professional sports teams, a burgeoning wine industry, the pro football Hall of Fame, top medical schools and the Cleveland Clinic; Ohio is a destination for travel and tourism of all kinds; seems to be an opportunity for economic growth. Our number one recommendation is Ohio needs to take a long and thoughtful look at the complexity and structure by which taxes are administered at numerous levels across the state. We concluded our study with a microanalysis of many of the challenges the current Ohio tax structure presents to business and Ohio's ability to compete on a national level. We encourage business leaders and the Ohio Legislature to have an open, frank and friendly discussion as to how the Ohio tax structure can become more simplified and business friendly.

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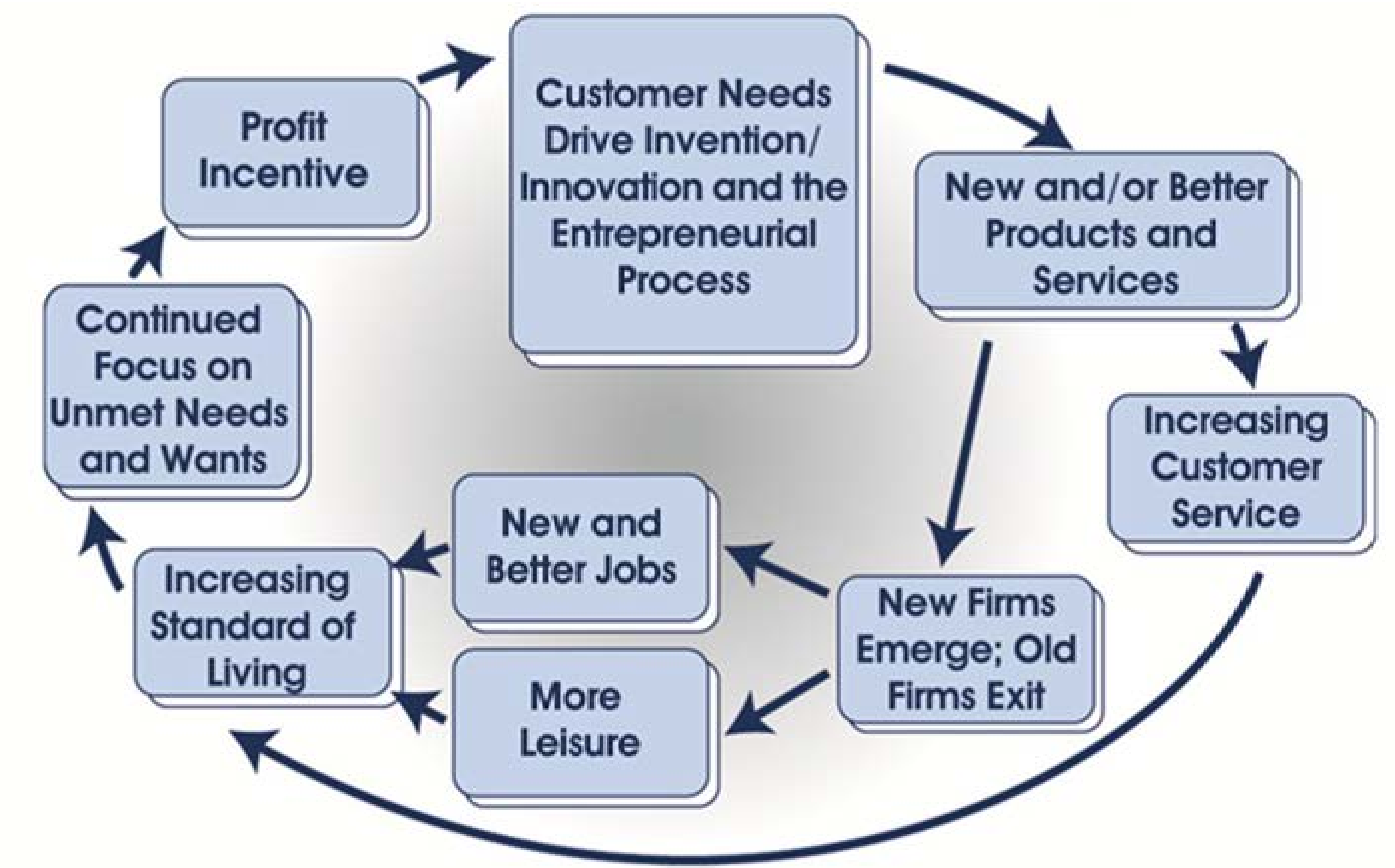
All additional sources of data are referenced on the charts contained in this study.

Appendix A

In Depth Economic Competitiveness Study Exhibits

Exhibit 1: Economic Cycle of Human Progress



Sources: Myths of Rich and Poor (1999) and *When We Are Free (2005)*

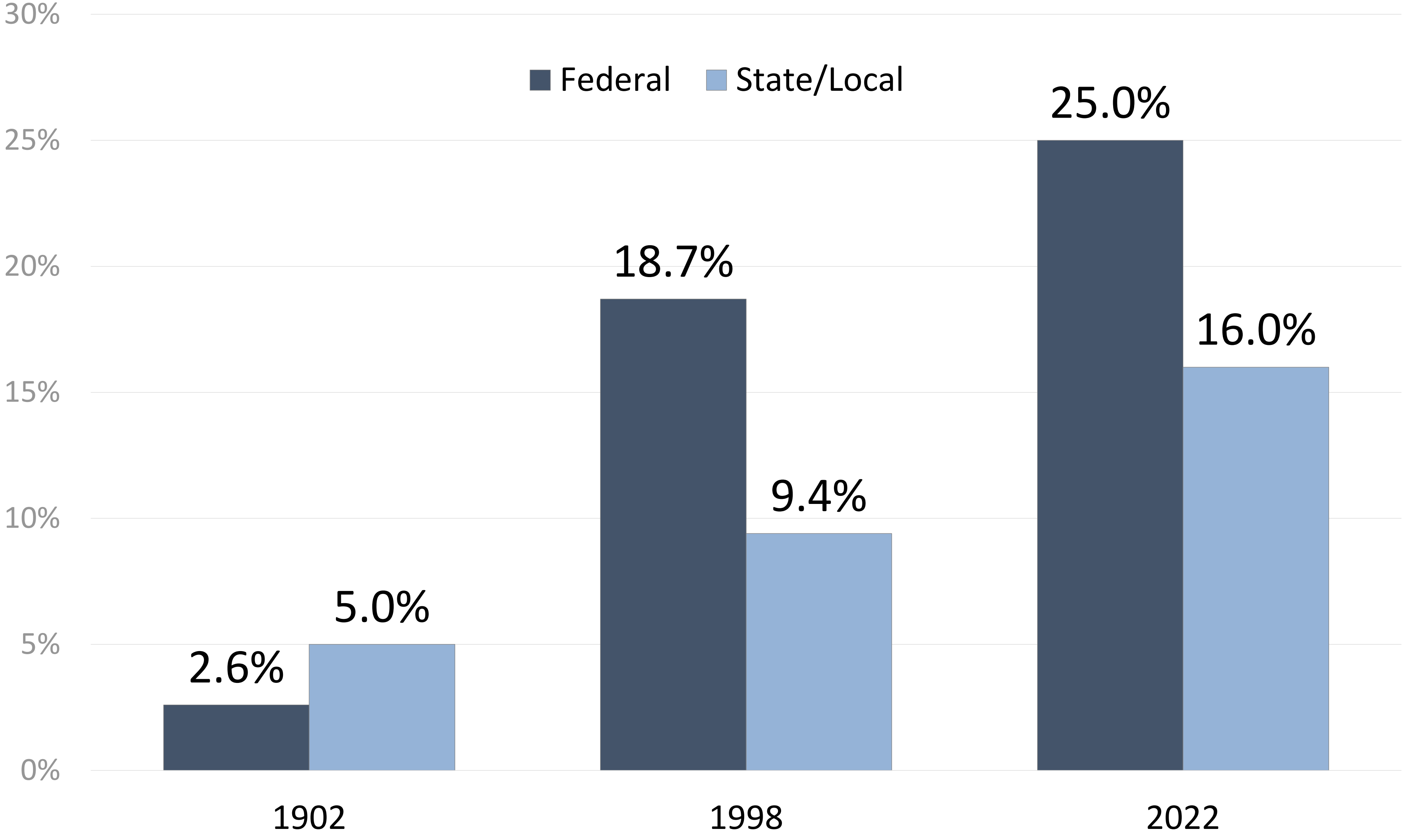
Exhibit 2: World Education Rankings (2018)

Country	Reading	Math	Science
Canada	2	7	5
Finland	3	11	3
France	18	20	20
Germany	15	15	11
Japan	10	1	2
Netherlands	21	3	12
South Korea	5	2	4
Switzerland	23	6	18
United Kingdom	11	13	9
United States	9	31	13

Sources: The Programme for International Student Assessment (PISA) and the Organization for Economic Cooperation and Development (OECD, 2023)

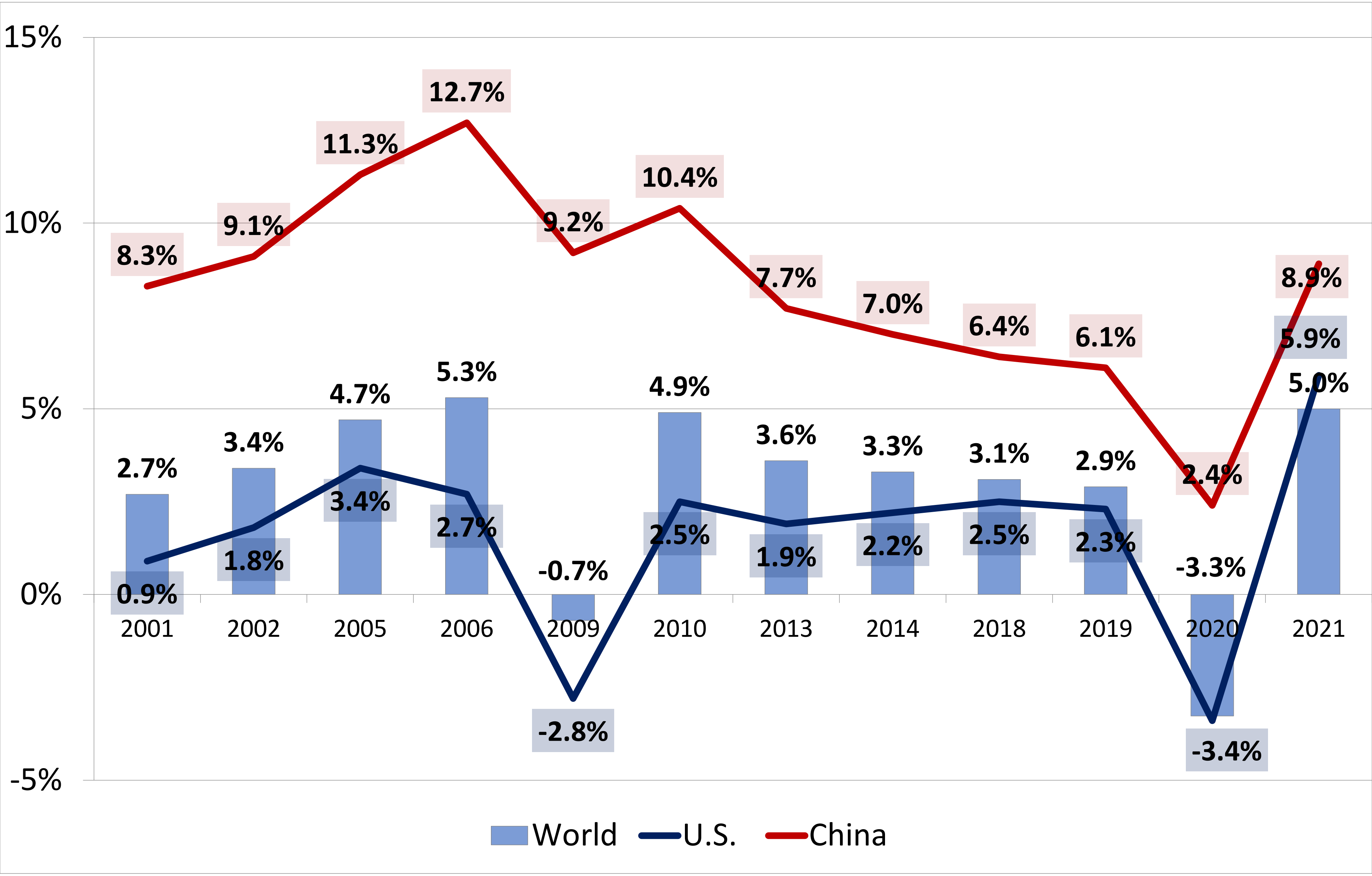
Exhibit 3: Government Expenditures as a Percentage of GDP

(billions of current dollars)



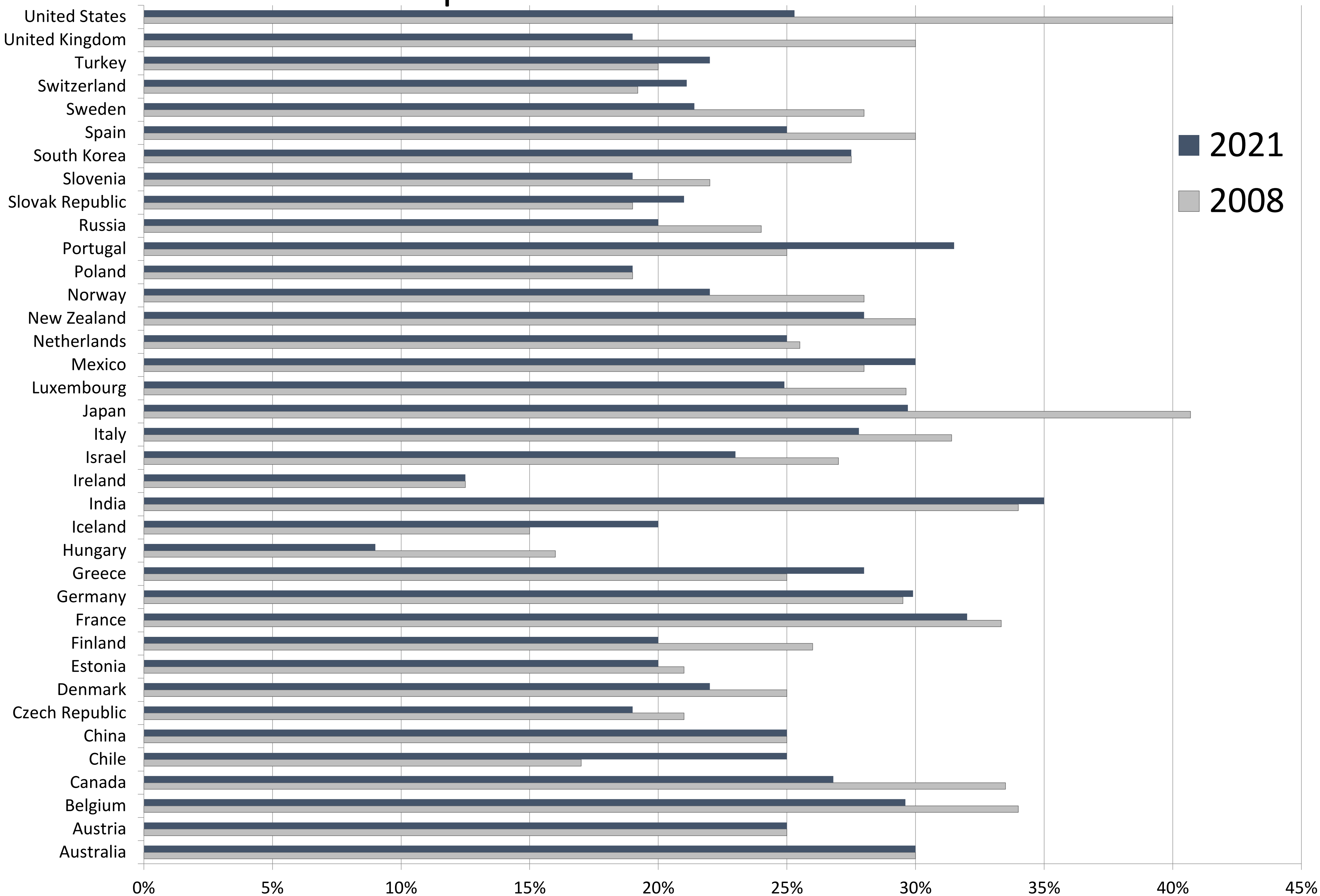
Source: U.S. Bureau of Economic Analysis (2022)

Exhibit 4: Global GDP Growth (2001 – 2021)



Source: World Bank (2023)

Exhibit 5: Corporate Tax Rates 2021 and 2008

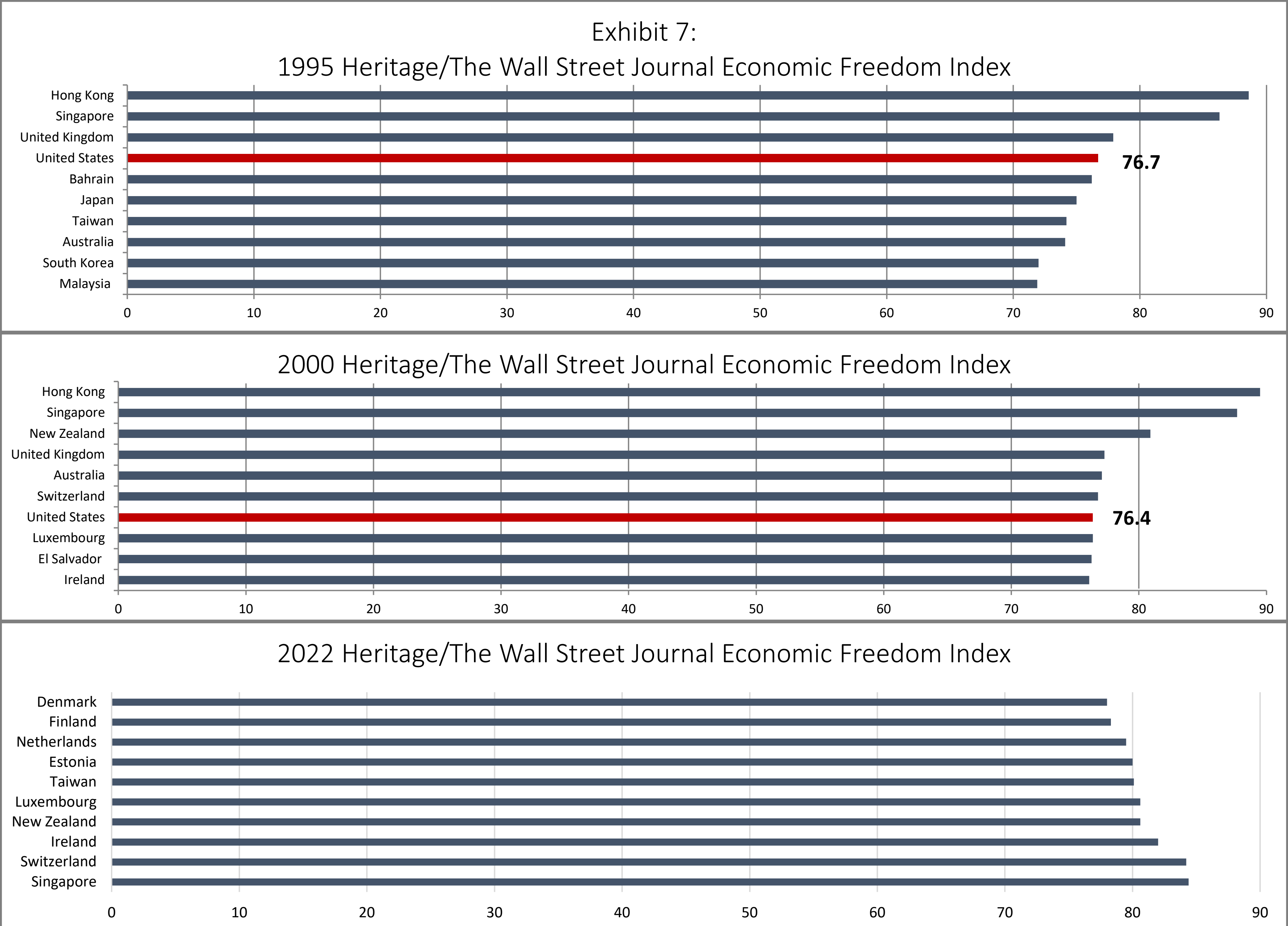


Sources: Computed with data from KPMG (2023)

Exhibit 6: Capital Gains Rate by Country

Country	Top Long-Term Capital Gains Tax Rate (2022)	Country	Top Long-Term Capital Gains Tax Rate (2022)
Australia	24.5%	Japan	20.3%
Austria	25.0%	Korea	0.0%
Belgium	0.0%	Luxembourg	0.0%
Canada	22.6%	Mexico	10.0%
Chile	20.0%	Netherlands	0.0%
Czech Republic	0.0%	New Zealand	0.0%
Denmark	42.0%	Norway	27.0%
Estonia	20.0%	Poland	19.0%
Finland	33.0%	Portugal	28.0%
France	34.4%	Slovak Republic	25.0%
Germany	25.0%	Slovenia	0.0%
Greece	15.0%	Spain	27.0%
Hungary	16.0%	Sweden	30.0%
Iceland	20.0%	Switzerland	0.0%
Ireland	33.0%	Turkey	0.0%
Israel	25.0%	United Kingdom	28.0%
Italy	26.0%	**United States**	**20.0%**

Source: Tax Foundation (2023)



***The United States fell to 25 on the Heritage/WSJ Freedom Index in 2022**

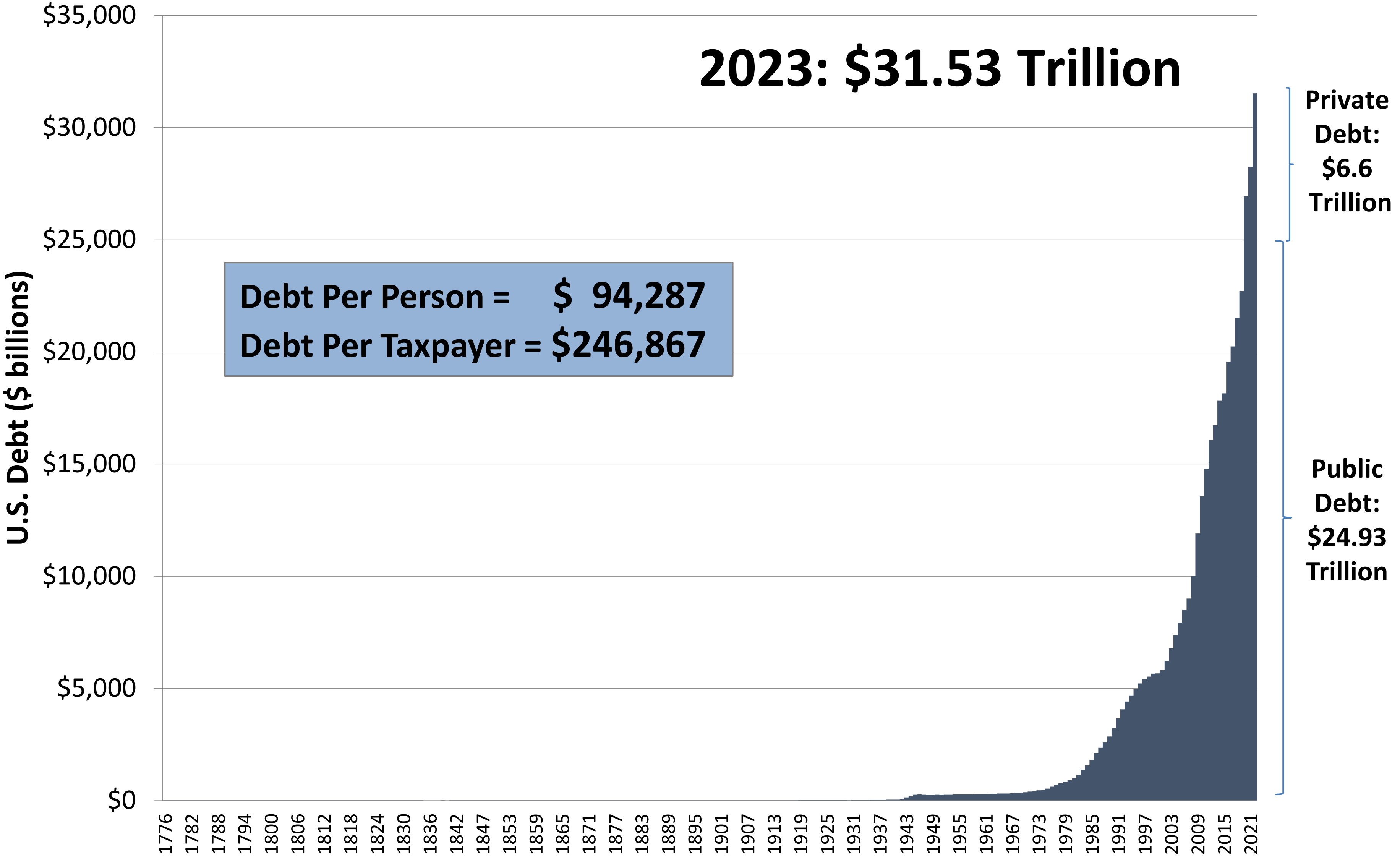
Sources: The Heritage Foundation and The Wall Street Journal (2023)

Exhibit 8: World Economic Forum's Global Competitiveness Report

Rank	1999 – 2000	2010 – 2011	2020 – 2021
1	**United States**	Switzerland	Singapore
2	Finland	Sweden	**United States**
3	Netherlands	Singapore	Hong Kong SAR
4	Sweden	**United States**	Netherlands
5	Switzerland	Germany	Japan
6	Germany	Japan	Switzerland
7	Denmark	Finland	Germany
8	Canada	Netherlands	Denmark
9	France	Denmark	Sweden
10	United Kingdom	Canada	United Kingdom

Source: IMD (2023)

Exhibit 9: History of the U.S. National Debt Outstanding



Source: U.S. Department of Treasury (2023)

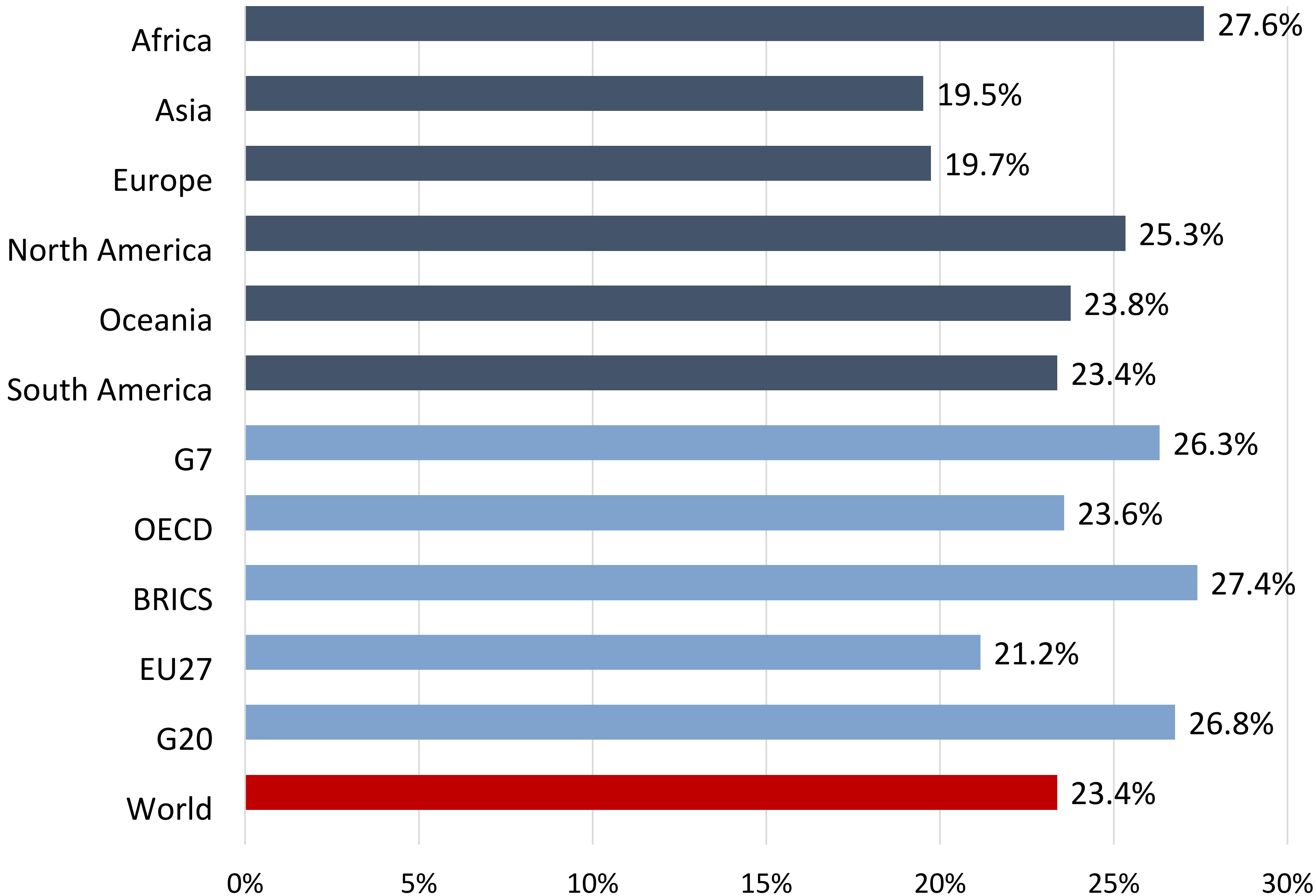
Exhibit 10: Financing the U.S. National Debt 2020-2022

Interest	
Interest Rates on Treasury Debts (As of Dec 2022)	
Treasury Bills (six month)	4.76%
Treasury Notes (5 year)	3.99%
Treasury Bonds (20 year)	4.14%
Gross Interest Payments of Treasury Debt Securities (in billions) - Actual	
Fiscal Year 2020	$ 523
Fiscal Year 2019	$ 573
Fiscal Year 2018	$ 522
Fiscal Year 2017	$ 457
Projected Net Interest Outlays (in billions)	
Actual Fiscal Year 2020	$ 345
Projected for Fiscal Year 2021-2025	$1,399
Projected for Fiscal Year 2021-2030	$3,741
Net Interest as a Percent of GDP	
Actual Fiscal Year 2020	1.6%
Projected for Fiscal Year 2021-2025	1.2%
Projected for Fiscal Year 2021-2030	2.2%

Debt	
Debt Held by the Public As a Percentage of GDP	
Actual 2017	76.5%
Actual 2022	102.0%
Projected for 2027	101.0%
Projected for 2032	109.8%
Interest-Bearing Debt Held by Private Investors (As of 12/31/2022)	
Falling Due Within 1 Year	15.1%
Falling Due Within 5 Years	71.1%
Falling Due Within 10 Years	87.3%
Holders of the Public Debt (As of 9/30/2022)	
Domestic Investors	70.0%
Foreign Investors	30.0%

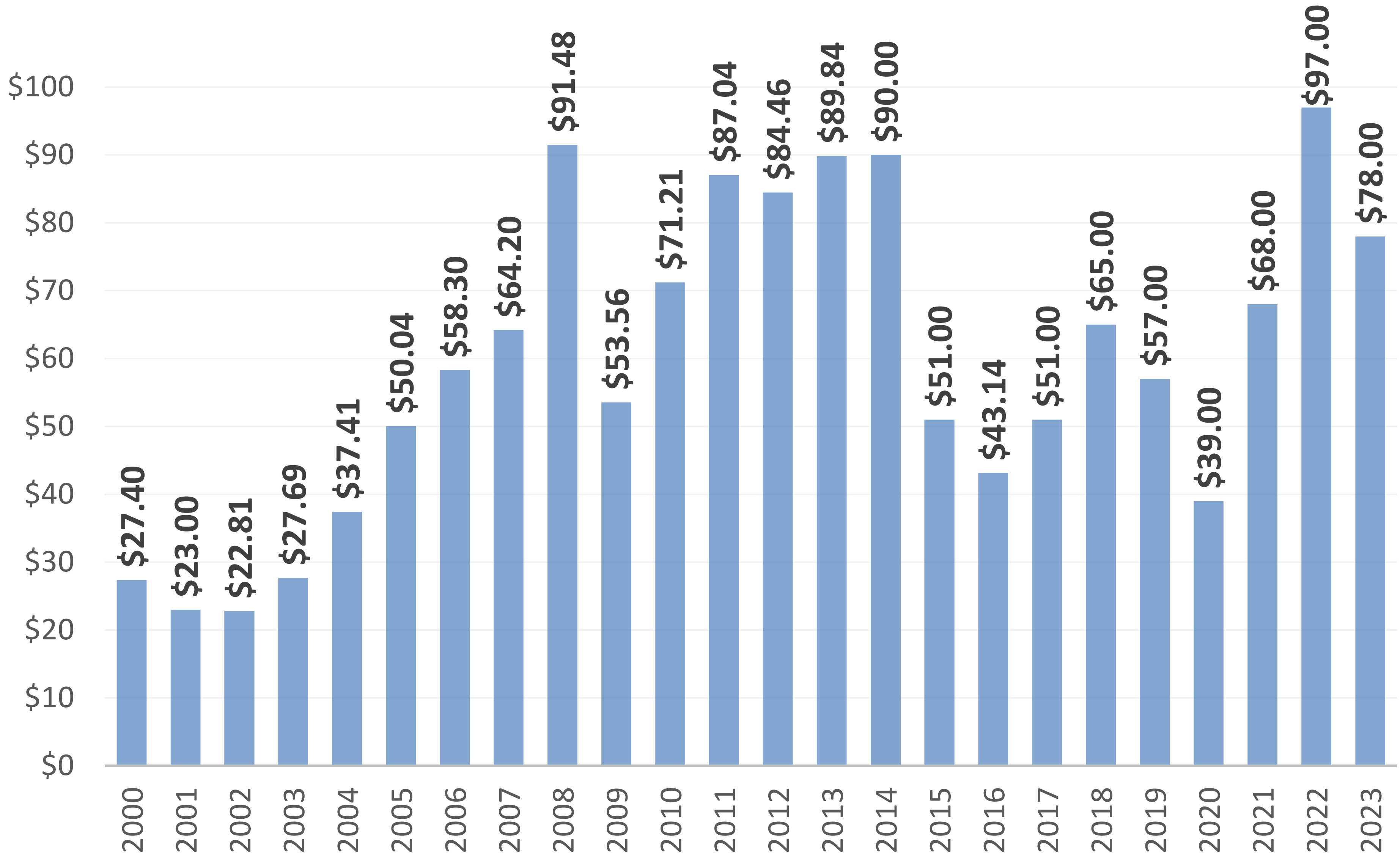
Sources: Compiled from Congressional Budget Office and U.S. Department of Treasury (2020-2022)

Exhibit 11: Average Corporate Tax Rate by Region or Group (2022)



Source: Tax Foundation (2023)

Exhibit 12: Annual Average Price of WTIC (2000-2022)



Source: Bloomburg (2023)

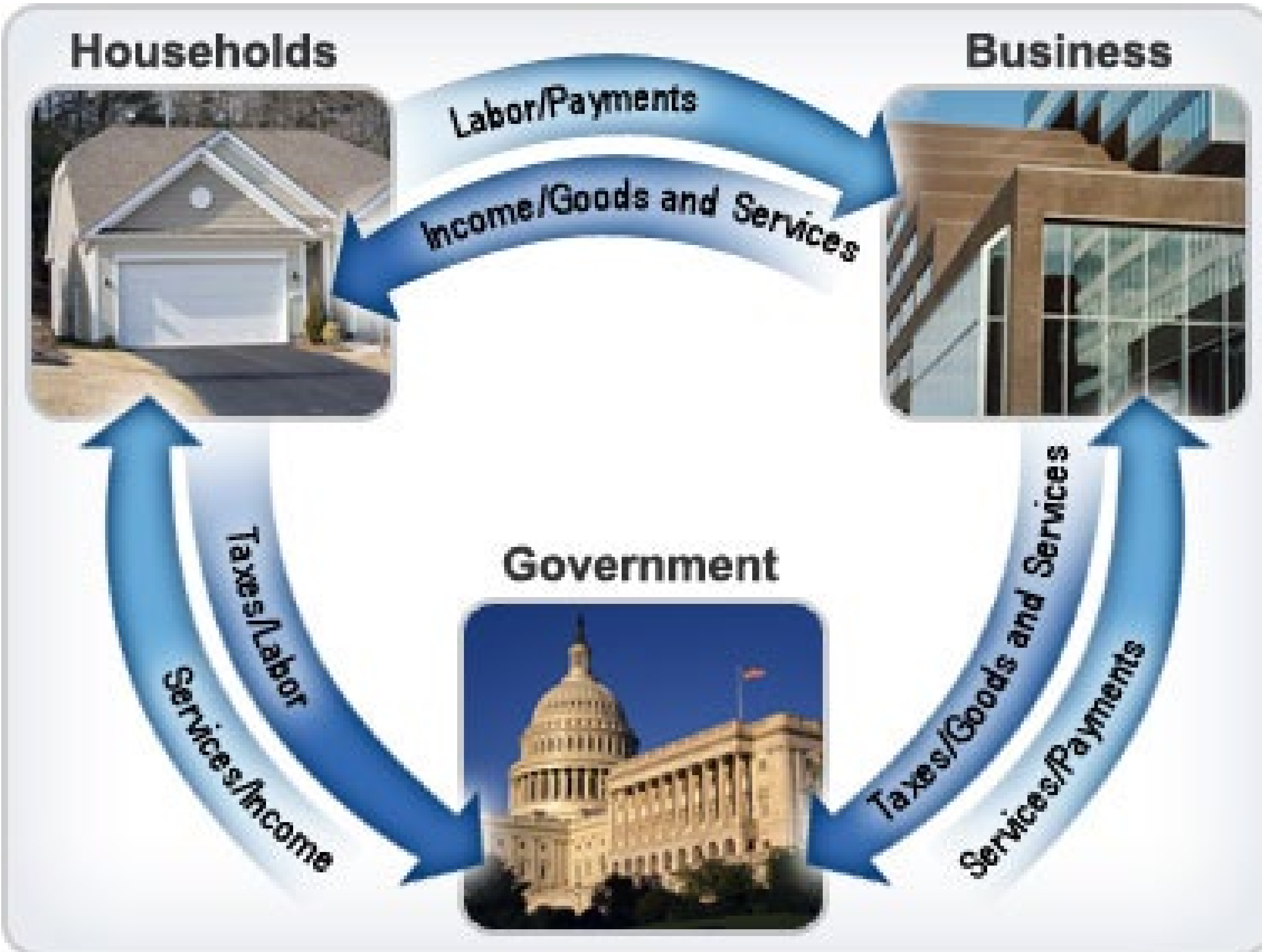
Exhibit 13: New Tax Changes Tied to the Affordable Care Act

(PPACA)

	Starting January 2014	2013
Top Medicare Tax Rate	2.35%	1.45%
Top Personal Income Tax Bracket	39.60%	35.00%
Top Income Payroll Tax Rate	52.40%	37.40%
Capital Gains Tax Rate	28.00%	15.00%
Dividend Tax Rate	39.60%	15.00%
Estate Tax Rate	55.00%	0.00%

Source: The Wall Street Journal (2014)

Exhibit 14: The Circular Flow Model



Source: IRS.GOV (2012)

Exhibit 15: U.S. Population Net Migration (2000-2021)

Rank			Rank		
14	Alabama	141,422	15	Montana	114,361
34	Alaska	-80,719	31	Nebraska	-69,730
3	Arizona	1,373,387	7	Nevada	677,358
17	Arkansas	103,081	22	New Hampshire	61,377
49	California	-2,970,007	47	New Jersey	-986,870
10	Colorado	580,542	29	New Mexico	-41,534
41	Connecticut	-303,689	50	New York	-3,556,232
16	Delaware	105,145	4	North Carolina	1,263,979
1	Florida	2,761,635	26	North Dakota	1,010
5	Georgia	869,627	**45**	**Ohio**	**-574,716**
37	Hawaii	-128,654	18	Oklahoma	100,018
12	Idaho	305,516	11	Oregon	431,146
48	Illinois	-1,666,354	42	Pennsylvania	-304,753
30	Indiana	-48,474	33	Rhode Island	-77,930
35	Iowa	-84,788	6	South Carolina	782,115
39	Kansas	-186,051	23	South Dakota	26,543
19	Kentucky	75,880	8	Tennessee	617,749
43	Louisiana	-477,744	2	Texas	2,205,572
21	Maine	68,328	13	Utah	182,639
40	Maryland	-300,370	27	Vermont	-7,647
44	Massachusetts	-519,244	20	Virginia	68,692
46	Michigan	-802,593	9	Washington	595,615
36	Minnesota	-87,434	28	West Virginia	-28,430
38	Mississippi	-136,044	32	Wisconsin	-73,506
25	Missouri	4,646	24	Wyoming	12,208

RTW (white)

NRTW (shaded)

RTW Average
357,817

RTW Average Rank
20

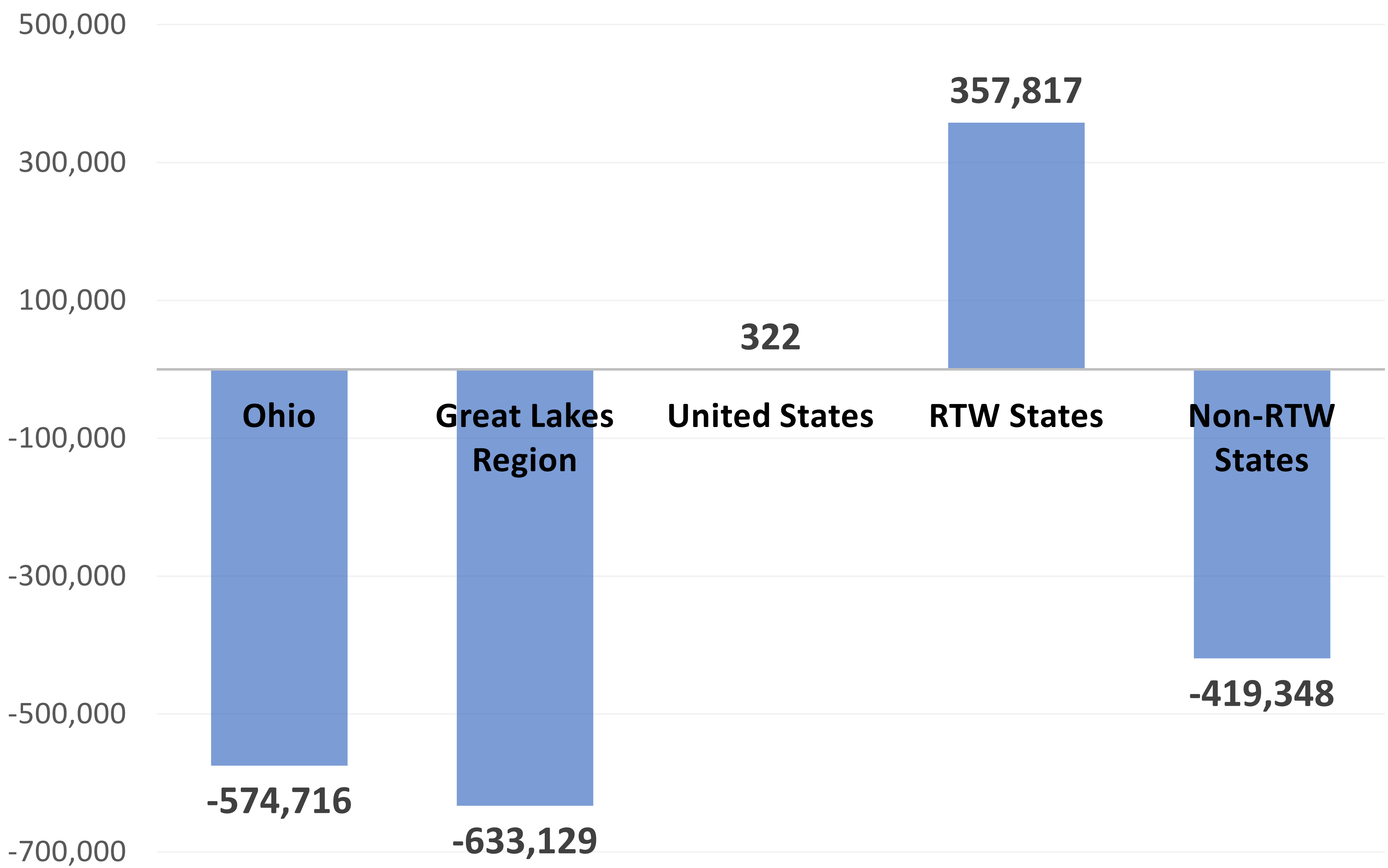
Non-RTW Average
-419,348

Non-RTW Average Rank
31.7

Great Lakes Region Average
-633,129

Source: Computed with data from U.S. Bureau of Labor Statistics (2023)

Exhibit 16: Population Net Migration (2000-2021)



Source: Computed with data from Bureau of Labor Statistics (2023)

Exhibit 17: Gross State Product Growth (1998-2021)

Rank	State	Growth	Rank	State	Growth
33	Alabama	138.71%	12	Montana	193.37%
29	Alaska	146.07%	14	Nebraska	181.69%
9	Arizona	201.59%	7	Nevada	203.84%
31	Arkansas	140.23%	26	New Hampshire	157.61%
8	California	202.79%	44	New Jersey	118.91%
6	Colorado	207.11%	34	New Mexico	135.77%
48	Connecticut	107.62%	15	New York	179.25%
39	Delaware	127.02%	17	North Carolina	172.70%
10	Florida	198.54%	1	North Dakota	272.30%
19	Georgia	171.92%	**46**	**Ohio**	**116.00%**
32	Hawaii	139.61%	22	Oklahoma	166.80%
4	Idaho	225.08%	20	Oregon	169.06%
42	Illinois	120.79%	35	Pennsylvania	131.97%
38	Indiana	129.41%	40	Rhode Island	126.08%
25	Iowa	158.74%	24	South Carolina	161.25%
28	Kansas	147.13%	11	South Dakota	193.74%
43	Kentucky	119.61%	23	Tennessee	162.81%
47	Louisiana	114.36%	5	Texas	223.48%
30	Maine	142.85%	2	Utah	268.10%
16	Maryland	174.41%	36	Vermont	131.87%
18	Massachusetts	171.98%	21	Virginia	168.28%
50	Michigan	87.93%	3	Washington	239.24%
27	Minnesota	151.11%	41	West Virginia	124.35%
49	Mississippi	87.98%	37	Wisconsin	129.92%
45	Missouri	117.69%	13	Wyoming	182.59%

RTW
NRTW

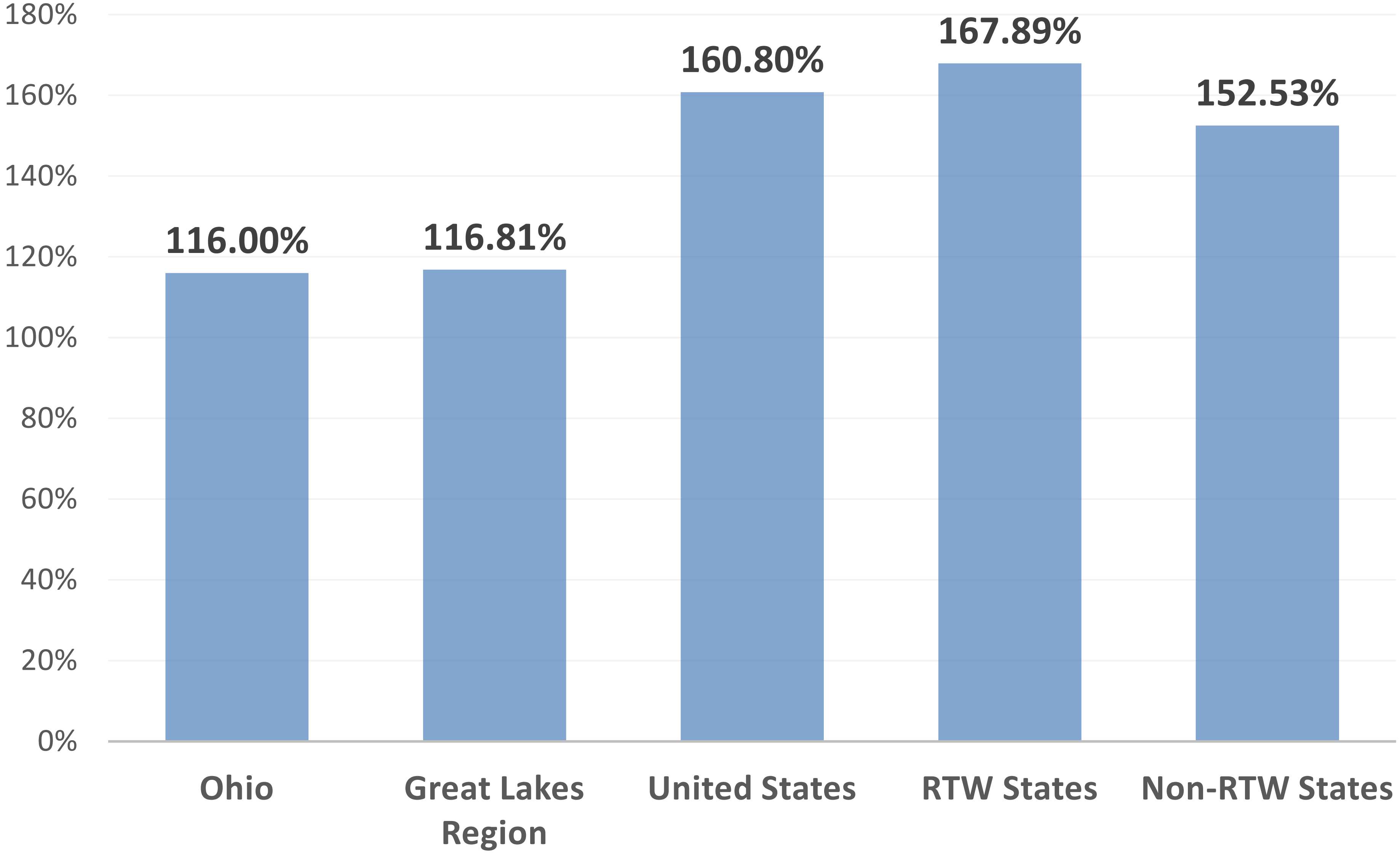
RTW Average Rank
23.1

Non-RTW Average Rank
28.3

Great Lakes Average Rank
42.6

Source: Computed with data from U.S. Bureau of Labor Statistics (2023)

Exhibit 18: Gross State Product Growth (1998-2021)



Source: Computed with data from Bureau of Labor Statistics (2023)

Exhibit 19: 1998 Gross State Product (millions of dollars)

Rank	State	GSP	Rank	State	GSP
26	Alabama	$ 106,449	47	Montana	$ 20,009
45	Alaska	$ 23,306	36	Nebraska	$ 51,931
23	Arizona	$ 139,272	33	Nevada	$ 64,009
34	Arkansas	$ 61,888	38	New Hampshire	$ 38,691
1	California	$1,114,035	8	New Jersey	$ 311,981
22	Colorado	$ 142,086	37	New Mexico	$ 46,479
21	Connecticut	$ 143,725	2	New York	$ 680,860
41	Delaware	$ 35,750	11	North Carolina	$ 242,799
5	Florida	$ 420,569	48	North Dakota	$ 17,072
10	Georgia	$ 254,346	7	Ohio	$ 350,293
40	Hawaii	$ 38,019	30	Oklahoma	$ 80,711
43	Idaho	$ 29,618	28	Oregon	$ 101,164
4	Illinois	$ 428,314	6	Pennsylvania	$ 364,052
15	Indiana	$ 180,015	44	Rhode Island	$ 29,446
29	Iowa	$ 83,813	27	South Carolina	$ 103,274
31	Kansas	$ 77,441	46	South Dakota	$ 21,000
25	Kentucky	$ 108,002	18	Tennessee	$ 162,521
24	Louisiana	$ 120,625	3	Texas	$ 634,286
42	Maine	$ 32,104	35	Utah	$ 61,217
19	Maryland	$ 161,779	49	Vermont	$ 16,002
12	Massachusetts	$ 235,797	13	Virginia	$ 225,493
9	Michigan	$ 304,472	14	Washington	$ 199,706
17	Minnesota	$ 164,256	39	West Virginia	$ 38,080
32	Mississippi	$ 67,725	20	Wisconsin	$ 160,324
16	Missouri	$ 164,716	50	Wyoming	$ 14,689

RTW

NRTW

RTW Average
$141,913

RTW Average Rank
24.8

Non-RTW Average
$210,547

Non-RTW Average Rank
24.3

Great Lakes Region Average
$284,684

Source: U.S. Bureau of Economic Analysis (1998)

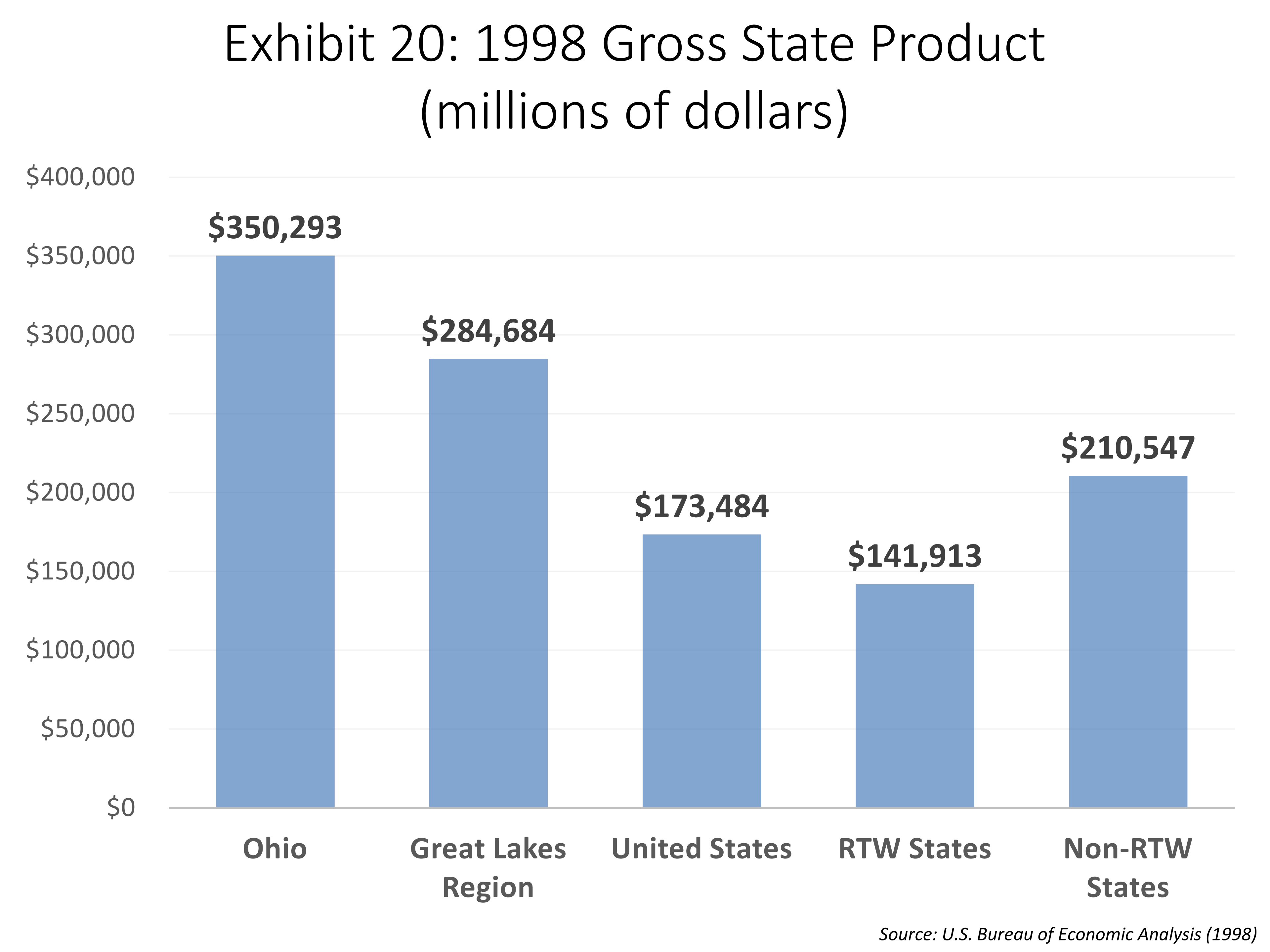


Exhibit 20: 1998 Gross State Product
(millions of dollars)
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
$350,293
$284,684
$173,484
$141,913
$210,547
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: U.S. Bureau of Economic Analysis (1998)

Exhibit 21: 2021 Gross State Product (millions of dollars)

Rank	State	GSP	Rank	State	GSP
27	Alabama	$ 254,110	47	Montana	$ 58,700
48	Alaska	$ 57,349	35	Nebraska	$ 146,285
18	Arizona	$ 420,027	32	Nevada	$ 194,487
34	Arkansas	$ 148,676	38	New Hampshire	$ 99,673
1	California	$3,373,241	9	New Jersey	$ 682,946
16	Colorado	$ 436,360	37	New Mexico	$ 109,583
23	Connecticut	$ 298,395	3	New York	$1,901,297
42	Delaware	$ 81,160	11	North Carolina	$ 662,121
4	Florida	$1,255,558	45	North Dakota	$ 63,560
8	Georgia	$ 691,627	7	Ohio	$ 756,617
40	Hawaii	$ 91,096	31	Oklahoma	$ 215,336
39	Idaho	$ 96,283	24	Oregon	$ 272,191
5	Illinois	$ 945,674	6	Pennsylvania	$ 844,497
19	Indiana	$ 412,975	44	Rhode Island	$ 66,571
30	Iowa	$ 216,860	25	South Carolina	$ 269,803
33	Kansas	$ 191,381	46	South Dakota	$ 61,685
28	Kentucky	$ 237,182	17	Tennessee	$ 427,126
26	Louisiana	$ 258,571	2	Texas	$2,051,769
43	Maine	$ 77,963	29	Utah	$ 225,340
15	Maryland	$ 443,930	50	Vermont	$ 37,104
12	Massachusetts	$ 641,332	13	Virginia	$ 604,958
14	Michigan	$ 572,206	10	Washington	$ 677,490
20	Minnesota	$ 412,459	41	West Virginia	$ 85,434
36	Mississippi	$ 127,308	21	Wisconsin	$ 368,611
22	Missouri	$ 358,572	49	Wyoming	$ 41,510

RTW ☐
NRTW ■

RTW Average
$381,511

RTW Average Rank
26.4

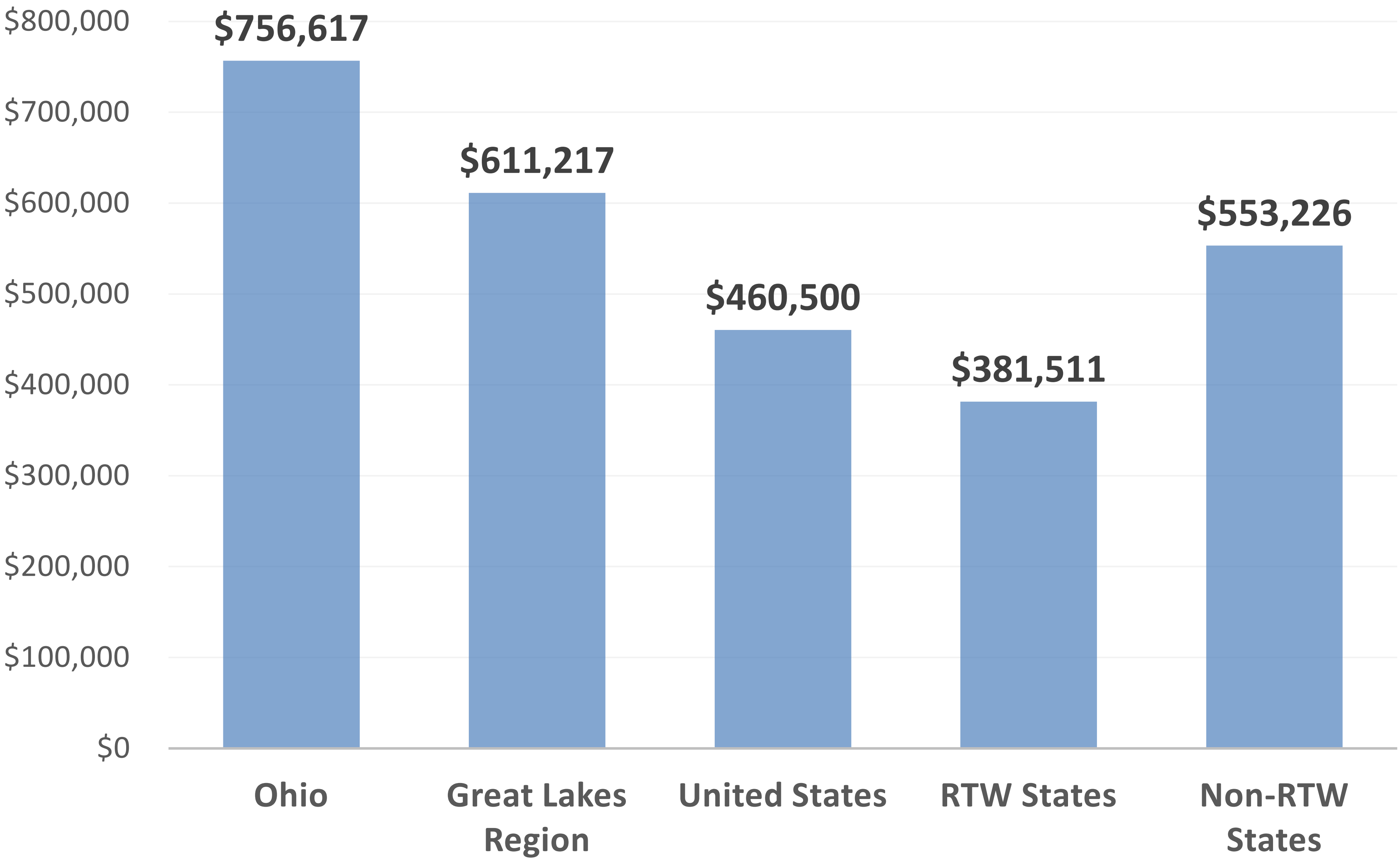
Non-RTW Average
$553,226

Non-RTW Average Rank
24.4

Great Lakes Region Average
$611,217

Source: U.S. Bureau of Economic Analysis (2023)

Exhibit 22: 2021 Gross State Product (millions of dollars)



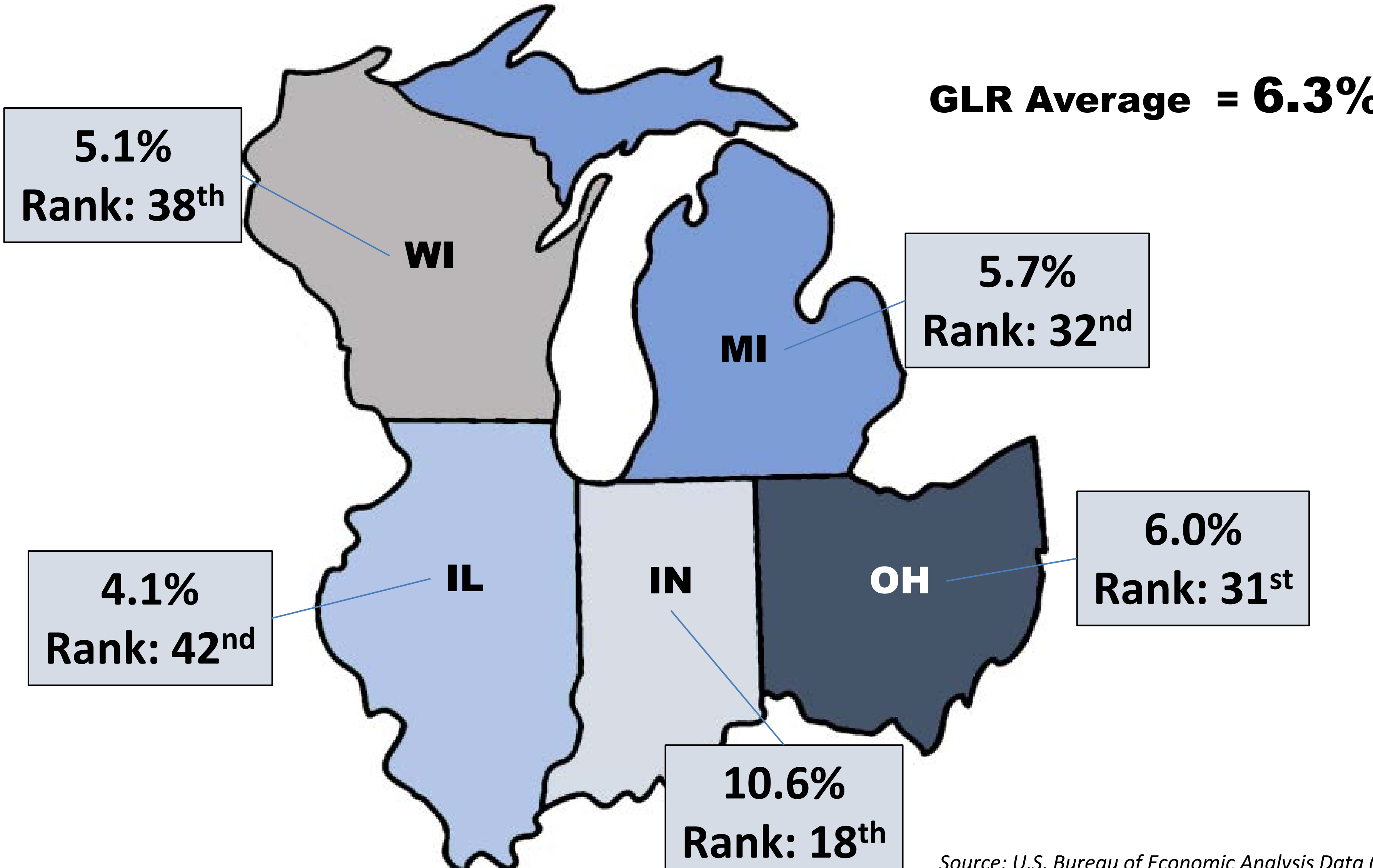
Source: U.S. Bureau of Economic Analysis (2023)

Exhibit 23: U.S. GDP Growth Since World War II

Category	Average GDP Growth Rate
Annual U.S. GDP Growth Rate 1945-2008	3.3%
Annual U.S. GDP Growth Rate 1945-2016	3.20%
Annual U.S. GDP Growth Rate 2011-2016	1.98%
Normal Growth Rate Coming Out of a Recession Since WWII Before 2009	3.8% - 5.4%
2019 U.S. GDP Annual Growth	2.3%
2020 U.S. GDP Annual Growth	-2.8%
2021 U.S. GDP Annual Growth	5.9%
2022 U.S. GDP Annual Growth	1.0%

Source: U.S. Bureau of Economic Analysis (2023)

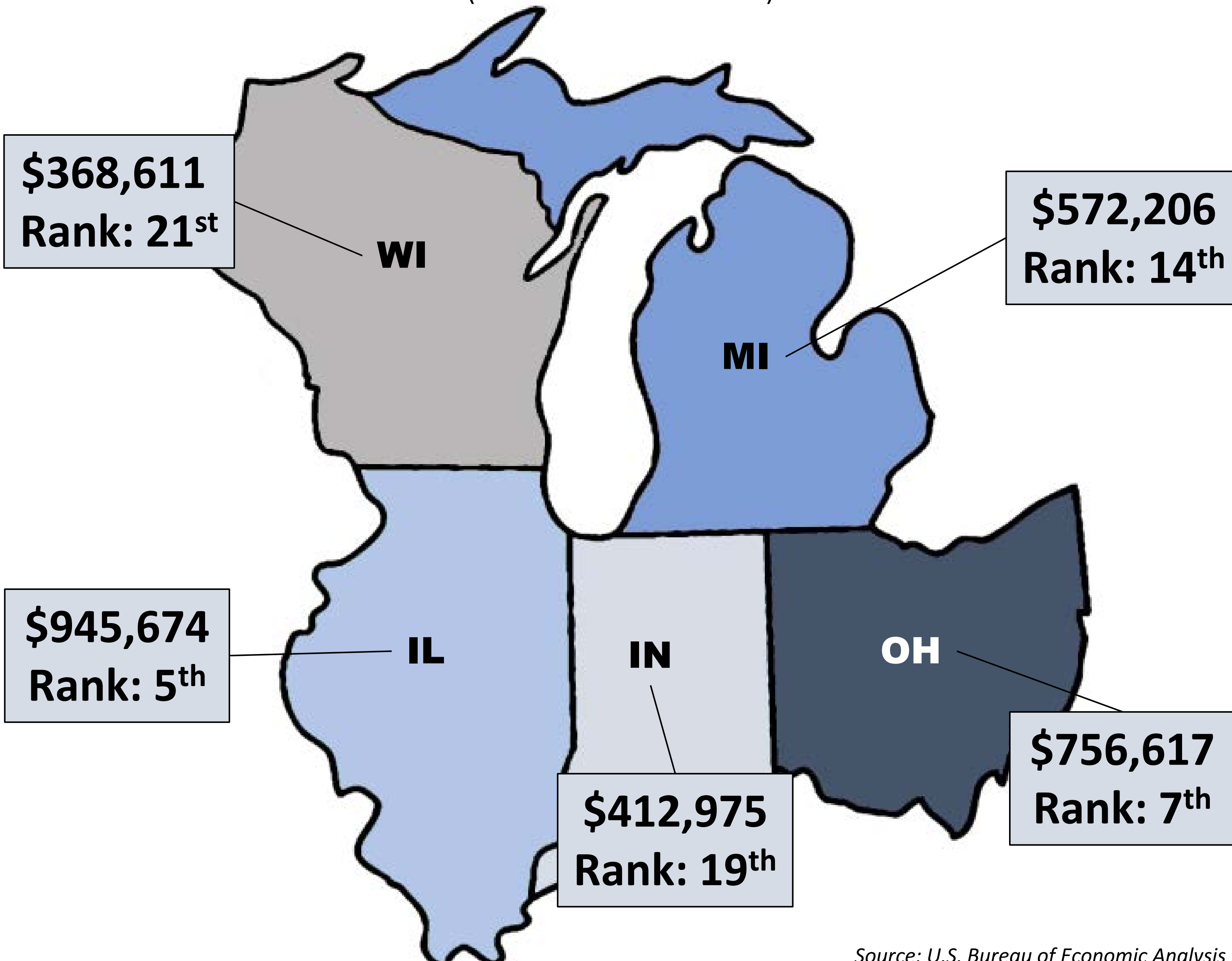
Exhibit 24: Real Gross State Product Growth (2019 - 2021)



Source: U.S. Bureau of Economic Analysis Data (2023)

Exhibit 25: GDP by Great Lakes State 2021

(Millions of dollars)



Source: U.S. Bureau of Economic Analysis Data (2023)

Exhibit 26: U.S. GDP Growth Rates 2010-2021

Economic Region	Nominal GDP Growth Rate	Nominal GDP Growth Rank	Real GDP Growth Rate	Real GDP Growth Rank
Indiana	3.9%	Tied 28th	1.6%	Tied 22nd
Illinois	3.2%	40th	0.8%	30th
Michigan	3.1%	42nd	1.3%	29th
Ohio	4.0%	Tied 27th	1.5%	Tied 25th
Wisconsin	3.3%	Tied 38th	1.0%	Tied 35th
United States	**4.5%**		**2.1%**	

Source: U.S. Bureau of Economic Analysis and McNair Center Data (2023)

Exhibit 27: U.S. GSP Growth by Region
(2011 - 2022)

Region	2011	2012	2013	2014	2015	2016	2017	2022
New England	1.0	1.2	1.3	1.6	1.3	3.6	3.3	6.3
Mid East	1.2	1.5	0.7	1.7	1.6	2.9	3.3	5.2
Great Lakes	2.4	2.2	1.6	1.4	2.1	2.9	3.5	6.1
Plains	2.0	2.7	2.5	1.3	1.3	1.7	2.8	4.3
Southeast	1.0	2.1	1.6	1.7	2.2	3.4	3.8	6.5
Southwest	3.0	4.1	3.3	4.3	3.1	0.6	5.6	3.8
Rocky Mountains	1.5	2.1	4.1	3.9	3.1	2.9	5.4	5.8
Far West	1.5	3.3	2.0	2.7	3.8	4.4	5.0	7.4
United States	1.7	1.3	2.7	2.5	1.9	3.0	4.1	5.9

Source: U.S. Bureau of Economic Analysis and McNair Center Data (2023)

Exhibit 28: Average Unemployment Rate (2000-2022)

Rank	State	Rate	Rank	State	Rate
30	Alabama	5.86%	14	Montana	4.73%
47	Alaska	6.86%	2	Nebraska	3.45%
37	Arizona	6.08%	49	Nevada	7.05%
22	Arkansas	5.49%	5	New Hampshire	4.01%
48	California	7.01%	34	New Jersey	5.98%
18	Colorado	5.09%	32	New Mexico	5.92%
26	Connecticut	5.63%	36	New York	6.03%
19	Delaware	5.13%	40	North Carolina	6.20%
27	Florida	5.70%	1	North Dakota	3.21%
31	Georgia	5.87%	**38**	**Ohio**	**6.14%**
10	Hawaii	4.52%	12	Oklahoma	4.59%
15	Idaho	4.99%	45	Oregon	6.62%
44	Illinois	6.57%	28	Pennsylvania	5.83%
25	Indiana	5.62%	43	Rhode Island	6.50%
6	Iowa	4.11%	41	South Carolina	6.31%
13	Kansas	4.70%	3	South Dakota	3.47%
39	Kentucky	6.15%	29	Tennessee	5.84%
35	Louisiana	5.99%	24	Texas	5.53%
17	Maine	5.03%	7	Utah	4.28%
16	Maryland	5.00%	4	Vermont	4.00%
21	Massachusetts	5.32%	8	Virginia	4.34%
50	Michigan	7.10%	42	Washington	6.33%
11	Minnesota	4.58%	33	West Virginia	5.98%
46	Mississippi	6.81%	20	Wisconsin	5.17%
23	Missouri	5.50%	9	Wyoming	4.38%

RTW
NRTW

RTW Average
5.34%

RTW Average Rank
24.2

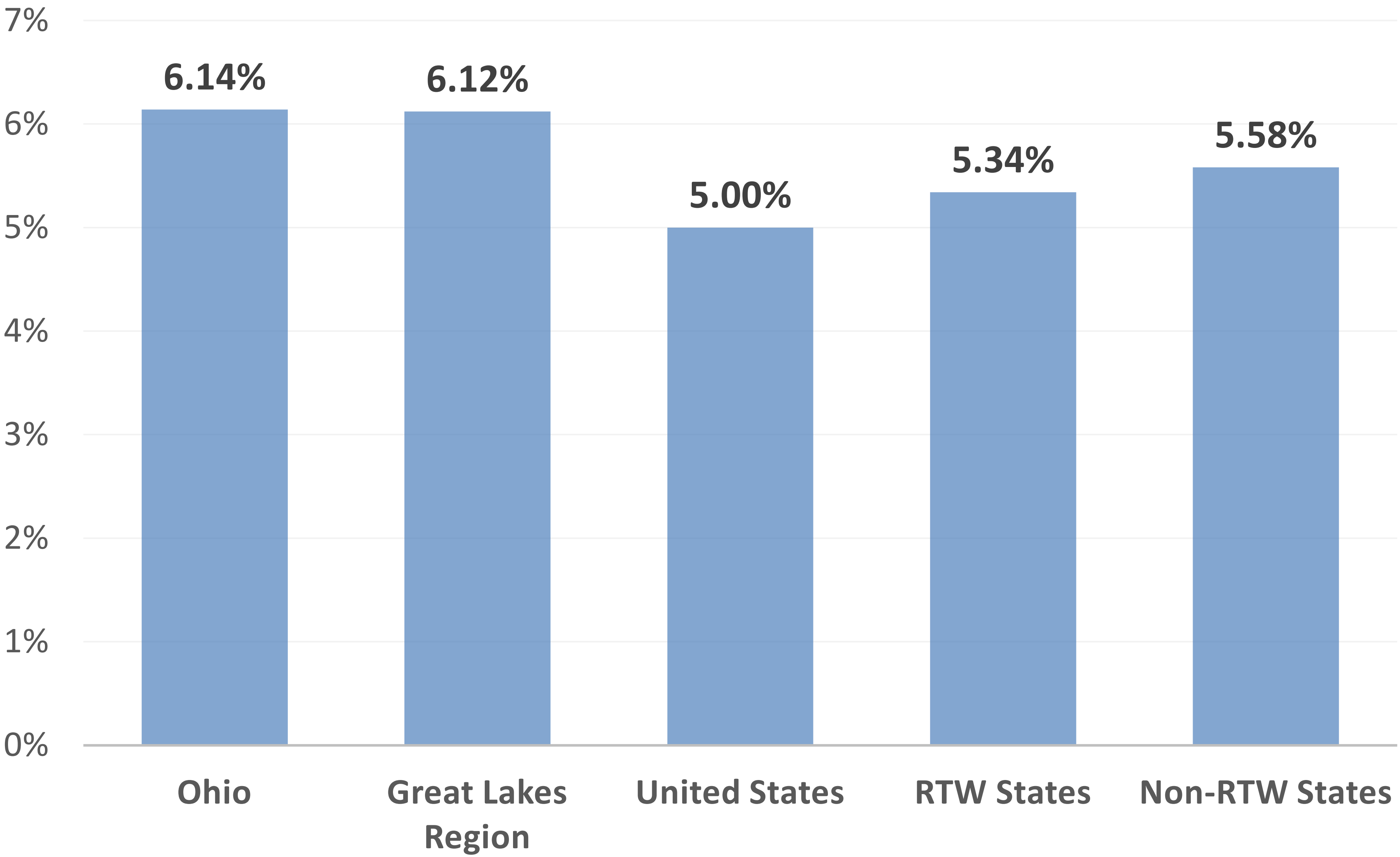
Non-RTW Average
5.58%

Non-RTW Average Rank
27

Great Lakes Region Average
6.12%

Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 28: Average Unemployment Rate (2000-2022)



Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 30: Non-farm Payroll Employment Growth (2000-2021)

Rank			Rank		
26	Alabama	17.5%	10	Montana	35.7%
31	Alaska	15.6%	29	Nebraska	16.8%
6	Arizona	49.6%	5	Nevada	51.4%
32	Arkansas	15.6%	34	New Hampshire	14.6%
15	California	28.2%	23	New Jersey	19.6%
9	Colorado	36.2%	30	New Mexico	16.2%
42	Connecticut	10.0%	22	New York	20.4%
20	Delaware	22.5%	13	North Carolina	32.0%
3	Florida	55.4%	8	North Dakota	36.8%
7	Georgia	39.4%	**48**	**Ohio**	**4.8%**
27	Hawaii	16.9%	25	Oklahoma	18.1%
4	Idaho	54.1%	19	Oregon	25.9%
46	Illinois	6.5%	37	Pennsylvania	12.7%
41	Indiana	10.2%	39	Rhode Island	11.8%
44	Iowa	9.3%	11	South Carolina	32.8%
40	Kansas	10.6%	17	South Dakota	27.0%
33	Kentucky	15.0%	16	Tennessee	27.0%
28	Louisiana	16.9%	2	Texas	57.1%
45	Maine	9.2%	1	Utah	67.6%
21	Maryland	22.4%	47	Vermont	5.2%
24	Massachusetts	19.2%	18	Virginia	26.0%
49	Michigan	1.7%	12	Washington	32.6%
36	Minnesota	13.6%	50	West Virginia	-2.1%
35	Mississippi	13.8%	43	Wisconsin	9.3%
38	Missouri	12.0%	14	Wyoming	30.0%

RTW

NRTW

RTW Average
27.4%

RTW Average Rank
22.2

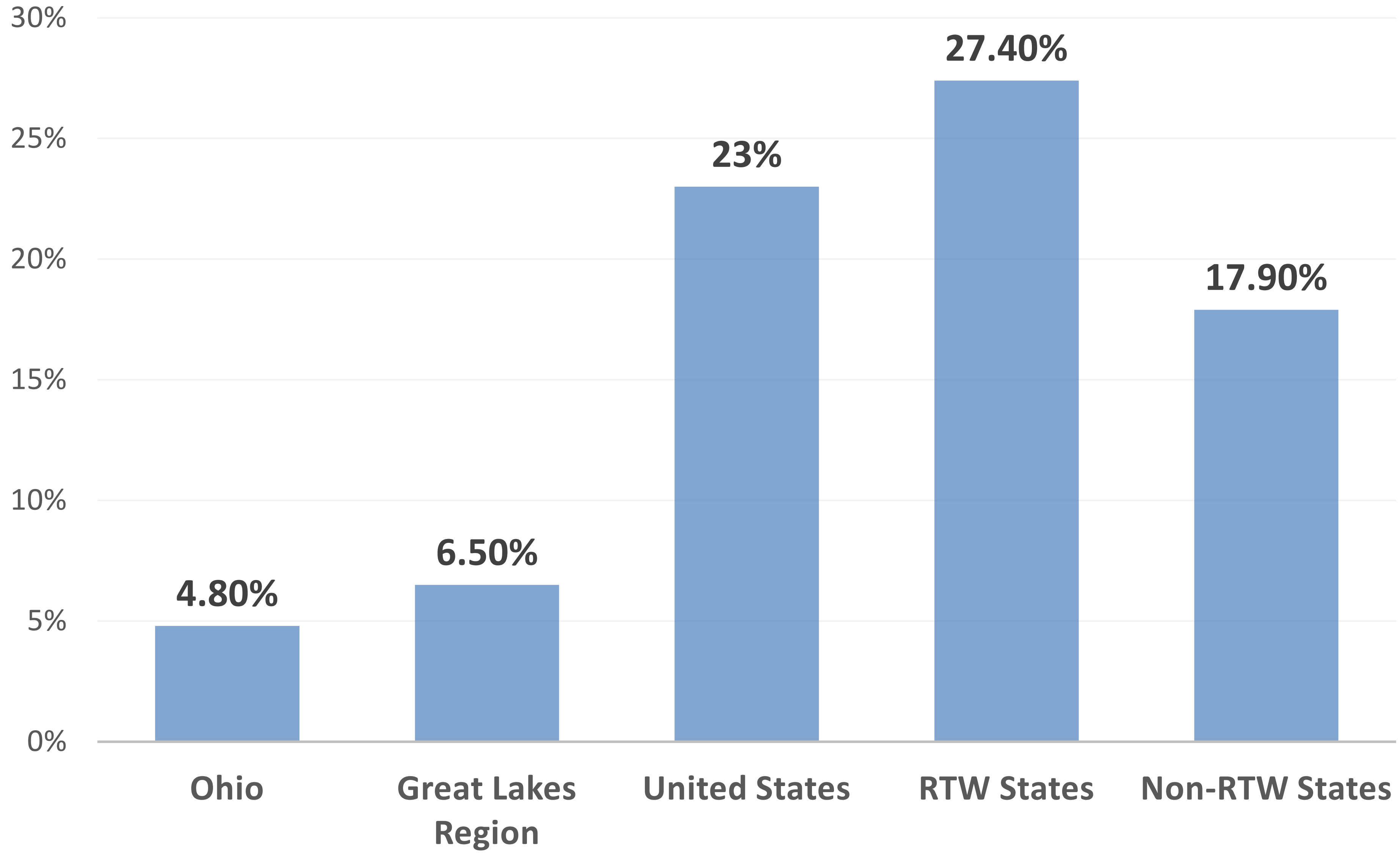
Non-RTW Average
17.9%

Non-RTW Average Rank
29.3

Great Lakes Region Average
6.50%

Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 31: Non-farm Payroll Employment Growth (2000-2021)



Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 32: Non-farm Payroll Employment Growth Rank (2000-2021)

Rank	State	Rank	State
26	Alabama	10	Montana
31	Alaska	29	Nebraska
6	Arizona	5	Nevada
32	Arkansas	34	New Hampshire
15	California	23	New Jersey
9	Colorado	30	New Mexico
42	Connecticut	22	New York
20	Delaware	13	North Carolina
3	Florida	8	North Dakota
7	Georgia	**48**	**Ohio**
27	Hawaii	25	Oklahoma
4	Idaho	19	Oregon
46	Illinois	37	Pennsylvania
41	Indiana	39	Rhode Island
44	Iowa	11	South Carolina
40	Kansas	17	South Dakota
33	Kentucky	16	Tennessee
28	Louisiana	2	Texas
45	Maine	1	Utah
21	Maryland	47	Vermont
24	Massachusetts	18	Virginia
49	Michigan	12	Washington
36	Minnesota	50	West Virginia
35	Mississippi	43	Wisconsin
38	Missouri	14	Wyoming

RTW

NRTW

RTW Average Rank
22.2

Non-RTW Average Rank
29.3

Great Lakes Region Average Rank
45.4

Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

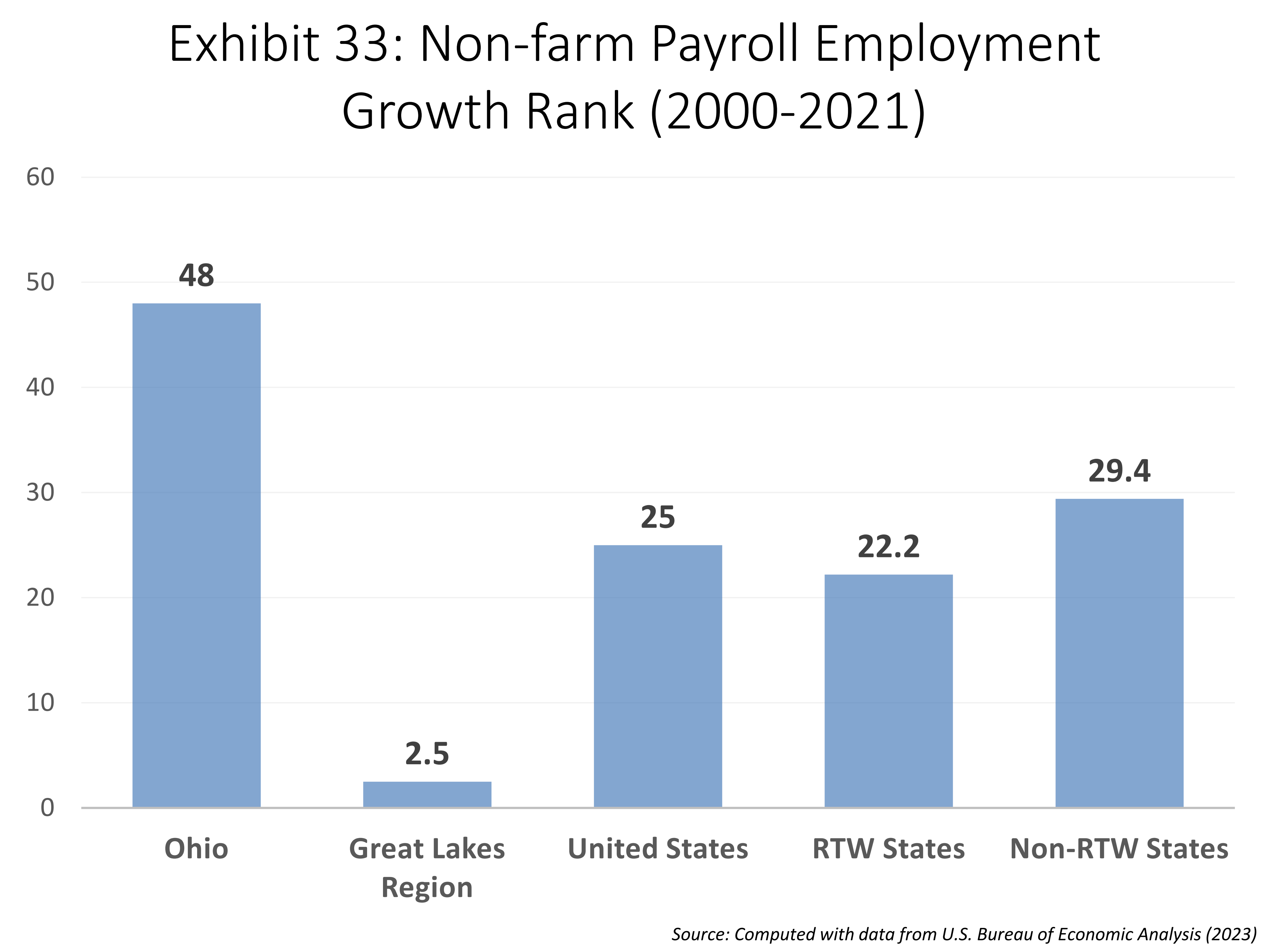


Exhibit 33: Non-farm Payroll Employment Growth Rank (2000-2021)
60
50
40
30
20
10
0
48
2.5
25
22.2
29.4
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 34: Personal Income Per Capita Growth (2000-2021)

Rank	State	Growth	Rank	State	Growth
35	Alabama	104.76%	2	Montana	146.74%
34	Alaska	105.38%	23	Nebraska	110.77%
24	Arizona	110.27%	48	Nevada	88.25%
10	Arkansas	122.22%	32	New Hampshire	107.16%
6	California	129.31%	44	New Jersey	96.39%
31	Colorado	107.78%	11	New Mexico	117.78%
46	Connecticut	93.39%	16	New York	112.90%
50	Delaware	76.87%	37	North Carolina	104.19%
20	Florida	111.33%	1	North Dakota	149.20%
47	Georgia	93.36%	**42**	**Ohio**	**98.89%**
30	Hawaii	107.88%	9	Oklahoma	122.81%
29	Idaho	107.95%	13	Oregon	116.99%
39	Illinois	102.47%	21	Pennsylvania	111.15%
41	Indiana	100.68%	18	Rhode Island	111.64%
27	Iowa	108.70%	26	South Carolina	108.76%
28	Kansas	108.56%	3	South Dakota	140.31%
33	Kentucky	106.15%	25	Tennessee	108.97%
7	Louisiana	125.93%	22	Texas	110.92%
17	Maine	112.74%	5	Utah	130.91%
45	Maryland	96.16%	15	Vermont	113.28%
14	Massachusetts	116.75%	38	Virginia	102.67%
49	Michigan	86.18%	8	Washington	125.45%
36	Minnesota	104.27%	12	West Virginia	117.27%
19	Mississippi	111.62%	40	Wisconsin	101.74%
43	Missouri	98.01%	4	Wyoming	135.30%

RTW

NRTW

RTW Average
112.21%

RTW Average Rank
24.5

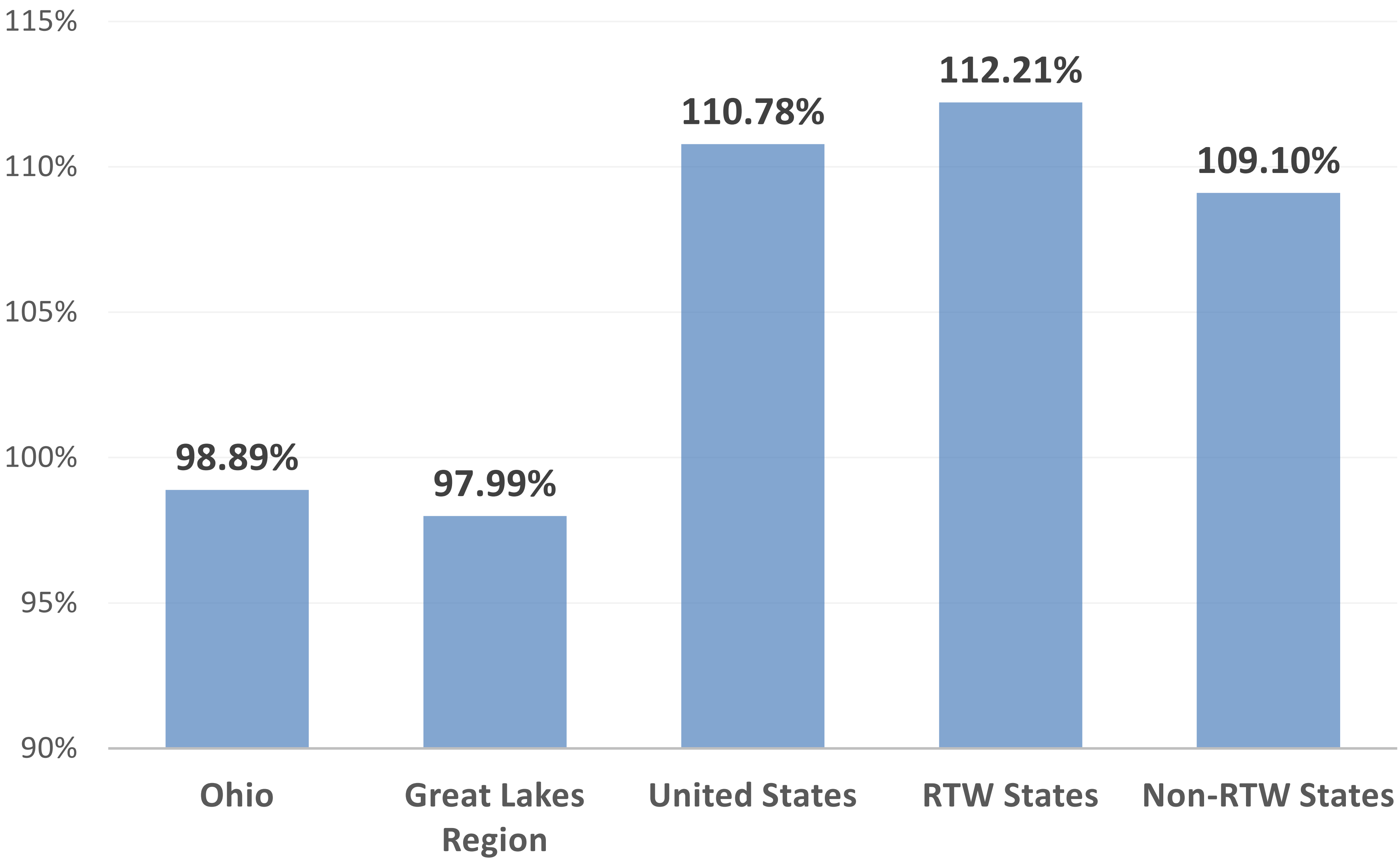
Non-RTW Average
109.1%

Non-RTW Average Rank
26.7

Great Lakes Region Average
97.99%

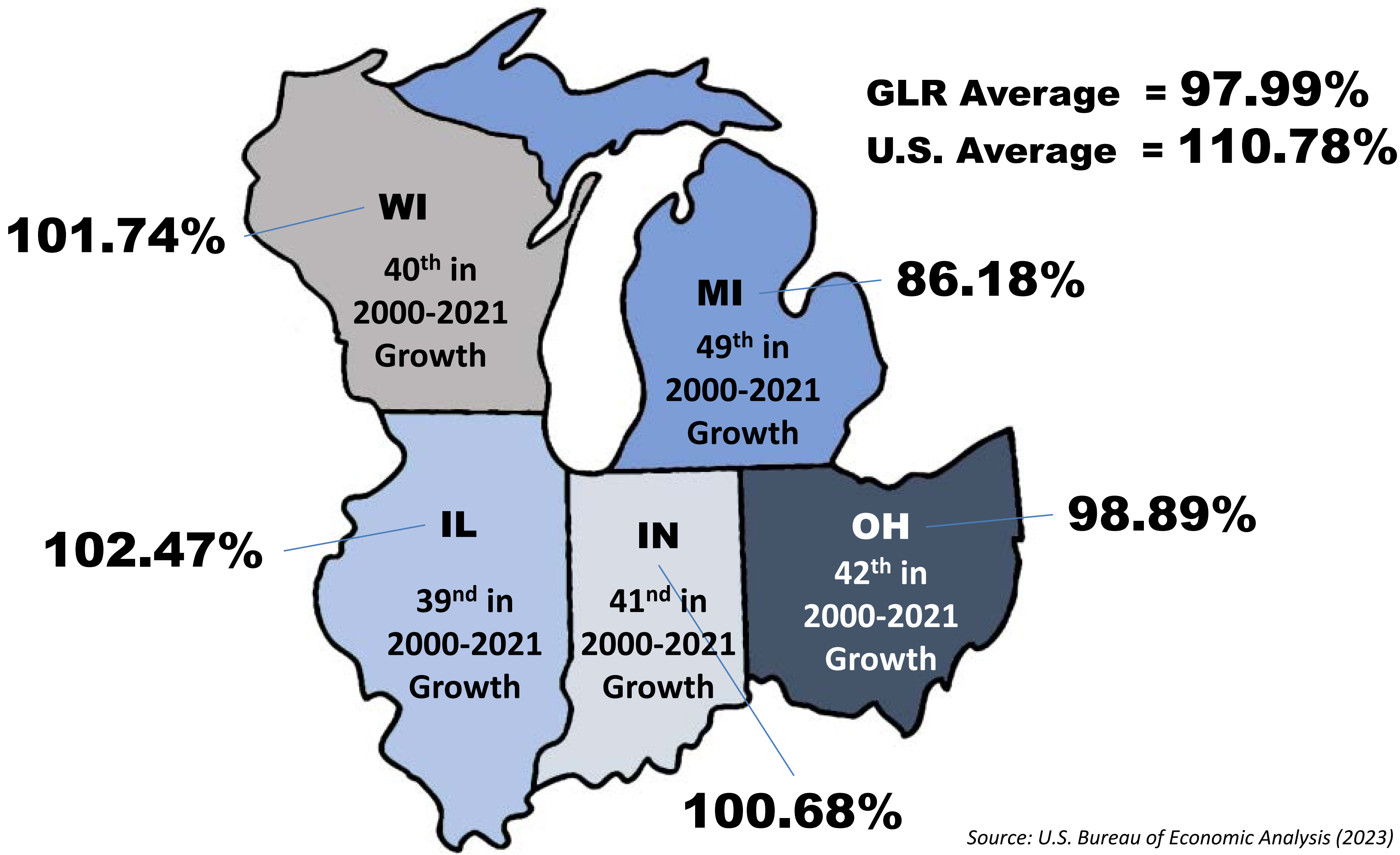
Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 35: Personal Income Per Capita Growth (2000-2021)



Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 36: Great Lakes Average Personal Income Per Capita Growth (2000-21)



Source: U.S. Bureau of Economic Analysis (2023)

Exhibit 37: Median Household Income (2021)

Rank			Rank		
45	Alabama	$56,929	33	Montana	$64,999
11	Alaska	$81,133	16	Nebraska	$78,109
27	Arizona	$70,821	35	Nevada	$64,340
48	Arkansas	$50,784	2	New Hampshire	$88,841
10	California	$81,575	3	New Jersey	$88,559
7	Colorado	$84,954	47	New Mexico	$53,463
12	Connecticut	$80,958	22	New York	$72,920
31	Delaware	$68,687	37	North Carolina	$62,891
43	Florida	$59,734	30	North Dakota	$68,882
41	Georgia	$61,497	**38**	**Ohio**	**$62,689**
8	Hawaii	$82,199	42	Oklahoma	$60,096
17	Idaho	$76,918	9	Oregon	$81,855
15	Illinois	$79,253	23	Pennsylvania	$72,627
28	Indiana	$70,190	20	Rhode Island	$74,982
24	Iowa	$72,429	39	South Carolina	$62,542
19	Kansas	$75,979	21	South Dakota	$73,893
46	Kentucky	$55,629	40	Tennessee	$62,166
44	Louisiana	$57,206	32	Texas	$67,404
25	Maine	$71,139	4	Utah	$87,649
1	Maryland	$97,332	18	Vermont	$76,079
6	Massachusetts	$86,566	14	Virginia	$80,268
34	Michigan	$64,488	5	Washington	$87,648
13	Minnesota	$80,441	49	West Virginia	$46,836
50	Mississippi	$46,637	29	Wisconsin	$69,943
36	Missouri	$63,594	26	Wyoming	$71,052

RTW (white) | NRTW (shaded)

RTW Average
$65,752

RTW Average Rank
32.6

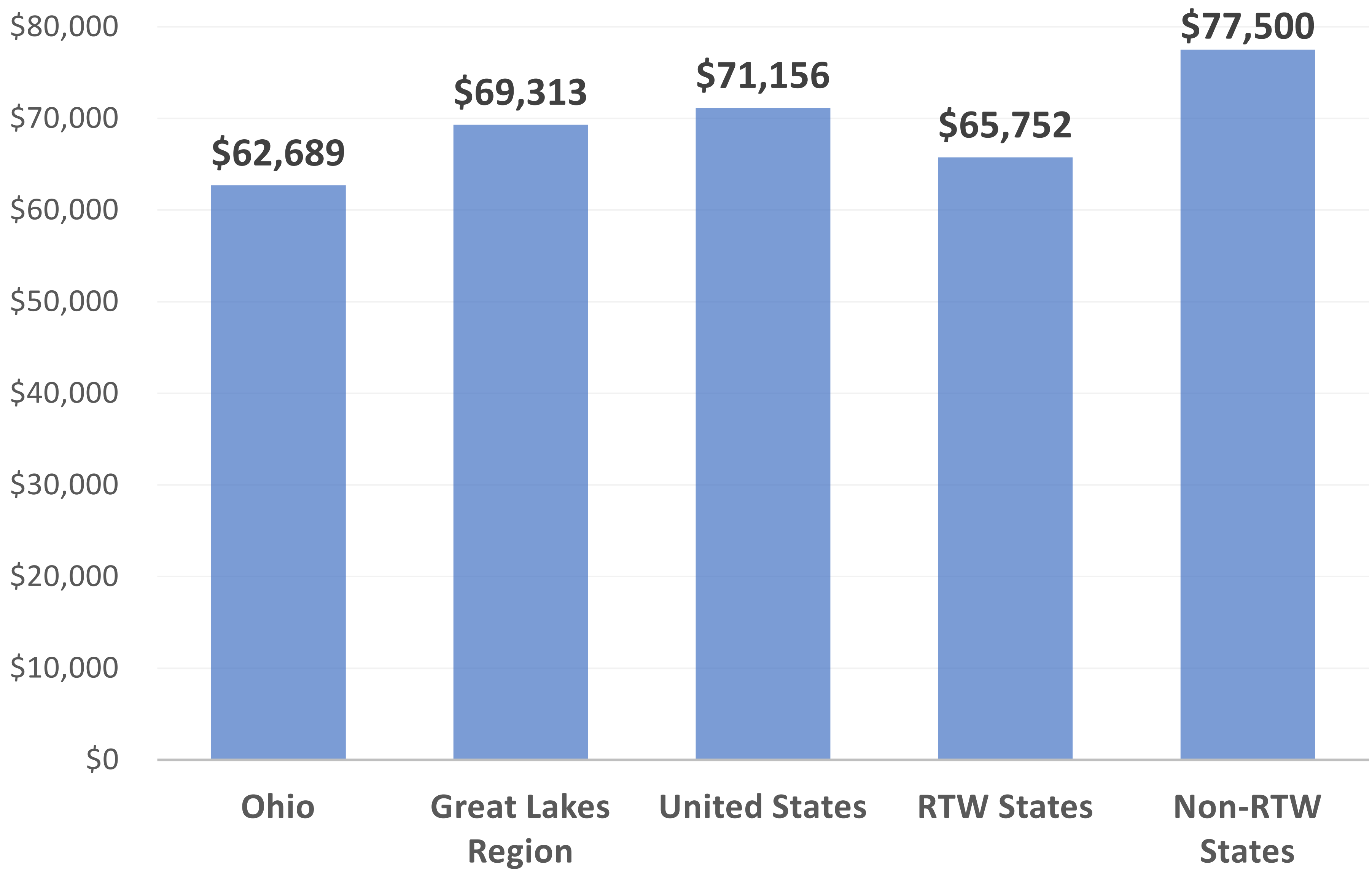
Non-RTW Average
$77,500

Non-RTW Average Rank
17.2

Great Lakes Region Average
$69,313

Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 38: Median Household Income (2021)



Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 39: State Minimum Wage (2021)

Rank	State	Minimum Wage
31	Alabama	$ 7.25
17	Alaska	$ 10.34
8	Arizona	$ 12.15
14	Arkansas	$ 11.00
3	California	$ 13.00
7	Colorado	$ 12.32
4	Connecticut	$ 13.00
26	Delaware	$ 9.25
21	Florida	$ 10.00
49	Georgia	$ 5.15
19	Hawaii	$ 10.10
32	Idaho	$ 7.25
15	Illinois	$ 11.00
33	Indiana	$ 7.25
34	Iowa	$ 7.25
35	Kansas	$ 7.25
36	Kentucky	$ 7.25
37	Louisiana	$ 7.25
9	Maine	$ 12.15
11	Maryland	$ 11.75
2	Massachusetts	$ 13.50
23	Michigan	$ 9.65
20	Minnesota	$ 10.08
38	Mississippi	$ 7.25
18	Missouri	$ 10.30

Rank	State	Minimum Wage
29	Montana	$ 8.75
27	Nebraska	$ 9.00
22	Nevada	$ 9.75
39	New Hampshire	$ 7.25
10	New Jersey	$ 12.00
16	New Mexico	$ 10.50
6	New York	$ 12.50
40	North Carolina	$ 7.25
41	North Dakota	$ 7.25
28	**Ohio**	**$ 8.80**
42	Oklahoma	$ 7.25
5	Oregon	$ 12.75
43	Pennsylvania	$ 7.25
13	Rhode Island	$ 11.50
44	South Carolina	$ 7.25
25	South Dakota	$ 9.45
45	Tennessee	$ 7.25
46	Texas	$ 7.25
47	Utah	$ 7.25
12	Vermont	$ 11.75
24	Virginia	$ 9.50
1	Washington	$ 13.69
30	West Virginia	$ 8.75
48	Wisconsin	$ 7.25
50	Wyoming	$ 5.15

RTW

NRTW

RTW Average
$ 7.98

RTW Average Rank
34.1

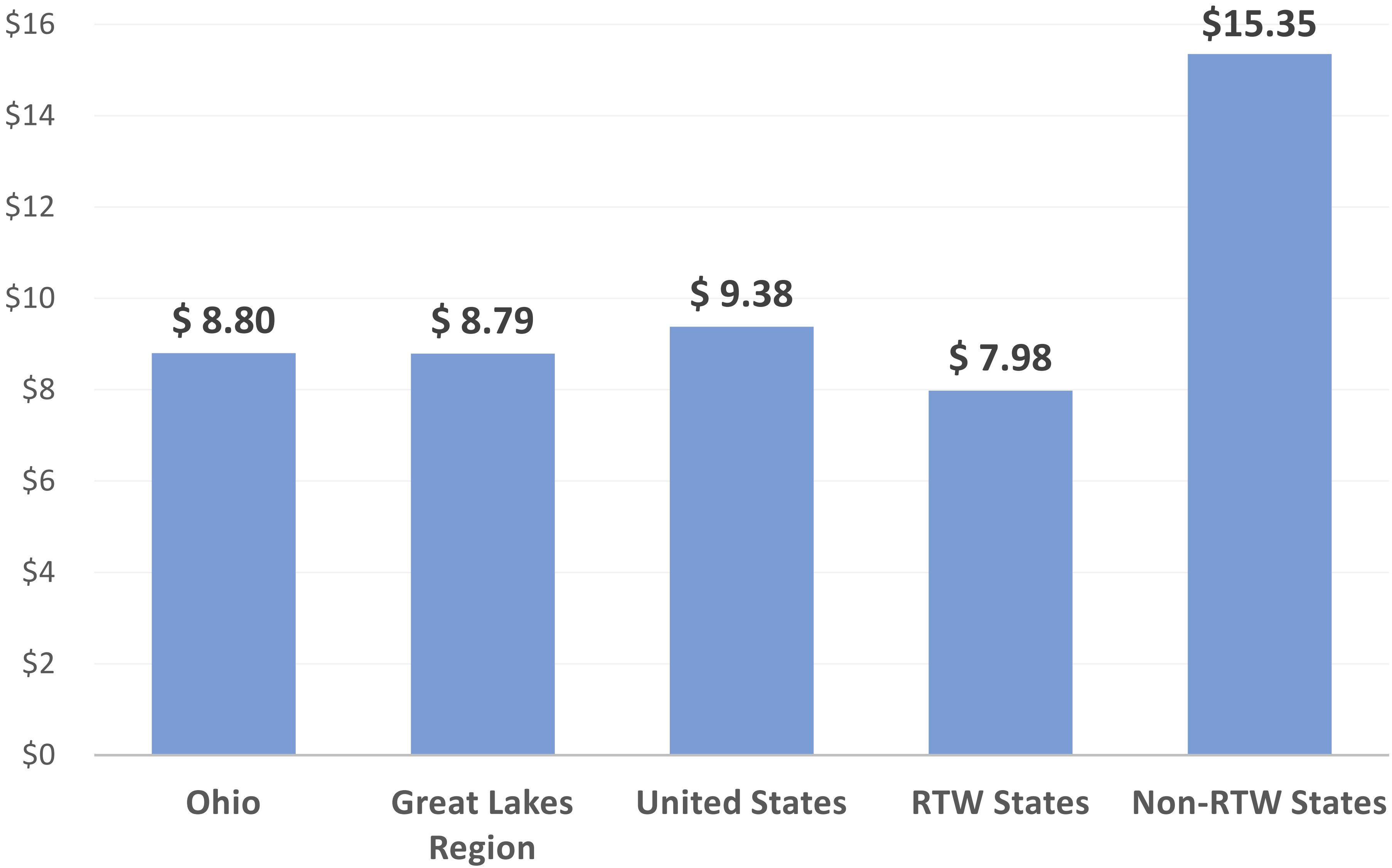
Non-RTW Average
$15.35

Non-RTW Average Rank
15.3

Great Lakes Region Average
$ 8.79

Source: Computed with data from U.S. Bureau of Labor Statistics (2023

Exhibit 40: State Minimum Wage (2021)



Source: Computed with data from U.S. Bureau of Labor Statistics (2023)

Exhibit 41: State and Local Tax Burden as a % of Income (2020)

Rank			Rank		
10	Alabama	8.25%	14	Montana	8.42%
1	Alaska	7.13%	36	Nebraska	9.94%
8	Arizona	8.06%	21	Nevada	8.87%
24	Arkansas	9.12%	6	New Hampshire	7.71%
37	California	10.01%	42	New Jersey	10.78%
20	Colorado	8.85%	43	New Mexico	10.84%
44	Connecticut	10.88%	50	New York	13.92%
40	Delaware	10.50%	11	North Carolina	8.25%
2	Florida	7.21%	47	North Dakota	12.48%
7	Georgia	7.88%	**25**	**Ohio**	**9.13%**
48	Hawaii	13.16%	12	Oklahoma	8.31%
15	Idaho	8.45%	29	Oregon	9.24%
39	Illinois	10.33%	26	Pennsylvania	9.15%
23	Indiana	9.11%	35	Rhode Island	9.77%
38	Iowa	10.24%	13	South Carolina	8.31%
30	Kansas	9.36%	4	South Dakota	7.49%
27	Kentucky	9.20%	3	Tennessee	7.32%
19	Louisiana	8.68%	16	Texas	8.56%
46	Maine	11.95%	18	Utah	8.64%
49	Maryland	13.51%	45	Vermont	11.23%
32	Massachusetts	9.43%	22	Virginia	9.08%
9	Michigan	8.09%	28	Washington	9.20%
41	Minnesota	10.59%	33	West Virginia	9.53%
31	Mississippi	9.39%	34	Wisconsin	9.57%
5	Missouri	7.68%	17	Wyoming	8.58%

RTW (white) / NRTW (shaded)

RTW Average
8.8%

RTW Average Rank
19.6

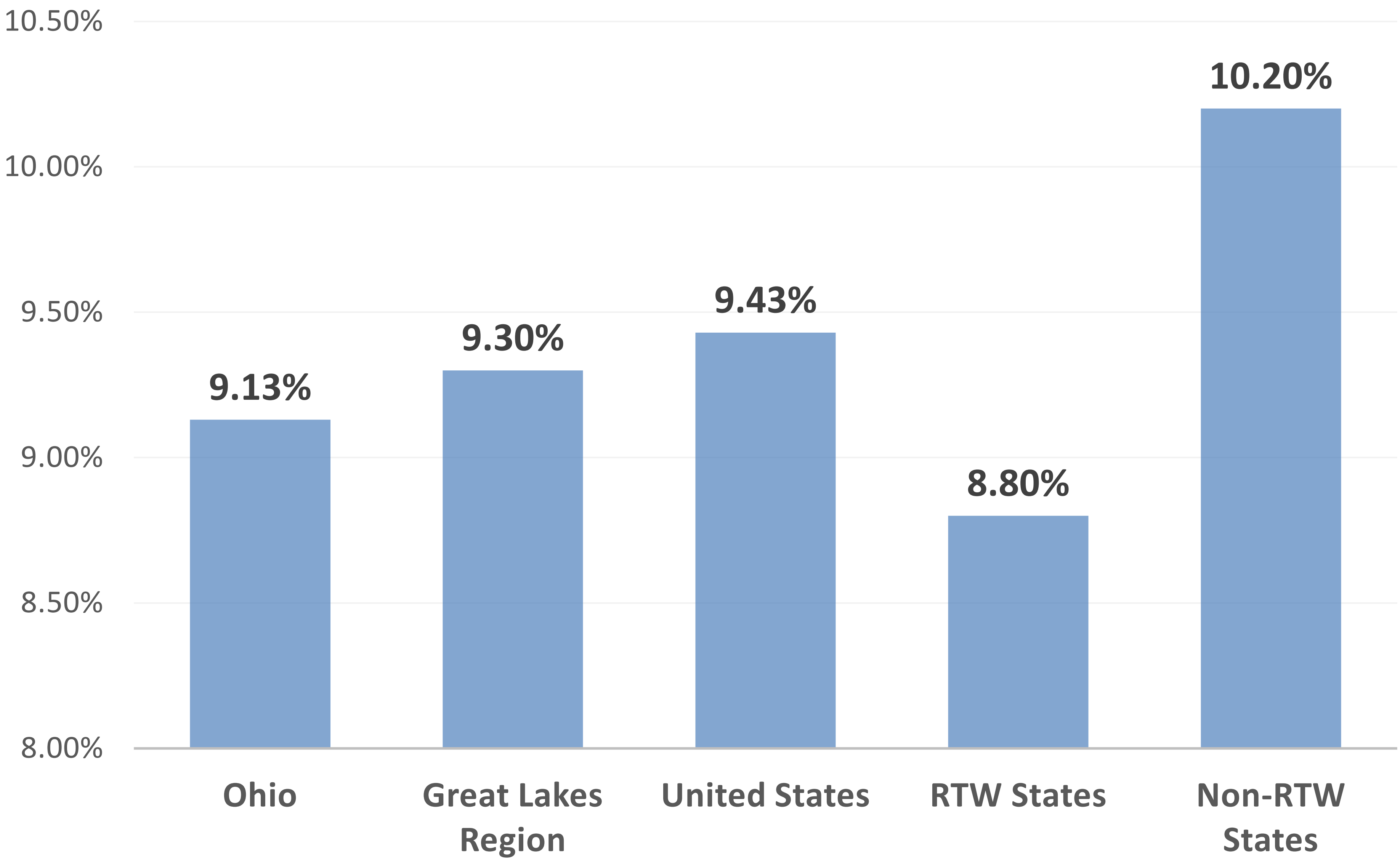
Non-RTW Average
10.2%

Non-RTW Average Rank
32.4

Great Lakes Region Average
9.3%

Source: Tax Policy Center (2023)

Exhibit 42: State and Local Tax Burden as a % of Income (2020)



Source: Tax Policy Center (2023)

Exhibit 43: Average State and Local Corporate Tax Rate (2021)

Rank	State	Rate	Rank	State	Rate
24	Alabama	6.5%	28	Montana	6.8%
45	Alaska	9.4%	36	Nebraska	7.8%
12	Arizona	4.9%	1	Nevada	0.0%
22	Arkansas	6.2%	35	New Hampshire	7.7%
43	California	8.8%	50	New Jersey	11.5%
11	Colorado	4.6%	29	New Mexico	6.9%
33	Connecticut	7.5%	25	New York	6.5%
42	Delaware	8.7%	7	North Carolina	2.5%
10	Florida	4.5%	9	North Dakota	4.3%
18	Georgia	5.8%	**2**	**Ohio**	**0.0%**
23	Hawaii	6.4%	20	Oklahoma	6.0%
30	Idaho	6.9%	34	Oregon	7.6%
46	Illinois	9.5%	49	Pennsylvania	10.0%
17	Indiana	5.3%	32	Rhode Island	7.0%
47	Iowa	9.8%	16	South Carolina	5.0%
31	Kansas	7.0%	3	South Dakota	0.0%
14	Kentucky	5.0%	26	Tennessee	6.5%
38	Louisiana	8.0%	4	Texas	0.0%
44	Maine	8.9%	13	Utah	5.0%
40	Maryland	8.3%	41	Vermont	8.5%
39	Massachusetts	8.0%	21	Virginia	6.0%
19	Michigan	6.0%	5	Washington	0.0%
48	Minnesota	9.8%	27	West Virginia	6.5%
15	Mississippi	5.0%	37	Wisconsin	7.9%
8	Missouri	4.0%	6	Wyoming	0.0%

RTW

NRTW

RTW Average
5.1%

RTW Average Rank
19.4

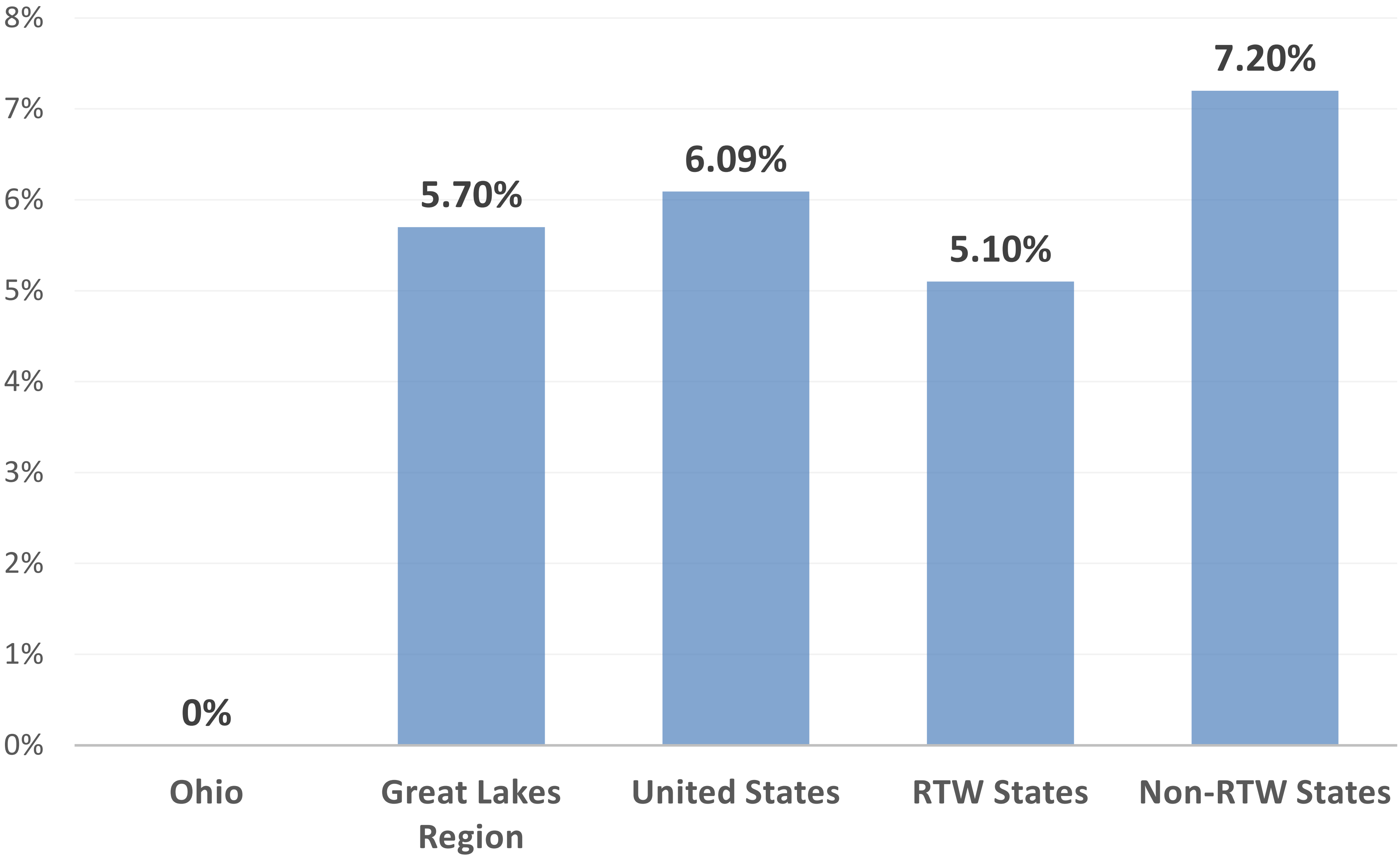
Non-RTW Average
7.2%

Non-RTW Average Rank
32.7

Great Lakes Region Average
5.7%

Source: Tax Foundation (2023)

Exhibit 44: Average State and Local Corporate Tax Rate (2021)



Source: Tax Foundation (2023)

Exhibit 45: Average State Sales Tax Rate (2022)

Rank	State	Rate
7	Alabama	4.0%
1	Alaska	0.0%
23	Arizona	5.6%
40	Arkansas	6.5%
50	California	7.3%
6	Colorado	2.9%
39	Connecticut	6.4%
1	Delaware	0.0%
25	Florida	6.0%
7	Georgia	4.0%
7	Hawaii	4.0%
25	Idaho	6.0%
36	Illinois	6.3%
46	Indiana	7.0%
25	Iowa	6.0%
40	Kansas	6.5%
25	Kentucky	6.0%
13	Louisiana	4.5%
21	Maine	5.5%
25	Maryland	6.0%
36	Massachusetts	6.3%
25	Michigan	6.0%
44	Minnesota	6.9%
46	Mississippi	7.0%
12	Missouri	4.2%

Rank	State	Rate
1	Montana	0.0%
21	Nebraska	5.5%
44	Nevada	6.9%
1	New Hampshire	0.0%
43	New Jersey	6.6%
19	New Mexico	5.1%
7	New York	4.0%
16	North Carolina	4.8%
17	North Dakota	5.0%
24	**Ohio**	**5.8%**
13	Oklahoma	4.5%
1	Oregon	0.0%
25	Pennsylvania	6.0%
46	Rhode Island	7.0%
25	South Carolina	6.0%
13	South Dakota	4.5%
46	Tennessee	7.0%
36	Texas	6.3%
35	Utah	6.1%
25	Vermont	6.0%
20	Virginia	5.3%
40	Washington	6.5%
25	West Virginia	6.0%
17	Wisconsin	5.0%
7	Wyoming	4.0%

RTW (white) | NRTW (shaded)

RTW Average
5.6%

RTW Average Rank
25.3

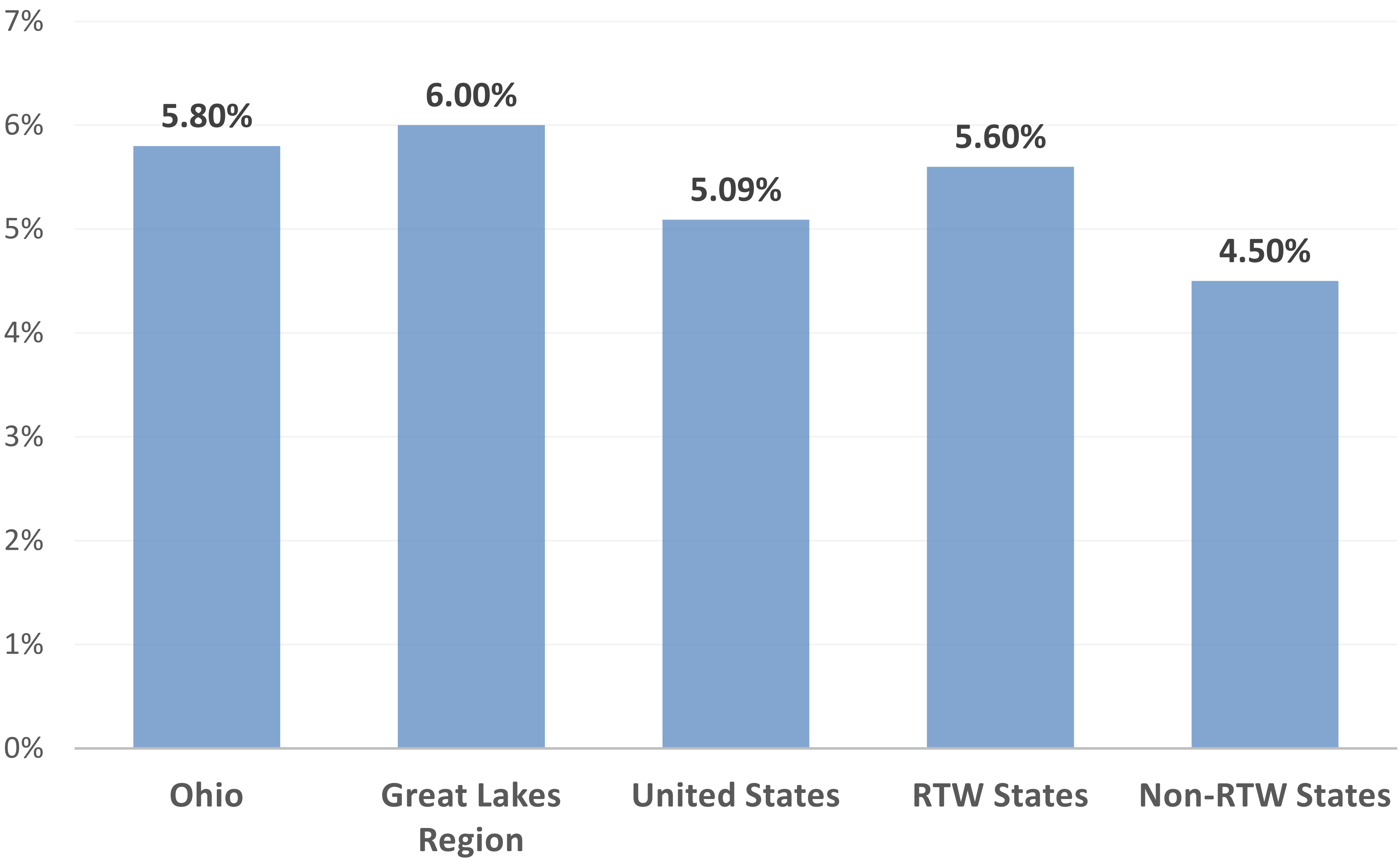
Non-RTW Average
4.5%

Non-RTW Average Rank
22.2

Great Lakes Region Average
6%

Source: Computed with data from Tax Foundation (2023)

Exhibit 46: Average State Sales Tax Rate (2022)



Source: Computed with data from Tax Foundation (2023)

Exhibit 47: Property Tax Burden Ranking (2018)

Rank	State	Rank	State
12	Alabama	9	Montana
38	Alaska	40	Nebraska
6	Arizona	8	Nevada
22	Arkansas	44	New Hampshire
13	California	50	New Jersey
14	Colorado	1	New Mexico
49	Connecticut	47	New York
20	Delaware	32	North Carolina
10	Florida	2	North Dakota
23	Georgia	**11**	**Ohio**
16	Hawaii	15	Oklahoma
3	Idaho	18	Oregon
45	Illinois	33	Pennsylvania
4	Indiana	43	Rhode Island
39	Iowa	24	South Carolina
19	Kansas	25	South Dakota
36	Kentucky	29	Tennessee
30	Louisiana	37	Texas
41	Maine	5	Utah
42	Maryland	48	Vermont
46	Massachusetts	31	Virginia
21	Michigan	27	Washington
28	Minnesota	17	West Virginia
35	Mississippi	26	Wisconsin
7	Missouri	34	Wyoming

RTW

NRTW

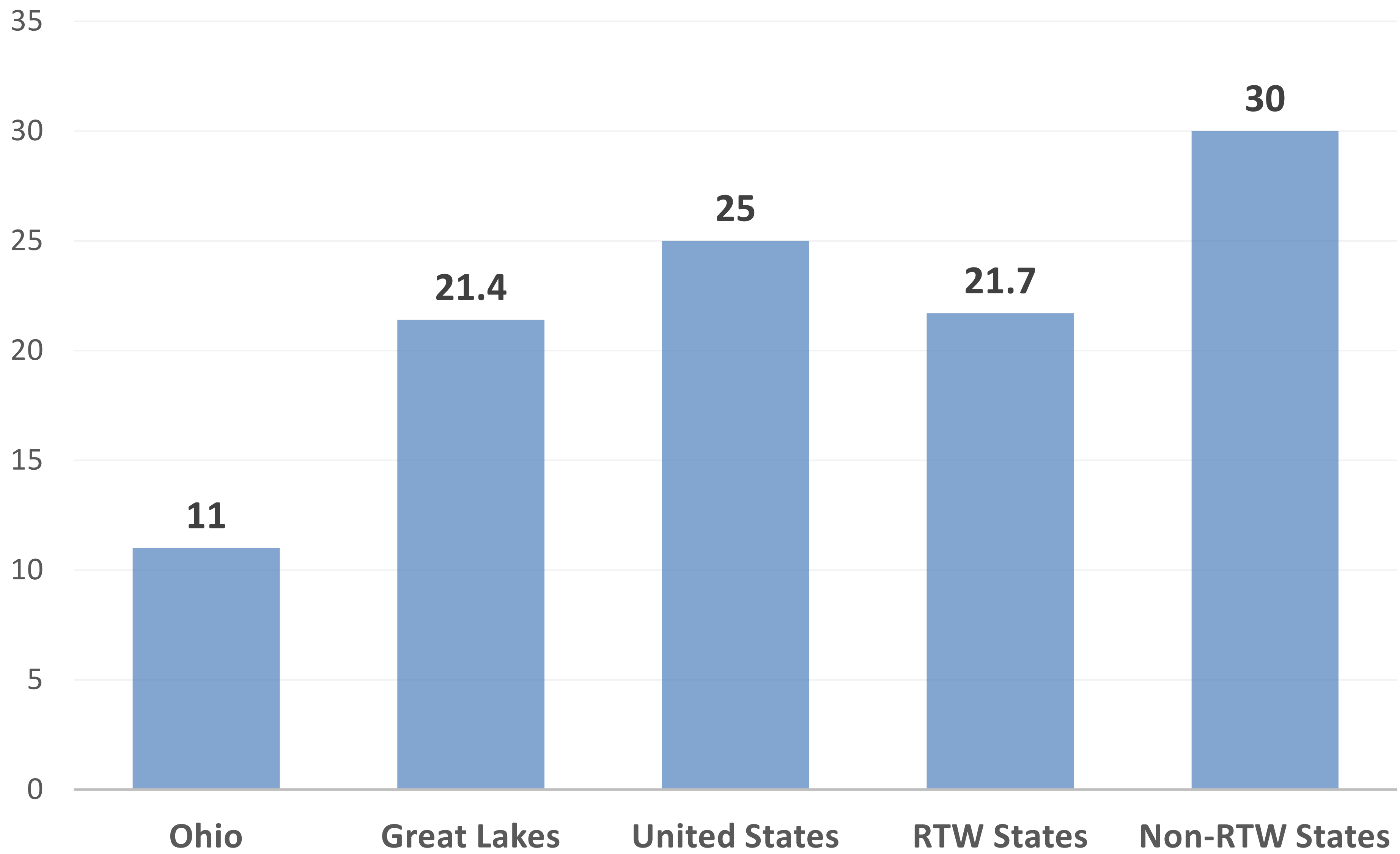
RTW Average Rank
21.7

Non-RTW Average Rank
30

Great Lakes Average Rank
21.4

Source: Tax Foundation (2022)

Exhibit 48: Property Tax Burden Ranking (2018)



Source: Tax Foundation (2022)

Exhibit 49: State Debt as a % of GSP (2020)

Rank	State	%	Rank	State	%
29	Alabama	15.15%	8	Montana	11.06%
44	Alaska	18.64%	12	Nebraska	11.62%
10	Arizona	11.39%	38	Nevada	17.04%
28	Arkansas	15.12%	11	New Hampshire	11.43%
40	California	17.20%	27	New Jersey	14.75%
39	Colorado	17.14%	34	New Mexico	16.53%
45	Connecticut	19.19%	49	New York	21.16%
6	Delaware	10.39%	3	North Carolina	7.97%
13	Florida	11.71%	41	North Dakota	17.86%
4	Georgia	10.07%	**20**	**Ohio**	**13.63%**
48	Hawaii	20.90%	5	Oklahoma	10.20%
2	Idaho	7.09%	37	Oregon	16.89%
43	Illinois	18.59%	35	Pennsylvania	16.65%
21	Indiana	13.92%	47	Rhode Island	20.04%
7	Iowa	10.41%	30	South Carolina	15.36%
33	Kansas	16.02%	14	South Dakota	11.79%
50	Kentucky	24.47%	18	Tennessee	13.24%
19	Louisiana	13.40%	42	Texas	18.11%
16	Maine	12.51%	9	Utah	11.10%
24	Maryland	14.37%	22	Vermont	13.94%
36	Massachusetts	16.81%	15	Virginia	12.50%
32	Michigan	15.74%	26	Washington	14.72%
31	Minnesota	15.59%	46	West Virginia	19.75%
17	Mississippi	12.59%	23	Wisconsin	14.27%
25	Missouri	14.46%	1	Wyoming	5.90%

RTW

NRTW

RTW Average
13.5%

RTW Average Rank
20.8

Non-RTW Average
15.9%

Non-RTW Average Rank
31

Great Lakes Region Average
15.2%

Source: Statista (2023)

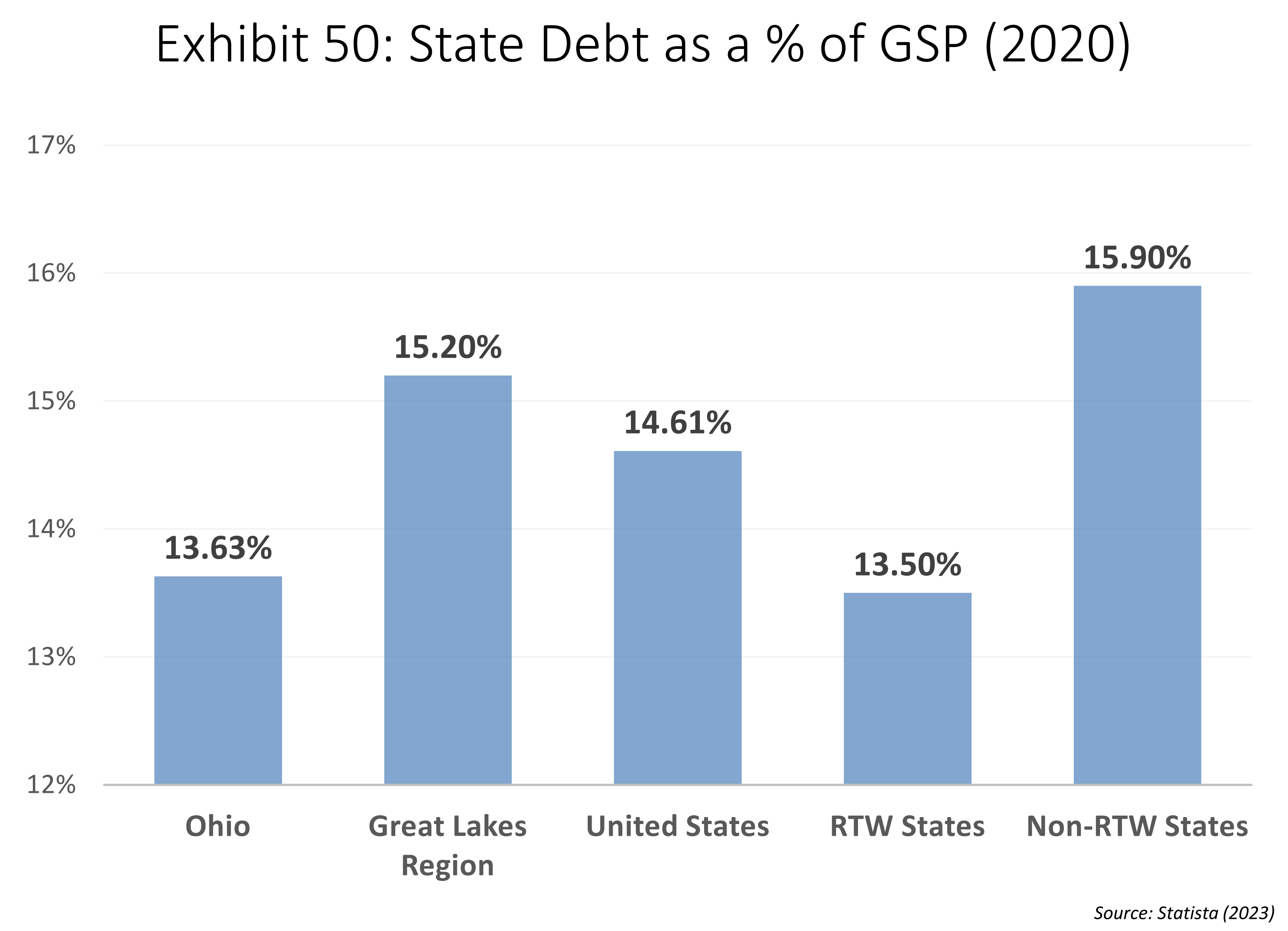


Exhibit 50: State Debt as a % of GSP (2020)
17%
16%
15%
14%
13%
12%
13.63%
15.20%
14.61%
13.50%
15.90%
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Statista (2023)

Exhibit 51: State Debt Per Capita (2022)

Rank	State	Debt Per Capita	Rank	State	Debt Per Capita
10	Alabama	$ 1,783	19	Montana	$ 2,939
47	Alaska	$ 8,029	2	Nebraska	$ 1,022
12	Arizona	$ 2,084	3	Nevada	$ 1,096
6	Arkansas	$ 1,616	43	New Hampshire	$ 5,894
34	California	$ 3,850	46	New Jersey	$ 7,431
20	Colorado	$ 3,017	27	New Mexico	$ 3,333
49	Connecticut	$ 10,320	45	New York	$ 6,931
42	Delaware	$ 5,296	8	North Carolina	$ 1,666
7	Florida	$ 1,620	21	North Dakota	$ 3,118
4	Georgia	$ 1,273	**17**	**Ohio**	$ 2,853
44	Hawaii	$ 6,451	14	Oklahoma	$ 2,219
13	Idaho	$ 2,109	24	Oregon	$ 3,269
41	Illinois	$ 5,126	32	Pennsylvania	$ 3,683
28	Indiana	$ 3,387	48	Rhode Island	$ 8,559
11	Iowa	$ 1,902	25	South Carolina	$ 3,272
26	Kansas	$ 3,280	35	South Dakota	$ 3,907
23	Kentucky	$ 3,258	1	Tennessee	$ 914
33	Louisiana	$ 3,823	9	Texas	$ 1,769
31	Maine	$ 3,643	15	Utah	$ 2,304
40	Maryland	$ 4,626	38	Vermont	$ 3,998
50	Massachusetts	$ 11,264	30	Virginia	$ 3,402
29	Michigan	$ 3,397	39	Washington	$ 4,541
18	Minnesota	$ 2,934	36	West Virginia	$ 3,950
16	Mississippi	$ 2,440	37	Wisconsin	$ 3,993
22	Missouri	$ 3,136	5	Wyoming	$ 1,326

RTW

NRTW

RTW Average
$ 2,442

RTW Average Rank
17

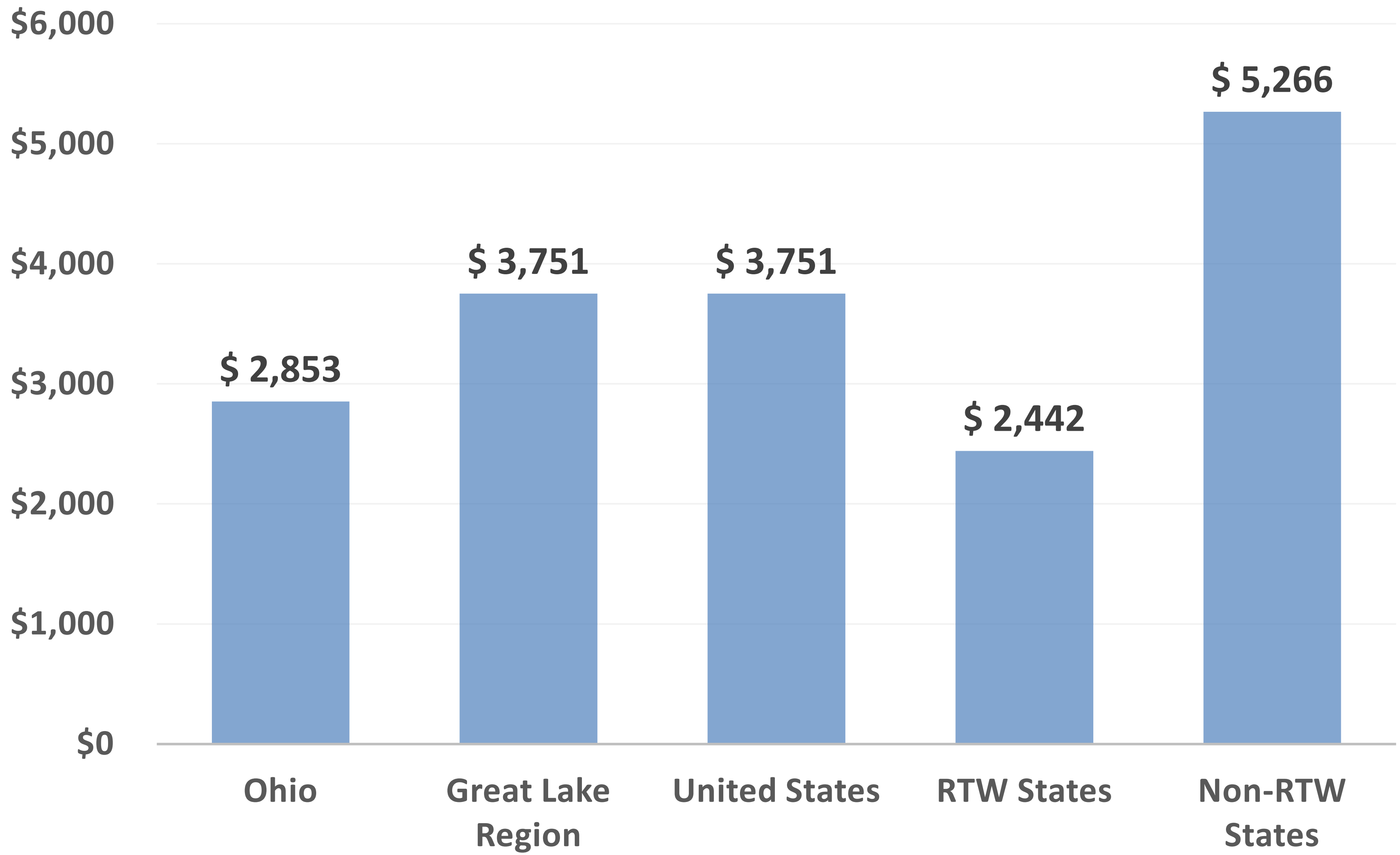
Non-RTW Average
$ 5,266

Non-RTW Average Rank
35.5

Great Lakes Region Average
$ 3,751

Source: Computed with data from United States Census Bureau (2023)

Exhibit 52: State Debt Per Capita (2022)



Source: Computed with data from United States Census Bureau (2023)

Exhibit 53: State Debt as a Share of Tax Revenue (2020)

Rank	State	Debt as Share of Tax Revenue	Rank	State	Debt as Share of Tax Revenue
16	Alabama	82.48%	18	Montana	86.03%
50	Alaska	443.75%	3	Nebraska	44.15%
13	Arizona	73.34%	1	Nevada	38.64%
14	Arkansas	73.77%	48	New Hampshire	263.92%
17	California	83.76%	43	New Jersey	168.90%
38	Colorado	133.52%	23	New Mexico	101.65%
46	Connecticut	224.79%	42	New York	168.25%
31	Delaware	111.28%	5	North Carolina	53.35%
6	Florida	58.01%	11	North Dakota	69.59%
8	Georgia	59.79%	**22**	**Ohio**	**99.45%**
34	Hawaii	122.35%	15	Oklahoma	76.72%
9	Idaho	63.41%	33	Oregon	114.29%
39	Illinois	143.21%	37	Pennsylvania	127.16%
28	Indiana	106.56%	49	Rhode Island	265.73%
7	Iowa	58.63%	29	South Carolina	109.34%
12	Kansas	71.72%	44	South Dakota	191.11%
30	Kentucky	109.46%	2	Tennessee	40.88%
40	Louisiana	148.13%	21	Texas	94.88%
27	Maine	106.18%	19	Utah	86.97%
36	Maryland	122.93%	25	Vermont	104.19%
47	Massachusetts	244.45%	26	Virginia	104.55%
35	Michigan	122.60%	24	Washington	102.22%
10	Minnesota	64.95%	45	West Virginia	212.86%
20	Mississippi	89.98%	32	Wisconsin	111.59%
41	Missouri	152.86%	4	Wyoming	48.35%

RTW ☐

NRTW ■

RTW Average
88.92%

RTW Average Rank
18.3

Non-RTW Average
154.6%

Non-RTW Average Rank
33.9

Great Lakes Region Average
116.68%

Source: Calculated by McNair Center from States Data (2022)

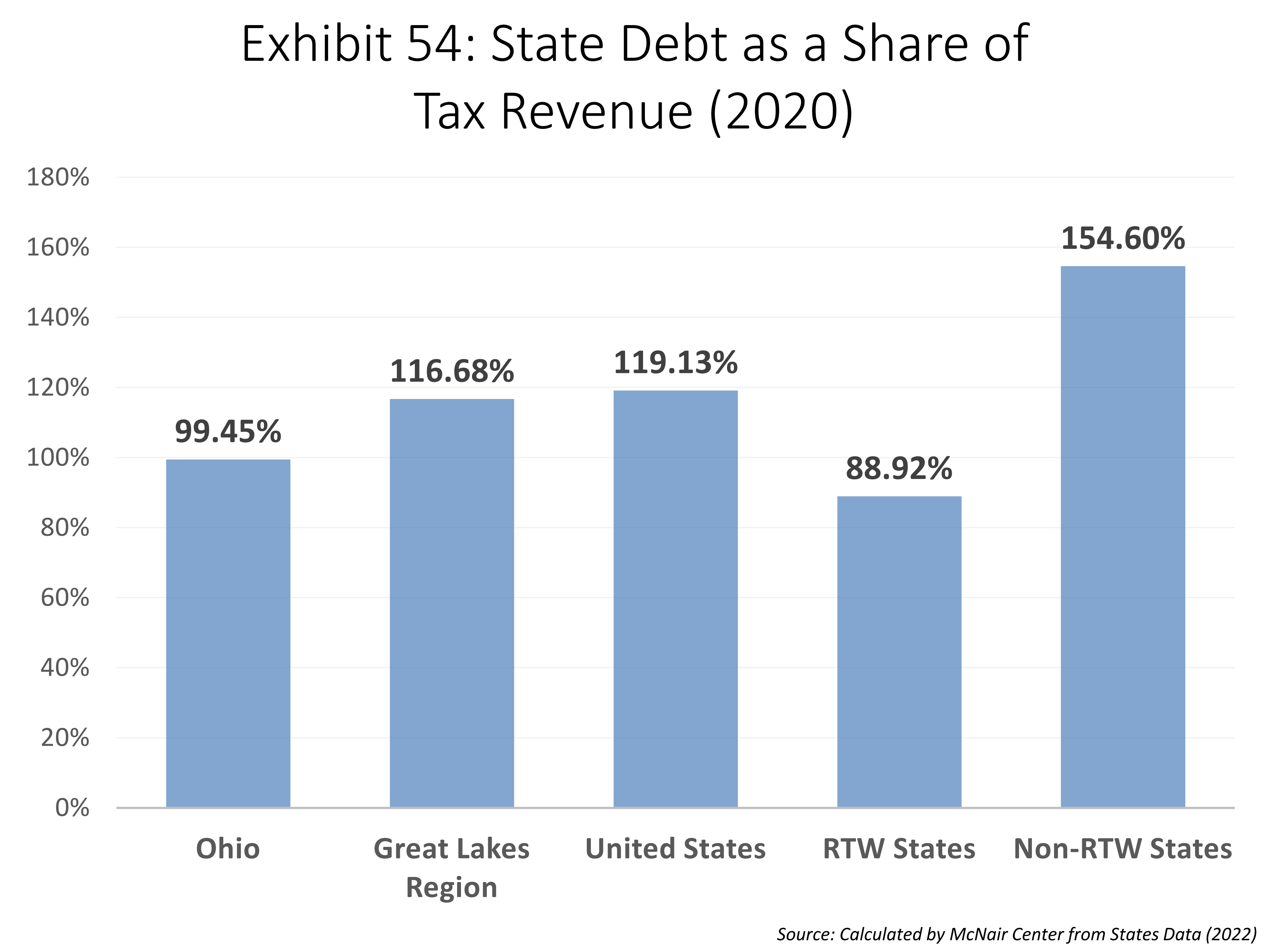


Exhibit 54: State Debt as a Share of Tax Revenue (2020)
180%
160%
140%
120%
100%
80%
60%
40%
20%
0%
99.45%
116.68%
119.13%
88.92%
154.60%
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Calculated by McNair Center from States Data (2022)

Exhibit 55: Debt Service as a Share of Revenue (2022)

Rank			Rank		
31	Alabama	6.22%	9	Montana	4.54%
48	Alaska	8.86%	16	Nebraska	4.97%
25	Arizona	5.81%	41	Nevada	7.96%
7	Arkansas	4.32%	29	New Hampshire	6.20%
37	California	7.22%	17	New Jersey	5.04%
44	Colorado	8.34%	26	New Mexico	5.98%
33	Connecticut	6.77%	49	New York	9.00%
21	Delaware	5.44%	18	North Carolina	5.13%
20	Florida	5.42%	11	North Dakota	4.74%
23	Georgia	5.58%	**27**	**Ohio**	**6.13%**
4	Hawaii	3.56%	15	Oklahoma	4.89%
6	Idaho	3.89%	30	Oregon	6.21%
50	Illinois	10.62%	32	Pennsylvania	6.50%
38	Indiana	7.31%	42	Rhode Island	8.10%
5	Iowa	3.79%	36	South Carolina	7.10%
19	Kansas	5.14%	24	South Dakota	5.81%
34	Kentucky	6.90%	45	Tennessee	8.55%
28	Louisiana	6.16%	46	Texas	8.60%
3	Maine	2.91%	12	Utah	4.77%
35	Maryland	7.04%	2	Vermont	2.73%
39	Massachusetts	7.32%	22	Virginia	5.47%
40	Michigan	7.37%	43	Washington	8.33%
14	Minnesota	4.86%	10	West Virginia	4.59%
13	Mississippi	4.84%	8	Wisconsin	4.41%
47	Missouri	8.61%	1	Wyoming	2.04%

RTW (white)

NRTW (shaded)

RTW Average
5.62%

RTW Average Rank
22

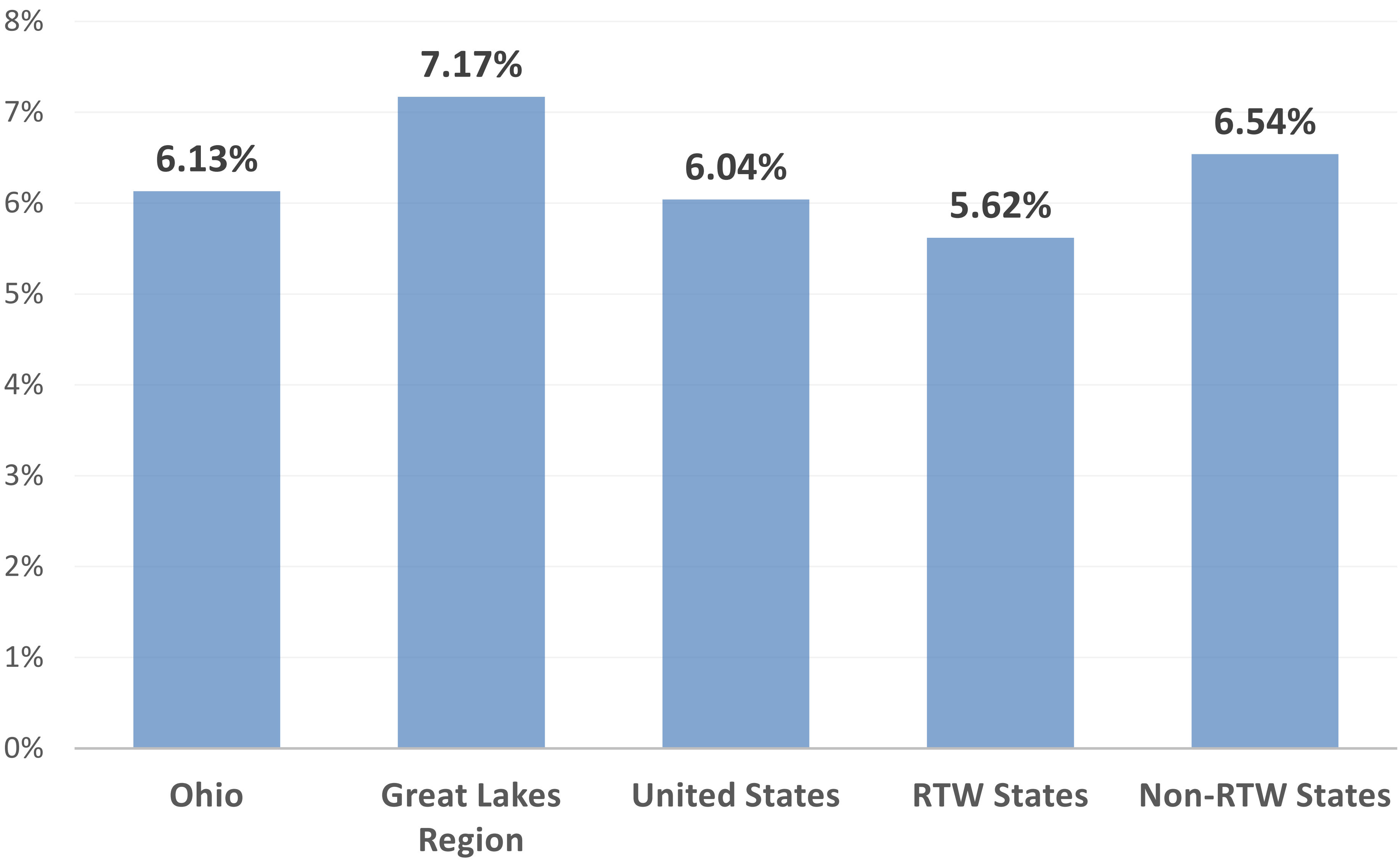
Non-RTW Average
6.54%

Non-RTW Average Rank
29.6

Great Lakes Region Average
7.17%

Source: Rich States, Poor States (2023)

Exhibit 56: Debt Service as a Share of Revenue (2022)



Source: Rich States, Poor States (2023)

Exhibit 57: State Liability System Rank (2022)

Rank	State	Rank	State
42	Alabama	7	Montana
5	Alaska	8	Nebraska
17	Arizona	29	Nevada
30	Arkansas	18	New Hampshire
48	California	43	New Jersey
21	Colorado	22	New Mexico
3	Connecticut	36	New York
1	Delaware	16	North Carolina
46	Florida	6	North Dakota
41	Georgia	**35**	**Ohio**
15	Hawaii	14	Oklahoma
9	Idaho	25	Oregon
50	Illinois	39	Pennsylvania
31	Indiana	24	Rhode Island
23	Iowa	37	South Carolina
32	Kansas	10	South Dakota
40	Kentucky	34	Tennessee
49	Louisiana	38	Texas
2	Maine	19	Utah
27	Maryland	11	Vermont
28	Massachusetts	12	Virginia
33	Michigan	26	Washington
20	Minnesota	45	West Virginia
47	Mississippi	13	Wisconsin
44	Missouri	4	Wyoming

RTW

NRTW

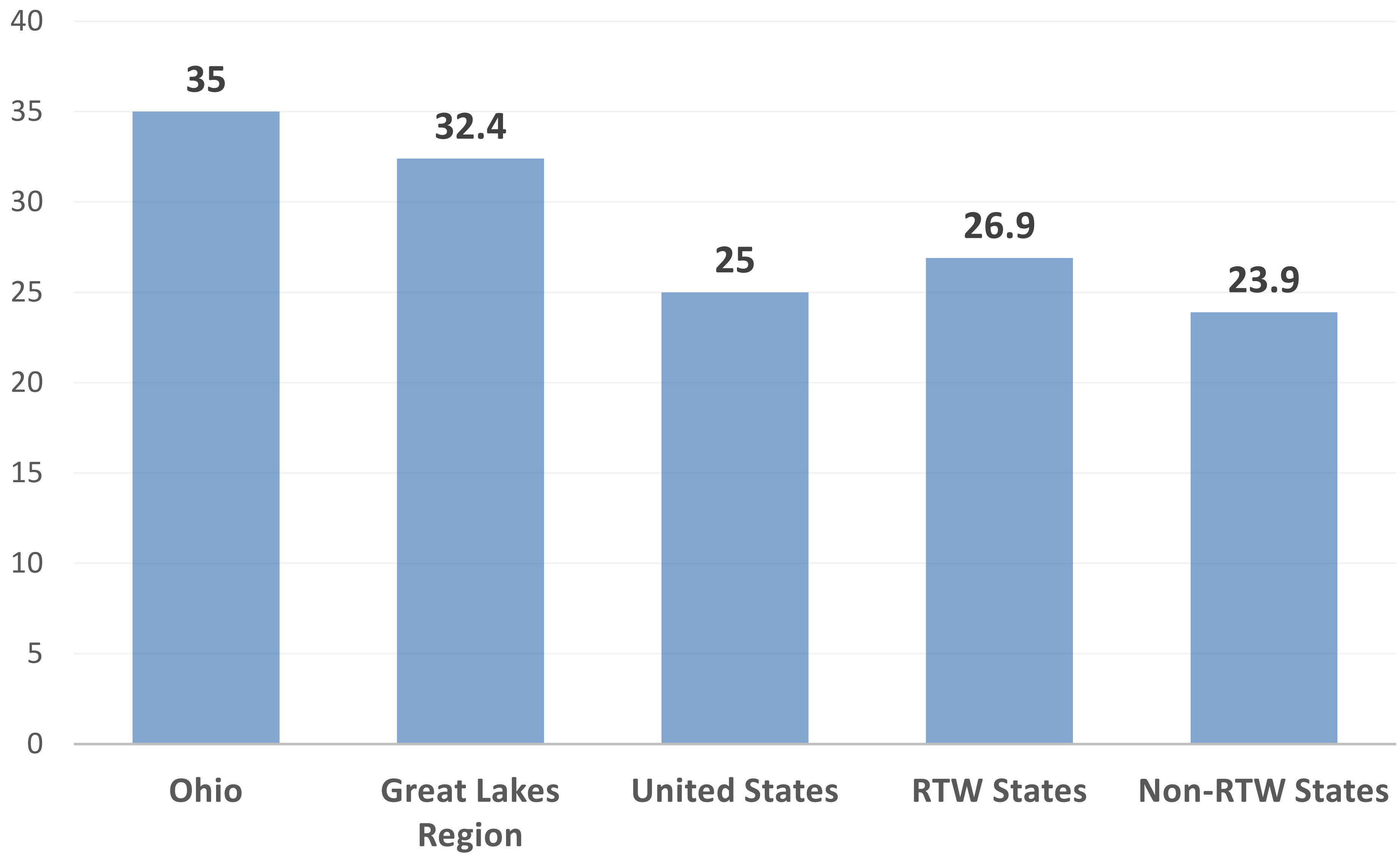
RTW Average Rank
26.9

Non-RTW Average Rank
23.9

Great Lakes Average Rank
32.4

Source: Computed with data from United States Chamber of Commerce (2023)

Exhibit 58: State Liability System Rank (2022)



Source: Computed with data from United States Chamber of Commerce (2023)

Exhibit 59: Total Government Employees per 10,000 people (2021)

Rank			Rank		
31	Alabama	808	37	Montana	868
50	Alaska	1,390	39	Nebraska	882
5	Arizona	613	2	Nevada	563
23	Arkansas	729	9	New Hampshire	647
16	California	694	6	New Jersey	632
38	Colorado	876	43	New Mexico	940
12	Connecticut	660	22	New York	726
26	Delaware	753	30	North Carolina	796
1	Florida	549	47	North Dakota	1,155
19	Georgia	714	**13**	**Ohio**	**661**
48	Hawaii	1,195	41	Oklahoma	916
18	Idaho	710	15	Oregon	678
11	Illinois	660	3	Pennsylvania	577
7	Indiana	637	14	Rhode Island	671
34	Iowa	838	29	South Carolina	775
46	Kansas	1,002	44	South Dakota	968
27	Kentucky	755	8	Tennessee	643
25	Louisiana	746	17	Texas	707
28	Maine	763	32	Utah	811
42	Maryland	919	36	Vermont	848
10	Massachusetts	650	45	Virginia	992
4	Michigan	583	33	Washington	831
21	Minnesota	719	35	West Virginia	840
40	Mississippi	895	20	Wisconsin	716
24	Missouri	739	49	Wyoming	1,277

RTW (white rows) / NRTW (shaded rows)

RTW Average
801

RTW Average Rank
26.6

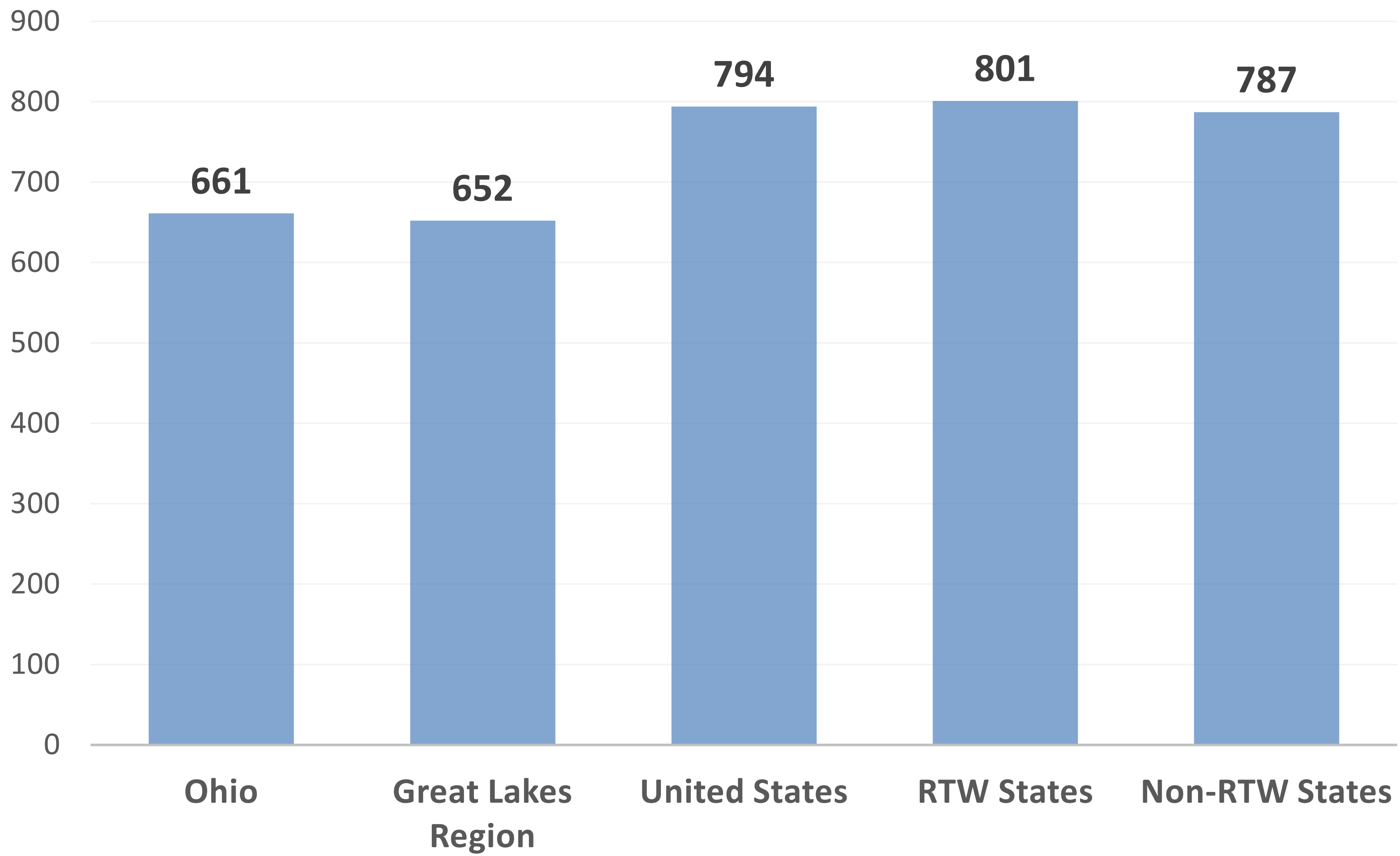
Non-RTW Average
787

Non-RTW Average Rank
24.2

Great Lakes Region Average
652

Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 60: Total Government Employees per 10,000 people (2021)



Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 61: State and Local Government Employees (2021)

Rank			Rank		
34	Alabama	641	38	Montana	676
48	Alaska	812	44	Nebraska	731
4	Arizona	486	1	Nevada	431
29	Arkansas	611	13	New Hampshire	557
19	California	579	11	New Jersey	552
40	Colorado	684	43	New Mexico	714
17	Connecticut	573	33	New York	641
24	Delaware	605	25	North Carolina	606
2	Florida	432	49	North Dakota	875
7	Georgia	525	**15**	**Ohio**	**564**
23	Hawaii	594	41	Oklahoma	700
22	Idaho	591	21	Oregon	585
14	Illinois	558	3	Pennsylvania	476
10	Indiana	551	5	Rhode Island	498
45	Iowa	746	30	South Carolina	613
47	Kansas	803	46	South Dakota	748
16	Kentucky	570	8	Tennessee	538
26	Louisiana	606	18	Texas	576
27	Maine	606	36	Utah	643
9	Maryland	543	39	Vermont	683
12	Massachusetts	557	28	Virginia	609
6	Michigan	513	35	Washington	642
31	Minnesota	627	37	West Virginia	653
42	Mississippi	714	32	Wisconsin	639
20	Missouri	584	50	Wyoming	1,034

RTW

NRTW

RTW Average
636

RTW Average Rank
27.2

Non-RTW Average
604

Non-RTW Average Rank
23.5

Great Lakes Region Average
564.9

Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

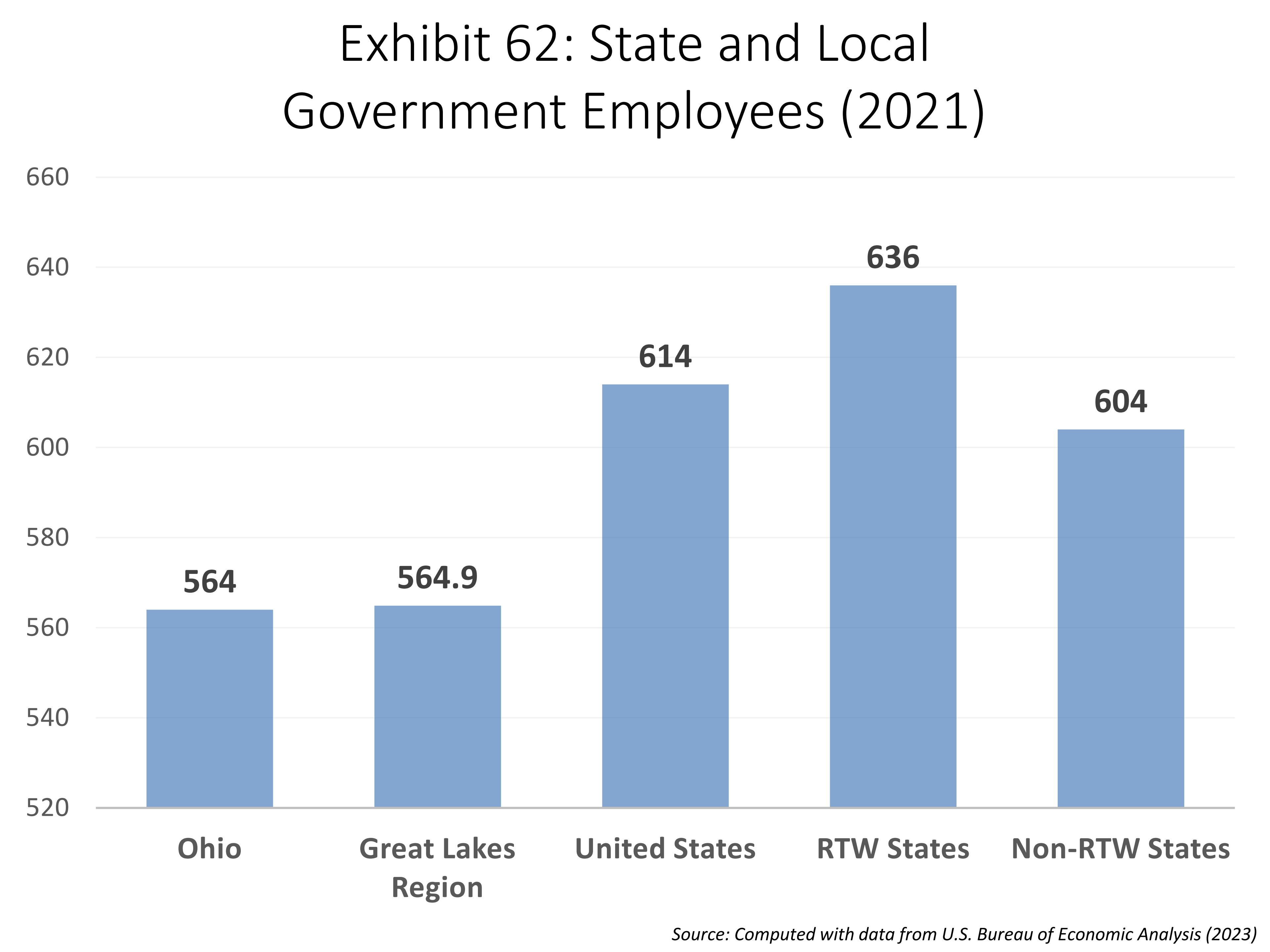


Exhibit 62: State and Local Government Employees (2021)
660
640
620
600
580
560
540
520
564
564.9
614
636
604
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Computed with data from U.S. Bureau of Economic Analysis (2023)

Exhibit 63: Bailout Funds per Capita (2019)

Rank	41	Alabama	$ 59.58	Rank	1	Montana	$ 0.77
	7	Alaska	$ 4.35		3	Nebraska	$ 2.65
	14	Arizona	$ 6.06		34	Nevada	$ 22.01
	23	Arkansas	$ 9.00		9	New Hampshire	$ 4.99
	21	California	$ 8.26		29	New Jersey	$ 15.64
	18	Colorado	$ 7.44		12	New Mexico	$ 5.73
	44	Connecticut	$ 107.59		47	New York	$ 221.41
	50	Delaware	$ 1,508.50		45	North Carolina	$ 117.62
	20	Florida	$ 7.85		39	North Dakota	$ 28.10
	33	Georgia	$ 20.88		**38**	**Ohio**	$ 27.52
	36	Hawaii	$ 24.02		26	Oklahoma	$ 11.31
	13	Idaho	$ 5.79		30	Oregon	$ 17.42
	16	Illinois	$ 7.16		32	Pennsylvania	$ 19.44
	10	Indiana	$ 5.06		40	Rhode Island	$ 46.33
	43	Iowa	$ 94.70		25	South Carolina	$ 9.20
	4	Kansas	$ 2.88		35	South Dakota	$ 22.86
	24	Kentucky	$ 9.20		17	Tennessee	$ 7.35
	11	Louisiana	$ 5.50		6	Texas	$ 3.99
	22	Maine	$ 8.68		46	Utah	$ 168.04
	5	Maryland	$ 3.61		2	Vermont	$ 1.75
	37	Massachusetts	$ 24.37		48	Virginia	$ 253.42
	49	Michigan	$ 385.29		15	Washington	$ 6.50
	42	Minnesota	$ 62.54		28	West Virginia	$ 12.88
	27	Mississippi	$ 11.76		31	Wisconsin	$ 18.01
	19	Missouri	$ 7.48		8	Wyoming	$ 4.58

RTW

NRTW

RTW Average
$ 48.35

RTW Average Rank
26.04

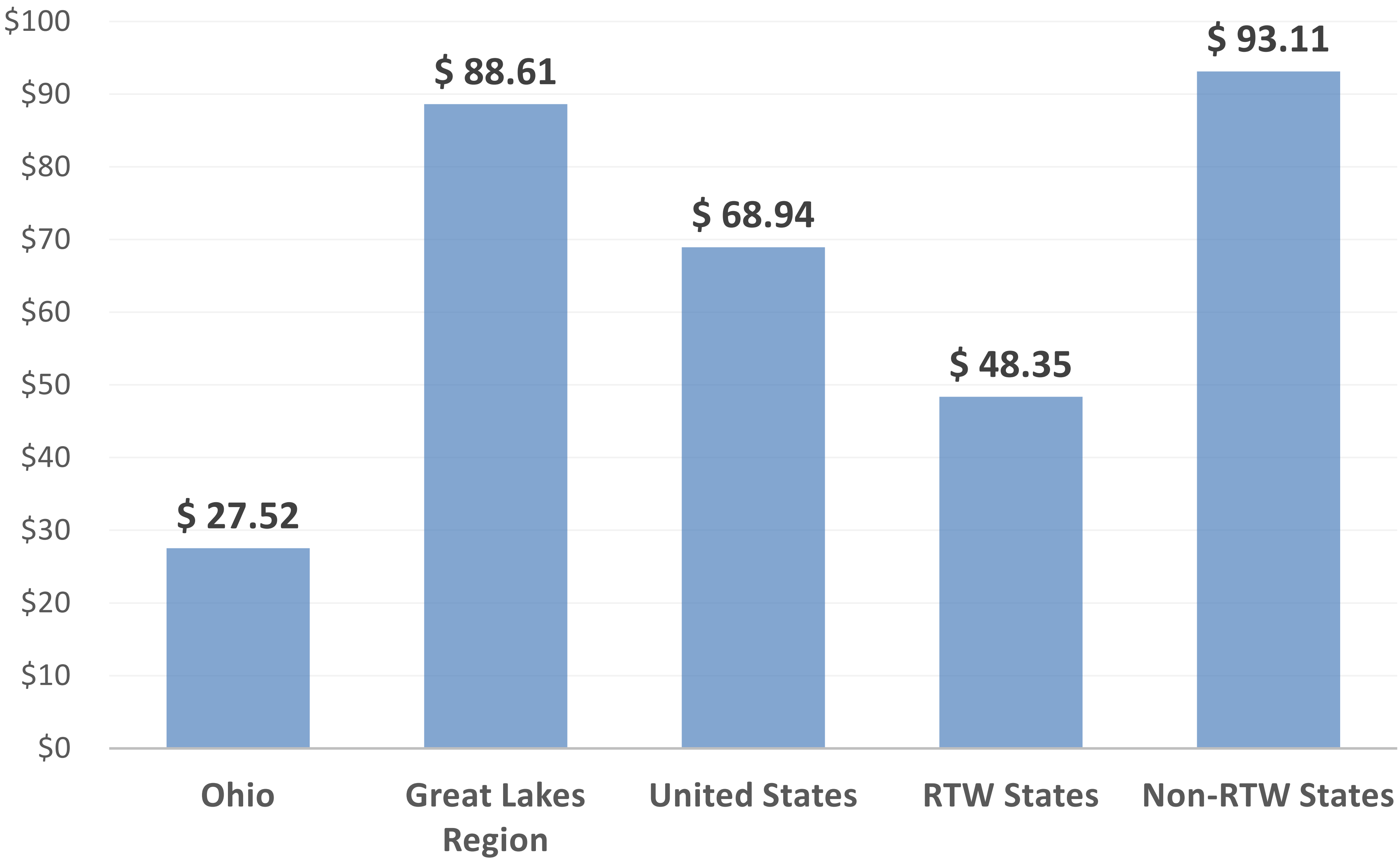
Non-RTW Average
$ 93.11

Non-RTW Average Rank
24.9

Great Lakes Average
$ 88.61

Source: Computed with data from Propublica (2023)

Exhibit 64: Bailout Funds per Capita (2019)



Source: Computed with data from Propublica (2023)

Exhibit 65: Average Price of Annual Car Insurance Policy (2023)

Rank	State	Price	Rank	State	Price
22	Alabama	$ 1,542	32	Montana	$ 1,692
11	Alaska	$ 1,359	41	Nebraska	$ 2,018
29	Arizona	$ 1,617	43	Nevada	$ 2,023
26	Arkansas	$ 1,597	8	New Hampshire	$ 1,307
46	California	$ 2,115	39	New Jersey	$ 1,901
40	Colorado	$ 1,940	20	New Mexico	$ 1,505
34	Connecticut	$ 1,750	42	New York	$ 2,020
48	Delaware	$ 2,137	12	North Carolina	$ 1,368
50	Florida	$ 2,560	15	North Dakota	$ 1,419
31	Georgia	$ 1,647	**1**	**Ohio**	**$ 1,023**
7	Hawaii	$ 1,306	35	Oklahoma	$ 1,797
3	Idaho	$ 1,121	5	Oregon	$ 1,244
23	Illinois	$ 1,578	16	Pennsylvania	$ 1,445
6	Indiana	$ 1,256	36	Rhode Island	$ 1,845
9	Iowa	$ 1,321	38	South Carolina	$ 1,894
25	Kansas	$ 1,594	24	South Dakota	$ 1,581
45	Kentucky	$ 2,105	14	Tennessee	$ 1,373
49	Louisiana	$ 2,546	37	Texas	$ 1,875
2	Maine	$ 1,116	17	Utah	$ 1,469
30	Maryland	$ 1,640	4	Vermont	$ 1,158
21	Massachusetts	$ 1,538	10	Virginia	$ 1,321
47	Michigan	$ 2,133	13	Washington	$ 1,371
18	Minnesota	$ 1,493	28	West Virginia	$ 1,610
27	Mississippi	$ 1,606	19	Wisconsin	$ 1,499
44	Missouri	$ 2,104	33	Wyoming	$ 1,736

RTW

NRTW

RTW Average
$ 1,690

RTW Average Rank
27.2

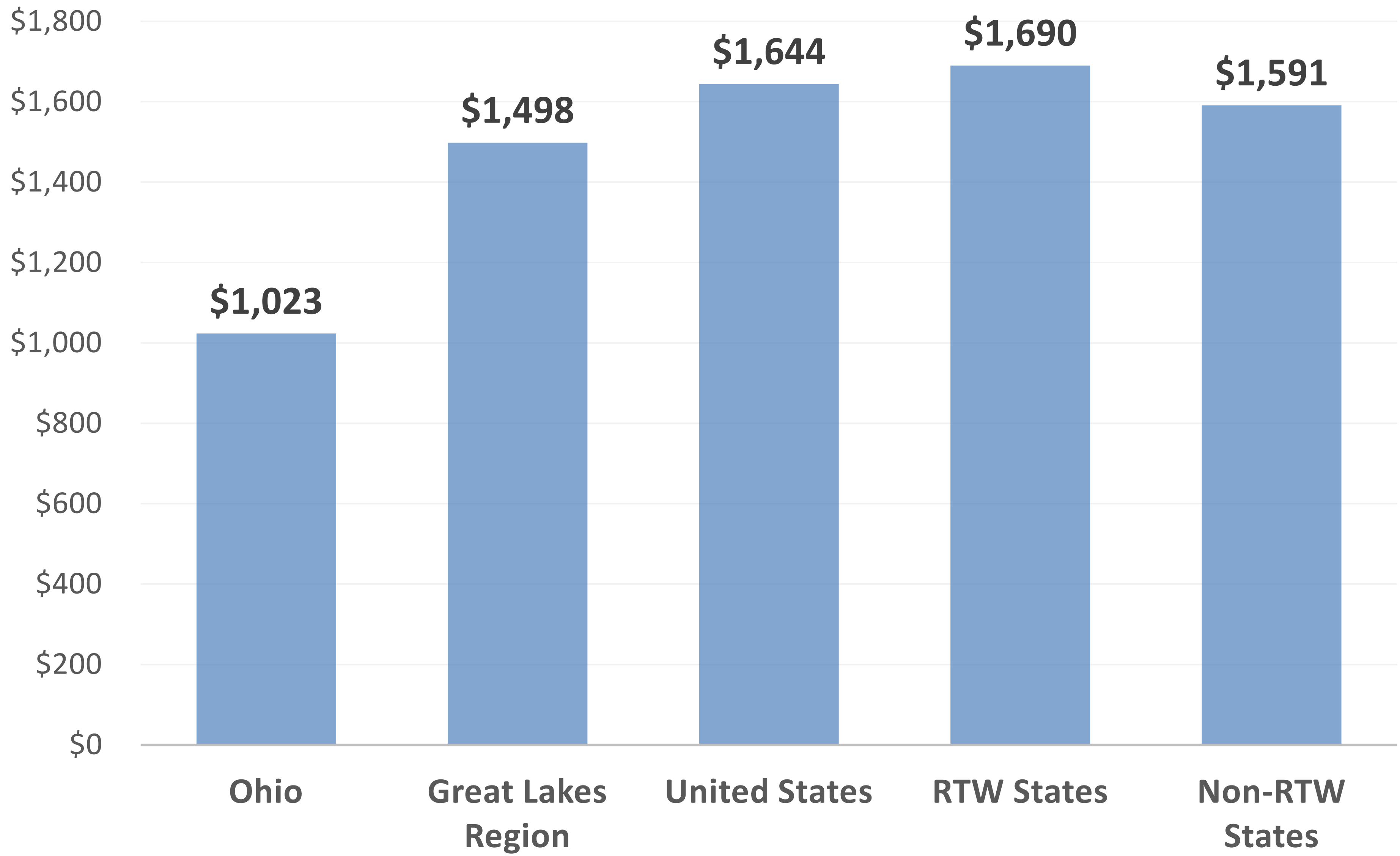
Non-RTW Average
$ 1,591

Non-RTW Average Rank
23.5

Great Lakes Region Average
$ 1,498

Source: Insure.com (2023)

Exhibit 66: Average Price of Annual Car Insurance Policy (2023)



Source: Insure.com (2023)

Exhibit 67: % of Household Income to Purchase Car Insurance Policy (2022)

Rank			Rank		
35	Alabama	2.71%	33	Montana	2.60%
10	Alaska	1.68%	31	Nebraska	2.58%
27	Arizona	2.28%	42	Nevada	3.14%
43	Arkansas	3.14%	2	New Hampshire	1.47%
32	California	2.59%	23	New Jersey	2.15%
28	Colorado	2.28%	38	New Mexico	2.82%
24	Connecticut	2.16%	36	New York	2.77%
41	Delaware	3.11%	25	North Carolina	2.18%
49	Florida	4.29%	19	North Dakota	2.06%
34	Georgia	2.68%	**8**	**Ohio**	**1.63%**
7	Hawaii	1.59%	39	Oklahoma	2.99%
1	Idaho	1.46%	3	Oregon	1.52%
18	Illinois	1.99%	17	Pennsylvania	1.99%
14	Indiana	1.79%	30	Rhode Island	2.46%
15	Iowa	1.82%	40	South Carolina	3.03%
20	Kansas	2.10%	21	South Dakota	2.14%
48	Kentucky	3.78%	26	Tennessee	2.21%
50	Louisiana	4.45%	37	Texas	2.78%
6	Maine	1.57%	11	Utah	1.68%
12	Maryland	1.68%	4	Vermont	1.52%
13	Massachusetts	1.78%	9	Virginia	1.65%
44	Michigan	3.31%	5	Washington	1.56%
16	Minnesota	1.86%	46	West Virginia	3.44%
47	Mississippi	3.44%	22	Wisconsin	2.14%
45	Missouri	3.31%	29	Wyoming	2.44%

RTW (white)

NRTW (shaded)

RTW Average
2.66%

RTW Average Rank
31

Non-RTW Average
2.09%

Non-RTW Average Rank
19.6

Great Lakes Region Average
2.17%

Source: Calculated by McNair Center using Insurance Data and Average Household Income by State (2022)

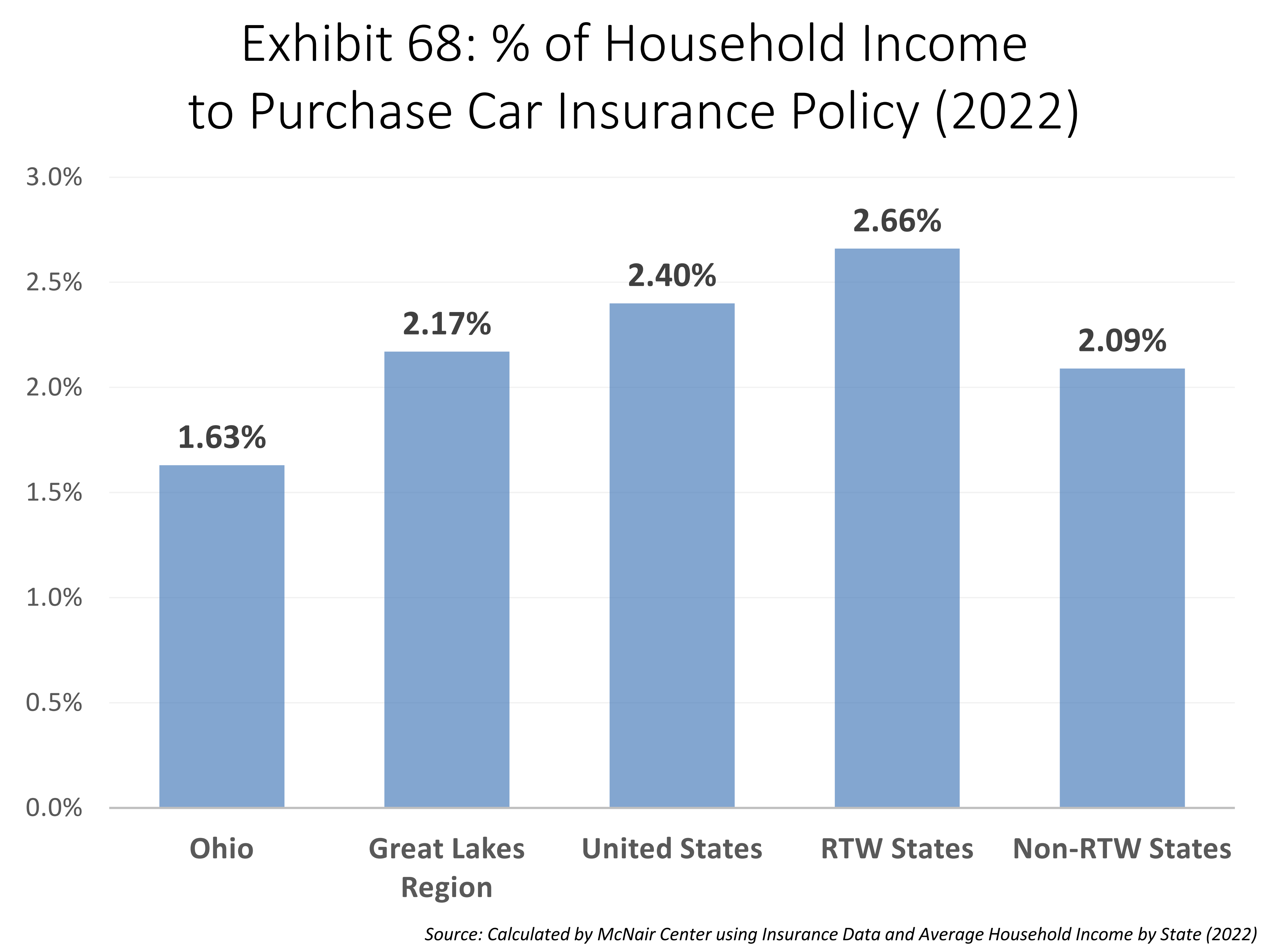


Exhibit 68: % of Household Income
to Purchase Car Insurance Policy (2022)
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
1.63%
2.17%
2.40%
2.66%
2.09%
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Calculated by McNair Center using Insurance Data and Average Household Income by State (2022)

Exhibit 69: Average Retail Price For Electricity (cents/kWh)(2022)

Rank	State	Price	Rank	State	Price
36	Alabama	$ 13.33	9	Montana	$ 10.48
45	Alaska	$ 20.70	7	Nebraska	$ 9.71
24	Arizona	$ 12.01	12	Nevada	$ 10.77
11	Arkansas	$ 10.76	47	New Hampshire	$ 22.65
49	California	$ 24.83	40	New Jersey	$ 16.15
33	Colorado	$ 12.86	14	New Mexico	$ 11.00
48	Connecticut	$ 22.99	44	New York	$ 19.34
26	Delaware	$ 12.45	10	North Carolina	$ 10.53
30	Florida	$ 12.80	2	North Dakota	$ 8.94
39	Georgia	$ 14.74	**20**	**Ohio**	$ 11.73
50	Hawaii	$ 42.13	23	Oklahoma	$ 11.99
3	Idaho	$ 9.04	6	Oregon	$ 9.42
37	Illinois	$ 13.40	29	Pennsylvania	$ 12.77
33	Indiana	$ 12.86	43	Rhode Island	$ 18.60
22	Iowa	$ 11.90	25	South Carolina	$ 12.13
28	Kansas	$ 12.69	16	South Dakota	$ 11.12
18	Kentucky	$ 11.56	32	Tennessee	$ 12.82
19	Louisiana	$ 11.58	15	Texas	$ 11.07
41	Maine	$ 16.61	5	Utah	$ 9.32
17	Maryland	$ 11.38	42	Vermont	$ 17.27
46	Massachusetts	$ 22.42	21	Virginia	$ 11.77
38	Michigan	$ 14.51	4	Washington	$ 9.23
35	Minnesota	$ 13.12	8	West Virginia	$ 10.01
13	Mississippi	$ 10.93	27	Wisconsin	$ 12.56
31	Missouri	$ 12.80	1	Wyoming	$ 8.69

RTW

NRTW

RTW Average
$ 11.49

RTW Average Rank
19.2

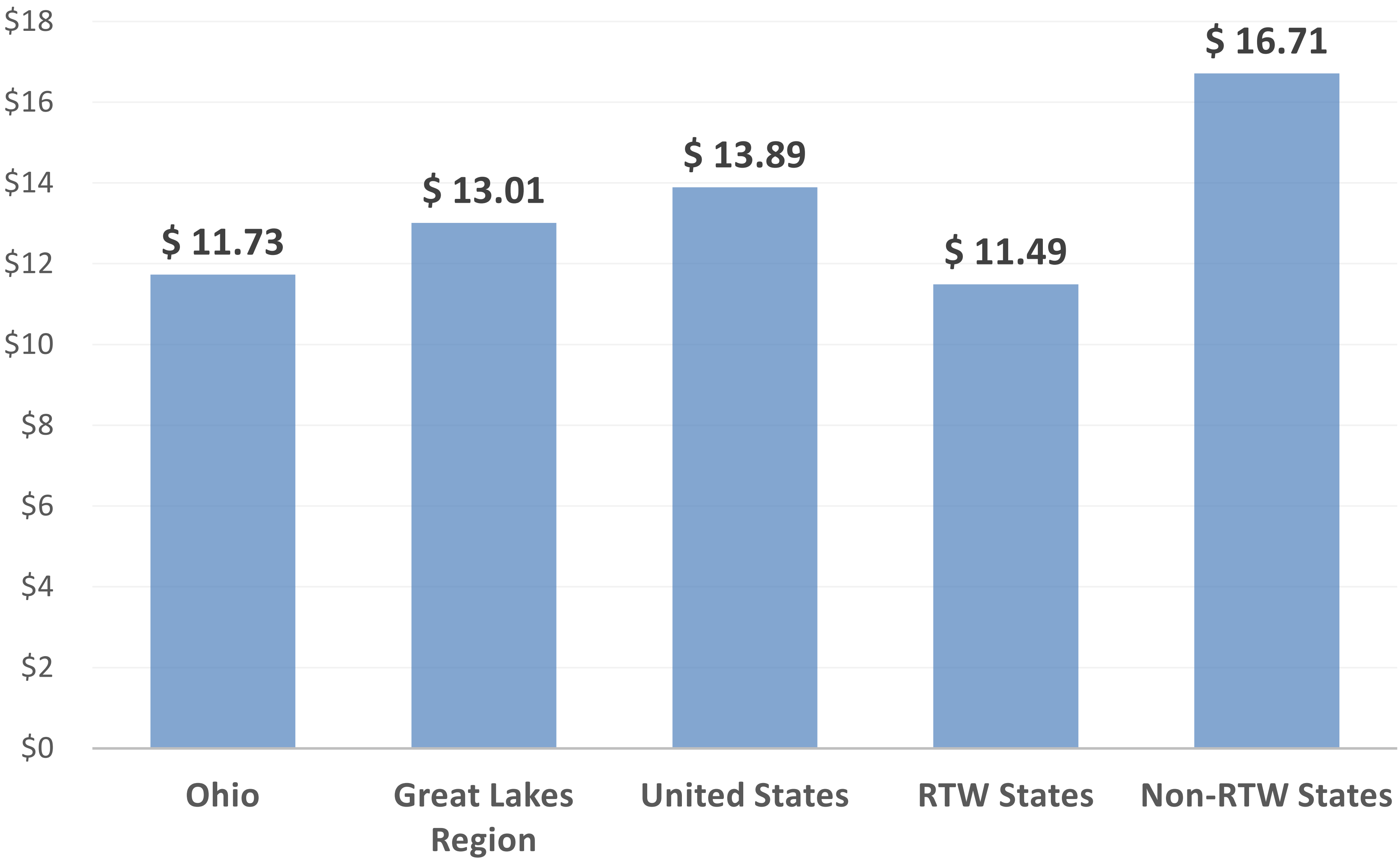
Non-RTW Average
$ 16.71

Non-RTW Average Rank
32.9

Great Lakes Region Average
$ 13.01

Source: U.S. Energy Information Administration (2023)

Exhibit 70: Average Retail Price For Electricity (cents/kWh)(2022)



Source: U.S. Energy Information Administration (2023)

Exhibit 71: Gas Taxes Per Gallon (2022)

Rank	State	Tax	Rank	State	Tax
25	Alabama	$ 0.50	30	Montana	$ 0.52
1	Alaska	$ 0.34	16	Nebraska	$ 0.44
4	Arizona	$ 0.37	45	Nevada	$ 0.69
15	Arkansas	$ 0.43	12	New Hampshire	$ 0.42
50	California	$ 0.87	46	New Jersey	$ 0.69
9	Colorado	$ 0.40	3	New Mexico	$ 0.37
34	Connecticut	$ 0.54	42	New York	$ 0.67
10	Delaware	$ 0.41	38	North Carolina	$ 0.57
40	Florida	$ 0.62	11	North Dakota	$ 0.41
36	Georgia	$ 0.56	**37**	**Ohio**	**$ 0.57**
47	Hawaii	$ 0.70	6	Oklahoma	$ 0.38
29	Idaho	$ 0.51	39	Oregon	$ 0.57
49	Illinois	$ 0.78	48	Pennsylvania	$ 0.77
44	Indiana	$ 0.68	32	Rhode Island	$ 0.53
21	Iowa	$ 0.48	19	South Carolina	$ 0.45
14	Kansas	$ 0.42	22	South Dakota	$ 0.48
17	Kentucky	$ 0.44	20	Tennessee	$ 0.46
8	Louisiana	$ 0.38	7	Texas	$ 0.38
23	Maine	$ 0.48	26	Utah	$ 0.50
35	Maryland	$ 0.55	27	Vermont	$ 0.51
18	Massachusetts	$ 0.45	31	Virginia	$ 0.53
41	Michigan	$ 0.64	43	Washington	$ 0.68
24	Minnesota	$ 0.49	33	West Virginia	$ 0.54
2	Mississippi	$ 0.37	28	Wisconsin	$ 0.51
5	Missouri	$ 0.38	13	Wyoming	$ 0.42

RTW

NRTW

RTW Average
$ 0.49

RTW Average Rank
22.6

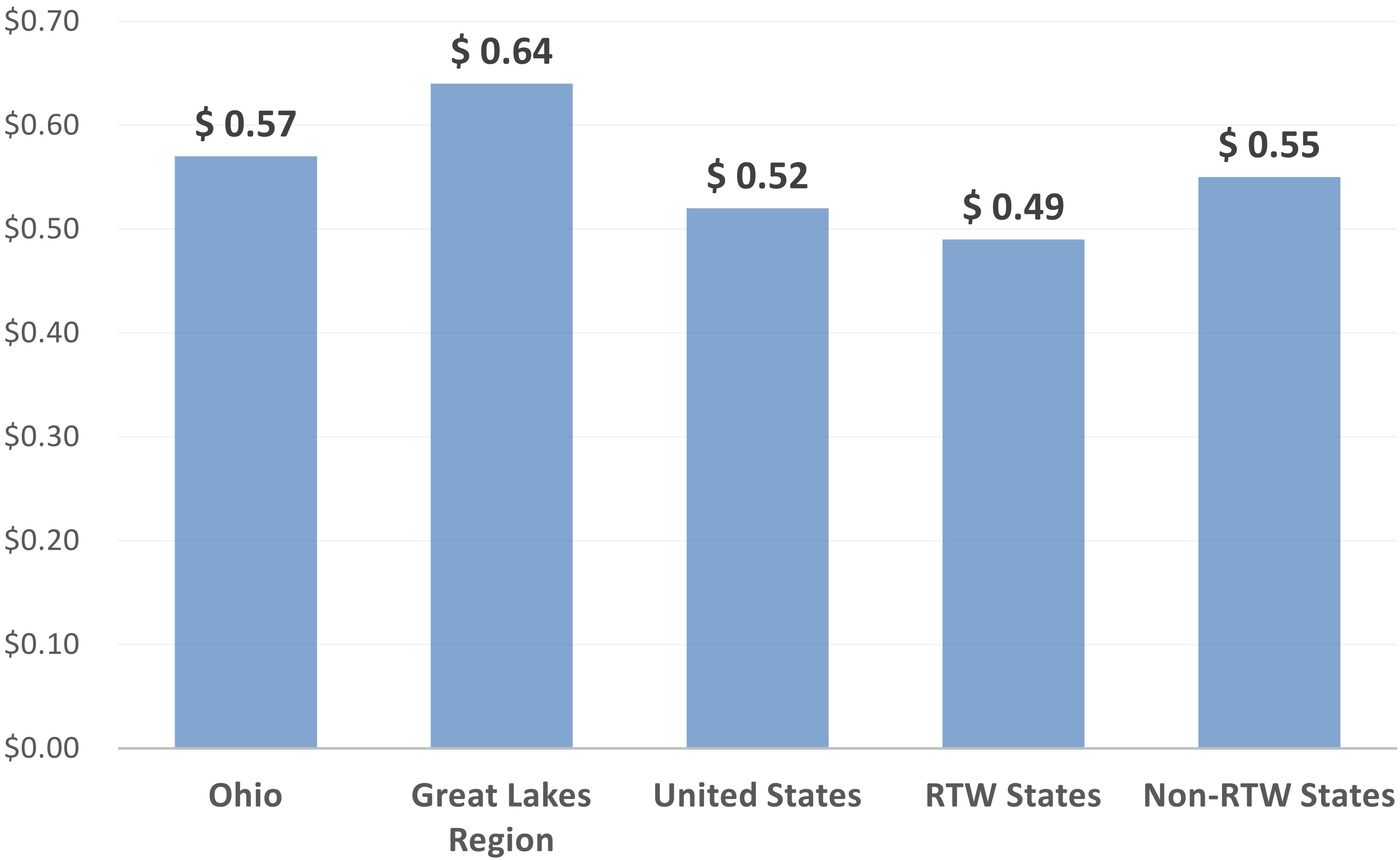
Non-RTW Average
$ 0.55

Non-RTW Average Rank
28.9

Great Lakes Region Average
$ 0.64

Source: American Petroleum Institute (2023)

Exhibit 72: Gas Taxes Per Gallon (2022)



Source: American Petroleum Institute (2023)

Exhibit 73: Residential Natural Gas Prices (2022)

Rank			Rank		
36	Alabama	$ 17.21	3	Montana	$ 9.54
8	Alaska	$ 11.08	9	Nebraska	$ 11.22
45	Arizona	$ 18.42	22	Nevada	$ 12.85
30	Arkansas	$ 14.84	47	New Hampshire	$ 19.58
44	California	$ 18.28	13	New Jersey	$ 11.57
15	Colorado	$ 11.82	7	New Mexico	$ 10.87
40	Connecticut	$ 17.68	31	New York	$ 14.84
25	Delaware	$ 13.75	41	North Carolina	$ 18.01
49	Florida	$ 24.56	2	North Dakota	$ 9.25
42	Georgia	$ 18.20	**20**	**Ohio**	$ 12.10
50	Hawaii	$ 55.30	33	Oklahoma	$ 15.44
1	Idaho	$ 7.41	18	Oregon	$ 11.98
21	Illinois	$ 12.56	24	Pennsylvania	$ 13.73
17	Indiana	$ 11.89	38	Rhode Island	$ 17.50
27	Iowa	$ 14.25	43	South Carolina	$ 18.27
29	Kansas	$ 14.29	4	South Dakota	$ 9.80
26	Kentucky	$ 13.81	11	Tennessee	$ 11.37
35	Louisiana	$ 17.09	37	Texas	$ 17.42
46	Maine	$ 19.49	5	Utah	$ 9.85
34	Maryland	$ 16.62	28	Vermont	$ 14.27
48	Massachusetts	$ 21.65	39	Virginia	$ 17.50
10	Michigan	$ 11.31	16	Washington	$ 11.87
12	Minnesota	$ 11.53	14	West Virginia	$ 11.78
32	Mississippi	$ 15.00	6	Wisconsin	$ 10.05
23	Missouri	$ 13.47	19	Wyoming	$ 12.09

RTW

NRTW

RTW Average
$ 14.19

RTW Average Rank
24.6

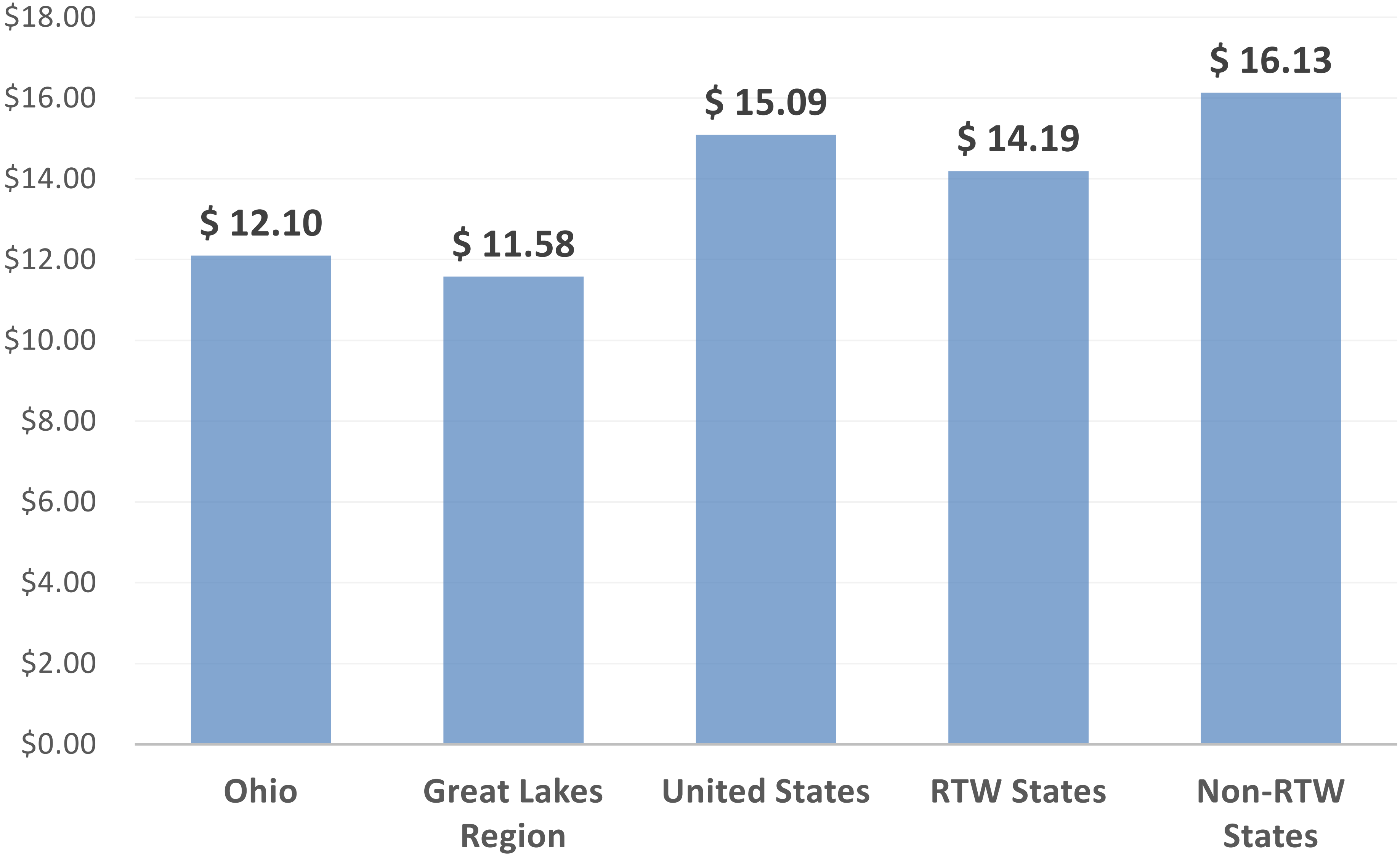
Non-RTW Average
$ 16.13

Non-RTW Average Rank
26.6

Great Lakes Region Average
$ 11.58

Source: U.S. Energy Information Administration (2023)

Exhibit 74: Residential Natural Gas Prices (2022)



Source: U.S. Energy Information Administration (2023)

Exhibit 75: Commercial Natural Gas Prices (2022)

Rank	State	Price	Rank	State	Price
42	Alabama	$ 13.08	13	Montana	$ 9.40
18	Alaska	$ 9.92	9	Nebraska	$ 8.85
24	Arizona	$ 10.57	10	Nevada	$ 9.14
40	Arkansas	$ 12.25	48	New Hampshire	$ 15.81
46	California	$ 14.39	32	New Jersey	$ 11.69
23	Colorado	$ 10.51	7	New Mexico	$ 8.77
33	Connecticut	$ 11.71	14	New York	$ 9.50
31	Delaware	$ 11.65	26	North Carolina	$ 10.68
43	Florida	$ 13.30	5	North Dakota	$ 8.32
25	Georgia	$ 10.67	**3**	**Ohio**	**$ 8.09**
50	Hawaii	$ 43.94	41	Oklahoma	$ 12.75
1	Idaho	$ 6.52	16	Oregon	$ 9.65
35	Illinois	$ 11.76	34	Pennsylvania	$ 11.75
12	Indiana	$ 9.33	45	Rhode Island	$ 14.32
37	Iowa	$ 12.19	36	South Carolina	$ 11.95
29	Kansas	$ 11.35	2	South Dakota	$ 8.02
28	Kentucky	$ 11.24	17	Tennessee	$ 9.73
38	Louisiana	$ 12.19	30	Texas	$ 11.41
47	Maine	$ 15.61	6	Utah	$ 8.38
44	Maryland	$ 13.82	4	Vermont	$ 8.23
49	Massachusetts	$ 16.12	21	Virginia	$ 10.15
15	Michigan	$ 9.58	20	Washington	$ 9.99
19	Minnesota	$ 9.93	11	West Virginia	$ 9.24
39	Mississippi	$ 12.19	8	Wisconsin	$ 8.82
27	Missouri	$ 10.82	22	Wyoming	$ 10.26

RTW

NRTW

RTW Average
$ 10.45

RTW Average Rank
22.9

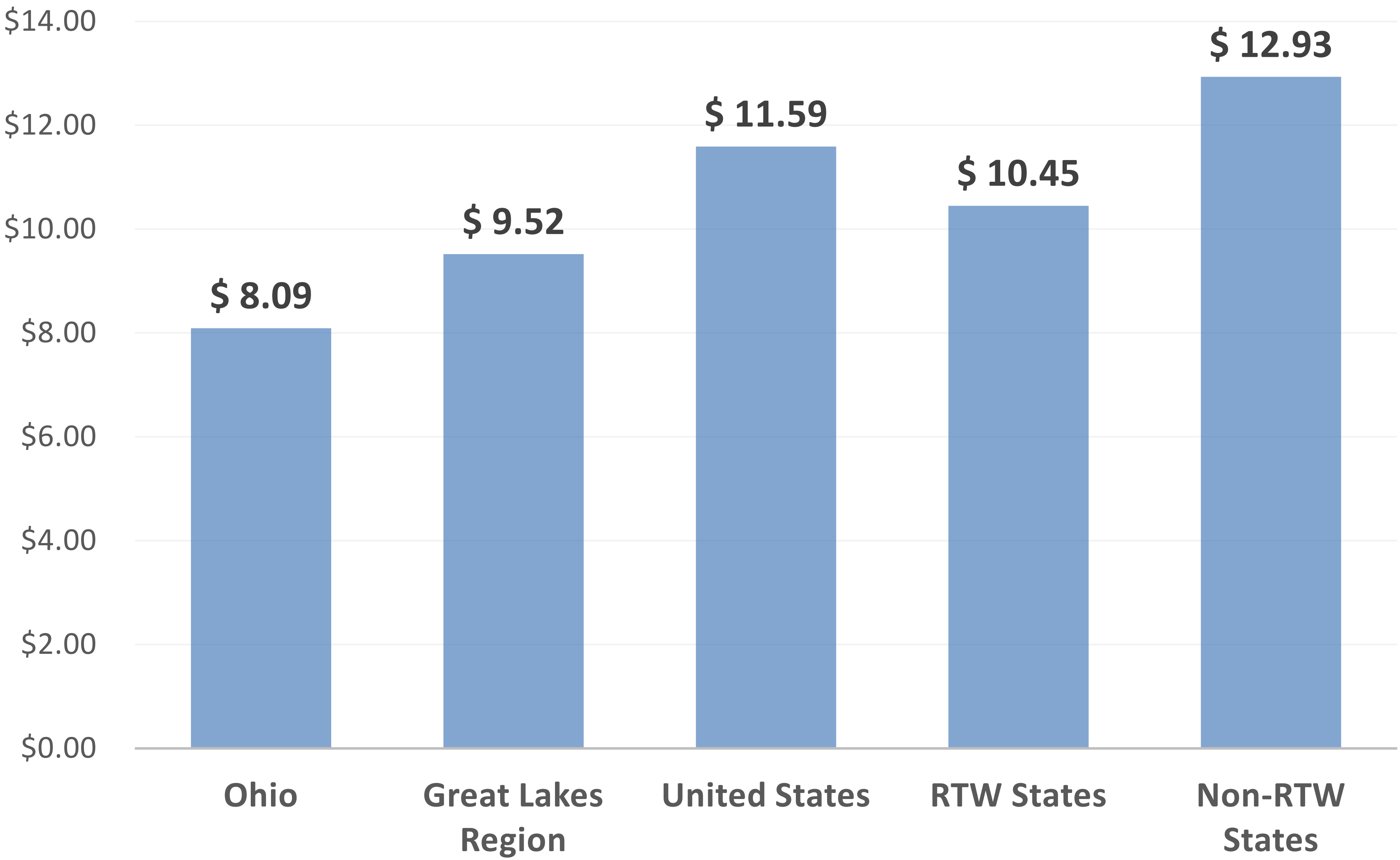
Non-RTW Average
$ 12.93

Non-RTW Average Rank
28.6

Great Lakes Region Average
$ 9.52

Source: U.S. Energy Information Administration (2023)

Exhibit 76: Commercial Natural Gas Prices (2022)



Source: U.S. Energy Information Administration (2023)

Exhibit 77: Industrial Natural Gas Prices (2022)

Rank	State	Price	Rank	State	Price
21	Alabama	$ 7.44	25	Montana	$ 7.95
15	Alaska	$ 6.69	10	Nebraska	$ 6.45
13	Arizona	$ 6.68	24	Nevada	$ 7.75
40	Arkansas	$ 10.14	48	New Hampshire	$ 13.13
47	California	$ 12.60	43	New Jersey	$ 10.90
31	Colorado	$ 8.31	16	New Mexico	$ 7.04
36	Connecticut	$ 9.36	39	New York	$ 9.84
45	Delaware	$ 11.57	27	North Carolina	$ 8.08
26	Florida	$ 8.00	4	North Dakota	$ 5.29
23	Georgia	$ 7.55	**41**	**Ohio**	**$ 10.47**
50	Hawaii	$ 35.42	6	Oklahoma	$ 5.95
1	Idaho	$ 4.36	9	Oregon	$ 6.09
22	Illinois	$ 7.53	38	Pennsylvania	$ 9.74
32	Indiana	$ 8.50	42	Rhode Island	$ 10.87
33	Iowa	$ 8.83	18	South Carolina	$ 7.07
14	Kansas	$ 6.68	5	South Dakota	$ 5.76
11	Kentucky	$ 6.49	17	Tennessee	$ 7.06
3	Louisiana	$ 5.20	8	Texas	$ 6.03
46	Maine	$ 12.30	19	Utah	$ 7.10
44	Maryland	$ 11.23	7	Vermont	$ 5.97
49	Massachusetts	$ 14.29	12	Virginia	$ 6.57
28	Michigan	$ 8.11	37	Washington	$ 9.51
29	Minnesota	$ 8.20	2	West Virginia	$ 4.82
20	Mississippi	$ 7.23	30	Wisconsin	$ 8.30
34	Missouri	$ 8.94	35	Wyoming	$ 9.12

RTW

NRTW

RTW Average
$ 7.06

RTW Average Rank
17.9

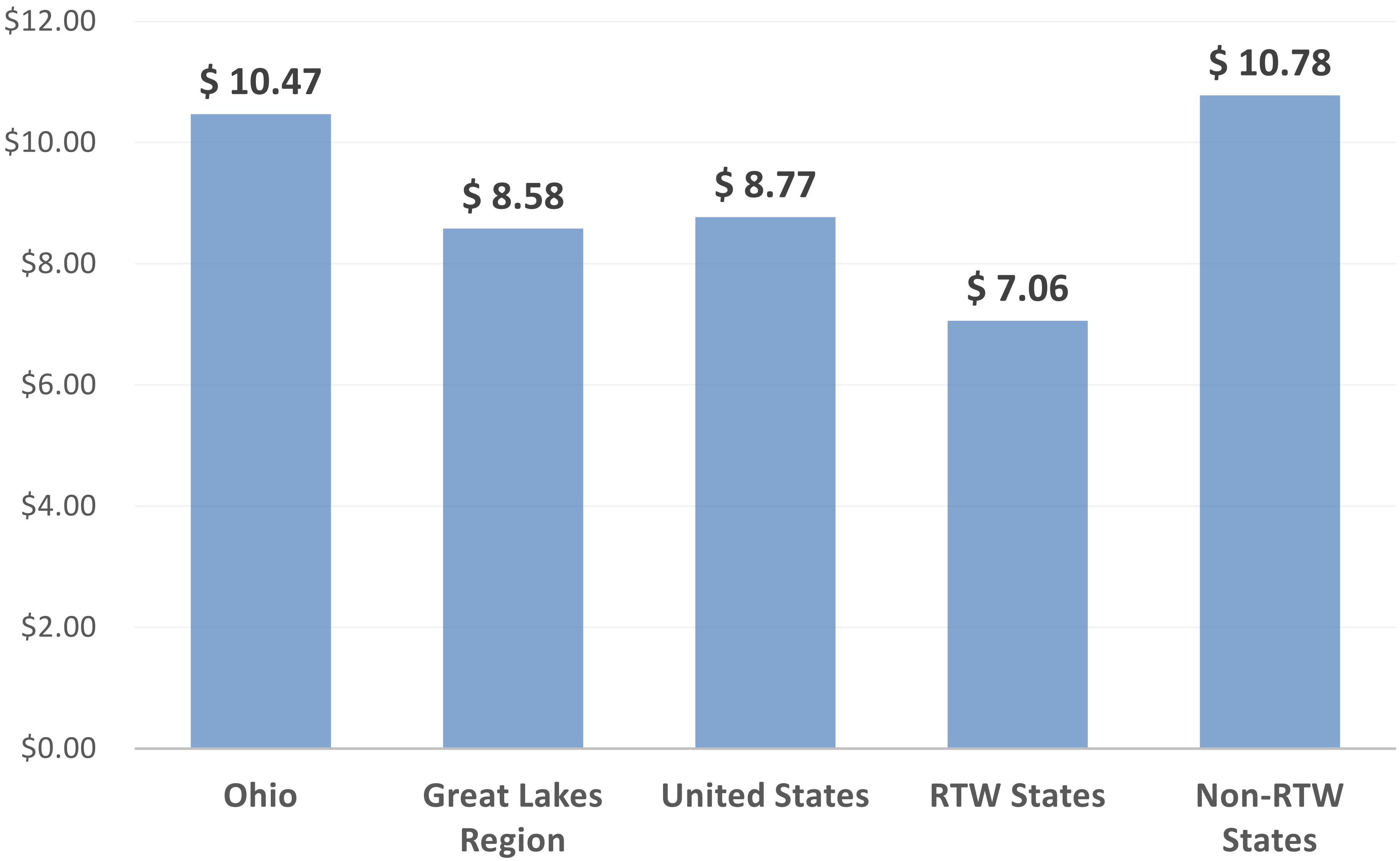
Non-RTW Average
$ 10.78

Non-RTW Average Rank
34.5

Great Lakes Region Average
$ 8.58

Source: U.S. Energy Information Administration (2023)

Exhibit 78: Industrial Natural Gas Prices (2022)



Source: U.S. Energy Information Administration (2023)

Exhibit 79: Insurance Trust Expenditures Per Capita (2021)

Rank	State	Expenditure	Rank	State	Expenditure
11	Alabama	$ 956	26	Montana	$ 1,267
49	Alaska	$ 2,549	1	Nebraska	$ 586
9	Arizona	$ 888	46	Nevada	$ 2,023
19	Arkansas	$ 1,113	5	New Hampshire	$ 763
48	California	$ 2,377	30	New Jersey	$ 1,324
38	Colorado	$ 1,678	41	New Mexico	$ 1,791
42	Connecticut	$ 1,796	39	New York	$ 1,743
17	Delaware	$ 1,092	8	North Carolina	$ 881
7	Florida	$ 836	24	North Dakota	$ 1,244
27	Georgia	$ 1,296	**40**	**Ohio**	$ 1,780
45	Hawaii	$ 1,970	20	Oklahoma	$ 1,113
6	Idaho	$ 822	16	Oregon	$ 1,091
44	Illinois	$ 1,840	34	Pennsylvania	$ 1,512
3	Indiana	$ 716	37	Rhode Island	$ 1,669
29	Iowa	$ 1,305	12	South Carolina	$ 981
13	Kansas	$ 1,006	21	South Dakota	$ 1,124
32	Kentucky	$ 1,446	2	Tennessee	$ 610
33	Louisiana	$ 1,446	23	Texas	$ 1,168
22	Maine	$ 1,139	4	Utah	$ 725
15	Maryland	$ 1,069	50	Vermont	$ 3,485
47	Massachusetts	$ 2,237	10	Virginia	$ 909
31	Michigan	$ 1,358	35	Washington	$ 1,567
36	Minnesota	$ 1,645	18	West Virginia	$ 1,097
25	Mississippi	$ 1,262	28	Wisconsin	$ 1,296
14	Missouri	$ 1,048	43	Wyoming	$ 1,823

RTW

NRTW

RTW Average
$ 1,112

RTW Average Rank
18.7

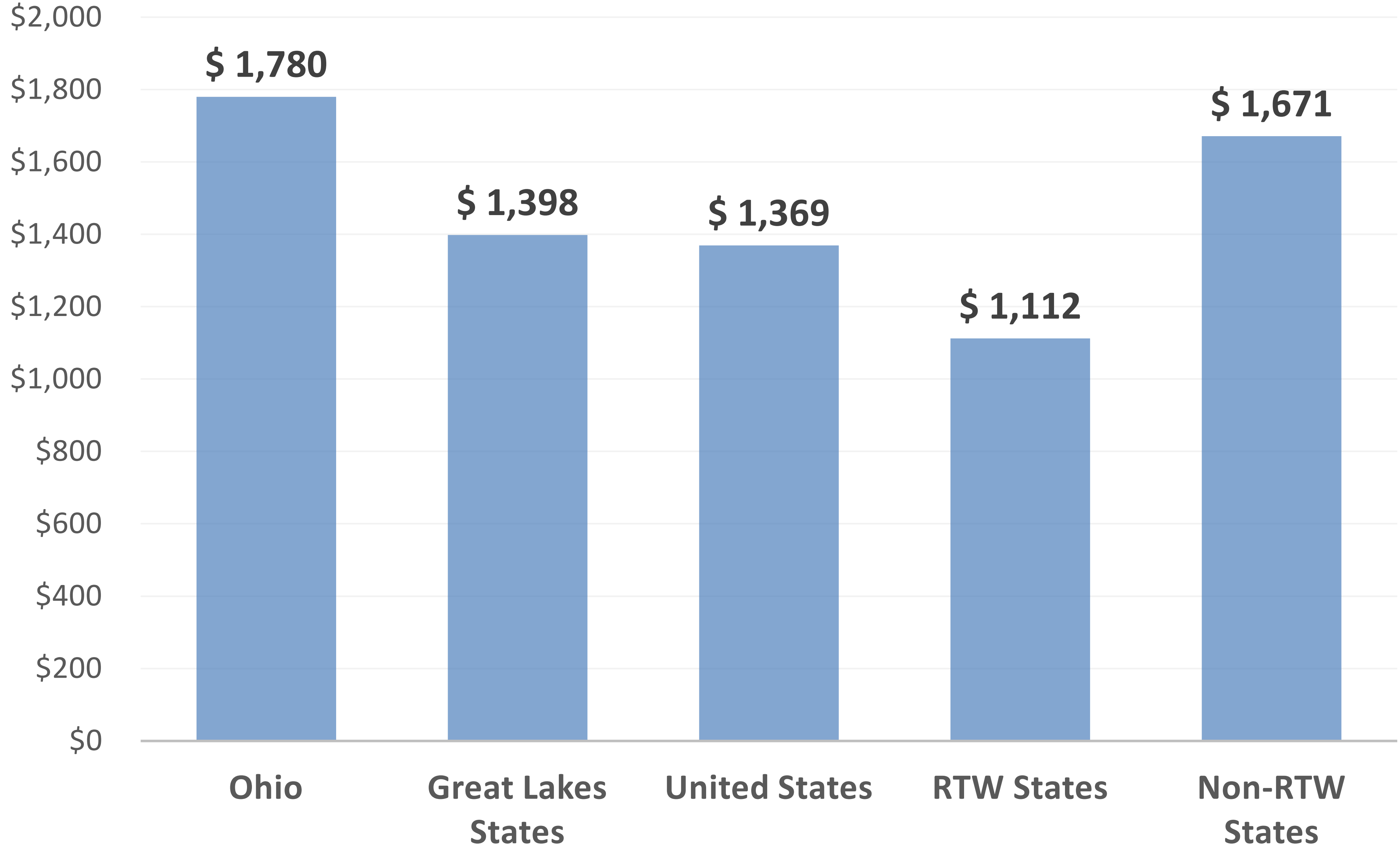
Non-RTW Average
$ 1,671

Non-RTW Average Rank
33.5

Great Lakes Region Average
$ 1,398

Source: United States Census Bureau (2023)

Exhibit 80: Insurance Trust Expenditures Per Capita (2021)



Source: United States Census Bureau (2023)

Exhibit 81: Average Insurance Trust Expenditures Per Capita (2000 - 2021)

Rank	State	Expenditure	Rank	State	Expenditure
3	Alabama	$ 8,658	20	Montana	$ 10,082
43	Alaska	$ 12,540	23	Nebraska	$ 10,450
10	Arizona	$ 9,575	24	Nevada	$ 10,454
4	Arkansas	$ 8,835	42	New Hampshire	$ 12,501
46	California	$ 13,232	48	New Jersey	$ 13,793
41	Colorado	$ 12,327	5	New Mexico	$ 8,888
50	Connecticut	$ 14,913	47	New York	$ 13,534
29	Delaware	$ 10,644	16	North Carolina	$ 9,698
27	Florida	$ 10,599	34	North Dakota	$ 11,308
15	Georgia	$ 9,679	**25**	**Ohio**	$ 10,465
31	Hawaii	$ 10,875	9	Oklahoma	$ 9,527
7	Idaho	$ 9,129	33	Oregon	$ 11,023
39	Illinois	$ 11,789	35	Pennsylvania	$ 11,444
14	Indiana	$ 9,626	37	Rhode Island	$ 11,471
19	Iowa	$ 10,035	8	South Carolina	$ 9,257
22	Kansas	$ 10,361	32	South Dakota	$ 10,917
6	Kentucky	$ 9,021	12	Tennessee	$ 9,605
13	Louisiana	$ 9,622	26	Texas	$ 10,484
21	Maine	$ 10,143	11	Utah	$ 9,591
40	Maryland	$ 12,220	30	Vermont	$ 10,792
49	Massachusetts	$ 14,597	36	Virginia	$ 11,450
18	Michigan	$ 9,962	45	Washington	$ 12,862
38	Minnesota	$ 11,724	2	West Virginia	$ 8,655
1	Mississippi	$ 8,047	28	Wisconsin	$ 10,640
17	Missouri	$ 9,721	44	Wyoming	$ 12,587

RTW

NRTW

RTW Average
$ 9,918

RTW Average Rank
17.2

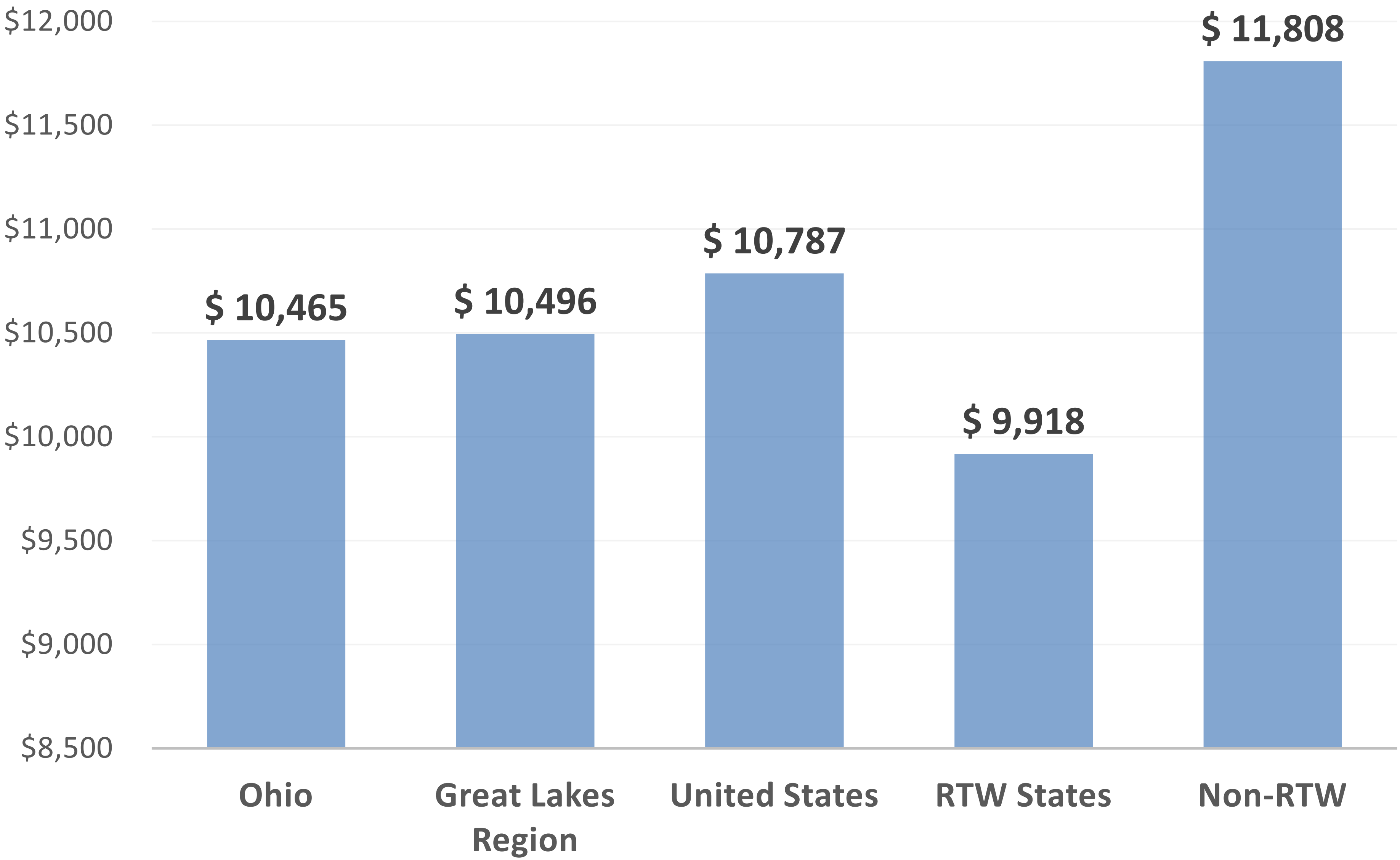
Non-RTW Average
$ 11,808

Non-RTW Average Rank
35.3

Great Lakes Region Average
$ 10,496

Source: Computed with data from United States Census Bureau (2023)

Exhibit 82: Average Insurance Trust Expenditures Per Capita (2000 - 2021)



Source: Computed with data from United States Census Bureau (2023)

Exhibit 83: Number of Cities in the Top 50 Destinations (2022)

Rank				Rank			
	26	Alabama	0		38	Montana	0
	27	Alaska	0		39	Nebraska	0
	4	Arizona	3		17	Nevada	1
	28	Arkansas	0		40	New Hampshire	0
	1	California	7		41	New Jersey	0
	10	Colorado	1		42	New Mexico	0
	29	Connecticut	0		18	New York	1
	30	Delaware	0		19	North Carolina	1
	2	Florida	7		43	North Dakota	0
	11	Georgia	1		20	**Ohio**	1
	31	Hawaii	0		44	Oklahoma	0
	32	Idaho	0		21	Oregon	1
	5	Illinois	2		8	Pennsylvania	2
	12	Indiana	1		45	Rhode Island	0
	33	Iowa	0		22	South Carolina	1
	34	Kansas	0		46	South Dakota	0
	13	Kentucky	1		23	Tennessee	1
	14	Louisiana	1		3	Texas	7
	35	Maine	0		24	Utah	1
	6	Maryland	2		47	Vermont	0
	15	Massachusetts	1		9	Virginia	2
	36	Michigan	0		25	Washington	1
	16	Minnesota	1		48	West Virginia	0
	37	Mississippi	0		49	Wisconsin	0
	7	Missouri	2		50	Wyoming	0

RTW

NRTW

RTW Average
1.04

RTW Average Rank
26.6

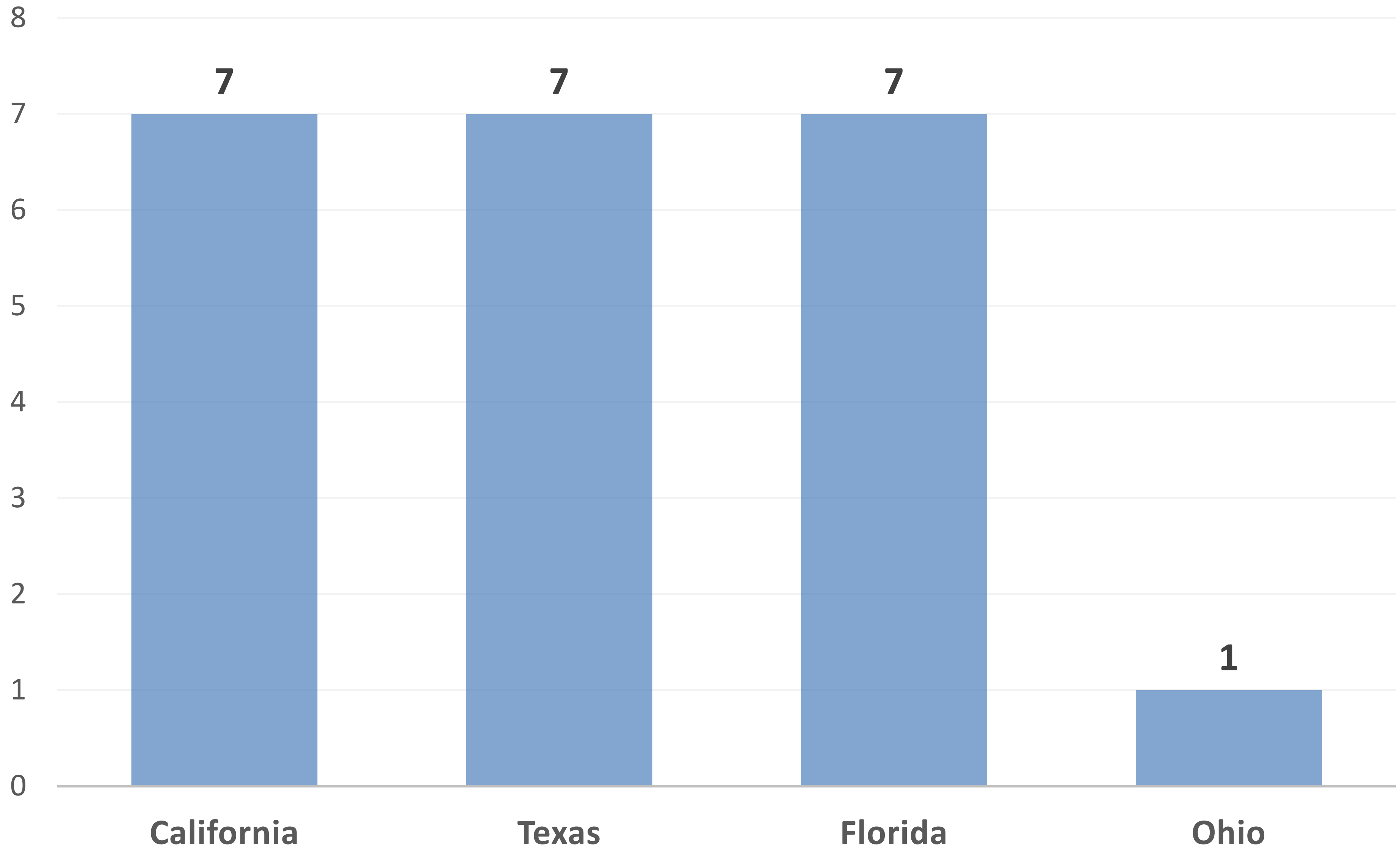
Non-RTW Average
1

Non-RTW Average Rank
24.4

Great Lakes Region Average
0.8

Source: Town & Country Magazine (2023)

Exhibit 84: Number of Cities in the Top 50 Destinations (2022)



Source: Town & Country Magazine (2023)

Exhibit 85: Kauffman Indicators of Entrepreneurship (2021)

Rank	State	Value	Rank	State	Value
46	Alabama	-2.58	18	Montana	1.71
16	Alaska	1.90	42	Nebraska	-2.13
12	Arizona	2.40	14	Nevada	2.22
9	Arkansas	2.90	48	New Hampshire	-2.96
5	California	4.03	23	New Jersey	1.00
8	Colorado	2.92	3	New Mexico	4.45
37	Connecticut	-1.11	21	New York	1.49
29	Delaware	-0.01	15	North Carolina	1.94
1	Florida	8.81	26	North Dakota	0.59
4	Georgia	4.38	**39**	**Ohio**	**-1.37**
43	Hawaii	-2.16	2	Oklahoma	5.02
7	Idaho	3.04	31	Oregon	-0.21
28	Illinois	0.16	44	Pennsylvania	-2.55
35	Indiana	-1.05	50	Rhode Island	-6.04
30	Iowa	-0.11	24	South Carolina	0.96
36	Kansas	-1.10	33	South Dakota	-0.59
41	Kentucky	-1.84	22	Tennessee	1.41
20	Louisiana	1.61	11	Texas	2.47
6	Maine	3.42	17	Utah	1.80
32	Maryland	-0.51	27	Vermont	0.56
40	Massachusetts	-1.60	38	Virginia	-1.16
49	Michigan	-3.24	10	Washington	2.60
45	Minnesota	-2.56	47	West Virginia	-2.78
13	Mississippi	2.24	34	Wisconsin	-0.64
25	Missouri	0.82	19	Wyoming	1.67

RTW

NRTW

RTW Average
0.97

RTW Average Rank
24

Non-RTW Average
0.17

Non-RTW Average Rank
27.3

Great Lakes Region Average
-1.23

Source: The Kauffman Foundation (2023)

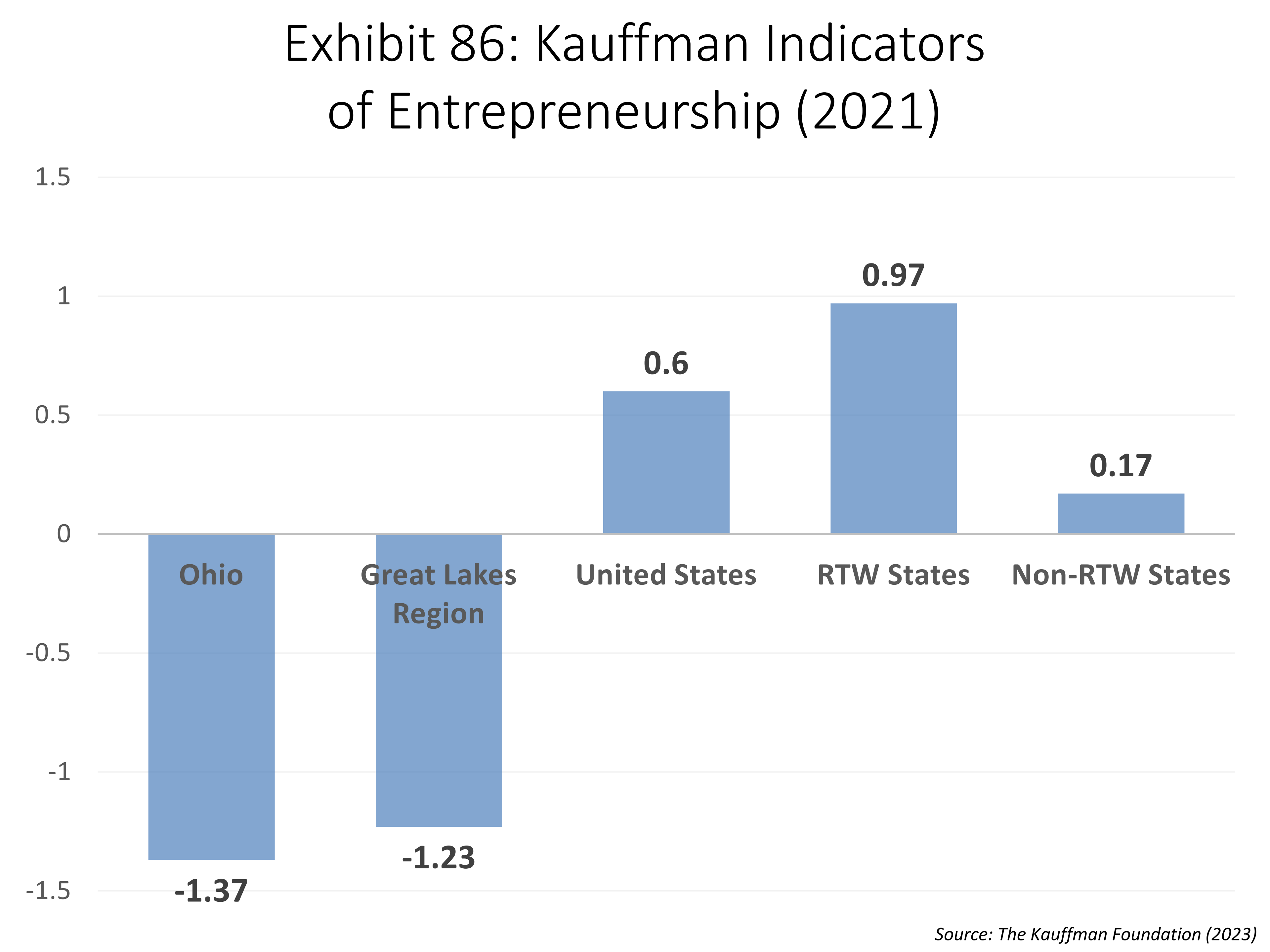


Exhibit 86: Kauffman Indicators of Entrepreneurship (2021)
1.5
1
0.5
0
-0.5
-1
-1.5
Ohio
-1.37
Great Lakes Region
-1.23
United States
0.6
RTW States
0.97
Non-RTW States
0.17
Source: The Kauffman Foundation (2023)

Exhibit 87: Establishment Births (Seasonally Adjusted, 2020)

Rank	State	Births	Rank	State	Births
29	Alabama	10,977	39	Montana	5,823
49	Alaska	2,178	36	Nebraska	6,884
17	Arizona	21,453	26	Nevada	13,151
34	Arkansas	8,257	37	New Hampshire	6,299
1	California	179,289	7	New Jersey	32,127
11	Colorado	26,593	40	New Mexico	5,781
21	Connecticut	16,108	4	New York	51,712
45	Delaware	3,544	8	North Carolina	31,418
2	Florida	95,744	47	North Dakota	2,788
6	Georgia	34,630	**14**	**Ohio**	**24,731**
44	Hawaii	4,509	30	Oklahoma	9,751
31	Idaho	9,562	16	Oregon	23,614
5	Illinois	35,315	9	Pennsylvania	29,164
24	Indiana	14,300	43	Rhode Island	4,538
33	Iowa	8,313	23	South Carolina	15,450
35	Kansas	8,106	46	South Dakota	3,236
28	Kentucky	11,630	18	Tennessee	21,362
32	Louisiana	9,416	3	Texas	76,490
42	Maine	5,104	22	Utah	16,027
27	Maryland	11,997	50	Vermont	1,751
13	Massachusetts	25,248	10	Virginia	28,797
15	Michigan	24,688	19	Washington	20,641
25	Minnesota	13,677	38	West Virginia	5,937
41	Mississippi	5,552	20	Wisconsin	16,129
12	Missouri	25,272	48	Wyoming	2,676

RTW

NRTW

RTW Average
18,990

RTW Average Rank
26

Non-RTW Average
24,131

Non-RTW Average Rank
24.9

Great Lakes Region Average
23,033

Source: U.S. Bureau of Labor Statistics (2023)

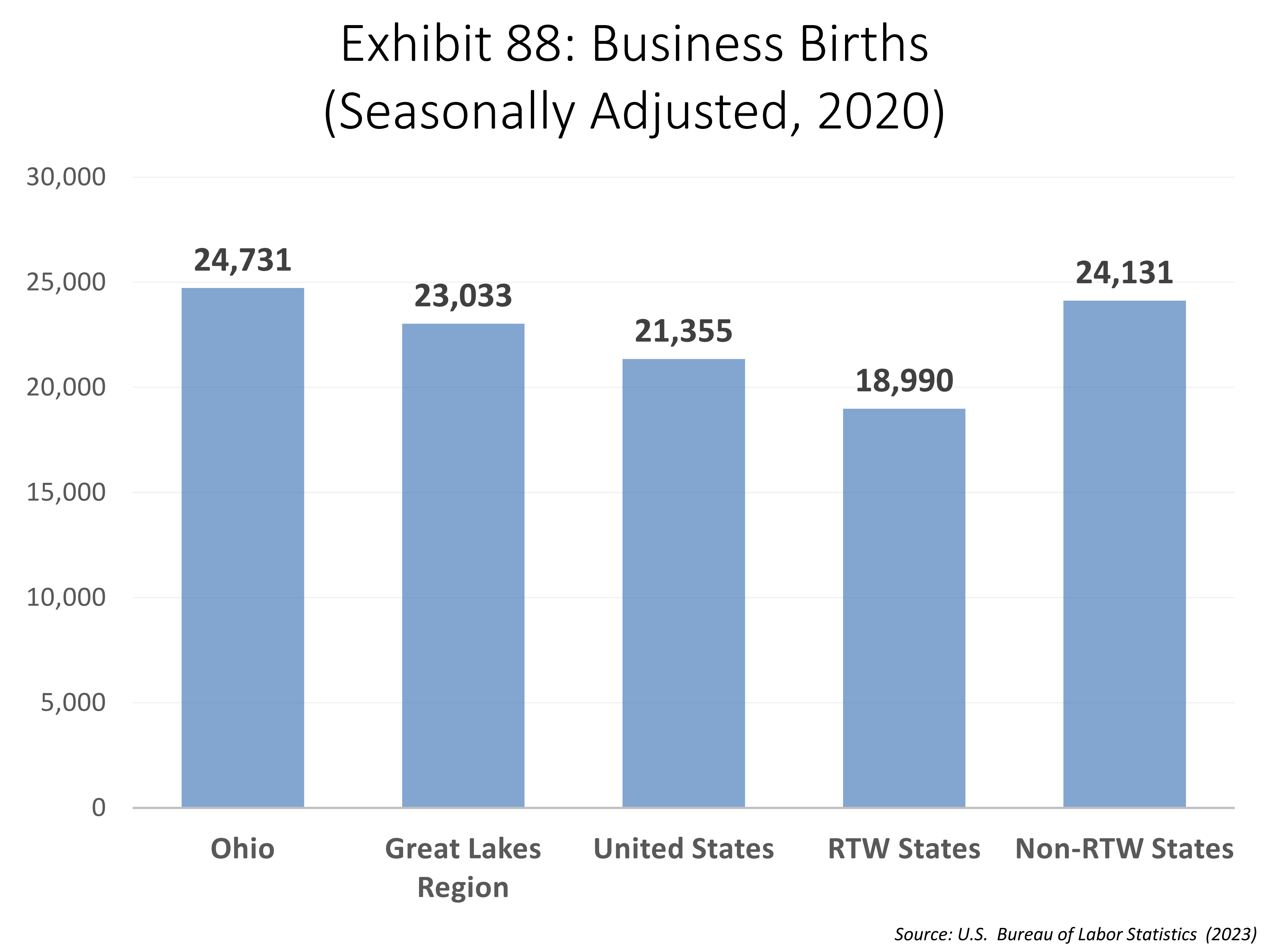


Exhibit 88: Business Births
(Seasonally Adjusted, 2020)
30,000
25,000
20,000
15,000
10,000
5,000
0
24,731
23,033
21,355
18,990
24,131
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: U.S. Bureau of Labor Statistics (2023)

Exhibit 89: Business Deaths (Seasonally Adjusted, 2020)

Rank	State	Business Deaths	Rank	State	Business Deaths
24	Alabama	11,174	10	Montana	4,648
1	Alaska	1,915	16	Nebraska	6,604
34	Arizona	17,203	20	Nevada	9,767
19	Arkansas	8,029	13	New Hampshire	5,370
50	California	176,941	44	New Jersey	32,931
35	Colorado	22,396	14	New Mexico	6,295
26	Connecticut	11,461	48	New York	74,714
6	Delaware	2,955	41	North Carolina	26,025
49	Florida	80,462	5	North Dakota	2,892
45	Georgia	34,484	**39**	**Ohio**	**24,485**
11	Hawaii	5,212	21	Oklahoma	9,920
15	Idaho	6,369	32	Oregon	15,747
46	Illinois	34,550	43	Pennsylvania	32,051
28	Indiana	13,001	7	Rhode Island	4,158
17	Iowa	7,572	29	South Carolina	13,389
18	Kansas	7,979	4	South Dakota	2,748
25	Kentucky	11,239	31	Tennessee	15,142
22	Louisiana	10,371	47	Texas	68,498
9	Maine	4,624	23	Utah	10,922
33	Maryland	16,287	2	Vermont	2,509
40	Massachusetts	24,691	42	Virginia	26,847
38	Michigan	24,301	37	Washington	23,237
27	Minnesota	12,909	8	West Virginia	4,524
12	Mississippi	5,283	30	Wisconsin	14,601
36	Missouri	22,455	3	Wyoming	2,582

RTW
NRTW

RTW Average
16,738

RTW Average Rank
24.7

Non-RTW Average
24,458

Non-RTW Average Rank
26.5

Great Lakes Region Average
22,188

Source: U.S. Bureau of Labor Statistics (2023)

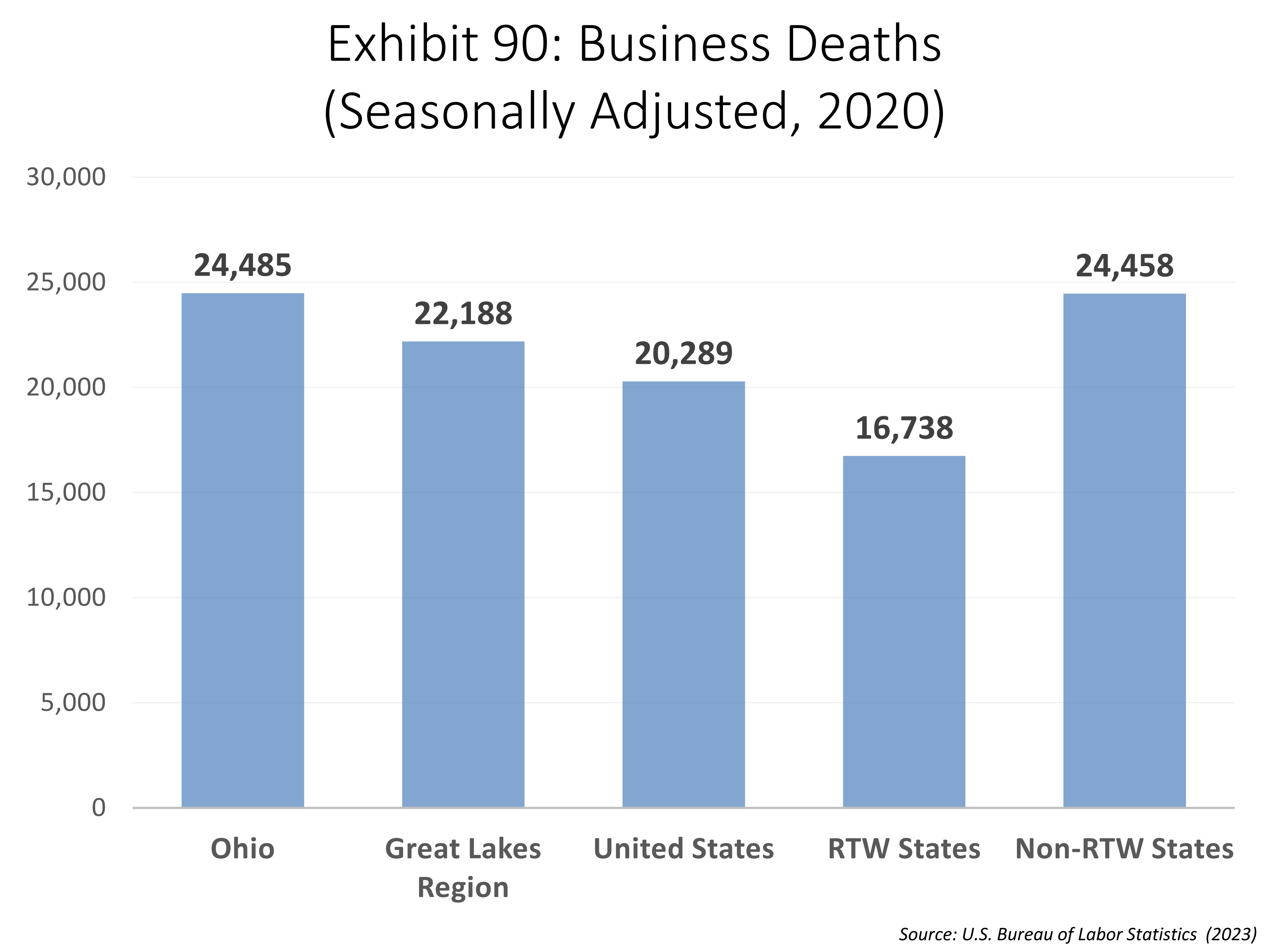


Exhibit 90: Business Deaths
(Seasonally Adjusted, 2020)
30,000
25,000
20,000
15,000
10,000
5,000
0
24,485
22,188
20,289
16,738
24,458
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: U.S. Bureau of Labor Statistics (2023)

Exhibit 91: Average Growth in Establishment Births (Seasonally Adjusted, 2000-2020)

Rank	State	Growth	Rank	State	Growth
45	Alabama	2.12%	3	Montana	4.20%
25	Alaska	2.84%	19	Nebraska	3.06%
30	Arizona	2.63%	10	Nevada	3.51%
26	Arkansas	2.69%	9	New Hampshire	3.66%
1	California	4.35%	16	New Jersey	3.18%
4	Colorado	4.09%	27	New Mexico	2.66%
35	Connecticut	2.49%	23	New York	2.89%
11	Delaware	3.50%	31	North Carolina	2.62%
5	Florida	4.03%	12	North Dakota	3.46%
20	Georgia	3.04%	**50**	**Ohio**	**1.91%**
36	Hawaii	2.47%	32	Oklahoma	2.51%
7	Idaho	4.00%	13	Oregon	3.41%
38	Illinois	2.39%	40	Pennsylvania	2.30%
48	Indiana	2.03%	14	Rhode Island	3.31%
39	Iowa	2.33%	34	South Carolina	2.50%
28	Kansas	2.66%	21	South Dakota	3.01%
44	Kentucky	2.15%	43	Tennessee	2.18%
41	Louisiana	2.26%	37	Texas	2.40%
15	Maine	3.22%	6	Utah	4.01%
29	Maryland	2.64%	18	Vermont	3.07%
17	Massachusetts	3.11%	22	Virginia	2.93%
47	Michigan	2.04%	8	Washington	3.88%
33	Minnesota	2.51%	46	West Virginia	2.07%
49	Mississippi	1.95%	42	Wisconsin	2.19%
24	Missouri	2.89%	2	Wyoming	4.34%

RTW ☐

NRTW ☐

RTW Average
2.77%

RTW Average Rank
28.6

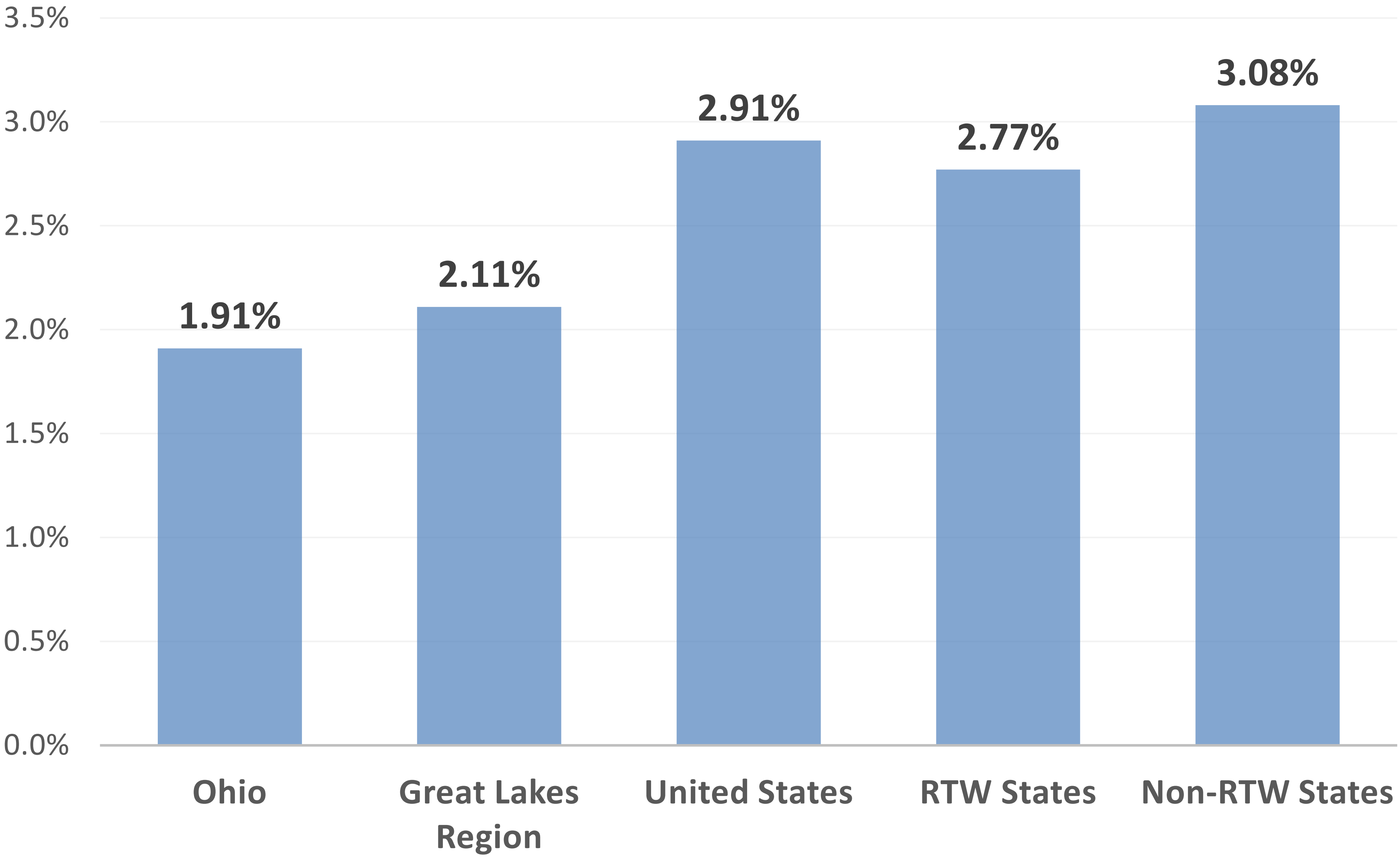
Non-RTW Average
3.08%

Non-RTW Average Rank
23.0

Great Lakes Average
2.11%

Source: Computed with data from the U.S. Bureau of Labor Statistics (2023)

Exhibit 92: Average Growth in Establishment Births (Seasonally Adjusted, 2000-2020)



Source: Computed with data from the U.S. Bureau of Labor Statistics

Exhibit 93: Average Growth in Establishment Deaths (Seasonally Adjusted, 2000-2020)

Rank	State	Growth
8	Alabama	2.10%
29	Alaska	2.73%
16	Arizona	2.38%
22	Arkansas	2.54%
49	California	3.74%
45	Colorado	3.61%
21	Connecticut	2.48%
41	Delaware	3.30%
46	Florida	3.63%
33	Georgia	2.86%
18	Hawaii	2.40%
43	Idaho	3.47%
15	Illinois	2.32%
3	Indiana	2.01%
13	Iowa	2.25%
25	Kansas	2.62%
6	Kentucky	2.07%
12	Louisiana	2.24%
36	Maine	3.05%
24	Maryland	2.61%
30	Massachusetts	2.74%
7	Michigan	2.09%
20	Minnesota	2.45%
1	Mississippi	1.97%
26	Missouri	2.65%
48	Montana	3.73%
31	Nebraska	2.77%
34	Nevada	3.04%
44	New Hampshire	3.49%
38	New Jersey	3.10%
23	New Mexico	2.56%
32	New York	2.84%
19	North Carolina	2.42%
35	North Dakota	3.04%
2	**Ohio**	**1.98%**
17	Oklahoma	2.40%
39	Oregon	3.12%
11	Pennsylvania	2.21%
40	Rhode Island	3.18%
14	South Carolina	2.30%
28	South Dakota	2.68%
4	Tennessee	2.05%
9	Texas	2.13%
42	Utah	3.32%
37	Vermont	3.09%
27	Virginia	2.68%
47	Washington	3.66%
10	West Virginia	2.16%
5	Wisconsin	2.06%
50	Wyoming	3.95%

RTW

NRTW

RTW Average
2.56%

RTW Average Rank
20.7

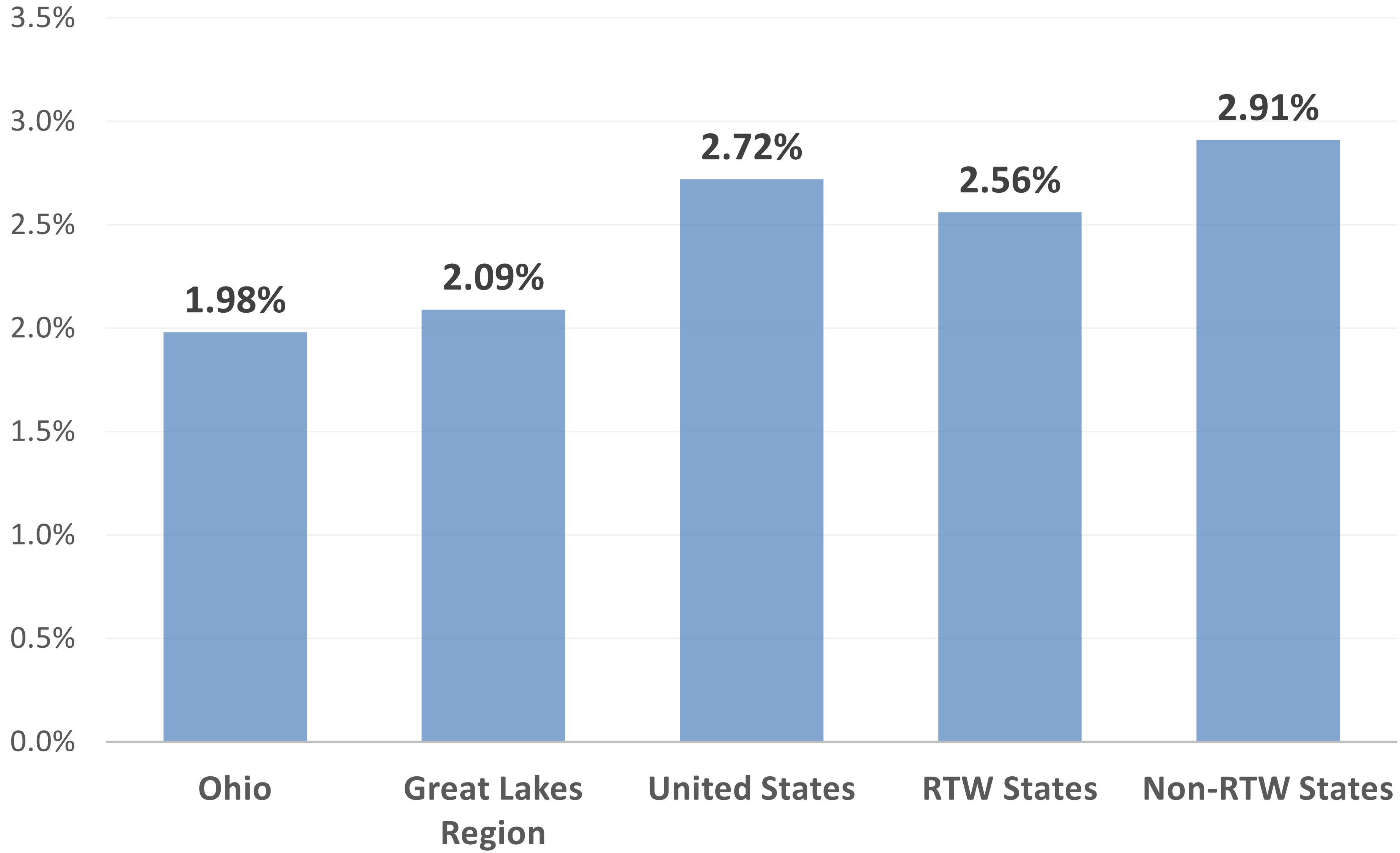
Non-RTW Average
2.91%

Non-RTW Average Rank
31.1

Great Lakes Average
2.09%

Source: Computed with data from the U.S. Bureau of Labor Statistics (2023)

Exhibit 94: Average Growth in Establishment Deaths (Seasonally Adjusted, 2000-2020)



Source: Computed with data from the U.S. Bureau of Labor Statistics (2023)

Exhibit 95: Happiness 2022

Rank	State	Rank	State
46	Alabama	29	Montana
40	Alaska	9	Nebraska
31	Arizona	35	Nevada
48	Arkansas	15	New Hampshire
7	California	5	New Jersey
30	Colorado	42	New Mexico
10	Connecticut	23	New York
17	Delaware	20	North Carolina
18	Florida	13	North Dakota
19	Georgia	**38**	**Ohio**
1	Hawaii	44	Oklahoma
6	Idaho	26	Oregon
8	Illinois	27	Pennsylvania
37	Indiana	28	Rhode Island
16	Iowa	33	South Carolina
32	Kansas	12	South Dakota
47	Kentucky	43	Tennessee
49	Louisiana	36	Texas
24	Maine	4	Utah
2	Maryland	34	Vermont
14	Massachusetts	11	Virginia
39	Michigan	22	Washington
3	Minnesota	50	West Virginia
45	Mississippi	21	Wisconsin
41	Missouri	25	Wyoming

RTW

NRTW

RTW Average Rank
29.2

Non-RTW Average Rank
21.1

Great Lakes Average Rank
28.6

Source: Wallet Hub (2023)

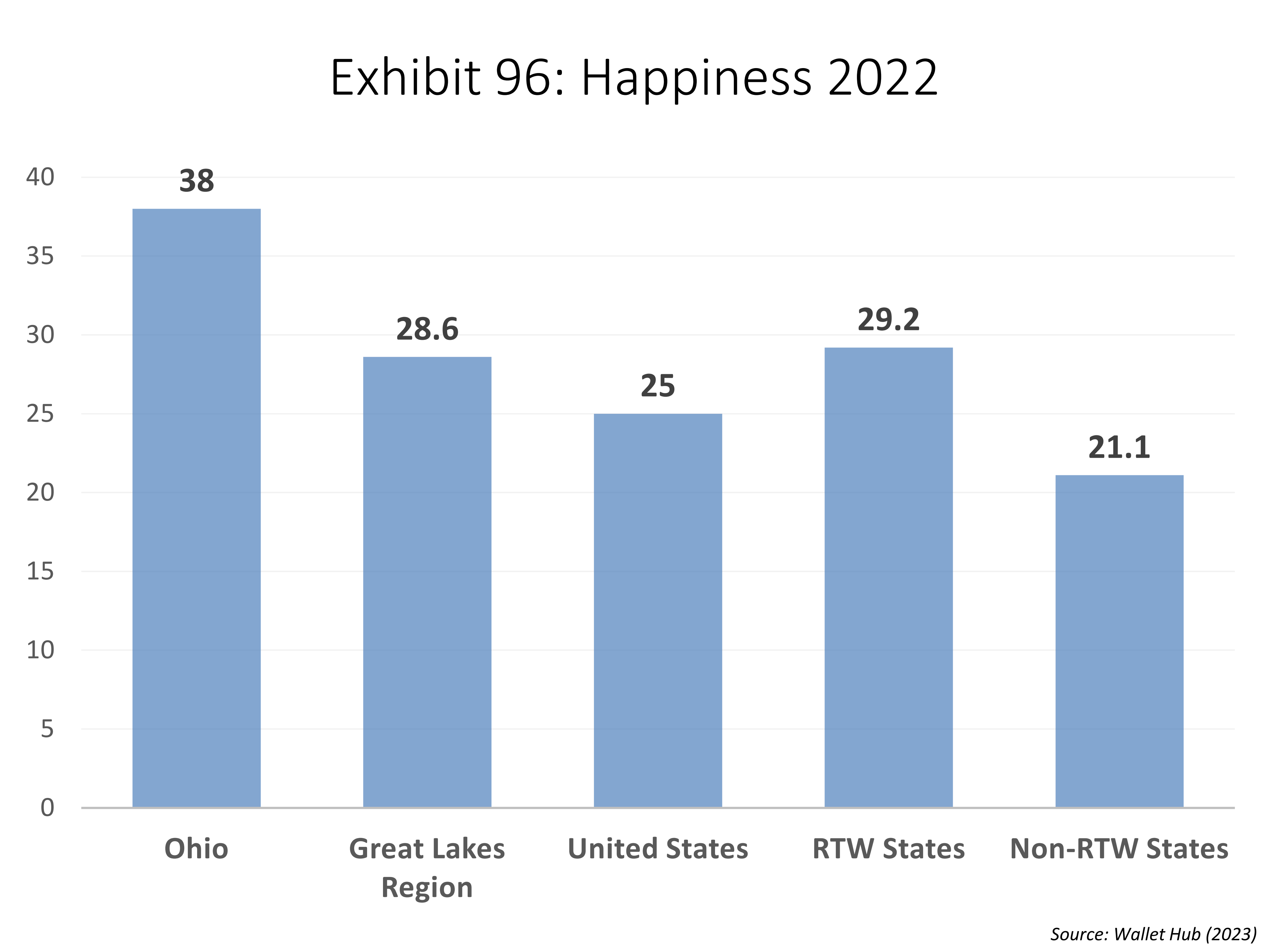


Exhibit 96: Happiness 2022
40
35
30
25
20
15
10
5
0
38
28.6
25
29.2
21.1
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Wallet Hub (2023)

Exhibit 97: ALEC-Laffer State Economic Performance Ranking (2022)

Rank	State	Rank	State
21	Alabama	15	Montana
49	Alaska	17	Nebraska
1	Arizona	13	Nevada
20	Arkansas	24	New Hampshire
19	California	44	New Jersey
6	Colorado	42	New Mexico
48	Connecticut	36	New York
18	Delaware	12	North Carolina
3	Florida	14	North Dakota
9	Georgia	**31**	**Ohio**
47	Hawaii	29	Oklahoma
4	Idaho	11	Oregon
43	Illinois	45	Pennsylvania
22	Indiana	38	Rhode Island
25	Iowa	7	South Carolina
34	Kansas	16	South Dakota
27	Kentucky	10	Tennessee
50	Louisiana	8	Texas
26	Maine	2	Utah
37	Maryland	39	Vermont
28	Massachusetts	30	Virginia
35	Michigan	5	Washington
23	Minnesota	46	West Virginia
40	Mississippi	33	Wisconsin
32	Missouri	41	Wyoming

RTW

NRTW

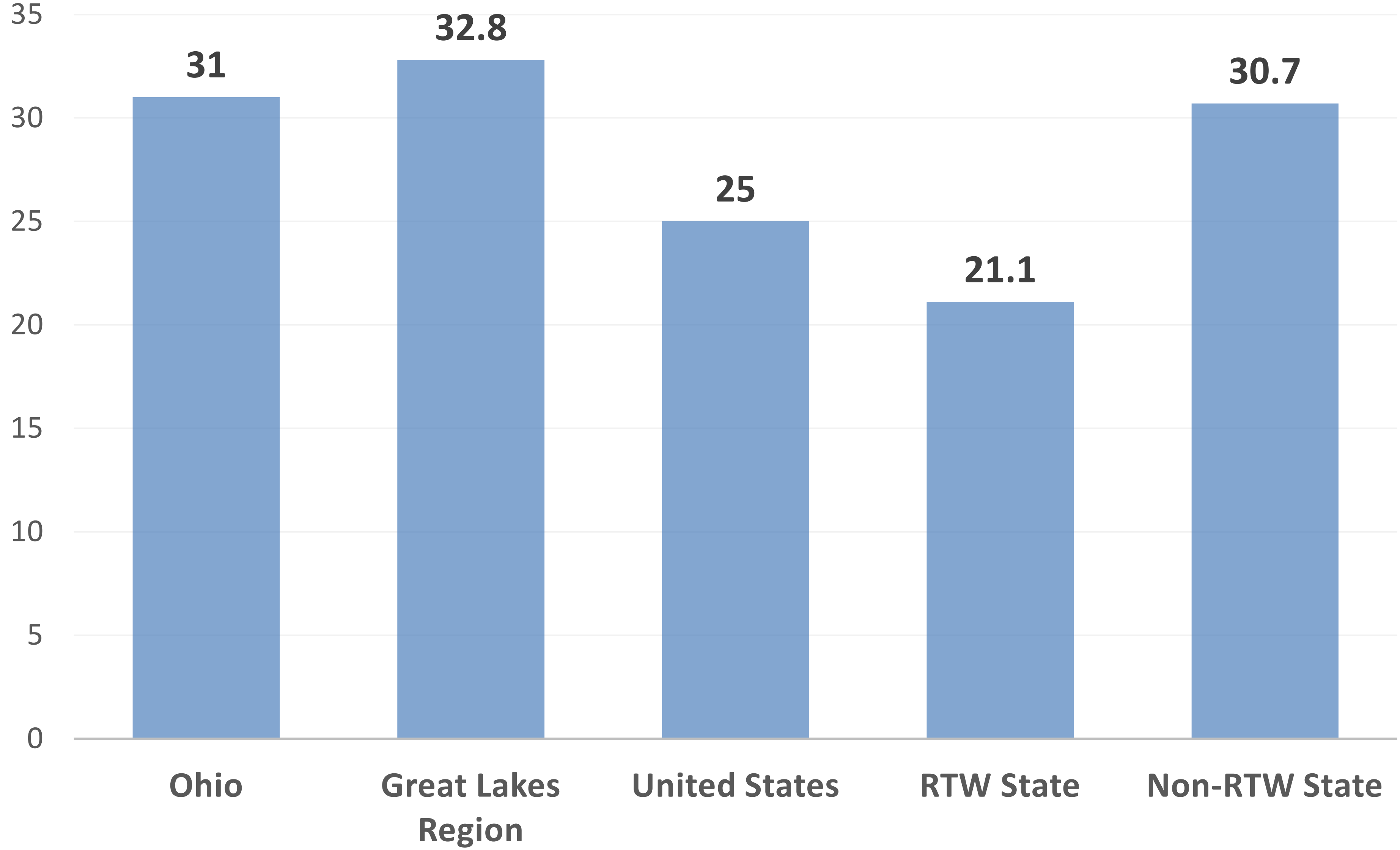
RTW Average Rank
21.1

Non-RTW Average Rank
30.7

Great Lakes Average Rank
32.8

Source: ALECs Rich States, Poor States (2022)

Exhibit 98: ALEC-Laffer State Economic Performance Ranking (2022)



Source: ALECs Rich States, Poor States (2022)

Exhibit 99: Forbes Best States to Start a Business Ranking 2023

Rank	26	Alabama	Rank	7	Montana
	31	Alaska		32	Nebraska
	28	Arizona		44	Nevada
	29	Arkansas		14	New Hampshire
	12	California		27	New Jersey
	2	Colorado		49	New Mexico
	11	Connecticut		50	New York
	10	Delaware		6	North Carolina
	45	Florida		3	North Dakota
	30	Georgia		**9**	**Ohio**
	17	Hawaii		42	Oklahoma
	22	Idaho		46	Oregon
	8	Illinois		4	Pennsylvania
	1	Indiana		23	Rhode Island
	35	Iowa		19	South Carolina
	41	Kansas		5	South Dakota
	43	Kentucky		40	Tennessee
	37	Louisiana		34	Texas
	38	Maine		21	Utah
	39	Maryland		48	Vermont
	13	Massachusetts		18	Virginia
	47	Michigan		25	Washington
	33	Minnesota		24	West Virginia
	16	Mississippi		20	Wisconsin
	15	Missouri		36	Wyoming

RTW

NRTW

RTW Average Rank
27.6

Non-RTW Average Rank
23.1

Great Lakes Average Rank
17

Source: Forbes (2023)

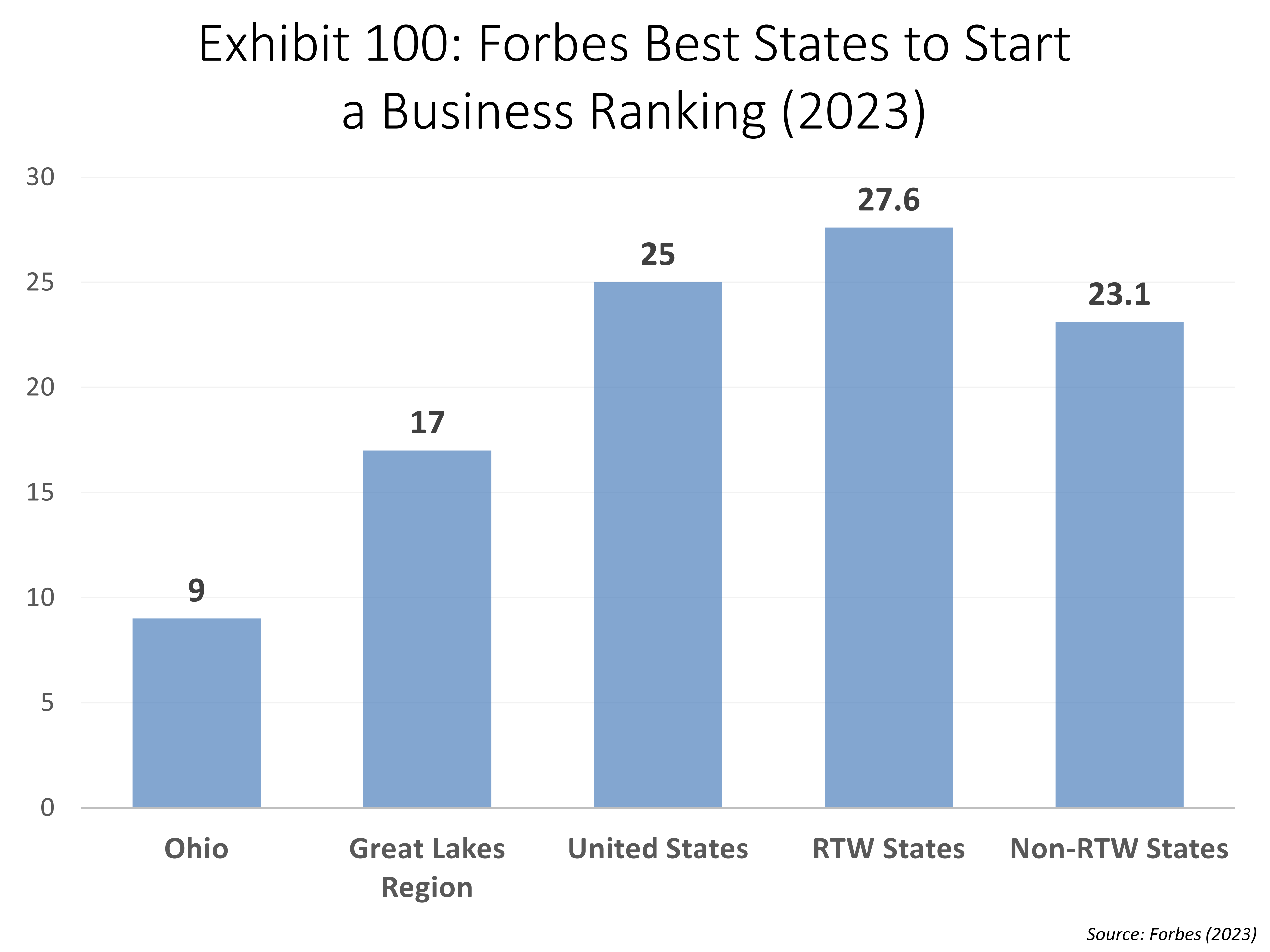


Exhibit 100: Forbes Best States to Start a Business Ranking (2023)
30
25
20
15
10
5
0
9
17
25
27.6
23.1
Ohio
Great Lakes Region
United States
RTW States
Non-RTW States
Source: Forbes (2023)

Exhibit 101: CNBC's America's Top States for Business Ranking (2022)

Rank	State	Rank	State
33	Alabama	30	Montana
49	Alaska	7	Nebraska
34	Arizona	39	Nevada
41	Arkansas	35	New Hampshire
29	California	42	New Jersey
4	Colorado	46	New Mexico
39	Connecticut	36	New York
28	Delaware	1	North Carolina
11	Florida	13	North Dakota
10	Georgia	**15**	**Ohio**
46	Hawaii	38	Oklahoma
20	Idaho	18	Oregon
19	Illinois	17	Pennsylvania
14	Indiana	45	Rhode Island
12	Iowa	36	South Carolina
21	Kansas	22	South Dakota
26	Kentucky	6	Tennessee
48	Louisiana	5	Texas
43	Maine	8	Utah
27	Maryland	31	Vermont
24	Massachusetts	3	Virginia
16	Michigan	2	Washington
9	Minnesota	44	West Virginia
50	Mississippi	23	Wisconsin
25	Missouri	32	Wyoming

RTW

NRTW

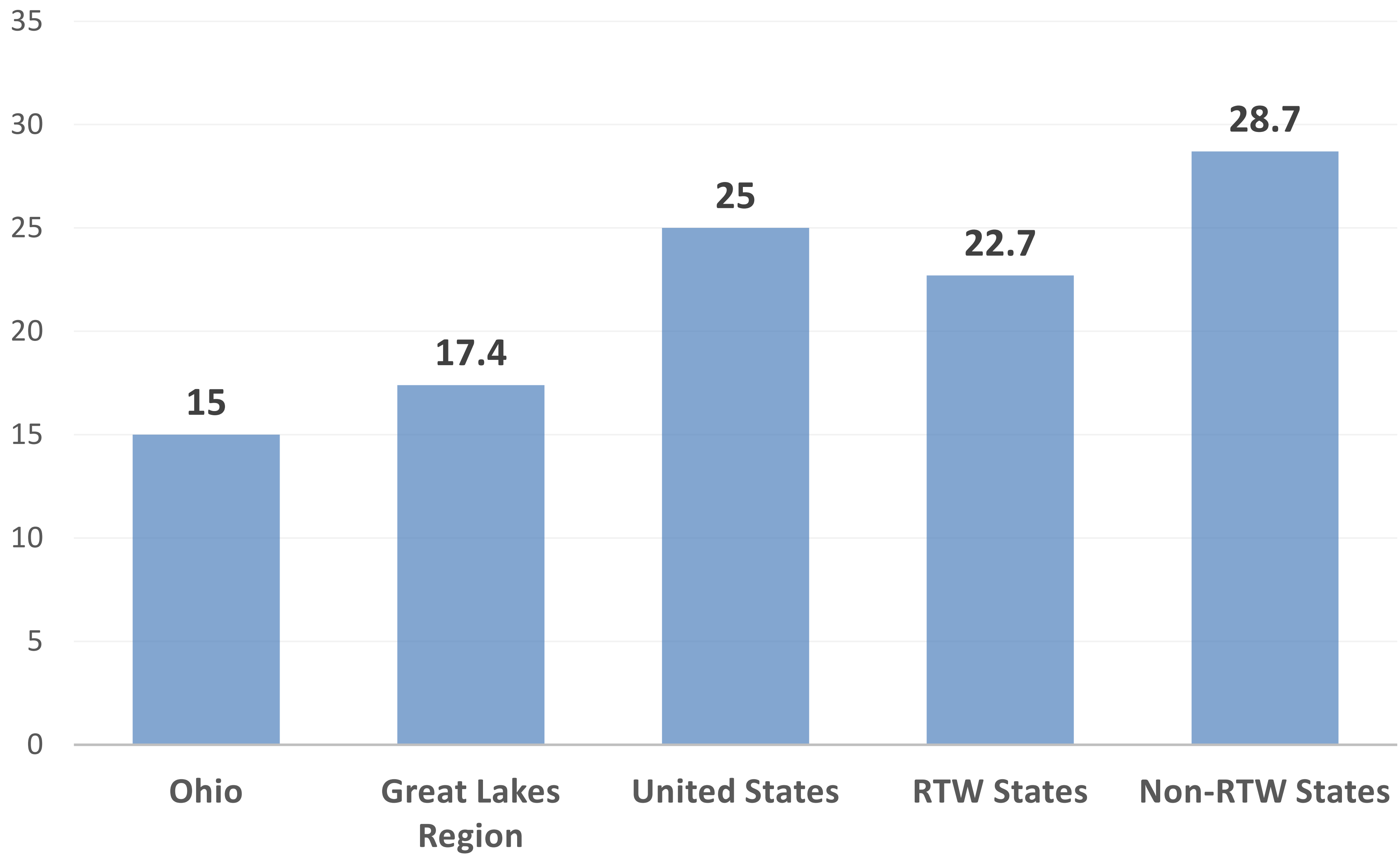
RTW Average Rank
22.7

Non-RTW Average Rank
28.65

Great Lakes Average Rank
17.4

Source: CNBC (2022)

Exhibit 102: CNBC's America's Top States for Business Ranking (2022)



Source: CNBC (2022)

Exhibit 103: CEO Magazine's Best & Worst States for Business Ranking (2022)

Rank	State	Rank	State
34	Alabama	27	Montana
36	Alaska	28	Nebraska
4	Arizona	8	Nevada
30	Arkansas	21	New Hampshire
50	California	47	New Jersey
13	Colorado	37	New Mexico
43	Connecticut	49	New York
15	Delaware	5	North Carolina
2	Florida	25	North Dakota
11	Georgia	**7**	**Ohio**
42	Hawaii	22	Oklahoma
16	Idaho	45	Oregon
48	Illinois	35	Pennsylvania
6	Indiana	33	Rhode Island
17	Iowa	12	South Carolina
24	Kansas	9	South Dakota
23	Kentucky	3	Tennessee
26	Louisiana	1	Texas
31	Maine	10	Utah
32	Maryland	40	Vermont
44	Massachusetts	14	Virginia
18	Michigan	46	Washington
41	Minnesota	39	West Virginia
38	Mississippi	19	Wisconsin
20	Missouri	29	Wyoming

RTW

NRTW

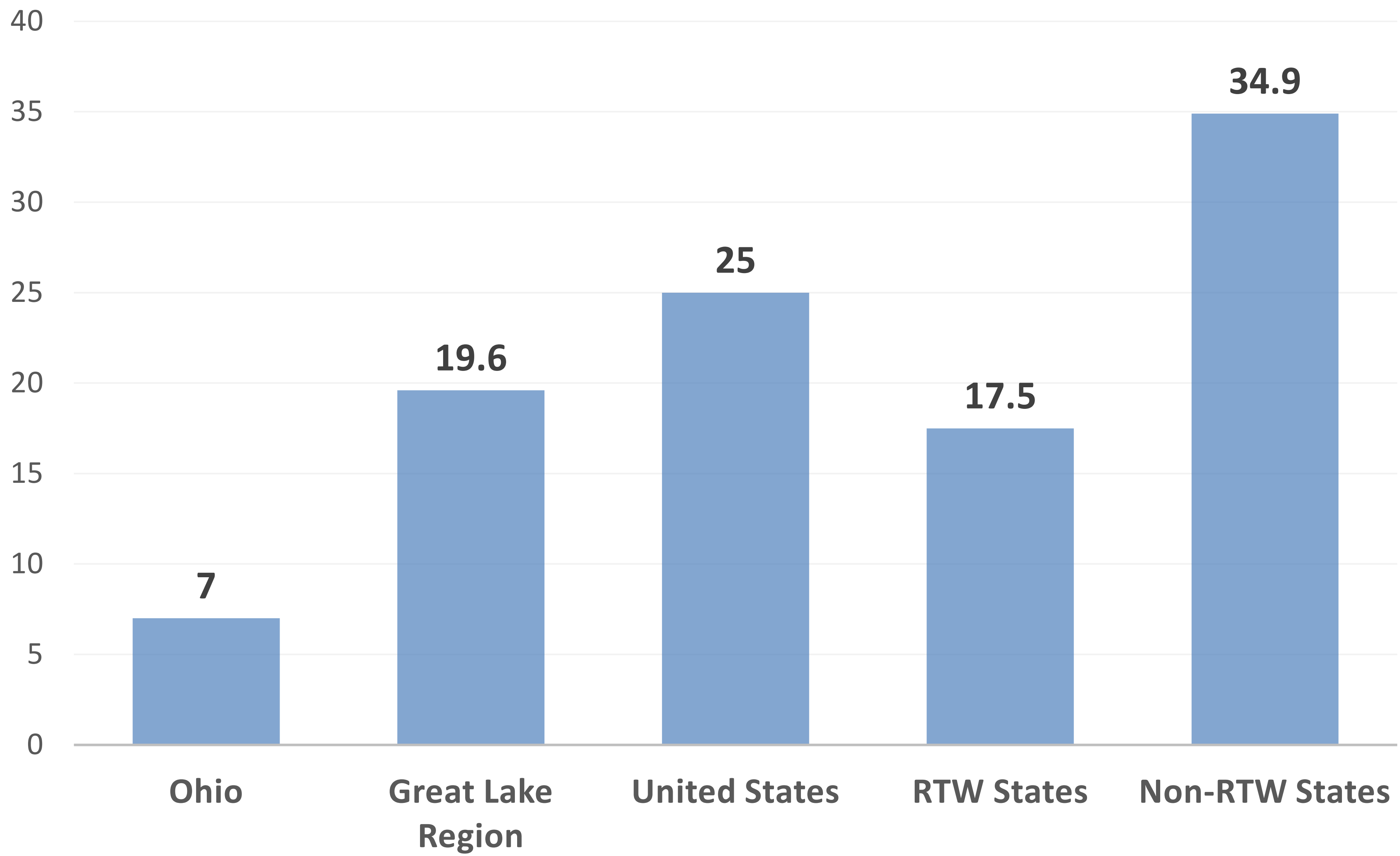
RTW Average Rank
17.5

Non-RTW Average Rank
34.9

Great Lakes Average Rank
19.6

Source: Best & Worst States for Business, Chief Executive (2022)

Exhibit 104: CEO Magazine's Best & Worst States for Business Ranking (2022)



Source: Best & Worst States for Business, Chief Executive (2022)

Exhibit 105: State Business Tax Climate Index 2023

State	Overall Index Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Unemp. Insurance Tax Rank	Property Tax Rank
Wyoming	1	1	1	6	28	34
South Dakota	2	1	1	34	37	14
Alaska	3	28	1	5	44	26
Florida	4	10	1	21	3	12
Montana	5	22	24	3	18	21
New Hampshire	6	44	9	1	45	43
Nevada	7	25	5	44	46	5
Utah	8	14	10	22	16	8
Indiana	9	11	15	19	27	2
North Carolina	10	5	17	20	10	13
Great Lakes Region						
Michigan	12	20	12	11	8	25
Wisconsin	27	31	38	7	31	15
Illinois	36	38	13	38	43	44
Ohio	**37**	**39**	**41**	**36**	**13**	**6**

Source: Tax Foundation (2023)

Exhibit 106: Northwood's State Competitiveness Index Rank (2022)

Rank	State	Rank	State
27	Alabama	28	Montana
40	Alaska	16	Nebraska
9	Arizona	19	Nevada
25	Arkansas	30	New Hampshire
47	California	49	New Jersey
15	Colorado	39	New Mexico
46	Connecticut	50	New York
29	Delaware	1	North Carolina
5	Florida	11	North Dakota
8	Georgia	**13**	**Ohio**
48	Hawaii	18	Oklahoma
6	Idaho	37	Oregon
42	Illinois	35	Pennsylvania
7	Indiana	45	Rhode Island
17	Iowa	12	South Carolina
24	Kansas	10	South Dakota
23	Kentucky	4	Tennessee
31	Louisiana	3	Texas
44	Maine	2	Utah
38	Maryland	43	Vermont
41	Massachusetts	14	Virginia
20	Michigan	33	Washington
34	Minnesota	36	West Virginia
32	Mississippi	21	Wisconsin
26	Missouri	22	Wyoming

RTW

NRTW

RTW Average Rank
15.7

Non-RTW Average Rank
37

Great Lakes Average Rank
20.6

Exhibit 107: Northwood's State Competitiveness Index Rank (2022)

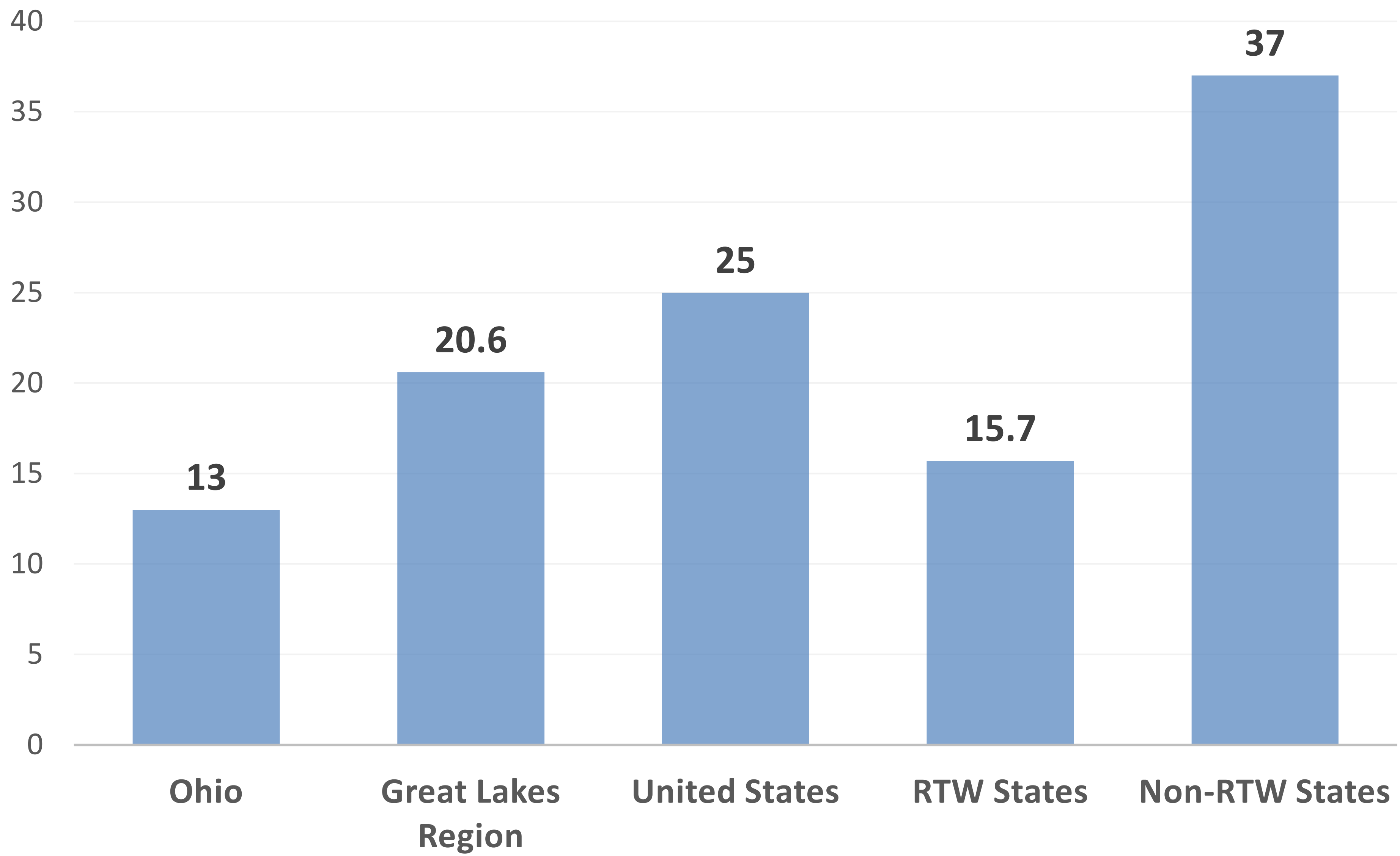


Exhibit 108: Factor 1 – General Macroeconomic Environment

Rank	State	Rank	State
18	Alabama	5	Montana
46	Alaska	16	Nebraska
4	Arizona	13	Nevada
17	Arkansas	32	New Hampshire
20	California	49	New Jersey
12	Colorado	34	New Mexico
50	Connecticut	41	New York
29	Delaware	6	North Carolina
3	Florida	21	North Dakota
10	Georgia	**36**	**Ohio**
45	Hawaii	23	Oklahoma
1	Idaho	15	Oregon
48	Illinois	47	Pennsylvania
19	Indiana	43	Rhode Island
22	Iowa	7	South Carolina
39	Kansas	14	South Dakota
28	Kentucky	8	Tennessee
44	Louisiana	9	Texas
25	Maine	2	Utah
35	Maryland	38	Vermont
31	Massachusetts	27	Virginia
30	Michigan	11	Washington
24	Minnesota	37	West Virginia
42	Mississippi	40	Wisconsin
26	Missouri	33	Wyoming

RTW (white)

NRTW (shaded)

RTW Average Rank
19.7

Non-RTW Average Rank
32.3

Great Lakes Average Rank
34.6

Exhibit 109: Factor 1 – General Macroeconomic Environment

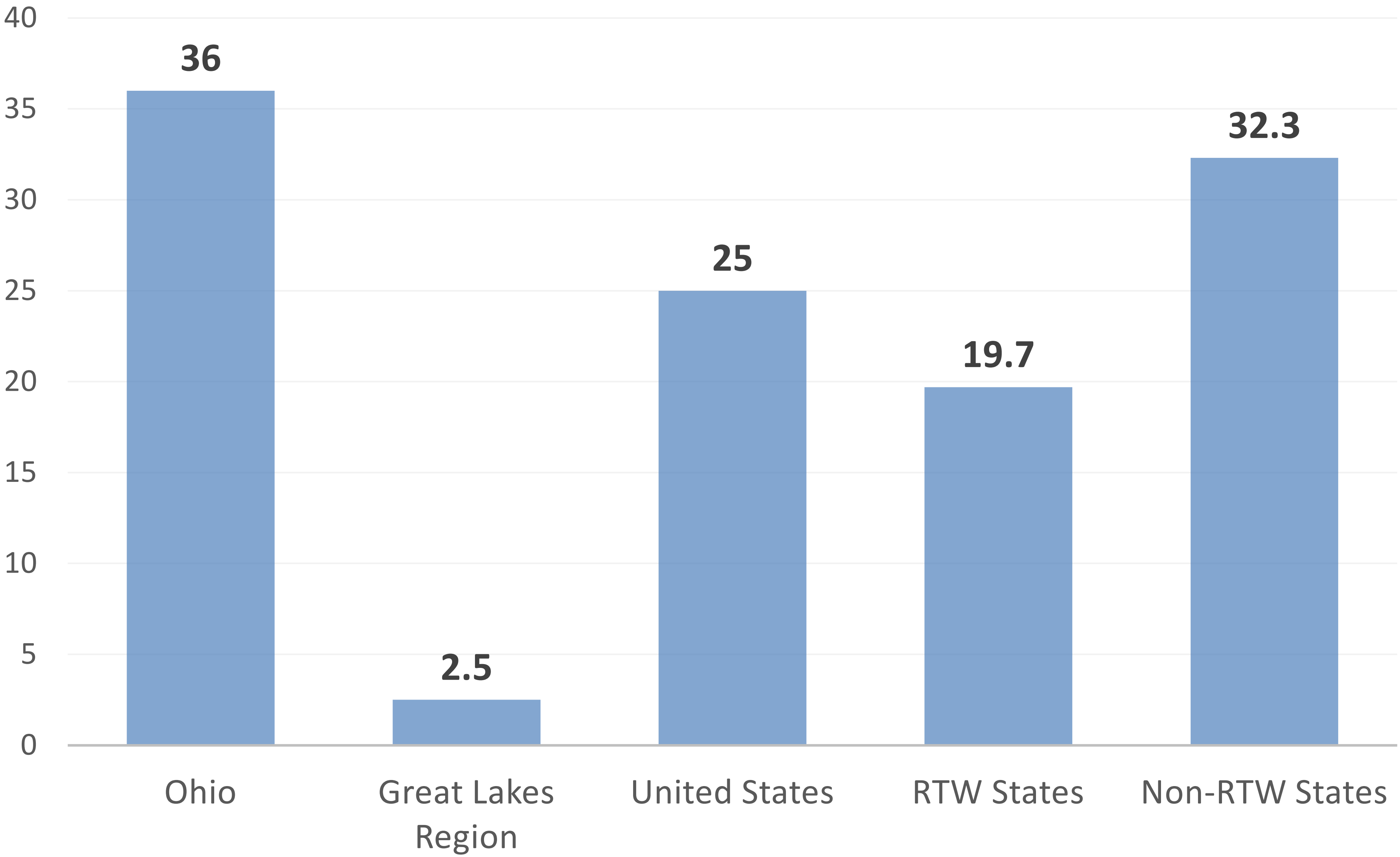


Exhibit 110: Factor 2 – State Debt and Taxation

Rank	State	Rank	State
32	Alabama	13	Montana
21	Alaska	23	Nebraska
11	Arizona	9	Nevada
36	Arkansas	35	New Hampshire
41	California	50	New Jersey
30	Colorado	14	New Mexico
46	Connecticut	49	New York
18	Delaware	2	North Carolina
1	Florida	8	North Dakota
25	Georgia	**22**	**Ohio**
40	Hawaii	15	Oklahoma
12	Idaho	34	Oregon
45	Illinois	33	Pennsylvania
6	Indiana	47	Rhode Island
38	Iowa	31	South Carolina
16	Kansas	7	South Dakota
20	Kentucky	27	Tennessee
37	Louisiana	17	Texas
39	Maine	4	Utah
48	Maryland	44	Vermont
42	Massachusetts	28	Virginia
10	Michigan	26	Washington
43	Minnesota	19	West Virginia
24	Mississippi	29	Wisconsin
5	Missouri	3	Wyoming

RTW

NRTW

RTW Average Rank
18.1

Non-RTW Average Rank
34.1

Great Lakes Average Rank
22.4

Exhibit 111: Factor 2 – State Debt and Taxation

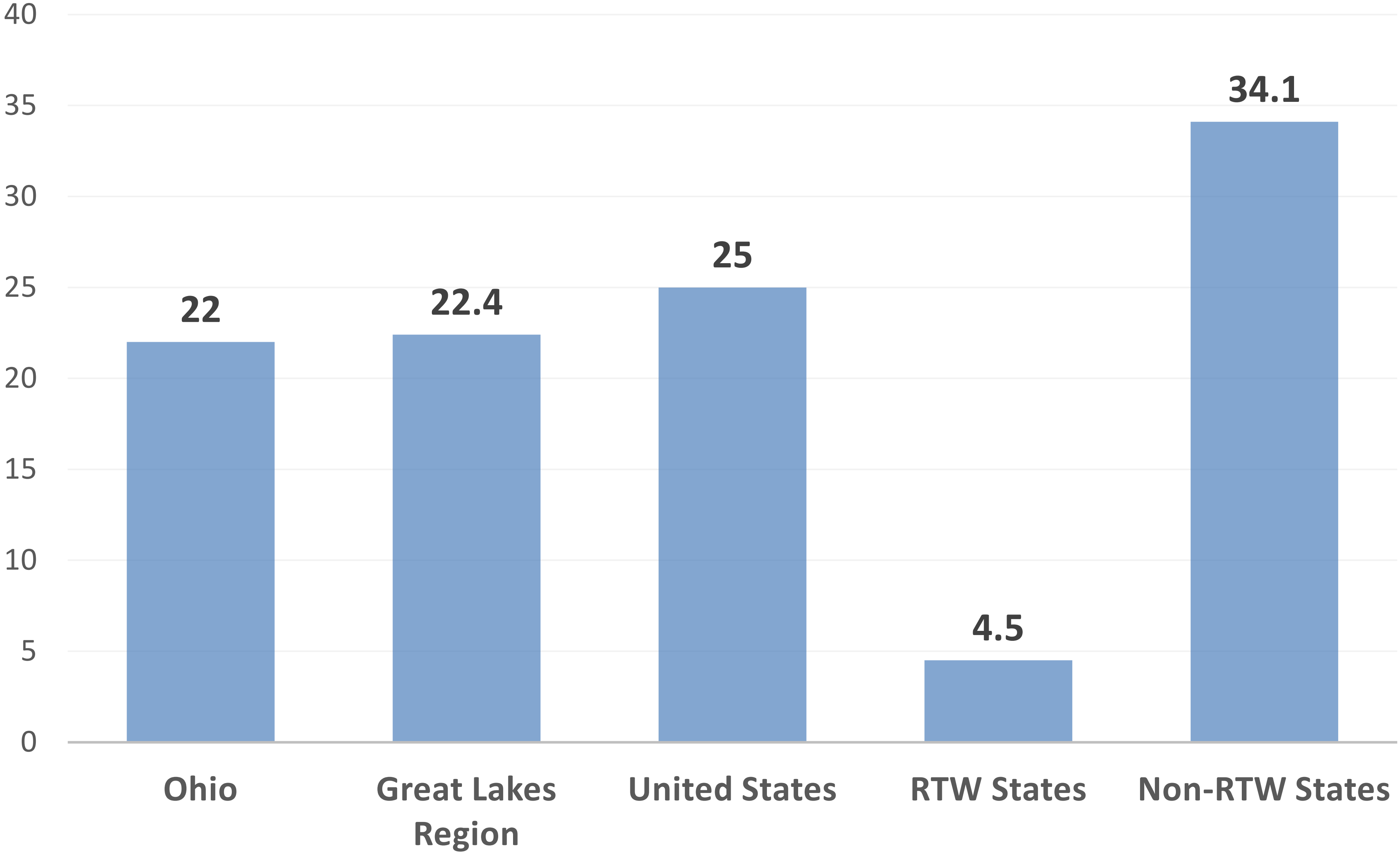


Exhibit 112: Factor 3 – Workforce Composition and Cost

Rank	State	Rank	State
26	Alabama	38	Montana
49	Alaska	16	Nebraska
32	Arizona	50	Nevada
37	Arkansas	36	New Hampshire
3	California	20	New Jersey
19	Colorado	39	New Mexico
12	Connecticut	7	New York
28	Delaware	1	North Carolina
5	Florida	23	North Dakota
13	Georgia	**8**	**Ohio**
43	Hawaii	29	Oklahoma
48	Idaho	30	Oregon
14	Illinois	2	Pennsylvania
33	Indiana	45	Rhode Island
27	Iowa	35	South Carolina
24	Kansas	46	South Dakota
44	Kentucky	17	Tennessee
34	Louisiana	4	Texas
42	Maine	31	Utah
25	Maryland	21	Vermont
18	Massachusetts	15	Virginia
9	Michigan	6	Washington
11	Minnesota	47	West Virginia
40	Mississippi	41	Wisconsin
10	Missouri	22	Wyoming

RTW

NRTW

RTW Average Rank
27.7

Non-RTW Average Rank
22.9

Great Lakes Average Rank
21

Exhibit 113: Factor 3 – Workforce Composition and Cost

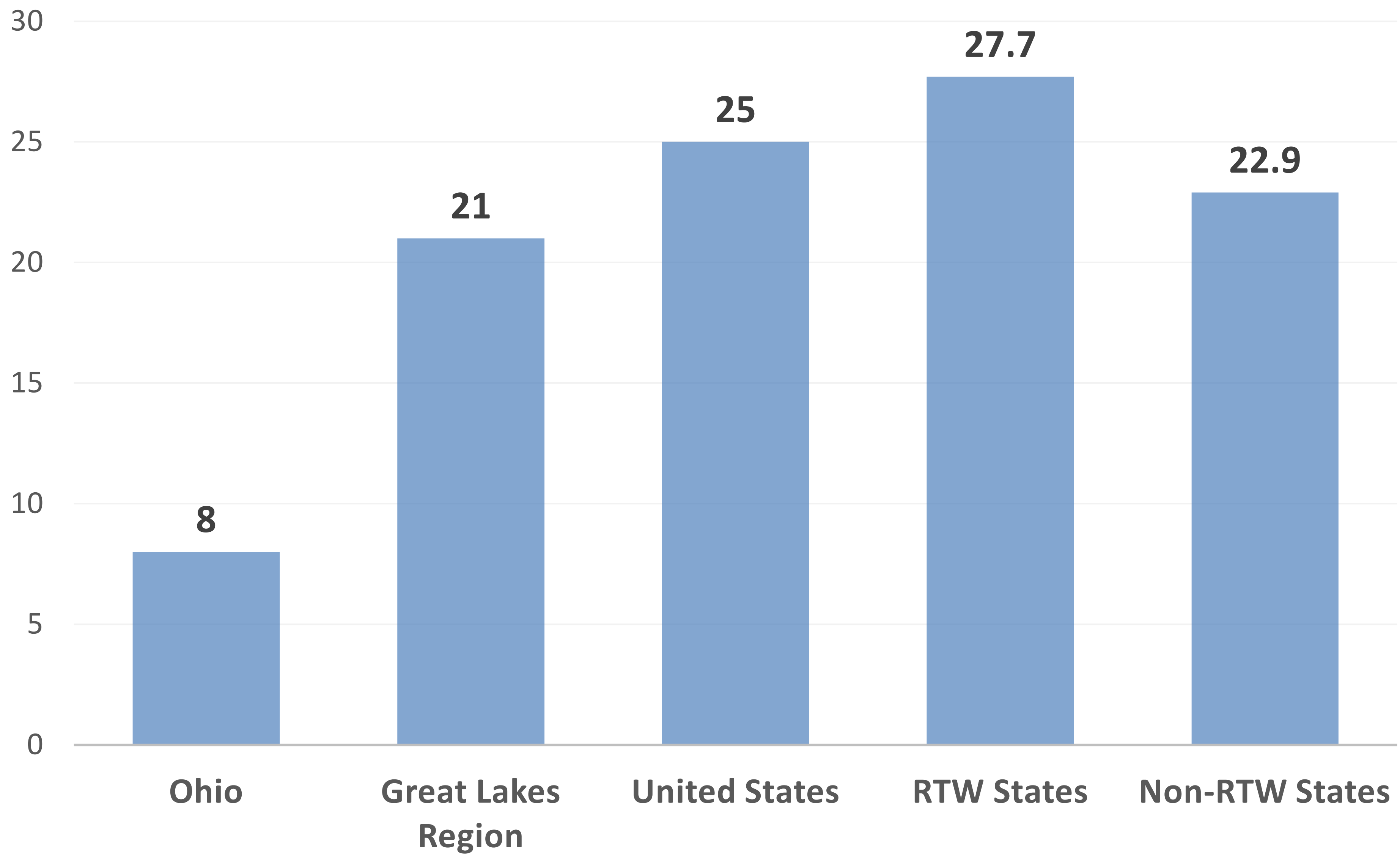


Exhibit 114: Factor 4 – Labor and Capital Formation

Rank	State	Rank	State
14	Alabama	49	Montana
40	Alaska	34	Nebraska
29	Arizona	32	Nevada
12	Arkansas	50	New Hampshire
26	California	25	New Jersey
38	Colorado	37	New Mexico
36	Connecticut	10	New York
18	Delaware	5	North Carolina
35	Florida	42	North Dakota
20	Georgia	**3**	**Ohio**
47	Hawaii	8	Oklahoma
45	Idaho	43	Oregon
17	Illinois	15	Pennsylvania
2	Indiana	41	Rhode Island
19	Iowa	33	South Carolina
11	Kansas	13	South Dakota
27	Kentucky	9	Tennessee
21	Louisiana	1	Texas
48	Maine	28	Utah
6	Maryland	44	Vermont
23	Massachusetts	7	Virginia
16	Michigan	24	Washington
4	Minnesota	31	West Virginia
22	Mississippi	30	Wisconsin
39	Missouri	46	Wyoming

RTW

NRTW

RTW Average Rank
21.9

Non-RTW Average Rank
29.7

Great Lakes Average Rank
13.6

Exhibit 115: Factor 4 – Labor and Capital Formation

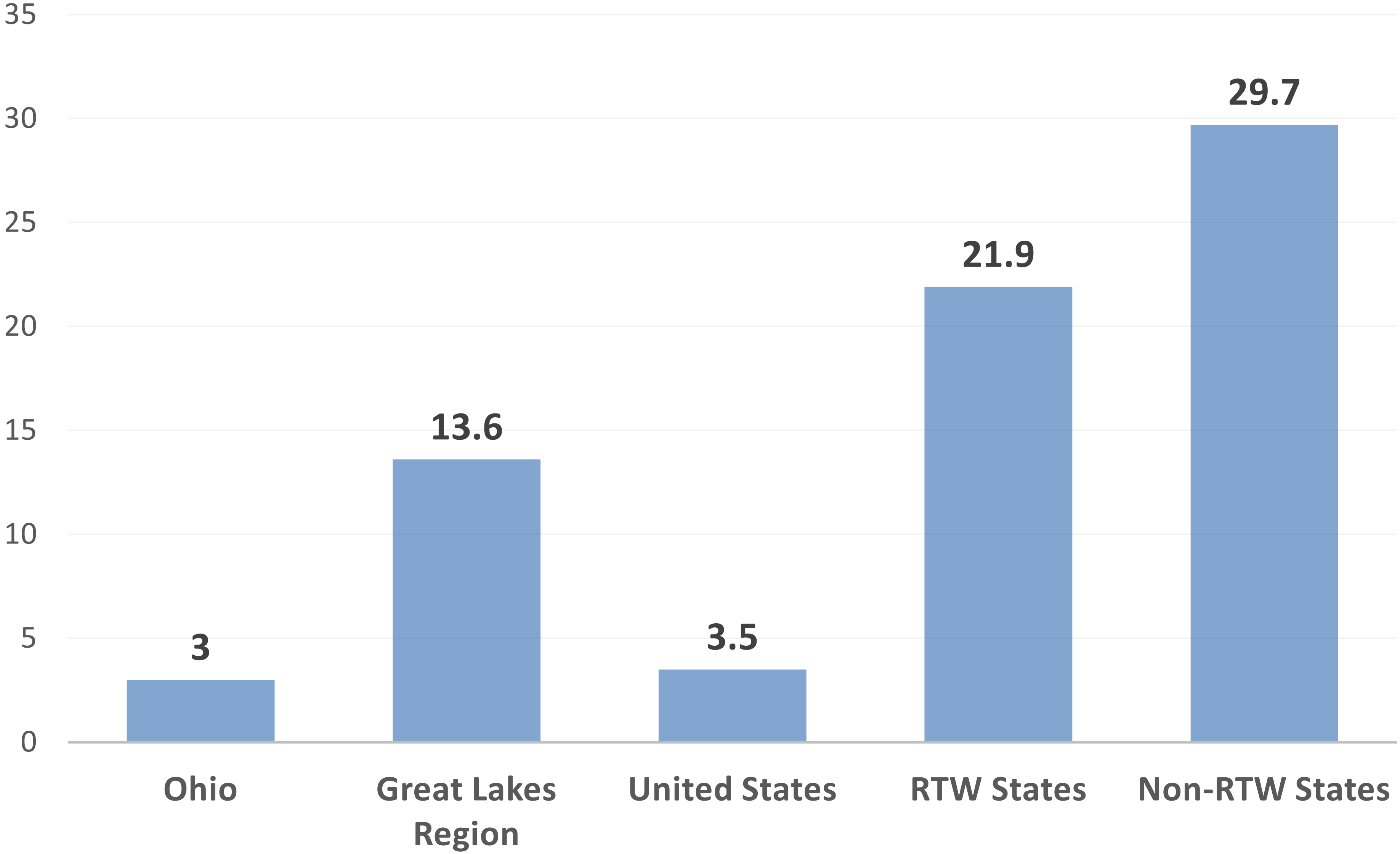


Exhibit 116: Factor 5 – Regulatory Environment

Rank	State	Rank	State
26	Alabama	17	Montana
27	Alaska	6	Nebraska
16	Arizona	12	Nevada
20	Arkansas	39	New Hampshire
50	California	48	New Jersey
22	Colorado	33	New Mexico
42	Connecticut	46	New York
35	Delaware	31	North Carolina
36	Florida	1	North Dakota
28	Georgia	**18**	**Ohio**
49	Hawaii	11	Oklahoma
4	Idaho	40	Oregon
41	Illinois	34	Pennsylvania
3	Indiana	47	Rhode Island
29	Iowa	25	South Carolina
7	Kansas	2	South Dakota
21	Kentucky	9	Tennessee
23	Louisiana	15	Texas
43	Maine	5	Utah
45	Maryland	32	Vermont
44	Massachusetts	10	Virginia
13	Michigan	38	Washington
37	Minnesota	24	West Virginia
30	Mississippi	8	Wisconsin
14	Missouri	19	Wyoming

RTW

NRTW

RTW Average Rank
16.1

Non-RTW Average Rank
36.6

Great Lakes Average Rank
16.6

Exhibit 117: Factor 5 – Regulatory Environment

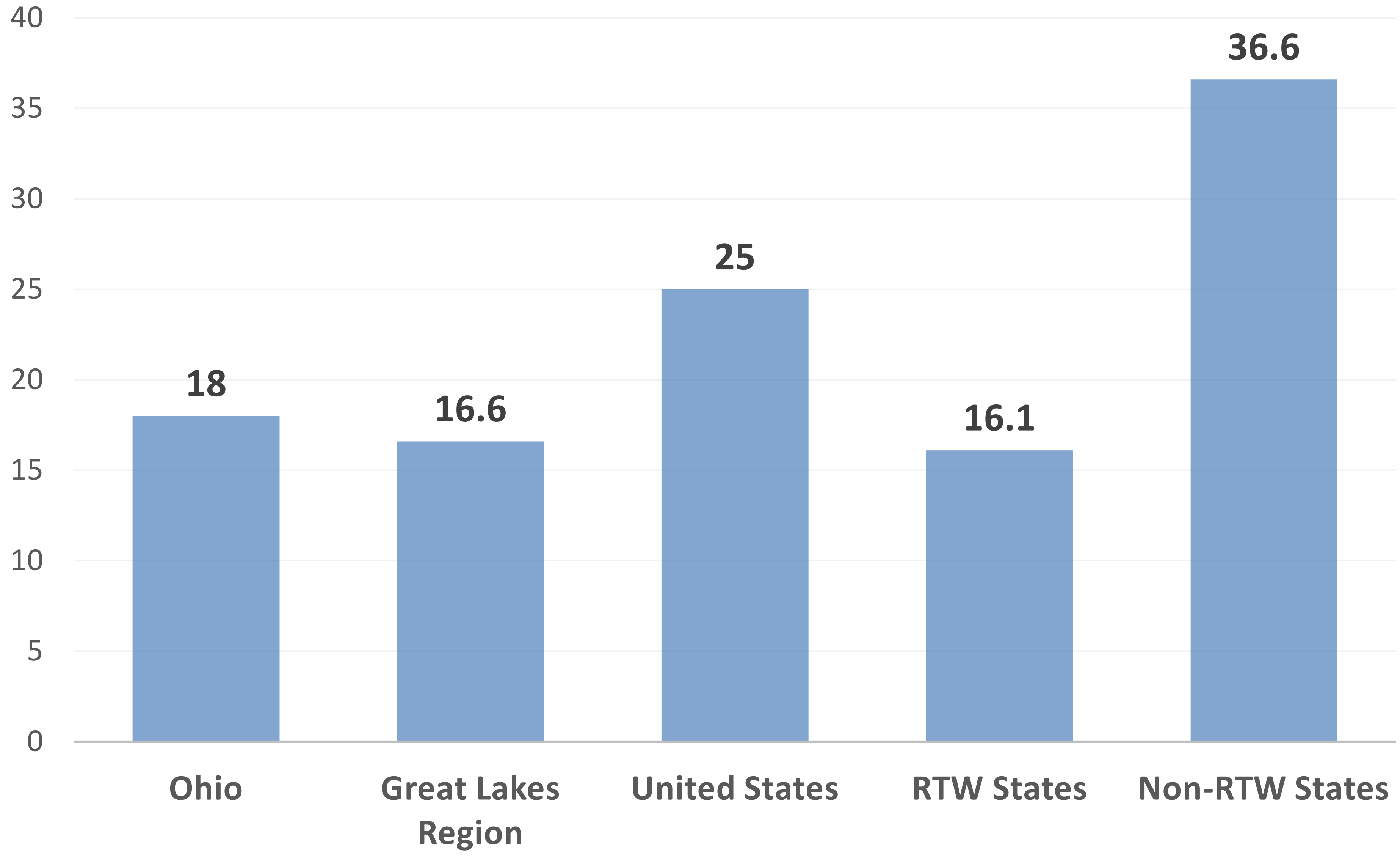


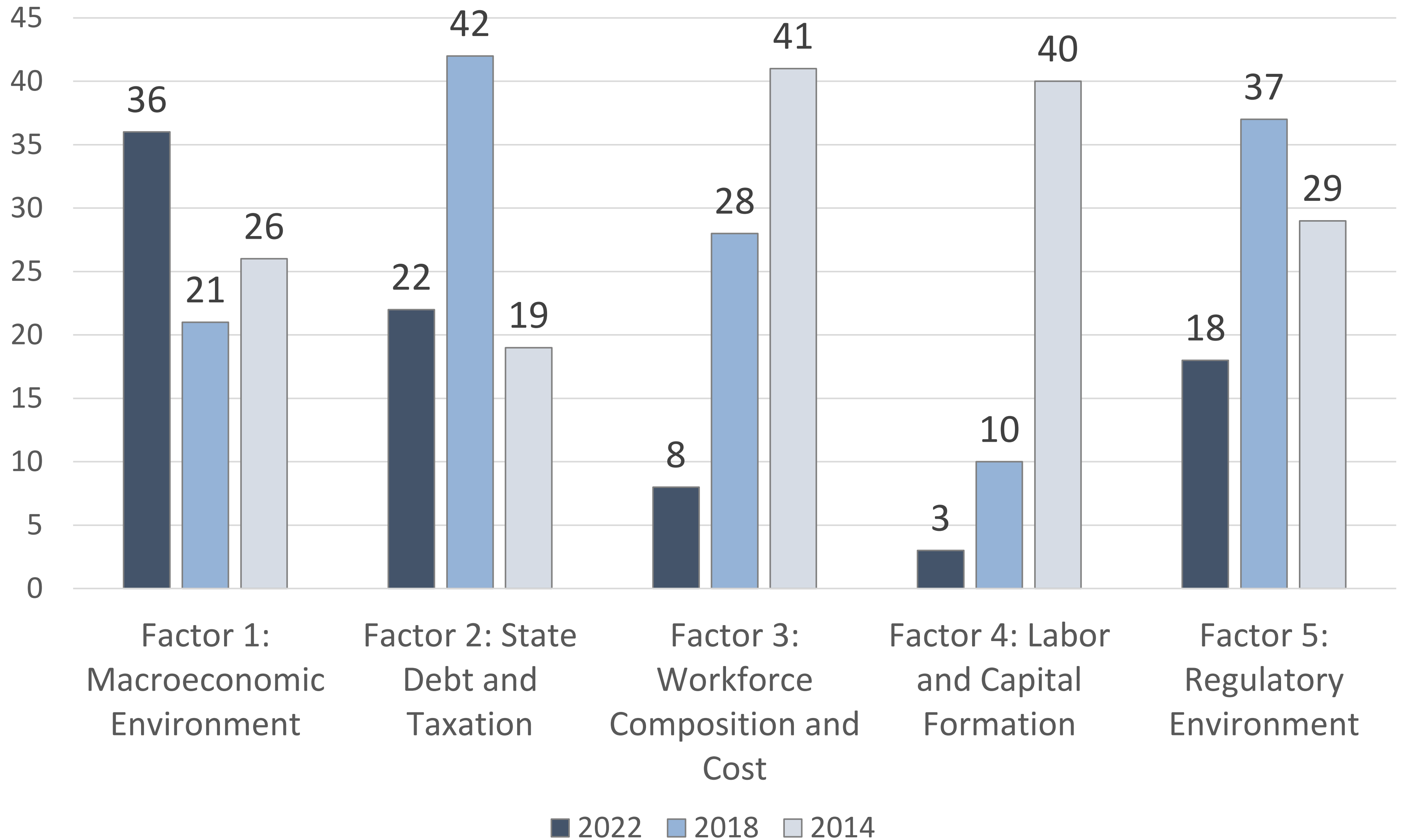
Exhibit 118: Ohio's Economic Performance Ranking

(2022-2014 Data)

	2022	2018	2014
NU State Competitiveness Index: Ohio	**13**	24	31
Factor 1 – General Macroeconomic Environment	**36**	21	26
Factor 2 – State Debt and Taxation	**22**	42	19
Factor 3 – Workforce Composition and Cost	**8**	28	41
Factor 4 – Labor and Capital Formation	**3**	10	40
Factor 5 – Regulatory Environment	**18**	37	29

Source: Northwood Competitiveness Index 2014-2022

Exhibit 119: Ohio's Economic Performance Ranking (2022-2014 Data)



Source: Northwood Competitiveness Index 2014-2022

Exhibit 120: An Economic Snapshot of Key Great Lakes Region Cities (2020-2023)

City	Metro Compounded Annual GDP Growth Rate (2020-2021)	Metro Compounded Annual GDP Growth Rate (2021-2022)	Metro Compounded Annual Real GDP Growth Rate (2022-2023)	Metro Nominal GDP (2021)	Number of Employers (2021)	City Population (City Proper) (2021)	City Median Household Income/State (2021)
Chicago	9.2%	8.3%	5.0%	$757.2 B	291,000	2,696,555	$65,781/$72,563
Cleveland	8.5%	8.8%	6.0%	$144.9 B	232,680	367,991	$33,678/$61,938
Detroit	11.8%	8.6%	6.0%	$284.5 B	61,868	632,464	$34,762/$63,202
Cincinnati	8.6%	8.2%	6.5%	$165.2 B	16,153	308,934	$45,235/$61,938
Indianapolis	11.6%	9.0%	6.4%	$163.9 B	69,366	882,039	$54,321/$61,949
Columbus	10.0%	8.7%	6.8%	$151.0 B	15,563	906,528	$58,575/$61,938
Milwaukee	7.5%	8.3%	5.9%	$110.1 B	38,017	569,830	$45,318/$67,080
U.S. Metro Areas	10.7%	9.2%	-	$ 19.6 T			

Source: U.S. Bureau of Economic Analysis (2023)

Exhibit 121: Comparison of Key Ohio Data from 2014 – 2022 Studies

	2014 Study	2016 Study	2018 Study	2022 Study
Average Personal Income Per Capita Growth	**2000-2013**	**2000-2015**	**2000-2017**	**2000-2021**
	36.9%	51.9%	60.0%	98.89%
Gross State Product Growth	**1998-2013**	**1998-2015**	**1998-2017**	**1998-2021**
	61.4%	73.6%	85.3%	116.0%
U.S. Population Net Migration	**2001-2013**	**2000-2015**	**2000-2017**	**2000-2021**
	-438,589	-488,129	-523,245	-574,716
U.S. Employment Growth	**2001-2012**	**2000-2014**	**2000-2017**	**2000-2017**
	-2.0%	0.4%	3.5%	3.5%
Total Government Employees Per 10,000 People	**2013**	**2015**	**2017**	**2021**
	688	686	690	661
The Kauffman Index of Entrepreneurial Activity	**2013**	**2016**	**2018**	**2022**
	200	240	230	-1.37
Industrial Natural Gas Prices	**2013**	**2016**	**2018**	**2022**
	$ 6.36	$5.14	$7.13	$10.47
Median Price of Annual Car Insurance Policy	**2014**	**2016**	**2018**	**2022**
	$ 926	$ 900	$ 944	$1,023
Northwood University Competitiveness Index	**2014**	**2016**	**2018**	**2022**
	31	30	24	13

Source: Northwood Competitiveness Index (2014-2022)

Exhibit 122: Metropolitan to Global GDP 2022

Ohio Metropolitan Region	State Rank	GDP 2021	Roughly the Size of	Global Rank	Projected GDP Growth 2020-23	
					Rate	State Rank
Akron	5th	40.1	Latvia	100th	23.8%	12th
Canton-Massillon	8th	19.6	Palestine	121st	25.0%	8th
Cincinnati (OH, KY, IN)	1st	165.2	Kuwait	59th	25.2%	7th
Cleveland	3rd	144.9	Angola	61st	24.4%	10th
Columbus	2nd	151.0	Morocco	60th	27.7%	2nd
Dayton	4th	48.3	Uganda	91st	21.9%	13th
Huntington-Ashland (WV, KY, OH)	9th	16.9	Equatorial Guinea	132nd	27.6%	3rd
Lima	11th	8.9	Kosovo	155th	24.7%	9th

Source: U.S. Bureau of Economic Analysis (BEA) , World Bank and McNair Center Data (2023)

Exhibit 123: Metropolitan to Global GDP 2022

Ohio Metropolitan Region	State Rank	GDP 2021	Roughly the Size of	Global Rank	Projected GDP Growth 2020-23	
					Rate	State Rank
Mansfield	13th	5.2	French Polynesia	166th	25.5%	5th Tied
Steubenville (WV, OH)	12th	5.9	Maldives	163rd	24.1%	11th
Springfield	14th	5.1	Fiji	167th	25.5%	5th Tied
Toledo	6th	37.6	Zimbabwe	103rd	26.4%	4th
Wheeling (WV, OH)	10th	10.3	Mauritania	151st	30.0%	1st
Youngstown-Warren	7th	22.6	Gabon	117th	21.4%	14th
Ohio	**N/A**	**Real: $615 B Nominal: $736 B**	**Poland**	**23rd**	**26.8%**	**N/A**

Source: U.S. Bureau of Economic Analysis (BEA) , World Bank and McNair Center Data (2023)

Exhibit 124: Tax Foundation State Business Tax Climate (Ohio 2018-2023)

Category Ranking	2018	2019	2020	2021	2022	2023
Overall	41st	37th	37th	37th	37th	37th
Corporate Income Tax	47th	42nd	41st	40th	39th	39th
Individual Income Tax	43rd	41st	42nd	41st	41st	41st
Sales Tax	31st	28th	32nd	34th	35th	36th
Property Tax	5th	7th	5th	6th	6th	6th
Unemployment Insurance Tax	8th	6th	7th	6th	13th	13th

Source: Tax Foundation 2023

Exhibit 125: Tax Foundation State Business Tax Climate (Ohio 2014, 2019, & 2023)

Category Ranking	2014	2019	2023
Overall	42nd	37th	37th
Corporate Income Tax	45th	42nd	39th
Individual Income Tax	46th	41st	41st
Sales Tax	29th	28th	36th
Property Tax	8th	7th	6th
Unemployment Insurance Tax	6th	6th	13th

Source: Tax Foundation 2023

Exhibit 126: Metropolitan to Global GDP 2021

Ohio Metropolitan Region	State Rank	2021 GDP	Roughly the Size of	Global Rank
Akron	5th	$ 40.1 B	Latvia	100th
Canton-Massillon	8th	$ 19.6 B	Palestine	121st
Cincinnati (OH, KY, IN)	1st	$ 165.2 B	Kuwait	59th
Cleveland	3rd	$ 144.9 B	Angola	61st
Columbus	2nd	$ 151.0 B	Morocco	60th
Dayton	4th	$ 48.3 B	Uganda	91st
Huntington-Ashland (WV, KY, OH)	9th	$ 16.9 B	Equatorial Guinea	132nd
Lima	11th	$ 8.9 B	Kosovo	155th
Mansfield	13th	$ 5.2 B	French Polynesia	166th
Steubenville (WV, OH)	12th	$ 5.9 B	Maldives	163rd
Springfield	14th	$ 5.1 B	Fiji	167th
Toledo	6th	$ 37.6 B	Zimbabwe	103rd
Wheeling (WV, OH)	10th	$ 10.3 B	Mauritania	151st
Youngstown-Warren	7th	$ 22.6 B	Gabon	117th

Source: 2023 U.S. Bureau of Economic Analysis (BEA) , World Bank and McNair Center Data

Exhibit 127: U.S. GDP Growth Rates 2003-2010

Economic Region	Nominal GDP Growth Rate	Nominal GDP Growth Rank	Real GDP Growth Rate	Real GDP Growth Rank
Indiana	3.3%	34th	1.0%	Tied 34th
Illinois	3.0%	43rd	0.6%	Tied 42nd
Michigan	0.3%	50th	-1.6%	50th
Ohio	2.2%	49th	-0.1%	49th
Wisconsin	3.1%	Tied 42nd	0.7%	Tied 40th
United States	**3.8%**		**1.4%**	

Source: U.S. Bureau of Economic Analysis and McNair Center Data (2018)

Exhibit 128: Real Per Capita Personal Income Growth

2010 - 2021

Year(s)	Ohio Growth Rate	National Rank	Great Lakes Region Rank	U.S. Growth Rate
2018-19	1.6%	43rd	4th	3.0%
2019-20	7.3%	10th	2nd	5.1%
2020-21	1.7%	40th	4th	3.2%
2010-21	2.4%	20th	4th	2.5%

Source: U.S. Bureau of Economic Analysis (BEA) and McNair Center Data (2021)

Exhibit 129: Ranking Yearly Annual Declines in State Unemployment Rates 5/2020 - 12/2022

States with Greatest Decline 1 = Best 50 = Worst	Ranking of States Decline 1 = Best 50 = Worst	Average Annual Rate of Decline in State Unemployment Rates (2020-2022)	Monthly Comparisons August 2009 to August 2018			
			May 2020	Rank	December 2022	Rank
Hawaii	1st	606%	22.6%	2nd	3.2%	33rd
Florida	2nd	480%	14.5%	12th	2.5%	46th
New Hampshire	3rd	437%	14.5%	11th	2.7%	43rd
Ohio	28th	236%	13.7%	14th	4.2%	9th
United States	N/A	280%				

Source: U.S. Bureau of Labor Statistics & McNair Center Data (2023)

Exhibit 130: U.S. GDP Growth Rates 2010-2021

Economic Region	Nominal GDP Growth	Real GDP Growth	Real GDP Growth Per Capita
United States	**4.1%**	**2.1%**	**2.2%**
Ohio	**3.8%** 23rd in U.S. 1st in GL Region *45th 2000-21	**1.7%** 22nd in U.S. 1st in GL Region *40th 2000-21	**1.8%** 11th in U.S. 1st in GL Region

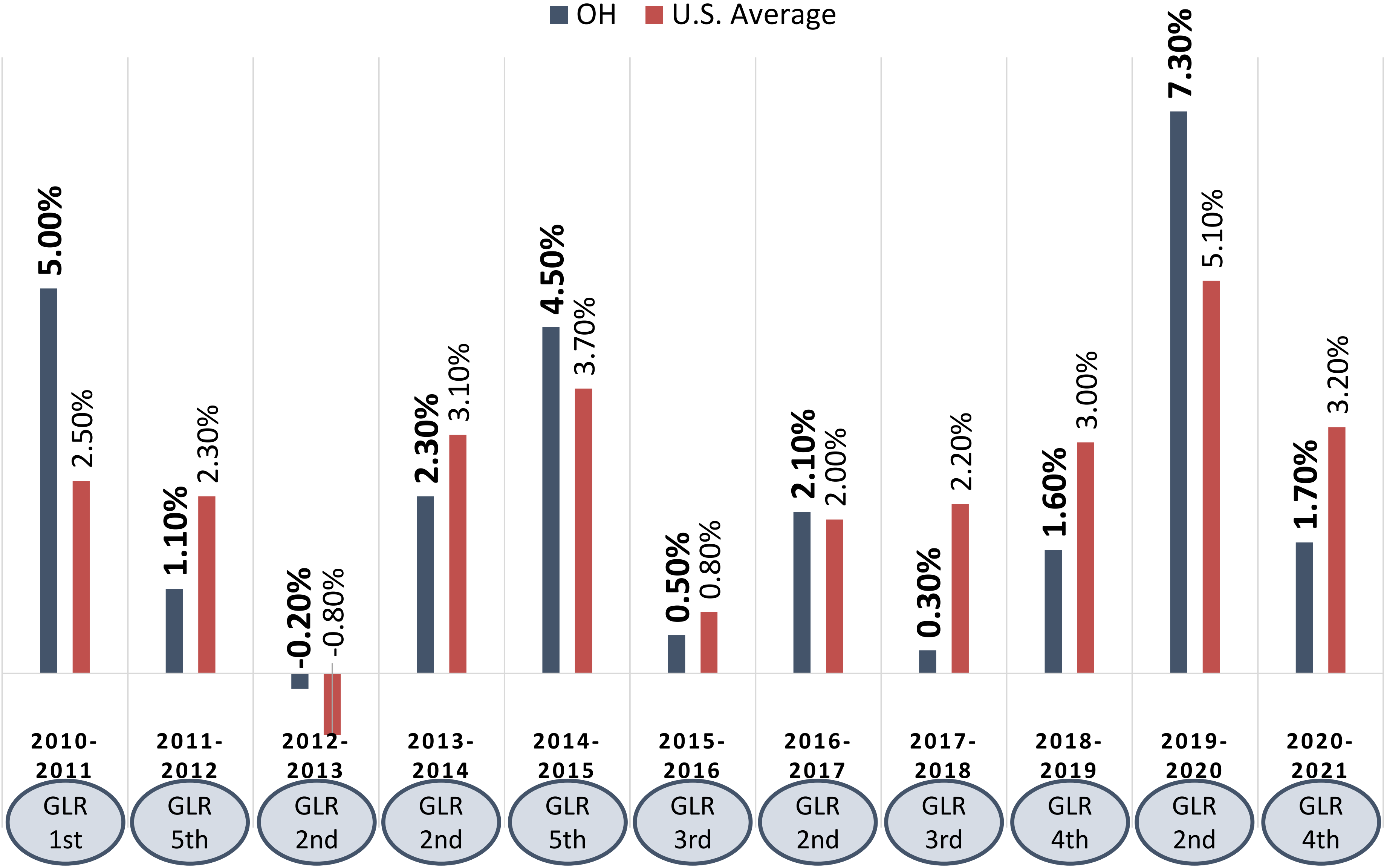
Source: U.S. Bureau of Economic Analysis (BEA) and McNair Center Data (2023)

Exhibit 131: U.S. GDP Growth Rates 2020-2023

Ohio Metro Region	Projected GDP Growth 2020-2023	
City	**Rate**	**State Rank**
Cincinnati	**25.2%**	**7th**
Columbus	**27.7%**	**2nd**
Cleveland	**24.4%**	**10th**
Dayton	**21.9%**	**13th**
Akron	**23.9%**	**12th**

Source: U.S. Bureau of Economic Analysis (BEA) and McNair Center Data (2023)

Exhibit 132: Real Per Capita Personal Income Growth



Source: U.S. Bureau of Economic Analysis (2023)

Exhibit 133: Tax Foundation State Business Tax Climate (Ohio 2014,2019, & 2023)

Category Ranking	2014	2019	2023
Overall	42nd	37th	37th
Corporate Income Tax	45th	42nd	39th
Individual Income Tax	46th	41st	41st
Sales Tax	29th	28th	36th
Property Tax	8th	7th	6th
Unemployment Insurance Tax	6th	6th	13th

Source: Tax Foundation 2023

Exhibit 134: MERIC Cost of Living By State Overall Rank

Rank	State	Rank	State
4	Alabama	34	Montana
46	Alaska	13	Nebraska
36	Arizona	32	Nevada
11	Arkansas	42	New Hampshire
48	California	37	New Jersey
33	Colorado	19	New Mexico
43	Connecticut	47	New York
35	Delaware	24	North Carolina
31	Florida	25	North Dakota
5	Georgia	**12**	**Ohio**
50	Hawaii	2	Oklahoma
28	Idaho	44	Oregon
17	Illinois	27	Pennsylvania
8	Indiana	38	Rhode Island
7	Iowa	20	South Carolina
3	Kansas	21	South Dakota
22	Kentucky	10	Tennessee
18	Louisiana	15	Texas
40	Maine	29	Utah
45	Maryland	41	Vermont
49	Massachusetts	30	Virginia
14	Michigan	39	Washington
26	Minnesota	9	West Virginia
1	Mississippi	23	Wisconsin
6	Missouri	16	Wyoming

RTW

NRTW

RTW Average Rank
16.9

Non-RTW Average Rank
35.6

Great Lakes Average Rank
14.8

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 135: MERIC Cost of Living By State – Grocery

Rank			Rank		
18	Alabama	97.6	29	Montana	100.9
49	Alaska	134.1	16	Nebraska	97.4
30	Arizona	101.5	35	Nevada	104.2
4	Arkansas	92.7	39	New Hampshire	105.3
48	California	115.2	41	New Jersey	106.2
11	Colorado	95.3	22	New Mexico	98.6
32	Connecticut	103.0	46	New York	112.3
38	Delaware	105.3	19	North Carolina	97.7
40	Florida	105.4	31	North Dakota	102.4
10	Georgia	94.6	**24**	**Ohio**	**99.0**
50	Hawaii	150.1	8	Oklahoma	93.7
14	Idaho	96.3	43	Oregon	107.9
21	Illinois	98.5	37	Pennsylvania	104.6
6	Indiana	93.7	20	Rhode Island	98.4
25	Iowa	99.5	27	South Carolina	100.3
7	Kansas	93.7	36	South Dakota	104.3
5	Kentucky	93.5	9	Tennessee	94.4
15	Louisiana	97.4	1	Texas	90.3
34	Maine	103.4	26	Utah	100.2
45	Maryland	111.4	42	Vermont	106.2
47	Massachusetts	114.0	13	Virginia	96.1
2	Michigan	91.6	44	Washington	108.5
28	Minnesota	100.7	23	West Virginia	98.7
3	Mississippi	92.4	17	Wisconsin	97.5
12	Missouri	95.4	33	Wyoming	103.2

RTW
NRTW

RTW Average
97

RTW Average Rank
17.5

Non-RTW Average
108

Non-RTW Average Rank
34.9

Great Lakes Average Rank
14

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 136: MERIC Cost of Living By State – Housing

Rank			Rank		
3	Alabama	69.6	35	Montana	117.6
39	Alaska	121.3	18	Nebraska	83.0
38	Arizona	120.6	34	Nevada	115.5
11	Arkansas	77.9	32	New Hampshire	109.7
47	California	193.8	43	New Jersey	131.8
37	Colorado	119.8	24	New Mexico	88.4
41	Connecticut	125.5	48	New York	193.9
29	Delaware	105.3	25	North Carolina	90.0
31	Florida	108.5	26	North Dakota	90.7
8	Georgia	75.6	**7**	**Ohio**	**75.3**
50	Hawaii	313.5	4	Oklahoma	70.2
28	Idaho	104.8	45	Oregon	147.5
16	Illinois	82.0	23	Pennsylvania	88.1
10	Indiana	77.4	36	Rhode Island	117.9
6	Iowa	71.5	14	South Carolina	81.6
5	Kansas	71.1	27	South Dakota	92.9
9	Kentucky	77.3	15	Tennessee	81.7
22	Louisiana	86.7	20	Texas	84.7
40	Maine	125.0	30	Utah	107.9
46	Maryland	164.0	44	Vermont	132.3
49	Massachusetts	223.8	33	Virginia	110.2
13	Michigan	81.1	42	Washington	126.0
19	Minnesota	84.7	2	West Virginia	68.8
1	Mississippi	67.4	21	Wisconsin	85.3
12	Missouri	79.9	17	Wyoming	82.4

RTW

NRTW

RTW Average
86

RTW Average Rank
17.4

Non-RTW Average
133

Non-RTW Average Rank
35.1

Great Lakes Average Rank
13.4

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 137: MERIC Cost of Living By State – Utilities

Rank	State	Utilities	Rank	State	Utilities
31	Alabama	100.7	3	Montana	84.3
50	Alaska	146.2	4	Nebraska	87.1
30	Arizona	100.4	19	Nevada	94.6
24	Arkansas	97.5	43	New Hampshire	114.4
45	California	124.5	40	New Jersey	108.1
11	Colorado	91.1	8	New Mexico	89.6
48	Connecticut	130.3	28	New York	99.5
16	Delaware	94.3	22	North Carolina	95.3
32	Florida	101.3	26	North Dakota	98.7
10	Georgia	90.3	**17**	**Ohio**	**94.3**
49	Hawaii	141.4	21	Oklahoma	95.1
1	Idaho	80.6	39	Oregon	106.7
13	Illinois	92.7	41	Pennsylvania	108.9
35	Indiana	104.0	46	Rhode Island	124.7
14	Iowa	93.7	42	South Carolina	110.6
25	Kansas	98.0	9	South Dakota	89.8
37	Kentucky	106.1	15	Tennessee	93.8
5	Louisiana	87.3	33	Texas	102.7
36	Maine	105.0	12	Utah	92.3
38	Maryland	106.7	44	Vermont	122.3
47	Massachusetts	124.8	29	Virginia	99.5
27	Michigan	98.9	6	Washington	88.4
23	Minnesota	97.3	18	West Virginia	94.4
7	Mississippi	89.0	34	Wisconsin	103.4
20	Missouri	94.8	2	Wyoming	82.5

RTW

NRTW

RTW Average
96

RTW Average Rank
20.9

Non-RTW Average
108

Non-RTW Average Rank
30.9

Great Lakes Average Rank
25.2

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 138: MERIC Cost of Living By State – Transportation

Rank	State	Index
2	Alabama	89.9
44	Alaska	118.0
26	Arizona	101.3
8	Arkansas	91.9
49	California	129.1
27	Colorado	101.7
38	Connecticut	109.8
42	Delaware	114.6
21	Florida	98.7
1	Georgia	89.8
47	Hawaii	125.7
40	Idaho	112.6
31	Illinois	105.8
12	Indiana	94.0
15	Iowa	95.8
14	Kansas	95.6
30	Kentucky	105.3
18	Louisiana	96.6
45	Maine	118.1
28	Maryland	103.1
48	Massachusetts	128.1
22	Michigan	98.7
25	Minnesota	99.4
9	Mississippi	91.9
7	Missouri	91.8
33	Montana	106.8
23	Nebraska	98.9
43	Nevada	115.2
34	New Hampshire	106.9
32	New Jersey	106.6
20	New Mexico	98.6
36	New York	109.0
6	North Carolina	91.0
24	North Dakota	99.0
17	**Ohio**	**96.5**
4	Oklahoma	90.9
50	Oregon	132.4
29	Pennsylvania	104.7
37	Rhode Island	109.4
5	South Carolina	90.9
10	South Dakota	92.3
3	Tennessee	90.5
11	Texas	92.4
35	Utah	108.0
46	Vermont	118.3
16	Virginia	95.9
41	Washington	114.1
39	West Virginia	111.2
13	Wisconsin	95.2
19	Wyoming	97.8

RTW

NRTW

RTW Average
97

RTW Average Rank
17.4

Non-RTW Average
111

Non-RTW Average Rank
35.0

Great Lakes Average Rank
19

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 139: MERIC Cost of Living By State – Health

Rank	State	Index	Rank	State	Index
4	Alabama	89.6	21	Montana	97.1
50	Alaska	154.4	33	Nebraska	103.4
14	Arizona	95.2	19	Nevada	96.4
2	Arkansas	82.0	49	New Hampshire	130.6
42	California	110.5	13	New Jersey	95.1
17	Colorado	96.0	31	New Mexico	100.9
38	Connecticut	104.8	36	New York	104.1
39	Delaware	105.0	40	North Carolina	109.1
22	Florida	97.3	44	North Dakota	113.8
10	Georgia	94.6	24	**Ohio**	97.6
46	Hawaii	118.1	6	Oklahoma	91.2
9	Idaho	93.1	37	Oregon	104.2
26	Illinois	98.4	20	Pennsylvania	96.4
15	Indiana	95.5	34	Rhode Island	103.4
27	Iowa	100.0	16	South Carolina	95.8
28	Kansas	100.4	11	South Dakota	94.6
1	Kentucky	79.0	5	Tennessee	89.9
30	Louisiana	100.7	12	Texas	94.8
29	Maine	100.6	7	Utah	91.9
3	Maryland	87.7	41	Vermont	110.1
47	Massachusetts	119.8	35	Virginia	103.9
23	Michigan	97.5	48	Washington	120.6
43	Minnesota	112.3	32	West Virginia	101.8
25	Mississippi	97.7	45	Wisconsin	116.8
8	Missouri	92.3	18	Wyoming	96.0

RTW

NRTW

RTW Average
97

RTW Average Rank
19.7

Non-RTW Average
107

Non-RTW Average Rank
32.3

Great Lakes Average Rank
26.6

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 140: MERIC Cost of Living By State – Misc

Rank	State	Value	Rank	State	Value
12	Alabama	95.0	31	Montana	102.1
47	Alaska	120.4	11	Nebraska	94.8
28	Arizona	99.6	6	Nevada	92.7
25	Arkansas	99.3	49	New Hampshire	127.2
40	California	110.9	35	New Jersey	104.3
30	Colorado	101.9	15	New Mexico	95.6
45	Connecticut	115.8	44	New York	115.7
38	Delaware	106.9	23	North Carolina	99.0
24	Florida	99.2	16	North Dakota	96.8
13	Georgia	95.1	**29**	**Ohio**	**99.9**
50	Hawaii	127.5	2	Oklahoma	90.4
26	Idaho	99.4	39	Oregon	109.0
9	Illinois	94.5	27	Pennsylvania	99.4
7	Indiana	92.9	43	Rhode Island	114.7
10	Iowa	94.8	22	South Carolina	98.2
4	Kansas	91.6	8	South Dakota	92.9
37	Kentucky	106.7	1	Tennessee	89.9
19	Louisiana	97.5	17	Texas	96.9
46	Maine	116.9	33	Utah	102.9
41	Maryland	111.7	36	Vermont	105.3
48	Massachusetts	121.1	32	Virginia	102.3
20	Michigan	97.5	42	Washington	113.1
34	Minnesota	104.0	14	West Virginia	95.3
5	Mississippi	91.6	21	Wisconsin	97.7
3	Missouri	91.3	18	Wyoming	96.9

RTW

NRTW

RTW Average
97

RTW Average Rank
16.8

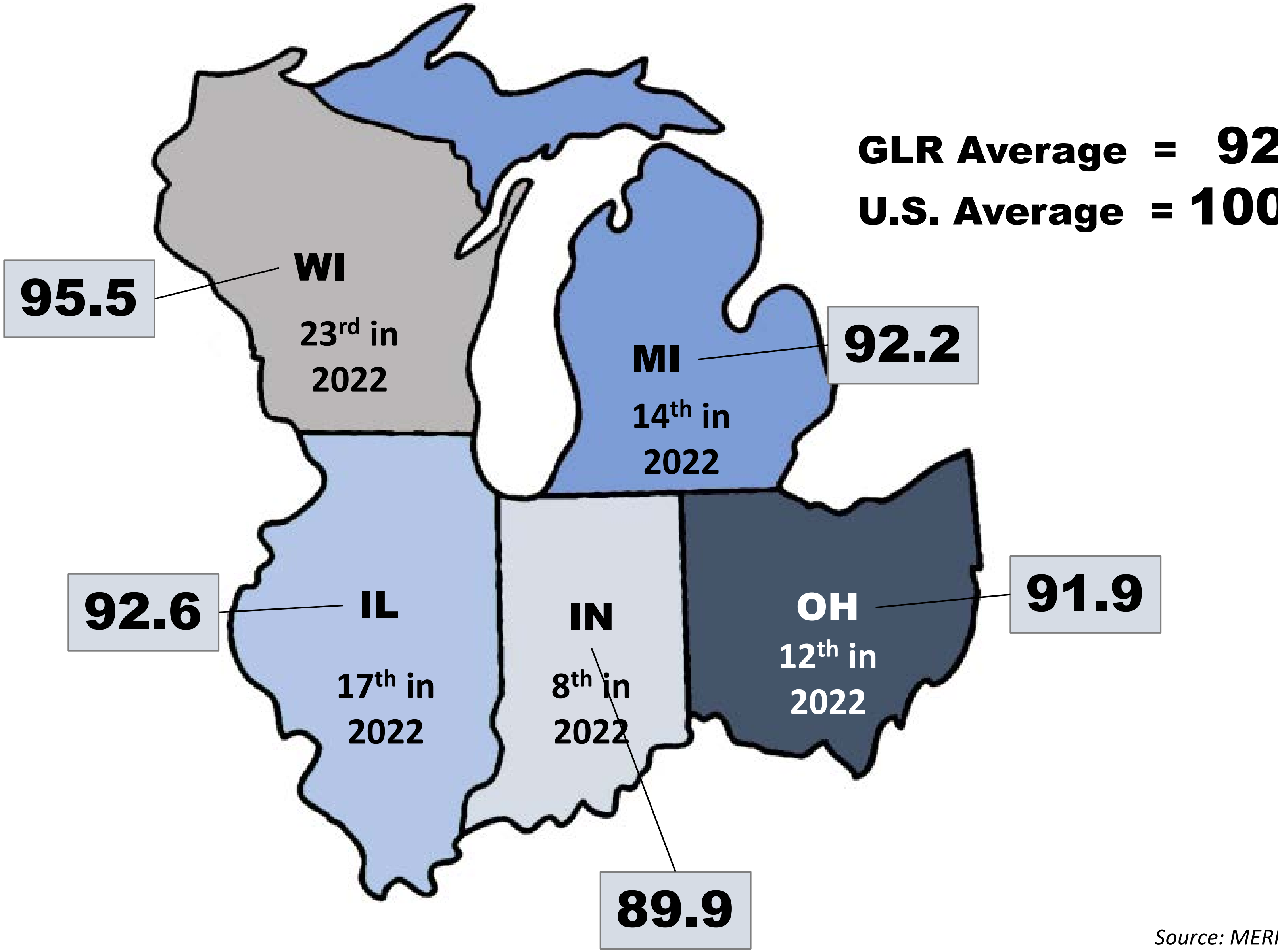
Non-RTW Average
109

Non-RTW Average Rank
35.7

Great Lakes Average Rank
17.2

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 141: MERIC Cost of Living Index (2022)



Source: MERIC 2022

Exhibit 142: MERIC Cost of Living By State – Index

Rank	State	Index	Rank	State	Index
4	Alabama	88.1	34	Montana	104.8
46	Alaska	126.6	13	Nebraska	91.9
36	Arizona	105.8	32	Nevada	103.2
11	Arkansas	90.6	42	New Hampshire	116.1
48	California	137.6	37	New Jersey	112.4
33	Colorado	104.6	19	New Mexico	94.0
43	Connecticut	116.8	47	New York	134.5
35	Delaware	105.6	24	North Carolina	95.7
31	Florida	102.8	25	North Dakota	97.1
5	Georgia	88.6	**12**	**Ohio**	**91.9**
50	Hawaii	184.0	2	Oklahoma	85.8
28	Idaho	99.6	44	Oregon	121.2
17	Illinois	92.6	27	Pennsylvania	98.2
8	Indiana	89.9	38	Rhode Island	112.9
7	Iowa	89.2	20	South Carolina	94.3
3	Kansas	87.5	21	South Dakota	94.5
22	Kentucky	94.9	10	Tennessee	90.2
18	Louisiana	93.6	15	Texas	92.5
40	Maine	115.3	29	Utah	102.8
45	Maryland	124.0	41	Vermont	115.9
49	Massachusetts	149.7	30	Virginia	102.8
14	Michigan	92.2	39	Washington	114.2
26	Minnesota	97.5	9	West Virginia	90.0
1	Mississippi	85.0	23	Wisconsin	95.5
6	Missouri	89.1	16	Wyoming	92.5

RTW
NRTW

RTW Average
94

RTW Average Rank
16.9

Non-RTW Average
116

Non-RTW Average Rank
35.6

Great Lakes Average Rank
14.8

Source: Missouri Economic Research and Information Center (MERIC) & McNair Center Data (2023)

Exhibit 143: Northwood's State Competitiveness Index Rank (2011-2018)

Rank	State	Rank	State
28	Alabama	36	Montana
48	Alaska	16	Nebraska
12	Arizona	13	Nevada
24	Arkansas	32	New Hampshire
34	California	44	New Jersey
3	Colorado	39	New Mexico
49	Connecticut	40	New York
41	Delaware	9	North Carolina
5	Florida	14	North Dakota
6	Georgia	**11**	**Ohio**
50	Hawaii	22	Oklahoma
10	Idaho	25	Oregon
29	Illinois	23	Pennsylvania
4	Indiana	45	Rhode Island
15	Iowa	19	South Carolina
35	Kansas	30	South Dakota
31	Kentucky	2	Tennessee
38	Louisiana	1	Texas
46	Maine	7	Utah
43	Maryland	47	Vermont
33	Massachusetts	18	Virginia
8	Michigan	21	Washington
20	Minnesota	42	West Virginia
37	Mississippi	17	Wisconsin
26	Missouri	27	Wyoming

RTW

NRTW

RTW Average Rank
18.1

Non-RTW Average Rank
34.1

Great Lakes Average Rank
13.8

Exhibit 144: CNBC's America's Top States for Business Rank 2022 - Workforce

Rank	State	Rank	State
13	Alabama	33	Montana
34	Alaska	32	Nebraska
7	Arizona	29	Nevada
38	Arkansas	22	New Hampshire
16	California	23	New Jersey
1	Colorado	25	New Mexico
14	Connecticut	46	New York
5	Delaware	12	North Carolina
6	Florida	31	North Dakota
3	Georgia	**41**	**Ohio**
19	Hawaii	35	Oklahoma
40	Idaho	9	Oregon
26	Illinois	28	Pennsylvania
48	Indiana	39	Rhode Island
20	Iowa	29	South Carolina
35	Kansas	43	South Dakota
17	Kentucky	15	Tennessee
42	Louisiana	2	Texas
43	Maine	8	Utah
10	Maryland	50	Vermont
24	Massachusetts	11	Virginia
26	Michigan	4	Washington
21	Minnesota	43	West Virginia
47	Mississippi	18	Wisconsin
49	Missouri	37	Wyoming

RTW

NRTW

RTW Average Rank
25.4

Non-RTW Average Rank
25.3

Great Lakes Average Rank
31.8

Source: CNBC (2022)

Exhibit 145: CNBC's America's Top States for Business Rank 2022 - Infrastructure

Rank	State	Rank	State
38	Alabama	45	Montana
50	Alaska	22	Nebraska
6	Arizona	5	Nevada
30	Arkansas	47	New Hampshire
25	California	34	New Jersey
16	Colorado	39	New Mexico
39	Connecticut	28	New York
20	Delaware	17	North Carolina
13	Florida	21	North Dakota
11	Georgia	**2**	**Ohio**
39	Hawaii	26	Oklahoma
42	Idaho	33	Oregon
3	Illinois	12	Pennsylvania
1	Indiana	44	Rhode Island
37	Iowa	27	South Carolina
6	Kansas	36	South Dakota
18	Kentucky	8	Tennessee
48	Louisiana	14	Texas
49	Maine	32	Utah
22	Maryland	22	Vermont
31	Massachusetts	9	Virginia
19	Michigan	29	Washington
4	Minnesota	42	West Virginia
46	Mississippi	35	Wisconsin
10	Missouri	15	Wyoming

RTW

NRTW

RTW Average Rank
23.1

Non-RTW Average Rank
28.1

Great Lakes Average Rank
12

Source: CNBC (2022)

Exhibit 146: CNBC's America's Top States for Business Rank 2022 – Cost of Doing Business

Rank	State	Rank	State
24	Alabama	27	Montana
46	Alaska	16	Nebraska
35	Arizona	20	Nevada
13	Arkansas	32	New Hampshire
48	California	43	New Jersey
36	Colorado	29	New Mexico
45	Connecticut	42	New York
37	Delaware	26	North Carolina
30	Florida	21	North Dakota
38	Georgia	**4**	**Ohio**
50	Hawaii	2	Oklahoma
15	Idaho	34	Oregon
31	Illinois	22	Pennsylvania
2	Indiana	47	Rhode Island
19	Iowa	28	South Carolina
6	Kansas	11	South Dakota
6	Kentucky	8	Tennessee
5	Louisiana	12	Texas
40	Maine	17	Utah
44	Maryland	39	Vermont
49	Massachusetts	25	Virginia
9	Michigan	33	Washington
41	Minnesota	10	West Virginia
17	Mississippi	23	Wisconsin
1	Missouri	13	Wyoming

RTW

NRTW

RTW Average Rank
16.7

Non-RTW Average Rank
35.7

Great Lakes Average Rank
13.8

Source: CNBC (2022)

Exhibit 147: CNBC's America's Top States for Business Rank 2022 - Economy

Rank	State	Rank	State
27	Alabama	9	Montana
38	Alaska	13	Nebraska
22	Arizona	25	Nevada
24	Arkansas	29	New Hampshire
17	California	50	New Jersey
11	Colorado	42	New Mexico
47	Connecticut	36	New York
22	Delaware	1	North Carolina
4	Florida	37	North Dakota
7	Georgia	**27**	**Ohio**
48	Hawaii	34	Oklahoma
5	Idaho	15	Oregon
44	Illinois	45	Pennsylvania
10	Indiana	41	Rhode Island
17	Iowa	13	South Carolina
43	Kansas	12	South Dakota
34	Kentucky	2	Tennessee
45	Louisiana	8	Texas
32	Maine	6	Utah
31	Maryland	33	Vermont
26	Massachusetts	20	Virginia
21	Michigan	3	Washington
16	Minnesota	39	West Virginia
49	Mississippi	40	Wisconsin
17	Missouri	30	Wyoming

RTW

NRTW

RTW Average Rank
21.7

Non-RTW Average Rank
29.5

Great Lakes Average Rank
28.4

Source: CNBC (2022)

Exhibit 148: CNBC's America's Top States for Business Rank 2022 – Life, Health & Inclusion

Rank	State	Rank	State
38	Alabama	24	Montana
11	Alaska	7	Nebraska
50	Arizona	41	Nevada
37	Arkansas	15	New Hampshire
26	California	8	New Jersey
12	Colorado	44	New Mexico
17	Connecticut	19	New York
24	Delaware	28	North Carolina
39	Florida	4	North Dakota
39	Georgia	**29**	**Ohio**
3	Hawaii	48	Oklahoma
20	Idaho	8	Oregon
23	Illinois	22	Pennsylvania
43	Indiana	16	Rhode Island
10	Iowa	47	South Carolina
29	Kansas	27	South Dakota
36	Kentucky	42	Tennessee
45	Louisiana	49	Texas
2	Maine	29	Utah
18	Maryland	1	Vermont
13	Massachusetts	13	Virginia
29	Michigan	6	Washington
5	Minnesota	34	West Virginia
33	Mississippi	20	Wisconsin
46	Missouri	35	Wyoming

RTW

NRTW

RTW Average Rank
32.3

Non-RTW Average Rank
17.0

Great Lakes Average Rank
28.8

Source: CNBC (2022)

Exhibit 149: CNBC's America's Top States for Business Rank 2022 – Technology & Innovation

Rank	State	Rank	State
21	Alabama	46	Montana
50	Alaska	24	Nebraska
29	Arizona	47	Nevada
40	Arkansas	39	New Hampshire
1	California	27	New Jersey
9	Colorado	43	New Mexico
25	Connecticut	2	New York
32	Delaware	5	North Carolina
16	Florida	35	North Dakota
12	Georgia	**11**	**Ohio**
40	Hawaii	30	Oklahoma
34	Idaho	13	Oregon
8	Illinois	7	Pennsylvania
23	Indiana	33	Rhode Island
18	Iowa	31	South Carolina
38	Kansas	36	South Dakota
22	Kentucky	28	Tennessee
45	Louisiana	4	Texas
44	Maine	26	Utah
14	Maryland	37	Vermont
10	Massachusetts	17	Virginia
15	Michigan	2	Washington
6	Minnesota	49	West Virginia
48	Mississippi	40	Wisconsin
19	Missouri	19	Wyoming

RTW

NRTW

RTW Average Rank
27.9

Non-RTW Average Rank
22.5

Great Lakes Average Rank
19.4

Source: CNBC (2022)

Exhibit 150: CNBC's America's Top States for Business Rank 2022 – Education

Rank	State	Rank	State
34	Alabama	33	Montana
49	Alaska	24	Nebraska
42	Arizona	50	Nevada
37	Arkansas	6	New Hampshire
11	California	3	New Jersey
11	Colorado	45	New Mexico
8	Connecticut	4	New York
42	Delaware	14	North Carolina
19	Florida	26	North Dakota
10	Georgia	**22**	**Ohio**
38	Hawaii	47	Oklahoma
48	Idaho	32	Oregon
6	Illinois	5	Pennsylvania
35	Indiana	29	Rhode Island
24	Iowa	29	South Carolina
20	Kansas	39	South Dakota
39	Kentucky	11	Tennessee
35	Louisiana	21	Texas
23	Maine	41	Utah
18	Maryland	8	Vermont
1	Massachusetts	2	Virginia
27	Michigan	17	Washington
15	Minnesota	44	West Virginia
46	Mississippi	29	Wisconsin
27	Missouri	15	Wyoming

RTW

NRTW

RTW Average Rank
27.9

Non-RTW Average Rank
22.5

Great Lakes Average Rank
19.4

Source: CNBC (2022)

Exhibit 151: CNBC's America's Top States for Business Rank 2022 – Business Friendliness

Rank	State	Rank	State
25	Alabama	5	Montana
12	Alaska	12	Nebraska
4	Arizona	7	Nevada
29	Arkansas	8	New Hampshire
48	California	47	New Jersey
16	Colorado	44	New Mexico
11	Connecticut	44	New York
26	Delaware	22	North Carolina
39	Florida	1	North Dakota
32	Georgia	**43**	**Ohio**
35	Hawaii	14	Oklahoma
3	Idaho	46	Oregon
40	Illinois	26	Pennsylvania
18	Indiana	36	Rhode Island
28	Iowa	23	South Carolina
17	Kansas	8	South Dakota
42	Kentucky	23	Tennessee
41	Louisiana	34	Texas
19	Maine	10	Utah
29	Maryland	14	Vermont
21	Massachusetts	6	Virginia
20	Michigan	31	Washington
32	Minnesota	49	West Virginia
50	Mississippi	2	Wisconsin
36	Missouri	38	Wyoming

RTW

NRTW

RTW Average Rank
22.1

Non-RTW Average Rank
29.1

Great Lakes Average Rank
24.6

Source: CNBC (2022)

Exhibit 152: CNBC's America's Top States for Business Rank 2022 – Access to Capital

Rank			Rank		
	34	Alabama		39	Montana
	49	Alaska		32	Nebraska
	41	Arizona		27	Nevada
	20	Arkansas		48	New Hampshire
	1	California		18	New Jersey
	22	Colorado		43	New Mexico
	26	Connecticut		5	New York
	13	Delaware		2	North Carolina
	23	Florida		36	North Dakota
	14	Georgia		**3**	**Ohio**
	50	Hawaii		24	Oklahoma
	35	Idaho		28	Oregon
	8	Illinois		9	Pennsylvania
	15	Indiana		31	Rhode Island
	29	Iowa		44	South Carolina
	19	Kansas		10	South Dakota
	38	Kentucky		25	Tennessee
	37	Louisiana		4	Texas
	47	Maine		12	Utah
	16	Maryland		45	Vermont
	6	Massachusetts		7	Virginia
	11	Michigan		21	Washington
	17	Minnesota		40	West Virginia
	42	Mississippi		46	Wisconsin
	30	Missouri		33	Wyoming

RTW

NRTW

RTW Average Rank
25.1

Non-RTW Average Rank
24.0

Great Lakes Average Rank
16

Source: CNBC (2022)

Exhibit 153: CNBC's America's Top States for Business Rank 2022 – Cost of Living

Rank	State	Rank	State
3	Alabama	28	Montana
45	Alaska	19	Nebraska
33	Arizona	35	Nevada
10	Arkansas	37	New Hampshire
48	California	40	New Jersey
34	Colorado	11	New Mexico
43	Connecticut	49	New York
36	Delaware	22	North Carolina
27	Florida	24	North Dakota
4	Georgia	**12**	**Ohio**
50	Hawaii	14	Oklahoma
31	Idaho	46	Oregon
20	Illinois	32	Pennsylvania
9	Indiana	42	Rhode Island
7	Iowa	18	South Carolina
2	Kansas	29	South Dakota
17	Kentucky	5	Tennessee
16	Louisiana	14	Texas
39	Maine	25	Utah
44	Maryland	41	Vermont
47	Massachusetts	30	Virginia
12	Michigan	38	Washington
26	Minnesota	8	West Virginia
1	Mississippi	20	Wisconsin
6	Missouri	23	Wyoming

RTW

NRTW

RTW Average Rank
17.1

Non-RTW Average Rank
35.4

Great Lakes Average Rank
14.6

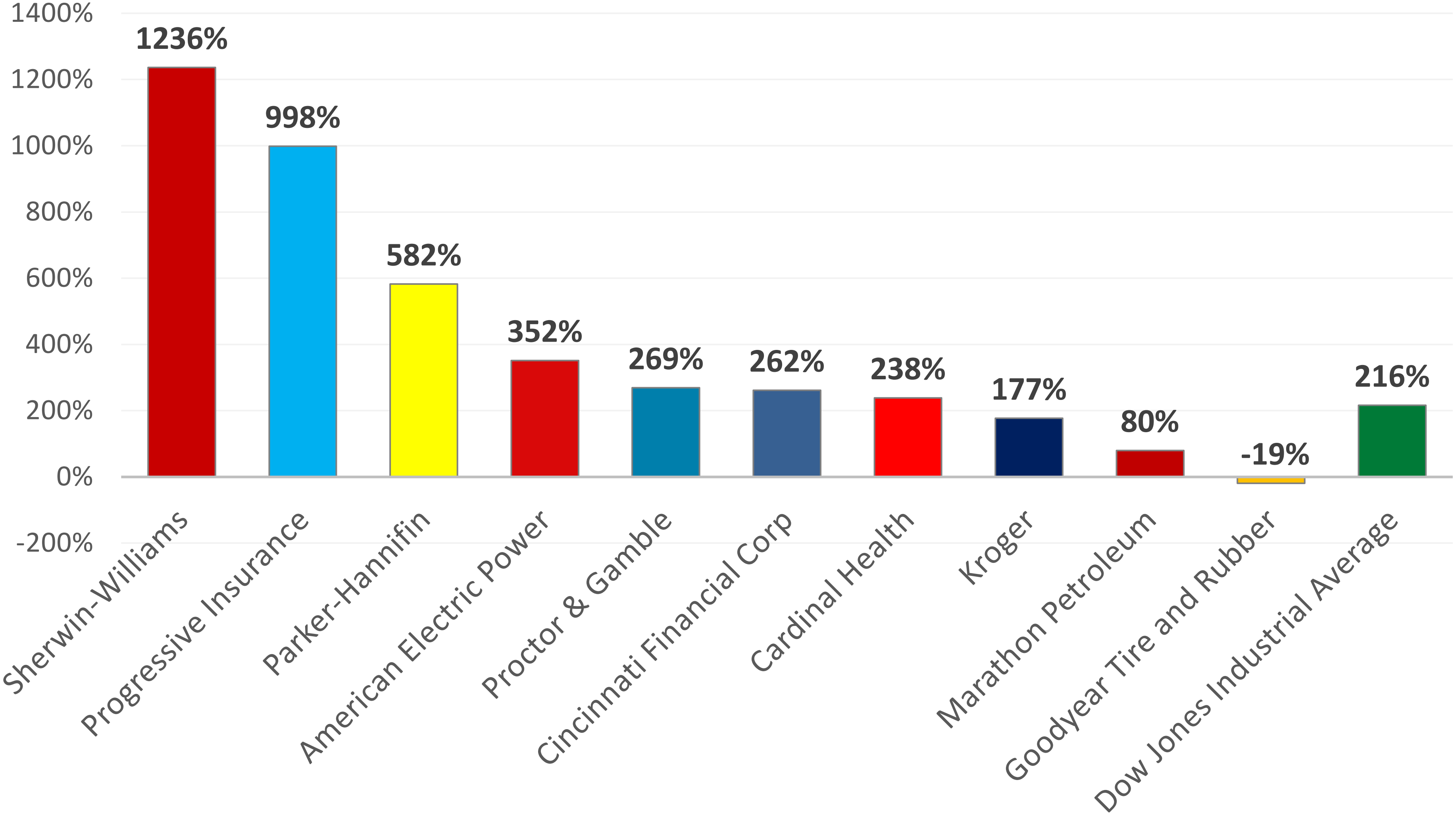
Source: CNBC (2022)

Exhibit 154: Great Lakes Region Personal Income Per Capita Growth (2010-2020)

Great Lakes Region	Personal Income Per Capita 2010 (in Millions)	Personal Income Per Capita 2020 (in Millions)	Percent Change	Regional Rank
Illinois	$ 535,464	$ 852,083	59.13%	5th
Indiana	$ 227,692	$ 384,526	68.88%	1st
Michigan	$ 347,723	$ 439,362	63.29%	2nd
Ohio	**$ 419,570**	**$ 567,797**	**59.70%**	**4th**
Wisconsin	$ 219,628	$ 351,624	60.10%	3rd

Source: U.S. Bureau of Economic Analysis (2020)

Exhibit 155: Percent Increase in Ohio Based Fortune 500 Company Stock Price (Non-Automotive) (12/2009 – 12/2022)



Source: Yahoo! Finance 2023

Exhibit 156: Return on Investment
Ohio Stocks at $1,000 vs. DJIA at $10,000

Stock	Change	Stock Appreciation	Sale Price
Kroger	1.77	$1,770	$2,770
Proctor & Gamble	2.69	$2,690	$3,690
Cardinal Health	2.39	$2,390	$3,390
Marathon Petroleum	0.80	$800	$1,800
Progressive Insurance	9.98	$9,980	$10,980
Sherwin-Williams	12.36	$12,360	$13,360
American Electric Power	3.52	$3,520	$4,420
Parker-Hannifin	5.82	$5,820	$6,820
Goodyear Tire and Rubber	-0.19	-$190	$810
Cincinnati Financial	2.62	$2,620	$3,620
Individual Stock Totals		**$41,760**	**$51,760**
Dow Jones Industrial Average	**2.16**	**$21,600**	**$31,600**

Source: Yahoo! Finance 2023

Exhibit 157: Big Mac Index (2022)

Rank	State	Price
3	Alabama	$ 3.99
43	Alaska	$ 4.87
28	Arizona	$ 4.43
2	Arkansas	$ 3.95
46	California	$ 5.11
37	Colorado	$ 4.59
45	Connecticut	$ 4.95
39	Delaware	$ 4.63
31	Florida	$ 4.47
17	Georgia	$ 4.15
50	Hawaii	$ 5.31
21	Idaho	$ 4.23
36	Illinois	$ 4.55
13	Indiana	$ 4.11
9	Iowa	$ 4.07
10	Kansas	$ 4.07
6	Kentucky	$ 4.03
18	Louisiana	$ 4.15
32	Maine	$ 4.47
49	Maryland	$ 5.30
44	Massachusetts	$ 4.87
22	Michigan	$ 4.27
29	Minnesota	$ 4.43
1	Mississippi	$ 3.91
4	Missouri	$ 3.99

Rank	State	Price
23	Montana	$ 4.27
11	Nebraska	$ 4.07
30	Nevada	$ 4.43
42	New Hampshire	$ 4.83
47	New Jersey	$ 5.19
24	New Mexico	$ 4.31
48	New York	$ 5.23
19	North Carolina	$ 4.15
14	North Dakota	$ 4.11
7	**Ohio**	**$ 4.03**
12	Oklahoma	$ 4.07
33	Oregon	$ 4.47
34	Pennsylvania	$ 4.47
35	Rhode Island	$ 4.47
15	South Carolina	$ 4.11
5	South Dakota	$ 3.99
16	Tennessee	$ 4.11
26	Texas	$ 4.39
27	Utah	$ 4.39
38	Vermont	$ 4.59
40	Virginia	$ 4.67
41	Washington	$ 4.67
8	West Virginia	$ 4.03
20	Wisconsin	$ 4.19
25	Wyoming	$ 4.35

RTW

NRTW

RTW Average
$ 4.18

RTW Average Rank
16.6

Non-RTW Average
$ 4.68

Non-RTW Average Rank
35.9

Great Lakes Average
$ 4.23

Source: The Economist (2023)

Exhibit 158: 2022 U-Haul Growth States

Rank		State	Rank		State
Rank	20	Alabama (45)	Rank	18	Montana (22)
	40	Alaska (16)		32	Nebraska (20)
	7	Arizona (5)		13	Nevada (29)
	42	Arkansas (40)		37	New Hampshire (25)
	49	California (49)		44	New Jersey (35)
	11	Colorado (7)		19	New Mexico (10)
	28	Connecticut (18)		45	New York (44)
	27	Delaware (30)		4	North Carolina (19)
	2	Florida (2)		36	North Dakota (33)
	8	Georgia (23)		**9**	**Ohio (24)**
	--	Hawaii		41	Oklahoma (43)
	10	Idaho (9)		22	Oregon (14)
	48	Illinois (48)		24	Pennsylvania (47)
	14	Indiana (6)		39	Rhode Island (32)
	21	Iowa (27)		3	South Carolina (4)
	38	Kansas (39)		31	South Dakota (11)
	26	Kentucky (37)		6	Tennessee (3)
	35	Louisiana (42)		1	Texas (1)
	29	Maine (8)		12	Utah (28)
	43	Maryland (34)		30	Vermont (12)
	46	Massachusetts (46)		5	Virginia (31)
	47	Michigan (41)		23	Washington (15)
	17	Minnesota (17)		25	West Virginia (26)
	34	Mississippi (36)		16	Wisconsin (13)
	15	Missouri (38)		33	Wyoming (21)

RTW

NRTW

RTW Average Rank
20.8

Non-RTW Average Rank
30.1

Great Lakes Average Rank
26.8

Source: U-Haul (2023)

Exhibit 159: Changing Power of Ohio in the U.S. Congress

Congressional Term	Total Ohio Congress Members	Democrat	Republican	% of Congress
97th U.S. Congress 1981-1983	23	10	13	5.29%
102nd U.S. Congress 1991-1993	21	11	10	4.83%
107th U.S. Congress 2001-2003	19	8	11	4.37%
110th U.S. Congress 2007-2009	18	7	11	4.14%
118th U.S. Congress 2023-2025	15	5	10	3.45%

Source: Congress.gov (2023)

Exhibit 160: ALEC-Laffer State Economic Outlook

Rank	State	Rank	State
23	Alabama	31	Montana
21	Alaska	36	Nebraska
3	Arizona	6	Nevada
16	Arkansas	18	New Hampshire
48	California	49	New Jersey
22	Colorado	38	New Mexico
35	Connecticut	50	New York
30	Delaware	2	North Carolina
8	Florida	9	North Dakota
15	Georgia	**19**	**Ohio**
43	Hawaii	4	Oklahoma
5	Idaho	41	Oregon
45	Illinois	37	Pennsylvania
7	Indiana	40	Rhode Island
32	Iowa	26	South Carolina
28	Kansas	12	South Dakota
26	Kentucky	13	Tennessee
20	Louisiana	11	Texas
44	Maine	1	Utah
42	Maryland	47	Vermont
33	Massachusetts	24	Virginia
17	Michigan	39	Washington
46	Minnesota	25	West Virginia
27	Mississippi	14	Wisconsin
29	Missouri	10	Wyoming

RTW

NRTW

RTW Average Rank
14.1

Non-RTW Average Rank
36.8

Great Lakes Average Rank
20.4

Source: ALEC's Rich States, Poor States (2022)

Exhibit 161: Best and Worst Cities for Conferences 2022

Rank	City	Hotel & Dining	Affordability	Travel Accessibility & Safety	Ranking Index
1	Las Vegas	55.88	92.86	93.51	80.75
2	San Antonio	76.47	100.00	58.44	78.30
3	San Diego	72.06	38.10	100.00	70.05
4	Atlanta	55.88	80.95	61.04	65.96
5	Tucson	16.18	100.00	70.13	62.10
6	New York	100.00	30.95	50.65	60.53
7	Oklahoma City	30.88	90.48	49.35	56.90
8	San Francisco	88.24	33.33	38.96	53.51
9	Houston	48.53	83.33	27.27	53.05
10	Columbus	35.29	47.62	70.13	51.01

Source: SmartAssets (2022)

Exhibit 162: Average Per Capita State and Local Income Tax (PIT) (2015-2019)

State	Average Per Capita State and Local Income Tax
Pennsylvania	422
Indiana	389
Ohio	**384**
Kentucky	360
Michigan	343
West Virginia	292
North Carolina	250
Georgia	238
Illinois	159
Missouri	116

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 163: Per Capita Property Tax (PPT) (2015-2019)

State	Per Capita Property Tax
Pennsylvania	306
Michigan	233
Ohio	**207**
Illinois	118
Indiana	110
Georgia	107
North Carolina	100
Kentucky	99
West Virginia	55
Missouri	41

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 164: Per Capita State and Local Total Tax (PTT) (2015-2019)

State	Per Capita State and Local Total Tax
Pennsylvania	684
Michigan	561
Ohio	**558**
Indiana	483
Kentucky	459
West Virginia	343
Georgia	247
North Carolina	224
Illinois	171
Missouri	108

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 165: Rate of State and Local Income Tax (RIT) (2015-2019)

State	Rate of State and Local Income Tax
Georgia	1.28
Kentucky	1.24
North Carolina	1.23
Indiana	1.03
Michigan	0.96
Ohio	**0.89**
West Virginia	0.88
Pennsylvania	0.87
Missouri	0.84
Illinois	0.77

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 166: Rate of Property Tax (RPT) (2015-2019)

State	Rate of Property Tax
Illinois	0.68
Michigan	0.66
Pennsylvania	0.64
Georgia	0.58
North Carolina	0.51
Ohio	**0.47**
Kentucky	0.33
Indiana	0.29
Missouri	0.29
West Virginia	0.17

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 167: Rate of State and Local Total Tax (RTT) (2015-2019)

State	Rate of State and Local Total Tax
Georgia	1.88
North Carolina	1.71
Michigan	1.61
Kentucky	1.60
Pennsylvania	1.45
Illinois	1.42
Ohio	**1.30**
Indiana	1.30
Missouri	1.19
West Virginia	1.06

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 168: Coefficient of Variation (standard deviation to mean) of Rate of State and Local Income Tax (RIT) (2015-2019)

State	Rate of State and Local Income Tax
Kentucky	0.90
Ohio	**0.83**
Illinois	0.80
Missouri	0.77
Georgia	0.75
Indiana	0.75
West Virginia	0.74
North Carolina	0.72
Pennsylvania	0.71
Michigan	0.67

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 169: Coefficient of Variation (standard deviation to mean) of Rate of Property Tax (RPT) (2015-2019)

State	Rate of Property Tax
Illinois	1.11
Kentucky	1.80
West Virginia	1.03
Ohio	**0.99**
Missouri	0.99
Indiana	0.89
Pennsylvania	0.89
Georgia	0.78
North Carolina	0.74
Michigan	0.70

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 170: Coefficient of Variation (standard deviation to mean) of Rate of State and Local General Sales Tax (RST) (2015-2019)

State	Rate of State and Local General Sales Tax
West Virginia	1.23
Kentucky	0.94
Indiana	0.88
Illinois	0.86
Missouri	0.85
Georgia	0.84
Michigan	0.82
Pennsylvania	0.79
North Carolina	0.75
Ohio	**0.64**

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Exhibit 171: Coefficient of Variation (standard deviation to mean) of Rate of State and Local Total Tax (RTT) (2015-2019)

State	Rate of State and Local Total Tax
Illinois	1.00
Kentucky	0.99
Ohio	**0.97**
Missouri	0.89
Pennsylvania	0.87
Indiana	0.86
West Virginia	0.85
North Carolina	0.81
Georgia	0.81
Michigan	0.77

Source: 2023 Ohio Economic Competitiveness Study: An Ohio Study of Tax and Economic Competitiveness, Miami University (2023)

Appendix B

In Depth Ohio Tax Study

2023 Ohio Economic Competitiveness Study:

An Ohio Study of Tax and Economic Competitiveness

Dr. Jing Li and Randi Malcolm Thomas, ESQ.

Miami University

Objective

This empirical analysis aims to investigate the impact of state and local income tax, state and local general sales tax, and property tax on the economic competitiveness of Ohio communities compared to neighboring and several peer states' communities.

Methodology

From the Internal Revenue Service (IRS), we collect state and local income taxes, state and local general sales taxes, property or real estate taxes, and total taxes paid at the county-year level. Then we divide taxes by county population to obtain *per capita taxes* (dollar). *Average tax rates (percent)* are computed as 100 times ratios of taxes to county gross domestic product (GDP).

We consider three measurements of the economy: the per capita GDP (dollar) is the ratio of GDP to population; the annual growth rate (percent) is 100 times the log difference of GDP; the unemployment rate (percent) is downloaded from the U.S. Bureau of Economic Analysis (BEA). The GDP data are also from BEA.

Comparing Counties in Ohio

Heterogeneity across counties

The Longitudinal data for Ohio contains five annual observations from 2015-2019 for each of the 88 counties in Ohio. Table 1 reports sample averages of Per Capita State and Local Income Tax (PIT), Per Capita State and Local General Sales Tax (PST), Per Capita Property Tax (PPT), Per Capita State and Local Total Tax (PTT), Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT), Per Capita GDP (PGDP), Annual Growth Rate (AGR), and Unemployment Rate (UR) for each county.

For instance, in Adams County, on average, the per capita state and local income tax from 2015-2019 is $120; the per capita state and local general sales tax is $8; the per capita property tax is $57; the per capita state and local total tax is $188. The average state and local income tax rate is 0.23%; the average state and local general sales tax rate is 0.02%; the average property tax rate is 0.11%; the average state and local total tax rate is 0.36%. The average per capita GDP is $47,084; the average annual growth rate is -7.25% (i.e., there was economic shrinkage); the average unemployment rate is 7.46%.

By comparing just Adams County to Allen County, we see substantial heterogeneity among counties in Ohio. To highlight the variation across counties, **Table 2** lists counties in Ohio with minimum and maximum average tax rates, average per capita GDP, average annual growth rate, and average unemployment rate.

The five counties with the highest average state and local income tax rates are Delaware (3.14%), Geauga (2.83%), Fairfield (2.61%), Warren (2.15%), and Medina (2.13%); the five counties with the lowest average state and local income tax rates are Coshocton (0.35%), Harrison (0.28%), Adams (0.23%), Gallia (0.23%), and Fayette (0.22%).

For the state and local general sales tax, Geauga (0.04%), Morrow (0.04%), Ottawa (0.04%), Medina (0.04%), and Brown (0.03%) are the top five counties with the highest average tax rates. The bottom five include Shelby (0.01%), Athens (0.01%), Harrison (0.01%), Fayette (0.01%), and Gallia (0.01%).

The top five counties with the highest average property tax rates are the same as those with the highest average state and local income tax rates. Monroe county replaces Coshocton in the bottom five counties with the lowest average property tax rates.

The top five and bottom five counties for average state and local total tax rates are the same as those for average property tax rates.

The top five counties with the highest average per capita GDP are Hamilton ($87,888), Gallia ($76,308), Allen ($74,941), Fayette ($73,947), and Cuyahoga ($71,225). The bottom five are Meigs ($17,253), Morrow ($19,330), Brown ($20,610), Vinton ($20,783), and Perry ($20,822).

The five counties with the fastest economic growth are Fayette (10.76%), Harrison (9.64%), Carroll (6.54%), Monroe (6.08%), and Guernsey (5.98%). By contrast, Adams (-7.25%), Erie (-2.91%), Coshocton (-1.32%), Gallia (-0.77%), and Trumbull (-0.41%) had experienced the worst economic shrinkage.

Finally, the five counties with the highest unemployment rates are Monroe (9.09%), Meigs (7.91%), Noble (7.66%), Adams (7.46%), and Jefferson (7.43%); the five counties with the lowest unemployment rates are Mercer (3.36%), Holmes (3.37%), Delaware (3.76%), Putnam (3.79%), and Union (3.91%).

Heterogeneity across taxes

Table 3 reports summary statistics for the Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT) across 88 counties in Ohio from 2015-2019. The average State and Local Income Tax rate (0.89%) is almost double the average property tax rate (0.47%). The state and local income tax and property tax dwarf the state and local general sales tax, for which the average rate is only 0.02%.

Thus, in terms of magnitude, the state and local income tax dominates other taxes by contributing to around two-thirds of the state and local total tax (0.89/1.3=.68). The state and local sales tax is negligible.

Nevertheless, regarding variability, the property tax dominates the other two taxes. The ratio of standard deviation to mean (coefficient of variation) is 0.79 for the property tax and 0.62 and 0.5 for the state and local income tax and sales tax. In other words, the variation in taxes across counties is attributed to the property tax more than the income and sales taxes.

Takeaway for policymakers: the property tax plays a more significant role than the state and local income tax when explaining the across-county variation in tax.

Trend of tax

Figure 1 plots the time series of per capita state and local income tax and per capita property tax for the four counties with the highest average rates of state and local total tax. For the same four counties, Figure 2 plots the time series of the rate of state and local income tax and property tax rate.

Overall, we see a co-movement or common trend of the two taxes---the up and down of the state and local income tax (blue line with circles) is accompanied by the property tax (red line with diamonds). However, the two taxes do not change at the same pace, as shown by the time-varying gap between the red and blue lines. For instance, from 2015 to 2016, Delaware county's per capita state and local income tax *decreased* from $2,267 to $2,161, while the per capita property tax *increased* from $1,438 to $1,453. As a result, that county's state and local income tax rate fell from 4.35% to 4.09%, but the property tax rate only fell from 2.76% to 2.75%.

Takeaway for policymakers*:* the effect of falling state and local income tax on the economy can be offset by rising property tax.

Time-varying contribution

Figure 3 plots the state and local income tax to the property tax ratio for the same four counties in Figures 1 and 2. A greater than one ratio implies that the state and local income tax is more than the property tax. A falling (rising) ratio implies a falling (rising) contribution of the state and local income tax to the total tax. State and local income tax contributions declined in all counties and started bouncing back in 2017.

Takeaway for policymakers: the contributions of state and local income tax and property tax to total tax vary over time.

Tax Rate and Local Economy in Ohio

Figure 4 displays scatter plots of the annual growth rate against the state and local total tax rate for Delaware, Geauga, Fairfield, and Medina counties. Each point represents values for those two variables in a given year. For instance, the annual growth rate is 8.90%, and the state and local total tax rate was 1.15% in Delaware county in 2019.

For each county, we see a negative correlation between the annual growth rate and state and local total tax rate, which is indicated by the downward-sloping red line estimated by the method of ordinary least squares (OLS). The negative correlation implies that the two variables move in opposite directions.

Takeaway for policymakers: a falling state and local total tax rate correlates with a rising economic growth rate.

Figure 5 displays scatter plots of the unemployment rate against the state and local total tax rates. For each county, we see a positive correlation between the two variables. The positive correlation implies that the two variables move in the same direction.

Takeaway for policymakers*:* a falling state and local total tax rate correlates with a falling unemployment rate.

Table 4 summarizes the results of estimating the following fixed effects (FE) regressions using the Ohio data:

$$y_{it} = \beta x_{it} + \sum_i \gamma_i D_i + e_{it} \qquad (1)$$

where the dependent variable y is the annual growth rate or unemployment rate[1]; the key regressor x is the rate of state and local income tax (RIT), rate of state and local general sales tax (RST), and rate of property tax (RPT). We also include dummy variable D for counties (called county fixed effect). By doing so, we compare each county to itself (apple-to-apple, not apple-to-orange comparison) over time and see how the tax rate affects the local economy.

The estimated β coefficient is shown in Table 4. ** and *** indicate statistical significances at the 5% and 1% levels. It is unlikely to obtain by chance a statistically significant result.

First, we regress the annual growth rate onto the state and local income tax rate. $For\ example, \beta = -1.27$ implies that reducing the state and local income tax rate by one percentage point (say, from 2% to 1%) is associated with increasing the growth rate by 1.27 percentage points (say, from 4% to 5.27%).

Then we regress the annual growth rate onto the property tax rate. $For\ example, \beta = -1.95$ implies that reducing the property tax rate by one percentage point (say, from 2% to 1%) is associated with increasing the growth rate by 1.95 percentage points (say, from 4% to 5.95%).

For the sales tax, reducing the rate by 0.01 percentage points (say, from 0.02% to 0.01%) is associated with increasing the growth rate by 0.5615 percentage points (say, from 4% to 4. 5615%).

As for the unemployment rate, reducing the state and local income tax rate by one percentage point (say, from 2% to 1%) is associated with reducing the unemployment rate by 0.59 percentage points (say, from 4% to 3.41%); reducing the property tax rate by one percentage point (say, from 2% to 1%) is associated with reducing the unemployment rate by 0.91 percentage point (say, from 4% to 3.09%); reducing the state and local general sales tax rate by 0.01 percentage point (say, from 0.02% to 0.01%) is associated with reducing the unemployment rate by 0.3064 percentage point (say, from 4% to 3.6936%).

Takeaway for policymakers*:* cutting tax rate is statically significantly associated with accelerated economic growth and improved labor market

Comparing Ohio to Neighboring and Peer States

[1] In the preliminary analysis, we also consider using the change in the number of new privately-owned housing units as the dependent variable. However, again, we do not find statistically significant results.

Average Per Capita Taxes and Average Tax Rates

Table 5 reports the average Per Capita State and Local Income Tax (PIT), Per Capita State and Local General Sales Tax (PST), Per Capita Property Tax (PPT), Per Capita State and Local Total Tax (PTT), Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT), Per Capita GDP (PGDP), Annual Growth Rate (AGR), and Unemployment Rate (UR) of Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Ohio, Pennsylvania, West Virginia from 2015-2019. Figure 6A shows the ranking.

Among the ten states, Ohio has the third highest per capita state and local income tax ($384) after Indiana ($389) and Pennsylvania ($422). Ohio also has the third highest per capita property tax ($207) after Michigan ($233) and Pennsylvania ($306), and the third highest per capita state and local total tax ($558) after Michigan ($561) and Pennsylvania ($684).

Nevertheless, in terms of tax rates, Ohio is only ranked 6th for average state and local income tax rate, 6th for average property tax rate, and 7th for average state and local total tax rate.

Takeaway for policymakers*:* Ohio has relatively high per capita taxes but relatively low tax rates.

Variation of Tax Rates

To compare the variation of tax rates, **Table 6** reports the coefficient of variation (standard deviation to mean) for the Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT) for each state. Figure 6B shows the ranking.

Ohio is ranked 2nd for variation of state and local income tax rate (after Kentucky), 10th for variation of state and local general sales tax rate, 4th for variation of the property tax rate (after Illinois, Kentucky, and West Virginia), and 3rd for variation of state and local total tax rate (after Illinois and Kentucky).

Takeaway for policymakers*:* Overall, Ohio has a relatively high variation of tax rates. This may be caused by multiple layers of taxation in Ohio, which may lead to a tax-unfriendly business environment in Ohio relative to other states.

Economy

Figure 6C displays the ranking of states in terms of average annual growth rate (AGR) and average unemployment rate (UR). Ohio has the second highest average annual growth rate (2.56%) after only Indiana (2.74%); Ohio is ranked fifth for unemployment rates by having unemployment rates (5.5%) greater than Indiana (4.2%), Missouri (4.47%), Georgia (5.27%) and North Carolina (5.4%).

Distribution of Tax Rates

Average and variation are just two characteristics of a distribution. To compare whole distributions of tax rates among counties in each state, Figures 7A, 7B, 7C, and 7D show the histograms of the Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT) for Ohio and its neighboring states.

In Figure 7A, we see several counties with extremely high state and local income tax rates in Kentucky. However, most counties in Ohio have low state and local income tax rates relative to neighboring states.

As shown by Figure 7B, in terms of state and local general sales tax rates, Michigan stands out by having the widest distribution. However, many counties in West Virginia have zero sales tax rates.

In Figure 7C, we see that Ohio, Michigan, and Pennsylvania have quite a few counties with high property tax rates.

Finally, in Figure 7D, Ohio's state and local total tax rates distribution look similar to its neighbors.

County-to-County Comparison

Figures 8A and 8B compare the state and local income tax rates and property tax rates for four pairs of counties. Those pairs are chosen given their geographical or economic proximity. The blue lines are for counties in Ohio.

In **Figure 8A1**, the state and local income tax rates of Cuyahoga County of Ohio (Cleveland) and Allegheny County of Pennsylvania (Pittsburg) are compared; In **Figure 8A2**, the property tax rates of those two counties are compared. We see that Cuyahoga County has more significant state and local income tax rates, and the property tax rates of the two counties are similar.

In Figure 8A3, the state and local income tax rates of Franklin County of Ohio (Columbus) and Marion County of Indiana (Indianapolis) are compared; In **Figure 8A4**, the property tax rates of those two counties are compared. Franklin County has greater state and local income and property tax rates.

In **Figure 8B1**, the state and local income tax rates of Hamilton County of Ohio (Cincinnati) and Jefferson County of Kentucky (Louisville) are compared; In Figure 8B2, the property tax rates of those two counties are compared. After 2018 Hamilton County has greater state and local income and property tax rates.

In **Figure 8B3**, the state and local income tax rates of Lucas County of Ohio (Toledo) and Wayne County of Michigan (Detroit) are compared; In Figure 8B4, the property tax rates of those two counties are compared. After 2018 Lucas County has less state and local income and property tax rates.

Figure 9A compares state and local income tax rates of Franklin County of Ohio (Columbus) to Cook County of Illinois (Chicago), Fulton County of Georgia (Atlanta), Mecklenburg County of North Carolina (Charlotte), and St. Louis County of Missouri (St. Louis). After 2018, Franklin County has the least state and local income tax rate.

Figure 9B compares the property tax rates of those counties. After 2018, Franklin County has the second least property tax rate after only Mecklenburg County of North Carolina.

Figure 9C compares the annual growth rates of those counties. Franklin County has a growth rate of less than Mecklenburg and Fulton counties.

Figure 9D compares the unemployment rates of those counties. Overall, Franklin County has an unemployment rate greater than only St. Louis County.

Limitations

This study has the following limitations.

First, our tax rates are computed as ratios of taxes to GDP and can be interpreted as "average tax rates. "They are not marginal tax rates or effective tax rates. For several reasons, it is difficult to obtain a national dataset of effective tax rates at the county level across states. For example, since there is a lot of variation in local property tax assessment across states (differences in assessment ratios, the frequency of property tax reassessments, etc.), we cannot really compare local effective property tax rates across states. Moreover, the tax bases for local sales taxes and local income taxes vary so much that we cannot really compare those effective tax rates across states either. Despite that, our "average tax rates" can still be a good measurement of the local tax burden.

Second, our statistical analysis of average tax rates and local economy summarized in Table 4 only indicates correlation rather than causation. Numerous factors drive the local economy, and tax is just one of them. It is not easy to account for all relevant factors due to data availability. Our fixed effects regression can only control for some confounding factors. Ideally, the true causal relationship between tax and economy should be deduced from a randomized controlled trial.

Third, we do not have a national dataset for tax credits such as the $475 million job creation tax credit offered by Ohio to Intel as the company plans to build a $20 billion semiconductor plant in Licking County[2]. Those tax credits can be a decisive factor for local economic competitiveness.

[2] https://news.wosu.org/news/2022-09-27/ohio-approves-intel-tax-credit-plan-worth-hundreds-of-millions-of-dollars

Table 1: Average Per Capita State and Local Income Tax (PIT), Per Capita State and Local General Sales Tax (PST), Per Capita Property Tax (PPT), Per Capita State and Local Total Tax (PTT), Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT), Per Capita GDP (PGDP), Annual Growth Rate (AGR), and Unemployment Rate (UR) of 88 Counties in Ohio from 2015-2019

County	PIT	PST	PPT	PTT	RIT	RST	RPT	RTT	PGDP	AGR	UR
Adams	120	8	57	188	0.23	0.02	0.11	0.36	47084	-7.25	7.46
Allen	294	8	145	416	0.39	0.01	0.19	0.55	74941	1.36	5.4
Ashland	280	8	133	400	0.87	0.03	0.42	1.25	32200	2.39	4.96
Ashtabula	190	8	125	313	0.62	0.03	0.41	1.03	30684	1.35	5.97
Athens	251	3	130	365	0.77	0.01	0.4	1.12	32141	2.38	6.11
Auglaize	437	9	148	526	0.88	0.02	0.3	1.06	48671	1.74	4.01
Belmont	253	7	96	329	0.54	0.01	0.21	0.71	43306	3.68	6.8
Brown	156	7	81	240	0.74	0.03	0.39	1.15	20610	0.92	5.97
Butler	533	9	339	833	1	0.02	0.63	1.57	51191	4.73	4.74
Carroll	213	10	126	335	0.48	0.02	0.29	0.76	44746	6.54	6.21
Champaign	271	9	148	418	0.92	0.03	0.5	1.42	29526	3.04	4.57
Clark	281	7	165	433	0.84	0.02	0.49	1.3	32852	1.62	5.37
Clermont	570	11	399	918	1.39	0.03	0.97	2.25	39665	4.36	4.66
Clinton	318	7	119	410	0.64	0.01	0.24	0.83	49090	3.24	5.93
Columbiana	196	7	94	294	0.68	0.02	0.33	1.02	28692	1.74	6.23
Coshocton	142	7	76	219	0.35	0.02	0.19	0.53	40811	-1.32	6.73
Crawford	174	8	72	248	0.55	0.02	0.23	0.78	31311	1.7	6.1
Cuyahoga	838	12	521	1211	1.16	0.02	0.72	1.7	71225	2.65	6.14
Darke	285	8	98	365	0.72	0.02	0.25	0.93	38914	3.14	4.4
Defiance	301	7	127	414	0.67	0.02	0.28	0.91	44388	0.84	5.2
Delaware	1717	17	1168	2561	3.14	0.03	2.13	4.73	54567	4.69	3.76
Erie	401	13	257	622	0.62	0.02	0.39	0.95	65630	-2.91	6.36
Fairfield	737	8	379	1065	2.61	0.03	1.34	3.79	27941	3.62	4.54
Fayette	194	6	84	278	0.22	0.01	0.1	0.32	73947	10.76	4.84
Franklin	807	9	527	1210	1.12	0.01	0.73	1.68	71123	3.55	4.6
Fulton	394	11	202	570	0.83	0.02	0.42	1.2	45969	2.5	5.1
Gallia	178	5	81	253	0.23	0.01	0.1	0.33	76308	-0.77	6.44
Geauga	1289	20	830	1869	2.83	0.04	1.83	4.14	44610	2.32	4.56
Greene	608	15	479	1029	1.07	0.03	0.85	1.83	55545	3.63	4.53
Guernsey	216	7	87	288	0.43	0.01	0.18	0.59	46622	5.98	6.39
Hamilton	948	10	508	1261	1.06	0.01	0.57	1.43	87888	2.63	4.87
Hancock	563	9	214	698	0.75	0.01	0.28	0.92	70409	3.08	4.07
Hardin	202	5	74	277	0.7	0.02	0.25	0.96	29561	1.29	5.24
Harrison	182	6	66	244	0.28	0.01	0.1	0.38	58537	9.64	6.59
Henry	327	10	163	483	0.67	0.02	0.33	0.99	49021	4.33	5.6

Highland	157	6	68	225	0.58	0.02	0.25	0.83	27598	4.35	6.24
Hocking	210	6	116	327	0.92	0.03	0.51	1.44	22291	1.72	5.54
Holmes	194	10	111	285	0.37	0.02	0.21	0.55	50395	5.15	3.37
Huron	281	8	113	380	0.75	0.02	0.3	1.02	37946	1.9	6.67
Jackson	128	6	66	198	0.41	0.02	0.21	0.63	30810	2.01	7.16
Jefferson	189	5	72	255	0.36	0.01	0.14	0.48	52965	2.06	7.43
Knox	371	11	194	535	1.07	0.03	0.56	1.55	34371	1.39	4.63
Lake	627	13	443	1024	1.3	0.03	0.92	2.13	48247	1.09	5.19
Lawrence	167	5	68	232	0.56	0.02	0.23	0.78	28794	3	6.11
Licking	613	10	365	928	1.75	0.03	1.04	2.67	34830	4.74	4.51
Logan	280	10	154	423	0.64	0.02	0.35	0.97	44035	0.65	4.61
Lorain	608	11	381	935	1.78	0.03	1.12	2.75	34023	1.36	6.11
Lucas	492	9	335	776	0.89	0.02	0.61	1.42	55817	1.26	6.13
Madison	525	9	258	753	1.24	0.02	0.61	1.79	41419	3.55	4.16
Mahoning	350	9	205	524	0.89	0.02	0.52	1.34	39313	1.24	6.81
Marion	190	6	84	273	0.45	0.01	0.2	0.65	41246	1.71	5.16
Medina	850	14	515	1294	2.13	0.04	1.29	3.25	39698	2.55	4.67
Meigs	113	5	54	174	0.67	0.03	0.32	1.03	17253	1.69	7.91
Mercer	349	10	154	489	0.61	0.02	0.27	0.85	54406	3.05	3.36
Miami	574	10	245	778	1.43	0.02	0.61	1.94	40114	1.97	4.56
Monroe	243	8	54	287	0.4	0.01	0.09	0.48	63794	6.08	9.09
Montgomery	487	11	349	789	0.95	0.02	0.68	1.55	50905	2.75	5.43
Morgan	103	6	46	157	0.49	0.03	0.22	0.75	20879	3.71	7.2
Morrow	315	7	162	472	1.61	0.04	0.83	2.42	19330	1.24	5.09
Muskingum	270	8	120	379	0.65	0.02	0.29	0.91	41186	3.14	5.89
Noble	152	4	53	207	0.39	0.01	0.13	0.52	36186	2.96	7.66
Ottawa	430	18	290	692	0.85	0.04	0.57	1.37	50051	1.33	6.73
Paulding	211	5	75	284	0.78	0.02	0.28	1.06	28930	2.76	4.8
Perry	192	7	111	299	0.92	0.03	0.53	1.43	20822	1.84	6.29
Pickaway	452	8	201	641	1.53	0.03	0.68	2.17	29836	2.71	4.84
Pike	141	5	64	209	0.36	0.01	0.16	0.53	39760	1.76	7.2
Portage	531	10	313	800	1.4	0.03	0.82	2.12	37511	2.19	5.13
Preble	302	6	127	428	1.1	0.02	0.46	1.56	27390	2.75	4.7
Putnam	417	8	144	532	1.13	0.02	0.39	1.44	37409	1.04	3.79
Richland	281	8	150	418	0.77	0.02	0.41	1.15	36538	1.22	5.81
Ross	231	8	114	336	0.66	0.02	0.33	0.96	34918	2.64	5.37
Sandusky	288	8	123	407	0.57	0.02	0.24	0.81	48918	2.18	5.21
Scioto	215	7	90	287	0.61	0.02	0.25	0.82	37121	2.01	7.2
Seneca	209	6	82	282	0.61	0.02	0.24	0.82	33506	3.68	5.13
Shelby	404	7	148	528	0.62	0.01	0.23	0.81	64917	2.07	4.54
Stark	422	9	249	631	0.95	0.02	0.56	1.42	43706	1.75	5.54

Summit	715	10	408	1030	1.33	0.02	0.76	1.92	53080	2.27	5.4
Trumbull	236	8	145	372	0.68	0.02	0.42	1.07	35184	-0.41	7.1
Tuscarawas	284	8	139	400	0.7	0.02	0.34	0.99	39445	2.7	5.31
Union	962	11	550	1329	1.36	0.01	0.78	1.89	68146	5.31	3.91
Van Wert	248	8	84	319	0.55	0.02	0.19	0.71	43433	2.9	4.27
Vinton	84	3	45	134	0.42	0.02	0.22	0.67	20783	1.39	6.83
Warren	1015	15	623	1495	2.15	0.03	1.32	3.2	46145	4.98	4.31
Washington	285	9	107	377	0.48	0.01	0.18	0.64	57321	2.01	6.34
Wayne	345	10	190	516	0.69	0.02	0.38	1.04	49879	4.12	4.04
Williams	277	6	119	389	0.59	0.01	0.25	0.83	46085	2.19	4.61
Wood	654	10	348	939	1.24	0.02	0.66	1.79	52428	3.37	4.56
Wyandot	282	6	77	348	0.66	0.01	0.18	0.82	43490	3.1	3.97

Table 2: Counties in Ohio with minimum and maximum average Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT), Per Capita GDP (PGDP), Annual Growth Rate (AGR), and Unemployment Rate (UR)

	RIT			RIT
Fayette	0.22		Medina	2.13
Gallia	0.23		Warren	2.15
Adams	0.23		Fairfield	2.61
Harrison	0.28		Geauga	2.83
Coshocton	0.35		Delaware	3.14
	RST			RST
Gallia	0.01		Brown	0.03
Fayette	0.01		Medina	0.04
Harrison	0.01		Ottawa	0.04
Athens	0.01		Morrow	0.04
Shelby	0.01		Geauga	0.04
	RPT			RPT
Monroe	0.09		Medina	1.29
Fayette	0.1		Warren	1.32
Harrison	0.1		Fairfield	1.34
Gallia	0.1		Geauga	1.83
Adams	0.11		Delaware	2.13
	RTT			RTT
Fayette	0.32		Warren	3.2
Gallia	0.33		Medina	3.25
Adams	0.36		Fairfield	3.79
Harrison	0.38		Geauga	4.14
Monroe	0.48		Delaware	4.73
	PGDP			PGDP
Meigs	17253		Cuyahoga	71225
Morrow	19330		Fayette	73947
Brown	20610		Allen	74941
Vinton	20783		Gallia	76308
Perry	20822		Hamilton	87888
	AGR			AGR
Adams	-7.25		Guernsey	5.98
Erie	-2.91		Monroe	6.08
Coshocton	-1.32		Carroll	6.54
Gallia	-0.77		Harrison	9.64
Trumbull	-0.41		Fayette	10.76
	UR			UR
Mercer	3.36		Jefferson	7.43

Holmes	3.37		Adams	7.46
Delaware	3.76		Noble	7.66
Putnam	3.79		Meigs	7.91
Union	3.91		Monroe	9.09

Table 3: Summary Statistics for Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT) in Ohio

	mean	**sd**	**min**	**max**	**sd to mean**
RIT	0.89	0.55	0.22	3.14	0.62
RST	0.02	0.01	0.01	0.04	0.5
RPT	0.47	0.37	0.09	2.13	0.79
RTT	1.3	0.83	0.32	4.73	0.64

Table 4: Results of Fixed Effects Regression with Ohio data

	AGR	**AGR**	**AGR**	**UR**	**UR**	**UR**
RIT	-1.27**			0.59***		
RPT		-1.95**			0.91***	
RST			-56.15**			30.64***
County Fixed Effect	yes	yes	yes	yes	yes	yes

Table 5: Average Per Capita State and Local Income Tax (PIT), Per Capita State and Local General Sales Tax (PST), Per Capita Property Tax (PPT), Per Capita State and Local Total Tax (PTT), Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT), Per Capita GDP (PGDP), Annual Growth Rate (AGR), and Unemployment Rate (UR) of Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Ohio, Pennsylvania, West Virginia from 2015-2019

state	PIT	PST	PPT	PTT	RIT	RST	RPT	RTT	PGDP	AGR	UR
GA	238	5	107	247	1.28	0.03	0.58	1.88	35646	2.47	5.27
IL	159	5	118	171	0.77	0.03	0.68	1.42	45427	0.93	5.65
IN	389	4	110	483	1.03	0.01	0.29	1.3	40745	2.74	4.2
KY	360	6	99	459	1.24	0.02	0.33	1.6	31846	1.31	5.81
MI	343	11	233	561	0.96	0.03	0.66	1.61	34326	2.4	6.38
MO	116	3	41	108	0.84	0.03	0.29	1.19	34917	2.26	4.47
NC	250	5	100	224	1.23	0.03	0.51	1.71	39096	2.27	5.4
OH	384	9	207	558	0.89	0.02	0.47	1.3	43458	2.56	5.5
PA	422	8	306	684	0.87	0.02	0.64	1.45	46574	1.73	5.98
WV	292	1	55	343	0.88	<0.01	0.17	1.05	35375	0.39	6.67

Table 6: Coefficient of Variation (standard deviation to mean) of Rate of State and Local Income Tax (RIT), Rate of State and Local General Sales Tax (RST), Rate of Property Tax (RPT), Rate of State and Local Total Tax (RTT) of Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Ohio, Pennsylvania, West Virginia

State	RIT	RST	RPT	RTT
GA	0.75	0.84	0.78	0.81
IL	0.8	0.86	1.11	1
IN	0.75	0.88	0.89	0.86
KY	0.9	0.94	1.08	0.99
MI	0.67	0.82	0.7	0.77
MO	0.77	0.85	0.99	0.89
NC	0.72	0.75	0.74	0.81
OH	0.83	0.64	0.99	0.97
PA	0.71	0.79	0.89	0.87
WV	0.74	1.23	1.03	0.85

Figure 1: Per Capita Income Tax and Property Tax

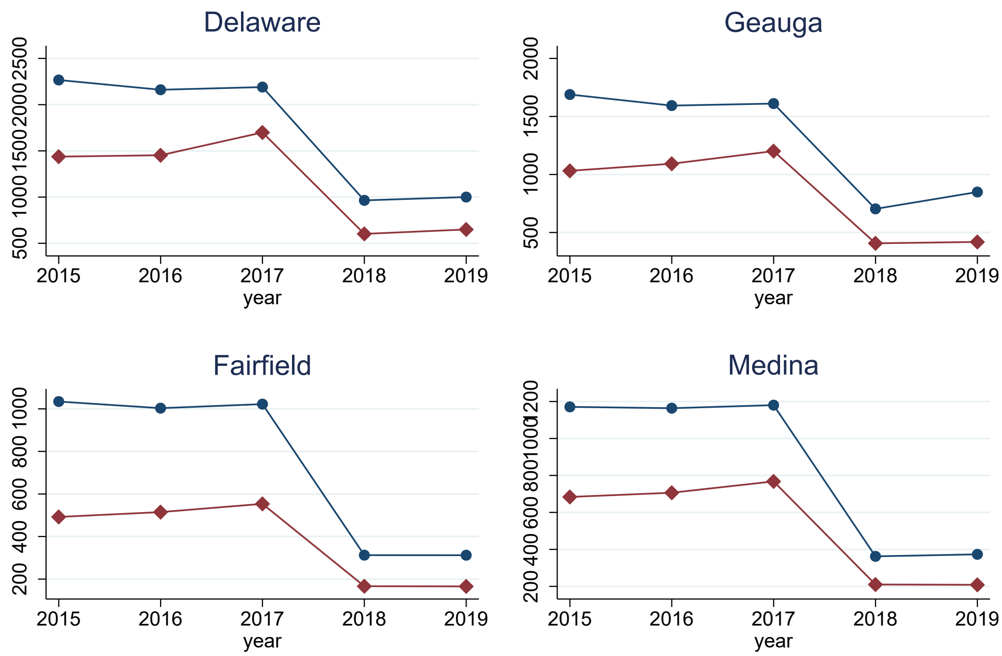
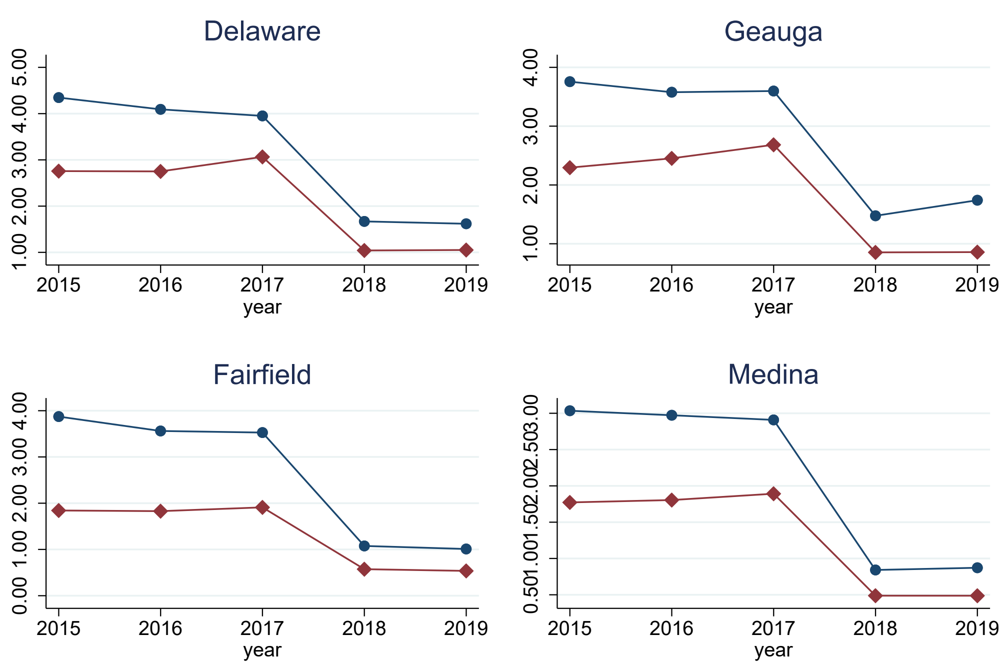


Figure 2: Rate of Income Tax and Property Tax



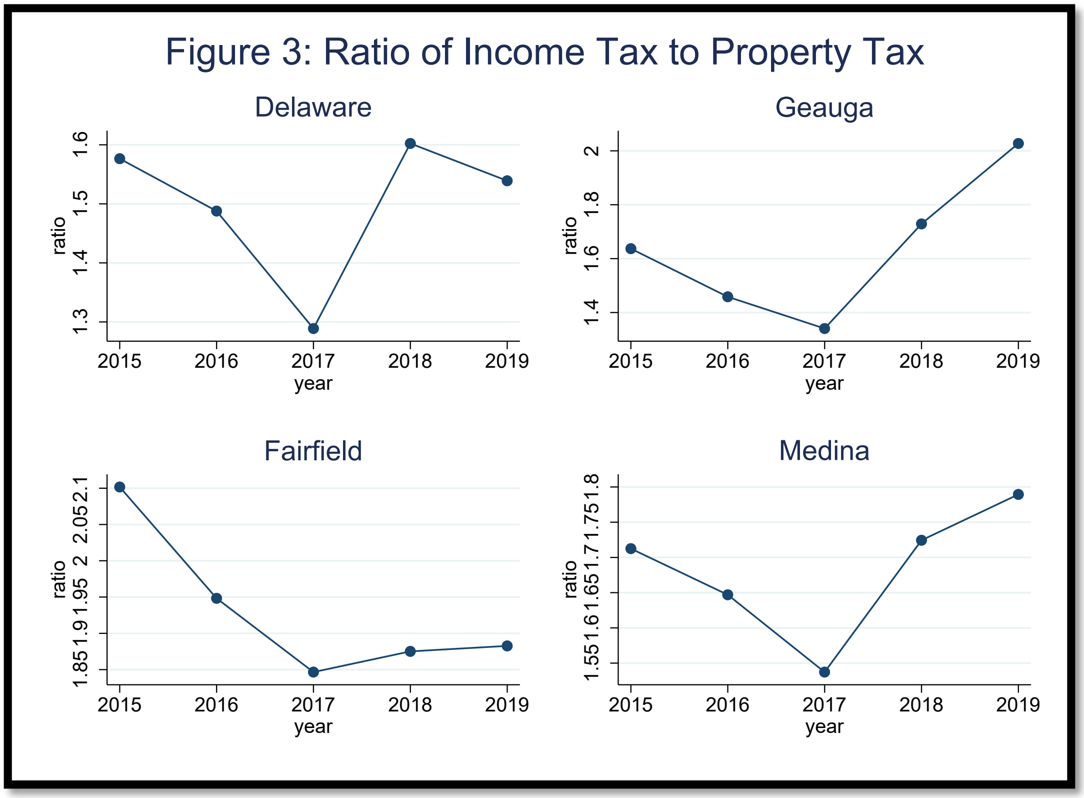


Figure 3: Ratio of Income Tax to Property Tax
Delaware
Geauga
Fairfield
Medina
ratio
year
2015
2016
2017
2018
2019
1.3
1.4
1.5
1.6
1.4
1.6
1.8
2
1.85
1.9
1.95
2
2.05
2.1
1.55
1.6
1.65
1.7
1.75
1.8

Figure 4: Annual Growth Rate and Rate of Total Tax

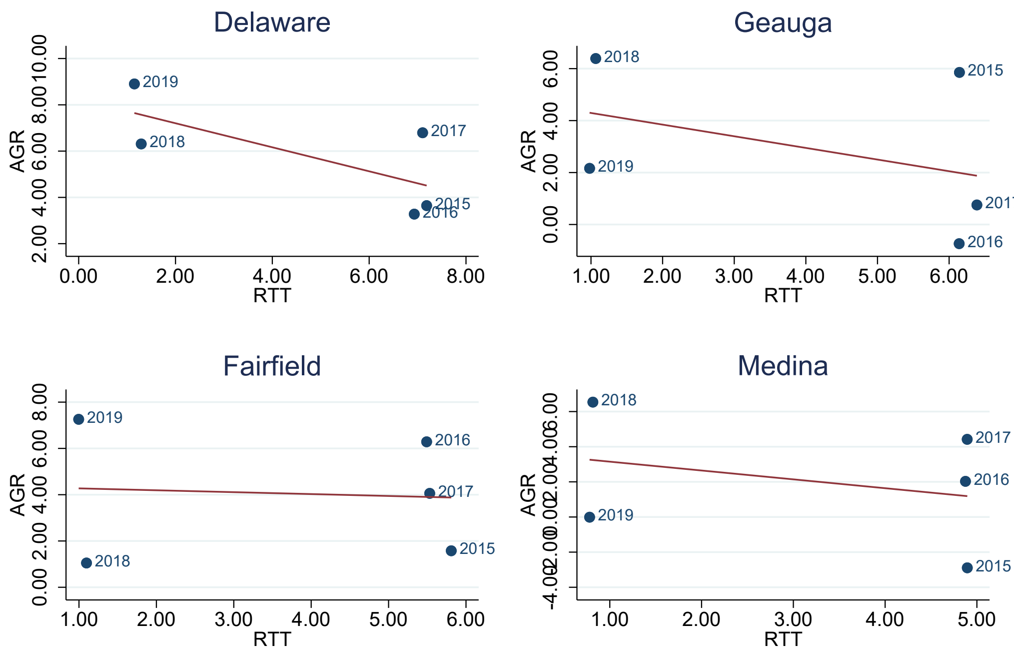


Figure 5: Unemployment Rate and Rate of Total Tax

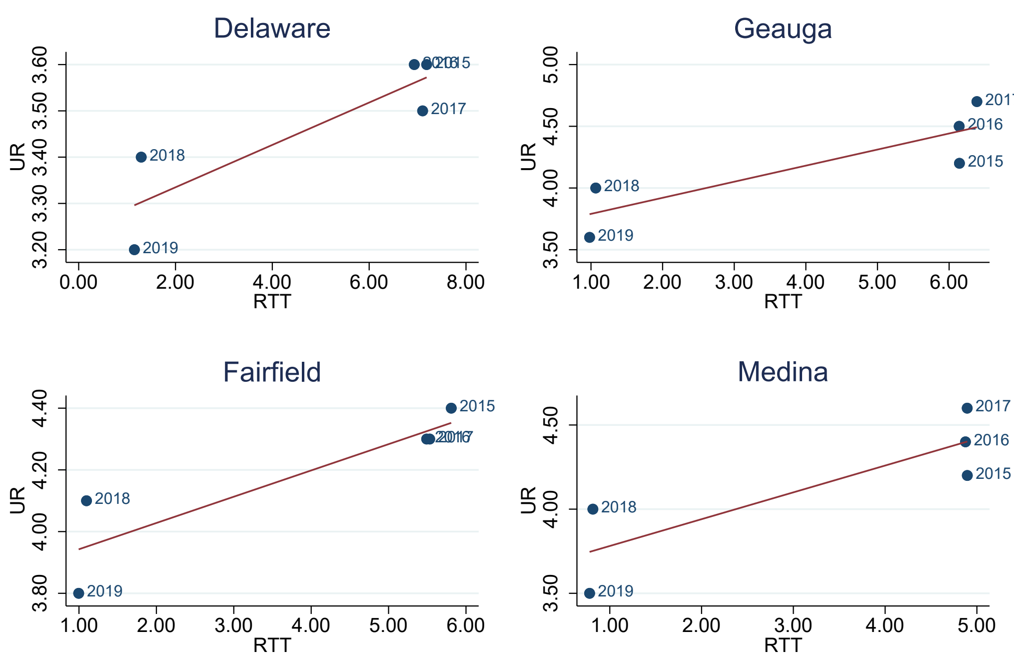


Figure 6A: Rankings of States (Mean)

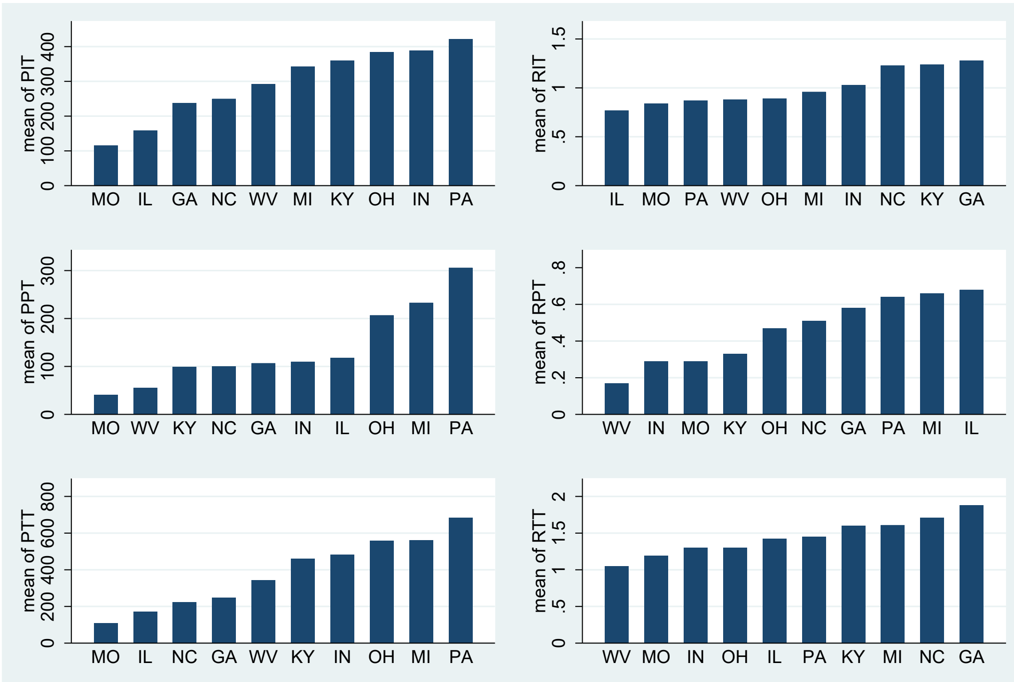
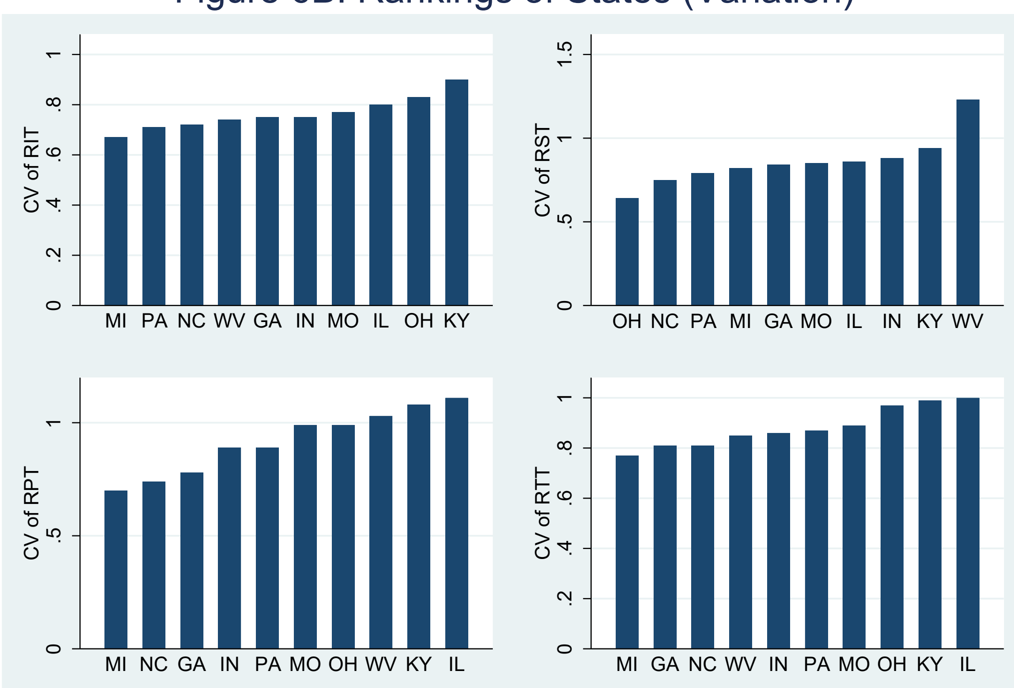


Figure 6B: Rankings of States (Variation)



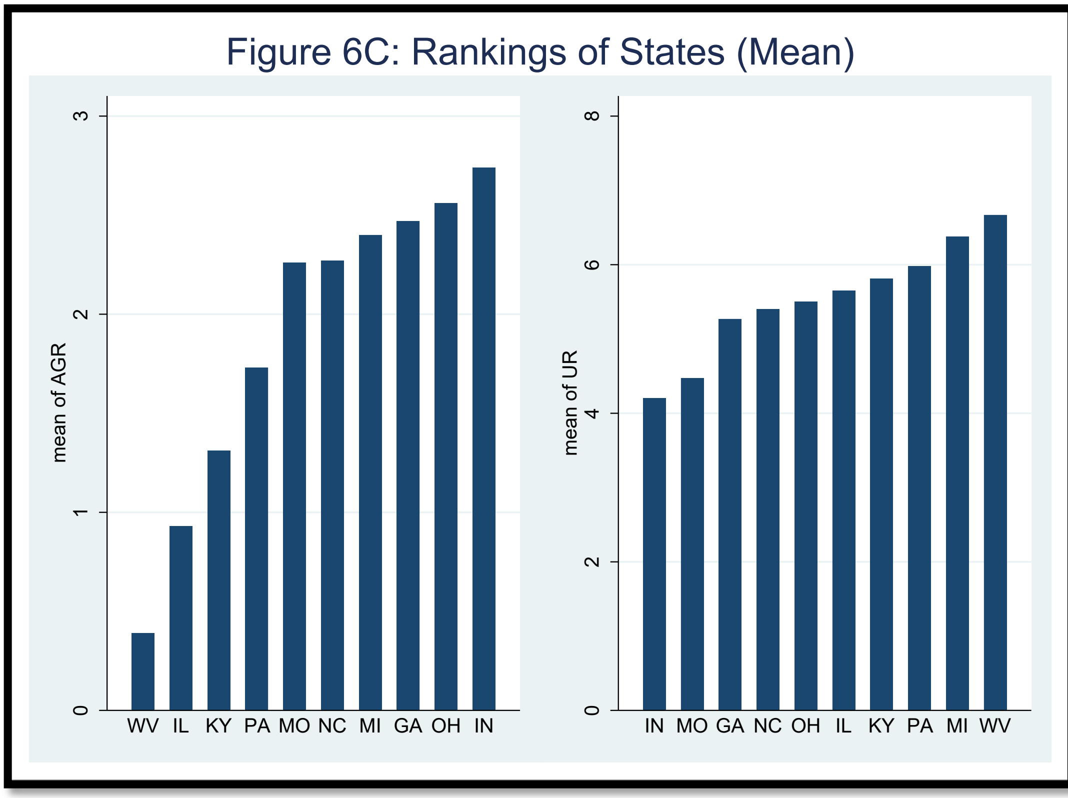
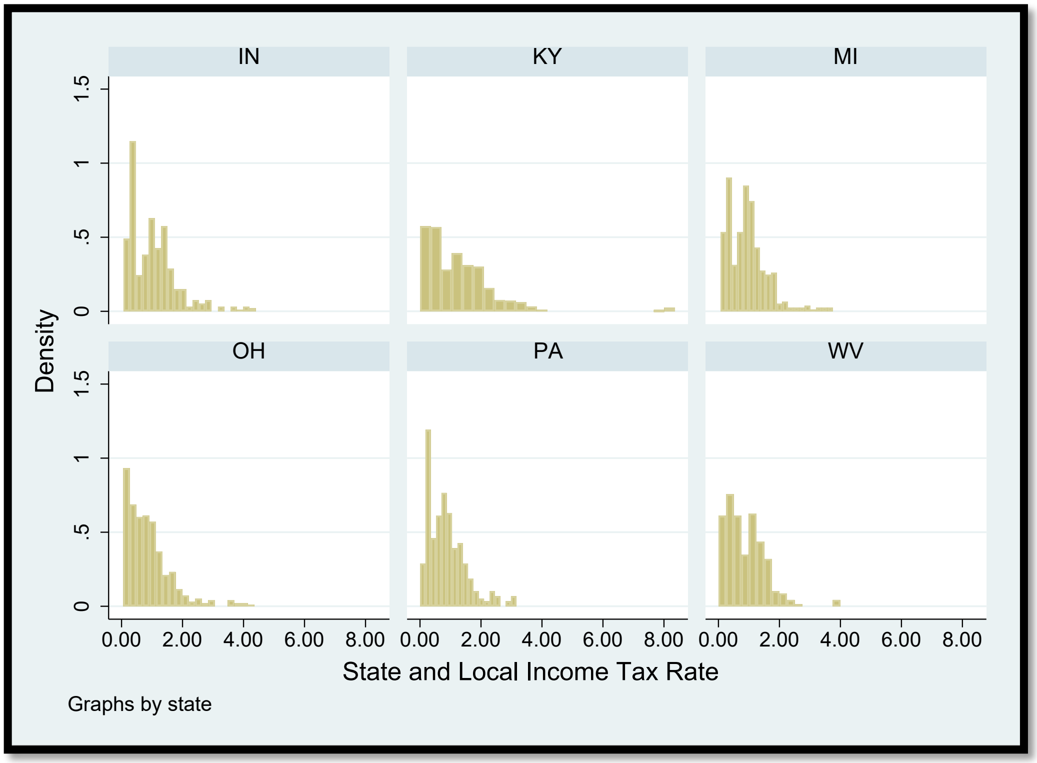


Figure 6C: Rankings of States (Mean)
mean of AGR
0
1
2
3
WV IL KY PA MO NC MI GA OH IN
mean of UR
0
2
4
6
8
IN MO GA NC OH IL KY PA MI WV

Figure 7A



IN
KY
MI
OH
PA
WV
Density
0
.5
1
1.5
0.00
2.00
4.00
6.00
8.00
State and Local Income Tax Rate
Graphs by state

Figure 7B

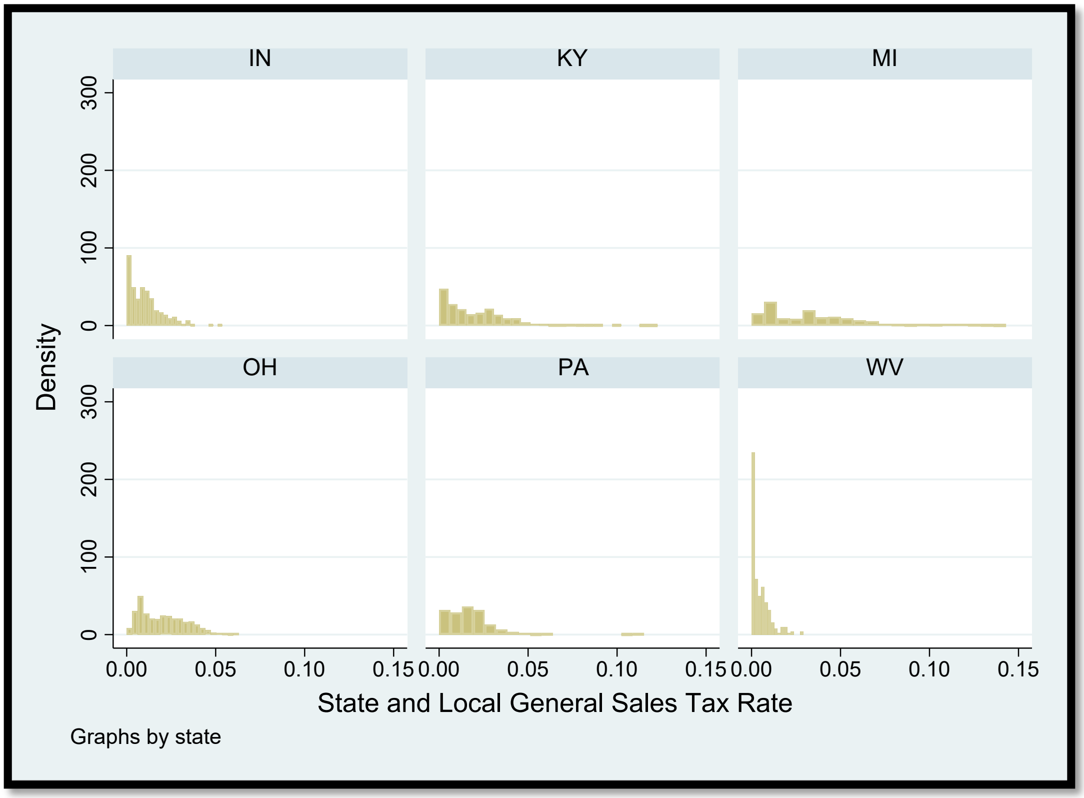

IN
KY
MI
OH
PA
WV
Density
0
100
200
300
0.00
0.05
0.10
0.15
State and Local General Sales Tax Rate
Graphs by state

Figure 7C

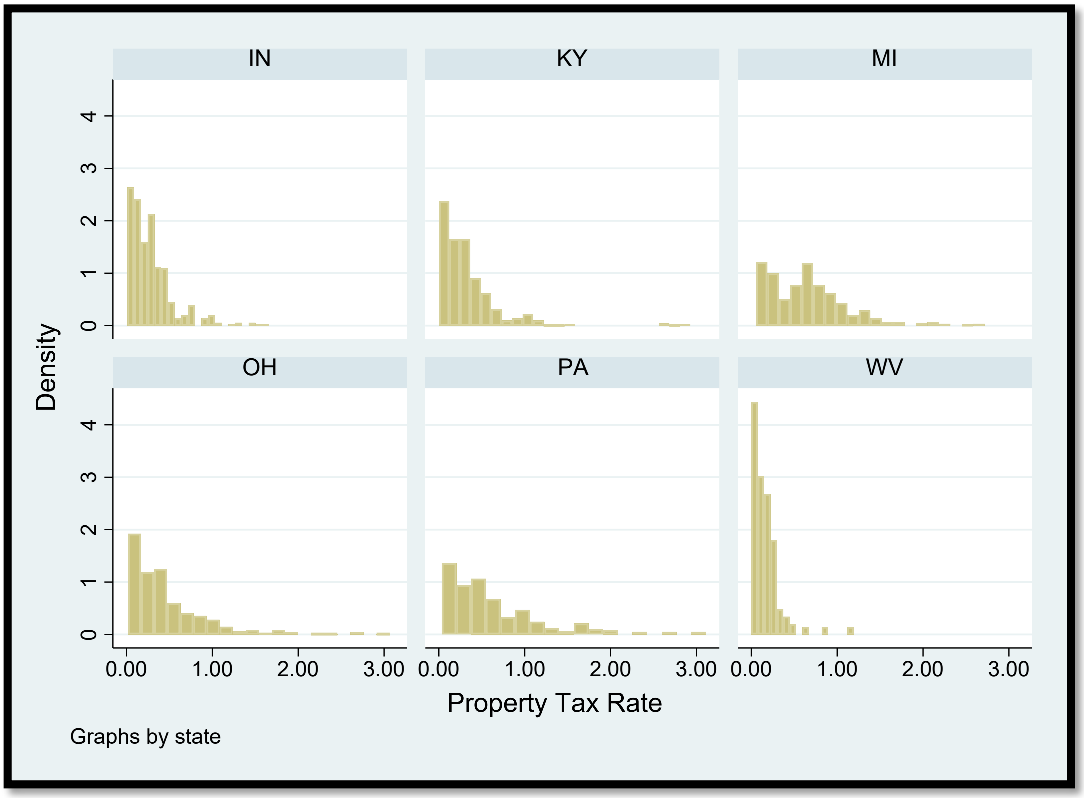
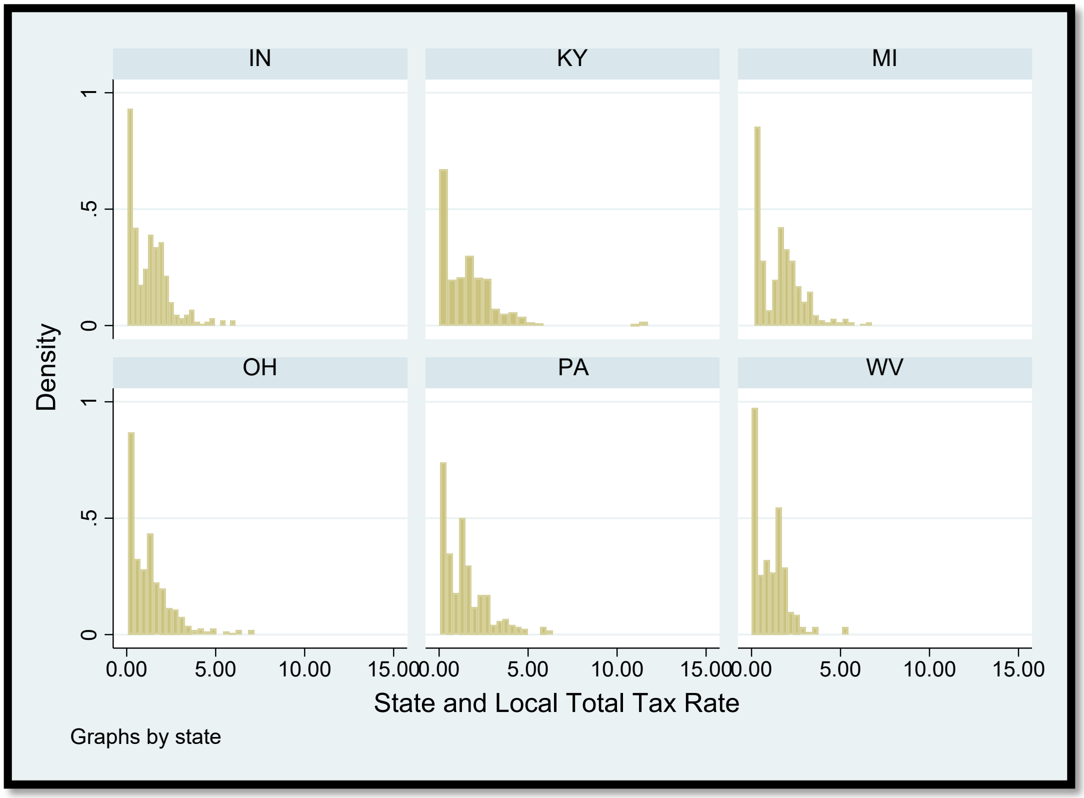

IN
KY
MI
OH
PA
WV
Density
0
1
2
3
4
0.00
1.00
2.00
3.00
Property Tax Rate
Graphs by state

Figure 7D



IN
KY
MI
OH
PA
WV
Density
0
.5
1
0.00
5.00
10.00
15.00
State and Local Total Tax Rate
Graphs by state

Figure 8A

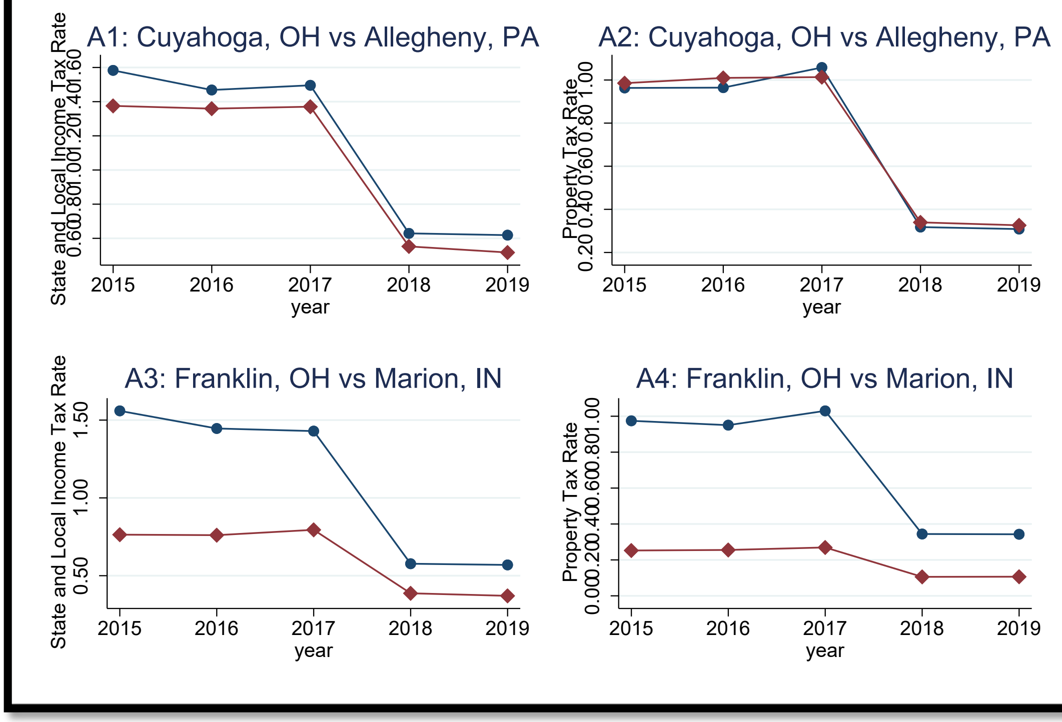
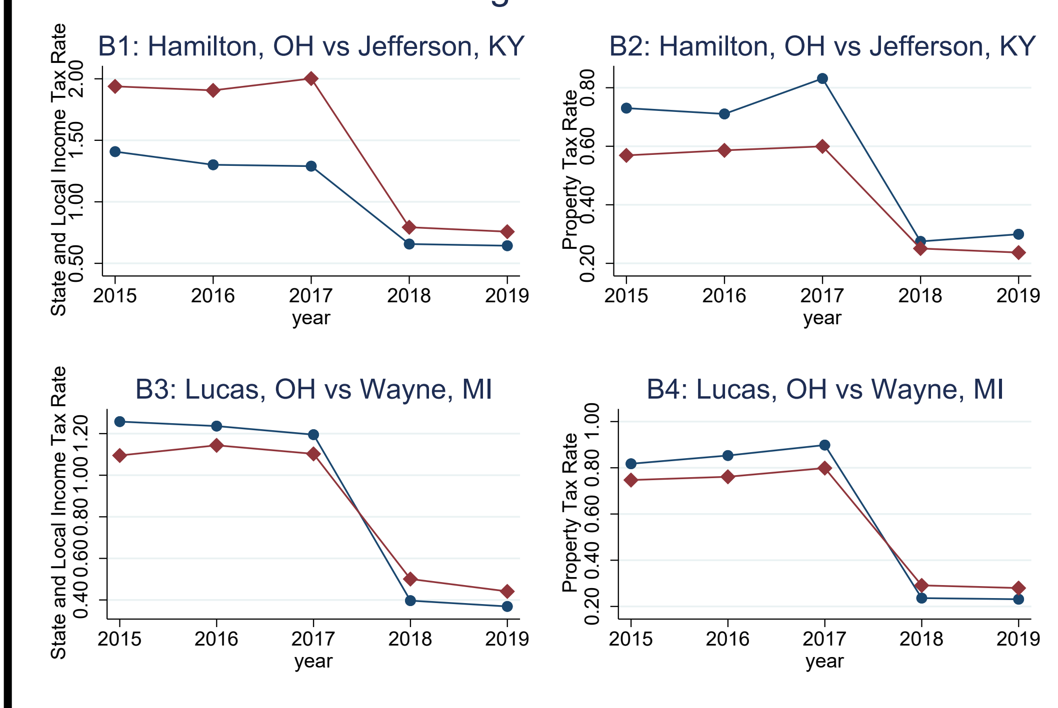


Figure 8B



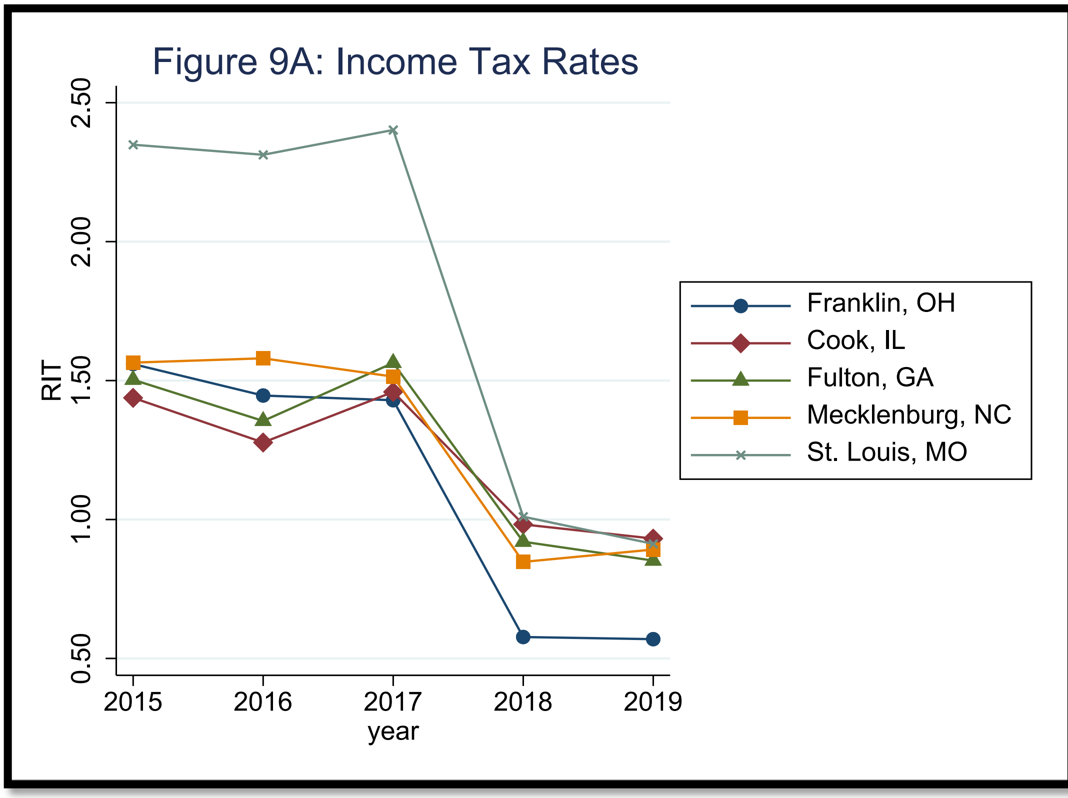


Figure 9A: Income Tax Rates

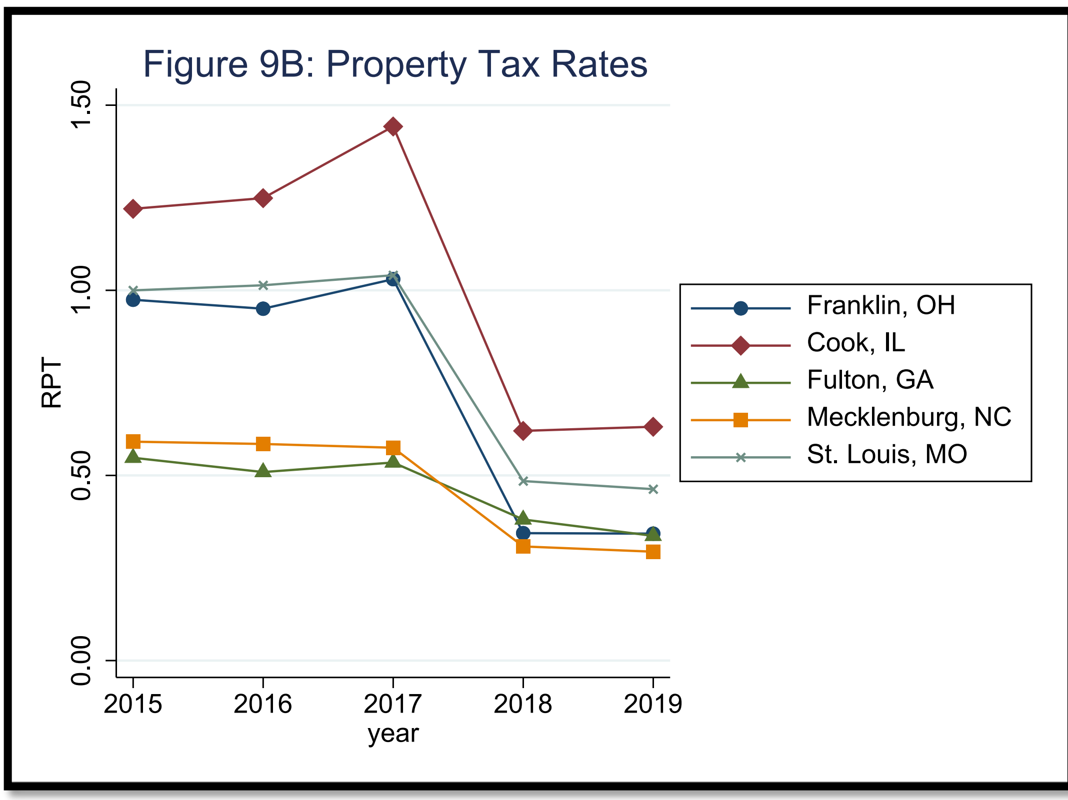


Figure 9B: Property Tax Rates

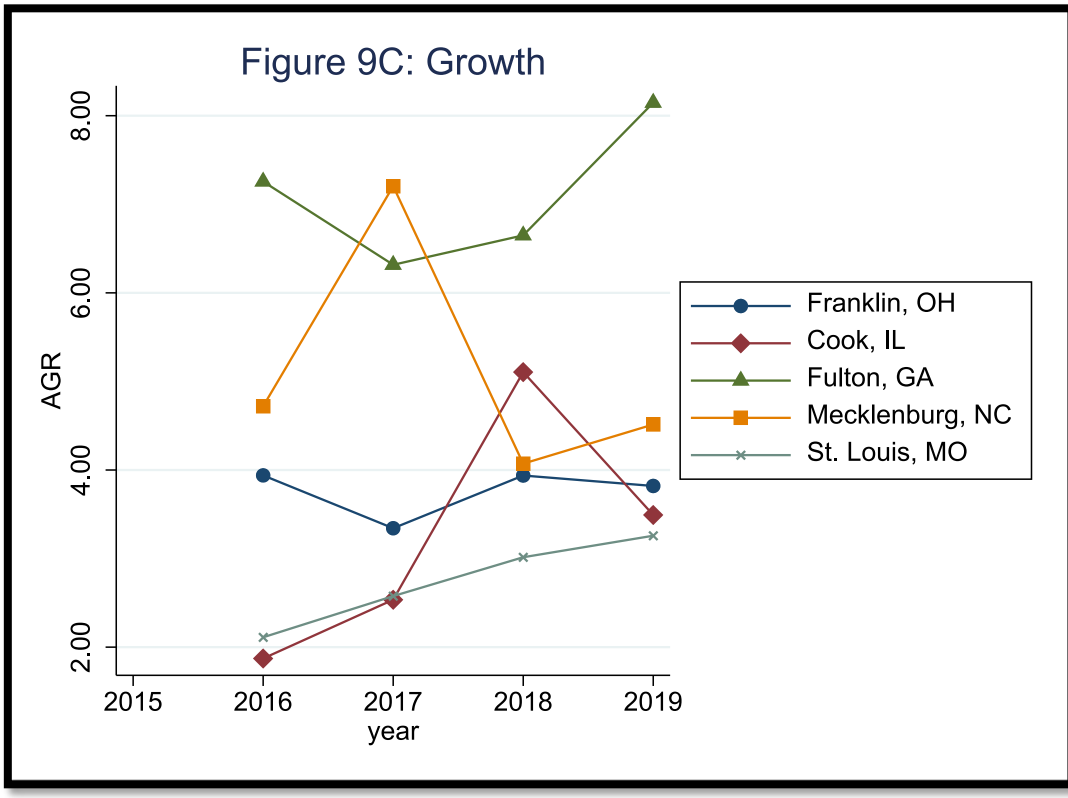


Figure 9C: Growth
8.00
6.00
4.00
2.00
AGR
2015
2016
2017
2018
2019
year
Franklin, OH
Cook, IL
Fulton, GA
Mecklenburg, NC
St. Louis, MO

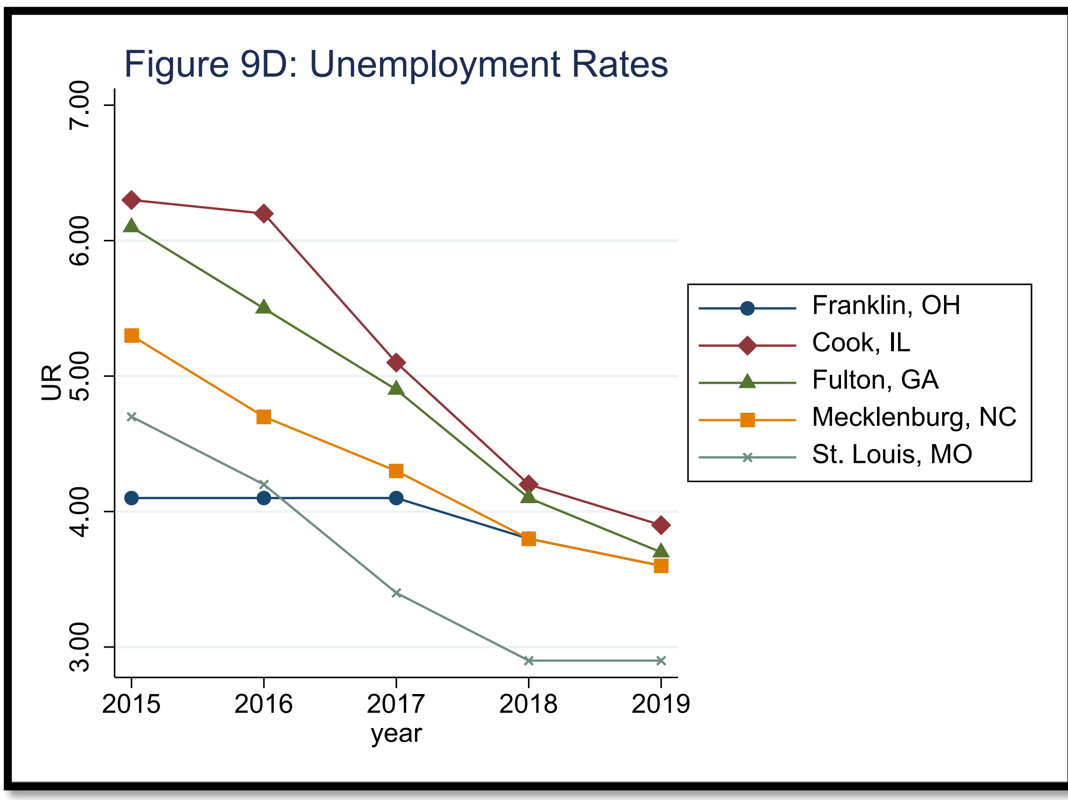


Figure 9D: Unemployment Rates
7.00
6.00
5.00
4.00
3.00
UR
2015
2016
2017
2018
2019
year
Franklin, OH
Cook, IL
Fulton, GA
Mecklenburg, NC
St. Louis, MO

Appendix C:

Net Population Migration Defined

Ohio Cumulative Domestic Migration, Ohio Net Domestic Migration, and Ohio Population Variables

The Ohio Cumulative Domestic Migration variable is a summation of net domestic migration of individuals for each state over a period of time. Data are drawn from the U.S. Census Bureau, which were last revised in December 2020 (negative numbers indicate net out-migration).[a] Net Domestic Migration (the migration data for each year) measures the difference between domestic in-migration to an area and domestic out-migration from the same area during a specified time period. Domestic in- and out-migration consist of moves where both the origin and the destination are within the United States (excluding Puerto Rico).[b] This variable does not include births, deaths, or immigration from a foreign country.

The population variable measures all people, male and female, child and adult, living in a geographic area. [c] Population includes domestic and foreign migration, births, and deaths. Population measurements are more broadly focused than net migration. Cumulative and net domestic migration, however, can be helpful when examining how Americans "vote with their feet," moving from one state to another.

https://www.census.gov/library/stories/2022/03/net-domestic-migration-increased-in-united-states-counties-2021.html#:~:text=The%20net%20domestic%20migration%20for,out

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[a] "Appendix: Economic Performance Methodology: Cumulative Domestic Migration." *Rich States, Poor States: The ALEC-Laffer Annual Report on Economic Competitiveness, 15th Edition*. American Legislative Exchange Council. April 2022. P. 57. https://www.richstatespoorstates.org/app/uploads/2022/04/2022-15th-RSPS.pdf

[b] "Net Domestic Migration" U.S. Census Bureau Glossary. Accessed February 28, 2023. https://www.census.gov/glossary/#term_Netmigration?term=Net+domestic+migration

[c] "Population" U.S. Census Bureau Glossary. Accessed February 28, 2023. https://www.census.gov/glossary/#term_Netmigration?term=Population

Ohio Business Roundtable

BUSINESS FOR A BETTER OHIO

Joint Committee on Property Tax Review and Reform

Nikki Cooper

Director of Government Relations, Ohio Business Roundtable

Co-chairs Blessing, Roemer, and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to provide testimony today. My name is Nikki Cooper and I am the Director of Government Relations for the Ohio Business Roundtable, a statewide business association comprised of CEOs and Presidents of the top companies in the state. We currently have over 100 members, collectively employing over half a million Ohioans and generating a revenue of more than $1.5 trillion, which contributes significantly to Ohio's economy.

Our membership includes industry leading companies representing over 20 Ohio industries, including—but not limited to—companies such as KeyBank and Huntington in the banking sector; American Financial and Nationwide in the insurance sector; Kokosing in construction; CareSource, Cleveland Clinic, and many of Ohio's children's hospitals in healthcare; The Ohio State University and Miami University in higher education; Owens Corning, RPM International, Inc, and Procter & Gamble in manufacturing; AEP and Marathon in energy and utilities, among others.

The Ohio Business Roundtable supports policies that will strengthen the state's economic and workforce development, reduce onerous barriers for businesses, and foster an environment for businesses to invest and grow in Ohio while competing in the global economy.

Last year, in partnership with five other statewide business advocacy organizations, including those also testifying here today, and the legislative Business First Caucus, we released the 2022 Ohio Economic Competitiveness Study *(see attached)*. The study, conducted by Northwood and Miami Universities, highlighted our state's significant economic progress, with Ohio moving from 24th in 2018 to 13th among all 50 states.

It also concluded that Ohio's single biggest challenge to greater economic competitiveness is the level of taxation and the complexity of our tax structure.

Among nine peer states *(Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Pennsylvania, West Virginia)*, Ohio had the third-highest per capita property tax ($207) after Michigan ($233) and Pennsylvania ($306) *(see Exhibit A)*, and the third highest per capita state and local total tax ($588) after Michigan ($561) and Pennsylvania ($684) *(see Exhibit B)*. However, despite Ohio's seemingly high per capita tax, our state does have relatively low tax rates—which can be attributed to factors such as our accelerated economic growth and improved labor market.

Exhibit A.

State	PA	MI	OH	IL	IN	GA	NC	KY	WV	MO
PPT	306	233	207	118	110	107	100	99	55	41

Exhibit B.

State	PA	MI	OH	IN	KY	WV	GA	NC	IL	MO
PTT	684	561	558	483	459	343	247	224	171	108

While our state has made great strides in reducing our state tax burden in recent years, we have heard from employers that our state's high property taxes, combined with state and local income taxes, pose a barrier to recruiting and retaining top talent. The study reinforces this by concluding the significant variation in taxes across Ohio counties, largely due to property tax and local income taxes in certain parts of the state, could lead to an unfriendly tax environment compared to peer states.

OBRT has advocated for the Low-Income Housing Tax Credit (LIHTC) program, recognizing that we need to meet the demands of our rapidly growing workforce in parts of the state. Recent increases in interest rates have already placed a large burden on Ohioans, discouraging investment, as has the rising property tax rate. By addressing the property tax component, the legislature has the opportunity to help families and spur economic development in Ohio communities. A policy change will also help provide the housing necessary to meet the demands of our workforce in many parts of our state.

The Ohio Business Roundtable is committed to partnering with the General Assembly and Administration on this important issue, as well as advocating for policies that ensure we can remain competitive with peer states in terms of recruiting both talent and economic investment.

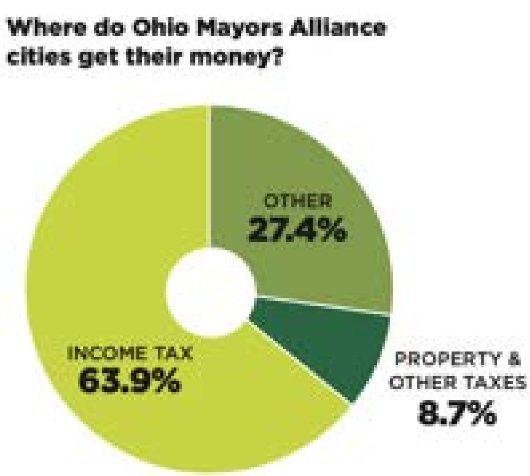
Thank you for the opportunity to testify here today and I would be happy to answer any questions.

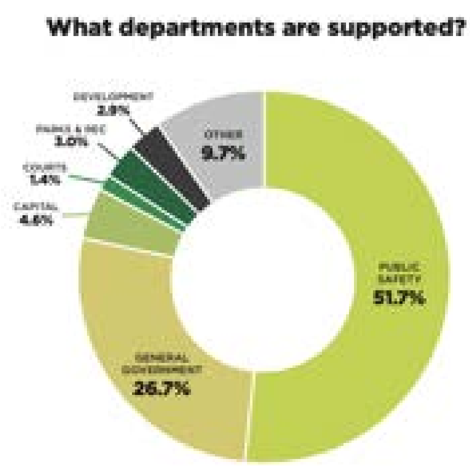
TESTIMONY TO THE JOINT COMMITTEE ON PROPERTY TAX REVIEW AND REFORM
MAY 1, 2024

Chair Roemer, Chair Blessing, and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to talk to you today about property taxes and their impact on our cities.

As you know, we are a bipartisan coalition of mayors in Ohio's 30 largest cities and suburbs. Most of our cities do not receive a large proportion of their revenue from property taxes. But property taxes *are* a significant and important source of revenue in all cities. And they are the primary source of revenue for our cities' school districts and other political subdivisions. The fiscal stability of those political subdivisions, as well as our regional local government partners, is absolutely critical to our cities' success and city residents' well being.

Our cities spend the majority of their revenues on public safety—our police and fire departments and the personnel who serve within them. In some of our largest cities, public safety expenses account for 70-80% of city budgets. Collectively, our 31 cities spend over $2 billion *per year* on public safety.





Based on revenue data from 2020-21 (see above chart), our cities' average proportion of revenue from property taxes was 8.7%. The exception to this is the City of Beavercreek, which is the largest city in Ohio that has no municipal income tax. In Beavercreek, property taxes account for 61.6% of city revenue, which the city's budget estimated at $29.6 million in 2024.[1]

[1] See https://beavercreekohio.gov/DocumentCenter/View/5334/2024-City-of-Beavercreek-Budget.

In other OMA cities, the municipal income tax accounts for, on average, over 60% of city revenues. But property taxes are not an insignificant part of their revenue and budgetary spending: in the City of Findlay, for example, property and real estate taxes make up over $2.5 million of the city's annual general fund.[2] The City of Cleveland's 2023 budget includes $42 million in property tax revenue,[3] and the City of Cincinnati budgeted property tax revenue of $36 million for FY 2024 and $41 million for FY 2025.[4]

In light of the State's decreasing support for local governments over the past 15 years, cities and other local governments are managing old and new challenges, finding innovative solutions, and doing so with less and less support and partnership from the General Assembly. We have and will continue to work together locally to innovate and to solve challenges in ways that make sense for our diverse regions and communities.

We are happy to provide any additional information we can, and I am also happy to answer any questions you may have today. Thank you.

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[2] See https://www.findlayohio.gov/home/showpublisheddocument/13529/638060062244070000.
[3] See https://www.clevelandohio.gov/sites/clevelandohio/files/2023BudgetBook.pdf.
[4] See https://www.cincinnati-oh.gov/sites/budget/assets/_City-of-Cincinnati-Budget-Book---Biennial-Approved-11-17-2023--FINAL-V3-with-Cover.pdf.

City of Beachwood
Justin Berns, Mayor

Finance Department
Larry A. Heiser, CPA, Finance Director
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Joint Committee on Property Tax Review and Reform
Invited Testimony

May 1, 2024

Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform:

Thank you for the opportunity to provide comments regarding Ohio's property tax system on behalf of the Ohio Municipal League, which represents more than 730 of Ohio's cities and villages. My name is Larry Heiser, and I currently serve as the Director of Finance for the City of Beachwood. I am also the President of the Municipal Finance Officers Association of Ohio, a partner association under the OML umbrella.

Before speaking specifically on property tax levies, it is important to paint an overall picture of where municipal revenues come from. Chief among these is the municipal income tax, the primary source of revenue for more than 600 cities and villages in Ohio. The municipal income tax is levied at both a person's principal place of work and where they live -- where they benefit from the services and infrastructure provided by the municipality. Nearly 70% of a typical municipality's general fund revenue is attributable to its municipal income tax. As a reminder, a one percent income tax can be implemented by an act of that community's council. Anything over one percent must be approved by the voting residents. To ensure accountability and good stewardship of local dollars, it is critical that municipalities continue to have control over the collection and administration of this critical revenue source.

Members of this committee are also familiar with the Local Government Fund that serves as one of the central pillars of the state and local partnership in Ohio. It currently sits at 1.7% of the state's General Revenue Fund, which is nowhere near the 3.68% where it once stood. In the same past budget bill that brought deep cuts to the LGF, the state eliminated Ohio's Estate Tax, which provided roughly $250 million annually to municipalities around the state. There was also the phase out of the tangible personal property tax that had taken place prior to that in 2005. These cuts were impactful to local budgets and caused significant disruptions to the services provided at the local level.

Additionally, there exist other revenue sources that are dedicated toward specific purposes, such as the gas tax and water/sewer fees. These additional sources of revenue are critical to a municipality's ability to meet its service responsibilities, but they are seldomly sufficient to support these activities and are supplemented by general operating budgets. Many state and federal grants are essential to the functioning of municipal governments, as well.

All of these municipal funding sources are provided in recognition of the vital role cities and villages play in providing critical services to residents and the limited fiscal capacity of local governments when compared to the state or federal government. On the municipal level, revenue is used for public safety, capital projects, infrastructure maintenance/road improvements, parks and recreation, debt service and more. On public safety, alone, municipalities are generally spending between 65-80% of their revenue for police and/or fire.

If you were to look at a spectrum of municipal services, you would find that purposes such as police, street maintenance, municipal court prosecutors, and delivery of water and sewer typically fall under the "required" category. There also exist quasi-required services such as public recreation or even fire service that are often expected of municipalities. Most other services would be considered voluntary amenities for residents.

State legislative changes related to municipal funding sources, especially the municipal income tax, challenge the sustainability of local revenue generation for municipalities, which serve as as Ohio's economic engines. These changes cause disruptions and can result in the request to voters for increased tax rates or other supplemental revenue generators in order to ensure critical services continue. In many cases, that is where property tax levies at the municipal level come into play.

Many municipalities – especially smaller ones – are affected by changes to property taxes due to their reliance on that particular funding source, as well as their reliance on the LGF. A third of municipalities do not have a municipal income tax, making revenue generated from the local property tax an even more critical source of revenue generation.

I became the elected Auditor for the City of Bexley in 2005. After approximately one year of public meetings into the city's finances, it was determined that to update the city's police station, the city went to the voters in 2009, and the issue passed for a property tax levy to support the construction of a new police station. At the City of University Heights in 2014, the residents voted for a park renewal levy, and a new park was constructed within the city at the site of an old school. Voted levies of this nature are critical decisions made by the residents, taxing themselves for the purposes presented by the local officials. In Beachwood, where I currently serve, residents talk with candidates each election cycle regarding streetlights. I am hopeful that this fall we will put on the ballot a levy to provide such a service if the simple majority of residents vote for streetlights.

The City of Beachwood has two active TIF (Tax Increment Financing) agreements and a CRA (Community Reinvestment Area). For our CRA operations, the local school district has, for the first four years of these agreements, been made whole by the operations of the businesses located in the CRA.

Tax Increment Financing, as an economic development tool, supports community-based projects that stimulate new economic growth. They can encourage community revitalization and new development that strategically transforms a community's assets. They foster more commercial, industrial, or mixed-use development that bridges gaps, expanding the local municipalities potential to attract other like-investments, generate new business activity, create jobs and increase overall property values within the targeted area over time. This increased overall benefit affects not only the municipality, but the other taxing authorities as well. The long-term catalytic benefit of TIF projects, like Eaton's Headquarters in Beachwood, results in more than just that; they result in enhancing the overall quality of life within the community, supporting projects that lead to more commercial activity within business districts and generating other new construction projects. The city has seen an investment of more than $1 billion in new commercial activity since 2009 related to the TIF area. However, I have unfortunately been witness to the downside of a TIF project while I was Finance Director at University Heights, which imploded and did not deliver results to the community as envisioned and has created a financial hardship with the developers long gone. The initial agreements are critical in relation to final results or if the project underperforms.

Inside millage for all entities is closely monitored. As a staff auditor in the Ohio Auditor of State's office, I became distinctly aware as to the lengths that local governments would go in order to protect their "inside millage." Now after more than 20 years in local government, it is clear that if one entity gives up any inside millage, that millage will never come back to the entity. Inside millage is protected by all local governments. Recently, the City of Beachwood worked with the local school district as the school district was looking to rebuild its infrastructure. The final result was that the City of Beachwood would not assess charter millage and not forgo inside millage for a term of three years so that, if voters approved the new levy, their property taxes would remain stable. Part of this strategy was to also mitigate property taxes for our local businesses.

During my time as Finance Director for the City of Johnstown, property tax accounted for approximately 10 percent of the city budget and was crucial for delivery of services. Otherwise, for medium-sized cities, the general property tax revenue accounts for close to 7 percent of yearly revenue. Regardless of the percentage, local governments rely on the consistency of those cash flows as part of yearly operations.

This joint committee is tasked with identifying solutions on existing challenges to Ohio's property tax system, and local governments will play an important role in whatever changes are made. As a partner with the state, it is important that municipalities do not experience revenue loss through future changes in state policy related to Ohio's property tax system. As committee members are aware, the Legislature could examine new sources of revenue, such as the existing tax expenditure list, which could generate revenue and serve as a source of funding to shield at-risk taxpayers from spikes in property taxes. Doing this would protect the revenues of local governments.

Thank you for the opportunity to provide this information. I would be happy to answer any questions.

Larry A. Heiser, CPA

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Testimony to the Joint Committee on Property Tax Review & Reform

Edward Stockhausen, Senior Vice President of Advocacy & External Relations
Cleveland Neighborhood Progress

Wednesday, May 8, 2024

Chairman Roemer, Chairman Blessing, and members of the Committee:

Thank you for the opportunity to provide testimony today. My name is Edward Stockhausen, and for the last two and a half years I have been working with a statewide coalition interested in preserving homeownership opportunities for low-income Ohioans. My partners in this work include representatives from the Affordable Housing Advocates of Central Ohio, Enterprise Community Partners, the Franklin County Auditor's Office, the Greater Ohio Policy Center, Fairfax Renaissance Development Corporation, the Cuyahoga County Land Bank, the Cincinnati Development Fund, the Cincinnati Community Action Agency, and many other organizations. They are incredible partners in this work, and so much of what you'll hear comes and represent a broad group of interests and perspectives.

As you have heard throughout testimony to this committee and likely through calls to your offices, there is a great deal of concern across Ohio about increases in property taxes. Those increases are the outcomes of a long-established system of laws governing the calculation and adjustments to property taxes. These increases are especially problematic for low-income homeowners, who are most at risk of losing their homes to tax foreclosure because their household incomes can not keep up with rapid increases in property taxes.

If you are curious about the scale of this problem, we can quantify that for you. In total, there are 4.7 million households in Ohio. That includes homeowners and renters. Of those 4.7 million households, we know that:

- **3.128 million (66%) are homeowners.**
- **Approximately 991,695 households (21%) own their homes *and* have an income at or below 80% of the area median income (AMI).** AMI is variable based on household size, and Ohio's 2023 AMI for a one-person household was $49,400 and $63,500 for three people. (Source: FY2023 Income Limits Documentation System, The US Department of Housing and Urban Development.)
- **511,960 households (11%) are "housing cost burdened."** That means their mortgage payments, utilities, association fees, insurance, and real estate taxes all add up to more than 30% of the household's monthly income.

To that end, I have included several maps along with my testimony. Using data from the US Department of Housing and Urban Development, we mapped out homeowner households at 80% of area median income – and we did this across all census tracts in Ohio. I've provided links to these maps in the list below, but the gradients of each geographic area represent higher and lower concentrations of these types of households.

List of Maps

- Number of owner-occupied households below 80% AMI – by census tract
- Percentage of owner-occupied households below 80% AMI – by census tract

As the maps show, the intersection of high homeownership and high is not an urban problem. Nor is it a suburban, or a rural problem. This is an Ohio problem. It manifests everywhere – with an gradient that increases towards Ohio's Southeastern, Appalachian communities.

For the households identified in these maps, homeownership can be threatened when property taxes outpace inflation, when they outpace wage growth, and when they outpace a homeowner's ability to make improvements to their own homes while new development happens around them.

Those property tax increases can be driven by many factors. Declines in value in one part of a city can force increases elsewhere. Increased real estate activity – from sales to new development – are also factors. And, as you have heard, those increases can drive people out of their homes – and likely out of homeownership entirely.

To that end, our statewide coalition has spent several years analyzing property tax programs in other states, developing proposals that could work in Ohio, and testing those ideas with partners. Anyone interested in learning about the various homestead credits, circuit breakers, or deferral programs should read the Lincoln Land Institute's research on this topic. Suffice it to say, though, that many states – red states, blue states, and in between – have programs to help low-income homeowners. None of those programs, though, can be lifted wholesale to solve Ohio's problems.

T**hat is why** our statewide coalition would like to put a spotlight on one proposal that merits your attention. Senators Michele Reynolds and Hearcel Craig introduced Senate Bill 244 last month as one of four bills coming from the Ohio Senate Select Committee on Housing's work over the last year. Senate Bill 244 would give local governments the permissive authority to create "Residential Stability Zones," a concept modeled on Ohio's existing law on residential tax abatements.

Broadly speaking, Senate Bill 244 would:

- **Give local governments permissive authority** to enact property tax relief programs, as described below, so that mayors and city councils can decide if they want to implement a program at all.
- **Require local governments to identify the "Residential Stability Zone," a geographic area in which their program would operate.** This requirement mirrors the creation of Community Reinvestment Areas for residential tax abatement.
- **Allow local governments to reduce increases in assessed value by a certain percentage, for the purposes of taxation only.** If a county auditor were to determine that a home should go up in appraised value from $150,000 to $200,000 – and the assessed value would therefore go up from $52,500 (35% of $150,000) to $70,000 (35% of $200,000) – a local program would reduce the $17,500 increase in assessed value by a certain percentage, between zero and 100%. This design preserves knowledge of the full assessed value of the home, which would come fully online whenever the property transfers ownership in the future.
- **Establish a maximum, annual income to cap eligibility.** Eligibility for these programs should be limited and targeted, and the first limitation should be household income. Senate Bill 244 adopts the Area Median Income (AMI) for either the regional metropolitan statistical area (MSA) if the local government is in an MSA or the

county if the local government is not in an MSA. This would force adjacent communities to work within the same framework.

For today, I have included a table showing the AMI data by household size for several Ohio regions.

Household Size	*Cincinnati MSA*	*Columbus MSA*	*Cleveland-Elyria MSA*	*Hocking County*	*Lima MSA*	*Youngstown-Warren-Boardman*
1 person	$56,650	$55,550	$50,650	$44,000	$43,900	$43,900
2 Person	$64,750	$63,500	$57,850	$50,250	$50,200	$50,200
3 Person	$72,850	$71,450	$65,100	$65,100	$56,450	$56,450
4 Person	$80,900	$79,350	$72,300	$62,800	$62,700	$62,700

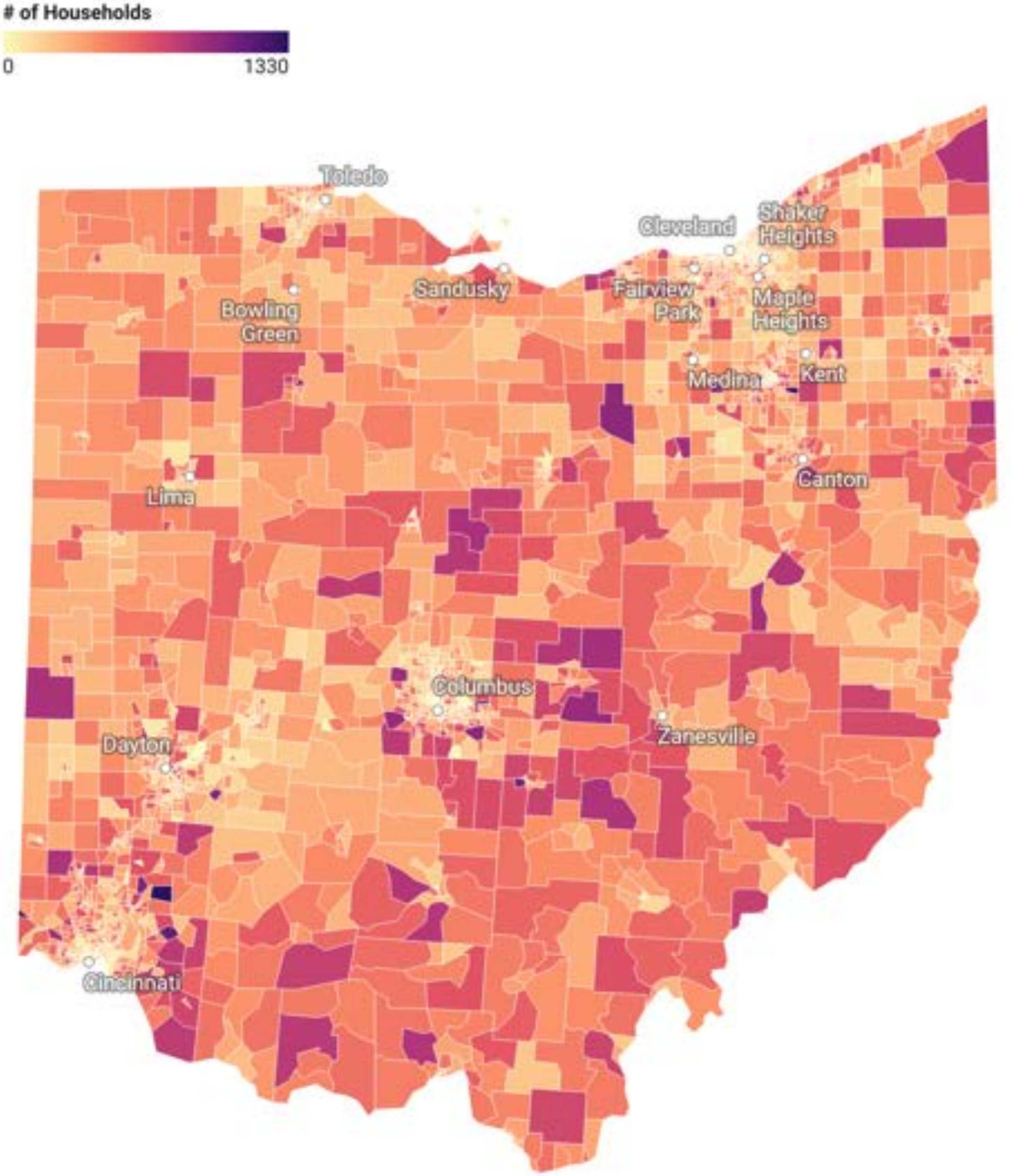
Source: US Department of Housing and Urban Development

- **Provide property tax relief to a qualified homeowner for six years, after which time they could reapply and re-qualify.** Six years mirrors the sexennial reappraisal cycle that county auditors are required to follow.
- **Empower jurisdictions to include other eligibility criteria for their programs.** Local governments may want to limit eligibility for these programs to keep them targeted. Examples of additional, locally imposed eligibility criteria include:
  - *Imposing a minimum age for homeowners*, if a local government wanted to target a program to seniors.
  - *Imposing a minimum length of home ownership***,** so that programs are focused on long-time homeowners.
  - *Reducing the maximum household income*, bringing it down from whatever maximum is set by state law and reducing it to a level that the local government deems appropriate for their community. The state could even set a minimum length of homeownership and allow local governments to increase it if they see fit.
  - *Implementing programs for homeowners with disabilities***,** because oftentimes families create unique living arrangements to support their loved ones as they age into adulthood.
- **Require local governments to reauthorize their programs every ten years.** That way, programs are updated on a semi-regular basis and no program lasts in perpetuity without reconsideration.

An important distinction between Senate Bill 244 and other proposals, including those that would expand Ohio's Homestead Exemption, is that the State of Ohio makes up the difference in local taxes when someone qualifies for the homestead exemption. Senate Bill 244 would not require the State to make up this difference, and our coalition recognizes that this is a trade-off with the permissive authority to implement a Residential Stability Zone. Others may see this is a shortcoming, but our coalition believes this is pragmatic. It is prudent to empower local governments with this permissive authority and let local leaders work with schools, libraries, and other taxing districts to craft Residential Stability Zones that are narrow, are targeted, and preserve homeownership for the most vulnerable in our communities.

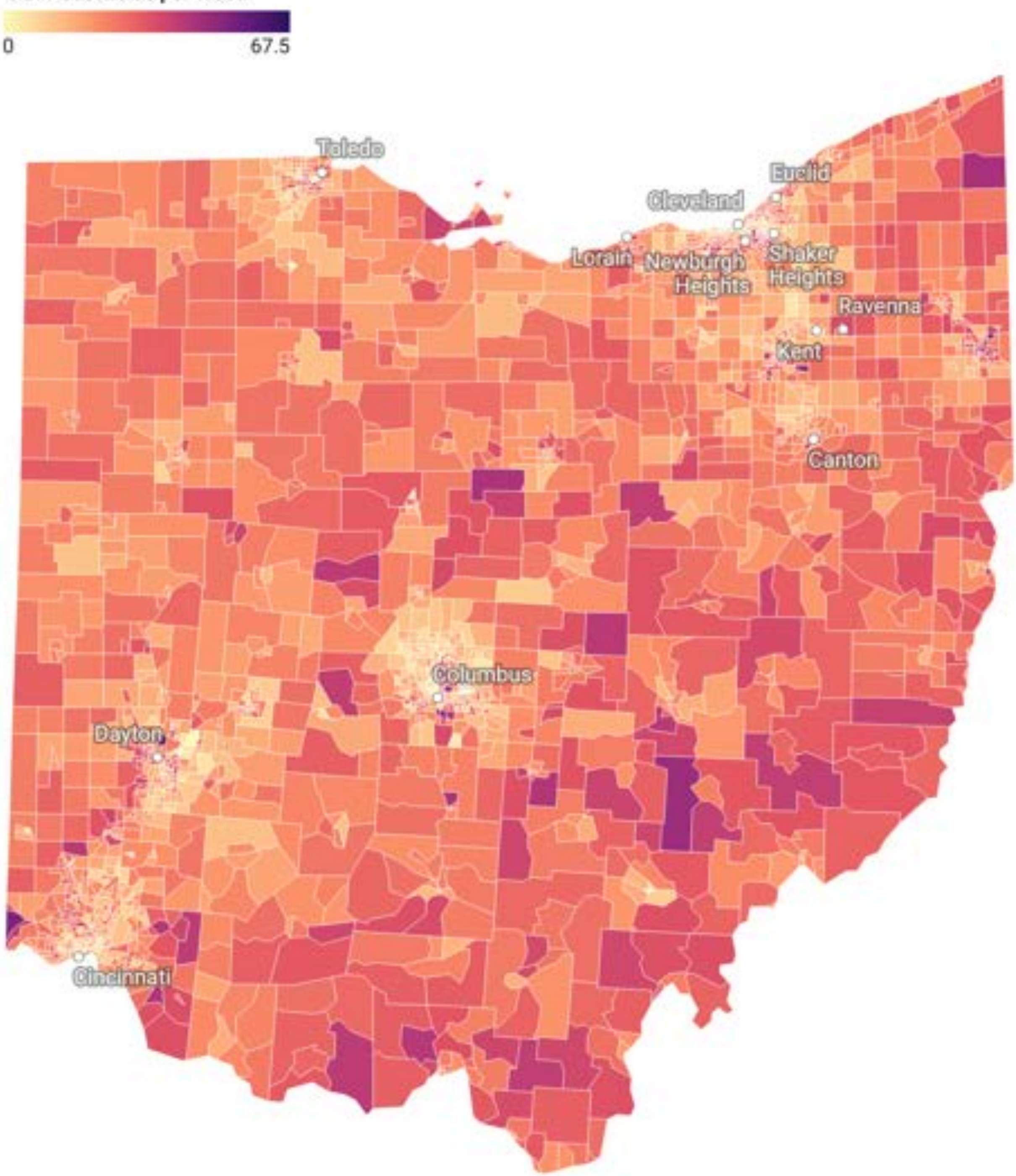
Chairman Roemer, Chairman Blessing, and members of the Committee: Thank you for the opportunity to testify. Senate Bill 244 is an opportunity to help Ohio homeowners, improving their quality of life and preserving homeownership while simultaneously keeping Ohio's commitment to be a pro-growth, pro-investment state. I would be happy to answer any questions you may have.

Number of Owner-Occupied Households below 80% AMI (by Census Tract)



Map: Cleveland Neighborhood Progress • Source: HUD CHAS • Created with Datawrapper

Percentage of Households that are Owner-Occupied and below 80% AMI (by Census Tract)



Map: Cleveland Neighborhood Progress • Source: HUD CHAS • Created with Datawrapper

Testimony to the Joint Committee on Property Tax Review and Reform

May 22, 2024

Zach Schiller and Bailey Williams, Policy Matters Ohio

Chairs Roemer and Blessing and members of the committee: My name is Zach Schiller and I am the research director of Policy Matters Ohio, a nonpartisan, nonprofit research institute with the mission of creating a more vibrant, equitable, inclusive and sustainable Ohio. I am here today with our tax researcher Bailey Williams to talk about two elements of Ohio's property tax system: How to provide targeted property-tax relief, and tax abatement. Specifically, we recommend that the General Assembly create a circuit breaker to provide property-tax relief to those who need it. And we propose a number of changes to make tax abatement in the state both more transparent and accountable.

As you've heard in eloquent testimony from both homeowners and experts, sharp rises in home assessment values have made property-tax relief a pressing issue. While various bills may provide a partial answer to the property tax squeeze being felt by some Ohioans, there is a better solution. It's one that has been embraced by states across the country: A property tax circuit breaker. As the name implies, much like an electrical circuit breaker prevents electric current overloads, it would reduce the load if property taxes are too high a share of income.

Property tax reductions must be aimed specifically and only at those who truly need them. That's exactly what a circuit breaker does, targeting those who are paying an outsized share of their income in property taxes. Those with high incomes are unaffected.

The typical circuit breaker mechanism works like this: A qualifying household pays property taxes up to a threshold percentage of income. If the household's property tax bill exceeds this limit, the state picks up all or a portion of the tax payments made above it (up to a cap in many places). Crucially, as with Ohio's existing homestead exemption, the state pays the cost, protecting schools, counties and other taxing entities. This state support is standard across the country. The best style of circuit breaker would cover any household, regardless of the age of the homeowner or renter, and cover renters, who pay for property tax through their rent.

Policy Matters Ohio issued a report earlier this year outlining two possible circuit breakers, and the Institute on Taxation and Economic Policy (ITEP), a Washington, D.C. nonprofit with a sophisticated model of state and local tax systems, modeled them for us. Both options would be worth up to $1,000 a year for homeowners and renters with income under $60,000. The proposals are based on renters paying an estimated 15% of their rent in property tax. Each of the two proposals includes a cap on the home value or rent of those eligible for the credit. These are set based on the median home value and monthly rent in the county where those are highest.

Option One kicks in when property tax exceeds 5% of income and would benefit about one in six Ohio taxpayers. More than 40% of low-income Ohioans, earning under $22,000, would receive an average tax cut of $698. Almost a quarter of those with earnings between $22,000 and $45,000 would get an average benefit of $620. Overall, ITEP estimates this would cost $768 million a year. Senate Bill 271 introduced last week by Senators Blessing and Craig is incorporates the features of this plan.

The second option we outlined would kick in when property tax exceeds 3% of income for those with earnings under $20,000. It includes those who pay tax of $600 plus 4% of earnings between $20,000 and $40,000, and those who pay tax of $1,400 plus 5% of income between $40,000 and $60,000. This illustrates that the General Assembly can structure a circuit breaker in different ways; each state does it differently.

A new circuit breaker program in Ohio could be provided as an income-tax credit and as a standalone rebate to those who don't pay income tax. Utilizing an income tax credit allows lawmakers to provide tax relief while avoiding unintended consequences that may come with property tax reform. Specifically, a circuit breaker would not violate Article XII, Section 2 of the Ohio Constitution requiring property taxation to be uniform according to value. The circuit breaker does not change the assessment process while its credit value is based on income and property taxes paid. Further, as an income-based credit, the circuit breaker would not interfere with the fair school funding plan. The state could pay for such a program by rolling back special-interest tax breaks like the business income deduction, the sales-tax deduction for data centers and the Commercial Activity Tax exemption for suppliers to big pharmaceutical warehouses.

This is the most targeted form of property tax relief: It goes to those who most need it because property tax takes a hefty share of their income. One can set the parameters differently, of course, as well as what limits to place on it. The state would also need to do outreach to make people aware of this; experience in other states has shown that not everyone applies. Homeowners would still pay their full property-tax bills and get income-tax refunds or rebates afterward.

While homestead exemptions for the elderly are helpful and expanding Ohio's existing such exemption would provide limited aid to some, a circuit breaker of this kind can provide significant tax relief and cover other homeowners who are affected just as elderly homeowners are. This includes those who live in gentrifying neighborhoods and those who may face a loss of income from unemployment or divorce. It should be structured to help renters, who are also affected by rising property values. At the same time, there are long-time elderly homeowners who are able to afford their taxes and don't need state support. Ohio already provides insulation against tax hikes for many, and it's important that any additional property-tax relief be carefully tailored.

Seventeen states, including Michigan and West Virginia, offer circuit breakers with one or more income thresholds like the example above. Another dozen states have similar income-based programs but ones that provide a flat dollar amount or a percentage of property tax; among them is Pennsylvania, which recently expanded its program. Such programs vary considerably, but they are offered in a wide variety of states, from Oklahoma to Vermont. ITEP found in a report last year that of the states that have these programs, 21 extend their program to at least some renters, while 13 make them available to non-seniors. Michigan, for instance, does both. Ohio can establish its own parameters.

The Ohio General Assembly should create a circuit breaker, the most targeted form of property tax relief.

Property tax abatement

As you have already heard, property-tax abatement has grown dramatically in Ohio. Overall, it grew from property valued at $5.17 billion in 2002 to $9.22 billion in 2012 to $19.37 billion in 2022. This represented 5.2% of taxable and exempt real property in the state in 2022, up from 2.38% twenty years earlier.

A rough calculation, based on the amount of abatement and the Class 2 effective millage in each county, shows that the overall amount of tax revenue abated is about $1.4 billion a year. This is heavily concentrated in the big urban counties, along with suburban counties near them. Franklin County alone accounts for 30% of that; together with Hamilton and Cuyahoga counties, it adds up to 62% of the tax abatement. Another seven counties – Delaware, Butler, Montgomery, Summit, Licking, Clermont and Warren – account for another 23%, so the top 10 counties account for 85% of the abatement. Note this is only a rough estimate; it uses county averages, not the actual millage that applies to each individual abatement (see footnote for further explanation).[1] Still, this underlines that tax abatement has grown to affect significant amounts of revenue.

The fastest-growing and biggest part of abatement in Ohio has been through tax increment financing. Property subject to TIF grew from $1.13 billion in 2002 to $4.36 billion in 2012 to $10.60 billion in 2022. That's a 143% increase over the decade.

The Lincoln Institute of Land Policy found in a 2018 report that while there was some evidence TIFs worked in certain cases, "Taken together, this review of the rigorous evaluation literature suggests that in most cases, TIF has not accomplished the goal of promoting economic development."[2]

More transparency and accountability is needed. House Bill 66 from the last General Assembly, which required the biennial tax expenditure report to include information on property tax exemptions, was a step in the right direction, but did not go far enough. Currently, local tax incentive review councils are charged with reviewing abatements annually and making recommendations on their continuation. While some TIRC data is easily available, such as Franklin County's, in many cases it is not. The state maintains online databases on TIF, Community Reinvestment Area and Enterprise Zone programs. But there, too, key data are not available. For TIFs, for example, it does not include the assessed value of the affected property, how much there is in lost revenue, or whether the schools or other taxing jurisdictions are protected. Databases from other states such Iowa and Wisconsin on local tax increment districts include how much tax revenue was captured in each district and an itemized list of project expenditures. They also report changes in districts' fund balances, so one can track their fiscal health.

Local governments and school districts that use Generally Accepted Accounting Principles must report on tax abatements in their financial reports under a rule from the Governmental Accounting Standards Board known as GASB 77. For example, the Cleveland school district reported a loss of $28 million in

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[1] These calculations are based on the PE-3 and PR-6 reports from the Ohio Department of Taxation. The most recent millage numbers from the PR-6 report are for Tax Year 2021, while the assessed value numbers from the PE-3 report are for Tax Year 2022, so this could understate the actual amounts now. It assumes the bulk of the abatement is for Class 2 property. Some of the abatement would reflect a tax shift, not a reduction in taxes collected, since abatements of property covered by fixed-sum levies would result in other taxpayers paying more, not an outright reduction in revenue. School districts also would see an increase in state aid based on their lower property valuations and in some instances, they receive compensation from the jurisdictions approving the abatements for their revenue losses. Thus, the amount of taxes abated is not the same as the net revenue loss.

[2] Merriman, David, "Improving Tax Increment Financing (TIF) for Economic Development," Lincoln Institute of Land Policy, 2018 at https://www.lincolninst.edu/publications/policy-focus-reports/improving-tax-increment-financing-tif-economic-development

revenue from Enterprise Zone abatements in Fiscal Year 2023; the Cincinnati schools said it lost $19.6 million to Community Reinvestment Act abatements, while it received almost $11.2 million in compensation. However, schools and local governments are not required to report losses from most TIFs under the GASB rules. And reporting is not systematic and standardized. The General Assembly should mandate reporting on TIFs. Policy Matters Ohio previously has recommended a number of steps the auditor of state should take to require standardized and more extensive GASB 77 reporting by jurisdictions (See Appendix for links to these reports and some highlights of the recommendations).

Easily understandable data from across the state should be available online and aggregated at the state level. The General Assembly should ensure this is implemented.

You have heard numerous witnesses talk about the need to add guardrails so tax abatement in general and TIFs in particular are not abused. Here are a number of recommendations for the General Assembly to consider:

- Require a popular vote on TIFs over a certain size, including extensions of existing TIFs. Prior to the vote, the county auditor should provide estimates of what the foregone revenue will be for all affected taxing jurisdictions and the effect on fixed-sum levies for taxpayers.
- Allow for dissolution of TIFs if the property owner is out of compliance with the terms of the TIF, either because they are not making requisite service payments or do not complete the improvements specified in the ordinance or resolution. In cases where debt is issued based on the TIF service payments, ensure that remedies under existing law when the property owner stops making these payments are made clear upfront in TIF resolutions and bond documents. This includes a local government's right to foreclose on the property to recover the unpaid amounts and that the service payment obligation transfers to a new owner if the property changes hands. The committee should consider if other remedies should be made available.
- Expand approval rights of school districts, counties and other taxing jurisdictions that stand to lose revenue from TIFs and other abatements. For instance, counties should have such rights with parcel TIFs, not just incentive district TIFs. The General Assembly should increase sharing of increased municipal income tax revenues with schools and other jurisdictions covered by TIFs.
- Follow recommendations from previous witnesses that TIFs should be limited to funding public infrastructure that benefits the general public, not as a way to finance private development costs.
- Restrain the use of TIFs for residential development, and require any that do use at least 25% of tax increment revenues for affordable housing.
- Return tax abatement programs to their original purpose, by tightening or establishing distress criteria and ensuring that they are used in areas that are truly blighted.
- Require that companies receiving property-tax abatements provide good wages and benefits.
- Ban property tax abatement for companies that are relocating within Ohio except in rare instances. The General Assembly should require as a condition of permitting tax abatement in a local jurisdiction that it agree to abstain from seeking on its own to relocate any business from elsewhere in Ohio.

Some of the state's largest cities have begun to set some new limits and conditions on tax abatement for residential development. The General Assembly should add significant controls on tax abatement so that it truly serves the public interest. It should also consider a further review of broader property tax exemption policy, including that covering nonprofit hospitals. Some of these institutions have become among the largest employers in the state and pay little tax on their extensive properties.

Thank you for the opportunity to testify.

Appendix

Policy Matters Ohio issued two reports reviewing local government and school disclosures on tax abatement under the GASB 77 standard. Among other things, we recommended that the auditor of state:

- Ensure that all Comprehensive Annual Financial Reports have a clear section on abatements;
- Provide every local jurisdiction required to report under the GASB standard with a spreadsheet and instructions to complete it;
- Aggregate all of the GASB 77 data in one place, available and downloadable for Ohioans from a web site. This could be done by augmenting the existing Summarized Annual Financial Reports on the auditor's web site.
- Encourage local governments to go beyond the minimum requirements of GASB 77, as a number already do, and include the names of subsidy recipients, future liabilities of each subsidy program and payments to school districts to offset abatement they have made.

THE BUCKEYE INSTITUTE

Streamlining Local Government Will Ease Property Tax Burden

Testimony
Joint Committee on Property Tax Review and Reform

Greg R. Lawson, Research Fellow
The Buckeye Institute

May 22, 2024

As Prepared for Delivery

Chairs Roemer and Blessing and members of the Committee, thank you for the opportunity to testify regarding Ohio's complex and the ever-expanding property tax burden.

My name is Greg R Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

This Committee has heard from many witnesses regarding the complexity of Ohio's property tax system and the sticker shock inflicted by property tax bills. Although I share those concerns, I will not belabor them here because I want to focus on the heart of the property tax issue: the byzantine structure of Ohio's local government.

Local officials are friends, neighbors, and respected community members, making them responsive to constituents in ways that state and federal officials are not; but if the state does not begin to untie the Gordian Knot of Ohio's local government structure, then Committee recommendations and General Assembly bills will remain unable to solve the perennial problem.

Ohio has **924 cities and villages**, **1,308 townships**, **more than 600 school districts**, and 88 counties, along with hundreds of other special taxing districts. This over-supply of local government reflects its 19th century roots when travel was cumbersome and officials responsible for basic governmental functions needed to be nearby. But times and technologies have changed. Governing bodies tasked with maintaining safety, collecting trash, filling potholes, and managing water supplies need only to perform those functions, not live next door.

Maintaining this abundant, multi-layered structure has saddled Ohio with the **12th highest** local tax burden as a percentage of income in the country. That burden must be eased, and three policy changes can help.

- Require county commissioner approval before putting levies on ballots;
- Expand on **House Bill 331** to more easily dissolve underperforming villages; and
- Limit local property tax breaks for developers and special interests.

Empower County Commissioners

Today, virtually all local levies may be **placed on the ballot** for voters without first receiving approval from county commissioners. Such direct ballot access fails to account for the limited perspective, information, and interests held by individual taxing entities that do not and cannot see the bigger economic picture or the aggregated financial effects of new levies. County commissioners, however, have the benefit of a broader, countywide view and can better assess how new levies will impact residents. With the exception of school levies, county commissioners should be responsible for placing all local levies on the ballot.

Expand on House Bill 331

House Bill 331 takes a necessary first step to remove extraneous local government through a standard, automatic process to determine whether Ohio villages meet the needs of their taxpaying constituents. The bill requires county budget commissions to assess the core services provided in each village and to determine whether at least one candidate appeared on the ballot for each elected village position. Villages not meeting these standards will be barred from imposing additional tax liabilities, and their dissolution will be presented to voters on the next general election ballot. This initial improvement could be streamlined further by placing dissolution resolutions on the first general election ballot after each decennial census's conclusion without going through the budget commission process.

Limit Property Tax Breaks

As The Buckeye Institute has **demonstrated**, many local governments throughout the state offer significant tax abatements to businesses that emigrate to Ohio or expand their operations. Local economic development practices, including tax increment finance (TIF) arrangements and other special abatements and incentives, too often favor real estate developers and employers while shifting tax burdens to families and small businesses. In a transitioning local tax system, reforming these economic development practices will be imperative for local governments to form solid, affordable tax bases that adequately fund essential services. Policymakers can and should reform local government economic development practices by tightening tax incentive requirements.

Other Streamlining Recommendations

The Buckeye Institute has **previously recommended** additional ways to streamline local government, including:

- No more unfunded mandates on local governments;
- Spend state resources on specific, critical needs like public safety and core infrastructure;
- Share state revenues with local communities in dire need;
- Incentivizing local governments to share local resources or consolidate; and
- More spending transparency to improve local accountability.

Those recommendations are included in my written testimony, and I would be happy to discuss them in detail with Committee members, but time constraints prevent me from reciting them here.

No More Unfunded Mandates on Local Governments

Many costs that local governments face arise as they attempt to comply with demands made by the state—demands that Columbus too often declines to pay for. State policymakers must be more circumspect about local finance when asking or requiring local governments to do the state's bidding. Unfunded mandates—ranging from schools to criminal justice to environmental concerns—must be eliminated for local governments to have any chance of sticking to their budgets and meeting the needs of their constituents.

Spend State Resources on Specific, Critical Needs

State policymakers should be more specific and clearer when offering revenue assistance to local governments for infrastructure, emergencies, or crises—such as natural disasters or the opioid epidemic—to provide state funds for the specific purpose for which the funds are needed. Rather than simply deposit state revenues into a local government's broad "general fund" account—as the Local Government Fund generally does—state tax dollars should be appropriately designated for local accounts specifically used to address a specific need.

Share State Revenues with Local Communities in Dire Need

State policymakers should engage in revenue sharing with local governments and communities that genuinely need state revenues to provide critical goods and services to constituents. Since not all local governments enjoy the same revenue-generating tax bases, policymakers need to critically examine which local governments are unable to pay for their services using funds collected at the local level. State officials can and should distinguish between local communities with robust tax bases capable of covering the costs of their programs and those without. Those communities with adequate revenue-raising capacity should not be showered with additional state tax dollars collected from other communities across the state.

Incentivizing Local Governments to Share Local Resources or Consolidate

Local governments can spend local money and use local resources more efficiently by cooperating and sharing their resources and services. Cooperative purchasing and shared government services will help local governments use taxpayer funds more effectively so that locally raised dollars go farther. Smaller communities should also consider service consolidation. Some local governments are ill-equipped to efficiently satisfy their communities' core needs and demands. Neighboring communities, however, could pool and consolidate resources to provide basic or updated services and facilities rather than fail to provide them on their own.

More Spending Transparency to Improve Local Accountability

Local governments should look for ways to make their spending more transparent. The more transparent the spending, the more accountable local officials will be held by their constituents—the taxpayers. Ohio increased its spending transparency with The Buckeye Institute-inspired **Ohio Checkbook**. Additionally, Ohio should also **expand upon** the Franklin County **Levy Estimator**, which shows all of the levies attached to an individual's property. These types of transparency tools empower taxpayers to ask well-informed questions and hold state and local officials accountable for their spending decisions.

Conclusion

Overcoming two hundred years of inertia to untie the tangled knot of Ohio's local government structure will not be easy. But it must be done. Ohio property owners deserve a more efficient, effective, and inexpensive system. To start, state policymakers should empower county commissioners and require commissioner approval to place new levies on the ballot; make it easier for constituents to dissolve unnecessary layers of government; and reduce special local tax breaks and incentives that shift tax burdens to unsuspecting homeowners and businesses.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

The Buckeye Institute is a non-partisan, non-profit, and tax-exempt organization, as defined by section 501(c)(3) of the Internal Revenue code. As such, it relies on support from individuals, corporations, and foundations that share a commitment to individual liberty, free enterprise, personal responsibility, and limited government. The Buckeye Institute does not seek or accept government funding.

Join Committee on Property Tax

Witness Form

Today's Date: 5-6-24

Name: Dorothy Bush

Address: 1729 Westwood Avenue
Sinicinnati, Ohio 45214

Telephone: 513.400.8669

Organization Representing: BEEKMAN CORRIDOR COALITION

Estimated Duration of Time of Testimony: 3 minutes

Are you Register Lobbyist: ____ Yes ✓ No

Special Request: ____

Written Testimony is a public record and may be posted on the Ohio Senate's Website

My name is Dorothy Bush. I have lived in South Fairmount in Cincinnati Osince May of 1993. I have been an active member of my community council and Working in Neighborhoods for over 10 years. I love living there as it is about 20 minutes from everywhere in the 275 loop.

When I got my tax bill this year, my heart dropped as it was easily double what it was last year and for many years previous. I was having a hard time paying all my bills *and* buying food before my tax bill doubled. Now, most of my foods come from produce popups and the soup kitchen where I volunteer.

The lower income neighborhoods seem to have been given the greatest tax increase. It's not fair or affordable. All the richest neighborhoods got no tax increase. Why increase the taxes on those least able to pay?!

I want to stay in my house. It's been my home for a long time. When I moved in, the plan was that I could "age in place," rather than moving into long term care. My neighbors are mostly in the same situation that I face.

We need a different formula to calculate the taxes. We also need to expand the homestead tax exemption. Until that can be done, we need relief!

I hope that you will support all of us in this situation and take the appropriate action.

OPLC
Ohio Poverty Law Center

1108 City Park Ave, Suite 200
Columbus, OH 43206
614-827-0549
ohiopovertylawcenter.org

Written Testimony
Ohio Poverty Law Center
Joint Committee on Property Tax Review and Reform

Co-Chair Blessing, Co-Chair Roemer, and members of the Joint Committee on Property Tax Review and Reform, my name is Danielle DeLeon Spires, and I am a policy advocate at the Ohio Poverty Law Center. The Ohio Poverty Law Center advocates for evidence-based policies that protect and expand the rights of low-income Ohioans. We are a non-profit working closely with Ohio's legal aid community, serving Ohioans who are living, working, and raising their families in poverty. Thank you for the opportunity to provide written testimony on behalf of Ohioans facing significant property tax increases and economic challenges.

Despite a decrease in Ohio's poverty rate, the state's poverty rate is higher that the U.S. poverty rate of 12.3%. This includes 8.1% of Ohio seniors (age 65 and older) who were in poverty in 2019. Nearly 13.1% of Ohioans are living in poverty—earning less than $23,030 annually for a family of three—according to the Ohio Association of Community Action Agencies' (OACAA) State of Poverty in Ohio report.[1] These Ohioans face legal issues and other problems that are intensified by living in poverty, such as a lack of suitable housing; access to health care, food assistance, or disability assistance; domestic violence; education inequity; and employment and income instability. More than one out of every three Ohio households lack the liquid assets needed to stay out of poverty for three months.

Property taxes have seen a significant increase over the past year, as median property taxes rose 23.1% from 2019 to 2023, above the national average of 21.6%.[2] This is a median rise in property tax bill of $2,530, compared to the national median of $2,367. Over 1 million Ohioans (8.8%) live in a household that spends at least half its income on housing, which puts them at risk of foreclosures or evictions. This includes 325,722 people living in households that are severely mortgage-burdened and 707,820 Ohioans living in severely rent-burdened households.[3]

We echo the strong support for bold changes to the homestead exemption to increase access for seniors and disabled homeowners. The homestead exemption is a meaningful and necessary safeguard to allow elderly Ohioans to age in place without additional stress stemming from monetary concerns and fears of losing their homes. Ohio's population is rapidly aging. By 2050, the number of Ohioans aged 85 and older will be nearly double in size compared to today. These creates unique challenges to costs and maintenance of homes so Ohioans can continue to live in their homes.

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[1] **The State of Poverty in Ohio 2023 Report:** https://oacaa.org/wp-content/uploads/2023/07/State-of-Poverty-2023-web_FINAL-UPDATE.pdf
[2] https://www.axios.com/local/columbus/2024/04/22/ohio-property-taxes-rising-zillow-redfin
[3] **Ohio Housing Needs Assessment FY2024**: https://ohiohome.org/hna-23/executivesummary.aspx

Increasing the homestead exemption to at least $50,000 would be crucial to increasing homeownership affordability for seniors and disabled homeowners. Creating this opportunity will allow for more Ohioans to remain in their homes as they age and provide stability amidst record property tax increases and rising economic costs.

Sincerely,

Danielle DeLeon Spires

OPLC Ohio Poverty Law Center

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Butler County Commissioner Don Dixon
Testimony before the Joint Committee on Property Tax Review and Reform

Good morning, Honorable Representative Roemer and Senator Blessing, as co-chairs, and esteemed members of the Joint Committee, thank you for this opportunity to testify.

Senator Blessing as the Chair of the Senate Ways and Means Committee and Representative Roemer as the Chair of the House Ways and Means Committee. I'm certain you are well versed, as are your esteemed colleagues on the joint committee, in the areas of property valuation and property tax.

As a lifelong resident of Butler County, with nearly 30 years of service as an elected official, 10 years as a Fairfield Township Trustee and over 20 years as a Butler County Commissioner, coupled with my nearly 50 years in development and the construction industry, I have experience with property taxes and with working hard to keep them reasonable for residents.

I am grateful for your work, and I am pleased to be here today to share my perspective on your task of "reviewing Ohio's property tax system and making recommendations regarding property tax to the General Assembly".

As you may be aware, Butler County led the charge in early 2023 when property valuation abstracts were first announced by the State Tax Commissioner. At my urging, the Butler County Board of Commissioners attempted to have a dialogue with the Tax Commissioner last year to discuss ways to lessen the forecasted now realized impact, including the use of a three-year average of sale prices rather than the State Tax Department's practice of relying on the most recent year. However, the Tax Commissioner rejected this approach. The State Tax Commissioner provided a formal estimate of an average 42 percent valuation increase for Butler County. If three-years of data were used instead, the valuation increase would have been 25 percent.

Along with my fellow Butler County Commissioners, as well as other elected officials, we lobbied our State legislators, who championed the taxpayers' interests, but to no avail. Legislation introduced by Butler County representatives and senators was unsuccessful in convincing the House and Senate tax reform was needed.

In June 2023, I spoke to the OHIO HOUSE WAYS AND MEANS COMMITTEE on House Bill 187 and asserted additional steps must be taken to develop a long-term solution. Again, at my urging, the Butler County Commissioners reconvened its legislative delegation last fall to discuss other policy changes.

Property tax review and reform must be a multi-faceted approach from the perspectives of

1). First and foremost, minimizing impact to property owners;

2). Understanding the primary composition of property taxes – levies, inside millage, 20-mill floor, etc.; and

3). Calculating the impact of tax exemptions – 501(c)(3), TIFs, RIDs, and other tax exemptions, including abatements – and integrating them into any modified solution.

Focusing on 2) and 3), in the best interest of the taxpayers, would require uniform structural changes to property tax levy oversight and tax exemptions.

- Limiting the ability for taxing entities to slip a property tax increase in August or during special elections has been a tremendous start, and I applaud the legislature. More work needs to be done to hold taxing entities accountable.

- Restructuring the 20-mill floor for city and local school districts is an endeavor that must be studied, and modifications must be enacted.

- Amending municipal, township, and county statutes which permit tax exemptions, including 501 (c)(3) and other not-for profit designations, must be analyzed as well. Limitations to taxable value a political subdivision could exempt should be considered. This way developers can't "shop" for the best abatement or tax incentive, pitting community against community, even within the same county. Amendments to tax exemption statutes to limit abatable property value would restrict cities, townships, and counties from abating in excess of a certain formulary amount indicative of and necessary for delivery of basic public services – police, fire, social services, etc.

This provision must be evaluated as a collaborative approach with school levies and the 20-mill floor.

The Butler County Board of Commissioners has used several mechanisms responsibly to incentivize private investment and grow Butler County's economy; tax abatements and Tax increment Financing Districts (TIF) are tools permitted by Ohio law and are a few the Board of Commissioners has implemented effectively.

Tax Incentives:

- Over the last 25 years, Butler County has administered a rural enterprise zone program which had secured over 50 development projects to Butler County.

- Over the last 25 years, the Board of Commissioners has averaged about two economic development abatements a year. The Board of Commissioners has used this tool sparingly.

- With that said, over the 25 year period, with those 50 plus companies, Butler County has:
    - Captured nearly $1.0B in real property investment to reduce the tax burden to the residential taxpayer;
    - Abated less than 10.0% of that real property value;
    - Expanded employment opportunities for nearly 13,000 jobs; and
    - Retained and created nearly $600.0M in payroll.

Similarly, the Butler County Board of Commissioners has used tax increment financing strategically, responsibly, and for its intended purpose – infrastructure, roads, utility – and established the University Pointe TIF in 2001 namely for construction of Liberty Way.

Tax Increment Financing:

- University Pointe TIF:
  - Encompasses nearly 1,000 acres.
  - Exceeds $650.0M in real property valuation.
  - Houses four elite, nationally acclaimed hospital systems in the Greater Cincinnati area.
  - Has funded over $110M in public infrastructure improvements.
  - Carries over 100,000 vehicles a day collectively on its roadway network.
  - Contains nearly 50.0% open space (MetroPark); 25.0% retail; 15.0% medical/hospital; 10.0% commercial/office.

Because the law was introduced to sunset, the Board of Commissioners applied the statutory extension to an existing TIF as a placeholder. The Board can rescind the extension at any time if the diverted funds no longer serve an infrastructure purpose.

- Some future needs for an extended University Pointe TIF (after original expires):
  - Projected annual collections approximately $4.6M.
  - Obligated $26.0M in infrastructure improvements over next four years.
  - Recommended over $40.0M by the Butler County Engineer's Office (BCEO) in eligible future years road improvements.
  - Determined maintenance needs of BCEO over next 30 years $28.0M
  - Contemplated consideration to assist in funding Millikin Interchange with extended 30 year UP TIF up to $1,761,947 annual debt service

If the State legislature wants to protect the property owner and taxpayers, it must make a concerted effort to restore tax exemptions for the purpose and benefit to which they were intended, including Enterprise Zones (tax abatements) and Tax Increment Financing (TIF) and establish common guidelines for political subdivisions to uniformly compete.

- Invest in businesses or public infrastructure to expand public infrastructure and enhance opportunities and to leverage a return on investment through job creation and retention and increased revenue sources funding County operations (sales tax, long-term property tax valuation.

- Policy Use – to date Butler County has utilized TIF and other incentive tools to invest in the macro-road improvements to act as a catalyst for development and not to subsidize development.

- Guidelines:
    - Primarily funds macro-projects.
    - Provides accessibility to developable yet underutilized property.
    - Enhances development opportunities and increases property valuation.
    - Supports market driven development.
    - Complements investment and financial commitment of developer.

I look forward to a continuing dialogue with the General Assembly on this issue. Thank you for your time and consideration this afternoon. I would be pleased to answer any questions you may have.

Before the Joint Committee on Property Tax Review and Reform Hearing of May 8, 2024

Proponent Testimony by David P. Johnson dated Tuesday, May 7th, 2024

Representative Roemer, Co-Chair, Senator Blessing III, Co-Chair, and Members of the Joint Committee on Property Tax Review and Reform. As an Ohio resident over the age of 65 years, I appreciate the opportunity to provide my written Proponent testimony pertaining to the Homestead Exemption and my recommendations for future reform that would benefit all Ohio seniors.

First I would like to thank Co-Chairs Roemer and Blessing III for allowing the Ohio Channel to broadcast these hearings so all of Ohio's citizens can better educate themselves on the important topic of property taxation.

Second, in the course of the many hearings, I would like to thank the people representing many of Ohio's entities who provided in-person expert testimony pertaining to our state's system of property taxation.

I would especially like to recognize the solicited testimony provided by Mike Sobul (Retired Research Administrator with the Ohio Department of Taxation) pertaining to the Homestead Exemption embedded within Article XII, Section 2 (Limitation on Tax Rate: Exemption) in the Ohio Constitution.

The intent of my written Proponent testimony today is to stress to the members of this Committee critical reform of the Homestead Exemption such that more seniors will qualify for this property tax credit thereby improving their ability to comfortably 'age in place' within their home.

My written Proponent testimony will contain both facts and personal opinion. My opinions are not meant to be demeaning in regards to the current and previous General Assemblies but rather just this person's perspective on state taxation policy.

At my last count, nine House Bills pertaining to some aspect of property taxation, have been introduced in the State House of Representatives during the 135th General Assembly (2023-2024). Of those nine proposed House bills, eight bills remain in the House Ways and Means Committee and one bill (HB57) was passed by the House and currently resides in the Senate Ways and Means Committee since May 31, 2023 without receiving a hearing on the matter. Several of these proposed House bills pertained specifically to the Homestead Exemption. Obviously, property taxation is on the minds of many of our elected state Representatives.

Please note – I am <u>not</u> opposed to any of these bills. I simply want to high light the extensive number of property tax-related bills that have been introduced in the House but currently remain in committee with no foreseeable hearings scheduled.

At this point, I will state that I previously submitted written Proponent testimony for proposed House Bill 263, Authorize a Property Tax Freeze for Certain Owner-Occupied Homes. This proposed bill would provide for an 'Aging in Place' solution necessary to allow seniors to remain in their homes without being forced to move because they cannot afford to pay their property taxes. Or worse yet, lose their property rights when the government forecloses on their property due to failure to pay their property taxes.

However, while this proposed bill had good intentions, I believe it could be ruled unconstitutional in accordance with Article XII, Section 2 since it does not reduce taxes by providing for a reduction in the value of the homestead, but rather it would freeze property taxes. However, I am not a constitutional lawyer and will not argue the constitutional merits of proposed House Bill 263.

A more recently proposed House Bill 447, Regards Property Tax Exemptions, Restrictions, and Land Value, introduced on March 12th, 2024 is a step in the right direction in that the bill proposes to temporarily increase the amount of the property tax Homestead Exemption and expands eligibility for the Homestead Exemption for the elderly and the disabled.

However, in my opinion, even proposed House Bill 447 does not go far enough in order to extend the Homestead Exemption to an even greater number of Ohio's seniors over the age of 65 years who would benefit from a reduction in their property taxes.

My proposed Homestead Exemption revisions are even more important today due to the rising cost of living I have experienced, not only in the last 6 months such as property taxes up 11.3% ($680/yr), home owners insurance up 29.7% ($146/yr), car insurance up 21% ($97/yr), and long term care insurance up 15% ($400/yr), but over the course of the last several years due to an approximate 20 per cent increase in overall inflation. This impact on 'Aging in Place' affects not only myself but every senior home owner, especially those who live on a relatively fixed income.

So, in regards to potential reform of the Homestead Exemption, I believe it boils down to two simple questions.

1. Do senior home owners over the age of 65 years, especially those on fixed incomes, deserve an even larger property tax break than currently provided by the Homestead Exemption?

2. If yes, then how much money is the State willing to reimburse from the General Revenue Fund to local taxing authorities in order to expand the number of senior home owners eligible to qualify for the Homestead Exemption?

In that regard, I would like to make reference to key points contained in the Bill Analysis for proposed House Bill 263.

House Bill 263 would have raised the 'age' requirement to be eligible for the Homestead Exemption to at least 70 years old.

I vehemently disagree with raising the 'age requirement – the current age requirement, as specified in Article XII, Section 2 of the Constitution should remain at 65 years of age.

While the (House) Bill (263) Analysis does not provide a written bases for this minimum age, the Fiscal Note & Local Impact Statement does estimate that 455,000 homeowners, based on this age requirement, will benefit from this bill in its first year.

The table titled 'Additional GRF Expenditures for Each Selected Tax Year' estimates additional GRF reimbursement expenditures to local taxing authorities will cost $42.2M dollars, $86.5M dollars, and $132.2M dollars respectively in Tax Years 2024, 2025, and 2026 due to the direct loss of tax revenue resulting from the property tax freeze. Over the course of these three tax years, the total GRF reimbursement expenditure will add up to $261.1M dollars.

I must emphasize again, over the course of these three tax years, the estimated total GRF reimbursement expenditures will add up to only $261.1M dollars.

This sum of money for a three year period may seem to be excessive to some people. However, I would like to offer a different perspective. I would like the committee to consider the fact that House Bill 33 (Fiscal Year 2024-25 Appropriations) implemented income tax cuts and tax breaks that will permanently eliminate approximately $900M dollars a year of income tax revenue going forward that would have gone into the General Revenue Fund. These income tax reductions mainly benefited the wealthiest 20% of working Ohioans and minimal benefit for that segment of the population who are retired and no longer work. These are only the most recent income tax cuts. Many independent articles have been written that document Ohio's 'Great Tax Shift' over the last 15 years and the resultant billions and billions of dollars that will no longer flow into the General Revenue Fund from the loss of income tax revenue.

How many more senior home owners age 65 and over could be made eligible for a property tax reduction if a billion dollars a year in state income tax reductions hadn't been approved by previous House Bill 33 (Fiscal Year 2024-25 Appropriations), or for that matter, the last 15+ years of state income tax reductions?

Do the wealthiest 20% of Ohioans (of which I am currently not and never have been), who mainly benefited from the most recent billion dollars a year in state income tax reductions, worry if they will be able to 'age in place' at the present moment? In my opinion – most likely not. In my case, the little money I saved from this most recent state income tax reduction (and previous reductions) is going towards paying for everyday living essentials which have risen considerably faster than the extra small amount of additional income I have received from the income tax cuts.

From another reference point, to be eligible for the Senior Tax Credit on the Ohio IT 1040 Individual Income Tax form, a person must be 65 years or older (in addition to several other requirements). When this tax credit was passed into law, previous legislators must have agreed that an age of 65 and older was a reasonable age to qualify for this senior-specific tax credit.

So from my perspective, the State can afford to spend more than $261.1M dollars over the course of the next 3 years in order to expand the Homestead Exemption tax credit to a larger percentage of senior home owners.

Additionally, according to articles I have read online, workers in Ohio generally retire at an average age of 63 and Ohio's average life expectancy, among the worst in the nation, is only 76.9 years. In addition, a 2022 article cited older Americans have the highest home ownership rate, as seniors 75 and older average 78.7%. These two factors should be given a high priority when deciding the appropriate minimum age requirement.

Recommendation - Keep the eligibility age limit to 65 years old in order to expand the base of senior home owners eligible to qualify for the Homestead Exemption.

Note – Proposed House Bill 263 would add an additional 'qualification' (as allowed by Article XII, Section 2) that the homeowner must have continuously lived in their homestead or manufactured home for at least 10 years.

While I oppose this new qualification requirement, it only serves to reduce the number of senior home owners who would be eligible to qualify for the Homestead Exemption.

With no written bases for a 10 year continuous living requirement, then I assume it is based on the amount of money state legislators are willing to commit from the General Revenue Fund in order to reimburse the local taxing authorities.

Proposed House Bill 263 would raise a homeowner's total income to $70,000 per year. In comparison, the 2023 income limit to be eligible to qualify for the Homestead Exemption is $36,100. While a significant increase, I believe it should be even higher.

The (House) Bill (263) Analysis does <u>not</u> provide a bases for this maximum income limit of $70,000 dollars per year.

Proposed House Bill 447 would extend the Homestead Exemption to individuals based on a three tier household income ladder up to $80,000 a year. However, the Bill Analysis currently does not contain a Fiscal Note & Local Impact Statement in order to determine the fiscal impact due to the additional GRF reimbursement expenditures that would be required to local taxing authorities.

As a point of reference, to be eligible for the Senior Tax Credit ($50 max) or the Retirement Tax Credit ($200 max) on the Ohio IT 1040 Individual Income Tax form, your 'modified adjusted gross income less exemptions' has to be less than $100,000. When these tax credits were passed into law, previous legislators must have agreed that a 'modified adjusted gross income less exemptions' of $100,000 a year was a reasonable dollar amount in order to qualify for these two senior-related tax credits.

The same article that stated workers in Ohio generally retire at an average age of 63 also estimated that a total retirement savings of approximately $880,000 would be needed for those years between retirement age and 80 in order to attain a comfortable retirement. With the effects of inflation the last several years, I have to believe this figure is now even higher than previously estimated.

Many seniors, such as myself, also saved for their retirement with tax qualified savings plans, such as a 401K or IRA, and now may also be taking withdrawals in order to replace income when they previously worked or required to take Required Minimum Withdrawals (RMDs) as required by the federal tax code. These withdrawals are reportable income and are taxed at ordinary income tax rates. So on one hand, when these withdrawals are necessary to be able to comfortably 'age in place', these same withdrawals may ultimately cause a senior to be ineligible for the Homestead Exemption due to the relatively low income thresh hold.

Recommendation – Raise the total income limit to $100,000 in order to be consistent with other state income tax credit requirements and to expand the base of senior home owners eligible to qualify for the property tax freeze.

Note – Proposed House Bill 263 would add an additional 'qualification' (as allowed by Article XII, Section 2) that the county auditor's appraised value of the home owner's home must be less than $1 million dollars.

While I oppose this new qualification requirement, it only serves to reduce the number of senior home owners who would be eligible to qualify for the Homestead Exemption.

With no written bases for a maximum appraised home value of $1 million dollars requirement, then I again assume it is based on the amount of money state legislators are willing to commit from the General Revenue Fund in order to reimburse the local taxing authorities.

In summary, what I do perceive is that the State's past and present fiscal legislative actions have benefited the upper income class through state income tax reductions, will benefit the lower income class through additional property tax reductions, and the middle income class, such as myself, have / or will receive minimal or no benefit from these same tax reductions.

Ultimately, due to either direct or indirect consequences, the shift in property taxation assistance from the state onto the backs of middle income class taxpayers such as myself will become further exacerbated. This will result in only one consequence - senior middle income class taxpayers, such as myself, may likely vote with their wallet regardless of the intended purpose when the next property tax levy issue appears on the ballot. As we know, this consequence has existed for years as local property taxing entities have had to go to the ballot time after time to get voter passage for the same property tax levy issue.

While the House Bill 263 Sponsor testimony of Representatives Hall and Isaacsohn supported a property tax freeze for seniors, I believe that same testimony can be applied to an expansion of the Homestead Exemption. Both Representatives recognize the financial strain presently placed on seniors to be able to age with dignity while maintaining the wealth they have built in their home while trying to manage the rising property taxes that accompany rising property values.

In conclusion, it is imperative for this committee to seriously consider reform proposals that will greatly expand the number of seniors age 65 and over in order to reduce their property tax burden while ultimately allow them to gracefully 'age in place' in their home.

To that end, I would like to thank all of the members of the Joint Committee on Property Taxation Review and Reform for the opportunity to testify as a Proponent for the reform and expansion of the Homestead Exemption to senior home owners age 65 years and older.

Respectively,

David P. Johnson

David P. Johnson
North Ridgeville, Ohio

Joint Committee on Property Tax Review and Reform
Dr. Howard Fleeter
Ohio Education Policy Institute
May 8, 2024

Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today. My name is Howard Fleeter and I am the research consultant for the Ohio Education Policy Institute (OEPI). For those of you who are not familiar with my background, I have PhD in Economics from the University of California, Berkeley, I spent 10 years as a Public Policy professor at The Ohio State University, and I have been researching school funding and education policy in Ohio for over 30 years. My career working with Ohio policymakers began when Governor Voinovich commissioned me to write my report "Equity, Adequacy and Reliability in Ohio Education Finance" which I completed in November 1992.

I am here to today to share my research and perspectives on Ohio's property tax which has been the subject of much discussion, debate and scrutiny over the past couple of years. You have heard from many experts and interested parties over the past several months so I will try to focus my remarks on areas which have not been covered in great depth by others.

I. H.B. 920: Limiting Local Revenue Growth from Reappraisal

HB 920 is the most restrictive property tax limitation in the country because it allows no inflationary growth on voted levies. It also is the primary reason that Ohio relies on local levies more than any other state. And after more than 18,5000 school levies since 1976, the statewide average Class I effective millage rate for schools has increased only slightly from 28.55 mills to 33.15 mills. This is proof of both the effectiveness of HB 920 protecting taxpayers but also of the burden placed on schools and local governments to maintain the adequacy of their revenue streams over time.

As previous testimony has explained, Ohio's current property tax structure was first defined in House Bill 920 (H.B. 920) passed in 1976, and later further codified in the Ohio Constitution in 1980. H.B. 920 provides for a system of "tax reduction factors" which applies separately to Real & Agricultural Real property (known as Class I property) and to all other business, commercial and industrial real property (known as Class II property). H.B. 920 was implemented in the mid-1970s amid an economic climate of high inflation and large increases in property values. This was a nationwide phenomenon and Ohio was not alone in acting to create a mechanism which would provide protection for homeowners and other property taxpayers when property values were increased after reappraisal.

What did distinguish Ohio's approach from that of other states, however, was the stringency with which H.B. 920 limits local revenue growth for Ohio's school districts, libraries, townships, municipalities, counties and other local governments with tax levying authority. As described in great detail by several others who have appeared before this Committee, H.B. 920 limits growth in voted property taxes by employing the tax reduction factors to effectively roll back millage rates in response to increases in property values as result of the reappraisal process (which includes both the sexennial reappraisal as well as the triennial statistical updates). In its simplest terms, if property values are increased by 10% in a community after the reappraisal or update process, voted property tax rates are reduced by roughly 10% so that the same amount of tax revenue is collected after reappraisal as was collected in the prior year from the same properties (these properties are collectively referred to as "carryover" property).[1]

Putting aside for now the 20 mill floor for school districts, there are two primary impacts of the H.B. 920 tax reduction factors:

1) Ohio's schools and local governments receive zero inflationary revenue growth from their voted levies assessed against real property.
2) Taxpayers whose properties have appreciated at the same rate as the overall average rate in each of the state's more than 4,000 taxing districts will pay the same amount of taxes on of their voted levies after reappraisal as they did prior to reappraisal.[2]

Based on research that I conducted in the early 1990s there were only 2 other states that had remotely similar property tax limitation provisions to Ohio. Both of these states (Michigan and Missouri) have since changed their systems. To the best of my knowledge, all states allow for some amount of growth in property tax revenue for local governments in the aftermath of property reappraisal. Two of the most well-known property tax limitation systems are Proposition 13 in California (enacted in 1978) and Proposition 2 ½ in Massachusetts (enacted in 1980).

Proposition 13 limits property valuation increases to 2% annually until a property is sold, at which point it increases to the market value. While Proposition 13 has been effective in limiting valuation increases – and hence property tax increases – for homeowners it does at the expense of creating large inequities in property taxes on otherwise similar properties based on their date of most recent sale.

Proposition 2 ½ in Massachusetts works by limiting the maximum property taxes can increase from year to year. Under Proposition 2 ½ each community has property tax limit which is allowed to increase by a maximum of only 2.5% annually, plus the amount of taxes generated by newly constructed properties. This effectively caps property tax growth on existing properties at

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[1] Note that Inside millage is exempted from the H.B. 920 reduction factors as are fixed sum (aka "Emergency") school levies which by their nature annually generate the same dollar amount of tax revenue as they did in the first year they were approved by voters. The school district "20 mill floor" also provides an exception to the functioning of H.B. 920. This topic is addressed in detail later in this testimony.

[2] Note, as discussed in previous testimony, taxpayers whose properties have increased more than the average in their taxing district will experience an increase in their property taxes and those whose properties have appreciated less than the average will experience a reduction their property taxes.

maximum of 2.5% per year, although many communities assess taxes below their levy limit amounts.

The point here is that even Proposition 13 and Proposition 2 ½ - which are widely regarded by economists as effectively protecting property taxpayers from inflationary growth in taxes - still allow annual growth in local tax revenues for local governments. Note that because Ohio reappraises property on a 3-year cycle, a 6% cap on property tax growth would be comparable to Proposition 13 and a 7.5% cap would be comparable to Proposition 2 ½.

<u>II. H.B. 920: Impact of the Number of Property Tax Levies</u>

The most obvious implication of H.B. 920's failure to allow for any growth in property tax revenue from voted levies after property reappraisal is that Ohio's schools, libraires, townships, municipalities, counties, and other taxing entities are left with no choice but to place additional property tax levies on the ballot in order to simply keep up with inflation.

Appendix Tables A1 and A2 at the end of this testimony provide year by year historical tabulations of the number of school levies on the ballot in Ohio. Table A1 shows the number of school operating levies on the ballot from 1976 through 2023.[3]

- There has been a total of ***12,711 school operating levies on the ballot from 1976 through 202***3. This is an average of 265 per year with an overall average passage rate of 53.0%.

Table 2 shows school operating and capital levies from 1984 through 2023. Capital levies include bond levies, permanent improvement levies (both property tax and income tax) and bond combination levies.

- ***Since 1984 there have been a total of 15,922 school operating and capital levies placed on the ballot***. This is ***an average of 398 school levies per year***, with an overall average passage rate of 54.9%.

Since 1984 school operating levies have passed 54.2% of the time while capital levies have passed 56.0% of the time.

While there is no central source for school levy data across the states, my 30+ years of experience researching K-12 education along with my extensive contacts with school finance researchers across the country, have left no doubt that ***Ohio votes far more often on school levies than anywhere else in the nation.*** Also remember that the data cited immediately above only includes school levies and does not include library, township, municipality, county and county service organization levies that have been placed on the ballot. And to reiterate, ***the primary cause of Ohio's heavy reliance on local levies is that Ohio's property tax, uniquely in the nation, allows no growth in tax revenue when real property increases in value due to reappraisal.***

One other important note about Ohio school levies is that new school levies pass at a much lower rate than do renewal and replacement levies. ***Table A3 shows that from 1994 through 2023 new***

[3] Operating levies are defined to include conventional current expense levies, fixed sum (aka emergency) levies, incremental property tax levies, school safety and security levies, educational technology levies and school district income tax levies for operating purposes.

school levies passed only 36.7% of the time while renewal and replacement school levies passed 86.4% of the time. This disparity in levy passage rates for new vs. renewal and replacement levies also explains why school operating levies in Ohio (as seen in Tables A1 and A2) have passed at a historically high rate since 2014. The higher levy passage rate in recent years is primarily the result of a much higher percentage of school operating levies now being renewal levies rather than new levies. From 1994-1997, 82.3% of school operating levies were new or replacement levies. However, this percentage has steadily declined since then. Over the last 10 years (2014-2023) only 30.6% of school operating levies were new or replacement levies. This data is shown in Table A4.

III. Reappraisal Increase Trends

Recent reappraisal increases are far outside historical norms. The 2023 reappraisal and update increase is 7.3 times as large as the prior reappraisal and update increase for the same counties in 2017. The recent rapid increase in housing values is best viewed as a historically anomalous short-term issue.

Tables 1 and 2 below provide some insight on patterns of reappraisal increases from 2005 through 2023. The 5 years shown in the table are all property reappraisal or statistical update years for the same group of 41 counties. These 41 counties are listed in Appendix Table A5.

A list of when each county goes through reappraisal and update is available on the Ohio Department of Taxation website at: https://tax.ohio.gov/government/real-state/reappraisal-and-triennial-update

Table 1 compares the total reappraisal and update increases in Class I residential and agricultural real property value with the total increase in Class I property value from the preceding year (the other primary factor in valuation increases from one year to the next is new construction). The data in Table 1 clearly shows how unusual a year 2023 was in terms of reappraisal increases. Class I reappraisal and update increases totaled $44.769 billion in 2023. This is 93.6% of the total increase in Class I value from FY22. Three years earlier in 2020, reappraisal increases were only $13.706 billion and were 88% of the total Class I valuation increase. In 2008 reappraisal increases were $2.099 billion and were responsible for only 57% of the total $3.680 increase in Class I value. Note that the negative increase in 2011 reflects the impact of the housing market decline brought on by the 2008-09 recession.

Table 1: Class I Reappraisal Increase Compared to Total Valuation Increase

Year	Class I Residential & Agricultural Reappraisal Increase	Class I Residential & Agricultural Total Increase in Valuation	Reappraisal % of Total Increase in Class I Value
2005	$10.496 Billion	$13.986 Billion	75.0%
2008	$2.099 Billion	$3.680 Billion	56.8%
2011	-$5.276 Billion	-$5.032 Billion	105%
2014	$3.123 Billion	$3.817 Billion	82.0%
2017	$6.056 Billion	$7.296 Billion	83.0%
2020	$13.706 Billion	$15.548 Billion	88.2%
2023	$44.769 Billion	$47.836 Billion	93.6%

Table 2 provides a second perspective on reappraisal increases. Table 2 shows Class I reappraisal increases and compares to the prior year Class I valuation figure to compute a percentage increase in valuation due to reappraisal. Note that the data in Table 2 is only for counties undergoing reappraisal and update in each of the 6 years included in the table. Table 2 clearly shows that the 34.7% increase in reappraisal value in 2023 is far higher than that in any of the other years in which these counties underwent reappraisal or statistical update. This again reinforces the extent to which 2023 was an outlier in terms Class I property reappraisal increases.

Table 2: Class I Reappraisal Increase as a Percentage of Prior Year Class I Valuation - Only Counties Going Through Reappraisal or Update

Year	Class I Residential & Agricultural Reappraisal Increase	Class I Residential & Agricultural Total Valuation in Prior Year	Reappraisal Increase as Percentage of Prior Year Class I Value
2005	$10.178 Billion	$81.975 Billion	12.4%
2008	$1.968 Billion	$97.796 Billion	2.0%
2011	-$5.301 Billion	$100.788 Billion	-5.3%
2014	$2.892 Billion	$95.922 Billion	3.0%
2017	$5.963 Billion	$100.563 Billion	5.9%
2020	$13.519 Billion	$109.168 Billion	12.4%
2023	$44.058 Billion	$127.095 Billion	34.7%

Note that this data only includes reappraisal increases in school districts whose home counties underwent reappraisal or update. Figures vary slightly from those in Table 1 because of school districts with territory in more than one county.

IV. 20 Mill Floor Analysis

Only half of the districts at the Class I 20 mill floor in 2023 utilize emergency and/or substitute levies. As a result, modifications to the definition of the 20 mill floor to include emergency and substitute levies would have no impact on 203 of the districts currently at the Class I floor.

84% (345 out of 409) of school districts at the 20 mill floor in 2023 are rural or small town school districts. These districts typically have much lower voted millage rates than urban and suburban districts which places them closer to the 20 mill floor to begin with.

Table 3 on the following page provides a summary of the number of school districts at the 20 mill floor for both Class 1 (Residential & Agricultural) and Class 2 (Commercial & Industrial) property from 2001-2023.

Table 3 shows that the number of districts at the 20 mill floor for both classes of property has fluctuated significantly over the last 23 years. From 2001 through 2005 the number of districts at the Class 1 20 mill floor increased modestly each year. Then from 2005 through 2012 the number of districts at the Class 1 20 mill floor decreased every year, reaching a low 105 districts in 2012. From 2013 through 2017 the number of districts at the Class 1 floor fluctuated up and down before increasing for each of the last 6 years, reaching 343 districts in 2022 and further increasing to 409 districts in 2023 after 2023 property reappraisals were completed. When districts at the 20 mill floor for Class 2 property are considered, 420 districts are currently at the 20 mill floor for one or both types of real property.

Perhaps the most important conclusion from the data presented in Table 1 is that the most significant determinant of the number of districts at the 20 mill floor is underlying economic conditions, <u>not school district behaviors</u>. The 2008-09 recession which led to housing value decline is the reason that the number of school districts on the 20 mill floor declined so precipitously from 2009 through 2012 (because HB 920 works in reverse to raise effective millage rates when property values decline after reappraisal). And the economic and housing market conditions which began in 2019 and accelerated after the onset of the COVID pandemic in 2020 have led to significant increases of housing prices in the last 5 years which have lowered effective millage rates through the functioning of the H.B. 920 tax reduction factors.

Table 3: # of Ohio School Districts at the 20 Mill Floor from 2001-2023

Year	# of Districts at Class 1 20 Mill Floor	# of Districts at Class 2 20 Mill Floor	# of Districts at Class 1 OR Class 2 Floor
2001	277	131	287
2002	278	124	293
2003	290	117	306
2004	298	129	310
2005	**330**	**165**	**347**
2006	**311**	**150**	**326**
2007	**305**	**135**	**319**
2008	299	128	331
2009	177	80	212
2010	166	66	187
2011	165	54	177
2012	**105**	**44**	**122**
2013	158	42	171
2014	215	45	223
2015	205	41	211
2016	235	56	241
2017	165	58	182
2018	168	59	186
2019	207	67	224
2020	249	69	272
2021	279	75	293
2022	**343**	**108**	**352**
2023	**409**	**172**	**420**

Source: Ohio Department of Taxation school district millage rate files.
Tabulations based on number of districts at < 20.01 mills.

Table 4 shows the number of districts at the Class 1 20 Mill Floor in 2023 by typology group.

Table 4: # of Ohio School Districts at the Class 1 20 Mill Floor in 2023 By Typology

Typology	# of Districts	# of Districts At Class 1 20 Mill Floor	% of Districts At Class 1 20 Mill Floor	% of All Districts at the Floor	Average Voted Millage Rate
Poor Rural	123	102	82.9%	**24.9%**	**37.62**
Rural	106	95	89.6%	**23.2%**	**35.38**
Small Town	110	89	80.9%	**21.8%**	**46.20**
Poor Small Town	89	59	66.3%	**14.4%**	**50.10**
Suburban	77	33	42.9%	8.1%	69.05
Wealthy Suburban	46	9	19.6%	2.2%	90.81
Urban	47	16	34.0%	3.9%	66.95
Major Urban	8	1	12.5%	0.2%	76.19
Outliers	5	5	100.0%	1.2%	19.49
Total	**611**	**409**			**51.17**

Table 4 shows that more than 80% of rural, poor rural, and small town districts and nearly 2/3rds of poor small town districts were at the 20 mill floor for Class I property in 2023. At the same time well less than half of the districts in the suburban and urban typology groups are at the Class 1 floor. 84% (345 of 409) of districts currently at the Class I 20 mill floor in 2023 are rural or small town school districts. The final column of Table 4 provides some insight into why this is as the average voted millage rate (the property tax rate prior to the HB 920 millage rate rollbacks) is much lower in rural and small town school districts than it is in suburban and urban school districts in Ohio. This means that when property values increase from reappraisal rural and small town districts began the process much closer to the 20 mill floor than is the case in urban and suburban districts.

School district fixed sum or "emergency" levies have been the topic of much discussion before this committee. Emergency levies are not included in the calculation that determines whether or not a school district has reached the 20 mill floor. Because an emergency levy is for a fixed amount of revenue the H.B. 920 millage rate reductions are not applied as the millage rate of an emergency levy automatically adjusts each time that the property tax base increases or decreases, for <u>any</u> reason (reappraisal changes, new construction, annexation, property demolition, etc..). Thus, there is a certain logic to not including emergency (and now substitute levies) in the calculation of the 20 mill floor.

Examination of the 409 school districts at the Class I 20 mill floor in 2023 shows that 206 (50.3%) of these districts have emergency and/or substitute levy millage. This of course also means that ***203 (49.7%) of the 409 school districts at the Class I 20 mill floor in 2023 do not utilize emergency or substitute levies***.

Furthermore, there are a total of 263 districts currently utilizing emergency and/or substitute levies. Clearly, not all districts at the 20 mill floor employ emergency and substitute levies and not all districts that employ emergency and substitute levies are at the 20 mill floor.

Another way to examine the role that emergency levies play with regard to the 20 mill floor is to look at the district which are newly on the Class I 20 mill floor in 2023. By my calculations the number of districts at the Class I 20 mill floor increased from 343 in 2022 to 409 in 2023 – a net increase of 66 districts. This includes 102 districts that were not at the floor in 2022 but also includes 36 district that were at the floor in 2022 and are now just above the floor in 2023 (none of these districts is located in a county which underwent reappraisal or update in 2023 so presumably this has something to do with changes in value of small amounts of property located in neighboring counties).

In any event, ***of the 102 new school districts at the Class I 20 mill floor in 2023, only 34 have emergency and/or substitute millage***.

Furthermore, ***91 of the 102 new Class I 120 mill floor districts went through reappraisal or update in 2023*** (and 7 of the 11 that did not were at less than 20.1 mills so they were very close in 2022 and were likely pushed to the floor by property in a neighboring county that did undergo reappraisal or update).

When talking these findings together, it seems clear that while employment of emergency and/or substitute levies likely plays a role for some districts at the 20 mill floor, ***the predominant force behind the recent increase in 20 mill floor districts is clearly rising property values.***

V. Changes in Ohio's Property Tax Base Since 1975

In 1975 residential and agricultural taxpayers paid 46.1% of property taxes. In 2022 they paid 66.1% reflecting a shift over time in tax burdens from businesses to homeowners and farmers. This shift is predominantly the result of state tax policy changes which eliminated the business tangible personal property tax and significantly reduced the public utility tangible personal property tax.

When evaluating the current state of Ohio's property tax it is imperative to also understand how the state's property tax base has changed over time. My report "Ohio Property Tax Trends 1975-2022", prepared for the Ohio Education Policy Institute and most recently updated in February of this year discusses this issue in depth. The report can be found on the OEPI website at: http://www.oepiohio.org/index.php/research-reports/

Two tables from the OEPI Property Tax trends report provide a succinct summary of how Ohio's property tax base has changed over time, and along with it the distribution of property taxes across businesses and persons.

Table 5: Percent of Total Property Value by Type of Property, 1975-2022

Type of Property	1975	1983	1991	1999	2007	2011	2015	2022
Class 1 (Res/Ag) Real % of Total Valuation	**46.0%**	53.4%	53.9%	61.1%	71.8%	74.3%	**73.9%**	**72.5%**
Class 2 (Comm./Ind.) % of Total Valuation	18.3%	18.5%	21.1%	19.6%	20.1%	21.5%	20.5%	18.7%
Total TPP % of Total Valuation	35.7%	28.1%	25.1%	19.3%	8.1%	4.2%	5.6%	8.8%
Business TPP % of Total Valuation	23.2%	18.1%	14.7%	12.2%	4.9%	0.0%	0.0%	0.0%
Public Utility TPP % of Total Valuation	12.6%	10.1%	10.4%	7.1%	3.2%	4.2%	5.6%	8.8%
Total Business Property % of Valuation	**54.0%**	46.6%	46.1%	38.9%	28.2%	25.7%	**26.1%**	**27.5%**

Note: this table is Table 2 in the OEPI Property Tax Trends report

Table 5 shows that in 1975 residential and agricultural real property comprised 46.0% of total property value in Ohio, while business real property comprised 18.3% and business and public utility tangible personal property (TPP) comprised a combined 35.7%. However, by 2022, business tangible personal property comprised only 8.8% of the total property tax base while residential and agricultural property had increased to 72.5% of the tax base while business real property had increased only slightly to 18.7% of the tax base. Put another way, ***the overall (real + personal property) business share of the Ohio property tax base has fallen by almost half from 54.0% in 1975 to 27.5% in 2022.*** One of the primary reasons for this shift in the tax base is the elimination of the business tangible personal property tax from 2005 to 2009 and significant results in the assessment percentages applied to public utility tangible personal property resulting from utility deregulation in the early 2000s. Again, the result is that the property of homeowners and farmers now comprises a significantly higher fraction of the state's property tax base than it did in 1975.

Table 6 shows similar data for the distribution of property taxes paid across residential & agricultural real property, business real property and public utility tangible personal property. Table 6 shows that the pattern of the share of property taxes paid by each class of property has changed over time in a similar fashion to that of property valuation shown in Table 5. Residential & Agricultural (Class 1) real property is responsible for 66.1% of property tax revenues in 2022, up from contributing 46.1% of property tax revenues in 1975. Meanwhile, Business real and personal property taxes comprised 53.9% of school district property tax revenues in 1975 but provide only 33.9% of property tax revenues in 2022.

Table 6: Percent of Total School Property Taxes by Type of Property, 1975-2022

Type of Property	1975	1983	1991	1999	2007	2011	2015	2022
Class 1 Real % Taxes	**46.1%**	47.1%	47.5%	52.4%	65.0%	69.9%	**69.0%**	**66.1%**
Class 2 Real % Taxes	18.8%	18.6%	20.4%	20.3%	22.3%	24.3%	23.7%	22.0%
Total TPP % Taxes	35.1%	34.4%	32.1%	27.3%	12.7%	5.7%	7.3%	11.9%
Business TPP % Taxes	23.2%	22.3%	19.2%	17.7%	8.0%	0.0%	0.0%	0.0%
PU TPP % Taxes	11.9%	12.0%	13.0%	9.6%	4.7%	5.7%	7.3%	11.9%
Total Business Property % Taxes	**53.9%**	52.9%	52.5%	47.6%	35.0%	30.1%	**31.0%**	**33.9%**

Note: this table is Table 5 in the OEPI Property Tax Trends report

Finally, Table 7 from the OEPI Property Tax Trends report shows how school property tax rates on different classes of property have changed since 1975.

Table 7: Average School Millage Rates by Type of Property, 1975-2022

Type of Property	1975	1983	1991	1999	2007	2011	2015	2022
Class 1 Effective Tax Rate	28.55	24.68	28.66	29.16	29.81	34.11	36.00	**33.15**
Class 2 Effective Tax Rate	28.55	28.13	31.67	35.19	36.41	40.95	44.68	**42.89**
TPP (Voted) Tax Rate	28.55	34.20	41.95	48.24	51.77	49.39	50.61	**49.12**
Overall Average Effective Tax Rate	28.55	28.00	32.74	34.02	32.91	36.23	38.60	**36.38**

Note: this table is Table 3 in the OEPI Property Tax Trends report

In 1975 (prior to H.B. 920) all property was taxed at the same rate which average 28.55 mills across the state. ***However, in 2022, after nearly 13,000 operating levies and more than 18,500 total school levies, the average effective property tax rate on residential and agricultural property has risen by only 4.6 mills; from 28.55 mills to 33.15 mills.*** This relatively modest increase in millage over 47 years shows the extent to which H.B. 920 has been successful in protecting residential and agricultural taxpayers from property tax increases by keeping effective tax rates at relatively similar levels over time.

VI. Interaction Between Property Values and the School Funding Formula

The interaction between property value increases and the state school funding formula will continue to be an issue so long as the school funding formula continues to reflect valuation increases rather than property tax revenue increases. This is because the H.B. 920 rollbacks mean that increases in real property values due to reappraisal do not always translate into local tax revenue increases.

One issue that Ohio school districts face that is not shared by other local governments is the interaction between changes in property values and the school funding formula. Because the funding formula has been based since at least 1985 on school district property values not property taxes, an increase in a school district's property valuation from one year to the next will typically trigger a reduction in state aid (the exact impact depends on how much – if any – the funding formula parameters increase and if the district is on the guarantee or not). The reason for this is that the school district essentially "looks wealthier" to the school funding formula by virtue of having a higher property valuation, regardless of whether the property value increase generates any additional tax revenue.

The problem occurs when the property value increase is the result of reappraisal or update. In this case, as the discussion earlier in this testimony explained is that H.B. 920 rolls back voted millage rates in response to reappraisal increase, thereby significantly limiting the amount of additional tax revenue a school district receives from their higher real property valuation. In the 1990s this phenomenon was commonly referred to as "phantom revenue", the idea being that the district appeared to be wealthier when in fact their only increase in revenue would be that deriving from their inside millage. In this instance school districts argued that they fell victim to a "double whammy"; first they did not receive growth in tax revenue when their property valuation increased due to reappraisal and second, they were then negatively impacted by the school funding formula.

The obvious exception to the phantom revenue situation is when a district is at the 20 mill floor. In this case the district would receive 20 mills worth of growth in tax revenue after a reappraisal increase in their real property value. In light of this, there were multiple school funding reform proposals floated in the 1990s and early 2000s which featured 20 inside mills for all school districts. While some of these proposals would have required a constitutional change, others were based on the premise that the constitution actually allows 28.57 inside mills rather than the current (and commonly interpreted) 10 inside mills. The logic for this is that the constitution specifically allows unvoted (aka "inside") millage of "1% of true value" (note that since a mill is 1/10th of a percent, 10 mills = 1 percent). However, the taxable value of real property in Ohio is defined as 35% of true value. Thus, taking into account the 35% assessment percentage, 28.57 mills at 35% of true value is equivalent to 10 mills at 100% of true value. More simply, 10 divided by .35 = 28.57.

Under this line of thinking, school districts would be allocated 20 inside mills while the remaining 8.57 inside mills would be split across all other taxing jurisdictions. It is important to note that the 28.57 inside mills theory has never been legally tested and would almost certainly have been legally challenged had one of the plans that advocated this approach been implemented. The point of mentioning this, however, is that it has long been understood that the lack of local revenue growth when properties were reappraised was problematic for school districts and that one solution to this problem would be to get to the 20 mill floor.

Today the state/local share calculation in the school funding formula is based on a mixture of property wealth and district income and there is no longer a specific millage "chargeoff" amount. As a result, phantom revenue in its original direct form no longer exists. However, the problem of increasing valuation interacting with the formula while resulting in little to no local revenue growth persists as long as the formula uses property valuation as its basis.

Two examples illustrate this point. First, testimony two weeks ago by Northmont City schools illustrated that a 36% increase in their property values increased property tax revenue by $1,518,000 (from their inside millage – they are not at the 20 mill floor). However, their estimated FY25 state aid is projected to decrease by $1,183,000, in effect negating 78% of their increased local revenue.

A second example is derived from the recently released DEW FY25 state aid calculator tool. The DEW calculator currently estimates the total cost to the state of the FY25 foundation formula is $8.084 billion. This is $196 million less than the LSC estimated cost of $8.280 billion at the end of last year's FY24-FY25 budget process. The primary difference in the two figures is the use of updated valuation and income data in the DEW calculator compared to the figures used in the LSC budget estimate.

VII. Summary and Conclusions

Below is a brief summary of the key points from my testimony.

1. HB 920 is the most restrictive property tax limitation in the country because it allows no inflationary growth on voted levies.

2. HB 920 is the primary reason that Ohio relies on local levies more than any other state. And after more than 18,5000 school levies since 1976, the statewide average Class I effective millage rate for schools has increased only slightly from 28.55 mills to 33.15 mills. This is proof of both the effectiveness of HB 920 protecting taxpayers but also of the burden placed on schools and local governments to maintain the adequacy of their revenue streams over time.

3. Recent reappraisal increases are far outside historical norms. The 2023 reappraisal and update increase is 7.3 times as large as the prior reappraisal and update increase for the same counties in 2017. The recent rapid increase in housing values is best viewed as a historically anomalous short-term issue.

4. Only half of the districts at the Class I 20 mill floor in 2023 utilize emergency and/or substitute levies. As a result, modifications to the definition of the 20 mill floor to include emergency and substitute levies would have no impact on 203 of the districts currently at the Class I floor.

5. 92% (378 out of 409) of school districts at the 20 mill floor in 2023 are rural or small town school districts. These districts typically have much lower voted millage rates than urban and

suburban districts which places them closer to the 20 mill floor to begin with.

6. In 1975 residential and agricultural taxpayers paid 46.1% of property taxes. In 2022 they paid 66.1% reflecting a shift over time in tax burdens from businesses to homeowners and farmers. This shift is predominantly the result of state tax policy changes which eliminated the business tangible personal property tax and significantly reduced the public utility tangible personal property tax.

7. The interaction between property value increases and the state school funding formula will continue to be an issue so long as the school funding formula continues to reflect valuation increases rather than property tax revenue increases. This is because the H.B. 920 rollbacks mean that increases in real property values due to reappraisal do not always translate into local tax revenue increases.

Thank you for the opportunity to provide testimony here today. I am happy to answer any questions that you may have.

Appendix Table A1: Ohio School Operating Levies 1976-2023

Year	Total	# Passed	# Failed	% Passed
1976	364	174	190	47.8%
1977	422	238	184	56.4%
1978	347	142	205	40.9%
1979	240	109	131	45.4%
1980	301	164	137	54.5%
1981	358	155	203	43.3%
1982	301	131	170	43.5%
1983	187	103	84	55.1%
1984	197	104	93	52.8%
1985	250	129	121	51.6%
1986	289	159	130	55.0%
1987	319	132	187	41.4%
1988	386	169	217	43.8%
1989	342	147	195	43.0%
1990	410	161	249	39.3%
1991	420	184	236	43.8%
1992	408	184	224	45.1%
1993	325	121	204	37.2%
1994	336	164	172	48.8%
1995	321	168	153	52.3%
1996	279	153	126	54.8%
1997	227	132	95	58.1%
1998	174	113	61	64.9%
1999	186	117	69	62.9%
2000	214	149	65	69.6%
2001	171	111	60	64.9%
2002	201	122	79	60.7%
2003	270	145	125	53.7%
2004	435	188	247	43.2%
2005	362	179	183	49.4%
2006	282	144	138	51.1%
2007	247	127	120	51.4%
2008	255	133	122	52.2%
2009	251	159	92	63.3%
2010	317	167	150	52.7%
2011	275	140	135	50.9%
2012	244	137	107	56.1%
2013	237	139	97	58.6%
2014	207	143	64	69.1%
2015	149	132	17	88.6%
2016	136	106	30	77.9%
2017	135	104	31	77.0%
2018	187	124	63	66.3%
2019	179	139	40	77.7%
2020	158	114	44	72.2%
2021	120	89	31	74.2%
2022	139	98	41	70.5%
2023	151	101	50	66.9%
Totals	**12,711**	**6,743**	**5,967**	**53.0%**
Averages	**265**	**141**	**124**	**53.0%**

Appendix Table A2: Ohio School Operating Levies 1976-2023

Year	Total Number of Issues	Total Number Passing	Total Percent Passing	Number of Operating Issues	# of Operating Issues Passing	% of Operating Issues Passing	Number of Capital Issues	# of Capital Issues Passing	% of Capital Issues Passing
1984	356	191	53.7%	197	104	52.8%	159	87	54.7%
1985	382	196	51.3%	250	129	51.6%	132	67	50.8%
1986	456	247	54.2%	289	159	55.0%	167	88	52.7%
1987	427	192	45.0%	319	132	41.4%	108	60	55.6%
1988	541	255	47.1%	386	169	43.8%	155	86	55.5%
1989	493	238	48.3%	342	147	43.0%	151	91	60.3%
1990	568	245	43.1%	410	161	39.3%	158	84	53.2%
1991	**617**	273	44.2%	420	184	43.8%	197	89	45.2%
1992	576	268	46.5%	408	184	45.1%	168	84	50.0%
1993	527	217	41.2%	325	121	37.2%	202	96	47.5%
1994	554	282	50.9%	336	164	48.8%	218	118	54.1%
1995	468	262	56.0%	321	168	52.3%	147	94	63.9%
1996	458	237	51.7%	279	153	54.8%	179	84	46.9%
1997	449	244	54.3%	227	132	58.1%	222	112	50.5%
1998	398	229	57.5%	174	113	64.9%	224	116	51.8%
1999	447	276	61.7%	186	117	62.9%	**261**	159	60.9%
2000	446	310	69.5%	214	149	69.6%	232	161	69.4%
2001	339	216	63.7%	171	111	64.9%	168	105	62.5%
2002	374	221	59.1%	201	122	60.7%	173	99	57.2%
2003	432	225	52.1%	270	145	53.7%	162	80	49.4%
2004	**616**	277	45.0%	**435**	188	43.2%	181	89	49.2%
2005	515	265	51.5%	362	179	49.4%	153	86	56.2%
2006	430	226	52.6%	282	144	51.1%	148	82	55.4%
2007	412	208	50.5%	247	127	51.4%	165	81	49.1%
2008	428	227	53.0%	255	133	52.2%	173	94	54.3%
2009	378	229	60.6%	251	159	63.3%	127	70	55.1%
2010	429	228	53.1%	317	167	52.7%	112	61	54.5%
2011	366	189	51.6%	275	140	50.9%	91	49	53.8%
2012	339	192	56.6%	244	137	56.1%	95	55	57.9%
2013	352	202	57.4%	237	139	58.6%	115	63	54.8%
2014	317	207	65.3%	207	143	69.1%	110	64	58.2%
2015	217	184	84.8%	149	132	88.6%	68	52	76.5%
2016	232	168	72.4%	136	106	77.9%	96	62	64.6%
2017	223	160	71.7%	135	104	77.0%	88	56	63.6%
2018	270	185	68.5%	187	124	66.3%	83	61	73.5%
2019	260	195	75.0%	179	139	77.7%	81	56	69.1%
2020	217	151	69.6%	158	114	72.2%	59	37	62.7%
2021	173	130	75.1%	120	89	74.2%	53	41	77.4%
2022	199	137	68.8%	139	98	70.5%	60	39	65.0%
2023	241	150	62.2%	151	101	66.9%	90	49	54.4%
Totals	**15,922**	**8,734**	**54.9%**	**10,191**	**5,527**	**54.2%**	**5,731**	**3,207**	**56.0%**
Averages	**398**	**218**	**54.9%**	**255**	**138**	**54.2%**	**143**	**80**	**56.0%**

Note: Operating Levy Totals Include Emergency, School Safety & Technology Levies
Capital Levies Include all Bond, Permanent Improvement, and Combined Bond, PI, or Facilities Levies

Appendix Table A3: New, Replacement & Renewal Operating Levy Passage Rates, 1994-2023

Year	All New Operating Levies			All Renewal & Replacement Levies			All Operating Levies 1994-2023		
	Number	Pass	Percent	Number	Pass	Percent	Number	Pass	Percent
1994	281	122	43.4%	55	42	76.4%	336	164	48.8%
1995	262	116	44.3%	59	52	88.1%	321	168	52.3%
1996	205	91	44.4%	74	62	83.8%	279	153	54.8%
1997	161	74	46.0%	66	58	87.9%	227	132	58.1%
1998	92	46	50.0%	82	67	81.7%	174	113	64.9%
1999	105	50	47.6%	81	67	82.7%	186	117	62.9%
2000	96	43	44.8%	118	106	89.8%	214	149	69.6%
2001	82	35	42.7%	89	76	85.4%	171	111	64.9%
2002	107	42	39.3%	94	80	85.1%	201	122	60.7%
2003	169	67	39.6%	101	78	77.2%	270	145	53.7%
2004	313	95	30.4%	122	93	76.2%	435	188	43.2%
2005	255	84	32.9%	107	95	88.8%	362	179	49.4%
2006	184	64	34.8%	98	80	81.6%	282	144	51.1%
2007	121	27	22.3%	126	100	79.4%	247	127	51.4%
2008	131	29	22.1%	124	104	83.9%	255	133	52.2%
2009	119	40	33.6%	132	119	90.2%	251	159	63.3%
2010	173	45	26.0%	144	122	84.7%	317	167	52.7%
2011	168	44	26.2%	107	96	89.7%	275	140	50.9%
2012	138	46	33.3%	106	91	85.8%	244	137	56.1%
2013	135	49	36.3%	102	91	89.2%	237	140	59.1%
2014	**67**	**20**	29.9%	140	123	87.9%	207	143	69.1%
2015	**26**	**17**	65.4%	123	115	93.5%	149	132	88.6%
2016	**33**	**15**	45.5%	103	91	88.3%	136	106	77.9%
2017	**37**	**14**	37.8%	98	90	91.8%	135	104	77.0%
2018	**78**	**24**	30.8%	109	100	91.7%	187	124	66.3%
2019	**63**	**31**	49.2%	116	108	93.1%	179	139	77.7%
2020	**55**	**21**	38.2%	103	93	90.3%	158	114	72.2%
2021	**31**	**9**	29.0%	89	80	89.9%	120	89	74.2%
2022	**37**	**13**	35.1%	102	87	85.3%	139	100	71.9%
2023	**43**	**9**	20.9%	108	92	85.2%	151	101	66.9%
1994-2023 Total	**3767**	**1382**	**36.7%**	**3078**	**2658**	**86.4%**	**6845**	**4040**	**59.0%**

Appendix Table A4: # of New, Replacement and Renewal Operating Levies 1994-2023

Year	# of New Operating Levies	# of Replacement Operating Levies	# of Renewal Operating Levies	Total # of Operating Levies	# of New + Replacement Operating Levies	% New + Replacement Operating Levies
1994	281	1	54	336	282	83.9%
1995	262	16	43	321	278	86.6%
1996	205	14	60	279	219	78.5%
1997	161	17	49	227	178	78.4%
1998	92	10	72	174	102	58.6%
1999	105	17	64	186	122	65.6%
2000	96	12	106	214	108	50.5%
2001	82	16	73	171	98	57.3%
2002	107	15	79	201	122	60.7%
2003	169	23	78	270	192	71.1%
2004	313	25	97	435	338	77.7%
2005	255	13	94	362	268	74.0%
2006	184	13	85	282	197	69.9%
2007	121	19	107	247	140	56.7%
2008	131	11	113	255	142	55.7%
2009	119	12	120	251	131	52.2%
2010	173	13	131	317	186	58.7%
2011	168	4	103	275	172	62.5%
2012	138	3	103	244	141	57.8%
2013	135	3	99	237	138	58.2%
2014	67	3	137	207	70	**33.8%**
2015	26	2	121	149	28	**18.8%**
2016	33	1	102	136	34	**25.0%**
2017	37	1	97	135	38	**28.1%**
2018	78	1	108	187	79	**42.2%**
2019	63	1	115	179	64	**35.8%**
2020	55	0	103	158	55	**34.8%**
2021	31	0	89	120	31	**25.8%**
2022	37	1	101	139	38	**27.3%**
2023	43	0	108	151	43	**28.5%**

From **1994-1997 82.3%** of operating levies were new or replacement levies

From **1998-2006 67.4%** of operating levies were new or replacement levies

From **2007-2013 57.5%** of operating levies were new or replacement levies

From **2014-2023 30.6%** of operating levies were new or replacement levies

Appendix Table A5: 2023 Sexennial Reappraisal and Triennial Update Counties

2023 Reappraisal Counties (N=28)

Auglaize, Clinton, Darke, Defiance, Delaware, Franklin, Gallia, Geauga, Hamilton, Hardin, Harrison, Henry, Jackson, Licking, Mahoning, Mercer, Morrow, Perry, Pickaway, Pike, Preble, Putnam, Richland, Seneca, Shelby, Trumbull, Van Wert, Wood

2023 Update Counties (N=13)

Ashland, Ashtabula, Athens, Butler, Clermont, Fulton, Greene, Knox, Madison, Montgomery, Noble, Summit, Wayne

Note that the list above is exactly the same for the years 2005, 2011 and 2017. And in 2008, 2014 and 2020 the counites undergoing reappraisal in 2023 experienced the statistical update while the counties undergoing the update went through full reappraisal.

Join Committee on Property Tax

Witness Form

Today's Date: 5/6/24

Name: PAUL GARRISON

Address: 1806 FAIRMOUNT AVE,
CINCINNATI, OH 45214

Telephone: 513-356-9056

Organization Representing: BEEKMAN CORRIDOR COALITION

Estimated Duration of Time of Testimony: 3 MINUTES

Are you Register Lobbyist: ____ Yes ✓ No

Special Request:

Written Testimony is a public record and may be posted on the Ohio Senate's Website

Good Morning State Legislators. My name is Paul Garrison, a local realtor and resident of South Fairmount in Cincinnati, Ohio. I'm passionate about rebuilding communities and adding value to the areas I call home. When I moved to the area a little over a year ago, I had no idea about the property tax increase. It has made me have to scout for more jobs an to try and compensate for extra expenses.

Working with the Beekman Corridor Coalition, we've identified vacant houses and empty lots as a major concern in South Cumminsville, North Fairmount, Millvale, English Woods, and South Fairmount. These eyesores not only bring down property values but also impact safety. We're seeking funding for revitalization projects, including grants for affordable senior housing and first-time homebuyer programs.

Currently, the median income in these areas is $35,843. Many residents, especially long-time homeowners, struggle with rising property taxes. They want to hold onto their properties for future generations but can't afford the recent increases. As a Realtor I would like to see more people achieve their dreams of home ownership. We urge the state to review the property tax formula and consider offering financial assistance programs to help people pay their taxes.

Our communities have a strong spirit, with roughly 51%renters and 49% homeowners. Through continued collaboration, I see incredible potential in these often-overlooked neighborhoods. We have ongoing community clean-up initiatives and block parties, fostering a sense of pride and ownership. With support, we can transform these areas into vibrant, thriving communities. Thank you for your time.

First of all, let me begin by saying good morning and thank you to Mr. Roemer and Mr. Blessing for allowing me to speak. My name is Leonard Gilbert and I am a resident of 6812 Glencairn Court in Mentor, OH.

I wanted to speak about the ever-increasing property taxes and the reality of what is unfolding as we continue on this path. We have gathered information to support our concern for the negative impact that is expected from the sexennial tax reappraisals. There will be artificial increases across the board that will result in property values increasing 30% on average. In some counties, there have been documented cases where the increase in value is up to 50%. In reality, they will be paying taxes on unrealized gains. This is not sustainable, or acceptable since we are actively destroying lives and leaving a vapor trial of destruction for the next generation. Not only are we hurting people on fixed incomes, but it also negatively impacts potential first-time home buyers.

I am leading an initiative along with some other Christians and patriots to eliminate the property tax. This is not to say that I am not willing to pay taxes. It is only reasonable for an individual to pay taxes for essential services that are provided by the local entity. The idea is to change the mechanism so that it is not tied to the owner's property.

We are not only looking at this from a financial perspective, but we are also looking at this from a biblical perspective. For those of you who identify as Christians, I hope that you are blessed to hear the words that are spoken. The statement is very simple. No tax should have the power to leave someone homeless. And my colleague and I always state, that any tax, if unpaid, causes a citizen to become homeless is immoral. At the moment, we are not true owners of our property, and we are merely leasing from the government. If anyone does not pay their taxes for 3 consecutive payments, they will quickly find out who truly owns their home. It should also be noted that the lack of ownership destroys the right of inheritance which negatively impacts the transfer of wealth by hampering the ability to work toward economic prosperity, and it is also a direct attack on the family. In a nutshell, the property tax is sucking the life out of these communities.

By continuing to support such a system there will be inevitable consequences because we are in direct violation of the following commandments. First of all, we are breaking the 8th Commandment that states thou shall not steal. It is clear in Scripture that land was given to families so they could enjoy and develop it for future generations. So, if they were taxed on the property that they own, that would be outright theft. With that in mind, it is not only stealing but the tax is illegitimate. In addition to theft, we are also breaking the Ninth Commandment which forbids bearing false witness by lying to someone by giving them the impression that they own it, and we are taking money for the public good. Just because it is legal it does not make it right. And it also violates the Tenth Commandment which forbids coveting. That is the desire to take someone's property.

Now we know that trying to eliminate the property tax is going to be a heavy lift. However, we believe that it is important to educate the younger generations on how they have been, and are being deceived, by the use of property taxes.

As we work toward our goals, we are asking for the Joint Committee on Property Rax Relief Review and Reform to find ways to provide some immediate tax relief to keep people in their homes and not just transfer the problem to another area. This may include but is not limited to, eliminating the school tax for seniors, realistic budgeting, and redefining the role of government. Which at the moment is growing at the expense of the destruction of the family. Those actions will help to set the stage for the long-term goal of elimination of the property tax.

My colleagues and I would be more than happy to work with the committee or other officials as needed to help work toward providing immediate relief to the taxpayers. Thank you for the opportunity to speak and I look forward to hearing from you.

Join Committee on Property Tax

Witness Form

Today's Date: 5-6-2024

Name: Randy Drewyor

Address: 140 E. Indiana Ave, Perrysburg, OH 45331

Telephone: 419-874-9131 x2107

Organization Representing: Perrysburg Exempted Village School District

Estimated Duration of Time of Testimony: WRITTEN TESTIMONY ONLY

Are you Register Lobbyist: _____ Yes __x__ No

Special Request: ______

Written Testimony is a public record and may be posted on the Ohio Senate's Website

Board of Education
Administrative Offices
Attn: Treasurer's Office
140 East Indiana Avenue
Perrysburg, Ohio 43551
419-874-9131
Fax: 419-872-8820

Perrysburg Schools

Joint Committee on Property Tax Review and Reform

Perrysburg Exempted Village School District, Wood County
Randy Drewyor, Treasurer/CFO

8 May 2024

Co-Chairs Blessing, and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today. My name is Randy Drewyor, and I am the Treasurer/CFO of the Perrysburg Exempted Village School District in Wood County.

Perrysburg is a suburban district covering approximately 28 square miles with ten buildings educating about 5,800 students. We are a growing district having added over 900 students over the last ten years. As a result of our student enrollment growth, we are adding 5-10 staff members per year.

For the most part Perrysburg is a bedroom community. Local sources provide 78% of the district's general fund revenue. Of our general fund revenues, over 50% comes from residential property taxes and an additional 13% from a traditional income tax.

I want to focus on two key aspects of property taxes and the financial management of a public school district. Both aspects are intricately tied to property tax decisions and to each other. I'm going to start with the punchline: It's no surprise but property taxation is complicated, and changes need to be well considered to avoid unintended consequences.

5-Year Forecast – Transparency and Planning Tool

As you are aware, semi-annually, Boards of Education must adopt a 5-Year Forecast. The forecast includes the current fiscal year and the next four years. The 5-Year Forecast is the basis to engage the community and the board in discussions about the long-term financial health of the district; it key tool in planning for future revenue needs and/or expenditure reductions. For this to work we need a high level of predictability in our revenue stream, which is where we have the least control.

We recognize this past year of reappraisals and updates were very difficult for taxpayers in many counties due to the confluence of the significant increases in valuations and districts being on and/or reaching the 20-mil floor. HB920 worked as intended. For example, in Perrysburg our fixed rate voted millage is 45.6 mils with an effective rate of 15.7 mils. Our total voted millage is 77.7 mils with an effective rate of 47.4 mils.

As a result of tax rate reduction factors, we are regularly going to back to the voters. Not surprisingly this has resulted in complaints of ballot fatigue. We have purposefully managed our finances and levy asks with the 20-mil floor in mind. The amount of our ballot measure in 2019 was determined in part by district student growth and the understanding that we would hit the 20-

mil floor during the final years of this levy. In other words, our revenue trajectory was predictable within the current rules of play. Five years ago, we did not predict a 24% increase in residential valuations. The trend prior to that was clear that we would see an increase in local property taxes when we hit and remained at the 20-mil floor. I want to emphasize that with this expectation we were able to moderate our most recent levy ask.

The point is that for districts to plan with their communities to ensure the educational needs of students are met, we must be able to assume that the laws impacting our funding will not change dramatically. Addressing one piece of an interconnected system a chain reaction of unintended consequences is likely. The 5-Year Forecast process works because we are able to discuss the forecast's construction with the Board and community and have confidence in its predictability.

Fair School Funding Plan – Interconnectedness with Property Valuations

The second point I want to discuss is the strong link between property tax and the Fair School Funding Plan. As you are aware, the major components of the Fair School Funding Plan are the base cost calculations and the split between local and state share. After the base cost is set, funding is determined by local capacity as expressed in wealth per student. The capacity calculation is driven by property valuations and household income with property values being the larger driver. Thus, as property values increase, local capacity increases, which results in an increase in the local share of base costs. While not perfect because there is no guarantee that districts with high capacities will choose to fund their prescribed share, there is a logic to this methodology. However, this logic breaks down when property valuations do not generate the expected revenue, which reduces actual local capacity without the balancing reaction of state share. If we were in a physics class, we might call this a violation of Newton's Third Law of Motion.

While not a perfect illustration, the table below comes from Perrysburg's current 5-Year Forecast, which demonstrates the impact of local capacity on funding. Perrysburg is a growing district, so we get some mitigation from enrollment growth. The ratio of local share vs state share is a function of enrollment and wealth (driven by changes in valuation). Muting the ability of the local capacity to generate the required resources greatly increases the difficulty of the school district to remain financially healthy without frequent trips to the ballot box.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Enrollment	5134	5370	5446	5522	5598
Per Pupil Base Cost	$ 8,123	$ 8,150	$ 8,544	$ 8,545	$ 8,965
State Per Pupil Share	$ 2,036	$ 1,612	$ 1,837	$ 1,531	$ 1,736
Perrysburg Per Pupil Share	$ 6,087	$ 6,538	$ 6,707	$ 7,014	$ 7,229
State's Share Base Cost Funding	$10,452,824	$ 8,656,440	$ 10,004,302	$ 8,454,182	$ 9,718,128
Local Share Base Cost Funding	$31,250,658	$ 35,109,060	$ 36,526,322	$ 38,731,308	$ 40,467,942

At the risk of being too repetitive, I want to emphasize the need for a reasoned and broad approach to the decisions you are wrestling with. For better or worse property tax decisions have many impacts outside the obvious.

Co-Chairs Blessing and Roemer and members of the committee, thank you for your consideration and attention to this important issue that affects all Ohioans. We appreciate the work of this committee. I am happy to answer your questions.

Randy Drewyor
Treasurer/CFO
Perrysburg Exempted Village School District

Michael K. Huth
4306 Cheval Circle
Stow, Ohio 44224

Testimony to the Joint Committee on Property Tax Revision and Reform

May 8, 2024

To: Co Chairs Roemer and Blessing, and members of the Joint Committee on Property Tax Revision and Reform
From: Michael K. Huth, Homeowner and Taxpayer

Thank you for allowing me to stand before you and testify in front of this Committee today. I feel blessed and honored to be able to have this opportunity to speak to you. I don't claim to be adept as a public speaker, so please bear with me. I represent no political lobby or faction, no business entity, and no organization.

My name is Michael Huth. My wife, Karen, and I are residents, homeowners, and taxpayers in the City of Stow, Summit County, Ohio. We have lived in our home for almost 30 years now. We've gone about our business as Ohioans and Americans do, working, raising our kids, and of course, paying our taxes. We have been retired from the workforce now for just over two years.

My interest in this Committee originated early this year after receiving our revised 1st Half 2023 property tax bill from the Summit County Fiscal Officer. The revision of course resulted from reappraisal of property values as mandated by the State, which I believe occurs every 3 years.

My annual property tax bill increased by $655 over the prior year. In fact, from 2020 until now, my annual property tax bill has increased from $4,820 to $6,134. That is an increase of $1,314 or 27% annually. This just for us to live in our own home.

Upon further inquiry and study, I learned that I could appeal this determination. Such an appeal could result in a decrease, no change, or increase in the appraised value of my home, and subsequently, of my property tax bill. I also learned that if by appeal my taxes were to somehow be reduced, the end result would be an increase passed on to other taxpayers. Since that feels to me like kicking the can into my neighbors' yard, I've chosen not to file an appeal.

I am standing here today because I want the Committee to be fully aware of what the current method of property appraisal and taxation is doing to us as individuals and families. We're the "little guys" in this complex taxation "quagmire" if you will.

As recent retirees now on fixed incomes, the increases we have seen over the last three years have effectively reduced our disposable income for basic necessities by more than $100 per month. That may not seem like much, but factor that into your own personal budget. Equally concerning to us are additional taxes on the horizon. We will be faced with further property tax increases if a November bond issue to raise nearly $250 million for construction of new school buildings in our school district passes. And right around the corner is the likelihood of a ballot issue for a Community Recreation Center, which again would be funded by an additional property tax levy.

I certainly don't envy your position as members of this Committee along with your colleagues as lawmakers. But I ask you, does it seem equitable that as homeowners' incomes become fixed or decline in retirement, they should continue to be subjected to steadily increasing property tax burdens ?

My plea is for this Committee to put forth concrete, specific recommendations that will at minimum cap current property taxes, if not provide a measure of tax relief, for residential homeowners, especially those who are retired and on fixed incomes which are in most cases lower than what we earned during our working years.

Are there other options for funding necessary services and institutions ? Of course, there are many. What about these for starters :

1. Revise the Homestead Exemption, reducing if not exempting property tax (or at the very least, future increases) for residential homeowners once they reach full retirement age (FRA) under Social Security.

2. Reduce/eliminate tax abatement for business. Businesses benefit from an educated populace, municipal services, and infrastructure as much as residents. Mandate the business sector's participation in the maintenance of their "home" communities. Ohio has much to offer the business sector. We should concentrate on attracting good "corporate citizens" to our great state.

3. Increase tax revenue through sales/consumption tax, requiring those who are able to purchase more to pay more.

4. Use Ohio Lottery money as it was originally intended, to help fund schools, rather than reducing the education budget and backfilling with lottery revenue.

Other states employ these and other methods without relying so heavily on property taxes for homeowners. Why not Ohio ?

Based upon my testimony, I hope that this Committee will put forth recommendations to amend Ohio's property tax laws, easing the burden on individual residential homeowners, while maintaining and enhancing the essential institutions and services that make Ohio a great place to live.

Please don't forget the "little guy."

Once again, thank you for giving me this opportunity to testify.

Respectfully,

Michael K. Huth

Michael K. Huth

Co-Chair Roemer, Co-Chair Blessing, and members of the Joint Committee on Property Tax Review and Reform, my name is Kieran Jennings. I am the Managing Partner at Siegel Jennings, a law firm specializing in property tax law.

Good Tax Policy requires four things: predictability, fairness, it needs to properly and consistently fund government needs, and it needs to be clear to the public.

Predictability and ensuring proper funding are comingled because without one the other cannot exist. Currently, Ohio's system is not as bad as some might think. Because our firm works in all 50 states and Canada, I have the opportunity to see how many state property tax systems work. Although there is always room for improvement, we need to be cautious not to throw out the good with the bad.

What works well in Ohio. Predictability, our triennial system is likely the best in the country. Some states have instituted reappraisals every year. That does not work because of the wasted money on annual revaluations, but also because there is not time to do a good job. Two years seems too short of a period as Ohio does not normally have wildly fluctuating markets. Three is the right amount of time. What else works well in Ohio is that the schools provide oversight. Oversight at the board level and in bringing under-assessed properties forward to the board of revision with certain boundaries.

HB126 is helping to create better predictability. Taxpayers are no longer at the whim of taxing authorities that are not part of the valuation process. There has also been fallout from HB126, creating certain issues for commercial taxpayers, county auditors, and school boards. These issues are working their way through the court system and the legislature and will not be resolved for likely another one to two years. As I'll discuss in more detail below. Uniformity would have helped to resolve many of these issues. It would help all parties involved in the property tax system from continually needing to address changes to the framework that they operate under.

Additionally, some issues regarding predictability still need to be resolved. We need to help the Board of Tax Appeals become more efficient. It sometimes takes several years from a hearing until a decision is written. Our firm has cases that have been waiting over 2 years for a decision Some of the problems likely involve inadequate funding, and therefore inadequate staffing, of the Board of Tax Appeals. Another solution could be to prescribe a standardized form for written decisions that simply highlight the findings of fact, the conclusions of law, and a final finding of the value for the years in question. Additionally, we should look at the hearing examiners as the ones that establish that decision. They are the ones who have seen the demeanor of the witnesses. If parties desire to appeal further, a written decision would be made by the board members.

The flow of funds to schools and other tax recipients is fairly predictable. HB 920 does a good job of leveling the highs and lows of assessments and taxes. However, that could be improved by tweaking how and when tax rates are established. In many states, assessments, informal reviews, and the great majority of all appeals are final before tax bills are established. This would help to lessen the impact of appeals and in many cases would render the tax districts unharmed. However, for taxing authorities to be predictably funded, the system must not be duly burdened with appeals that take longer than appropriate to resolve.

Proper funding and timely decisions bring us to fairness, which is protected in the Constitutions of the United States and the state of Ohio. Ohio lacks this fairness. Property tax is the only tax that is fully within the government's control. As a result, it is unfair that the burden of proof should always be on the taxpayer. It was the government that first established the assessment. It is the government that serves as judge and jury. No other tax works this way. In fact, in every other instance, sales receipts, net income, adjusted income, or any other self-reporting method has been used. Only in real property tax does the government hold all the cards. This is a burden that is significantly high.

Two things should be adopted in Ohio. The first is shifting the burden to the government upon submission of probative evidence by a taxpayer. At that point, the government, in this case, the auditor, must prove that it is correct and has uniformly assessed the property. The weight of the evidence should be that the taxpayer only needs to prove that the evidence favors the taxpayer by 51%. Again, this is a tax that is imposed and not self-reported.

The second and most important part is based in the Constitutional mandate of uniformity. Non-uniform taxation and the dismissal of those claims happen so often that the boards of revision are not even remotely phased by it. Every year boards hear from residential taxpayers that their neighbor’s taxes are less for the same home. Time and again they are told that is not a good argument, and that this board can only decide on the fair market value. Our taxpayers know just like children know when something is not fair. “His piece is bigger than mine.” The mother looks down. She had tried to cut them the same but clearly the one child was correct his piece was smaller. It was not fair and it was not intentional. But in Ohio our system is intentional and we have deemed certain taxpayers are not afforded uniformity. Specifically those who are assessed at market value, but all the other property around them is undervalued. What recourse do they have?

Uniformity is not a quaint word. It is the basis surrounding our core principles. It is simply that we share an equal portion of the tax load. The assessing community in our state and others generally tries to provide equal and uniform taxation. The first part is finding for a common measure of value. In Ohio, we have done that by defining our assessment as the fair market value of the fee simple interest as if it were unencumbered. However, the most important part is that we need a process that ensures that even with our best efforts, similarly situated taxpayers are treated and taxed similarly.

- The United States Supreme Court in Cumberland Coal v. Greene County, Pennsylvania
    - *"This Court holds that HN3[ ] the [****11] right of the taxpayer whose property alone is taxed at 100 per cent. of its true value is to have his assessment reduced to the percentage of that value at which others are taxed even though this is a departure from the requirement of statute. (the requirement*

of the statute was to find of fair market value) The conclusion is based on the principle that where it is impossible to secure both the standard of the true value, and the uniformity and equality required by law, the latter requirement is to be preferred as the just and ultimate purpose of the law."

- *The decision rested on the uniformity requirement in the Pennsylvania Constitution and the 14th Amendment to the United States Constitution. This is directly on point with how Ohio's system would / should work*

It is important to point out that at the time of the United States Supreme Court decision, Greene County followed a triennial system, based on finding fair market value. The system was not significantly different from Ohio's current statutes. Right now, our system is not consistent with the United States Constitution. The tool that would ensure constitutional uniformity has already been drafted and is attached to this testimony. It is patterned after a Texas statute that has been in place for a number of years that ensures equal and uniform treatment of taxpayers.

This body has been trying to make the system fair with a variety of tools. But the ultimate tool is simple, and would solve all problems with a statute that incorporates the tenets of the 14th amendment of the United States Constitution and the Uniformity Clause within the Ohio Constitution. Try to think about any situation that the prior bills were meant to solve that would not be solved by equal and uniform. Chasing sales, blind increase cases, the ongoing litigation of appeals. All of them are resolved by merely finding equal and uniform values. And there would be little time necessary for the decisions. It is mere math. The only places where reasonable minds may differ are the choices and adjustments of comparable sales and when a taxpayer seeking a value below the median, seeks to have a new fair market value established. This simple change solves all the major problems from the time it takes for a decision, to the endless appeals, and most importantly, fundamental fairness.

Clarity is the final concern, and it is not a very substantial lift. We currently assess at a rate of 35% of the fair market value of the fee, simple as if unencumbered interest. All of our tax rates are based on that premise. However, taxing on that basis leads to confusion. A simple first step toward additional clarity would be to assess at 100% of fair market value and adjust the rates accordingly.

Thank you for the opportunity to provide testimony and I'll be happy to answer any questions.

LISC GREATER CINCINNATI

Hearing of the Joint Committee on Property Review and Reform

Written Testimony of Kristen Baker, Executive Director

May 8, 2024

Co-Chair Blessing, Co-Chair Roemer, Ranking Member Troy and members of the Joint Committee on Property Tax Review and Reform. My name is Kristen Baker and I am the Executive Director of LISC Cincinnati. Thank you for the opportunity to provide written testimony on such an important issue that touches some many Ohioans.

We encourage the Committee to recommend expansion of Ohio's Homestead Exemption to both increase the size of the exemption for eligible households AND increase the eligibility threshold to include more households in the Greater Cincinnati Region and throughout the state. Increasing the eligible exemption amount would provide much-needed relief to older homeowners. The current exemption, set by statute, has not kept pace with inflation and soaring housing values in many areas of Ohio. Many senior homeowners are struggling to get by on fixed, low incomes. Increased home values, while positive for many, continue to marginalize our older homeowners and make them financially insecure in their homes.

Increasing the income eligibility to secure the Homestead Exemption would also provide critical relief to older taxpayers throughout the state. In Hamilton County, we have seen a 26% decrease in use of the Homestead Exemption in the last 10 years. The current income requirements have had a similar effect across the state with an average 20% decrease in use since 2013. This disparity between eligible income level and rising home values is endangering the homes and finances of seniors and disabled households across the state.

A home is the largest financial asset for many Ohioans and is a key component of building generational wealth. Increasing both the size and eligibility levels for the Homestead Exemption would not only give immediate relief to many struggling Ohio households but would help strengthen the financial assets of millions of Ohio households.

About Local Initiatives Support Corporation (LISC)

LISC is a non-profit housing and community development organization and certified Community Development Financial Institution (CDFI) with offices in 38 cities throughout the United States, and a rural network encompassing 146 partners serving 49 different states. LISC's work supports a wide range of activities, including affordable housing, economic development, building family wealth and incomes, education, community safety, and community health. LISC and its affiliates raise and deploy well over $2 billion annually in grants, loans and equity capital into distressed urban and rural communities.

LISC is an investor, capacity builder, convener, and innovator. LISC is uniquely positioned to connect hard-to-tap public and private resources to community needs. We raise funds from foundations, corporations, financial firms, federal, state and local governments, and through the capital markets. Through public and private dollars, we are able to invest in neighborhoods and people working to access opportunities every one of us deserves. In Ohio, LISC works across the state through offices in Toledo, Cleveland, and Cincinnati, and our LISC Rural network. We collaborate to support innovative, scalable solutions in our communities, including tools like homeowner repair programs and housing financing strategies.

Our impact in the region and across the state is substantial. Over the last two decades, LISC Greater Cincinnati has invested more than $193 million in the community, supporting more than $686 million in community development projects. We have supported the development of over 2,700 housing units and 1.75 million square feet of commercial, retail, and community space. LISC Toledo has invested $171 million in the community while leveraging another $285 million. We have supported the creation of over 2,100 affordable homes, and over 1.4 million square feet of commercial, retail and community space. Over the last two decades, LISC Cleveland has invested more than $160M supporting almost $653M in projects - resulting in over 2M square feet of commercial space and over 5,100 units of affordable housing.

LISC believes that a safe, affordable home is one of the basic foundations of life -- a key to individual health, well-being and financial security. We also believe that investments in quality housing have benefits that extend beyond the walls of a home and the experience of the people who live there to the community at large. It stimulates spending and employment in the local economy, revitalizes and brings revenue to the community, and builds wealth.

Thank you for the opportunity to provide this written testimony. If you have nay questions or would like additional information, please feel free to reach out to:

Kristen Baker
Executive Director
LISC Greater Cincinnati

(513) 723-2115
kbaker@lisc.org

Joint Committee on Property Tax Review and Reform
Matt Aultman
May 8, 2024

Chairman Blessing, Chairman Roemer, and other members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to provide testimony today. My name is Matt Aultman, and I am a farmer from Darke County, where my family and I raise corn, soybeans, wheat, hay, and produce. I have the pleasure of serving on the Ohio Farm Bureau's Board of Trustees, representing Darke, Miami, Clark, and Champaign counties. I am also a small business owner and serve as a county commissioner for Darke County. With farm incomes projected to drop 25% this year, the issue of property taxation remains as one of the biggest challenges our members face today.

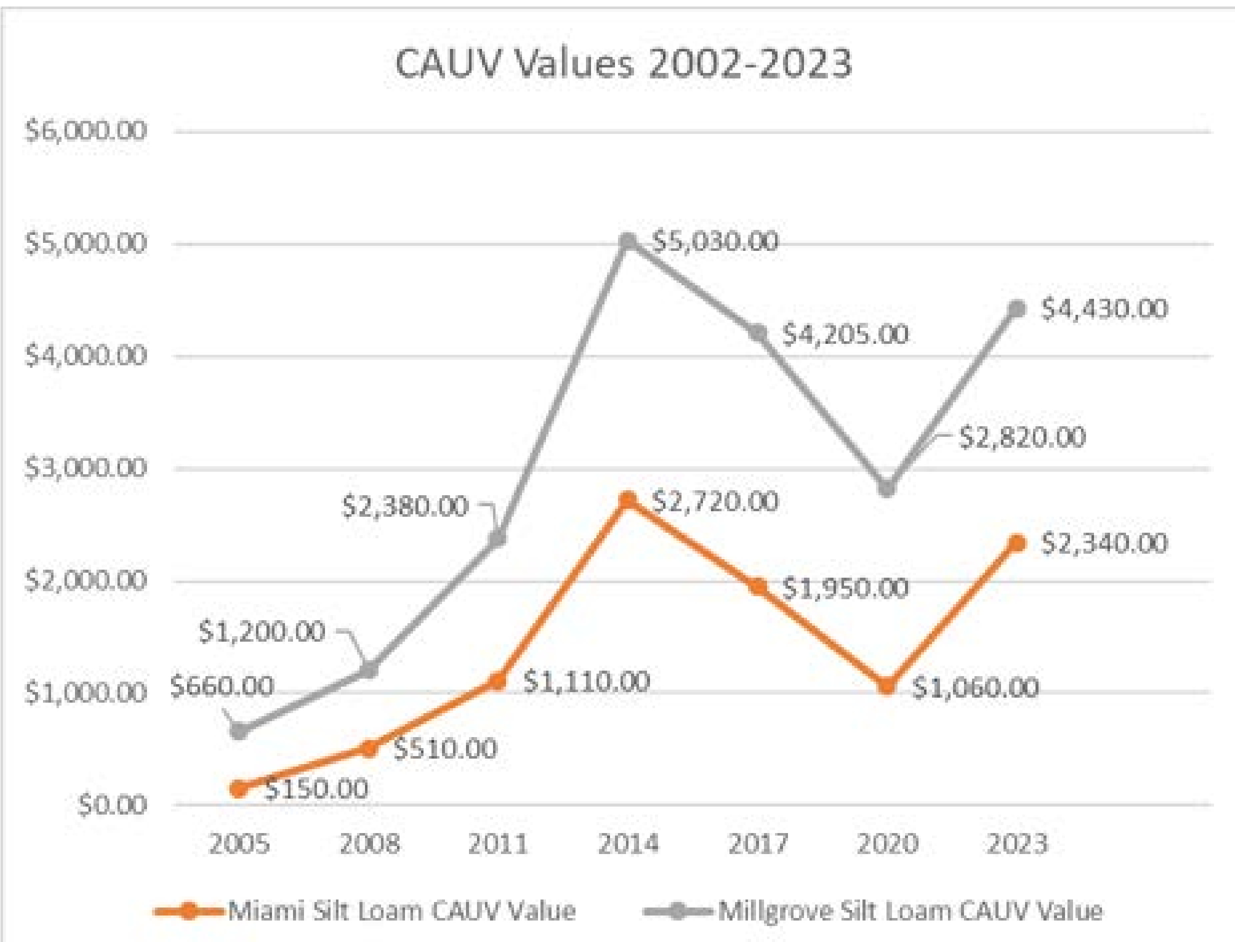
Farming is one of the only industries where the majority of our farmers have to be price takers, instead of price setters. We have to take the price the market is willing to give, and in an increasingly global and volatile market, having predictability in any part of the operation is paramount. The property tax bill always comes due, whether we face floods, droughts or any other unpredictable events, and the volatility in the current system is frankly leaving many farmers struggling to turn profits year in and year out. Finding a way to limit volatility in our property tax system must be accomplished so that we are not only not taxing residents out of their homes, but so that the backbone of Ohio's economy - agriculture- can continue to survive.

CAUV should not be only viewed as a tax saving tool for our members, it must also be seen as a farmland preservation tool. This program allows me to remain profitable and implement new practices on my operation that keep me competitive. Many critics of CAUV cite it as a "barrier to development". Whether that be energy, housing or other forms of development, I can tell you CAUV is not a barrier to these whatsoever. Ohio has lost nearly 300,000 acres of farmland in the last 5 years, and more than likely none of those will ever come back. Ohio agriculture creates food security, and food security is national security. Setting state policy that balances our state's growth with our agricultural heritage is the best option for Ohio's future.

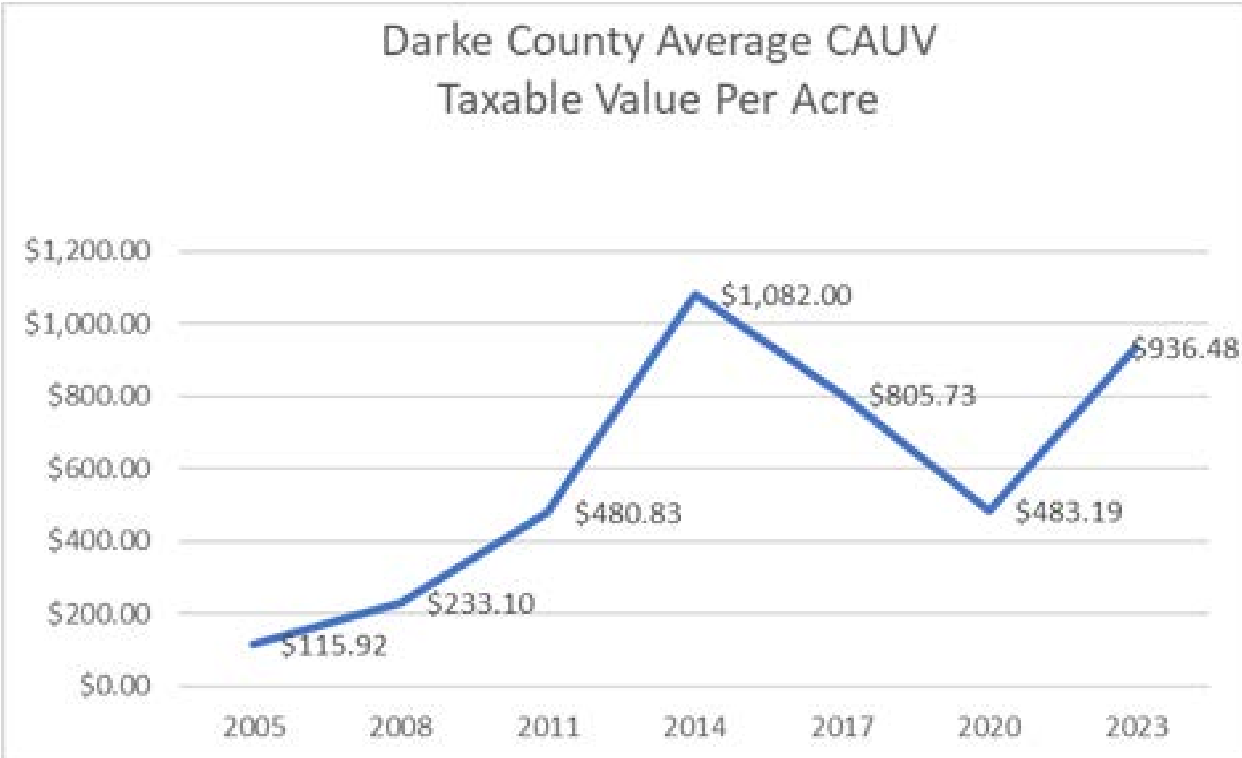
As a county commissioner, I understand the housing challenges facing this state. But, changes to housing policy will likely have little to no impact on the volatility and increases in taxes that CAUV taxpayers experience. Additionally, keep in mind that agricultural land uses less services than other types of property, does not send children to school, and therefore represents a net tax gain even with CAUV valuations.

This committee has heard testimony that characterized this reevaluation cycle as an "outlier," meaning the increases many saw were unusual and the system would possibly correct itself moving forward. This may be true in the case of residential property, but CAUV property is no stranger to these valuation spikes. 2023's reevaluation in Darke County saw a 94% increase in average CAUV values, and unfortunately, this is nothing new. In the graph I have attached with my testimony you can see that in the last seven revaluations, going back nearly 20 years, our average CAUV values increased more than 100% five times. This is an unsustainable trend that has made it very difficult for farms of all sizes to remain profitable.

Ensuring that agricultural property is valued for its agricultural potential and not development is critical to the continued success of Ohio agriculture. Reducing the volatility for all property owners will help our state continue to prosper. I know this is a complicated issue, but it cannot be ignored if we want Ohio to continue to flourish. The Ohio Farm Bureau and I appreciate the many hours this committee has spent studying this issue, and we remain committed to helping the General Assembly craft a plan that benefits all Ohioans. I thank you again for the opportunity to provide comments today, and would be happy to answer any questions at this time.



*These represent full CAUV values as calculated for the soils in the listed tax year.



*These data points represent average taxable CAUV value per acre in Darke County

AARP Ohio

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AARP Testimony
Joint Committee on Property Tax Review and Reform
May 22, 2024
Amy Milam, Associate State Director, Outreach & Advocacy
AARP Ohio

Good morning, Co-Chair Roemer, Co-Chair Blessing and distinguished members of the Joint Committee on Property Tax Review and Reform.

My name is Amy Milam, and I serve as an Associate State Director for AARP Ohio. AARP, with 1.5 million members in Ohio, is a nonpartisan, nonprofit, nationwide organization that helps empower people to choose how they live as they age, strengthens communities, and fights for the issues that matter most to families, such as healthcare, employment and income security, retirement planning, affordable utilities, livable communities, and protection from financial abuse.

We applaud the thoughtful attention and consideration being given by this Committee to Ohio's current system of property valuation and taxation. Property tax is the most burdensome tax for many individuals with low incomes and older people, many of whom live on fixed incomes. It affects people directly as homeowners and indirectly as renters, as landlords may pass on tax burdens in the form of higher rents. At the same time, property taxes provide revenue for the public services that Ohioans need to support their everyday lives.

AARP believes that property tax relief measures must be efficient, targeting relief to those most in need, and seek to balance tax revenue necessary for essential government services older Ohioans rely on. We have long supported property tax relief that is equitable, cost-effective, and targeted to homeowners who are most financially burdened by their property tax bill.

AARP has been working in states across the nation on proposals to provide additional property tax relief to residents that balance local governments' need for revenue with taxpayers' need for the financial flexibility to age in their own homes. **AARP recommends the following approaches to targeted and equitable property tax relief:**

- **Circuit breaker programs** direct relief to taxpayers facing the highest tax burden based on their incomes. Like the circuit breaker in an electrical panel, property tax circuit breakers are "tripped" when property taxes exceed a set threshold percentage of income. The circuit breaker offsets property taxes above that level. Circuit breakers are among the most cost-effective approaches to property tax relief because they target assistance to households with the least ability to pay, rather than providing more expensive across-the-board relief to all taxpayers without regard to their ability to pay. According to the Lincoln Institute of Land Policy, as of 2019, 31 states and the District of Columbia authorized property tax circuit breaker programs.[1]

- **Property tax deferrals** are used by governments to relieve the tax burden for taxpayers who have built equity in their homes but find paying their property tax bill from current income difficult. Property tax deferrals delay, but do not excuse, taxes, which accrue as an increasing lien until the property is sold or the estate settled. While deferred taxes are usually subject to interest charges, the interest rate charged is lower compared with a taxpayer's borrowing alternatives. Tax deferrals allow homeowners to use their home equity to satisfy their property tax obligations. Since the tax is repaid out of the proceeds when the property is sold or transferred, deferrals have no long-term cost to other taxpayers.

Creating livable communities throughout our neighborhoods, where residents of all ages can live, work, raise their families, and retire – is a priority for AARP Ohio. Essential to this vision is affordable housing. Targeted relief programs like the circuit breaker or property tax deferrals keep property taxes manageable and foster housing stability and affordability for both homeowners and renters. Housing stability is essential for long-term health and financial security.

I appreciate the opportunity to provide testimony on behalf of AARP. We are happy to work with any of member of this Committee on either of the approaches discussed. Thank you for your time, and I welcome any questions.

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[1] *State-by-State Property Tax at a Glance.* *https://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance. Significant Features of the Property Tax. Lincoln Institute of Land Policy and George Washington Institute of Public Policy. (Property Tax at a Glance; accessed: 05/08/2024 4:41:21 PM.*

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
NAIOP OF OHIO

Co-Chairs Roemer and Blessing, and members of the Joint Committee on Property Tax Review & Reform. Thank you for the opportunity to provide testimony on the important topic of property tax incentives and ways to improve their overall effectiveness in Ohio. I am Chris Knezevic and I serve on the Board of Directors for NAIOP of Ohio, the commercial real estate development association. NAIOP of Ohio is composed of over 500 members from over 300 companies with 4 regional chapters representing the commercial real estate industry statewide.

Economic development in Ohio has seen positive strides, fueled by a broad range of factors. The factors contributing to Ohio's success include (i) thriving sectors, such as advanced manufacturing, healthcare and logistics, (ii) an advantageous geographic location proximate to major population centers, (iii) a large and skilled workforce and (iv) a competitive business climate. One factor that should not be overlooked are the economic development programs available within the state, particularly local property tax incentive programs like Community Reinvestment Areas (CRAs), Enterprise Zones (EZs) and tax increment financing (TIF). These programs are fundamental to keeping Ohio competitive from a cost-of-doing business standpoint compared not only to neighboring states, but also states like Georgia, Texas, North Carolina and others that traditionally have been the powerhouses in economic development.

TIF, in particular, is an extremely valuable and vital tool that has been used by cities, villages, townships and counties to help facilitate development and the construction of critical public infrastructure. TIF continues to be widely utilized not only for commercial and industrial projects, but we are also seeing it utilized more frequently for residential housing projects, which are of critical importance to continued sustainable growth in Ohio.

Ohio is fortunate to have a TIF program that is flexible and can be used both relatively inexpensively and efficiently. Ohio's TIF is the envy of many other state economic development organizations, including those of neighboring states. Compared to Ohio TIFs, TIFs in many states are painstakingly time consuming and expensive to put into place. Certain neighboring states that compete directly with Ohio for economic development projects would be thrilled if Ohio amended its TIF laws to make TIF less effective and more cumbersome to use.

As with any tool, economic development or otherwise, there will be instances where the tool is not used appropriately. However, there are steps that can be taken to ensure TIF is properly and effectively utilized as much as possible. The first is statutory. Every jurisdiction that approves a TIF is required under the Ohio Revised Code to establish a tax incentive review council, or TIRC. Each TIRC is responsible for annually reviewing the increase in value of the property subject to the TIF exemption, the value of improvements subject to the TIF exemption and the number of new employees or retained employees on the property subject to the TIF. Each jurisdiction can utilize the findings of the TIRC to evaluate the performance and effectiveness of a TIF.

Second, guardrails can be put in place to ensure TIFs are utilized responsibly and effectively. TIFs do not have to be structured to run for a full thirty years or to be what some have called a "blank check" to developers. For example, TIFs can be structured to end the earlier of a certain milestone, such as the full repayment of a public infrastructure improvement, or a particular year. Further, both the legislation approving the TIF and any TIF agreement with a developer can explicitly detail or limit what the TIF funds can be used for.

Finally, economic development and government officials can seek training opportunities to learn how to effectively utilize TIF. There are industry organizations, such as the Ohio Economic Development Association (OEDA), and law firms that provide education on TIFs. In fact, NAIOP would be willing to host a seminar on how to effectively use TIFs. As with any tool, the more you know about it, the more effectively it can be utilized.

Although programs like CRAs, EZs and TIFs are very effective economic development tools, there is always room for refinements and improvements. In addition to the three changes below that is NAIOP proposing, the organization is always open to discussing other sensible improvements to make Ohio's important economic development tools even more effective. NAIOP of Ohio is offering the following recommendations for consideration by this committee and the General Assembly:

Proportional JVSD Compensation for Property Tax Exemptions

Clarify that a joint vocational school district (JVSD) shall receive compensation in proportion to how the JVSD is allocated property tax revenue funding relative to the traditional school district.

- Traditional school districts' millage can be roughly 15 to 20 times greater than the JVSD's millage, and the school district is giving up a far greater portion of revenue due to an exemption; therefore, it is not logical that the JVSD would receive the same compensation. The lack of clarity regarding how to interpret "at the same rate and under the same terms received" is leading to additional back and forth between the parties.

TIF Exemption Commencement

Clarify that TIF exemptions can begin on a parcel-by-parcel basis by the earlier of (i) the tax year in which the value of an improvement exceeds a specified amount or (ii) a certain year.

- Under current law, the triggers for when a TIF exemption may commence may not facilitate the desired goal of a TIF or maximize the value of the TIF. The proposed change will provide added flexibility to meet the needs of projects and maximize the value of the TIF for jurisdictions.

Non-School TIF Process Simplification

For non-school TIFs (i.e., those in which school districts receive TIF revenue equal to what they otherwise would receive in property tax revenue), simplify all of the TIF statutes to eliminate (i) the requirement that the school district board of education approve the TIF and (ii) the school district notice requirements.

- Under current law, even though school districts are made whole under non-school TIFs, county and township TIFs require the school district to approve non-school TIFs (even though that approval is not required for municipal TIFs). Additionally, the ORC requires notices to be provided to the school districts for non-school TIFs even though the school district is not impacted. These requirements create added steps in the administrative process and can increase costs through legal or service provider fees for the jurisdictions, developers/companies and traditional school districts.

Co-Chairs Roemer and Blessing, thank you again for the opportunity to participate in this important discussion and we are happy to answer your questions you or the committee has.

Testimony of Don Brunner
On behalf of the Ohio Apartment Association
To the Joint Committee on Property Tax Review and Reform

May 22, 2024

Good morning, Chairmen Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform. My name is Don Brunner, and I am the president and CEO of BRG Realty Group of Cincinnati. BRG Realty owns and operates thousands of units in the Greater Cincinnati region, with properties in Ohio, Kentucky and Indiana. On behalf of BRG, I have been proud to serve in leadership roles with both the Greater Cincinnati Northern Kentucky Apartment Association and the Ohio Apartment Association. I am also a recent past chair of the National Apartment Association, serving as Chair for 2022.

I'm here today to provide prospective on the property tax issues faced by the owners and operators of multi-family residential rental properties in Ohio on behalf of the Ohio Apartment Association (OAA). OAA is a statewide federation of nine local apartment associations. OAA members own and/or manage approximately 500,000 rental units located in urban, suburban and rural communities across the state of Ohio. Our members typically are the owners and/or operators of multi-family apartment communities, as opposed to single-family rentals or small-scale multi-unit properties. OAA member properties are a diverse mix of older communities and new properties that we developed and built. We are proud to provide housing to residents from all walks of life and from all income levels. OAA members are also mostly Ohioans – our segment of the housing market does not have many out-of-state owners. OAA members are significant property owners in our communities, and we are important providers of housing in communities across the state. As such, OAA members have been keenly following the discussions in the General Assembly of late on housing and property tax reform.

Over the course of the last couple of years it is a fact that rental rates have been on the rise in markets across the state. However, rental rates rise when the costs of owning and managing rental properties rise. Our only "customers" are our tenants, and our revenue stream is rent – this is not a business that provides many revenue diversification options.

With that rental revenue, we must pay certain fixed costs:

- the mortgage
- our insurance policies
- utilities
- a myriad of local licenses and inspections fees
- our labor forces
- property maintenance – including landscaping, pest control, pool maintenance, appliance repairs, plumbing and electrical repairs, etc.
- and of course, property taxes.

As significant property owners in our communities, property taxes are one of the largest costs of business that OAA members face. And like all other property owners in the state, we've seen our property taxes steadily, and more recently rapidly, increase. To the point that BRG is paying approximately 25% of one of our property's revenues in a Central Ohio suburb as property taxes. And the simple fact is that we pay those taxes at a higher rate than any other residential property owner in the state.

The Department of Taxation, by rule in OAC 5703-25-10, classifies property types by use for the purposes of real property taxation as either (1) residential and agricultural; or (2) everything else – industrial, commercial, utility, etc.

Importantly, not all properties that are used for residential dwellings are categorized the same – single family homes and 2-, 3-, and 4-unit dwellings are residential, while multi-family rental dwellings are classified as commercial. OAC 5703-25-10 defines "Commercial land and improvements" as:

> The land and improvements to land which are owned or occupied for general commercial and income producing purposes and where production of income is a factor to be considered in arriving at true value, including, but not limited to, apartment houses, hotels, motels, theaters, office buildings, warehouses, retail and wholesale stores, bank buildings, commercial garages, commercial parking lots, and shopping centers.

Presumably, multi-family rental properties are considered commercial property because they generate income (though it is important to note that Ohio used to classify them as residential property). However, single family properties and 2-, 3-, and 4-unit dwellings can be rental properties that generate income. Even owner-occupied single-family properties can generate income by renting long-term to roommates or offering short-term rental space. This rule is making a distinction solely based on the number of dwelling units and not truly on the character of the property.

OAA would of course argue that the character of the income producing activity at any rental property – providing residential dwelling units – is substantially different than an individual choosing to buy a movie ticket or buy their groceries or park their car.

Some might argue that larger multi-family buildings require a higher level of governmental services, warranting their higher tax rate. This is belied by the fact that condominium units in multi-unit buildings with the same service requirements are not taxed as commercial property.

Thus, the distinction that is made between residential dwelling properties is unfair for two reasons – (1) not all residential dwelling properties are taxed the same; and (2) not all residential rental properties are taxed the same. Only multi-family residential rental properties are taxed at the higher commercial rates. The state has chosen to give homeowners and *some* renters a break on real property taxes, while charging other renters more.

According to the U.S. Census Bureau's 2022 American Community Survey,[1] 67.3% of Ohio's occupied housing units are owner-occupied and 32.7% are rental units. But those figures are only averages, they hide the fact that in many of Ohio's communities – small, large, rural and urban alike – more than half of all households are rental units, as shown by the examples in the chart below.

Ohio Community	% of rental units
East Cleveland	68.1
Warrensville Heights	62.2
Cincinnati	60.9
Whitehall	60.4
Nelsonville	59.5
Cleveland	58.8
Norwood	57.4
Bedford Heights	57.2
Zanesville	55.7
Columbus	55.2
Lima	54.3
Portsmouth	52.7

By contrast, the number of rental units in some Ohio communities – like Indian Hill, Pepper Pike, Powell, Independence, New Albany and Kirtland – are less than 10% of the housing stock, preventing older residents from downsizing (both in square footage and responsibility) in place, keeping young people and families from moving in and preventing workers from living close to their job.

The point being:

- There are renters in all of Ohio's communities.
- Renters pay property taxes indirectly as part of their rent.
- Some renters are being charged property taxes at a higher rate.

OAA believes, and has long argued, that all property that is full-time residential in character should be taxed in the same manner. While tenants may not pay property taxes directly, their cost of living is impacted by the property taxes their landlords pay. As such, I will share with you the same recommendations that OAA made to the Senate Select Committee on Housing earlier this year, either:

- Require the Department of Taxation to return multi-family apartment properties to the category of "residential and agricultural land and improvements" ("Class 1 property") under Ohio Administrative Code (OAC) 5703-25-10; or

[1] https://www.census.gov/programs-surveys/acs; The 2022 five-year American Community Survey, taken from 2017 through 2021, was released in mid-December 2022. The city rankings do not include places of less than 5,000 people because of higher margins of error from the survey for smaller places.

- Require the Department of Taxation to create a new category for <u>all</u> residential rental properties, regardless of number of units, recognizing those properties' blend of both full time residential and commercial characteristics. Rates for the new category should be higher than owner-occupied residential, but lower than commercial.

There are significant costs in owning and maintaining multi-family residential rental property, real property taxes included. Treating these properties more fairly on property taxes has the potential to free up capital to support ongoing maintenance of existing properties, reinvest in existing properties with upgrades and new amenities, and to invest in new housing units.

Thank you for your time and attention today, I'd be happy to take any questions at this time.

PREMIER • PROFESSIONAL • PROACTIVE

Joint Committee on Property Tax Review and Reform
Ohio Fire Chiefs' Association Testimony
Wednesday, May 22, 2024

Good morning, Co-Chair Roemer, Co-Chair Blessing, and members of the Property Tax Review and Reform Committee. Thank you for the opportunity to testify on behalf of the 1,855 members of the Ohio Fire Chiefs' Association. My name is Steve Kelly and I am the Township Administrator and Public Safety Director for Miami Township in Clermont County. I serve as the Chair of the OFCA's Policy Committee and am a 28-yerar veteran of the fire service who recently transitioned into my current role as the Township Administrator. My new position has afforded me a whole new perspective on local government, especially as it pertains to the ability to provide a multitude of services while balancing the associated costs to our residents.

I would like to start by acknowledging that I currently work in a home rule township form of government, and have for the majority of my career in public service. While I cannot expressly speak to the issues that might present themselves to other municipalities, the general tenets will be the same.

The very first thing I remember about starting into my career in public service was an overwhelming desire to serve others. Although it is perhaps a cliched reason to serve, I believe you would find that same sentiment in the majority of folks you would ask about their reasoning behind selecting a public-facing job. I would venture to say most, if not all of you share that same feeling and belief. It is for that reason that we continuously try to find ways to innovate and deliver cost-efficient and effective services to the areas we serve, the residents who call our towns "home", and businesses that choose to open in our communities.

As you know townships rely heavily on the passage of property levies to fund their operations and services. Some cities do as well, but they also have the added benefit of realizing the ability to collect income taxes. These are the funds that are the life-blood for us to maintain and improve our local infrastructure, staff various positions that interact with the public daily to maintain their quality of life, and provide vital protective services through 9-1-1 telecommunicators, law enforcement, and fire and EMS employees.

Knowing that our residents are already burdened by increasing property values across the state, all local service agencies are working hard to find ways to maintain the existing levels of service that our residents and businesses have come to expect. Many communities are find it increasingly difficult to deal with the increases in costs to provide these services amidst rising inflation and the cost of goods and services that we all need to perform our jobs effectively. The cost for vehicles in our fleets continue to soar, if you can even get them. The cost for medications for our ambulances continue to soar, if you can even get them, and employees have the ability to select from multiple employers in the public and private sectors, which adds to the overall difficulty of recruiting, training, and retaining a limited workforce. When the economy is doing well, many people do not look to the public sector for employment since a job in the private sector can be much more lucrative, if even for a shorter term.

The problem many of us in public services are facing is the competition that currently exists for tax dollars. You have already heard from the Ohio Township Association who gave you a figure that "townships only levy approximately 6% of the total property taxes in Ohio." (OTA Testimony, May 2024). The fact is that we do not have the luxury of making more widgets to increase revenues, nor can we continually request our residents to pass new tax levies that will increase their property taxes and take more money out of their pockets. They are already being asked to do so much, all we are asking for is your consideration as you review and discuss any potential property tax reforms.

The members of the Ohio Fire Chiefs' Association did not send me here to plead poverty to you, or to paint a picture of doom and gloom. They sent me here with a message to not forget about them. As you are working to figure out how to improve the collection and use of property taxes, think of:

- The parks and recreation employees within your own communities that are showing up on a daily basis to make sure your parks are clean and ready for your kids to play the sports they love or hang out on the playground when school lets out for the summer.
- The service department employees that are installing drainage to move water

around our communities effectively to ward off storm related runoff and public health issues, and then also repaving the streets that you are driving on every day.

- The 9-1-1 telecommunicators who answer the phone day and night when anyone has a question, issue, or emergency that requires immediate attention.
- The police officers who patrol the community to keep your families safe and crime rates low to help maintain the property values and overall health of a community.
- The fire and EMS responders who train daily and show up for any emergency, no matter how large or small, to try to make a bad day a little better for those who are hurt, sick, or just scared sometimes.

We know you have a lot to consider regarding this matter and do not wish to burden you further with an outstretched hand or unreasonable expectations, but when we look at the current tax abatements that exist to attract and retain businesses to Ohio and our local communities, we cannot help but feel the sting when we realize that they may not have to pay anything for the same level of services that our residents rely on despite the fact that these businesses can make more widgets or provide more services that can improve their profit margins.

Despite the ability to grant tax abatements, no one can abate the impact to the local service providers because those services cannot stop. We are often being asked to do more with less these days, to stretch our tax dollars further, and stave off asking for replacement or renewal tax levies. All of this is happening while facing increasing costs to provide these vital services to our communities. I appreciate your willingness to hear my testimony today and to consider reasonable measures that will assist those of us who provide public services, while protecting the residents that we serve.

Thank you once again Co-Chair Roemer, Co-Chair Blessing and members of the Property Tax Review and Reform Committee for the opportunity to stand before you today to represent the Ohio Fire Chiefs' Association and Public Service professionals across the State of Ohio. I will be glad to answer any questions at this time.

Joint Committee on Property Tax Review and Reform
May 22, 2024

Good morning, Co-Chair Roemer, Co-Chair Blessing, and members of the Joint Property Tax Review and Reform Committee. Thank you for the opportunity to present testimony on behalf of Ohio's public libraries.

My name is Michelle Francis, and I am the Executive Director of the Ohio Library Council. The Ohio Library Council is the statewide association representing Ohio's 251 public library systems (rural, urban, and suburban) and the 7.7 million library cardholders they serve.

Local funding generated through property tax levies is extremely important because it remains a primary source of revenue for Ohio's public libraries. Statewide, 49% of the total funding for libraries comes from property tax levies. The other 51% is provided by the state and is generated through the Public Library Fund (PLF).

As a reminder, our libraries are independent, separate political subdivisions, similar to our local government partners, but we do not have the taxing authority to implement a local sales tax or income tax. Also, unlike counties, cities and school districts, public libraries do not receive casino revenue. Therefore, our reliance on property taxes and the PLF is critical to maintaining Ohio's public library systems.

It is also worth noting that public library property tax levies come from "voted" millage. Libraries do not receive "unvoted" or inside millage that is not subject to property tax reduction factors. Therefore, our members do not see or experience that inflationary growth from reappraisal that has been discussed in this committee. For the most part, library levy options include renewing an existing levy, replacing an existing levy, or seeking a new or "additional" levy.

In addition, 80% of Ohio's public library systems (203 of 251) have a local property tax levy while only 48 rely solely on their state funding as their main source of revenue for day-to-day operations. The frequency with which Ohio libraries have placed property tax levies on the ballot has drastically increased over the past 20 years.

2004 – Public Libraries	2024 – Public Libraries
• 74 with Levies	• 203 with Levies
• 177 without Levies	• 48 without Levies

To no surprise, the greatest spike came in 2010 following the Great Recession and cuts in state funding where we saw 71 public library levy issues on the ballot in a single year. Just before the recession hit in 2008, Ohio's public libraries received $450.6 million in state funding. That would be $645.7 million today if adjusted for inflation. While we appreciate our partnership with the state, the current PLF distribution is nowhere near that amount which forces our members to turn to local voters.

You have already heard from experts, such as Dr. Howard Fleeter, talk about House Bill 920 and Ohio's property tax reduction factors which passed in 1976 and were later codified in Ohio's constitution in 1980. HB 920 is the most restrictive property tax limitation in the country because it does not allow for any inflationary growth on voted millage. Due to this property tax reduction factor, Ohio's libraries are forced to place additional property tax levies on the ballot to keep up with inflation and the demand for library services.

Historically, library levy passage rates have been very high. Since 1980, library levies placed on the ballot have seen a favorable passage rate of nearly 81%. Of those levies placed on the ballot since 1980, renewal levies passed more than 97% of the time, replacement levies passed more than 88% of the time, while new levies pass roughly 2/3rd of the time. In addition, more than half of the unsuccessful library levy proposals (118 of 222) came within 5% of passing.

Based on state and national data, we know that Ohio's public libraries are extremely popular and in high demand with the highest usage per capita in the nation. Libraries are open to all and a resource that Ohio's citizens increasingly turn to for vital services. Our success is dependent on the strong partnership between the State and local library systems. Further limitations in funding, both at the state and local level, would be devastating to many of our communities where the public library is seen as and serves as the community hub.

In conclusion, our reliance on local property tax levies is critical for two reasons: (1) the reduction in state funding over the years with no adjustment for inflation, and (2) no inflationary growth on local property tax levies. While the committee studies possible changes to our property tax system, we encourage you to consider the impact these changes will have on local governments and more importantly, libraries. Thank you for the opportunity to testify today and I will be more than happy to answer any questions.

In my opinion, Ohio seems to be doing everything it can to make this state tax unfriendly, especially to its seniors.

In one thoughtless action, it dramatically raised property taxes for all property owners statewide. In one action, they inflicted pain throughout the entire state.

We are seniors in our 80's and the tax increase impact is $1200 annually.

I lived in the high tax states of Pennsylvania, New Jersey and New York prior to moving here. I wonder if Ohio wants to be known as the New Jersey of the Midwest.

I understand that the state has the right to reappraise property values. Maybe they should ask themselves this question. Legally I can but what is the right thing to do? It proceeded with no regard to the impact. It's all about the money.

They failed to understand that this high tax increase is additive to cost of living increases everywhere. Electric energy costs in Ohio are soaring this year. Much can be said about that too. Many families are struggling to meet expenses. Ohio doesn't seem to care.

The Ohio Tax Commissioner failed to listen to county auditors who are closer to property values in their regions. Auditors offered an alternative solution. A three year average instead of one year would have been more reasonable. But the state had its mind made up. It wanted all of the money and not some of it.

I call upon all elected officials to get involved in this issue now. What has been done can be undone if there is the will to do it. The House, Senate and its committees should agree on the appropriate bill to get this decision reversed. Let's make it an across the board reversal and not just low income earners.

And please, let's do something quickly.

This is an opportunity for bi partisan agreement to help those whom you represent. Let the local auditors do the job they were elected to do.

On a related matter, how about finding ways to make cost of living easier for residents 65 and above? If the long term plan is to eliminate the state income tax by 2030, please do it for seniors now. Be creative.

Show us that you care Ohio.
Show us that you listen to voices of reason.

Robert E. Baillie

Co-Chairman Blessing, Co-Chairman Roemer, and members of the Joint Legislative Committee on Property Tax Review and Reform. Thank you for the opportunity to offer testimony here today on behalf of the Clark-Shawnee Local Board of Education.

Tax increment Financing (TIF) started innocently enough in California in 1952 to attract companies to build facilities in blighted cities that would provide jobs for the residents. However, overtime, especially after the housing crisis in 2008, residential developers also began asking for TIF's to increase their profit margin. Though they're marketed as helping the local community, TIF's and CRA's (Community Redevelopment Area) hurt the local economy. There have been several major studies that show this.

An Iowa study of TIF's concluded that "On net… there is no evidence of economy wide benefits, fiscal benefits, or population gains." A study from Illinois "found that economic growth in cities that did not use TIF was stronger than in cities that did because TIF subsidies caused an inefficient allocation of resources."

The institutions that suffer the most from TIF's are our public schools. A study done by Good Jobs First, a national research firm headquartered in Washington DC stated that "local funding, 65% of which comes from property taxes, provided the greatest share of school funding." In Ohio, when residential developers come into a city, they ask for TIF under ORC 5709.40 which allows municipalities, without school board approval, to take away 75% of school property tax levy money for ten years from the schools. The purchasers of the homes still pay property taxes, but the school districts only get 25% of the money to educate the students for 10 years. The other 75% goes to the residential developer.

When residential developers come into a state, they usually start with bigger cities first, asking for TIF's. Once a city grants one TIF, the effect snowballs – all developers will ask for TIF's. In Cincinnati in 2018 – 2019 there were 20 residential TIF districts in the city and 8 TIF districts outside of the city but within school district limits. When I spoke to the president of the Teacher's Union there in 2019, she said the schools were losing out on $814 million a year, and other local services like the Cincinnati Zoo, Children's Services, and health care for the poor lost an additional $10 million a year. She said 38.5% of properties in Cincinnati were abated.

In Ohio, other cities are also affected. In Cleveland, according to Good Jobs First, schools lost $9.2 million on 8 subsidized projects, while in Toledo abatements cost schools $13.7 million a year. Youngstown, Massillon, Lorain, and most recently Vandalia Butler schools have also lost money due to TIF's. I'm sure that Policy Matters Ohio personnel can also provide you with information on the losses to Ohio schools.

After they targeted larger cities in Ohio, residential developers started going after smaller cities, like Springfield, where I live. Before 2018, our local residential builders had been community members who lived and worked in our county. In 2018 an outside developer, DDC Management, came in and asked the City of Springfield to give them a TIF against our district. Despite our asking them not to, the city gave DDC a 10-year, 75% TIF of our levy money for the 210 homes in the development. In the first year of the development, we had to buy a new bus to transport the students. Since then, more developers have come in and asked for TIF's and CRA's which the city has given them. Melody Parks will have 1200 units (residential), Sycamore Ridge 258 homes, and a third development, Maple Grove, 110 homes. We will have students from 1578 additional homes in our school district, with 25% of our property levy money to educate them. We also opened a new school under OSFC funding and went from three elementary schools to one. How are we supposed to be able to continue our tradition of excellence to educate them? I am telling you this so you will realize how much abatements of levy money affect schools across Ohio.

When a school district decides to go on the ballot, the State of Ohio has very specific wording that we must follow. Nowhere does it say that the money our residents voted on for schools will instead be taken from them and be given to developers to pay for infrastructure. The issue should be taken to the Ohio Supreme Court.

As of 2022, there were eight states that passed state laws exempting school property tax money from TIF's and CRA's: Alaska, Florida, Kentucky, Louisiana, Maryland, Massachusetts, North Dakota, and South Dakota, according to the National Education Association, but only two states – Florida and Texas – "shield school revenue from abatements and TIF's."

Please let's add Ohio to the list and make our students and residents our priority, instead of an outside company that should have the business acumen to manage their own finances.

Respectfully Submitted,

Dr. Susan Page, on behalf of the Clark-Shawnee Local School Board of Education

Mr. Ben Galbreath, Board President

Mrs. Michelle Garrett, Board Vice-President

Mrs. Judith Pierce, Board Member

Mr. David DeHart, Board Member

Co-Chairman Blessing, Co-Chairman Roemer, and members of the Joint Legislative Committee on Property Tax Review and Reform. Thank you for the opportunity to offer testimony here today on behalf of the Clark-Shawnee Local School District.

My name is Brian Kuhn and I am the Superintendent of the Clark-Shawnee Local School District in Clark County. I am here to express my strong opposition to the use of Tax Increment Financing, or TIF, due to its detrimental effects on Ohio public schools and urge this committee to make recommendations that protect Ohio's public schools.

Tax Increment Financing is a tool that cities and municipalities use to stimulate economic development by diverting future property tax revenue increases from a defined area toward an economic development project or public improvement. While TIF is intended to promote growth and development, it often has significant negative consequences for public education, particularly in Ohio.

Firstly, TIF districts divert crucial property tax revenue away from public schools. Schools rely heavily on local property taxes for their funding. When a TIF district is established, the increment of increased property tax revenue is not available to the school districts, which can severely limit their financial resources. According to the Ohio Education Association, the loss of revenue due to TIF districts can be substantial, leading to budget shortfalls that force schools to cut programs, lay off teachers, and increase class sizes.

Secondly, the impact of TIF on school funding exacerbates existing inequalities in our education system. Wealthier districts are better equipped to absorb the financial impact of TIF because they have other sources of revenue and more robust tax bases. However, poorer districts, which are often already underfunded, suffer disproportionately. This can lead to a widening of the educational achievement gap, where students in less affluent areas receive a lower quality education compared to their peers in wealthier districts.

Furthermore, the lack of transparency and public oversight in the TIF approval process is concerning. Decisions to create TIF districts are frequently made without adequate input from the communities that will be affected, particularly the schools. This lack of accountability can lead to the approval of projects that do not serve the public interest and instead benefit private developers. When the voters of Springfield Township generously approved a tax levy for school operations, I would argue that very few had any idea that tax dollars they voted to fund school operations could be diverted to reimburse a developer.

My school district is home to around 1,650 students. We completed a building project through the OFCC and this is the third year in our new PreK-6 school and renovated 7-12 building. When we were in the design and planning phase, we followed the rules. The rules stated that the schools would be sized based on the historical population trends. At that time, our district had not seen residential development in 30 years and we were not aware of any new developments coming to our district. It was not until after construction started that the initial discussion of new residential development landed on our plates.

Now we have one new residential development of over 260 homes and, because of TIF, we are only receiving 25% of the taxes we would otherwise be due but are required to educate 100% of the students coming from the development. Three more developments are in the works. Two are seeking TIF funding and one has elected to use the CRA (Community Reinvestment Area) provisions that allow for 100% of the taxes to be diverted for 15 years. Between all four developments, there are in excess of 1700 new homes coming to our district. We do not have space for these students or the resources to build a new facility because we will not even be receiving adequate funding from our local tax revenues to educate these students due to TIF and CRA provisions.

Our District and Board of Education supports development, but not when the development is at the expense of the community it is designed to serve.

I urge you to reconsider the use of TIF and seek alternative methods of funding development that do not compromise the education of our students. We need to prioritize our public schools and ensure that they have the resources necessary to provide a high-quality education for all children in Ohio.

Thank you.

Respectfully submitted,
Brian Kuhn

Superintendent
Clark-Shawnee Local Schools
Clark County, Ohio

TESTIMONY

Charles E. Walder, Geauga County Auditor

Hello Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform. I hope that you are all well. My name is Chuck Walder, and I am the Auditor of Geauga County in Northeast Ohio. Thank you for this opportunity to testify before you.

Today, I offer a county-level perspective, and respectfully recommend relief from those school district taxes that property owners never voted to approve. This testimony does not address Ohio's public-school funding's constitutionality or all issues surrounding the current housing market phenomena. At issue here is many Ohioans' record-high property tax bills after statutorily mandated county-wide property reappraisals.

I propose a solution to lighten the load for Ohio's taxpayers by modifying HB 920 to add emergency and substitute levies in the 20-mil floor calculations, to count all inside millage even when shifted into Permanent Improvement Funds, and to account for income tax revenue through an equivalent millage calculation. None of this would require drastically altering Ohio's property tax system. These four straight-forward changes would also preserve HB 920's original goals while increasing transparency to voters facing levies at the ballot box.

Properties in Ohio are taxed through (1) inside the 10-mill limitation ("inside millage"), which is not voted by the people; and (2) outside the 10-mill limitation ("outside millage"), which is voted by the people. Mathematically, when property values increase, so proportionately does inside millage. This 10-mill inside millage collection is shared among political subdivisions (schools, counties, townships, & municipalities). In Geauga County, that distribution is 45% (4.5 mills) to schools, 30% (3.0 mills) to townships and municipalities, and 25% (2.5 mills) to the County. Therefore, a 30% increase in property valuations results in a 30% increase in inside millage. This happens without a taxpayer vote. Historically, it was justified as an inflationary adjustment to government's funding. However, in the past, revaluations were generally much more modest than we've seen recently.

In 1976, Ohio's legislature enacted House Bill 920, which was meant to insulate property taxes from runaway property revaluations. HB 920's intention was to keep inflation from increasing voted (outside millage) taxes. The reform statute prevented increases in voted levies by modifying the reduction factor of certain levy millage to determine collection. In general, HB 920 did its job for decades when annual property revaluations were modest and throttled property values' effect on voted tax levies, except in the case of certain school districts. To provide schools with minimum funding, HB 920 provided a 20-mill floor adjustment. This annual calculation guaranteed school districts at least 20 effective mills by adjusting the annual reduction factors on specific levies to keep districts at the 20-mill floor should they drop below it due to revaluation.

Yet, HB 920 excluded significant school funding sources from its 20-mill floor calculation, including bonds, substitute levies, permanent improvement levies, classroom facilities levies, emergency levies, incremental levies, inside millage shifted to permanent improvement funds, and income taxes. Over time, some school districts became familiar with the nuances of the 20-mill floor calculation and designed their funding and budgets to maximize HB 920's loopholes. For example, rather than ask taxpayers to vote on an operating levy to raise a district's funding above the guaranteed 20-mill floor, a district might instead put an emergency levy on the ballot seeking that same funding amount without impacting the district's floor calculation. Then, when property values increase, the district benefits from reduction factor adjustments assuring it a 20-effective-mill floor. This essentially gives the district additional adjustment revenue because the emergency levy millage was excluded from their floor calculation, all without transparency to the taxpayer and voter.

Of Ohio's 611 school districts, approximately 65% (398 districts) are at the 20-mill floor. Of those at the floor, 78% (310 districts) have emergency levies, substitute levies, or income tax revenue which are not used in their floor calculation. Consequently, this means that more than one half of all Ohio School Districts benefit from funding sources that have no negative effect on their consideration as minimally funded per HB 920's 20-mill floor requirement. This fact is virtually unknown to taxpayers when considering whether to vote for or against a specific levy in their school district.

Geauga County ranks second in Ohio in per capita income. Niche ranked Geauga County's public schools collectively as Ohio's 5th-best. The 2023 Geauga County sexennial reappraisal resulted in an approximately 30% average increase in property values. There are five (5) wholly contained school districts in Geauga County, two (2) are at the 20-mill floor. As a result of an appeal for taxpayer fairness from the Geauga Budget Commission, one (1) school district (20%) mitigated their inside millage windfall for their taxpayers. There are 22 other wholly contained political subdivisions in Geauga County that benefitted from this inside millage windfall (County, City, Townships, and Villages). Of those entities 18 (82%) mitigated their windfall because of that same appeal for fairness from the Budget Commission.

The two (2) Geauga school districts at the 20-mill floor additionally experienced a floor adjustment windfall due to the reappraisal. This resulted in a direct unvoted tax increase to property owners in those school districts. These two districts (West Geauga LSD and Berkshire LSD) experienced state adjustments on certain outside millage levies because the reappraisal caused them to drop below the 20-mill floor when their mill value rose. These state adjustments caused over $6 million of unvoted tax burden to residents in just two school districts. The 20-mill floor adjustment windfall for just these two school districts far exceeded all five (5) Geauga school districts' inside millage windfall. The adjustment significantly impacted property owners in these school districts, without their vote or consent.

In total, Geauga County property owners were facing nearly $16.3 million of unvoted tax increases because of Geauga's 2023 revaluation and HB 920. Over $10.7 million or 66% of that unvoted tax increase was attributed to schools and nearly $6.1 million or 37% was attributed to 20-mill floor adjustment. If not for the proactive efforts of the Geauga Budget Commission and the leadership of our local governments' mitigation, our taxpayers would have faced far greater pain, yet still there remains considerable push-back towards our local school districts.

TESTIMONY

Charles E. Walder, Geauga County Auditor

One Geauga County school district that benefitted from both inside and outside millage windfalls attempted to renew a permanent improvement levy this Spring. If passed, the levy would not have impacted that district's 20-mill floor calculation because HB 920 excludes permanent improvement levies from the calculation. Overwhelmingly, taxpayers rejected the renewal levy, sending an unexpected and unprecedented message to school officials. That same school district currently benefits from a school district income tax.

In another example, a different school district that benefitted from both inside and outside millage windfalls faced the Geauga County Budget Commission during its 2025 annual budget hearing. The Budget Commission voted to suppress $2.3 million in revenue from the schools' emergency levy because the district (i) reported over $27 million in unencumbered cash reserves—which were two times the state's average for carryover—and (ii) could not articulate what emergency existed warranting the levy's collection. Consequentially, the Budget Commission reduced the district's levy collection revenue for 2025 to near break-even with the school district's anticipated expenses.

As a Geauga County Budget Commission member, I am very proud to share with you that Geauga County political subdivisions mitigated over $5.2 million of the $10.2 million inside millage windfall back to Geauga County taxpayers for 2024 with only one (1) of our five (5) school districts participating.

This is an unprecedented time for all Ohioans. Some have argued for artificially modifying how- or how often county auditors appraise property. These solutions fail to address the elephant in the room and will not solve Ohio's school funding issues.

HB 920 needs some level of reform. Fortunately, updating HB 920's 20-mill floor provisions is a straightforward solution that lightens the load for the majority of Ohio taxpayers, while also increasing transparency. I respectfully propose that you consider amending the statute to include emergency levies, substitute levies, and inside millage even when shifted to permanent improvement funds into the 20-mil floor calculation, and to account for income tax revenue through an equivalent millage calculation.

Co-Chairs Blessing and Roemer and members of the committee, thank you very much for giving me the opportunity to provide a county-level perspective to this important issue. Thank you, as well, to Senator Sandra O'Brien—herself a former county auditor and schoolteacher—who asked that I speak to you today about Geauga County's unique experience. I greatly appreciate all of you and your dedication to helping Ohio's overburdened taxpayers, and am happy to address your questions.

Lobbyists for Citizens

May 18, 2024

Representative Bill Roemer, Co-chair
Senator Louis Blessing, Co-chair
Joint Committee on Property Tax Review and Reform
Ohio Statehouse
1 Capitol Square
Columbus, Ohio 43215-4275

Re: Taxing Seniors Out of Their Homes

Representative Roemer, and Senator Blessing:

Thank you for the opportunity to speak to both of you and your committee members.

Our group, Lobbyists for Citizens, has been following the issue of property taxes since 2015. At that time, we made the statement that if we continue on the path of ever-increasing property taxes, we will price seniors and those living on fixed incomes out of their homes that they have worked all their lives to achieve.

We have been very interested in the Housing Affordability Threshold calculation and have spent many years trying to educate citizens on the calculation [Mortgage + Utilities + Property Taxes cannot be 30% of annual income] to help them make the decision if they can afford to vote for yet another property tax levy. Our research at that time indicated that approximately 1/3 of Ohio seniors have exceeded their HAT %. As bad as that statistic is, we believe it will rise to over 50% because of the current property revaluations.

As you are no doubt aware, the current mandatory sexennial revaluation will result in massive increases in residential property values. In our county, Lake, it is estimated that there will be an average of 30% increase in residential property values. This will result in a double digit increase in property taxes without a vote of the people.

The actual tax increase for the individual taxpayer will vary based on the increased valuation of their home and the school district in which they live. For example, there are three of nine Lake County School Districts that are currently at the 20-mill floor and two that will be there with the 30% increase. The Willoughby-Eastlake school district will realize a windfall of over $8 million in revenues with a cost to the taxpayer of $210 per $100,000 of home market value. The Riverside School District will realize $3.6 million in windfall property tax revenue with a cost to the taxpayer of $93 per $100,000 of market value without a vote of the taxpayers.

We have identified several problems with the property taxes:

1. The increase in valuation is inflationary, and citizens are paying increased taxes on unrealized gains.
2. The school districts are reaping unprecedented increases in property taxes without a vote of the taxpayers due to the limit on HB 920 reduction of the effective rate on outside millage because of the 20-mill floor.
3. We contend that the 20-mill floor is unconstitutional:
    a. Article XII, section 2 of the Ohio Constitution limits the inside millage to 10 mills.
    b. ORC Section 5705.02 codified the 10 mills limits but circumvents to Ohio constitution with the statement “except for taxes specifically authorized to be levied in excess thereof”.

4. The State legislators, by creating the 20-mill floor have de facto, in reality. increased the 10 mills of inside millage, thereby violating the Ohio Constitution.
5. In Lake County, we have also lost our checks and balances in our Budget Commission due to our Prosecutor's ruling that once the voters have approved a levy the amounts collected can never be changed. This has resulted in massive accumulation of "rainy day" funds by the Lake County taxing authorities to the detriment of the taxpayers. There needs to be greater clarity for County Budget Commissions to determine how they are to be the financial watchdogs for the Ohio taxpayers.

Property ownership is the foundation of our liberty. It is a way for families to transfer wealth between generations.

ANY TAX THAT CAUSES A CITIZEN TO BECOME HOMELESS IS IMMORAL.

Very Respectfully,

S/Brian Massie

Brian Massie
Executive Director
Lobbyists for Citizen
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Senator Blessing, Representative Roemer, and committee members.

Thank you for studying changes to Ohio's property tax system.

I am not able to attend and testify in person so I am submitting my written comments.

The huge increase in residential property values in recent years have clearly identified that there are significant equity issues with our property tax system as implemented in Ohio.

Essentially it is a wealth tax on unrealized capital gains. There have been discussions of policy changes in Congress to implement a wealth tax on the highest income individuals but a major objection is that it requires valuation of assets and then taxes asset gains that are not realized.

Ohio's property tax system does exactly that. Property owners are taxed on the increase in value of their property even though they have not realized that gain. And in Ohio this does not apply to just the wealthiest individuals but to every single property owner in Ohio regardless of their wealth or ability to pay.

This is especially a hardship on senior citizens living on a fixed income and anyone who has a lower income, becomes physically impaired, or becomes unemployed. The property taxes imposed are totally unrelated to the owners ability to pay.

As you know, in Ohio property taxes are imposed upon the appraised value of a property. That is an inexact and often unfair process. That is exactly one of the objections to a federal wealth tax - determining the value of the assets.

There are many problems with the property tax system in Ohio:

- In many cases, perhaps most, this appraised value is actually less than the actual value of the property when the asset is sold
- The appraised value increases can be quite large and are dependent upon other properties in the area.
- Property owners may own their property over several decades. During that time, their income and ability to pay the property taxes can change significantly. At the time of initial purchase of a property, their income may be perfectly adequate to pay the imposed taxes. Over the decades of ownership many changes to their income may affect their ability to pay increased taxes levied against the unrealized gain in value of their property. These changes can include but are not limited to retirement, family status, health, changes in employment. If their income does not increase commensurate with the property tax increases, they may be forced from their homes.
- For most Ohioans and Americans, a home is their largest investment. The gain from the eventual sale of their home is needed to fund their continued existence and eventual retirement. This continual wealth tax robs them of the full gain of their investement.
- The disconnect between property values and taxes are a major contributor to the unconsitutional "phantom revenue" issues in school funding as noted in the DeRolph decision.
- There are a hodgepodge of rules governing the application of property taxes which make it confusing for taxpayers and taxing entities including but not limited to the following:
    - Inside and outside millage
    - HB920 restrictions on growth
    - Many different types of property tax levies: new, permanent, renewal, replacement, etc

Schools and local governments are very dependent upon property taxes to fund their operation so any changes to this system which reduces local revenue must be replaced with another system.

I would like you to consider the folliowing changes to Ohio property tax law:

- Property values for existing residential property owners be frozen at their current levels as a new system is implemented
- Property values change only when a property is sold and thus an increase in the value of the asset is actually realized. The taxable value of a property would become the actual sale price for a new owner.
- Property values could also change if there are significant additions or improvements to the property which increase its value or catastrophic loss which may decrease its value. Typically significant improvements require a building permit and disclosure of the cost of the improvements. Of course the cost of improvements do not necessarily result in the same direct increase in value so some appraisal method would be required for this scenario
- Property taxes would increase only when new property tax levies are approved by voters. Approval by voters should become easier with a simpler, more transparent system of property taxation.
- Utilize the income tax as a more equitable tax at both the state and local level. This more fairly aligns the ability to pay tax increases with the tax increases.
- Since it may take many years for property ownership to change and during which some enacted taxes may expire, an equitable plan will be needed to allow schools and local governments to continue to realize the revenue increases required to operate their entities. At least part of this, and potentially most of it, should come from the state.

This proposal addresses residential property taxes only and not commercial taxes. Commercial entities have much more flexibility and ability to absorb tax increases.

Thank you for your consideration.

Sincerely,

John Gray

WRITTEN TESTIMONY

ON STEPS THE STATE CAN TAKE TO PRESERVE HOMEOWNERSHIP

FOR LOW-INCOME FAMILIES IN THE FACE OF HISTORIC PROPERTY TAX INCREASES

JOINT COMMITTEE ON PROPERTY TAX REVIEW & REFORM

MAY 8, 2024

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Co-Chair Blessing, Co-Chair Roemer, Representatives Troy, Richardson, Young, and Sweeney; Senators Lang, O'Brien, DeMora, and Craig, thank you for the opportunity to testify today on preserving homeownership for low-income Ohioans in the face of historic property valuation and tax increases. My name is Stacy Purcell, and I am a homeowner and consumer attorney at the Legal Aid Society of Southwest Ohio, LLC. The Legal Aid Society of Southwest Ohio recognizes that affordable homeownership is key to securing safe, dignified housing for low-income families and to establishing stable neighborhoods. We provide a wide range of legal services including property-tax foreclosure defense for low-income residents in Brown, Butler, Clermont, Clinton, Hamilton, Highland, and Warren counties.

An important component of home affordability is the real estate tax burden on a home. In 2023, four of the seven counties in Legal Aid Society of Southwest Ohio's service area—Butler, Clermont, Clinton, and Hamilton—experienced historic property valuation and property-tax increases, creating a crisis for low-income homeowners. In Butler County, property values rose on average 37% and property taxes increased on average 13%.[1] Clermont County property values increased 30% and taxes increased 17% on average.[2] Property values in Hamilton County increased 28% and property taxes increased 12% on average.[3] Clinton County also saw dramatic increases in property values and taxes.[4] But the countywide averages do not tell the full story. The property valuation and tax increases were not distributed equally within counties. We are seeing the highest property value and tax increases in our low-income and minority neighborhoods. Some neighborhoods have experienced increases three or four times the countywide average.[5]

Legal Aid Society of Southwest Ohio's remaining three counties—Brown, Highland, and Warren—will do their six-year property reappraisal this year. It is likely that they will also experience historic valuation and tax increases.

Low-income homeowners cannot withstand these dramatic tax increases. Without intervention from the state legislature, many homeowners will fall behind on their property tax bills and eventually lose their homes through foreclosure, upending their lives and destabilizing their neighborhoods. We urge this committee and the state legislature to expand the Homestead exemption for Ohio's vulnerable senior and disabled homeowners. For decades, the Homestead exemption has provided critical tax relief for eligible homeowners, but that relief does not go nearly as far after last year's historic property valuation increases. At Legal Aid, our clients who receive the Homestead exemption have seen some of the highest net increases in their tax bills.

The property valuation increases have diluted the effectiveness of the Homestead exemption. For example, my client Mrs. H. is a retired senior living on extremely limited Social Security income, less than $800 a month. Her house has been in her family since the 1970s. The mortgage is paid off. In 2020, Mrs. H's home was valued at $61,000. Because Mrs. H receives the

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[1] https://www.cincinnati.com/story/news/politics/2024/01/30/why-property-taxes-and-values-are-up-everywhere/72369725007/.
[2] *Id.*
[3] *Id.*
[4] https://www.wnewsj.com/2023/11/08/commissioners-vote-to-lower-millage-rate-for-property-taxes/.
[5] *See, e.g.*, https://www.hamiltoncountyauditor.org/pdf/news/2024/2023_Tax_Aggregate_Report.pdf.

Homestead exemption, her tax bill was calculated as if her home was worth $36,000, almost a 41% decrease. After the 2023 reappraisal, Mrs. H's home is now valued at $207,000. The current Homestead exemption reduces Mrs. H's value for tax purposes to $180,900, which is only a 12.6% decrease. The Homestead exemption that was once a vital support for homeowners like Mrs. H has not kept pace with the increase in property values. Mrs. H's semiannual tax bills have skyrocketed from about $500 to almost $2,000. Cost of living increases for homeowners like Mrs. H on fixed incomes are not keeping pace with these property value increases, adding additional stress to our clients' monthly budgets.

The existing legislative proposals to amend the Homestead exemption are good starting points, but bolder legislation is needed to ensure the Homestead exemption remains a meaningful safeguard for senior and disabled homeowners. The state legislature should increase the Homestead exemption for senior and disabled homeowners to at least $50,000. Annual increases to the Homestead exemption should be tied to the statewide average increase in residential property values rather than the consumer price index. Historically, the Homestead exemption has played a critical role in making homeownership affordable for our senior and disabled homeowners, allowing them to age in place and remain in the neighborhoods where they have lived, worked, and fellowshipped often for decades. The recent property valuation and tax increases have made the Homestead exemption less effective. Increasing the exemption amount is necessary so the Homestead exemption remains a valuable tool for senior and disabled homeowners.

Additionally, homeowners without a traditional mortgage payment structure or those who are not required to escrow their property tax payments are the most vulnerable to a tax foreclosure. The payment structure of semi-annual tax payments causes many homeowners without a monthly mortgage payment to be unprepared for the burden of tax payments due in lump sums the next calendar year. Combine this with the significant value increases and cost of living increases, and tax delinquencies could increase substantially in the coming months. Offering additional flexibility in making property tax payments will help low-income homeowners avoid the shock of tax payments due in large lump sums. The committee should also consider other solutions such as a limit on year-to-year increases in tax bills or a property tax circuit breaker. These steps toward property tax relief for homeowners on fixed incomes can provide additional mooring for the stability of homeownership.

Thank you again for this opportunity to testify. I would be happy to talk with any of you who have questions or would like to discuss specific issues regarding the challenges facing low-income homeowners.

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OTA Testimony
May 1, 2024
Joint Committee on Property Tax Review and Reform

Good morning, Co-Chair Roemer, Co-Chair Blessing, and Property Tax Review and Reform Committee members. I am Heidi M. Fought, the Executive Director of the Ohio Township Association (OTA). On behalf of Ohio's 1,308 townships, thank you for the opportunity to testify before this committee.

Townships in Ohio predate our state government. The Congressional Acts, which established various land grants, determined the townships' size and shape. As the Ohio Territory became populated, it was only natural that the surveyed townships became the basic government unit.

The landscape of townships has changed over the last 220 years, and to keep pace with the demands of changing times, the township's functions, duties, and obligations have changed. Townships are mandated to provide road service, cemetery maintenance, settle line fence disputes, maintain the township hall, and control noxious weeds and brush. In total, townships across the state maintain over 41,000 miles of roads, and townships are responsible for approximately 2,400 registered cemeteries.

In addition to the services listed above, townships may provide various other services to their residents, such as fire protection, EMS, police protection, parks, recreation, senior services, zoning, waste disposal, and lighting districts.

Townships are creatures of statute. They may only perform operations or provide services authorized in the Ohio Revised Code. The main chapter of the Code that pertains to townships is Title 5, but you will find township-related statutes in Titles 3, 7, 15, 45, 55, and 57, to name a few.

Townships, as creatures of statute, often find themselves faced with difficulties in responding to the ever-changing needs of their constituents. We frequently seek permissive authority before the General Assembly to do various things. This could include allowing townships to resell cemetery lots, granting townships the ability to accept credit cards as a form of payment, or seeking more authority for townships to set speed limits on township roads.

Townships, unlike other forms of local government, have very limited funding streams. In addition to levying a property tax, municipalities may levy an income tax, and counties may levy a sales tax. A document detailing township revenue sources is attached to my testimony.

As you will see, townships are funded primarily through property taxes levied on real property within the townships. Even though property tax is the primary source, townships only levy approximately 6% of the total property taxes in Ohio.

Like other local governments and schools, all real property in townships is subject to taxation. Real property is separated into two classes: Class 1 is residential and agricultural property, and Class 2 is commercial, industrial, and all other property.

All property taxes are applied to individual properties at a specific tax millage rate. One mill is one-thousandth of a dollar (one-tenth of a cent), and a one-mill tax equals $1 in property tax levied per $1,000 of a property's assessed value.

Townships receive both unvoted and voted millage. As previous witnesses have shared, unvoted millage is referred to as inside millage. It is not subject to reduction factors and experiences inflationary growth.

In most places, the full ten mills of inside millage are levied annually and shared between the political subdivisions overlapping every parcel of real estate. In a township's case, those overlapping jurisdictions include a township, school district, and county. R.C. §5705.31(D) establishes the formula for allocating the millage, which relates to the conversion of the prior fifteen-mill limit to ten mills in 1933. The allocations of inside millage under the formula are generally guaranteed. However, certain annexations and other territory attachments and detachments can either create townships that did not legally exist when the allocations were established or involuntarily cause non-uniform inside millage in violation of the uniform taxation rule contained in Article XII, Section 2 of the Ohio Constitution.

On average, townships receive 1-2.5 mills of inside millage. Although townships receive the least inside millage, it is a vital funding stream for townships since such millage is not subject to the reduction factors. The inside millage is typically used for operating expenses (General Fund) or roads (Road & Bridge Fund). Inside millage may also be formally allocated to special purposes authorized by law, e.g., a township park district under R.C. §511.27 or cemetery purposes under R.C. §517.03.

Inside millage may also be used to satisfy the requirement of Article XII, Section 11 of the Ohio Constitution, that general obligation debt be secured by the levy of a tax. When a township is issuing unvoted debt, it pledges its inside millage to pay debt service unless it is paid from other sources such as special assessments.

Another use of inside millage for townships is the county health district. Depending on the type of health district, funding comes from the support of their community through levies, general operating funds, contracts, county government, and inside millage of townships and municipalities, pursuant to R.C. §3709.28(C). For townships, nearly a third of Ohio's general health districts still rely heavily on inside millage to fund operations. Should a board of health want to increase its budget, a request is made to the county budget commission. Suppose the budget commission agrees with the district's request. In that case, the county auditor apportions the increase to the townships and municipalities based on taxable valuations in such townships and municipal corporations. There have been times when the township's share of the county health district's costs consumes all the inside millage a township receives. Due to minimal township funding streams, **the Ohio Township Association encourages the General Assembly to consider alternative funding models for health districts.**

When a board of township trustees votes to collect revenue in excess of the ten mill limitation, a levy must be put before the township residents for a vote. R.C. §5705.19 lists all the purposes for which a township may seek approval. Voted levies are subject to reduction factors, subtracting inflationary growth from the tax base for voted millage.

Again, if township residents want full-time fire service, they may pass a levy to provide it. They will vote down the levy that pays for the costs if they don't want to expand from one park to two parks. We like to think this is both a blessing and a curse. It is a blessing because the levies are purpose-driven and, when passed, show the types of services the residents want because they are willing to pay for them. It is a curse because when services are provided, and more revenue is needed, a failed levy could mean the drastic reduction or end of those services.

Currently townships have three general levy types that they can place on the ballot.

- Renewal - *An existing levy renewed in whole or in part, or coupled with an increase, at the general election prior to the last year of collection or at any election in the last year of collection. A renewal levy reimposes the effective rate of the existing levy.*
- Replacement - *An existing levy may be replaced in whole or in part, or coupled with an increase, at the general election prior to the last year of collection or at any election in the last year of collection. A replacement levy reimposes the voted rate of the existing levy, subject to the reduction factor of R.C. §319.301 in the first year just as a new levy would be.*
- Additional - *A brand new levy placed on the ballot for consideration.*

A renewal of an existing levy keeps the existing reduction factors in place, meaning that the revenue generated by the renewal levy does not increase except due to new construction. A replacement of an existing voted tax levy removes the previously applied reduction factors, meaning that the revenue generated by the replaced levy will increase as the full millage rate is restored, subject to the application of new reduction factors that begin in the first year of collection. Replacement levies void applicable property tax rollbacks.

Both renewal and replacement levies have a high percentage rate of passage in townships. Additional levies have a low passage rate. To illustrate this, here is a breakdown of township levy types and passage rates from the 2023 and March 2024 elections.

	May 2023			**November 2024**			**March 2024**		
	Pass	Fail	Passage Rate	Pass	Fail	Passage Rate	Pass	Fail	Passage Rate
Renewal	29	1	96.6%	331	7	97.9%	28	3	90.3%
Replacement	13	1	92.8%	75	9	89%	21	9	70%
Additional	21	11	65.6%	36	41	46%	18	26	40.9%

The reduction in levies' passage rates alarms us. It is critical that townships have all three types of levies - renewal, replacement, and additional - to provide residents with options that best suit the individual township. **The Ohio Township Association encourages the General Assembly to retain all three levy types for township usage.**

The lower passage rates in November and March could also be a result of legislation enacted in the 134th General Assembly. HB 140 drastically altered the form of election notices and ballot language for property tax levies. The legislation has caused voter confusion by requiring ballot language to convey a levy's cost in dollars for each $100,000 of the county auditor's appraised value (full market value) as opposed to each $100 of taxable (assessed) value, which is 35% of the appraised value of the real property. There is no way to show a tax cost that applies equally to all properties in a township. Reasons for this include the type of property, the use of the property, reduction factors that vary by property class, state subsidies like rollbacks, and the fact that not all properties have a market value of $100,000. **The OTA encourages the General Assembly to reexamine the required levy language and how the cost of levies is described to voters.**

Since 1971, a 10 percent credit has applied to each taxpayer's real property tax bill. In 2005, as part of a broader series of tax reforms, the General Assembly limited the 10% credit to all real property not intended primarily for use in a business activity. The state reimburses local governments and schools for the cost of this credit, now called the non-business credit. In addition, since 1979, a 2.5 %

credit, called the owner occupancy credit, of real property taxes has been available to homesteads - meaning a dwelling plus up to one acre occupied by the homeowner. The state reimburses local governments and schools for the cost of this credit. These two credits do not apply to additional or replacement levies passed after Sept. 29, 2013; they will continue to apply only to existing and renewed levies. **The Ohio Township Association opposes efforts to further reduce or eliminate the current state-funded property tax relief programs.**

A concerning trend in the real estate market today is to utilize the LLC loophole, which makes it difficult for a county auditor to establish proper valuations. This impacts a township's revenue, as millage rates may be set higher than otherwise necessary. Closing the LLC loophole has become more important given the passage of legislation several years ago that limits the ability of townships to use the board of revision process to challenge the valuations of properties they do not own. **The Ohio Township Association encourages the General Assembly to close the loophole and ensure transparency when a controlling interest is transferred in an LLC that owns real estate.**

Ohio law provides local governments, including townships, with various economic development tools to encourage companies to locate or remain in Ohio. Some of those tools include tax abatements, enterprise zones, and tax increment financing (TIF). Some versions of these tools are facilitated and approved at the township level. Furthermore, the exemptions are by parcel or by a set area.

Incentivizing land use has traditionally been a local action. Townships have used these tools to fund development in their communities successfully after considering the impact. For example, in Jackson Township in Stark County, a TIF was used with an energy improvement district to transform an old 36-hole golf course into a 68-acre business and 180-acre park. West Chester Township in Butler County has used TIFs and other abatements to create $3 billion in new valuation encompassing residential and commercial properties, a new library, and numerous hotels, to name a few. These tools allow townships to develop difficult pieces of land that otherwise would sit vacant or dilapidated.

Townships also face challenges with tax abatements, especially when the state, county, or attached municipality abates or diverts township property tax revenue. As previously mentioned, townships are extremely dependent on property taxes. Any outside (non-township-approved) abatement or diversion creates a hole in township funding, which then requires the township to place a levy on the ballot to make up the funding deficit.

For example, when land is annexed by municipalities under R.C. §709.023, otherwise known as Type II annexation, the land is to remain in the township, allowing the township to always collect inside millage on the territory that was annexed. Unfortunately, municipalities use TIFs and other tax diversion programs to divert the inside millage and increase valuations of voted levies away from the townships. **The OTA respectfully requests that the General Assembly add language to R.C. §709.023 to expressly prohibit any diversion of funds from townships when land is annexed under this provision**.

Another example of this injustice can be found in TIF law. Almost eight years ago, legislation was passed and enacted to require the reimbursement of certain fire and EMS levies if the township is the entity providing the fire and EMS to the TIF district created by a municipality that approved and created an incentive-district TIF. An incentive-district TIF is defined as an aggregation of individual parcels comprising an area no larger than 300 contiguous acres or one that exhibits at least one characteristic of economic distress. Incentive-district TIFs can be commercial, residential in nature, or a combination of both. A municipality may also create a parcel TIF, which applies to a single parcel and is generally only permitted for residential use if the parcel is in a blighted area. **The OTA**

requests that the levy reimbursement language enacted apply to single parcel TIFs created by a municipality that a township fire or EMS department services.

The Ohio Township Association understands the need for development tools. Still, we are concerned with any legislation regarding property tax exemption. Any reduction in taxes or change in tax valuation will negatively impact townships. The erosion of the property tax base results in fewer residents paying a higher share of services all township property owners enjoy. **The OTA encourages the General Assembly to review current tax incentives and give townships a stronger voice when township property tax dollars are being abated or diverted.**

Ohio's townships are the epitome of an efficient, low-taxing subdivision providing essential services to residents. According to urban public policy analyst Wendell Cox, townships spend, tax, and borrow less in nearly all population categories and account for only 3% of expenditures and 4.8% of taxes statewide. From rural to urban, small to large, there is a considerable advantage to the Ohio taxpayer who lives and works in a township. Smaller townships (1,000-2,499 residents) have current expenditures less than one-half that of other local governments per capita. Regarding larger townships (over 10,000 residents), they spend the equivalent of $861 million less annually than municipalities of similar size, levy $577 million less in annual taxation, and have $716 million less in long-term debt based on per capita data.

Co-Chairs Roemer and Blessing, I appreciate the opportunity to testify before you and the Joint Committee on Property Tax Review and Reform. I am happy to answer any questions you or the committee members may have.

General Revenue Fund Cash Balances – Management, Guidance, and Best Practices

OASBO Whitepaper

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OASBO Members:

The Ohio Association of School Business Officials (OASBO) first published the whitepaper titled "General Revenue Fund Cash Balances" in 2018. The 2018 publication was drafted by members of the OASBO Education Finance/Ohio Department of Education (ODE) Advisory Committee to address questions related to school district cash balances. Likewise, members of the committee drafted and contributed to the updated 2022 version.

This whitepaper provides guidance for school business officials as they navigate the budgeting, cash flow management, and end-of-year cash balance reserve process. It is intended to assist in establishing a common vocabulary and understanding of cash balances across the state.

Since the fiscal circumstances vary widely among districts in Ohio, the cash balance reserve policy and practices will also vary from district to district. The whitepaper is intended to provide information for consideration when evaluating the fiscal responsibilities and obligations of a district as it relates to a district's cash balance practices. At the very least, we hope the information provided will spark conversation and dialogue among practitioners and stakeholders. This includes:

- Overview of the cause and necessity of cash balances;
- Guidance in navigating the budgeting, cash flow management, and end-of-year cash balance reserve process;
- Best practices & guiding principles – cash management;
- Budget reserve policy;
- Establishment of special funds – Ohio Revised Code Section 5705.13;
- Resources and tools;
- Appendix A: School District Budget Process Terminology & Sample Calendar;
- Appendix B: Sample School Board Cash Balance Policies;
- Appendix C: Fund Balance Guidelines for the General Fund – GFOA ;
- Appendix D: Ohio Revised Code Section 5705.13; and
- Appendix E: Rating Agencies Analysis and General Fund Cash Balance.

This whitepaper is also available digitally for all members in *collaborate*. The committee hopes the whitepaper helps with the understanding of cash balances across the state and is a helpful tool for members. Thank you to the committee members who worked on this year's update!

Thomas Siloy

Thomas Siloy
Treasurer/CFO
Old Fort Local Schools
Chair, OASBO Education Finance/Ohio Department of Education Advisory Committee

General Revenue Fund Cash Balances – Management, Guidance, and Best Practices

2018, updated 2022

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School District Cash Balances

Ohio's system of funding for K-12 education calls for a shared responsibility between the state and each local community. This results in school districts relying on two primary sources of revenue to operate: a local share that is most commonly raised by local property taxes; and a state share that is determined by the state's school funding formula. Under the school funding formula, a district's capacity is a function of its enrollment, property wealth, and income of the community. This means that a district's state share is unique, resulting in a wide variation in state funding levels among the 600+ school districts across the state.

In addition to the variation in state funding, there is a wide variation in the amount of local tax revenue generated district by a district. Tax levies are determined by local taxpayers and local funding levels are often driven by community expectations. Some districts only generate the required minimum for the local share of the funding formula calculation while others go well above and beyond.

Local tax revenues are also impacted by state law and Ohio's Constitution. In general, tax revenue for school districts does not increase when property values go up due to House Bill (HB) 920. Aimed at protecting property owners from tax increases due to inflation, this factor often means school districts must pass levies just to maintain current programs. This state policy requires significant attention to effective cash flow management and long-term planning. In many cases, end-of-year cash balances become part of the cash management and planning process.

Section I. General Revenue Fund Cash Balances Whitepaper - Purpose and Scope

The Ohio Association of School Business Officials (OASBO) first published the *whitepaper titled* ***General Revenue Fund Cash Balances*** in 2018. The 2018 publication was drafted by members of the OASBO Education Finance/ODE Advisory Committee to address questions related to school district cash balances. Likewise, members of the OASBO Education Finance/ODE Advisory Committee drafted and contributed to this updated version.

This whitepaper is meant to serve as guidance for school business officials as they navigate the budgeting, cash flow management, and end-of-year cash balance reserve process. It is intended to provide guidance to traditional public school districts – city, local, exempted village, and joint vocational school districts. It does not specifically address cash fund balances for educational service centers or community schools, which operate under different Ohio Revised Code (ORC) sections than do traditional school districts.

Since the fiscal circumstances vary widely among districts in Ohio, the cash balance reserve policy and practices will also vary from district to district. This Whitepaper is intended to provide information for consideration when evaluating the fiscal responsibilities and obligations of a district as it relates to a district's cash balance practices. At the very least, we hope the information provided herein will spark conversation and dialogue among practitioners and stakeholders.

An overview of the statutory requirements applicable to school business officials and the budgeting process is provided in **Appendix A** for readers who are not familiar with the process and/or would like a "refresher" on the topic. **Appendix A** includes a summary of the county budget commission process, definitions of budgeting terms, and sample calendar to assist treasurer/CFOs in planning and working with their boards of education and other stakeholders.

The remaining content of this whitepaper provides a summary of the reasons why a district might carry a relatively high cash balance at the end of the fiscal year. Again, the fiscal responsibility and circumstances vary widely among districts, so the need for cash balance reserves also varies from district to district. The Whitepaper then concludes with a discussion of the best practices and guiding principles for cash balance reserve policies.

Section II. The Cause and Necessity of Cash Balances in Ohio

School officials must plan and monitor district cash flow as they practice responsible stewardship of the public tax dollars with which they are entrusted. Included in the district's five-year forecast is an informed prediction for how long the revenue/expense cycle will maintain a healthy cash balance.

Line 6.01 of the district's five-year forecast, Sources over (under) Expenditures and Other Financing uses, provides a picture of the district's changing financial obligations over time, pointing to the need for a fund balance in preparation for future expenses.

Below please find a summary of reasons why a district may carry a relatively high cash balance at the end of the fiscal year.

- **Levy Cycles; House Bill (HB) 920.** By design, cyclical high fund balances are a tool for long-term planning and fiscal solvency in many school districts. In Ohio, many school districts do not receive revenue growth from the reappraisal of property due to HB 920. This law dictates that millage rates are rolled back for districts that are levying millage rates higher than the 20-mill floor when property values rise due to reappraisal. This rollback is equal to the average reappraisal increase, thereby being revenue neutral. This results in new construction being the only source of new revenue (in the year of the new construction), which for many school districts does not provide for inflationary increases.

  Because levies are limited to a fixed dollar amount (or no significant financial growth), tax revenues may not keep up with increases in operating costs. Particularly when expenditures typically increase 3-5 percent annually. Therefore, school leaders are often forced to implement levy cycle strategies aimed at keeping up with the increase in operating expenditures.

Essentially the only option for local school districts to raise additional revenue becomes a new levy, which requires voter approval. This system of school funding is one reason that school districts often carry a cash balance, particularly after a successful levy issue. Commonly referred to as the "levy cycle", the result is higher cash balances for a period of time, that are then spent down due to increasing expenditures and inflation, and the inability to benefit from inflationary increases in property values (i.e., H.B. 920), which then results in a need for another levy to replenish the funds.

If the rollback were only partial and provided for inflationary increases in revenue, and/or school districts had more latitude in controlling their own revenues, certainly this levy cycle would be much longer in duration and cash balances would not need to be as high. Quite simply, one of the main reasons that school districts need to have cash balances is the school funding system itself.

- **More Conservative Spending; Prudent Cash Reserve Policies**. The 2008 financial crisis highlighted the importance of managing disruptions, resulting in school districts becoming much more conservative in their spending. This resulted in districts creating cash reserve policies following best practices outlined by the Government Finance Officers Association (GFOA), Moody's, S&P and others.

  The need for school districts to be conservative in their spending and to build cash reserves has been further reinforced by the lack of a funding formula in Ohio. The uncertainty of future funding resulted in school districts building their cash reserves to help ensure the continuation of educational programming for students. With the implementation of the new school funding formula (commonly known as the "Fair School Funding Plan" or "FSFP"), districts hope to have more predictability moving forward; however, at the time of this update the FSFP is only in the second year of the six-year phase-in to fully fund the formula at the state level.

- **Pipelines**. The valuations of the Nexus and Rover pipelines have come on the tax duplicate in phases since 2018, adding significantly to some districts' cash balances. These districts are also setting aside large portions of their cash reserves due to pending tax valuation complaints. In some cases, these complaints will reduce the public utility growth associated with pipelines by half. Further, a number of the districts have established capital projects funds pursuant to ORC 5705.13 for use of these funds in construction and facilities projects.

- **Receipt of One-time Funds - COVID-19 Funding and Other Rebates.** Federal stimulus funds related to the coronavirus pandemic are not included in a district's forecasted revenues; however, the funds reduce a district's expenses. Therefore, this causes a distortion in a district's forecasted expenses since the expenses are greatly reduced in early

  years (immediately after the receipt of federal funds) and much higher in later years (once those federal funds are exhausted). Due to this, districts may decide to carry a higher cash balance to avoid a "fiscal cliff" when these federal funds are no longer available in order to limit the impact on district programming and personnel.

Similar to the one-time federal stimulus dollars, there are one-time payments from Bureau Workers' Compensation rebates that may contribute to a higher cash balance for a period of time. As noted above, due to the unpredictability of the school funding in Ohio, school districts may take a conservative approach to spending these one-time payments.

- **Student Wellness and Success Funds (SWSF).** Under the direction of Governor Mike DeWine, Ohio allocated $675 million in student wellness and success funds. For the biennium starting in 2019, most public k-12 districts had forecasted an increase in state-aid in the biennium budget based on past precedent. However, in lieu of increasing state-aid, student success and wellness funds were provided as restricted funds (not general operating funds) in its place. This caused distortion in forecasting and the reporting of cash balances.

  The student success and wellness funds are restricted funds that are *not* reflected as a revenue source in the forecast. Instead, the student success and wellness funds were shown in the forecast as a decrease in expenditures. The decrease in expenditures caused the last two years of reported cash balances to increase, possibly creating artificially high cash balances for 2019 and 2020.

- **Changes in State Law**. State law changes can affect districts' decisions about cash balance carryovers. Examples include:

  - planning for the phase-out of Tangible Personal Property tax replacement payments may require a larger cash fund balance to help the district withstand the loss over time;

  - planning for the change in law in 2013 that eliminated rollback and homestead for new levies;

  - negotiating lower than average annual salary increases for bargaining units due to Senate Bill 5 in 2011; and

  - changes to the state retirement systems have resulted in a significant number of retirements, most replaced with less experienced, lower income earners.

- **Lower Costs for Medical Expense**. Trends on medical expenses for districts have been lower than historical averages due to decreased medical insurance coverage with high out-of-pocket expenses and deductibles shifted to plan participants (i.e., in the past, averaged 10 percent of costs and now averaging closer to 6-8 percent).

- **Timing of Receipts & Expenses**. A district's cash balance can fluctuate throughout the year due to the timing of real estate or income tax collection and distribution cycles. For example, in a district that is highly reliant on property taxes, the timing of its semiannual property tax settlements and advances are important in managing the operations of the district, including its payroll cycle. It is possible for a district to receive very little additional revenue between its tax collection cycles (September - December and March - June). This means that the district will have to manage its cash flow carefully to ensure sufficient money is available for operational expenses, such as payroll twice a month as well as routine accounts payable check runs.

Section III. Best Practices – Cash Management

It is important for district leaders to keep the community informed as to the importance of a cash balance. Many of the factors listed in Section II above represent an event, cost savings, or influx of funds that were not expected and are not likely to be repeated in the future. By developing a cash management plan or policy for its cash balance, a district may extend the life of a current levy, delay the need for a proposed new levy, or possibly decrease the size of a future levy.

For districts issuing bonds, cash balances are an important consideration for rating agencies with regard to measuring the financial health of a school district. The higher the bond rating, the lower the interest rate the district will carry on its borrowing, which ultimately saves taxpayers money. See **Appendix E** for additional details related to the methodology applied by the rating agencies.

A cash management plan can help guide a district in planning for and managing its funds, as well as assist in communicating with stakeholders. Even if a district does not have a substantial cash balance, a cash management plan or policy can be beneficial. The plan must recognize future needs and realistic trends for revenues and expenditures, consistent with the district's strategic plan or other planning tools that a treasurer/CFO references when developing the five-year forecast.

This section outlines some best practices and other tools available to school districts to assist in developing a cash management plan to meet the needs of your school district and the community it serves.

A. Budget Reserve Policy

The fiscal responsibility and circumstances vary widely among districts, so the need for cash balance reserves also varies from district to district. When developing a budget reserve policy for a school district, it is essential to establish a set of clear/concise budget policies and principles on the level of unrestricted fund balance. These policies and principles should be developed collaboratively by a group of stakeholders and ultimately approved by the board of education. The establishment of sound policies/principles is essential to ensuring the fund balance reserve achieves its intent of mitigating future risk. When specifically identifying key items for consideration, a policy for fund balance reserves should include language that defines the following:

- Minimum level of fund balance to maintain annually
- Appropriate uses of fund balance reserve
- Individuals authorized to use fund balance reserve
- Guidance on how to replenish minimum level balance

While policy creation is crucial to the establishment of a successful fund balance reserve, budgeting principles driving policy decisions are equally important. In the policy development process, districts should also ensure the following:

- Decisions are driven by trend data (both student and financial)
- Spending patterns are critically examined
- Stakeholder transparency is a priority
- Long-term perspective is utilized
- Current economic environment is considered

The adequacy of a district's budget reserve balance must take into account the unique circumstances of the district and the community it serves. Having a policy in place makes it easier to explain the rationale for a fund balance to stakeholders that is necessary to protect taxpayers and employees from unexpected changes in the financial condition of the school district. Please see **Appendix B** for sample policies and other resources. Some factors to consider when establishing a budget reserve policy:

- Revenue predictability
    - Is your district predominantly funded by local levies or the state? If primarily local, is it income tax based or property tax based? If state funded, what does a 1 percent change in state funding mean to your district? Does your community largely support tax levies (renewal, replacement, and/or new)?
    - Do you collect your property taxes at a fairly consistent and high rate? How did your collections fare during the last recession, did you see a big drop-in collection rate?

- What is the makeup of large employers (property or income) and how does their existence impact revenues?

- Do you have an income tax levy? If so, what are the financial demographics of your community and how do employers, high wealth individuals, the economy, and tax filings impact revenues? Are there volatile trends with this revenue that may be unique?

- Is there a utility making up significant portion of your public utility personal property valuation? How would a tax appeal effect current and future revenues?

- Do you have a permanent improvement levy?

- Expenditure volatility

  - Are your union agreements long-term?

  - What is your exposure to employee health costs? Are you exposed for high claimants? Are there any caps on future increases under your union agreements?

  - Do you have a large special education or targeted sub-group population? How does the rising costs of special education services for students and those who are educated at facilities outside of the district impact cashflow? How many one-on-one aides do you employ?

  - Are your utility costs locked in as part of a consortium or are you exposed to the market?

  - Does your district have a plan for changes in bus fuel costs? How many square miles does your district cover? What is the age of your bus fleet?

  - How many students participate in the College Credit Plus (CCP) program or other choice programs?

- Exposure to significant one-time outlays
    - Does your district have a permanent improvement (PI) levy? If so, does it provide sufficient funding or is the general fund still exposed? If your district does not have a PI levy, how does your district plan to address ongoing capital needs?
    - Do you have any lingering building issues that might necessitate a bond issue, and if that does not pass what is the plan?
    - How old are your buildings? What is the age of heating and cooling systems?
    - Lingering technology issues or needs? Do you offer one-to-one devices for students?
    - Do you have enrollment growth and if so, are you exposed to capacity issues and modular costs?
- Potential drain upon general fund resources from other funds, as well as the availability of resources in other funds.
    - Is your district self-funded for employee medical or workers comp? If so, do you have adequate reserves?
    - If your district has funded the hire of personnel out of ESSER funds, are they adequately accounted for in the forecast? Along the same lines, if you have a significant amount of personnel funded out of Title or IDEA, are you sure you will continue to receive funding? If the district is not planning to cut these services upon the expiration of these federal funds, these expenditures will expose the general fund.
    - Is the district's food service program subsidized by the general fund?
- School district's bond rating if issuing debt and the corresponding increase in borrowing costs (see **Appendix E** for additional information)
- Exposure to other commitments and assignments such the unfunded pension liability and what is our exposure if the state increases the employer share for state retirement systems?

- What is your ability to provide for safety and security? Is there a need for resource officers and security equipment?

- Possible uncontrollable situations such as future pandemics.

The factors outlined above are intended to guide school districts in a discussion to determine the appropriate reserve balance fund for the circumstances of the district and community. It is important to note that GFOA recommends school districts maintain an unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. This recommendation is a ***minimum*** balance to be maintained regardless of the size of the school district. See **Appendix C** for a copy of the GFOA Fund Balance Guidelines.

Most districts have lived through times of no raises, salary freezes, healthcare cuts, program cuts, and employee reductions and do not want to relive these challenges by allowing overspending. However, a school district may determine a balance in excess of this recommended threshold is necessary based on its evaluation of circumstances and the factors highlighted above.

B. Establishment of Special Funds - Ohio Revised Code Section 5705.13

The Ohio Revised Code (ORC) Section 5705.13 provides for the establishment of certain special funds for specific purposes, such as costs related to employee health care or capital projects, which would otherwise be drawn from the general fund and are often cost-drivers in a district's strategic plan. Establishing one of these special funds can help provide an accurate picture of the cash flow pertaining to a particular activity when the funds are in a separate account. In addition, the fund balances necessary to run those activities are also set aside properly. A copy of Ohio Revised Code Section 5705.13 is included in **Appendix D** for your reference.

For example, the medical insurance premium payments are placed in Fund 024 - Employee Benefits Self-insurance Fund as the employees and the district each pay their respective and agreed upon portions. Fund 024 is best operated when a fund balance reserve exists that provides some cushion for the future expenditures so they can maintain some consistency. In many of these types of activities, the volatility of the nature of the expenditures could be offset by proper reserve balances over a three- to five-year period. These types of best practice financial analytics in reserves and cash flow practices are necessary to keep the district's finances stable.

Ohio Auditor of State (AOS) Uniform School Accounting System (USAS) user manual includes the following funds related to ORC Section 5705.13:

- Liability Self-Insurance – Fund 023;
- Employee benefits self-insurance – Fund 024;
- Workers' Compensation Self-Insurance – Fund 027;
- Termination Benefits – Fund 035; and
- Capital Projects Fund – Fund 070.

These funds must be established by board resolution. The resolution establishing these funds designates the purpose for which the funds will be used, among other provisions required by the statute, so the balances are not considered to be available for other purposes. ***Please note that there are limits placed on these special funds. Districts should consult legal counsel and/or other experts for more information on implementation and compliance as appropriate***.

The following is a summary from the 2022 Ohio Compliance Supplement from the Ohio AOS related to the special funds established under ORC Section 5705.13.

- **ORC Section 5705.13(A) - Reserve balance accounts and funds**. ORC Section 5705.13(A) allows a taxing authority of a subdivision to establish, by resolution, a reserve balance account[1] for each of the three following purposes:
    - Budget stabilization fund may be created in the general fund or in any special fund used for operating purposes. The amount reserved in the account in any fiscal year must not exceed 5 percent of the fund's revenue for the preceding fiscal year. The reserve balance is excluded from the unencumbered balance when certifying available balances at year-end. The reserve for budget stabilization may be reduced or eliminated at any time by the taxing authority.

[1] ORC Section 5705.13 refers to these accounts as "reserve" accounts. However, for the GASB Statement No. 54 financial reporting that AOS Bulletin 2011-004 describes, the criterion for using the budget stabilization is not specific enough to meet the committed criteria and it does not meet the restricted criteria as the budget stabilization is not mandated by State statute. Therefore, a budget stabilization/reserve account should be reported as unassigned in the general fund. While statute also gives the authority to have stabilization reserve accounts in other operating funds, the fund balance is reported as restricted, committed, or assigned and the reserve account does not change the fund balance classification. Entity wide statements should report these as part of unrestricted net assets. Note: Bulletin 2020-008 simplified the reporting of fund balance classifications in the AOS regulatory cash basis financial statements and footnotes beginning with the Dec. 31, 2020 FYE reporting.

- Self-insurance program may be created in the general fund or in the internal service fund established to account for the operation of the program. The amount to be reserved must be based on actuarial principles and the taxing authority may rescind the reserve balance account at any time.

- Retrospective Ratings Plan for Workers' Compensation[2] may be created in the general fund or in the internal service fund established to account for the program. The amount to be reserved must be based on actuarial principles and the taxing authority may rescind the reserve balance account at any time.

- **ORC Section 5705.13(B) - Termination Benefits**. ORC Section 5705.13(B) allows a taxing authority to establish a special revenue fund to accumulate cash to pay accumulated leave, or for paying salaries when the number of pay periods exceeds the usual and customary number for a year. This leave includes payments for accumulated sick leave and vacation leave, or for payments in lieu of taking compensatory time off, upon the termination of employment or retirement. Money may be transferred to this fund from any fund from which the termination or salary payments could lawfully be made. The reserve must be established by resolution or ordinance and the taxing authority may rescind the fund at any time with the accumulated resources being returned to the fund from which they came. Amounts accumulated in this fund should be reasonable based on the taxing authority's estimated liability for benefits.

- **ORC Section 5705.13(C) - Capital Projects Fund**. ORC Section 5705.13(C) provides that a taxing authority may create, by resolution, one or more capital projects funds[3] to accumulate resources for the acquisition, construction, or improvement of fixed assets, including motor vehicles. Each fund must be created by ordinance or resolution. The resolution or ordinance must identify the asset(s) to be acquired, the amount needed to

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[2] Various plans to provide for the payment of claims, assessments, and deductibles are allowed. Plans allowed are: payments under a self-insurance program, individual retrospective ratings plan, group rating plan, group retrospective rating plan, medical only program, deductible plan, or large deductible plan for workers' compensation.

[3] GAAP/OCBOA governments should report these amounts as committed, assigned, or restricted fund balance as appropriate under the circumstances described in GASB Statement No. 54 in governmental fund statements. Entity wide statements should report this equity as part of unrestricted net assets, because the restrictions are not externally imposed. Note: Bulletin 2020-008 simplified the reporting of fund balance classifications in the AOS regulatory cash basis financial statements and footnotes beginning with the Dec. 31, 2020 FYE reporting.

be accumulated, the period over which the amount will be accumulated (with a limit of ten years from the date of the resolution or ordinance), and the source of the resources. Despite ORC Section 5705.14 through .16, money may be transferred to the capital projects fund from any other fund that could acquire, construct or improve the fixed assets. If a contract for the fixed asset(s) has not been entered into before the ten-year period expires, the money is returned to the fund from which it was transferred or that was originally intended to receive it. The taxing authority may rescind a capital projects fund at any time with the accumulated resources being returned to the fund from which they came.

Section IV. Communicating Your District's Cash Management Plan

It is important for district leaders to keep the community informed as to the importance of a cash balance. Implementing a cash management plan or policy can help guide a district in planning for and managing its funds. Similarly, the ORC Section 5705.13 special funds are a "tool" to assist in planning for and managing the districts funds. Even if a district does not have a substantial cash balance, the tools outlined in this whitepaper can be helpful in facilitating discussion regarding future needs and realistic trends for revenues and expenditures for your school district, as well as assist in communicating that information to your community and other stakeholders.

Appendix A
School District Budget Process Terminology & Sample Calendar

A. School District Budget Process Terminology

Following are some definitions of terms commonly used by treasurer/CFOs in the course of the appropriation and budgeting process.

Tax Budget

A school district's tax budget includes the period from July 1 to June 30. The budget must be adopted by the board of education on or before Jan. 15 and filed with the county auditor by Jan. 20.

Official Certificate of Estimated Resources

The county budget commission must certify to each school district, on or before March 1, the total estimated resources from each fund that are available for appropriation in the fiscal year, other than funds to be created by transfer. Along with this certification, the budget commission is required to supply a statement of the amount of the total tax duplicate of the school district that is to be used in the collection of taxes for the following calendar year. (ORC 5705.35)

Certificate of Available Balances or Amended Certificate of Available Balances

On or around July 1, the treasurer/CFO of the school district shall certify to the county auditor the total amount of all sources available for expenditures from each fund set up in the tax budget. The amount certified must include any unencumbered balances that existed at the end of the preceding year. The total appropriations made during the fiscal year, from any fund, shall not exceed the amount indicated as available for expenditure from each fund in the official certificate of estimated resources or any following amendment that is certified prior to the making of the appropriations or supplemental appropriation measure. (ORC 5705.36)

Amounts and Rates Certificate

When the budget commission has completed its work with respect to a tax budget or other information required to be provided under ORC Section 5705.281 of the Revised Code, it shall certify its action to the school district (taxing authority), together with an estimate by the county auditor of the rate of each tax necessary to be levied by the taxing authority within its subdivision and what part thereof is in excess of, and what part within, the ten-mill tax limitation.

The certification shall also indicate the date on which each tax levied by the school district (taxing authority) will expire. If a school district (taxing authority) levies a tax for a fixed sum of money or to pay debt charges for the tax year for which the tax budget is prepared, and a payment on account of that tax is payable to the taxing authority for the tax year under ORC

Sections 5709.92 or 5709.93,the county auditor, when estimating the rate at which the tax shall be levied in the current year, shall estimate the rate necessary to raise the required sum less the estimated amount of any such payments made for the tax year to a taxing unit for fixed-sum levies under those sections. The estimated rate shall be the rate of the levy that the budget commission certifies with its action under this section. The school district (taxing authority), by resolution, shall authorize the necessary tax levies and certify them to the county auditor before April 1 or at such later date as is approved by the commissioner.

Amended Official Certificate of Estimated Resources

The first amended certificate is generally issued after the year-end balances are certified. Official Certificates may be amended, as needed and required by law throughout the fiscal year. It is the responsibility of the treasurer/CFO to monitor the estimates and request any amendments. The following are reasons to request an Amended Official Certificate:

1. Upon a determination by the treasurer/CFO of a district that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the board of education intends to appropriate and expend the excess revenue, the treasurer/CFO shall certify the amount of the excess to the commission, and if the commission determines that certification is reasonable, the commission shall certify an amended official certificate reflecting the excess
(ORC 5705.36).

2. Upon a determination by the treasurer/CFO of a district that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the chief financial officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency (ORC 5705.36).

Budgetary Compliance/Limitation

The total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation (ORC 5705.36).

Appropriation Resolution (Temporary and Permanent)

The appropriation resolution is the final step by the treasurer in the budget process. In Ohio, the board of education must annually approve the amounts for each appropriation fund, which the board is responsible for, on or before Oct. 1. This approval must occur before any money may be expended from that fund.

If the board wishes to delay the adoption of its annual appropriation measure, it may adopt a temporary appropriation measure until Oct. 1. The temporary measure may provide for meeting the ordinary expenses of the district and the amounts appropriated are chargeable to the final appropriation measure when adopted. The total amount appropriated by the board of education for each fund cannot exceed the latest total amount certified by the budget commission as available for each fund. Only the board of education has authority to appropriate funds and only the board can change or modify appropriation amounts. (ORC 5705.38) Any time changes are made to the approved appropriations, similar changes should be made to the associated item in the five-year forecast.

Five-Year Forecast

A five-year forecast is required of all city, local, exempted village, joint vocational school districts and community schools. The forecast requires three years of historical data, five years of projections, and a summary of key assumptions. The forecast must be approved by the local board of education. It must include the general fund and those funds that may impact the general fund balance.

Districts must electronically submit both projections and assumptions to the Ohio Department of Education (ODE) by Nov. 30 as well as an update during the time frame from April 1st and May 31st. ODE must examine the five-year forecasts and determine if a district has the potential to incur a deficit during the first three forecast years.

B. School District Budget Process Calendar

The sample calendar included below is provided as a planning tool to assist treasurer/CFOs in working with their boards of education and other stakeholders. Some of the items listed are "best practices," while others are required pursuant to the Ohio Revised Code (ORC). Statutory references are included where applicable.

January	– On or before Jan.15 – Tax budget for following fiscal year is approved by board of education. (ORC 5705.28) – On or before Jan. 20 - The board-adopted tax budget is filed with the county budget commission for review and approval. (ORC 5705.30) – ***Note***: If your county budget commission has waived the submission of the tax budget, you will still need to provide information to your county auditor to perform his/her duties under law, including dividing the rates of each of the subdivision's or taxing unit's tax levies. Both the submission of the tax budget and the submission of the information required by the budget commission in lieu of the tax budget require an open line of communication between the school district treasurer/CFO and the county auditor.
February	– ***Suggested best practice***: February prior to fiscal year – Allocations for each building and department are submitted to the administrators to allocate among their funds based on department/building budget planning meetings.
March – April	– By March 1 - The county budget commission provides the certificate of tax rates and amounts to each school district (ORC 5705.35) – ***Suggested best practice***: On or Before April 15 – Building and department administrators submit proposed building/department budgets to treasurer and superintendent. – Continue routine budget monitoring and reporting out of the financial status for the current year; amend certificates of appropriations or certificates of estimated resources as needed and have them board approved and submitted to the county auditor.

May	–	On or before May 30 – Board of education adopts updated five-year forecast general operating fund forecast for the fiscal year that started the previous July. (ORC 5705.391)
	–	You may need to amend your certificates again if the forecast has significant enough changes in revenues or expenditures.
June	–	By June 30 - Finalize permanent appropriation resolution and submit to county auditor. (ORC 3313.62; ORC 5705.38)
	–	By June 30 - Finalize certificate of estimated resources for June 30 balances and submit to county auditor. (ORC 5705.39)
	–	On or before July 1 – Adopt temporary appropriations measure for next fiscal year, which includes Certificate of Estimated Resources for the new fiscal year (July 1 through June 30 balances for the new fiscal year) and a new certificate of appropriations due to the new budget year. You can adopt a temporary budget not greater than 25 percent of the anticipated permanent budget. If a temporary budget is put in place, the permanent budget must be approved by Sept. 30.
July	–	On or about July 1 - Certify beginning fund balances to county auditor (ORC 5705.36)
	–	Adopt appropriation resolution, which may be temporary until Oct. 1 or later (ORC 5705.36; ORC 5705.38; ORC 5705.39)
	–	Request for an amended official certificate of estimated resources (if necessary) (ORC 3319.02)
August	–	Routine monitoring of your budget, also if you have a temporary budget, be completing the final budget and getting it board approved during July - September.
September	–	On or Before Sept. 30 – All budgets must be finalized for the fiscal year. Final appropriations must be board approved (for the fiscal year that started July 1) and submitted to the county auditor in the certificates of appropriation. (ORC 5705.38; ORC 5705.36)

October	–	Continue routine budget monitoring and reporting out of financial status for the current year; amend appropriation~~s~~ resolution as needed (which may include an amended certificate of estimated resources) and have it board approved and submitted to the county auditor.
November	–	On or Before Nov. 30 – Board of education adopts five-year general operating fund forecast for the fiscal year that started July 1. (ORC 5705.391)
December	–	Continue routine budget monitoring and reporting out of financial status for the current year; amend certificates of appropriations or certificates of estimated resources as needed and have them board approved and submitted to the county auditor.
	–	Continue to work with your budget managers on their next fiscal year's budget.

Appendix B
Sample School Board Cash Balance Policies

Sample #1: 6200 - GENERAL FUND CASH BALANCE RESERVE

The Board of Education supports good stewardship of taxpayer dollars and as such, believes that maintaining a cash reserve balance of 10 percent of operating expenses is necessary in the interest of sound fiscal management.

Operating the District with fiscally sound management practices is integral to the ongoing well-being of the School District. Responsible management of operations costs while maintaining a high level of educational excellence within the District is the primary focus of the Board of Education, administrators, teachers and other school personnel when making budgetary decisions.

The Board affirms that tax levies may be pursued, and/or the District's finances otherwise managed, to ensure a General Fund cash balance equivalent to at least 10 percent of operating expenses.

Upon receiving any indication that such a cash balance may not be achieved at any point within the rolling five (5) -year financial forecast period, the Treasurer shall report such a finding to the Board. Upon such notification by the Treasurer, the Superintendent and Treasurer will propose options that the Board may consider to forestall such an eventuality.

Sample #2: 6218 - CASH BALANCE RESERVE POLICY

The Board believes that maintaining a cash reserve unencumbered unreserved balance of ninety (90) days of operating expenditures is necessary in the interest of sound fiscal management. The Board affirms that tax levies shall be pursued, and/or the District’s finances otherwise managed, to ensure a General Operating Fund unencumbered unreserved cash balance equivalent to at least ninety (90) days of operating expenditures.

Promptly upon receiving any indication that such cash balance may not be achieved within any year of the five (5) year forecast, the treasurer/CFO shall report such a finding to the Board. Upon such notification by the treasurer/CFO, the Superintendent and treasurer/CFO will prepare and propose options that the Board may consider to forestall such an eventuality.

Further, the Board believes the financial goals of the District should be in alignment with the District’s strategic plan and instructional goals. When a General Operating Fund cash balance exceeds 150 days the Superintendent may prepare a plan for the expenditure of the excess General Operating cash balance on one or more of the deliverables of the strategic plan. This plan must be approved by the Board of Education and cannot result in the General Operating Fund cash balance falling below ninety (90) days in any year of the rolling five (5) year forecast.

Sample #3: 6220.01 - CASH RESERVE BALANCE

The Board of Education believes that maintaining a cash reserve balance of 20 percent of operating expenses is necessary in the interest of sound fiscal management.

The Board affirms that tax levies shall be pursued, and/or the District's finances otherwise managed, to ensure an operating fund cash balance equivalent to 20 percent of operating expenditures.

Upon receiving any indication that such a cash balance may not be achieved within the first three (3) years of the rolling five-year financial forecast period, the Treasurer shall report such a finding to the Board. Upon such notification by the Treasurer, the Superintendent and Treasurer will propose options that the Board may consider.

Sample #4: 6215 - CASH RESERVE BALANCE

Operating the District with fiscally sound management practices is integral to the ongoing well-being of the school district. Responsible management of operational costs while maintaining a high level of educational excellence within the District is the primary focus of the Board of Education, administrators, teachers, and other school personnel when making budgetary decisions.

The District maintains that, to preserve financial effectiveness, a yearly cash balance equal to One Hundred Five (105) True Days operating cash, as defined as the prior year's General Fund expenditures, including transfers and advances, divided by 365, times One Hundred Five (105), is to be the minimum operational benchmark for determining ending cash needs for the General Fund. The benchmark will be calculated at the end of each fiscal year and will be used as the benchmark for the upcoming year.

The minimum benchmark should be reflected on the five-year forecast in the current year and the next three (3) projected years of the five-year forecast. Upon receiving any indication that an ending cash balance equal to One Hundred Five (105) True Days operating cash may not be achieved, the Treasurer shall report such finding to the Board and Superintendent.

Upon receiving such notification from the Treasurer, a plan will be developed by the Board, Superintendent and the Treasurer prior to the next five-year forecast adoption as to how the District will work toward attaining a One Hundred Five (105) True Days operating cash ending balance for the General Fund over the next four (4) forecasted years which includes the current year.

Sample #5: 6215 - CASH RESERVE BALANCE

Introduction. It is important to maintain sufficient cash reserves in the operating funds (General and Emergency Levy funds) to meet the goals and mission of our District. A cash reserve helps to ensure the District can provide consistent, uninterrupted services in the event of a disruption. The District's revenue streams are generally not aligned to their scheduled expenditures. This creates the need of using cash balances to cover financial obligations and avoid shortages. This policy establishes the amounts the District will strive to maintain in the operating fund reserves, how the reserves will be funded and the conditions under which the reserve may be spent.

Amounts Held in Reserve. The District will strive to hold no less than sixty (60) days or two (2) months of annual operating expenditures in the operating reserve throughout the five-year forecasting period. The plan will be presented to the Board for consideration.

Funding Reserve Targets. Funding of the operating reserves will come from local and state funding sources.

Use of Operating Reserves. It is the intent of the District to limit the use of the operating fund reserves to address unanticipated, non-recurring needs or known and planned future obligations. Reserves shall not normally be applied to recurring annual operating expenditures. The reserves may, however, be used to allow time for the District to restructure its operations in a deliberate manner (such as might be required in the case of change in economic or political conditions that negatively impact the District's revenues). Such use will only take place in context of a Board approved long-term plan to reach a sustainable structure.

Replenishment of Reserves. In the event the District authorizes the use of the operating reserves, the Treasurer and Superintendent shall propose a plan for the replenishment of reserves to the Board. The District will strive to replenish the reserves within one (1) year of use, but must replenish within five (5) years of use.

Sample #6: DA - Fiscal Management Goals

The quantity and quality of learning programs are related to the funding provided and the effective, efficient management of those funds. It follows that the District’s purposes can best be achieved through prudent fiscal management.

Due to resource limitations, there is sometimes a temptation to operate so that fiscal concerns overshadow the educational program. Recognizing this, it is essential that the Board take specific action to make certain that education remains central, and that fiscal management contributes to the educational program. This concept is incorporated into Board operations and into all aspects of District management and operation.

As trustees of the community’s investment in the facilities, materials and operational funds, the Board has a fiduciary responsibility to ensure that the investment is protected and used wisely. Competent personnel and efficient procedures are essential for sound management of fiscal affairs.

The Board expects that the Superintendent and the Treasurer keep it informed through both oral and written reports on the fiscal management of the District.

With the cooperation of the Treasurer and assistance from other designated personnel, the Superintendent is expected to develop an efficient and effective procedure for fiscal accounting, purchasing and the protection of plant, grounds, materials and equipment through prudent and economical operation, maintenance and insurance.

The Board seeks to achieve the following goals to:

1. Engage in thorough advance planning, with staff and community involvement, in order to develop budgets and to guide expenditures to achieve the greatest educational returns for the dollars expended;

2. Establish levels of funding that provide high quality education for the District's students;

3. Use the best available techniques for budget development and management;

4. Provide timely and appropriate information to all staff with fiscal management responsibilities;

5. Establish effective procedures for accounting, reporting, business, purchasing and delivery, payroll, payment of vendors and contractors and all other areas of fiscal management and

6. Maintain a cash reserve balance of 90 days of expenditures.

Appendix C
Fund Balance Guidelines for the General Fund – GFOA

Type: Best Practice Background:

In the context of financial reporting, the term fund balance is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis. While in both cases fund balance is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated.

1. GAAP financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The total of the amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed unrestricted fund balance. In contrast, budgetary fund balance, while it is subject to the same constraints on spending as GAAP fund balance, typically represents simply the total amount accumulated from prior years at a point in time.

2. The calculation of GAAP fund balance and budgetary fund balance sometimes is complicated by the use of sub-funds within the general fund. In such cases, GAAP fund balance includes amounts from all of the sub funds, whereas budgetary fund balance typically does not.

3. Often the timing of the recognition of revenues and expenditures is different for purposes of GAAP financial reporting and budgeting. For example, encumbrances arising from purchase orders often are recognized as expenditures for budgetary purposes, but never for the preparation of GAAP financial statements.

The effect of these and other differences on the amounts reported as GAAP fund balance and budgetary fund balance in the general fund should be clarified, understood, and documented.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance in the general fund.

Recommendation: GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes. Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period. In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances. Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);

2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);

3. The potential drain upon general fund resources from other funds, as well as the availability of resources in other funds;

4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;

5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

Use and Replenishment. The fund balance policy should define conditions warranting its use, and if a fund balance falls below the government's policy level, a solid plan to replenish it. In that context, the fund balance policy should:

1. Define the time period within which and contingencies for which fund balances will be used;

2. Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge;

3. Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.

Generally, governments should seek to replenish their fund balances within one to three years of use. Specifically, factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets;

2. Recovering from an extreme event;

3. Political continuity;

4. Financial planning time horizons;

5. Long-term forecasts and economic conditions;

6. External financing expectations.

Revenue sources that would typically be looked to for replenishment of a fund balance include nonrecurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and there is a defensible rationale). Year-end surpluses are an appropriate source for replenishing fund balance.

Unrestricted Fund Balance Above Formal Policy Requirement. In some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed. Additionally, an education or communication strategy, or at a minimum, explanation of large changes in fund balance is encouraged. In all cases, use of those funds should be prohibited as a funding source for ongoing recurring expenditures.

Notes:

1. For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.

2. These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

3. Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.

4. See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

5. In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

6. In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues and/or expenditures, that decision should be followed consistently from period to period.

This best practice was previously titled Appropriate Level of Unrestricted Fund Balance in the General Fund.

Approved by GFOA's Executive Board: September 2015

Appendix D
Ohio Revised Code Section 5705.13

Section 5705.13 | Reserve balance accounts - special revenue fund - capital projects fund.

(A) A taxing authority of a subdivision, by resolution or ordinance, may establish reserve balance accounts to accumulate currently available resources for the following purposes:

(1) To stabilize subdivision budgets against cyclical changes in revenues and expenditures;

(2) Except as otherwise provided by this section, to provide for the payment of claims and deductibles under an individual or joint self-insurance program for the subdivision, if the subdivision is permitted by law to establish such a program;

(3) To provide for the payment of claims, assessments, and deductibles under a self-insurance program, individual retrospective ratings plan, group rating plan, group retrospective rating plan, medical only program, deductible plan, or large deductible plan for workers' compensation.

The ordinance or resolution establishing a reserve balance account shall state the purpose for which the account is established, the fund in which the account is to be established, and the total amount of money to be reserved in the account.

Not more than one reserve balance account may be established for each of the purposes permitted under divisions (A)(2) and (3) of this section. Money to the credit of a reserve balance account may be expended only for the purpose for which the account was established.

A reserve balance account established for the purpose described in division (A)(1) of this section may be established in the general fund or in one or more special funds for operating purposes of the subdivision. The amount of money to be reserved in such an account in any fiscal year shall not exceed five per cent of the revenue credited in the preceding fiscal year to the fund in which the account is established, or, in the case of a reserve balance account of a county or of a township, the greater of that amount or one-sixth of the expenditures during the preceding fiscal year from the fund in which the account is established. Subject to division (F) of section 5705.29 of the Revised Code, any reserve balance in an account established under division (A)(1) of this section shall not be considered part of the unencumbered balance or revenue of the subdivision under division (A) of section 5705.35 or division (A)(1) of section 5705.36 of the Revised Code.

At any time, a taxing authority of a subdivision, by resolution or ordinance, may reduce or eliminate the reserve balance in a reserve balance account established for the purpose described in division (A)(1) of this section.

A reserve balance account established for the purpose described in division (A)(2) or (3) of this section shall be established in the general fund of the subdivision or by the establishment of a separate internal service fund established to account for the operation of an individual or joint self-insurance program described in division (A)(2) of this section or a workers' compensation program or plan described in division (A)(3) of this section, and shall be based on sound actuarial principles. The total amount of money in a reserve balance account for self-insurance may be expressed in dollars or as the amount determined to represent an adequate reserve according to sound actuarial principles.

A taxing authority of a subdivision, by resolution or ordinance, may rescind a reserve balance account established under this division. If a reserve balance account is rescinded, money that has accumulated in the account shall be transferred to the fund or funds from which the money originally was transferred.

(B) A taxing authority of a subdivision, by resolution or ordinance, may establish a special revenue fund for the purpose of accumulating resources for the payment of accumulated sick leave and vacation leave, and for payments in lieu of taking compensatory time off, upon the termination of employment or the retirement of officers and employees of the subdivision. The special revenue fund may also accumulate resources for payment of salaries during any fiscal year when the number of pay periods exceeds the usual and customary number of pay periods. Notwithstanding sections 5705.14, 5705.15, and 5705.16 of the Revised Code, the taxing authority, by resolution or ordinance, may transfer money to the special revenue fund from any other fund of the subdivision from which such payments may lawfully be made. The taxing authority, by resolution or ordinance, may rescind a special revenue fund established under this division. If a special revenue fund is rescinded, money that has accumulated in the fund shall be transferred to the fund or funds from which the money originally was transferred.

(C) A taxing authority of a subdivision, by resolution or ordinance, may establish a capital projects fund for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the subdivision. For the purposes of this section, "fixed assets" includes motor vehicles. More than one capital projects fund may be established and may exist at any time. The ordinance or resolution shall identify the source of the money to be used to acquire, construct, or improve the fixed assets identified in the resolution or ordinance, the amount of money to be accumulated for that purpose, the period of time over which that amount is to be accumulated, and the fixed assets that the taxing authority intends to acquire, construct, or improve with the money to be accumulated in the fund.

A taxing authority of a subdivision shall not accumulate money in a capital projects fund for more than ten years after the resolution or ordinance establishing the fund is adopted. If the subdivision has not entered into a contract for the acquisition, construction, or improvement of fixed assets for which money was accumulated in such a fund before the end of that ten-year period, the fiscal officer of the subdivision shall transfer all money in the fund to the fund or funds from which that money originally was transferred or the fund that originally was intended to receive the money.

A taxing authority of a subdivision, by resolution or ordinance, may rescind a capital projects fund. If a capital projects fund is rescinded, money that has accumulated in the fund shall be transferred to the fund or funds from which the money originally was transferred.

Notwithstanding sections 5705.14, 5705.15, and 5705.16 of the Revised Code, the taxing authority of a subdivision, by resolution or ordinance, may transfer money to the capital projects fund from any other fund of the subdivision that may lawfully be used for the purpose of acquiring, constructing, or improving the fixed assets identified in the resolution or ordinance.

Appendix E
Rating Agencies Analysis and General Fund Cash Balance

Cash balances are an important consideration for rating agencies with regard to measuring the financial health of school districts within the state of Ohio and may ultimately affect a district's debt service costs or its ability to borrow funds.

As part of the public bond issuing process and in order to receive the lowest interest rates, investors rely on rating agencies such as Moody's Investors Service, Standard & Poor's, and Fitch Ratings Inc. to make a determination of the creditworthiness of a financing. These agencies evaluate a school district's ability to pay back its principal and interest in a timely fashion and then applies a rating to their bonds.

The higher the bond rating, the lower the interest rate the district will carry on its borrowing, which ultimately saves taxpayers money.

Moody's Investors Service

Moody's Investors Service examines a school district's fiscal position, specifically its cash balance, to assist in determining its cushion against the unexpected, its ability to meet existing financial obligations, and its flexibility to adjust to new ones. Cash represents the paramount liquid resource of a district without regard to accruals, which may not be recognized until later, or short-term financing measures like notes, which are not accurate measures of a District's long term fiscal situation. Moody's measures a District's net cash balance as a percentage of operating revenues. Net cash is calculated by adding all cash and liquid investments in operating accounts and subtracting short-term debt issued for operating purposes and maturing within a year. This ratio constitutes 10 percent of a school district's total quantitative score. School districts tend to have a more predictable (less flexible, but more stable) revenue composition, mostly consisting of property taxes and state aid, and cost structures than most other types of local governments.

A cash balance over 25 percent of operating revenues will achieve a Aaa-level score under Moody's methodology. A cash balance of between 17.5 percent and 25 percent is scored as Aa. While a ratio between 10 percent and 17.5 percent ranks in the A median. In addition, cash balances are an important component of the available fund balance ratio, which comprises 20 percent of a District's total quantitative score. Available fund balances represent all of the operating resources available to a District, which includes cash balances as well as funding sources such as property tax receipts and state support.

Finally, Moody's reviews management and other characteristics of each credit in a variety of ways that can affect the final rating. While the cash balance is one important part of the overall analysis, numerous other factors come into play that ultimately dictate the final rating outcome.

S&P Global Ratings

S&P Global Ratings examines a school district's balance sheet, focusing on budgetary flexibility, budgetary performance, and liquidity. The budgetary flexibility score is a measure of a district's financial flexibility to meet essential services during periods of financial strain. S&P considers an adequate available fund balance and policies determining fund-balance goals to be credit strengths. The ratio used to evaluate budgetary flexibility is the sum of all funds available for operations, expressed as a percent of operating expenditures.

Budgetary performance measures the fiscal operations of a school district, on both an operating and overall basis. It is an important indication of how a District manages its resources and how assets and liabilities are accounted for. Budgetary performance is measured by comparing the growth (or contraction) in the general fund and the growth (or contraction) in total governmental funds.

A liquidity score measures the availability of cash and cash equivalents to service both debt and other expenditures. S&P includes two ratios in their quantitative analysis: total governmental available cash as a percentage of total governmental funds expenditures and total governmental available cash as a percentage of total governmental funds debt service. According to S&P, total governmental available cash includes total cash, cash equivalents, and equity in pooled cash and investments, when grouped with cash in the audit. Proceeds of borrowings that are otherwise dedicated (such as the proceeds from a bond issue for a new school) and other encumbered cash are deducted. Any other highly liquid securities may be added back in. Liquidity accounts for 10 percent of the issuer's total quantitative score under S&P's methodology.

To achieve a AAA-level score, a District should have total governmental available cash over 15 percent of total governmental funds expenditures and total governmental available cash of over 120 percent of total governmental funds debt service. The weaker the level of liquidity, the more important it becomes in S&P's final determination of the credit rating. S&P also factors in the issuer's projections for the current year, as well as the following year, in their analysis. Additionally, S&P will qualitatively consider a District's cash flow variability and access to external liquidity, such as bank financing or capital markets. A stable and robust history of cash flow generation, as well as a consistent ability to enter capital markets at attractive financing costs are both credit positives.

Finally, S&P reviews management and other characteristics of each credit in a variety of ways that can affect the final rating. While the cash balance is one important part of the overall analysis, numerous other factors come into play that ultimately dictate the final rating outcome.

FitchRatings

FitchRatings measures a school district's reserve safety margin. Unlike Moody's and S&P, who have quantitative, scorecard-like analyses that aid in their ultimate rating decisions, Fitch stresses that there is no standard weighting of its key factors, and that the ultimate rating outcome is the result of consideration of all issuer-specific qualitative and quantitative factors.

Once revenue sensitivity estimates are generated, a scenario analysis indicates the amount of reserves that Fitch would consider a minimum financial cushion for a given financial resilience assessment level – referred to as the reserve safety margin. Fitch uses the unrestricted general fund balance as a starting point in calculating a school district's financial cushion. After completing sensitivity analysis to determine revenue estimates in the event of a downturn, Fitch evaluates the district's inherent budget flexibility to raise revenues and cut spending. The minimum reserve safety margin level for each assessment level is then determined based on the combination of the district's legal ability to raise revenue and the flexibility of its expenditure items, along with its projected revenue declines. The reserve level is stated as a multiple of the anticipated revenue decline.

To maintain the same level of financial flexibility, a district that is more likely to experience a steep drop in revenues in a downturn, or a district with less ability to respond through policy changes, requires more cushion than one with less economically sensitive revenues or more budget control. For example, a school district with minimal inherent budget flexibility would need an unrestricted general fund balance of 16x the estimated revenue decline, while a district with superior inherent budget flexibility would only need a balance of 2x the revenue decline in order to achieve a AAA assessment.

Finally, Fitch reviews management and other characteristics of each credit in a variety of ways that can affect the final rating. While the cash balance is one important part of the overall analysis, numerous other factors come into play that ultimately dictate the final rating outcome.

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Ohio Association of School Business Officials
98 Commerce Park Drive
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Joint Committee on Property Tax Review and Reform

April 24, 2024

Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today representing public school districts. My name is Michael Barnes, and I am the superintendent of the Mayfield City School District in Cuyahoga County.

Mayfield is located in the eastern suburbs of Cleveland. The school district can be easily accessed by Interstate 271 which runs parallel to the district. This convenient accessibility has resulted in the development of two industrial parks, and the world headquarters of two Fortune 500 companies – Progressive Casualty Insurance Company and Parker Hannifin Corporation.

Mayfield City School District serves over 4,000 students in a wide array of academic programs, the students who represent diverse backgrounds, both socio-economically and ethnically. Much like the student population, the school district comprises four distinctive communities: the cities of Highland Heights and Mayfield Heights and the villages of Gates Mills and Mayfield containing a variety of housing opportunities for our families.

I am joined today by a group of exceptional leaders in their school districts and in their communities. Joining me are Tony Thomas, Superintendent, and Ann Ferraro, Treasurer/CFO of the Northmont City School District in Montgomery County; Matt Bunting, Treasurer for the Athens City School District in Athens County; Philip Wagner, Superintendent of the Johnstown-Monroe Local School District in Licking County; and Jenni Logan, Treasurer of the Sycamore Community School District in Hamilton County.

Collectively, we represent a diverse sector of school districts representing various typologies including a district at the 20-mill floor, a district on the funding formula's guarantee, a district funded according to the state formula, and a district experiencing rapid growth.

Our testimony today will focus on our individual district experiences with (1) the state and local elements of school funding, (2) the 20-mill floor, (3) cash balances, five-year forecasts and levy cycles, (4) a shift in the school tax base, and (5) the growth of economic development tools.

Ohio's system of funding for K-12 education calls for a shared responsibility between the state and each local community. This results in school districts relying on two primary sources of revenue to operate: a local share that is most commonly raised by local property taxes, and a state share that is determined by the state's school funding formula. The General Assembly has provided record funding to school districts through the new Fair School Funding formula. We are thankful for this unprecedented level of support, and we look forward to the final phase-in of the plan in the next biennium.

At this time, I would like to yield to Tony Thomas and Ann Ferraro, who will build upon many of the concepts introduced by Mike Sobul in his opening remarks.

Superintendent Tony Thomas and Treasurer/CFO Ann Ferraro, Northmont City Schools

Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for allowing us to speak with you today, I am Tony Thomas and this is Ann Ferraro. I serve as the Superintendent and Ann serves as Treasurer for Northmont City Schools in Montgomery County. We are a district that would be considered a 50/50 district. 50 percent of our income comes from our community and 50 percent comes from the state and we are a formula district. This is a change for us from last year because we were on the guarantee. So, we thank you for increasing the inputs in the formula which helped us come off the guarantee. The trend for us is that the state is paying less and less over time to this percentage. We are a district composed of 3 cities, 1 township, and 1 village. We look rural in the northern part of the district, suburban in the middle, and fairly urban to the south where we border Dayton. We are a great cross-section of Ohio's demographic. While the majority of our population is Caucasian we have a diverse population, racially, culturally, and religiously. The recent re-evaluation in our county (which was 36 percent) will result in a loss of state funds making us more dependent on local property taxes. While we had traditionally seen great support from our community with the passage of renewals, bonds, and operating levies in the past, unfortunately, that support has not been there for us in the last year, as we have failed two levies in the last two elections.

Mr. Sobul's explanation of how the state distributes funding to school districts is relevant to this committee because of the impact property values play on a district's state funding. When property values increase, a district appears wealthier in the formula, and its capacity to pay more is adjusted upward, resulting in less state aid. The property valuation reappraisals and updates in the 41 counties last year illustrate the real-time impact valuation increases have on districts' state funding. Since we are not at the 20-mill floor, House Bill 920 reduces the effective tax rate of our levies, and we will see no growth in funding from our voted mills. Therefore, the 36 percent increase in property values will increase our property tax revenue on our inside mills by $1,518,000. While we appreciate the increase in property tax revenue, the effect of the increase in property valuations will reduce the State funding we are projected to receive by $1,183,000. The net effect will be less than a 1 percent increase in revenue. This does not keep pace with inflation and results in fewer services for our students. We have always been an outstanding district but will not maintain these ratings at the pace we are cutting services.

On a side note, regarding House Bill 920, because of the real estate bubble back in 2008, our district's effective mills on two of our levies increased back to the originally voted mills but the property values were lower than when the levies were voted on causing the property tax monies that we receive to be lower than what was originally voted. We have lost $579,303 each year since 2012 for a total loss of property tax funding of $6,951,636.

Prior to the re-evaluation, Northmont was projected to receive a base cost per student of $3,943. Unfortunately, the formula took money away from the district after the re-evaluation as we will now receive $3,679 per student, a loss of $264 per student which totals $1,183,543 in an unexpected shortfall. The district was proactive in May of 2023 knowing that a loss could be on the horizon by cutting 30 positions across the district. We also closed one of our elementary buildings to save the district a million dollars a year. This year we have continued to make 21 more cuts through attrition. The result is fewer services for our students and larger class sizes in our classrooms. I understand that members of the General Assembly passed a budget that increased funding across the state and we are thankful, but unfortunately for Northmont, those dollars are not reaching our school buildings and we are doing more with less. Inflation continues to eat away at our budget. In our situation revenue is not increasing and expenses hit us hard just like everyone's household has witnessed. All the while our residents are saying we are sending money to Columbus, but it is not returning to our community, and while they have supported us for many years by passing levies we have now failed two levies. They know the base cost to educate a child is $8,100 and that they are being asked to pay $4,421 and they are asking why. Why is a district like ours so heavily dependent on the local taxpayer when it appears the state budget is healthy? Please help the local homeowners by relying less on local property taxes and more on state funding.

Because the state forces districts to rely on property values to fund schools, we continue to rely on the community to fund the schools. While property values continue to increase at rates that outpace the income that we receive and the subsequent decrease in state funding the students in our district will receive fewer services as we are forced to reduce them. While the 36 percent increase in property valuation does not translate to a 36 percent increase in property tax income, it does artificially increase how property "rich" the state believes we are. This artificial increase in wealth will only continue during the 3-year property tax valuation average increases in formula in turn increasing our local capacity to pay, lowering our state funding. By year three and using a conservative growth in property tax valuation of 8 percent, we could lose $1,947,239 in state funding. The Committee's goal is to reform property taxes in Ohio. Please adequately fund schools at the state level and decrease our reliance on local property taxes to fund schools. Thank you for your time.

At this time, I will yield to Matt Bunting from Athens City School District, who will discuss the 20-mill floor.

Treasurer/CFO Matt Bunting, Athens City Schools

Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, my name is Matt Bunting, the CFO/treasurer of the Athens City School District. When I came to the district in August of 1998, it was obvious the district needed a sustained way to generate more revenue since they were getting little to no increases in school funding and only slight increases on 4.00 inside mills once every three years. By that I mean when more funding was needed, they asked voters to pass a new fixed-rate tax levy, and they did that over and over again. They asked voters to pass property tax levies for operating dollars in 1972, 1973, 1976, 1980, 1982, 1984, 1986, 1989, 1990, 1993, and 1994.

When House Bill 920 went into effect in 1976, the district had 29.1 voted mills for operations plus 4.00 inside mills. From that date to 1999, they passed an additional 22.3 fixed-rate mills for operations.

Yet, all those mills are currently collecting (for residential property) 20-mills, the "floor" for school districts. That is a loss of 63 percent of their original voted millage.

While voter support was outstanding, this was an unsustainable model for the future. Since House Bill 920, local property tax revenue has nearly flatlined. If tax revenue is not allowed to increase with property values, where would the revenue come from to keep pace with any level of inflation year-over-year? Please keep in mind that in the 20 years from fiscal years 2000 to 2019, the district was on the minimum funding, or "guarantee" for school funding and saw a TOTAL change during that time of $157,379.

The district needed a way for property tax revenue to keep pace with inflation other than constant and costly trips to the ballot for new levies. The only real solution was to get to the 20-mill floor and allow inflationary pressure to increase revenue once every three years. First and foremost, though, we needed to communicate with our voters, so they understood the need and the plan. Based on the Ohio tax law at the time, how could we get additional revenue but keep homestead and rollback credits for the taxpayer?

- <u>Emergency/Fixed Sum Levy</u> – A fixed sum levy millage does not count toward the 20-mill floor. In 2004 we had a 2.60 mill bond levy expiring. We asked the voters to pass a 7.78 mill 5-year Emergency/Fixed Sum levy. We demonstrated the need for additional operating revenue and that the 7.78 mills would result in a 5.18 mill increase to taxpayers. In November 2004 the voters approved the issue by 62 percent.

  The emergency levy/fixed sum levy was renewed in 2008, 2012, and made permanent in 2016, all with a passage rate exceeding 60 percent. Since a fixed sum levy millage is based on the tax rate needed to bring in the set dollar amount, this levy has a millage rate for TY2023 of 4.84, down nearly 3 mills from its original set rate.

- <u>Earned Income Tax Levy</u> – The earned income tax basis was fairly new in 2006 but using that basis would not impact those on retirement income, unemployment, etc... The district had a 5.8 mill current expense property tax that had been passed in May 1998 and had been replaced in 2002. In 2006, a one percent Earned Income Tax was roughly the same projected revenue as the property tax up for renewal. We asked voters to approve the Income Tax in November 2006 and promised if they did, we would allow the 5.8 mill operating levy to expire. Voters passed the 1.0 percent Income Tax by 56 percent and the property tax levy expired.

  The income tax was renewed in 2010, 2014, and in 2017. The last time for a 10-year term which passed by 65 percent.

In addition to the multiple ballot trips for operational dollars, a 2.90 mill Permanent Improvement Levy was passed in 1991. The Permanent Improvement Levy was subsequently passed as a Replacement Levy in 1996, 2001, 2006, and 2011, before being renewed, rather than replaced, in 2016. The renewal option, while it meant less revenue than the replacement option, kept the full residential taxpayer credits that would have been lost due to changes made by the Ohio Legislature.

This levy would have needed to be renewed in 2021, however, the district was now at the 20-mill minimum/floor for both residential and commercial property. Rather than renew the Permanent Improvement Levy again, gaining no revenue for a second 5-year term, the district held the two required meetings to allow public input. With no opposition from the community, the Board voted to move inside mills to a dedicated permanent improvement fund. At that time, the effective rate of the Permanent Improvement Levy had been reduced to 2.62 mills, and that was the millage moved.

While the district could have moved up to the 4.0 inside mills it has, moving the effective rate ensured that there would be no increase to taxpayers over the current rate. This gain for the district revenue increases for permanent improvement projects since inside mills grow with inflation. It also preserved the residential taxpayers homestead and rollback credits.

After 28 trips to the ballot for operational or permanent improvement levies since 1976, the district has only the 1.0 percent income tax as a renewable levy. Each time a levy is on the ballot there is a cost. The cost deducted from our tax settlements for election expenses, the cost of legal fees to prepare the ballot issues, the cost of time for the district to calculate the type of levy needed, decide on the issue size, and how to communicate to the taxpayers, and maybe the biggest cost of all, is the cost of taxpayer fatigue. Most taxpayers believe that even a renewal levy adds revenue to the district. Even now at the 20-mill floor, property tax revenue only increases every three years as values go through the Ohio required triennial update and sexennial reappraisal cycles.

Had House Bill 920 not become law in 1976, the district would still be collecting taxes based on 29.10 operating mills it had at that time. Today, the effective rate, including the emergency/fixed sum levy, is 24.07. That means in 48 years, 28 additional ballot trips, and full millage increases of more than 27 mills, the district is collecting a 5.03 *LESS* effective tax rate than in 1976. On today's valuation, that is a drop of $3.5 million, which the income tax has offset (it collected about $5 million last fiscal year).

As this committee considers the current property tax system, please keep the experiences of Athens City Schools in mind. While there are multiple reasons a district is at the 20-mill floor, what I have described to you is not unique to my district. Many others have gone through similar processes, going to the ballot repeatedly to offset the impacts of House Bill 920 while working to find ways to receive sustainable tax revenues and avoid the need to constantly go to the voters just to keep up with inflation. The increases in taxes we have seen this year are an anomaly. Valuation increases of this magnitude have not been seen since the 1970s, when House Bill 920 was first enacted. We are concerned that changes to address this issue, which after the next year or two is not likely to be repeated for decades, may bring back the very conditions which Athens City Schools has been combating over the past two decades.

Thank you for the opportunity to be here today. I am now going to turn things over to Philip Wagner.

ATHENS CITY SCHOOL DISTRICT FUNDING

FY	Basic Aid	Guarantee *	Total	$ Change	% Change	Funding	
2000	$ 7,006,457	$ 452,889	$ 7,459,346			SF3	
2001	$ 7,468,438	$ -	$ 7,468,438	$ 9,092.02	0.1%	SF3	
2002	$ 7,903,762	$ -	$ 7,903,762	$ 435,323.59	5.8%	SF3	
2003	$ 7,992,735	$ -	$ 7,992,735	$ 88,972.76	1.1%	SF3	
2004	$ 7,152,967	$ 715,745	$ 7,868,712	$ (124,022.58)	-1.6%	SF3	(1)
2005	$ 6,448,032	$ 448,939	$ 6,896,971	$ (971,741.37)	-12.3%	SF3	
2006	$ 6,974,007	$ 444,192	$ 7,418,199	$ 521,228.77	7.6%	SF3	(2)
2007	$ 7,047,529	$ 358,089	$ 7,405,618	$ (12,581.42)	-0.2%	SF3	
2008	$ 7,004,480	$ 357,958	$ 7,362,438	$ (43,179.95)	-0.6%	SF3	
2009	$ 7,450,451	$ 58,150	$ 7,508,601	$ 146,162.66	2.0%	SF3	
2010	$ 5,191,186	$ 2,036,030	$ 7,227,216	$ (281,385.01)	-3.7%	PASS	
2011	$ 5,390,670	$ 1,735,942	$ 7,126,611	$ (100,604.23)	-1.4%	PASS	
2012	$ 7,236,273	$ 61,403	$ 7,297,677	$ 171,065.28	2.4%	Bridge	
2013	$ 7,611,525	$ -	$ 7,611,525	$ 313,848.32	4.3%	Bridge	
2014	$ 7,369,094	$ 253,189	$ 7,622,283	$ 10,757.69	0.1%	SFPR	
2015	$ 7,638,688	$ -	$ 7,638,688	$ 16,405.45	0.2%	SFPR	
2016	$ 7,211,309	$ 426,379	$ 7,637,688	$ (1,000.00)	0.0%	SFPR	
2017	$ 7,256,907	$ 379,395	$ 7,636,303	$ (1,385.54)	0.0%	SFPR	
2018	$ 7,117,385	$ 519,341	$ 7,636,725	$ 422.73	0.0%	SFPR	
2019	$ 7,077,529	$ 539,197	$ 7,616,725	$ (20,000.00)	-0.3%	SFPR	
			Total $ Change over 20-Years	**$ 157,379.17**	**2.2%**		

* All Guarantee Types

(1) When asked voters to pass the Fixed Sum/Emergency Levy.

(2) When we asked taxpayers to pass a 1% earned Income Tax and allow a 5.80 mill levy to expire.

Source: Ohio Department of Education Final Funding Reports

Superintendent Philip Wagner, Johnstown-Monroe Schools

Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today representing public school districts. My name is Philip Wagner, Superintendent for the Johnstown-Monroe Schools. This is my thirteenth year in Licking County. Prior to the Johnstown-Monroe Schools, I was superintendent for the Licking Heights Schools. My partner for today's testimony is Jenni Logan, the Treasurer/CFO of Sycamore Community Schools in Hamilton County Ohio. We will be discussing the topics of tax exemptions, shifts in the school tax base, and cash balances.

<u>Property Tax Exemptions</u>

Considering that school districts predominantly rely on property taxes to raise local funds, it is not surprising that the highest millage rates in a community are typically school levies, which may include both operating and capital purposes. In contrast, while cities and counties can levy property taxes for specific purposes, they rely predominantly on income and sales taxes, respectively. The result is that any property tax exemption has the greatest impact on school districts and the students they serve.

Tax-exempt parcels are not included in our total assessed valuation for state funding purposes, so our local capacity calculation remains unaffected. However, school districts must carefully assess any proposed exemptions for their impact on state and local revenue as well as potential direct impacts such as increased enrollment and capacity challenges in school buildings. It's crucial that school districts are involved in these discussions early on.

Intel's arrival within the Johnstown-Monroe School District has resulted in historical levels of economic development. Intel's commitment of a $20 billion investment into their two new fabs has been the catalyst for over 100 businesses expected to locate within Central Ohio. The Johnstown-Monroe Schools includes 52 square miles, and we educate over 1,700 students in four school buildings. We have developed a model to scale all facets of district operations to triple the current student enrollment. Such planning includes significant capital, staffing and academic enhancements to meet growing needs.

Our planning, that includes a close relationship with our municipal partners, is focused in three areas:

- Development of a strategy to fund growth that includes positive and predictable school district revenues
    - Funding growth – The Johnstown-Monroe School Board has a longstanding history of fiscal conservatism. Such conservativism has resulted in a moderate broad and balanced tax base with an excellent educational environment. This enduring practice is being expanded to include public private partnerships.

- Provide enhanced educational experiences that meets business and industry needs
    - Enhanced educational experiences – Our students continue to refine their post high school preparation into one of three pathways: Enrollment in a 2- or 4-year college/university, Enlistment as a member of our armed forces, or Employment – especially to keep talent in Ohio by providing the best possible workforce.

- Enhance or create partnerships with local school districts and regional partners
    - Enhancement of partnerships – In addition to numerous area partnerships, our school district is focused on enhanced public and private partnerships and is committed to help scale operations that benefits the region.

<u>Shift in the School Tax Base</u>

Like the state and local partnership to fund schools, another partnership exists at the local level among homeowners, farmers, and businesses. Separated into their own classification of property, each classification shouldered a relatively equal share of property taxes paid to school districts up until 1991. The partnership, that was once balanced and stable, began to skew out and imbalance beginning in the 1990s. The table below shows the share of school taxes paid by type of property from 1975 through 2022.

Type of Property	1975	1983	1991	1999	2007	2011	2015	2022
Class 1 Real % of Taxes	**46.1%**	47.1%	47.5%	52.4%	65.0%	69.9%	**69.0%**	**66.1%**
Class 2 Real % of Taxes	18.8%	18.6%	20.4%	20.3%	22.3%	24.3%	23.7%	22.0%
Total TPP % of Taxes	35.1%	34.4%	32.1%	27.3%	12.7%	5.7%	7.3%	11.9%
Business TPP % of Taxes	23.2%	22.3%	19.2%	17.7%	8.0%	0.0%	0.0%	0.0%
PU TPP % of Taxes	11.9%	12.0%	13.0%	9.6%	4.7%	5.7%	7.3%	11.9%
Total Business Property % of Taxes	**53.9%**	52.9%	52.5%	47.6%	35.0%	30.1%	**31.0%**	**33.9%**

Two major themes are evident from this data: 1. Ohio homeowners and farmers are paying a larger share of total property taxes for schools and 2. commercial property owners are paying a lesser share. This shift in the tax burden further complicates the challenges schools face when asking voters to support school levies. We are not here today to comment on the policy rationale behind this shift and we understand the importance of having a business-friendly climate in our state, but we do believe it is important to highlight and understand the shift and its implication for local property taxes. As a superintendent, I can attest our local taxpayers, who pay residential and agricultural property taxes, have felt this shift and regularly share their concerns about their property tax bills.

I will now pass the remainder of the testimony to Jenni Logan.

Treasurer/CFO Jenni Logan, Sycamore Community Schools

Good morning. I am proud to be here representing the Sycamore Community Schools as their Treasurer/CFO. Sycamore Schools educate approximately 6,000 students in seven (7) school buildings with an annual budget of $100 million. I joined this excellent high achieving school district in August of 2023. Prior to this I spent over eleven years as the Treasurer/CFO of Lakota LSD in Butler County, so I will be including relevant data from Lakota as well as Sycamore when appropriate. I have also been a member of the Fair School Funding Plan WorkGroup for the past six plus years.

School districts aim to strike a balance between promoting economic development and ensuring sustainable education funding. Sycamore schools have successfully achieved this balance with partners such as the City of Blue Ash, Montgomery, and the townships of Sycamore and Symmes. With approximately twenty TIF (tax increment financing) districts generating $6 million annually in PILOT (payments in lieu of taxes) payments, constituting around six percent of total general fund revenue, our district has benefited. In my previous role at Lakota, managing over 20 TIF agreements and several Enterprise Zone abatement agreements, we generated approximately $19 million annually, amounting to one percent of total general fund revenue.

Throughout my tenure, I've encountered various revenue sharing agreements, many based on a "no harm, keep whole" principle for schools. Some agreements deduct annual debt payments before school compensation, while others involve more complex coverage ratio calculations. Managing over twenty agreements with different distribution arrangements, especially those requiring the school district to invoice for their share of PILOT payments, can pose challenges. Early involvement and transparent communication are essential for successful revenue sharing agreements that benefit both the community and the schools.

Cash Balances, Five-Year Forecasts, and Levy Cycles

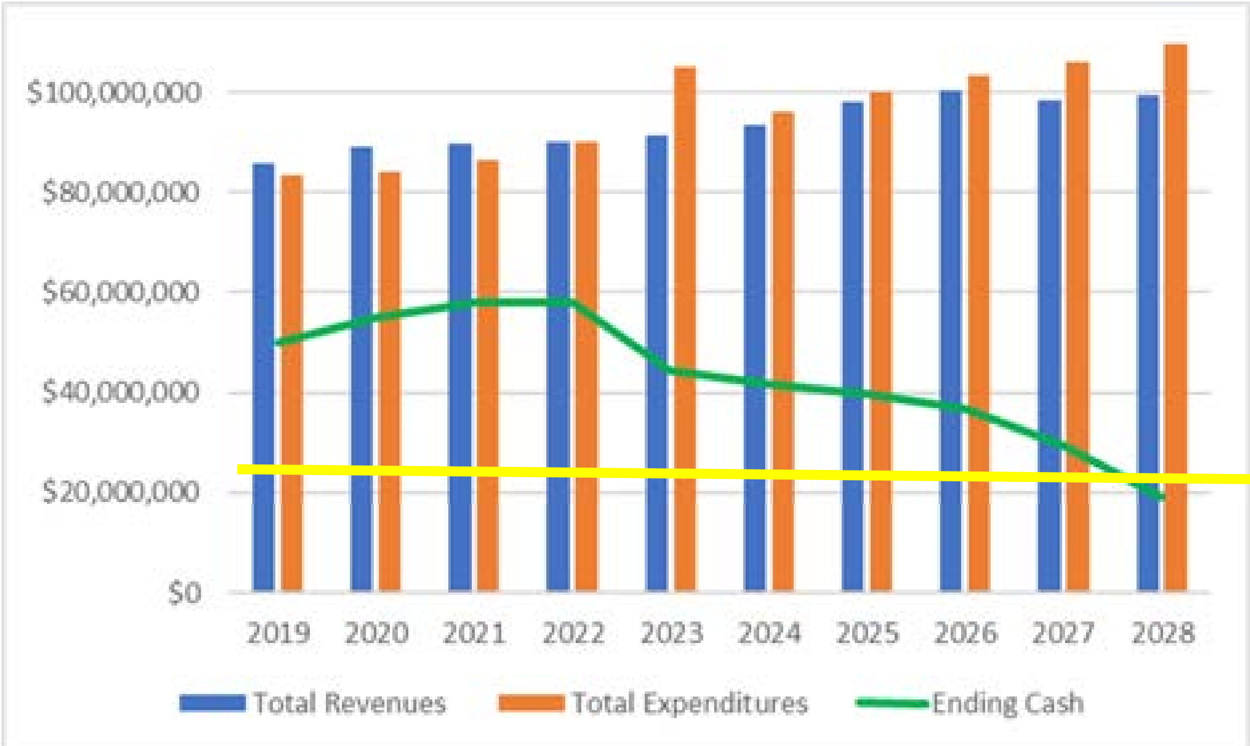
All school districts in Ohio must have in place a five-year forecast, which includes three years of historical data, five years of projections, and a summary of key budgeting assumptions. Also included in the district's five-year forecast is a prediction for how long the district will maintain a cash balance. Cash balances have been unusually large recently, which is a function of conservative budgeting amid a global pandemic, uncertain funding, and influx of one-time federal pandemic funding. In addition to conservative budgeting, school districts, especially those at the 20-mill floor, have benefited from historic valuation increases. Our treasurers, superintendents and school board members understand the need to use strong business practices in the operations of school districts. Maintaining a healthy cash balance is a key part of conservative long-term financial planning that is in the interest of the taxpayer and allows the district to maintain fiscal solvency.

In 2022 OASBO released the *General Revenue Fund Cash Balances – Management, Guidance, and Best Practices*, commonly referred to as the OASBO Whitepaper. This best practice document helps guide school districts in developing and establishing their own local cash balance policy.

In my current district our Board has established a policy which sets a cash balance goal of not less than 25 percent of the general fund operating expenditures, which essentially is 3 months or ninety (90) days. This is reviewed on a monthly basis as well as with each five year forecast approval.

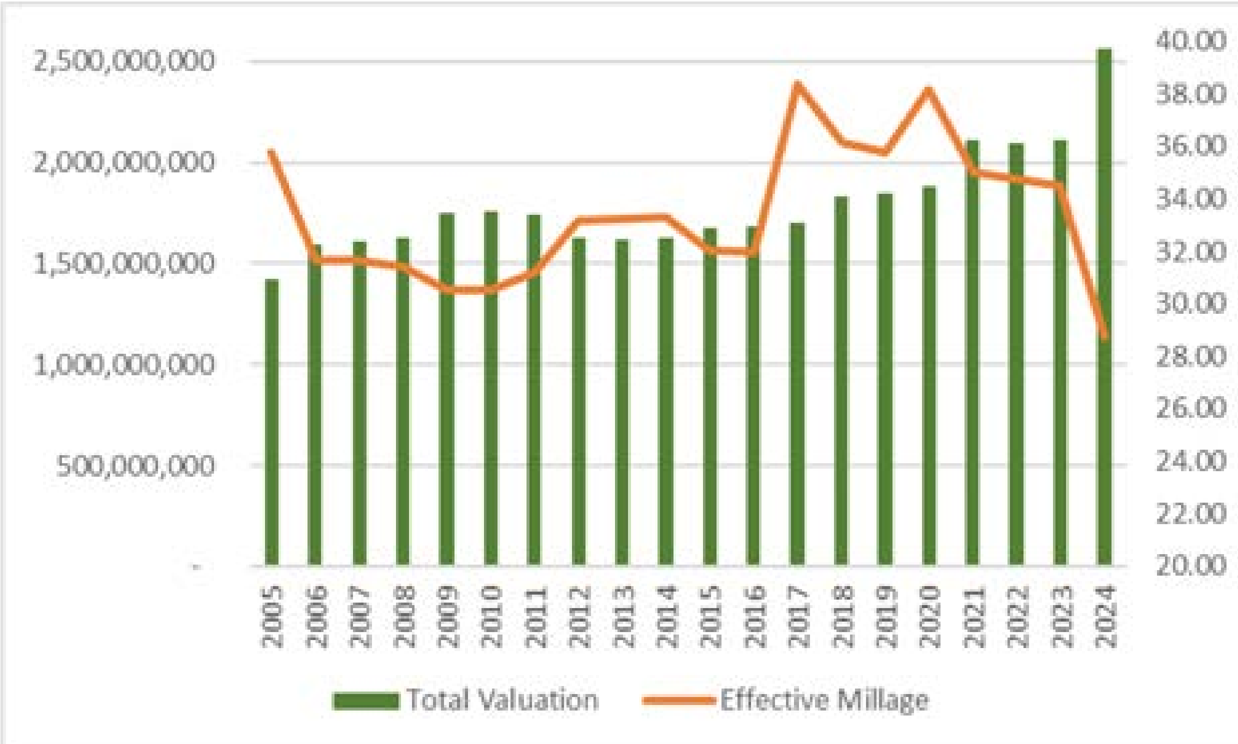
During my time at Lakota, the Board of Education adopted a cash balance policy which not only set a minimum cash balance goal of ninety (90) days but also defined a process when balances reached a threshold above one hundred fifty (150) days. We also set up a budget stabilization fund (rainy day fund) and adopted a policy related to adopting a structurally balanced budget.

For illustrative purposes, I've included the chart from Sycamore's November 2023, five-year forecast presentation. The yellow line indicates our cash balance goal established in policy. As you can see, while our cash balance is well above the line currently, we are predicting it will fall below the established goal in year four or five of the forecast. Our last operating levy was passed by our community in November 2016.



Every district is unique and extra care and attention should be used in developing the assumptions which generate the numbers on the five-year forecast. To understand the specifics of this chart you would need to understand the notes to the forecast, which include but are not limited to the fact that we are finishing a master facilities project and funding a portion from our general fund.

Hamilton County did experience a total reappraisal during calendar 2023 which impacted our taxpayers in 2024. In Sycamore we saw an overall increase of 22 percent of total valuation, with our residential AV increasing 25 percent. Our effective millage is not at the 20-mill floor so tax reduction factors did make an impact. Therefore, the increase in revenue estimated due to inside millage growth is approximately $2 million more annually, or two percent more in total general fund revenue. The chart below shows our total valuation history from 2005 – 2024, with the total effective millage (including bond levies).



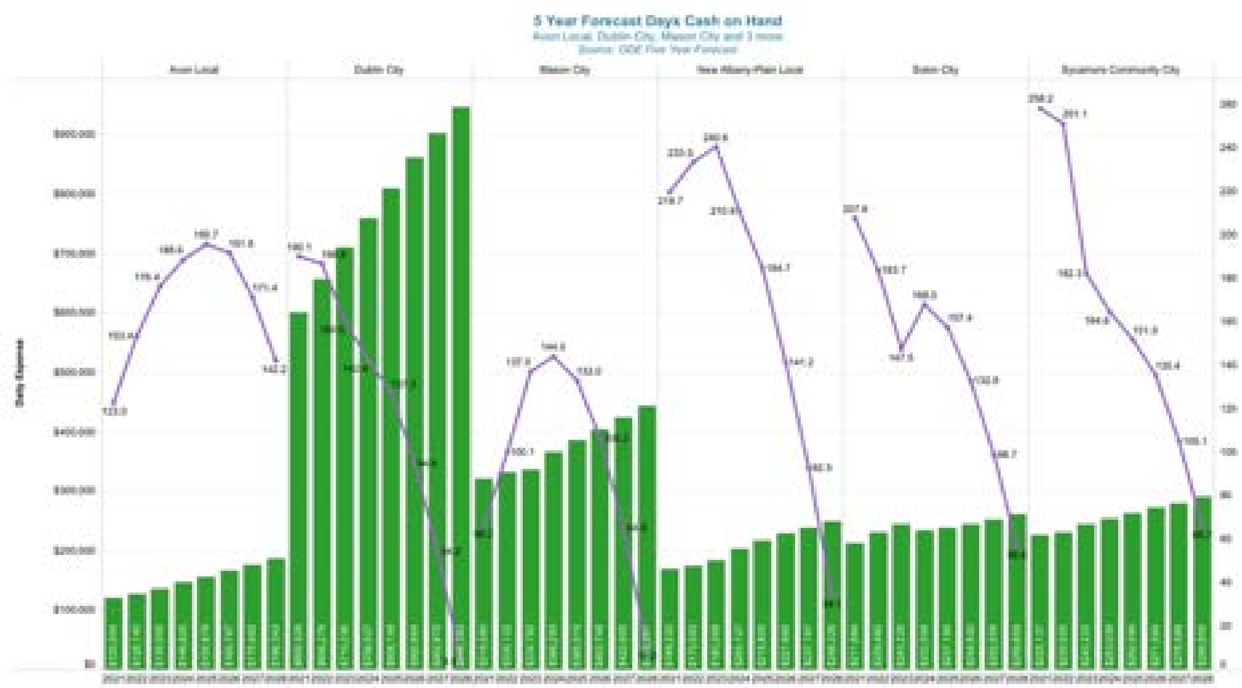
While we look at the impact of these historically high valuation increases, we must not forget the impact this has on state funding for districts as well. Our local capacity is based on property wealth (60 percent) as well as resident income (40 percent). As our local capacity increases, state share calculations will be impacted. Sycamore is already receiving the minimum state share (10 percent) and therefore, we will not see a further reduction to our state share. But, this will not be the case for others. During our annual conference last week, it was shared that fiscal year 2025 K-12 traditional district state funding is predicted to be significantly less than was estimated. This can be attributed to the increases in property values as well as lower student enrollment. This also highlights the need to update both sides of the equation for school funding: the local capacity as well as the cost inputs to make sure the distribution is appropriately measured.

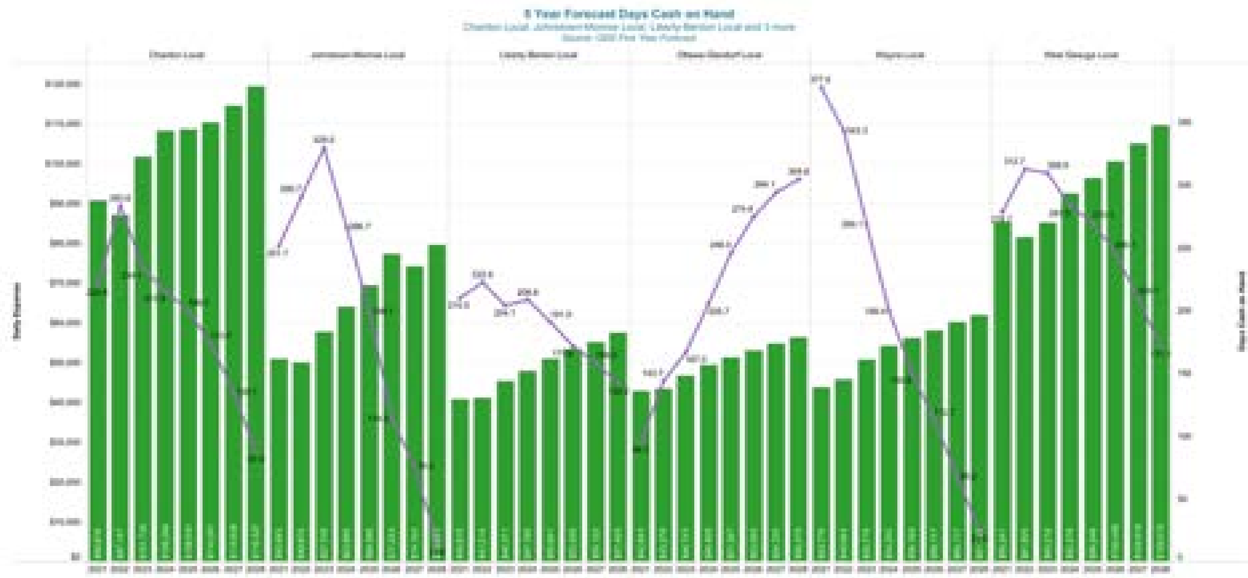
Since hundreds of Ohio school districts do not receive revenue growth from the reappraisal of property due to House Bill 920, tax revenues often do not keep up with ever-increasing operational costs, which typically increase 3-5 percent annually. Therefore, school leaders are often forced to ask voters to support levies at a more frequent cycle to keep up with inflationary increases in operating expenditures and other market demands. The passage of a levy also results in higher cash balances for an initial period of time as these funds are then spent down due to increasing expenditures, inflation, and the inability to benefit from inflationary increases in property values (i.e., House Bill 920). This then results in a need for another levy to replenish the funds.

Essentially, the only option for local school districts to raise additional revenue becomes a new levy, which requires voter approval. This system of school funding is one reason that school districts often carry a cash balance, particularly after a successful levy issue. Commonly referred to as the “levy cycle”, the result is higher cash balances for an initial period of time that are then spent down due to increasing expenditures, inflation, and the inability to benefit from inflationary increases in property values (i.e., House Bill 920). This then results in a cyclical need for another levy to replenish the funds.

The need for school districts to be conservative in their spending and to build cash reserves has been further reinforced by inconsistent and inadequate funding formulas – which is now a vestige of the past based on recent historic legislative investments in education. Nevertheless, this uncertainty has resulted in building our cash reserves to help ensure the continuation of educational programming for students.

It is important therefore, to not only look at a current fiscal year cash balance of a school district, but to look at the predictions moving throughout the forecasted period. As an example, I am including a chart that shows Sycamore and Johnstown Monroe with their five most similar districts. These charts reflect the daily expenses in the green bar from 2021 – 2028 as well as the number of days of cash on hand during the same time period depicted with the purple line. As you can see in every district but one, the number of days of cash on hand is predicted to decrease over time. To understand the reasons and rationale you would need to know each school district's unique story. We appreciate the opportunity to share with you our districts' story.





Thank you for your attention and consideration to our testimony. I will now yield to Mike Barnes to conclude our testimony.

Superintendent Michael Barnes, Mayfield City Schools

Co-Chairs Blessing and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you again, for the opportunity to testify today representing public school districts.

Today you heard testimony from school district leaders who represent a diverse sector of school districts across our state. Every one of us in this room shares the same goal of providing an education of the highest quality for our children.

Earlier it was explained how the state distributes funding to school districts and why it is relevant to this committee. The stated reason was because of the impact property values play on a district's state funding. When property values increase, a district appears wealthier in the formula, and its capacity to pay more is adjusted upward, resulting in less state aid. The property valuation reappraisals and updates in the 41 counties last year illustrate the real-time impact valuation increases have on districts' state funding. Districts not at the 20-mill floor, will see the effective tax rate of their levies reduced because of House Bill 920, and consequently, will see no growth in funding from their voted mills. Northmont shared the following example: Their 36 percent increase in property values will increase their property tax revenue on their inside mills by $1,518,000. While they appreciate the increase in property tax revenue, the effect of the increase in property valuations will reduce the State funding we are projected to receive by $1,183,000. The net effect will be less than a 1 percent increase in revenue. This does not keep pace with inflation and will result in fewer services for their students. There are other districts throughout the state where this scenario would also apply.

We all understand that we are living in exceptional times, from pre-and-post pandemic to emerging from the great economic recession, where there was little to no increase to property values. Now, for the first time in 40 years we are experiencing exceptional growth in property values. The increases in taxes we have seen this year are an anomaly. Valuation increases of this magnitude have not been seen since the 1970s, when House Bill 920 was first enacted. We are concerned that changes to address this issue, which after the next year or two is not likely to be repeated for decades, may bring back the very conditions that districts like Athens City Schools have been combating over the past 20 years.

Additionally, and as Mike Sobul mentioned in his opening remarks, the Fair School Funding Plan was constructed based upon, and to work in concert with, the property tax system as it exists right now. Any significant changes in the property tax system could break this relationship and cause the Fair School Funding Plan to fail.

We emphasize the need to update base cost inputs so that the formula is working as planned, and not burden shifting from the state (who is paying less if inputs are not updated) to the local district.

Co-Chairs Blessing and Roemer and members of the committee, thank you for your consideration and attention to this important issue that affects all Ohioans. We appreciate the work of this committee and our organizations and our colleagues in the field stand ready to work with the General Assembly as we seek to make improvements to our state's property tax system. This concludes our testimony. We are happy to address your questions.

The History of the Real Property Tax in Ohio

Traditionally there have been three types of taxes that consider a taxpayers ability to share in the cost of providing government services. These are taxes on income, taxes on consumption (sales tax), and taxes on wealth (property tax). Traditionally, states have attempted to achieve a balance between these three sources of revenue to avoid a concentration of the tax burden on a limited segment of the population, and to prevent the tax structure from affecting the economic behavior of citizens. This section of the paper will consider the history of the real property tax and its evolution into an important part of the funding mechanism for local government and school districts. This evolution can be characterized as a series of changes in the definition of the tax base, limits on the rates of taxation, methods of determining and monitoring taxable values, and the provision of certain tax relief programs.

THE FIRST SOURCE OF REVENUE

The real property tax was the first source of revenue for Ohio's state and local governments. From 1803 to 1825, the main source of revenue in Ohio was a general land tax. Local assessors rated land according to its quality and divided it into one of three classifications. Taxes were calculated using a graduated rate that ranged from a low of 20 cents per 100 acres in 1803 to a high of $3.60 per 100 acres in 1825.

Under this system, there was a gradual migration of land from the higher classification to lower tax categories. There were also administrative problems that arose from assessing and collecting taxes from a population scattered over a large territory. As the state became more populated and commercial property interests developed, there was also growing dissatisfaction that the primary source of revenue failed to consider any sort of tax on improvements or personal property. Attrition of revenues and growing public interest in tax reform manifested itself as support for the first *ad valorem* property taxation, or the taxation of property according to value.

In response to these conditions, the General Assembly abolished the land classification system in 1825 and established a general property tax. The new tax introduced a number of features, including the state taxation of all real property and certain types of personal property, the valuation of property at its true value in money, and the creation of boards of equalization to ensure the fair and accurate administration of the new tax. After these measures were enacted, a statewide revaluation of all property was undertaken. This resulted in the first Grand List of taxable property against which state, county and township taxes were levied. During this period the first property tax limits were also introduced, with the earliest references appearing in 1831. These were, however, primarily restrictions on levies for specific purposes and had little practical effect on tax rates. Property was revalued again in 1834 and at irregular intervals thereafter. Between 1825 and 1846, changes to the new law were essentially refinements to the 1825 act and new provisions that allowed the application of the tax to additional categories of property.

Unfortunately, the first two decades of the new tax system did not provide the anticipated result. The legislature used its power of taxation to favor or discourage special interest groups, such as agriculture or foreign banking interests. Property tax exemptions were also approved by the legislature for specific enterprises to indicate the legislature's support of various activities. Under these politically motivated practices, the tax list decreased until it represented only a quarter of the state's wealth. From 1836 to 1846, Ohio operated on a deficit basis and accumulated an additional $1.5 million dollars in principal debt. The legislature attempted to salvage the system by imposing special taxes on a variety of businesses, ranging from insurance companies to the services of physicians and attorneys, but the effort failed to produce sufficient revenue and address public dissatisfaction with a system that was floundering in its attempt to curry favor with special interest groups.

In 1846 the General Assembly passed the Kelley Law, which required all real and personal property to be taxed at a uniform rate according to its true value in money. Exemptions were restricted and defined with greater precision and a system requiring property to be returned and taxed in the county or town of its situs was introduced. New rules were drafted to guide the appraisal of property and a permanent schedule was set for future revaluations of property every six years. The new law also reconfigured the county and state boards of equalization.

THE "MODERN" ERA OF PROPERTY TAX

Despite these reforms, the public was still suspicious of the political nature of the tax. Although the Kelly Law had established uniformity as the general basis of the tax, a segment of the population believed the only way to protect the public's interest from political pressures on the legislature was to regulate the system into the organic law of the state itself. The result was this provision, which was included in the 1851 Constitution of Ohio as Section 2 of Article XII. Although it was recast by the Constitutional Convention of 1912 and has been amended several times, it is the basis of the system in place today.

> …Laws shall be passed, taxing by uniform rule, all monies, credits, investments in bonds, stocks, joint stock companies, or otherwise; and also real and personal property, according to its true value in money…

The adoption of the 1851 Constitution necessitated a complete revision of the tax laws. This was done in 1852 to codify the constitutional requirements and to require sexennial revaluations, thus repeating the 1846 requirement that had not been followed. The uniform rule and the provision for assessment of property according to its true value in money was further imbedded in the statutory system in 1859, which also set the next date for statewide revaluation in 1864. This revaluation was postponed to incorporate decennial revaluations beginning in 1870. Clearly, enforcing statutory requirements for periodic revaluations continued to be a problem.

Although new, stringent requirements for property tax assessment were in place, the system soon began to falter with continued under-assessments of property. Eventually this practice became so widespread that it effectively supplanted the statutory full value requirement. Public concerns with problems in assessment practice are suggested during this period by the creation of additional boards of equalization at the state, city and township levels to monitor and correct property valuation.

In 1902, partially in response to the demands for equality in the property tax, Governor Nash urged the complete separation of state and local taxation by leaving the general property tax to local governments. Public sentiment can be summed up in the Governor's words:

> …No injustice will arise because the property in one county is valued more highly for the purpose of taxation than the property in another. The injustice arising from such erroneous valuation comes only when state taxes are to be paid. Then taxes upon property will be levied by the county, municipality and township officers. Taxation will become local, and if the officers responsible for it are derelict in the discharge of their duties, they live among the people whom they wrong and who can easily get rid of them and elect other officers who will wisely perform these duties.

The General Assembly apparently followed this advice by electing to levy no statewide tax for the general revenue fund in 1902, although taxes continued to be charged for common school and other minor purposes. This is the earliest record of the migration of the real property tax to its current position as a tax for local governments.

TAX REFORM: EARLY EFFORTS

General dissatisfaction with the property tax resulted in the appointment of a committee in 1906 to investigate the state's tax laws. Among other reforms, the committee recommended the formation of a State Tax Commission, more frequent property appraisals, and the complete separation of state and local tax revenues. In 1910, the General Assembly responded by creating the State Tax Commission of Ohio. This body was empowered to order reassessments, correct valuations, and to require that county auditors (now the local assessors) place omitted property on the tax list. In general, the new Commission was granted the final authority in all matters relating to taxation.

By 1910 property was generally assessed at less than its full value. The new State Tax Commission reviewed property valuations and ordered county auditors to increase values in 1911. Property was so inconsistently and radically undervalued that mandated rates of increase ranged from 74 to 379 percent. Property values shot from \$2.0 billion in 1910 to \$5.3 billion in 1911. Since the purpose of the reappraisal was to raise values to the required level, rather than raise local taxes, the legislature quickly responded with the passage of the Smith Act in 1911.

The Smith Act restricted the combined property tax rate levied by schools, counties, townships and municipalities to a maximum of 1%, or 10 mills of the taxable value of property. An additional 5 mills could be levied if authorized by the voters or if used to pay debt charges on bonds. The only levies that were permitted outside the 15-mill limitation were levies for specific emergencies, such as epidemics or floods. It was also hoped that lower rates of taxation calculated under the new law would encourage more intangible property to be placed on the tax list since there would be little incentive to conceal it. This however, was not the case.

Laws requiring periodic reappraisals were repealed in 1913. With no growth in the tax base and no ability to increase rates above the 15-mill ceiling, even with voter approval, revenues became static and failed to meet the cost of providing government services for the expanding population. Local governments became indebted to cover the cost of current services and school district debt increased more rapidly in Ohio than in any other state. Cities also relied on deficit spending as municipal expenses outstripped revenue by nearly 30%.

Due to this state of fiscal crisis, numerous exceptions to the 10-mill limit were enacted from 1915-1920. Some of these changes were in response to the social pressures of the time, such as the one-mill levy for highway purposes, which was levied outside the 15-mill limit without voter approval. An exception was necessary because of the sudden demand for better roads caused by the rapid development of the automobile. As a result of numerous exceptions to the Smith Act, over 90% of the local taxing districts were levying rates in excess of 15 mills by 1920.

Strict rate limitations were gradually removed during this period. By 1925, the statutory limit was 15 mills without voter approval, and there was no limitation on the levies voters could authorize in excess of 15 mills; however, the life of the additional levies could not exceed 5 years, at which time the measure would have to be renewed. As a result of the liberalization of the law, the average tax rate in Ohio rose to over 20 mills in 1920 from 5 mills in 1919.

Ohio's history of imposing limits on the revenue produced by property tax collections began in 1925. During that year the MacDonald Act was adopted which required general reappraisals of real estate every 6 years in each county. To prevent "windfall" revenue gains by local jurisdictions, the legislation also provided for the reduction of all voted levies so that revenue produced by these levies would remain the same as before the reappraisal. This type of limitation has remained in Ohio law in some form or another continuously until the present time.

Besides voter authorized levies, there was one other exception to the 15-mill limit adopted in 1925. This was the so-called "charter city" exception. Since municipalities experienced especially severe financial difficulties immediately prior to 1925, they were permitted to fix a rate limitation in excess of the 15-mill limit in their municipal charter. This exception to the rate ceiling also had to be approved by voters.

As a result of the changes in the rate limitation law and modifications in budgetary procedures, local government budgets were gradually brought into balance after 1925 until the start of the depression. Schools were particularly successful in securing approval of additional levies during this time. In spite of these rate limitations, tax rates in Ohio remained close to national averages.

Since property values had not been updated since 1911, the State Tax Commission repeated its review of property values in 1926 and again ordered values to be adjusted by various percentages, this time to achieve a stated goal of 85% of true value. By now, fractional assessments were so common they had become the accepted standard in spite of the statutory and constitutional requirements for true value.

In 1931, the Constitution was amended to separate personal property into a different tax classification, but the uniform rule requirement remained in place for real estate. The standard for the assessment of real property was now equality. Each property was to be assessed uniformly and in accordance with its market value – not its value for the purpose it was currently being used or any other value subject to the caprice of the assessor. Two parcels with equal market values located in the same taxing district must pay identical taxes. Factors such one owner's ability to pay relative to another's must be disregarded. Whether this is an equitable system is a matter of judgement, but with out further constitutional change, equality was now what the law required.

The 15-mill rate limitation (without voter approval) incorporated into the state constitution in 1931. This amendment cleared the way for the legislature to establish a tax system that would give preferential treatment to tangible and intangible personal property over real estate. The 15-mill rate limitation was included so that homeowners and farmers would support the measure, in spite of the fact it was designed to provide tax relief for personal property. Just as the Smith Act of 1911 was designed to prevent a large increase in an all property taxes, the 1931 constitutional amendment was designed to prevent a large increase in real property taxes.

The 15-mill limit was reduced to 10 mills without voter authorization (unless permitted by municipal charter) in 1933. One of the forces behind this reduction was the fact that assessed property values did not fall as rapidly as market values during the depression. City real estate boards and farmers initiated the 1933 amendment, which was approved by a large majority and carried every county in the state.

Reducing the constitutional millage limits from 15 mills to 10 mills in 1933 had a major impact on local governments. The full force of this reduction had to be absorbed out of current operating funds since debt requirements had the first claim on property tax revenues. Total revenue for current operating expenses was reduced by approximately 30% as a result of the change. The actual revenue reduction was estimated at from $30-$45 million, with about $7.5 million of tax relief going to public utilities. This was a very substantial amount, especially when it is considered that the state's biennial budget at time was only about $45 million. Because of the more restrictive rate limitation, the average statewide tax rate fell to 18.70 mills in 1934 from 22.42 mills in 1933. This rate reduction combined with a 13% decrease in property values from 1932-1934 and the high delinquency rate at that time would surely have had a more devastating financial impact than the Smith Act in 1911 if the state had not increased aid to local governments considerably.

In response to local governments need for more revenue, the state adopted a new 3% sales tax and a 1% increase in certain excise taxes on public utilities. The additional public utility tax was apparently designed to replace the revenue that utilities saved due to the stricter rate limitation. The additional state revenue enabled the legislature to set up an aid program for schools and other local governments which was necessary for them to survive under the 10-mill limit. The net effect of the 10-mill limit was to shift part of the financial responsibility for governmental functions to the state from the local level, while broadening the tax base. In fact, several tax experts of that time believed voter approval of the 10-mill limitation was due to this anticipated redistribution of governmental functions and not necessarily because voters believed they could reduce the overall tax burden.

In 1939, the State Tax Commission was replaced by the Department of Taxation. The Department of Taxation was an administrative agency consisting of a Tax Commissioner and the Board of Tax Appeals, which was nominally within the Department but outside the jurisdiction of the Tax Commissioner. Supervision of the real estate assessment process was transferred to this Board of Tax Appeals, which was a three-member board of gubernatorial appointees serving staggered six-year terms. The Act accomplishing the transfer was titled "

An Act to equalize the real property valuations within the state for the purposes of taxation, " which suggests that achieving uniform property valuations continued to be an elusive goal. Giving a technical job such as the supervision of property assessment to a quasi-judicial board convened to deal with legal issues was, in retrospect, not likely to produce effective results. The Board of Tax Appeals, however, directed considerable effort toward improving uniformity and assessment level through its Division of County Affairs.

In spite of the MacDonald Act and supervision by the Board of Tax Appeals, few property revaluations were conducted until 1947. This was due in large part to the practical challenges of finding qualified personnel to revalue property in 88 counties at one time. This impediment was removed in 1947 when the law was changed to require reappraisals once every six years in a staggered cycle. Still mechanical problems remained. Few county auditors conducted the required valuations because there was no penalty for failing to comply with the law. Financing the cost of reappraisals was also a practical concern, because county governments received only 8-12% of property tax revenue, but were required to fund the entire cost of administering the tax.

The legislature responded to the first of these concerns with a provision that allowed the withholding of school foundation and local government funds if the auditor failed to comply with an order of the Board of Tax Appeals to revalue property. The second concern was addressed in 1957 with a new statute that earmarked a percentage of real property tax receipts for financing real property assessment. After money had accumulated in the new fund for two years, the Board of Tax Appeals ordered 30 counties which had not complied with the 1947 order to reappraise real property. These revaluations were challenged at the Supreme Court of Ohio by individual taxpayers who believed the Board's actions were illegal, because application of the Board's recommended increases raised their property values above market levels. The Court determined that the Board's actions were legal because they were based on an analysis of aggregate values. Individual property values were under the control of the county auditor as assessor, and not subject to control by the equalization authority. This is still an important facet of modern law in that the state may order adjustments in aggregate property values by class or political subdivision, but has no authority over the value of individual parcels.

In 1952, The Board of Tax Appeals attempted to equalize property values at 50% of market value based on the comparison of tax values to sales prices for 1946, 1947 and 1948, although statutes still required valuation by the true value in money standard. In 1957 the legislature changed the statute to reflect actual assessment practice by requiring that property be assessed according to *taxable value* rather than true value. The Board of

Tax Appeals was charged with the responsibility to set the percentage of true value that was to be used to calculate taxes by administrative rule. This action was also challenged at Supreme Court of Ohio by a county auditor who held that this was a contravention of the constitutional true value requirement. The Court ruled that the statute was legal, but the legislature restored the true value provision within weeks of the Court's decision in 1959.

In 1962 the first of an important series of cases was brought before the Ohio Supreme Court. Park Investment Company, a Cuyahoga County property owner, challenged the process of assessing real estate in a series of landmark lawsuits against the Board of Tax Appeals. The property owner argued that commercial property in Cuyahoga County was valued at a higher percentage of market value than other classes of property and sought an order to lower commercial values. Instead, the Supreme Court ordered the Board to perform its statutory duty by reviewing assessment ratios and adjusting property values accordingly. Although Cuyahoga County commercial values were eventually lowered as a result of this review, the practical solution to the problem could no longer be avoided. Since the problem was not that commercial values exceeded legal limits, but rather that residential and agricultural values were too low in comparison, residential and agricultural values would have to be substantially increased to ensure that all taxpayers were uniformly assessed. This painful process also caused a considerable shift in the tax burden.

Several important legal precedents were established in these cases. Foremost, was the requirement that all real property was to be taxed by a uniform rule according to value. This meant that the ratio of assessed value to market value had to be the same for all classes of property and also for all counties. Ancillary to this requirement was that property values must be reviewed on a regular basis to maintain the legal level. Another important precedent was that market value, or sales price, was the best indication of a property's true value in money. Also of note was the Court's consideration of the Board's sales ratio studies as the primary indictor of assessment performance. Although the Board had argued that it utilized other means of analyzing property values and critics had dismissed the validity of these studies due to sampling errors, the weight given them by the Court established statistical analysis as the standard for determining the level of assessment and uniformity.

By the late 1960's, statutory pressure on the Board was increased to correct assessment inequalities. The Board prepared a series of administrative rules that would have officially adopted a 40% assessment level, but this was postponed when the legislature suspended the Board's authority for a period of two years, pending further efforts to reform the system. During this period, no agency supervised the assessment process. The tax system was once again reviewed by an independent commission, this time acting under the guidance of a temporary Master Tax Commissioner, who was charged with responsibility of seeing that Supreme Court's orders in the *Park* cases were carried out. These measures were considered imperative because property values – which were also the basis for the distribution of state aid – were so diverse and non-uniform that immediate correction would have had a chaotic impact on local revenues.

In 1965 the legislature took an important step toward modernization of the tax code. The 106th General Assembly recognized the socioeconomic difficulties inherent in raising taxable values to the required market level, and passed legislation requiring the Board to fix a percentage of true value to be used as taxable value. This was to be accomplished by rule, but could not exceed 50% of market value. The 40% assessment level was finally established and the practice of a *taxable value* different from *true value* was now legally permitted.

The 1965 legislation also provided a mechanism for a more comprehensive appeals process for individual property values. Under prior law, a taxpayer could seek relief only from an appeal to the local Board of Revision, which consists of the county auditor, the county treasurer, and the President of the Board of County Commissioners. The 1965 legislation provided for appeals from the local level to the State Board of Tax Appeals or to the county Court of Common Pleas. Decisions from the Board of Tax Appeals or the Court of Common Pleas, in turn, could be appealed to the Court of Appeals or the State Supreme Court. More detailed information about the current appeals process is included in a later section of this paper.

The repercussions of the *Park Investment* cases were not finally resolved until 1972, when new statutes became effective that significantly modified the Board's role in the assessment process. The Board was now charged with the responsibility of reviewing assessment levels annually and adopting rules to prescribe methods of determining true and taxable value of real estate. The Board also set the level of assessment at 35% of true value – the current level – and ordered county auditors to comply beginning in 1972. The new rule also required the county auditor to adjust property values each year between sexennial reappraisals as property values changed in order to maintain the required level of assessment.

In 1976 supervision and review of the of the assessment process was transferred from the Board of Tax Appeals to a separate, cabinet-level administrative body, known as the Department of Tax Equalization. This was done following the suggestion of another Tax Study Commission that recommended reorganization of the Board to separate its administrative and quasi-judicial functions to strengthen the state's control over the assessment process. The new agency was headed by a gubernatorial appointee serving as Commissioner. In 1983, the General Assembly disbanded the new department, more as a move toward fiscal conservatism than as a further reform measure, and moved supervision of the real property tax and control of property values to the Department of Taxation, where it is currently located.

Once again, there was widespread concern that radical corrections in assessment practice would have a devastating fiscal impact on local governments, so the General Assembly permitted a phase-in of the new requirements during the reappraisals scheduled between 1972 and 1977. This system of a gradual, rather than abrupt, compliance with the law was acceptable to both the Court and lawmakers. Review of the historical sales ratio records from the early 1970's shows that, finally, assessment uniformity was becoming a reality.

The reform movement of the late 1960's also revisited the procedures relating to tax delinquency. Until then, the delinquency statutes were depression-born laws that delayed civil actions for collection and permitted delinquencies to be carried over a ten-year period with minimal penalties at low rates of interest. Elected officials were also hesitant to fulfill their statutory duties by foreclosing on the properties of their constituents.

In 1969 the system was overhauled by reducing the waiting period required before commencement of foreclosure proceedings, and making these unpopular actions by local authorities mandatory rather than permissive. The ten-year payment option was replaced with a new plan that required payment over five consecutive, semiannual installments without interest. Since the annual interest charge was removed, the stage was set for continuing a situation in which the longer the tax remains unpaid, the lower the effective rate of penalty. An annual interest charge against delinquencies was reinstated in the early 1980's when high commercial interest rates tempted some taxpayers to delay paying delinquent taxes in favor of other, more costly obligations.

GROWING PAINS

Compliance with uniform property values, however, came at a cost. As noted previously, the practical correction of unequal assessments meant substantial increases in both residential and agricultural values. This was particularly painful for farmers who were required to pay taxes based on the market value of their land in a state beginning to experience the rapid suburban development characteristic of the early 1970's. The legislature attempted to provide some relief to farmers with a 1971 measure that limited county auditors to considering only the current use of a property without regard to more intensive, neighboring land uses. This measure was later ruled unconstitutional as an improper attempt to effectively provide preferential valuation to a single class of taxpayers.

Still, there was public support for tax relief for Ohio's farmers, homeowners and the elderly. In 1971 the electors of Ohio passed an amendment to the Constitution that permitted the General Assembly to reduce the property taxes of elderly homeowners. This cleared the way for the passage of the Homestead Exemption. This provided tax relief based on income and property value for homeowners age 65 or older. Additional constitutional amendments were added in 1974 and in 1990 to extend the program to disabled citizens and the surviving spouses of deceased participants, respectively. Statutory changes were also made to streamline filing requirements. The amount of tax relief under this program is set by statute and has been amended from time to time as inflation reduced the impact of the credit. The most recent change occurred in 1998 in a measure that permanently indexes income and property value brackets to hold the current level of relief constant. An important provision of this program is that no revenue is lost to local governments. The credited amount is reimbursed by the state directly to local political subdivisions.

Also part of the general tax reform of 1971, was the institution of a 10% real property tax credit for all classes of property. This was joined by an additional tax credit in 1979, which allowed an effective 2.5% reduction in the net real property tax bill of every owner's primary residence within the state. As is the case for the Homestead Exemption, the state reimburses local taxing jurisdictions for the lost revenue of the 10% and 2.5% credits.

In 1973, another constitutional amendment appeared on the ballot and was passed. This proposal allowed the calculation of taxable value for agricultural land by the preferential method attempted by statute in 1971. In 1974, the legislature enacted the Current Agricultural Use Value program (commonly known by the acronym *CAUV*), which allowed land devoted exclusively to a commercial, agricultural purpose to be valued only in respect to its current use and with no consideration of any potential, more valuable use (i.e., market value). In developing areas, this method yielded substantial tax savings. The legislature assigned the responsibility of calculating the use values to the Board of Tax Appeals (later transferred with other administrative functions to the Department of Taxation) to encourage an unbiased, uniform assessment. Unlike the Homestead Exemption, however, tax reductions resulting from this program were not reimbursed by the state. Instead, these reductions represent an initial loss in revenue.

In order to limit the tax reduction, the new program had strict requirements and a significant penalty clause: if the enrolled land ever ceased to qualify for the program or the applicant withdrew, the owner would be required to repay the tax savings accumulated over the previous four years, called recoupment. Since its inception, the CAUV program has undergone changes to relax the enrollment requirements, lessen the burden of recoupment, and to redefine minor procedural aspects of program administration. A more detailed review of the CAUV law is included in a later section of this paper.

As property values increased rapidly in the 1970's, local assessors attempted to maintain the 35% assessment ratio required by the state. The rapid increase in the assessed value of real property brought out the previously hidden difficulties with the millage reduction procedures in Ohio law. Although voted millage rates were only to be reduced when *real* property values increased, the method in place also reduced the rates applied to *tangible personal* property values. This occurred even though the tangible property valuation may not have increased at all. Many real property owners, primarily homeowners and farmers, viewed this as an unfair shifty of the real property tax burden from tangible personal property to real property. They felt that since only real property valuation triggered the millage reductions, then only the rates for real property should be reduced.

In response to real property owner's demands for relief from their rapidly increasing tax bills. The General Assembly passed legislation in 1976 (House Bill 920) which limited the tax reductions resulting from increases in real property values to real property taxes only. The bill accomplished this by reducing the voted taxes levied on real property through a tax credit so that the total taxes levied on real property would not exceed the taxes levied the previous year, excluding taxes on newly constructed property. With this measure in place, total tax collections should never increase because of inflationary increases in value. The only sources for additional revenue from the real property tax are: the increase from millage inside the 10-mill limit, taxes on new construction, and additional voted levies. Later sections of this paper contain a more detailed explanation of these credits.

House Bill 920 also brought the last major change in real property valuation law. Rapidly increasing market values threatened to jeopardize compliance with the value requirements established in the *Park Investment* cases. During this period, auditors were required to update property values each year following the completion of a sexennial reappraisal, which caused great dissatisfaction among taxpayers in an era of high inflation and soaring property values. In order to address this problem, House Bill 920 called for a less frequent adjustment in property values. The revised system called for the state to review property values three years after the sexennial reappraisal to determine whether property values continued to meet the required standard. If market conditions had changed, as measured by the state's statistical studies, the state was required to notify the county auditor of the specific changes in aggregate property values needed to restore values to required levels. The county auditor was then required to apply these percentages as required. Because this review occurs at the mid-point of the sexennial reappraisal cycle, and makes adjustments to aggregate, rather than individual property values, it is commonly referred to as the triennial update.

In 1980, the last major change to rate limitation law occurred with the adoption of a new section in the state's constitution. This measure created two classifications for purposes of calculating rate limitations, which allowed different types real property to be taxed by different effective tax rates. The first classification included residential and agricultural property, while the second included all other types, e.g., primarily commercial and industrial property.

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During the last 19 years, few substantive changes have been made to real property tax law. Most new legislation has dealt with procedural aspects of the tax, such as filing procedures for special programs or measures that have made it easier to place tax levies on local ballots. Because of its heavily constitutional basis, significant changes often require the approval of the electorate.

Today, the tax is a peculiarly local tax in that it is assessed, levied, collected and distributed at the local level. It is also the only tax in which direct control of the tax rate rests with taxpayers themselves. During 1998, the real property tax was expected to generate over $7.2 billion for the operation of local governments, approximately two-thirds of which supports Ohio's schools.

The future of the real property tax may be determined over the next few years. Reliance on the tax as a primary source of school funding was heavily criticized in a 1997 decision by the Ohio Supreme Court. The case centered on a student from a rural Perry County school district who held that educational standards in his district were lower than those in wealthier districts because of funding disparities. Although the tax itself was not found unconstitutional, the Court held that allowing school districts to rely too heavily on local funding violated the state's responsibility to provide a "thorough and efficient" education for every Ohio child.

Testimony before the Ohio Joint Committee on Property Tax Review and Reform

January 10, 2024

Co-Chairs Roemer and Blessing and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today on the Ohio Department of Taxation's (ODT) role in administration of Ohio's property tax system. My name is Matt Chafin, and I serve as Deputy Tax Commissioner over the Audit, Criminal Investigations, and Tax Equalization Divisions for ODT.

In an effort not to duplicate information already presented to the committee, much of my remarks today will be confined to the specific functions that ODT performs regarding property tax administration. There are numerous constitutional, statutory and regulatory components involved in the property tax system, and these have evolved significantly over time, as have ODT's responsibilities.

Much of Ohio's property tax system is directly administered at the local level, with ODT serving a supervisory role. Administration, collection and distribution of property tax is handled locally within counties. The Ohio Tax Commissioner, through the Division of Tax Equalization (DTE), carries out the statutory roles and responsibilities necessary for the administration of this tax.

Background

Beginning in 1803, the main revenue source in Ohio was a general land tax, with local assessors rating and taxing land according to different quality classes. By 1825, Ohio had abolished the land classification system in favor of ad valorem property taxation, or the taxation of property according to value, a system which remains in place today.

The state's role in property tax administration pre-dates the Department of Taxation itself. In 1906, a committee was appointed to review the state's tax laws. Among other reforms, the committee recommended the formation of a State Tax Commission to carry out property tax oversight functions, which was later enacted by the General Assembly in 1910. In 1939, the State Tax Commission was replaced by the Department of Taxation, consisting of a Tax Commissioner and the Board of Tax Appeals, which was nominally within the Department, but outside the jurisdiction of the Tax Commissioner. Supervision of the real estate assessment process was managed by the Board of Tax Appeals. In 1976, following another tax study commission recommendation, supervision of the property valuation process was transferred from the Board of Tax Appeals to a cabinet-level administrative body, known as the Department of Tax Equalization. In 1983, the General Assembly disbanded the Department of Tax Equalization, and moved its responsibilities within the Department of Taxation, where it is currently located.

The following are the key current responsibilities of the department regarding property tax administration:

Oversight of Real Property Valuation

Article XII, Section 2 of the Ohio Constitution requires that all land and improvements thereon be taxed in a uniform manner and based on fair market value of the property. To accomplish this, county auditors reappraise or update all real property within a county every three years. Every six years, a sexennial reappraisal is conducted by the county auditor based on an examination of each parcel. A triennial update is conducted after the third year of the sexennial cycle, which allows for the statistical adjustment of property values within the county in place of a physical inspection of each parcel. County auditors hire private mass appraisal firms to assist in setting new values during the sexennial reappraisal.

It is the Tax Commissioner's responsibility to review county auditors' valuations during both the sexennial reappraisal and the triennial update to ensure constitutional uniformity. The Commissioner is responsible for ensuring that property is being assessed at 35% of its fair market value.

To accomplish this, DTE conducts sales ratio studies to analyze the county's proposed property value changes against recent sales data submitted to the department by counties. As part of these studies, the Department reviews property sales data submitted by counties from the three immediately preceding years. In reviewing proposed values, it is longstanding DTE practice to place greater emphasis on the most recent year of sales data, as sales closest to the tax lien date (January 1) are widely considered to be the best indicator of market value.

Based on the sales ratio studies, the Tax Commissioner may either accept or reject the auditor's proposed values. If rejected, the Commissioner shall order the county auditor to increase or decrease the aggregate value of the class of property within the county so that it aligns with the value as determined by the sales ratio study. County auditors that disagree with the Commissioner's determination may appeal the order to the Ohio Board of Tax Appeals.

For the committee's benefit, I have included as a supplement to my testimony a copy of *Reynolds v. McClain*, BTA Case No. 2022-120. This expansive decision examines the Commissioner's authorities and responsibilities in administering oversight of real property valuation. Regarding the weighting of sales ratio studies, the Board held that "the Commissioner's emphasis on more recent sales … comports with standard appraisal practice and existing real property valuation law." This decision and others help guide the Commissioner's interpretation of her constitutional and statutory responsibilities in this area.

Calculation of Effective Tax Rates

Another key DTE responsibility is the calculation of effective tax rates. Effective tax rates are the rates of taxation that are applied to property values, which determine the taxes levied on property owners. Dependent upon the type of levy, effective tax rates often differ from the millage approved by voters. It is DTE's responsibility to conduct these tax rate calculations.

The need for calculation of effective tax rates is driven by tax reduction factors. Tax reduction factors, often referred to as "920 reduction factors" due to their creation via House Bill 920 in 1976, are a statutory process that limits the effect of changing property values on property taxes paid. Tax reduction factors are based on the changes in value of carryover property from the previous year to the current tax year. As carryover property values increase, tax reduction factors increase to reduce a levy's effective millage to prevent windfall revenue collections. Conversely, when carryover property values fall, reduction factors are decreased to hold revenue collections stable. However, effective millage may not increase to the point it exceeds the original voted millage.

Tax reduction factors do not apply to all tax levy types. Inside millage, charter millage, levies required to produce a specified amount of tax money, levies to fund debt charges, and school district operating levies on the 20-mill floor are all exempt from reduction factor adjustments.

Once property values across all 88 counties are finalized, DTE begins the process of calculating effective tax rates for all applicable levies in the state. Once completed, effective tax rates are sent to counties where they are used by county treasurers to produce property tax bills for property owners.

Total Levies in 2023:	17,105
Inside Millage Levies:	4,989
Outside Millage Levies:	12,116
Subject to Tax Reduction Factor:	10,830
Not Subject to Tax Reduction Factor:	1,286

Bringing these concepts together, setting uniform and accurate values for real estate sets the table for creating effective tax rates to produce revenue consistent with what the local voters have approved.

Current Agricultural Use Value Calculation

An exception to Ohio's constitutional requirement valuing all property at fair market value is Ohio's Current Agricultural Use Value (CAUV) program. Made possible by a 1973 constitutional amendment, the CAUV program allows for the valuation of agricultural land with respect to its current use value as farmland, rather than its highest and best use (i.e., market value). This alternative method of valuation has historically generated substantial tax savings for program participants.

Ignoring two of the three approaches to value (comparable sales and the cost approach), CAUV focuses exclusively on the income approach to value based on the use of the property for crop production. The CAUV valuation formula incorporates numerous variables such as crop yields and prices, cropping patterns, production costs and capitalization rates to determine CAUV values for approximately 3,500 soil types found across the state. Responsibility for data collection and calculation of CAUV values resides with DTE based on statutory requirements. Similar to traditional real property, CAUV values are updated in a county once every three years according to the reappraisal/update schedule. An Agricultural Advisory Committee, comprised of representatives from farm-related organizations and public agencies, annually advises the Tax Commissioner on economic and technological developments that may be considered in CAUV calculations.

Real Property Tax Exemption Applications

Current statute allows for exemption from property taxation for certain facilities and organizations. Major exemption areas include the following:

- Primary and secondary schools
- Public colleges, academies and state universities
- Churches and property used for public or charitable purposes
- Government and public property
- Public recreational facilities used for athletic events
- Nature preserves

Similarly, property may be exempted in Ohio by local governments through the granting of tax abatements. These programs include tax increment financing abatements, enterprise zone abatements, community reinvestment area abatements, municipal urban renewal abatements, and community urban redevelopment corporation abatements. Local communities often pursue these abatement programs to foster urban renewal and economic development.

County auditors are provided statutory authority to grant exemptions for property used as a public roadway or highway, property belonging to the federal government, and additions or improvements to property belonging to the state or political subdivisions that is already exempt and used for a public purpose. All other property tax exemption applications are administered by the Tax Commissioner.

The Tax Commissioner's review of property tax exemption applications, particularly for charitable use exemptions, often requires an in-depth review and analysis of the specific use of the property seeking exemption. DTE staff review over 3,000 exemption applications annually. For tax year 2022, of the approximate $372 billion of assessed real property value in the state, $68 billion, or just over 18%, was exempt from taxation. Additional historical data on exempt property can be found in Table 1 at the end of my testimony.

Reimbursement of Local Governments

Ohio has three significant real property tax credit programs. These programs include the 10% non-business credit, the 2.5% owner-occupied credit and the homestead exemption. All of these programs produce tax savings for qualifying property owners. LSC has provided the committee details on the mechanics of each of these programs, but I will highlight ODT's role in reimbursing local governments for forgone revenue.

Each February and August, the Tax Commissioner provides for payment to county treasurers the amount by which real property taxes were reduced by these programs. A similar process takes place for reimbursement to local governments for forgone revenue on manufactured homes due to these programs. Reimbursements are then distributed by county auditors among the taxing districts within the county.

In Calendar Year 2022, approximately $1.8 billion of property tax relief attributable to these programs was distributed to local governments by ODT.

Review of Property Tax Bill Contents

Under current statute, the contents of property tax bills are required to contain certain information, such as the taxes charged against the property, the effective tax rate, and notices regarding delinquency and misapplication of the owner-occupied credit. It is DTE's responsibility to review the contents of draft property tax bills prepared by county treasurers to ensure that the tax bill and any inserts are limited to only those items described in statute.

A Resource for Local Officials

Beyond the specific statutory requirements detailed above, DTE serves as a resource for local officials on property tax issues. The complexity of Ohio's property tax system naturally generates many questions from county auditors and their staff as well as other local officials. DTE staff welcome questions from our local partners to reduce confusion and promote efficient tax administration.

DTE routinely publishes county bulletins and notices, available on the ODT website, to offer guidance to county auditors and treasurers on administration of Ohio's real property laws. These documents serve as comprehensive instruction manuals for local officials on key issues such as administration of the homestead exemption, real property exemption applications and more. ODT also publishes a large volume of property tax data as part of its Tax Data Series, which is available on the ODT webpage.

Public Utility Personal Property

Much of my remarks today have centered around the administration of Ohio's real property tax. However, I will briefly mention that ODT also plays a role in administering property taxes on tangible personal property of public utilities. Public utilities subject to this tax include electric, rural electric, natural gas, pipeline, waterworks, water transportation and heating companies. Like real property, tax rates vary by taxing jurisdiction, dependent upon the effective millage in place.

Unlike real property, responsibility for calculating public utility tangible personal property values resides with the Tax Commissioner. For most public utility personal property, value of the property is determined by capitalized cost less composite annual allowances. Determination of true value for electric company production equipment, property of a rural electric company and underground stored gas are valued by different methods. Similar to real property taxes, this tax is collected and retained locally.

Conclusion

Co-Chairs Roemer and Blessing and members of the committee, thank you again for allowing me to present today on ODT's role in the administration of property taxation in Ohio. I would be glad to entertain any questions that you or members of the committee may have for me.

Table 1: Exempt Real Property Data

Assessed Valuation of All Real Property (2002 - 2022)
(Figures in Thousands)

Tax Year	Assessed Value of Non-exempt Real Property	Assessed Value of Exempt Real Property	Total Assessed Value of Real Property	Percentage of Taxable to Total Real Property	Percentage of Exempt to Total Real Property
2022	$ 304,370,216	$ 68,069,424	$ 372,439,639	81.72	18.28
2017	$ 246,886,179	$ 54,371,150	$ 301,257,330	81.95	18.05
2012	$ 225,256,753	$ 46,504,292	$ 271,761,045	82.89	17.11
2007	$ 235,916,747	$ 40,317,133	$ 276,233,880	85.40	14.60
2002	$ 186,456,855	$ 30,884,334	$ 217,641,188	85.81	14.19

Source: Ohio Dept. of Taxation PE-1 Tables

Assessed Valuation of Exempt Real Property: By Class (2002 - 2022)
(Figures in Thousands)

Calendar Year	United States of America	State of Ohio	County	Townships	Municipalities	Boards of Education	Conservancy Districts, Park Districts (Publicly Owned	Schools, Colleges, Academies (Privately Owned)	Charitable Institutions (Privately Owned)	Churches	Cemeteries, Monuments	Tax Abatements	Other	Total Value	
2022	$ 1,728,020	$ 6,792,300	$ 3,666,578	$ 514,660	$ 6,966,732	$ 9,633,363	$ 948,065	$ 3,757,592	$ 8,852,520	$ 4,911,345	$ 280,652	$ 19,372,559	$ 645,039	$ 68,069,424	
2017	$ 1,599,604	$ 5,882,064	$ 3,112,241	$ 439,981	$ 5,767,615	$ 8,346,096	$ 781,857	$ 3,485,550	$ 7,139,931	$ 4,540,374	$ 269,070	$ 12,059,214	$ 947,552	$ 54,371,150	
2012	$ 1,571,634	$ 3,679,209	$ 2,791,470	$ 393,932	$ 5,372,347	$ 7,403,276	$ 715,353	$ 4,321,331	$ 5,661,358	$ 4,282,924	$ 257,628	$ 9,218,364		$ 46,504,292	*
2007	$ 1,725,128	$ 3,367,150	$ 2,446,891	$ 331,119	$ 5,039,053	$ 6,224,994	$ 606,111	$ 3,351,682	$ 4,381,424	$ 3,957,892	$ 238,277	$ 7,911,362		$ 40,317,133	*
2002	$ 1,259,678	$ 2,781,804	$ 1,977,228	$ 251,740	$ 4,218,900	$ 4,701,345	$ 470,308	$ 2,549,037	$ 3,435,258	$ 3,215,708	$ 208,556	$ 5,169,908	$ 644,864	$ 30,884,334	

* Includes "other" tax exempt organiztaions (i.e. Metropolitan Housing , Volunteer Fire Departments, etc.) not included in any of the listed categories

Source: Ohio Dept. of Taxation PE-2 Tables

OHIO BOARD OF TAX APPEALS

ROGER REYNOLDS, BUTLER COUNTY AUDITOR, (et. al.), Appellant(s), vs. JEFFREY A. MCCLAIN, TAX COMMISSIONER OF OHIO, (et. al.), Appellee(s).	))))))))))	CASE NO(S). 2021-120 (MISCELLANEOUS / OTHER) DECISION AND ORDER

APPEARANCES:

For the Appellant(s) - ROGER REYNOLDS, BUTLER COUNTY AUDITOR
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Entered Wednesday, September 14, 2022

Mr. Harbarger, Ms. Clements, and Mr. Caswell concur.

The Butler County Auditor appeals from a Journal Entry of the Tax Commissioner finding the Auditor failed to lawfully value residential property in four political units during the 2020 sexennial reappraisal. Consistent with his finding, the Commissioner ordered specific aggregate increases for residential property within those political units. This matter is now considered upon the notice of appeal, the transcript certified by the Commissioner ("S.T."), the transcript of the hearing before this Board ("H.R."), the exhibits introduced into evidence at that hearing, and the briefs. The Auditor failed to file a reply brief, so we do not know his position on several arguments made in the Commissioner's brief. For the reasons that follow, this Board affirms.

As a preliminary matter, the Commissioner requested in his brief that specific numbered exhibits be "stricken from the record." TC's Br. at 2-3. While the Auditor in his "Appellant's Notice of Filing of Exhibit List" indicated that he "will be relying on [those documents] at the October 13, 2021, hearing" they were never proffered, marked, identified, or entered into evidence. It is well established that this Board receives new evidence (testimony or otherwise) at a hearing where it can scrutinize the evidence. *Nguyen v. Butler Cty. Bd. of Revision,* BTA No. 2021-1944, 2022 Ohio Tax LEXIS 1934 (July 12, 2022), citing *Cunagin v. Tracy*, BTA No. 1994-P-1083, 1995 Ohio Tax LEXIS 486 (Mar. 31, 1995). Here, the Auditor never offered those exhibits at the hearing, so they are not part of the hearing record and need not be stricken, nor will we consider them. Similarly, it is worth noting that the notice of appeal filed by the Auditor contains attachments of an evidentiary nature. Those attachments are replete with data, charts, graphs, and other information, but the contents of a notice of appeal are not evidence. As we stated in *Executive Express, Inc. v. Tracy,* BTA No. 92-P-880, 1993 Ohio Tax LEXIS 1837 (Nov. 5, 1993):

> The mere allegations contained within the Notice of Appeal do not rise to the level of "evidence" or "proof," in and of themselves. These are only naked allegations, claims or assertions. Appellant must offer proof of these claims -- not mere assertions. The law requires competent and probative evidence.

Further, more recently, we stated that:

> [S]tatements in, and attachments to, the notice of appeal do not rise to the level of evidence upon which we can rely in making our determination * * * as they constitute mere contentions, submitted outside this Board's hearing process.

Davang V. Patel v. Summit County Board of Revision, BTA No. 2021-1909, 2022 Ohio Tax

LEXIS 2049 (July 28, 2022). We have refused to consider such attachments in the past and will not do so here.

BACKGROUND

Legal Summary

Appeals of this kind are rare, so a review of the legal landscape is helpful. The Ohio Constitution requires property to be "taxed by uniform rule according to value * * *." Article XII, Section 2. The Ohio Supreme Court has held "[t]his provision generally requires a real-property valuation to ascertain 'the exchange value' of the property." (Emphasis omitted.) *Johnston Coca-Cola Bottling Co. v. Hamilton Cty. Bd. of Revision*, 149 Ohio St.3d 155, 2017-Ohio-870, 73 N.E.3d 503, ¶ 13, quoting *Rite Aid of Ohio, Inc. v. Washington Cty. Bd. of Revision*, 146 Ohio St.3d 173, 2016-Ohio-371, 54 N.E.3d 1177 ¶ 24. The exchange value "is the value amount for which [a] property would sell on the open market by a willing seller and a willing buyer * * *." *Johnston Coca-Cola* at ¶ 13, quoting *State ex rel. Park Inv. Co. v. Bd. of Tax Appeals*, 175 Ohio St. 410, 412, 195 N.E.2d 908 (1964); *Terraza 8, L.L.C. v. Franklin Cty. Bd. of Revision*, 150 Ohio St. 3d 527, 2017 Ohio 4415, 83 N.E.3d 916, ¶¶ 8-9.

To implement that mandate, the General Assembly enacted R.C. 5713.01 which requires that county auditors appraise property "at its true value in money" at least once in every six-year period. R.C. 5713.01(B); *AERC Saw Mill, Inc. v. Franklin Cty. Bd. of Revision*, 127 Ohio St.3d 44, 2010-Ohio-4468, 936 N.E.2d 472. The Tax Commissioner has "general supervisory jurisdiction to oversee the real property valuation process * * *." *Brown v. Tracy*, BTA No. 92-D-1213, 1993 Ohio Tax LEXIS 1879 (Nov. 12, 1993); R.C. 5715.01(A) (requiring the Commissioner to "direct and supervise the assessment for taxation of all real property."). The Commissioner must also "adopt, prescribe, and promulgate rules for the determination of true value and taxable value of real property by uniform rule for such values * * *." *Id.*

Upon initial completion of the required sexennial reappraisal process, a county auditor is required to submit to the Commissioner "an abstract of the real property of each taxing district in the auditor's county, in which the auditor shall set forth the aggregate amount and valuation of each class of real property in such county and in each taxing district therein as it appears on the auditor's tax list * * *." R.C. 5715.23. Once an abstract is submitted, the Commissioner must determine if the reappraisal was performed according to law by valuing property at its true value.

Much of the Commissioner's review begins when a tentative abstract is filed. That filing triggers a review by the Commissioner's staff pursuant to section 5703-25-16(A)(2) of the Ohio Administrative Code, which states that:

> In order to achieve uniformity of assessment among the eighty-eight counties, and keeping in mind that there are variations in cost schedules, depreciation schedules, etc., used by the various appraisal firms, the staff of the department of taxation, upon receipt of the "appraised value" abstract as prepared and filed by a county auditor, will review the appraisal in the field in the light of the information it has collected relative to recent real property sales and other information relating to real property values to determine whether all real property has been uniformly appraised at "true value in money" as defined by rule 5703-25-05 of the Administrative Code. After such review the staff shall recommend to the tax commissioner whether the commissioner should accept the reported appraisal value as a reasonable estimate of true value as of tax lien date of the year of reappraisal or reject the values and order the auditor to make the changes needed to insure that the appraisal values are a reasonable estimate of true value in money as of tax lien date of the year of reappraisal. The county auditor shall be informed of the staff's recommendation.

To aid his or her review, the Commissioner must perform sales ratio studies, and those studies may be used as guidelines. R.C. 5715.012 provides as follows:

> The tax commissioner shall make sales-assessment ratio studies of sales and assessments of real property for the purpose of determining the common level of assessment of real property within the counties pursuant to section 5715.19 of the Revised Code and for the purpose of equalization. Such studies shall be based on a representative sampling during the three years prior to the tax year to which the sample is applied of open market arms' length sales by a willing seller to a willing buyer for a current like use within the class or classes of real property sampled by the board. * * * Such studies and other information of the commissioner may be used by the commissioner as guidelines, where applicable, in the equalization of a class or classes of real property. * * * In addition, the commissioner shall make other studies of the value of real property within the counties which may be used as guidelines, where applicable, in the equalization of a class or classes of real property.

If, after the review process is complete, the Commissioner determines aggregate increases or decreases are necessary to ensure conformity with Ohio law, the Commissioner may order said increases or decreases pursuant to R.C. 5715.24 and R.C. 5715.25.

The 2020 Reappraisal

The Auditor conducted the County's sexennial reappraisal for tax year 2020, which had a tax lien date of January 1, 2020. *See* S.T., TC's Order to Initiate Reappraisal for Tax Year 2020. On August 24, 2020, the Auditor filed with the Commissioner a tentative abstract of the County's property values for the sexennial reappraisal. That filing triggered the aforementioned review of the tentative abstract by the Commissioner's staff pursuant to Ohio Adm.Code 5703-25-16(A)(2). After staff review, the Commissioner determined that the residential property in seven specific political units within the County had not been assessed at its true value in money and notified the Auditor that the residential property in those political units had been under-assessed. That notification included the Commissioner's recommendations for the necessary adjustments needed to bring the tentative abstract into compliance. H.R. at 41; S.T., September 8, 2020, email from Shelley Wilson to Chasity McAnulty.

Thereafter, on September 30, 2020, the Auditor filed a second tentative abstract with the Commissioner that implemented the Commissioner's recommendations for three of those seven political units but not for the other four. On October 13, 2020, the Commissioner notified the Auditor that those four remaining political units – Fairfield Township, West Chester Township, Fairfield City, and Hamilton City – "were still in need of adjustment to bring the values into the minimum compliance range according to the Commissioner's sales ratio studies." Journal Entry. The record shows there were subsequent conversations between the Auditor, the Butler County Board of County Commissioners, and at least one member of the General Assembly regarding the Commissioner's decision. We note that evidence because we must review the entire record; however, we do not find those communications germane to our decision.

The Auditor did not file a third tentative abstract adopting the Commissioner's recommendations. Instead, on December 4, 2020, the Auditor filed his final abstract for 2020 values without adopting the Commissioner's recommendations for those four political units. Upon receipt of the Auditor's final abstract, the Commissioner determined that the property values for the four political units remained unchanged from the second tentative abstract and were out of compliance with the requirement that property be taxed at its true value in money. The Journal Entry stated that "Pursuant to Ohio Administrative Code section 5703-25-16, the Tax Commissioner reviewed [the Auditor's] values and found that residential property had not been assessed at its true value in money * * *." Journal Entry. Accordingly, the Commissioner granted aggregate increases as follows: Fairfield Township, 23%; West Chester Township, 20%; Fairfield City, 20%; and Hamilton City, 20%. Those units comprised more than fifty percent of the County's residential tax base. Thereafter, on January 14, 2021, the Auditor filed this appeal challenging the Commissioner's Journal Entry.

In attachments to his notice of appeal, the Auditor set forth in multiple pages his claimed errors in a lengthy nontraditional format, with each page containing data, charts, and/or other information. The headlines on those pages summarized its claims as follows: "DTE's 2019 Sale Ratios are Too High"; "DTE's 2019 Median Sale Ratios are Too High"; "DTE's 2019 Median Ratios are Too High"; "Increase on 2019 Sales Discounts the OAC"; "DTE Discounts Their Sale Ratio Guidelines"; "DTE is Misinterpreting Future Real Estate Market Conditions"; and "Appraisal Experience/IAAO Standards Concerns/Questions." In sum, the notice of appeal asserts that the Commissioner's methodology was incorrect in reaching the determination set forth in the Journal Entry.

The Auditor's Pre-Hearing Brief

After discovery, the Auditor filed a trial brief to "narrow the scope" of the dispute. Aud. Pre-Hrg. Br. at 2. The Auditor's primary argument is the Commissioner's sales ratio studies were legally deficient because the Commissioner "relied exclusively or at least heavily on sales data from the year 2019 while ignoring or minimizing the sales data from 2017 and 2018." *Id.* at 3. The argument relies on an email from Shelley Wilson, DTE Program Executive, to the Auditor's designee. Therein, Wilson wrote the first tentative abstract did "not meet the minimum compliance standards based on the ratio from the 2019 sales." *Id.* at Ex. B. The Auditor further relied on a second email from Wilson to the Auditor stating the Commissioner had "always used the sales from the year immediately preceding the tax lien date to make" findings. Ex. C. Wilson also wrote the Commissioner examines "sales throughout the triennium to determine the trend in market conditions which also inform [the Commissioner's] analysis." *Id*. The Commissioner did not file a pre-hearing statement.

This Board's Hearing

An evidentiary hearing was held before this Board on October 13, 2021, where the Auditor called Chasity McAnulty, Tax Accounting Specialist 2, from the Auditor's office. The Commissioner presented testimony from Wilson and called the Auditor as an adverse witness. The hearing centered on which methodology – the one used by the Auditor or the Commissioner – was the correct one in determining true value. Both parties cited R.C. 5715.012 in support of their positions.

At the hearing, McAnulty testified that she had been a Tax Accounting Specialist in the Auditor's Office for twelve years, and over the last couple of years, her job focused on the County's reappraisal and gathering and updating data. H.R. at 15. Concerning each of the four political units where the Auditor had not accepted the Commissioner's recommended changes, she testified that, in general, the Commissioner had recommended a twenty percent increase in value, whereas the Auditor's determination based on its CAMA (Computer Assisted Mass Appraisal) system indicated that a fourteen percent increase was appropriate. H.R. at 17-19. Further, she testified that the Auditor's property values were within the range of the sales ratios typically permitted by the Commissioner. H.R. at 19. In reaching his values, the Auditor used sales for all three years and did not balance or weight any of those years. H.R. at 19-20. In other words, the sales in each of the three years were treated equally in reaching value determinations for the four political units in question. Of note, McAnulty did not testify that in reaching his determination, the Commissioner had used an insufficient number of arm's-length sales in his calculations; had made any computational or mathematical errors; or that the Commissioner's data set was incomplete, corrupted with bad data, or otherwise erroneous. Instead, she testified the Auditor's staff conducted their own study, which was identified as Exhibit D. She indicated she analyzed each of the four units using a "median one-year ratio," a "median two-year ratio," and a "median three-year ratio," H.R. at 18-20. She testified she did not balance or weight any of those years higher than the other two years. McAnulty further testified she did not know how the Commissioner modified his raw sales data based upon his review of the validity of a sale. *Id* . at 20. On cross, McAnulty again conceded she did not review each year individually. *Id*. at 24-25. For example, McAnulty testified her "median two-year ratio" included tax years 2018 and 2019. She testified she had no personal knowledge or evidence that property values in the four units were "actually declining as of" the 2020 tax lien date. H.R. at 25.

The Commissioner called the Auditor as an adverse witness. He testified that he had no evidence that home values were declining in the disputed four political units. H.R. at 29. Rather, his concern was that the injection of large amounts of COVID stimulus money was artificially increasing market prices and that such artificial stimulus would not necessarily have a long-term effect on values. H.R. at 31. He appeared concerned that the stimulus would distort the real estate market in the County and the ability of his office "to properly equalize valuations across the board." H.R. at 32. He agreed, however, that the stimulus money was not distributed until after the January 1, 2020, tax lien date and would have no effect on values as of that date. H.R. at 33.

Wilson testified regarding the methodology used by the Commissioner, and she stated that she reviews the property values submitted to the Commissioner with the goal of determining "whether or not the legal standard of true value in money has been met as of the tax lien date in question." H.R. at 36. She described the process used in the Commissioner's office to gather and review the information provided on the conveyance forms that accompany each real estate transaction across the state. That review enables the Commissioner's office to remove transactions which are determined to be invalid for valuation purposes. Sales ratio studies are then run on the valid sales by dividing the value placed on the property by the county auditor by its actual sales price. H.R. at 36-37.

Wilson testified that sales ratio studies were performed individually for each separate tax year – 2017, 2018, and 2019 – and not by "a lump sum of all three years." H.R. at 37. She testified that those studies were relied upon in determining the values that were recommended to the Auditor. In explaining the Commissioner's methodology, she stated that sales most recent to the tax lien date are "indisputably the best evidence of value as of that date." H.R. at 38-39. She also stressed that her staff "look at – initially look at all three years' worth of sales to make sure we are looking at a consistent trend in the market throughout the triennial period" but the Commissioner will "rely primarily on the most recent year's sales. [The Commissioner will] use all three years to examine the trend." H.R. at 37-38. She was asked:

> Q. So the standard of relying on three years of sales for trending but placing primary weight on the most recent year, that's been the standard for how long?
>
> A. For as long as I've been with the department.

H.R. at 38.

On cross, Wilson was asked to explain her statements made in the two emails. She testified she did not fully unpack the process in those emails because she did not feel an elaborate discussion was "germane to the message [she] was trying to convey." H.R. at 39. She reiterated that the Commissioner has always been "very open" about the rule that recent sales are the "primary measurement of compliance with the market value standard." *Id*. Later in cross, Wilson argued the values set by the Auditor did not reflect the market or comply with IAAO standards. She testified the IAAO standards generally required ratios to fall between 90% and 110% to be reliable. Further, she testified the final abstract did not fall within that measure for the four units. Wilson stated she could not comment on McAnulty's figures because the figures were a summary of data, and Wilson was "not intimately familiar with exactly how Ms. McAnulty prepared" the spreadsheet. *Id*. at 44.

Three exhibits, marked by the Auditor as Exhibits B (an email from Shelley Wilson to Chasity McAnulty dated September 8, 2020), C (an email from Shelley Wilson to Roger Reynolds dated October 13, 2020), and D (a spreadsheet prepared by the Auditor's Office showing sales ratios), were admitted into evidence without objection. H.R. at 44.

Post-Hearing Briefs and the Parties' Arguments

The parties further developed their legal arguments in their post-hearing briefs. The Auditor, restating the argument made in his pre-hearing brief, argued that the Commissioner " erred by disregarding the requirement in" R.C. 5715.012 "that a representative sampling of sales assessment ratios for all three years preceding" the County's reappraisal "be employed when evaluating whether" the county's reappraisal "accurately reflected the true value of real estate within Butler County." Aud.'s Post-Hrg. Br. at 5. The Auditor argued that failure led to inflated sales ratio studies, which in turn led to increases that were higher than appropriate. Ultimately, the Auditor argued the Commissioner failed to comply with an unambiguous statute, R.C. 5715.012, because "[n]o ambiguity exists in the wording 'representative sampling during the three years.'" Post-Hrg. Br. at 9. He further relied on a dictionary defining the term "representative sampling" as "sampling in which the relative sizes of sub-population samples are chosen equal to the relative sizes of the sub-populations." *Id.*

In his brief, the Commissioner argued the Auditor is simply wrong on the facts because the Commissioner did perform and employ appropriate sales ratio studies for 2017, 2018, and 2019. TC Br. at 9. In support, he cites Wilson's testimony explaining the Commissioner's process and clarifying her emails. The Commissioner then argues the Auditor's argument is wrong as a matter of law because Ohio law does not require the Commissioner to utilize the studies. Ohio law only requires him to perform the studies to consult; however, he is not bound by the results. R.C. 5715.012. He also argues the Commissioner's practice of placing most emphasis on 2019 is consistent with generally accepted appraisal principles and the body of case law from the Ohio Supreme Court finding sales closer to the tax lien date are more probative of value than remote sales. He then argues his practice of looking at each year individually better captures market trends. He goes as far as to argue the Auditor's method is inconsistent with R.C. 5715.02 and the Ohio Supreme Court's decision in *Bd. of Edn. of the Westerville City Sch. Dist. v. Franklin Cty. Bd. of Revision*, 146 Ohio St.3d 412, 2016-Ohio-1506, 57 N.E.3d 1126. The Commissioner also argues that property owners are not without recourse since the board of revision complaint process is available to owners who wish to challenge individual values. Finally, the Commissioner argues that the Auditor's other concerns are outside the scope of the statute. He argues he "is expressly prohibited from adopting or enforcing any rule that would require property to be assessed at less than its true value in money * * *." TC Br. at 14-15. Additionally, the Commissioner says the concerns raised would not have impacted values as of January 1, 2020.

ANALYSIS

Standard of Review

Before addressing the merits, we must first determine the standard of review to be applied by this Board in reviewing the Commissioner's determination in the Journal Entry. The Auditor argues we must review the Commissioner's Journal Entry de novo. Aud.'s Post-Hrg. Br. at 4. The Commissioner argues we must review the Journal Entry under a reasonable and lawful standard, but the Commissioner contends we must review his use and reliance on his sales ratio studies under an abuse of discretion standard. *See* TC Br. at 6, citing *Johnson v. McClain*, 164 Ohio St.3d 379, 2021-Ohio-1664, 172 N.E.3d 1012; *see also Brown v. Tracy*, BTA No. 92-D-1213 (Nov. 12, 1993). The only direct precedent we find is *Brown*, which does provide some guidance. In *Brown*, we applied the reasonable and lawful standard, not strictly de novo or abuse of discretion. However, we gave due weight to the wide latitude given to the Commissioner. We apply the same standard here.

The difficulty in determining our standard of review stems from the fact that there are three main statutes in play. *See* R.C. 5715.251 (governing appeals to this Board); R.C. 5715.24 (the statute governing the Commissioner's review and the statute that authorized the Commissioner to order increases); R.C. 5715.012 (the sales ratio study statute). The first is the statute that authorizes this appeal, R.C. 5715.251, which expressly requires us to apply the reasonable and lawful standard. That statute, per *Brown*, sets the benchmark because our role is to review the Journal Entry.

R.C. 5715.251 states that "[t]he county auditor may appeal to the board of tax appeals any determination of change in the abstract of real property of a taxing district in the auditor's county that is made by the tax commissioner under section 5715.24 of the Revised Code." R.C. 5715.251 then sets forth the standard of review to be used by this Board:

> If upon hearing and consideration of such record and evidence the [BTA] decides that the [Commissioner's] determination appealed from is *reasonable and lawful*, it shall affirm the same, but if the [BTA] decides that such determination is unreasonable or unlawful, the [BTA] shall reverse and vacate the determination or modify it and enter final order in accordance with such modification.

That standard of review is well developed because the courts of appeals and the Ohio Supreme Court apply that standard to review this Board's decisions. *See* R.C. 5717.04. The two standards are nearly identical except that one calls on this Board to review a decision and issue a "final order" while the other calls on courts to review a decision and issue a "final judgment." For comparison, we reproduce the relevant portions of R.C. 5717.04 and R.C. 5715.251, respectively:

If upon hearing and consideration of such record and evidence the court decides that the decision of the board appealed from is reasonable and lawful it shall affirm the same, but if the court decides that such decision of the board is unreasonable or unlawful, the court shall reverse and vacate the decision or modify it and enter final judgment in accordance with such modification.

—

If upon hearing and consideration of such record and evidence the board decides that the determination appealed from is reasonable and lawful, it shall affirm the same, but if the board decides that such determination is unreasonable or unlawful, the board shall reverse and vacate the determination or modify it and enter final order in accordance with such modification.

Indeed, it appears the General Assembly borrowed the language from R.C. 5717.04 because the reasonable and lawful standard articulated in that statute predates R.C. 5715.251, which was enacted in 1976. *See Denison University v. Bd. of Tax Appeals,* 173 Ohio St. 429, 183 N.E.2d 773 (1962) (quoting the reasonable and lawful standard articulated in R.C. 5717.04 showing unreasonable and unlawful standard was in place at that time).

We think the presumption of consistent usage is quite relevant to our analysis. The presumption of consistent usage is a well-established, albeit sometimes controversial, canon of statutory interpretation. Justice Scalia articulated the presumption generally in *United States v. Castleman*, 572 U.S. 157, 134 S.Ct. 1405, 188 L.Ed.2d 426 (2014) (concurring part and concurring in the judgment). He recognized the presumptive "rule of thumb that a term generally means the same thing each time it is used." *Id*. at 174. Justice Scalia went on to stress that while the presumption is "most commonly applied to terms appearing in the same enactment * * * it is equally relevant" when the legislature "'uses the same language in two statutes having similar purposes.'" *Id.*, quoting *Smith v. City of Jackson*, 544 U.S. 228, 233, 125 S.Ct. 1536, 161 L.Ed.2d 410 (2005). That presumption has been considered in civil cases, tax cases, and cases before courts in this state. *See Return Mail, Inc. v. United States Postal Serv.* ,___U.S.___, 139 S.Ct. 1853, 173 L.Ed.2d 801 (2019) (civil); *Patients Mut. Assistance Collective Corp. v. Comm'r*, 151 T.C. 176, 2018 U.S. Tax Ct. LEXIS 54 (Nov. 29, 2018) (tax) ("But this is a tax case, and before we go too far afield in dictionaries or literature, we should draw back to other sections of the law we have to apply to these cases."); *State v. Porterfield*, 106 Ohio St.3d 5, 2005-Ohio-3095, 829 N.E.2d 690 (2005).

As we noted, the presumption has limits; notably, the presumption gives way to context. *See, e.g., State v. Noling*, 153 Ohio St.3d 108, 2018-Ohio-795, 101 N.E.3d 435. However, much of the criticism is confined to situations when courts find materially *different* phrases or provisions have *different* meanings or purposes. *See, e.g., Gabbard v. Madison Local School Dist. Bd. of Edn.*, 165 Ohio St.3d 390, 2021-Ohio-2067 179 N.E.3d 1169 (DeWine, J., dissenting), quoting Scalia & Garner, *Reading Law* at 170. Here, however, we are consulting the presumption when comparing two provisions with no material variation, just as Justice Scalia did in *Castleman*. As a consequence, we think it appropriate to rely on existing case law interpreting the reasonable and lawful standard to the extent the case law is not inconsistent with our review under R.C. 5715.251. We need not start from scratch. We simply sit in the proverbial seat of the Court and review the Commissioner's decision as the Court would review our decision under R.C. 5717.04. The Court would review legal issues de novo and would affirm factual findings "if they are supported by reliable and probative evidence***." *HealthSouth Corp. v. Testa*, 132 Ohio St.3d 55, 2012-Ohio-1871, 969 N.E.2d 232, ¶ 10; *Willacy v. Cleveland Bd. of Income Tax Review*, 165 Ohio St.3d 103, 2021-Ohio-1734, 176 N.E.3d 25; *Seaton Corp. v. Testa*, 155 Ohio St.3d 424, 2018-Ohio-4911, 122 N.E.3d 111; *Chagrin Realty, Inc. v. Testa*, 154 Ohio St.3d 352, 2018-Ohio-4751; *E. Mfg. Corp. v. Testa*, 154 Ohio St.3d 200, 2018-Ohio-2923, 113 N.E.3d 474; *Lafarge N. Am., Inc. v. Testa*, 153 Ohio St.3d 245, 2018-Ohio-2047, 104 N.E.3d 739.

We reject the Auditor's de novo proposal for several reasons. First, he argues "de novo review, or a hybrid form of such," is appropriate since there has been "no judicial or other review" of the Journal Entry. In essence, we are the first tribunal to take a look at this Journal Entry so we must sit de novo. We disagree. The statute clearly articulates a reasonable and lawful standard. Additionally, de novo review is not required the first time a court or tribunal reviews an administrative decision. In fact, most agency decisions are never fully reviewed de novo. The Auditor cites R.C. 119.12, but that statute is clear and unambiguous that a reviewing court of common pleas does not exercise de novo review over factual issues. Those courts review an order to determine if it is "supported by reliable, probative, and substantial evidence and is in accordance with law." *Id.*; *Our Place, Inc. v. Ohio Liquor Control Com.*, 63 Ohio St.3d 570, 589 N.E.2d 1303 (1992) (a touchstone case defining the terms "reliable evidence," "probative evidence," and "substantial evidence."). The Auditor cites *MacDonald v. Shaker Heights*, 144 Ohio St.3d 105, 2015-Ohio-3290, 41 N.E.3d 376, in support of its assertion that a de novo review standard should apply. The decision in *MacDonald* is inapposite, however, because it dealt specifically with the standard of review that this Board was to apply under R.C. 5717.011, which involves appeals from final determinations of local boards of tax review. It did not address the standard of review for appeals under R.C. 5715.251. Unlike R.C. 5717.011, R.C. 5715.251 deals specifically with appeals filed by a county auditor challenging the Tax Commissioner's determination made pursuant to R.C. 5715.24 that changes the real property abstract filed by the county auditor. There is no dispute that R.C. 5715.251, not R.C. 5717.011, applies here as the Journal Entry stated that the Commissioner's review was conducted under R.C. 5715.24 and advised the Auditor that he "may appeal this order * * * pursuant to the provisions of R.C. section 5715.251." While the Auditor does not seem to use R.C. 5717.02 as a corollary, we think it appropriate to acknowledge that the Court has said this Board exercises de novo review under that statute. *See*, *e.g.*, *Accel* at ¶ 13-14. However, we are applying a reasonable and lawful standard, not the standard we apply under R.C. 5717.02. Notably, no party argues we should apply R.C. 5717.02.

The Commissioner's arguments are more nuanced. He acknowledges the reasonable and lawful standard applies, but he argues abuse of discretion should be used because the Auditor is attacking the Commissioner's actions under R.C. 5715.012. The Auditor did not file a reply, so we are unaware to what extent he disagrees. This is where *Brown* supplies guidance. There, we applied the reasonable and lawful standard, but we respected the fact the Commissioner has wide discretion in the creation and use of his studies. On pages 20-21 (emphasis in original), we specifically held:

> On the other hand, the results of a comparison of thousands of actual parcel sales over a three-year period with the Auditor's existing related assessed values, reflect statistically whether the individual and aggregated values as determined and used by the county auditor in assessing the real property in his county are reflective of their true values and show whether the Auditor's assessed values are within legally established and acceptable limits. <u>It is for the commissioner, not the auditor, to conduct the statistical studies and to evaluate the effectiveness of the county's established tax assessment process.</u>
>
> * * *
>
> Furthermore, the Auditor has also failed to convince this Board that his studies and conclusions are more reasonable or reliable that those of the Commissioner.

We think it clear we applied the reasonable and lawful standard but gave appropriate weight to the Commissioner’s discretion. Again, we can draw from the Ohio Supreme Court’s cases for guidance. It is well established that the Court affirms this Board’s decisions if reasonable and lawful. In doing so, the Court has said it will “defer to the BTA’s factual finding ‘if they are supported by reliable and probative evidence***” but the Court will “afford deference to the BTA’s determination of the credibility of witnesses and its weighing of the evidence subject only to an abuse-of-discretion review on appeal.” *Seaton* at 7, quoting *HealthSouth*. In this manner, the reasonable and lawful standard is applied, but due deference is given to this Board in fulfilling its role as factfinder. Because our review in this case is analogous, we give due deference to the Commissioner.

We now turn to R.C. 5715.012, which controls the creation and use of the studies. It states as follows:

> The tax commissioner shall make sales-assessment ratio studies of sales and assessments of real property for the purpose of determining the common level of assessment of real property within the counties pursuant to section 5715.19 of the Revised Code and for the purpose of equalization. Such studies shall be based on a representative sampling during the three years prior to the tax year to which the sample is applied of open market arms’ length sales by a willing seller to a willing buyer for a current like use within the class or classes of real property sampled by the board. * * * Such studies and other information of the commissioner may be used by the commissioner as guidelines, where applicable, in the equalization of a class or classes of real property. * * *.

The statute has mandatory and discretionary components. In particular, that statute distinguishes the Commissioner’s *preparation* of the sales ratio studies, which is mandatory, from the Commissioner’s *use* of the studies, which is discretionary. The mandatory component of the statute states that "[t]he tax commissioner *shall* make sales-assessment ratio studies of sales and assessments of real property * * *. Such studies *shall* be based on a representative sampling during the three years prior to the tax year to which the sample is applied of open market arms' length * * *." Emphasis added. The statute then addresses the Commissioner's discretionary authority regarding the use of those studies. "Such studies and other information of the commissioner *may* be used by the commissioner *as guidelines, where applicable,* in the equalization of a class or classes of real property." Emphasis added. It is well settled that the word "may" is generally construed to render optional, permissive or discretionary the provision in which it is embodied." *Smucker v. Levin*, 113 Ohio St.3d 337, 2007-Ohio-2073, 865 N.E.2d 866, ¶ 14.

Review of R.C. 5715.012's Mandatory Components

The record establishes that the Commissioner complied with the mandatory portions of R.C. 5715.012 and that his determinations regarding those mandatory components were reasonable and lawful. The Commissioner clearly complied with the statute's first mandatory requirement, i.e., that the Commissioner make sales-assessment ratio studies for all three years.

The Auditor argues that the Commissioner did not comply with the second mandatory requirement of R.C. 5715.012: that those studies "be based on a representative sampling during the three years prior" to the subject tax lien date. The Auditor claims that the studies were conducted using a methodology not allowed by the statute, and that by placing primary weight on the 2019 tax year – the year closest to the tax lien date – the Commissioner failed to comply with R.C. 5715.012's language that sales ratio studies be based "on a representative sampling during the three years prior to the tax year * * *." Aud.'s Post-Hrg. Br. at 9. That argument fails for a number of reasons.

The statute does not require the Commissioner to equally weigh the ratio studies for each year. Wilson's credible testimony makes clear that data from all three years was, in fact, contained within the sales ratio studies and considered by the Commissioner. "We look at – initially look at all three years' worth of sales to make sure we are looking at a consistent trend in the market throughout the triennial period." S.T. at 37. The methodology used by the Commissioner is clear: his staff conducts sales ratio studies for all three years but places the greatest emphasis on the last year. S.T. at 37-38. In that manner, they both capture the trend of the marketplace and get the best data – the sales closest to the tax lien date – to determine market value.

The Commissioner has wide latitude in creating a representative sample, and we are unpersuaded that the statute expressly requires him to weigh each year equally. This statute requires the Commissioner to create these studies using a representative sample to use as a guideline (addressed below) *for a subsequent tax year*. The goal is not to understand the trend over those three years but to understand the trends for prospective application. The goal is to create a study useful in determining value for a subsequent year. While utilizing data from all three years, the Commissioner's methodology, which gave primary weight to the most recent sales (tax year 2019), was in accordance with the language of Ohio Adm.Code 5703-25-16(A)(2) which states that the Commissioner's staff, "* * *, upon receipt of the "appraised value" abstract as prepared and filed by a county auditor, will review the appraisal in the field in the light of the information it has collected *relative to recent real property sales* and other information relating to real property values * * *." (Emphasis added). The sales for tax year 2019 were, of course, the ones most recent to the tax lien date.

Further, the Commissioner's emphasis on more recent sales is not only supported by Ohio Adm.Code 5703-25-16(A)(2), but it comports with standard appraisal practice and existing real property valuation law. An essential element of appraisal practice is for the appraiser to make judgments in choosing the most relevant data or information to be relied upon, among the sometimes-massive amount of data presented. Not all data is of equal value in determining true value. Placing greater weight on certain data versus other data is a standard and accepted appraisal practice. As we stated in describing the appraisal process in *Consolidated Aluminum Corp. v. Board of Revision of Brown County*, BTA No. 87-F-1182, 1990 Ohio Tax LEXIS 233 (March 2, 1990), "***many pivotal aspects [of an appraisal] are based upon the subjective judgment of the appraiser. Information is utilized or ignored. Various adjustments and formulas are selected. Methods, calculations, facts and extrinsic data are examined and considered and then applied or disregarded***" In short, the search for true value is not furthered, but rather is hindered, by *compelling* the Tax Commissioner to treat data from all three years the same, and RC 5715.012 does not require or compel such equal treatment. It is very well established that sales closer to the tax lien date are more probative than remote sales. *See, e.g., HIN, LLC v. Cuyahoga Cty. Bd. of Revision*, 124 Ohio St.3d 481, 2010-Ohio-687, 923 N.E.2d 1144 (finding a sale closer to the tax lien date was more probative than a more remote sale).

Significantly, there was no detailed cross-examination of Wilson or other evidence introduced by the Auditor showing that the Commissioner's analytical methodology was flawed. Nor was there any expert or other evidence introduced by the Auditor to show what the "correct" representative sampling method would look like. There is, of course, a critical distinction between merely offering an alternative methodology to the analysis of data than the one used by the Commissioner and *proving* that the Commissioner's approach was wrong. Those are two distinct matters. The fact that the Commissioner's methodology was different from that of the Auditor does not, of and by itself and without a more penetrating analysis of the Commissioner's methodology, prove that the Commissioner's methodology was wrong. Evidence of an alternative approach is not, alone, evidence that the Commissioner acted unreasonably.

The Auditor argues that the Commissioner may not "ignore," "minimize," or "disregard" data within the three-year period, Auditor's Merit Brief at 10, but a review of the record shows that the Commissioner did none of those things. Indeed, in Exhibit C – an exhibit introduced by the Auditor and cited in its brief – Wilson discusses a presentation made by DTE to the county auditors where DTE stated that "ODT [Ohio Department of Taxation] does conduct ratio studies for all three years for trending purposes." Exhibit C. Further undermining the Auditor's position is that in its brief, Auditor's Merit Brief, page 11, fn. 1, and at the hearing counsel for the Auditor conceded that the most recent sales present more reliable indicators of value. In questioning Wilson, counsel for the Auditor said the following:

> Q. Okay. When you do an appraisal, nobody in this room is disputing that the most recent sales are probably the best evidence. We don't dispute that.
>
> A. Uh-huh.

S.T. 40 – 41.

The evidence at the hearing showed that the Auditor failed to prove that the Commissioner erred. While the Auditor, through McAnulty, offered an alternative approach to the sales ratio study, he failed in his burden to show that the Commissioner's approach was incorrect or flawed. In fact, the record shows that it would have been implausible, if not impossible, for McAnulty to testify about flaws in the Commissioner's methodology because she admitted she was not aware as to how the Commissioner had scrubbed his data.

> Q. Okay. Do you have any reason to – now, you don't know for a fact exactly how the Tax Commissioner scrubbed – may have scrubbed their data, do you?
>
> A. No, I do not.

S.T. 20.

While failing to show that the Commissioner's methodology was flawed, incorrect, or contrary to law, the Auditor also presented little to show the manner in which he made his computations. The only evidence offered by McAnulty regarding the manner in which the Auditor's data was created was that it was "generated from our CAMA system." H.R. at 18. There was no evidence offered, expert or otherwise, about the manner in which that system worked, how it calculated its results, or its accuracy and reliability. No data set or other documentation was introduced into evidence supporting the accuracy of Exhibit D, the spreadsheet summarizing the Auditor's computations upon which it based his conclusions. Indeed, much of the chart is blank.

We make clear we have independently reviewed the statutory transcript and found the record also contains reliable and probative evidence to support the Commissioner's studies. The reports appear to be similar to the reports generated in *Brown*. In that case, we relied on similarly captioned data reports. "Each report format or grouping includes a computerized listing of reported residential property sales that occurred" in the county for the relevant years. *Id*. at 13-14. Those reports, like the reports here, also include "selected and related information, sorted according to selected criteria, with a resultant summary." *Id*. The same is true here. The Commissioner reviewed sales for all classes. *See, e.g.*, S.T. at 09SRD1BUTL_CY2020; 09 nava 2020 - 1-5 Summary. For residential properties, he compiled the sales for all three years and measured mean and median figures as well as coefficient of dispersion, dollar weighted mean, price-related differential, and average sale price. Other reports stratify the figures by political subdivision. *See, e.g.*, S.T. at 09SRDO4_BUTL_CY2020; 09BUTL_RES2020 RRSR; Butler.xls. Using his reports, the Commissioner made recommendations to the Auditor on needed increases. *See, e.g.,* Butler-Residential Value Increase Requirements-2020.09.08 (original recommendations on seven political units). In other words, the Commissioner has sufficiently shown his work as he did in *Brown*.

While reasonable minds could differ about the best way to sort and interpret thousands of data points, our job is straightforward. The Commissioner acted reasonably and lawfully in performing his mandatory duties under R.C. 5715.012.

Review of R.C. 5715.012's Discretionary Components

The Commissioner complied with the discretionary portions of R.C. 5715.012. Indeed, this is where the Auditor's arguments are weakest. No statute requires the Commissioner to use his sales ratio studies in the equalization process. In his brief, the Commissioner argues:

> While appellant argues that the Commissioner is required to equally weigh the sales ratio studies for the three years prior to the reappraisal year, R.C. 5717.012 is clear and unambiguous – the sales ratio studies serve as guidelines and the Commissioner has discretion to determine how the sales ratio studies are to be utilized. This Board, citing R.C. 5715.012, has recognized that the sales ratio studies are to be used as guidelines * * *.
>
> * * *
>
> After reviewing these studies and other relevant information, the Commissioner chose to rely most heavily on the 2019 sales ratio study, as the sales in that study were closest to the January 1, 2020 tax lien date and, therefore, would be the best evidence of value as of that date. For over 25 years, the Department has consistently evaluated three years of sales ratio studies for trending purposes but relied most heavily on the year closest to the tax lien date to measure compliance with the market value standard when determining the required level of assessment. 2 (BTA HR 38).

As discussed above, here the Commissioner used all three years of the sales ratio studies to examine value trends while placing primary emphasis on the sales ratio study for tax year 2019, the year most recent to the tax lien date. In so doing, the Commissioner sought, among other things, to utilize the most recent value data in the context of all three years.

The Commissioner's Journal Entry was Reasonable and Lawful

We must now round the circle by returning to R.C. 5715.251. Having found the Commissioner reasonably and lawfully created and utilized his sales ratio studies, we find he reasonably and lawfully argued aggregate increases. Importantly, the Auditor does not claim, and we see no reason to doubt, that the Commissioner’s studies support the aggregate increases. Those figures are reflected on staff recommendations in the transcript. Having found he reasonably and lawfully complied with Ohio law with regard to the studies and taking into consideration the substantial deference he is owed in the equalization process; we find his Journal Entry supported by reliable and probative evidence. *HealthSouth* at 12, quoting *Our Place* (evidence is reliable when dependable and can be confidently trusted; evidence is probative when it has “the tendency to establish the truth of relevant facts”).

For these reasons, we affirm.

BOARD OF TAX APPEALS		
RESULT OF VOTE	YES	NO
Mr. Harbarger		
Ms. Clements		
Mr. Caswell		

I hereby certify the foregoing to be a true and complete copy of the action taken by the Board of Tax Appeals of the State of Ohio and entered upon its journal this day, with respect to the captioned matter.

Kathleen M. Crowley, Board Secretary

Joint Property Tax Study Committee Presentation

Mike Sobul, Retired Research Administrator, Ohio Department of Taxation and CFO/Treasurer, Granville Exempted Village Schools

1

Topics to be Covered

- Property Tax Constitutional Provisions
- Property Tax Reduction Factors and Floors
- Interaction between the Property Valuation and the Fair School Funding Plan

2

Constitutional Provisions

- Article XII, Section 2
- Article XII, Section 2a
- Article II, Section 36

3

Article XII, Section 2-Rate of Taxation

1) **Rate of Taxation**—"No property, taxed according to value, shall be so taxed in excess of one per cent of its true value in money for all state and local purposes, but laws may be passed authorizing additional taxes to be levied outside of such limitation, either when approved by at least a majority of the electors of the taxing district voting on such proposition, or when provided for by the charter of a municipal corporation."

4

Article XII, Section 2- Rate of Taxation

- One percent is the equivalent of 10 mills
- ORC section 5705.02 further restricts unvoted taxes (inside millage) to 10 mills of taxable property (35 % of true value)
- The 10 inside mills are generally shared by a school district, the county it is in, and the overlapping township or municipality

5

Article XII, Section 2- Rate of Taxation

- The allocation of the 10 inside mills in most areas occurred in the 1930s when the state sales tax was implemented and inside millage was reduced from 15 mills to 10 mills
- Most schools have somewhere between 4 and 6 inside mills
- At the school's discretion, inside millage can be for any purpose a property tax can be adopted for, although changes in purpose (i.e. moving from current expense to permanent improvement) must be approved by county budget commissions

6

Article XII, Section 2- Uniform Rule

Uniform Rule—" **Land and improvements thereon** shall be taxed by uniform rule according to value,…"

Land and improvements thereon is the definition of real property.
This provision does not apply to tangible personal property.

7

Article XII, Section 2- Exception to Uniform Rule

"… except that laws may be passed to **reduce taxes by providing for a reduction in value of the homestead** of permanently and totally disabled residents, **residents sixty-five years of age and older**, and residents sixty years of age or older who are surviving spouses of deceased residents who were sixty-five years of age or older or permanently and totally disabled and receiving a reduction in the value of their homestead at the time of death, provided the surviving spouse continues to reside in a qualifying homestead, **and providing for income and other qualifications to obtain such reduction."**

8

Article XII, Section 2- Uniform Rule

- 2 main concepts of Uniform Rule
  - All real property must have a uniform assessment percentage based on true value (not just a standard 35 percent assessment rate)—Laid out in Park Investment Co. v Board, Ohio Supreme Court 68-277, 1972
  - Except as allowed by Article XII, Section 2a, every property in a taxing district must have an identical rate of taxation—See State, ex rel Swetland v Kinney, Ohio Supreme Court 79-1402, 1980

9

Article XII, Section 2- Uniform Rule

Rep. Troy/Co-Chair Blessing

- Rep. Troy bought house in 2010 for $100K
- Sold house to Sen. Blessing in 2020 for $200K
- House valued at $200k in 2020
- Because of sale, true value for tax purposes in 2020 is $200K
- Effective assessed value is 35% of true value ($200K * 35%) / $200k

Co-Chair Roemer

- Bought house in 2010 for $100K
- Continues to live in house
- House valued at $200K in 2020
- Because of continuous ownership, true value for tax purposes is $130K
- Effective assessed value is 22.75% of true value ($130K * 35%) / $200k

This is the situation that the Supreme Court ruled unconstitutional in the Park Investment decision

10

Article XII, Section 2- Uniform Rule

Jack—Age 40

- In 2022, home's true value is $100K
- In 20-mill district, taxes in 2022 are $700 ($100K *.35 * .02)
- In 2023, home value goes up to $130K
- In 2023, taxes increase to $910 (130K * .35 * .02
- Effective tax rate in 2023 is 20 mills ($910 / ($130K * .35)

Jill—Age 70, Income $50K

- In 2022, home's true value is $100K
- In 20-mill district, taxes in 2022 are $700
- In 2023, home value goes up to $130K
- In 2023, taxes are frozen at $700 because of age and income
- Effective tax rate in 2023 is 15.38 mills ($700 / ($130K * .35)

This is the situation that the Supreme Court ruled unconstitutional in the Swetland decision

11

Article XII, Section 2- Exception to Uniform Rule

This paragraph provides exemptions from property taxation based upon usage of the property

"Without limiting the general power, subject to the provisions of Article I of this constitution, to determine the subjects and methods of taxation or exemptions therefrom, general laws may be passed to exempt burying grounds, public school houses, houses used exclusively for public worship, institutions used exclusively for charitable purposes, and public property used exclusively for any public purpose, but all such laws shall be subject to alteration or repeal; and the value of all property so exempted shall, from time to time, be ascertained and published as may be directed by law."

12

Article II, Section 36- Current Agricultural Use Valuation

- Provides an exception to uniform rule for property primarily used to generate agricultural income (CAUV)
- Allows the value to be based on its ability to produce agricultural income rather than its highest and best use

13

Article XII, Section 2a-Exceptions to Article XII, Section 2

(B) This section **does not apply to** any of the following:

(1) Taxes levied at whatever rate is required to produce a specified amount of tax money or an amount to pay debt charges;

(2) Taxes levied within the one per cent limitation imposed by section 2 of this article;

(3) Taxes provided for by the charter of a municipal corporation.

14

Article XII, Section 2-Classification of Real Property

"(C) Notwithstanding Section 2 of this article, laws may be passed that provide all of the following:

(1) Land and improvements thereon in each taxing district shall be placed into one of two classes **solely** for the purpose of separately reducing the taxes charged against all land and improvements in each of the two classes as provided in division(C)(2) of this section. The classes shall be:

(a) Residential and agricultural land and improvements (Class 1);

(b) All other land and improvements (Class 2)."

15

Article XII, Section 2a- Calculation of Reduction Factors

"With respect to each voted tax authorized to be levied by each taxing district, **the amount of taxes imposed** by such tax against all land and improvements thereon in each class shall be reduced in order that the amount charged for collection against all land and improvements in that class in the current year, exclusive of land and improvements not taxed by the district in both the preceding year and in the current year and those not taxed in that class in the preceding year, **equals the amount charged for collection against such land and improvements in the preceding year**."

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Article XII, Section 2a- Limitations on Reduction Factors

"Laws may be passed to provide that the reductions made under this section in the amounts of taxes charged for the current expenses of cities, townships, school districts, counties, or other taxing districts are subject to the limitation that the sum of the amounts of **all taxes charged for current expenses** against the land and improvements thereon in each of the two classes of property subject to taxation in cities, townships, school districts, counties, or other types of taxing districts, **shall not be less than a uniform percent of the taxable value of the property in the districts to which the limitation applies. Different but uniform percentage limitations may be established for cities, townships, school districts, counties, and other types of taxing districts."**

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Tax Reduction Factors

18

Tax Reduction Factors

- Enacted by H.B. 920 in 1976
- Refined by the passage of Article XII, Section 2a of the Constitution in 1980
- *Tax reduction factors* are designed to:
  - Prevent a taxing jurisdiction from realizing additional revenue from increases in the market value of real property
    - Only applies to real property that existed in the district in both the current and previous year
    - Does not apply to new construction or improvements to real property

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Property Tax Limitations Brief History

- Ohio has a long history of property tax limitations
- Reduction factors began in 1976
- For about 50 years prior to that a *millage rollback system* existed

20

Property Tax Limitations Brief History

- Under the millage rollback system, only one millage rate for all property (real and tangible)
- The single rate was rolled back to prevent increases in tax revenues

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Property Tax Limitations Brief History

- The millage rollback system was replaced by reduction factors because the old system was determined to benefit tangible property relative to real property because of high inflation in the early and mid-1970s
- The 1980 Constitutional Amendment was to prevent rapid residential property growth due to inflation from shifting property tax burden from business real property owners to residential owners
- All real property was taken together from 1976 up to the effective date of the amendment
- Current conditions have similarities to the 1970s, but historical data show valuation increases now are an aberration

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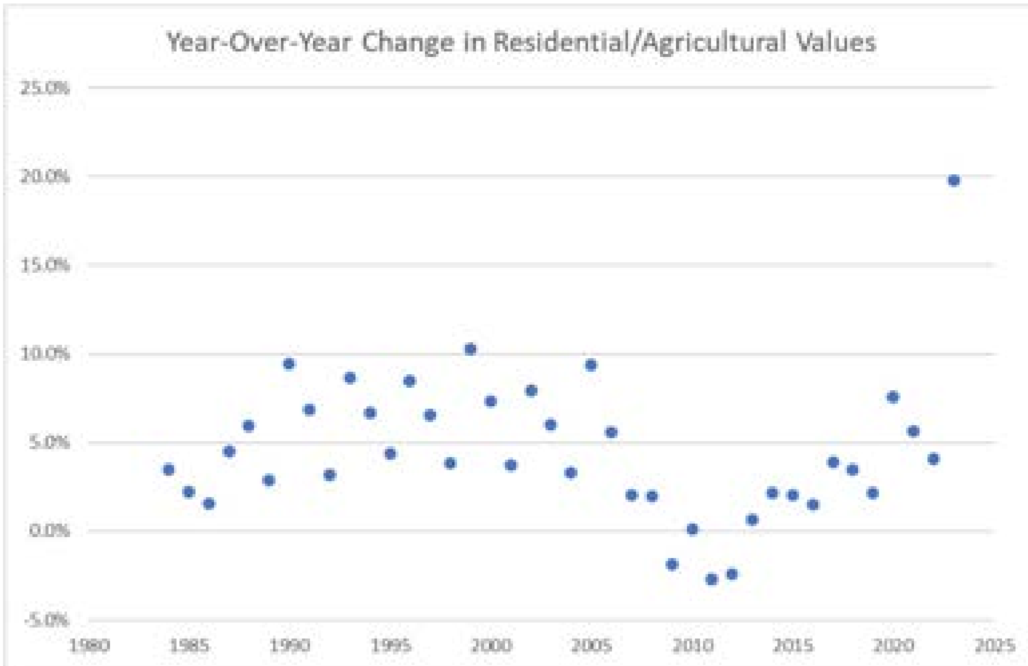
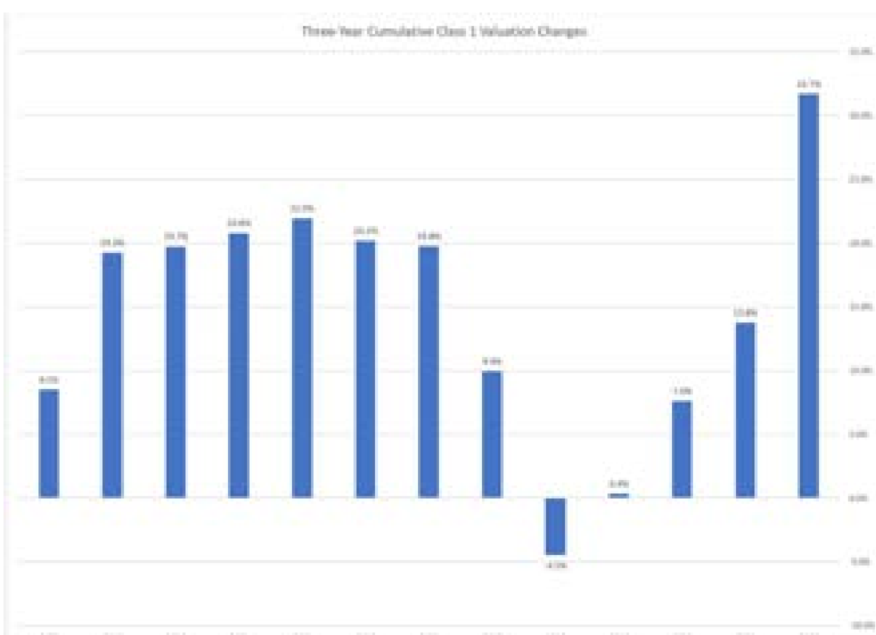


23



These 2 graphics clearly show that 2023 is an outlier. The risk with changes that address conditions like 2023, which occurred for the first time in 50 years, is that the impacts in years where these types of increases don't occur may not be what was intended.

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Common Misconceptions of Reduction Factors

- Tax reduction factors are <u>not</u> designed to:
  - Ensure every taxpayer within a jurisdiction pays the same taxes on a levy as in the year preceding reappraisal or triennial update
  - Prevent school districts from receiving additional revenue from new construction

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Tax Reduction Factors

Illustration 1

	Homeowner 1	Homeowner 2	District
Taxable Value Before Reappraisal	$40,000	$40,000	$50,000,000
Taxes Before Reappraisal (50-Mill Rate)	$2,000	$2,000	$2,500,000
Taxable Value After Reappraisal	$46,000	$42,000	$55,000,000
Taxes After Reappraisal (45.45-Mill Rate)	$2,091	$1,909	$2,500,000
Percent Change	4.6%	-4.6%	0.0%

Valuation in district increases 10 percent, but Taxpayer 1’s value increases 15% and Taxpayer 2’s value increases 5%

Assumes all 50 mills of tax are outside levies subject to reduction

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Tax Reduction Factors

Illustration 2			
	Homeowner 1	Homeowner 2	District
Taxable Value Before Reappraisal	$40,000	$40,000	$50,000,000
Taxes Before Reappraisal (20-Mill Rate)	$800	$800	$1,000,000
Taxable Value After Reappraisal	$46,000	$42,000	$55,000,000
Taxes After Reappraisal (20-Mill Rate)	$920	$840	$1,100,000
Percent Change	15.0%	5.0%	10.0%

Valuation in district increases 10 percent, but Taxpayer 1's value increases 15% and Taxpayer 2's value increases 5%

Individual taxes rise at a percentage rate equivalent to the percentage growth in the individual's valuation

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Tax Reduction Factors

Illustration 3			
	Homeowner 1	Homeowner 2	District
Taxable Value Before Reappraisal	$40,000	$40,000	$50,000,000
Taxes Before Reappraisal (5 Inside Mills)	$200	$200	$250,000
Taxes Before Reappraisal (20 Outside Mills)	$800	$800	$1,000,000
Total Taxes Before Reappraisal	**$1,000**	**$1,000**	**$1,250,000**
Taxable Value After Reappraisal	$46,000	$42,000	$55,000,000
Taxes After Reappraisal (5 Inside Mills)	$230	$210	$275,000
Taxes After Reappraisal (18.18 Outside Mills)	$836	$764	$1,000,000
Total Taxes After Reappraisal	**$1,066**	**$974**	**$1,275,000**
Percent Change	**6.6%**	**-2.6%**	**2.0%**

Valuation in district increases 10 percent, but Taxpayer 1's value increases 15% and Taxpayer 2's value increases 5%

Taxpayer 1 has an increase from inside millage ($30) and outside millage ($36). Taxpayer 2 has taxes on outside millage falling faster than taxes on inside millage rise. The district sees an increase only based on inside millage

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Tax Reduction Factors

Illustration 4	Homeowner 1	Homeowner 2	District
Taxable Value Before Reappraisal	$40,000	$40,000	$50,000,000
Taxes Before Reappraisal (5 Inside Mills)	$200	$200	$250,000
Taxes Before Reappraisal (16 Outside Mills)	$640	$640	$800,000
Total Taxes Before Reappraisal	**$840**	**$840**	**$1,050,000**
Taxable Value After Reappraisal	$46,000	$42,000	$55,000,000
Taxes After Reappraisal (5 Inside Mills)	$230	$210	$275,000
Taxes After Reappraisal (15 Outside Mills)	$690	$630	$825,000
Total Taxes After Reappraisal	**$920**	**$840**	**$1,100,000**
Percent Change	**9.5%**	**0.0%**	**4.8%**

For taxes to not grow on outside millage for the district, the outside rate would have to be reduced to 14.545 mills. Since that would drop the district below 20 total mills, the outside millage is set at 15 mills.

Taxpayer 1 has an increase from inside millage ($30) and outside millage ($50). Taxpayer 2 has taxes on outside millage falling at the same rate as taxes on inside millage rise. The district sees an increase in both inside and outside millage

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Tax Reduction Factors

- Restrictions to tax reduction factors
  - The legislature may place floors on effective rates for any type of jurisdiction
  - Floors must be placed uniformly within the jurisdiction type
- Two floors are currently in place
  - 2% (20-mill) floor for school districts
  - 0.2% (2-mill) floor for joint vocational school districts

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Tax Reduction Factor Floors

- Only current expense millage (inside or outside) counts toward the 20-mill floor
- The calculation *excludes*:
  - Bonds, permanent improvement levies, and emergency levies
  - Although revenue from emergency levies are essentially used for current expenses, they are excluded from the 20-mill calculation by statute **(whether the Constitution would allow their inclusion has never been adjudicated)**
- The 20-mill floor essentially prevents further reduction of tax rates once it is reached

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Tax Reduction Factor Floors

- The 20-mill floor was first instated in law in 1977, following the passage of HB 920 in 1976, but before the enactment of Article XII, Section 2a of the Constitution in 1980
  - By statute, counting toward the floor were “taxes charged and payable for current expenses” (ORC Section 319.301)
  - In 1977, “current expenses” was not defined in ORC 319.301
- In 1980, this code section was amended to provide for the two classes of property allowed by the Constitutional amendment
  - There were no changes to “taxes charged and payable for current expenses,” nor was a definition added

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Tax Reduction Factor Floors

- In 1987, ORC 319.301 was amended to add a definition of levies not to be included
  - "Taxes charged and payable" excludes any taxes charged and payable in 1985 or thereafter under sections 5705.194 to 5705.197 of the revised code *(emergency levy law)*
- This Committee has heard testimony that at one time, emergency levies were counted towards the 20-mill floor
  - There has never been specific language in the code stating emergency levies are to be counted toward the floor

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Emergency Levy History

- In 1971, Emergency Levies were first allowed if "revenue…is insufficient to provide for the emergency requirements of the school district or to **prevent temporary or permanent closing of one or more schools**…"
  - These levies could be for up to five years but could not be renewed
- In HB 44, 1979, the text bolded above was replaced by "avoid an operating deficit"
  - This change greatly expanded the potential use of emergency levies
- HB 372 in 1983 first allowed for the renewal of emergency levies

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Tax Reduction Factor Floors

- It was the combination of the provisions in HB 44 and HB 372 that made the issue of emergency levies counting in the floor relevant
- It is my belief that the explicit exclusion of emergency levies from the calculation of the 20-mill floor that was enacted in 1987 was a clarification by the Legislature that the original intent of "taxes charged and payable for current expenses" was never intended to include emergency levies

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Why the 20-Mill Floor Exists

- For decades, the ORC has included a provision requiring schools to levy 20 mills of property taxes to qualify to receive state funding
- Prior to the early 1990s, the local share of basic formula funding was 20 mills (2%) times the total taxable property valuation in the district
  - If a district had $100M of total taxable value, its expected local share of base funding was $2M (2% of $100M)
- Given the assumed local share was 20 mills of taxable value, the 20-mill floor ensured districts were actually receiving 20 mills worth of local taxes

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Why the 20-Mill Floor Exists

- The 20-mill requirement for districts to receive state aid is still in law
- The 20-mill floor is still in law
- The local share of funding has changed a number of times since 1990. Under the FSFP, it is now a variable percentage of a local capacity base partially composed of property valuation and partially of income wealth

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What Does Eliminating the Floor Look Like Over Time?

	Inside Millage	Class 1 Millage	Class 2 Millage	PUP Millage
1992	4.4	15.60	15.60	15.6
1995	4.4	13.68	15.00	15.6
1998	4.4	10.43	11.25	15.6
2001	4.4	9.55	11.29	15.6
2004	4.4	8.68	10.61	15.6
2007	4.4	7.43	10.59	15.6
2010	4.4	6.86	9.64	15.6
2013	4.4	6.75	9.61	15.6
2016	4.4	6.35	9.33	15.6
2019	4.4	5.99	7.58	15.6
2022	4.4	5.43	6.39	15.6

This is what tax rates would have looked like in one Southern Ohio District if no floor had existed in the last 30 years. This district has a total of 20 mills levied with no other millage. Why is this a problem?

PUP millage is the voted rate, which is the rate applied to Public Utility Tangible Property

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What Does Eliminating the Floor Look Like Over Time?

2022 Total Per Pupil Property Tax Collections: $1,950
FY 2024 Local Per Pupil Share of Base Cost: $3,967
FY 2024 State Share of Base Cost: $4,166
FY 2024 Total Per Pupil Base Cost: $8,133
Total Revenue to District: $6,117

In addition nearly 49% of all non-base cost funding is assumed to come from local taxpayers, this district would have none.

With the tax rates on the previous slide, this district in 2022 would have collected in total $1,950 per pupil in local property taxes. The new Fair School Funding Plan assumes they are collecting $3,967 per pupil plus amounts needed to pay for local shares of special education, transportation, etc.

Decoupling the property tax system from the FSFP would essentially break the new funding formula!

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Property Values and the FSFP

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Property Valuations and State Funding

- Prior to 1906, property taxes were the sole source of funding in Ohio for public schools
- Since the state became involved in funding that year, there have always been state and local shares of funding, with the local share almost always being based solely on property wealth
- The DeRolph decisions in the 1990s did not forbid the use of property wealth in local funding
  - **It said there could not be an "overreliance" on property wealth to fund schools**

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Property Values and the FSFP

- Valuations are a 60 percent portion of local capacity, which determines the state and local shares of funding the FSFP
  - Resident income comprises the other 40 percent share
- The amount of property taxes charged and collected does not directly impact the operation of the FSPF
  - However, the FSFP is assuming the local valuations are generating local property tax revenue—if additional valuations due to reappraisal/triennial update are being included in the formula that do not generate additional revenue, gaps in funding begin appearing, and these gaps widen over time

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FSFP Local Capacity and Local Share of Funding

- Once local capacity is determined, it is expressed on a per pupil basis
- The assumed local share of base funding is a variable percentage of the per pupil local capacity
- The median percentage is 2.25 percent of capacity
  - That percentage is adjusted up or down based on the median income in the district relative to the statewide median income, with a maximum local share of 2.5 percent in the 40 highest capacity districts (there is no minimum)

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FSFP Local Capacity

FY24 LOCAL CAPACITY EXAMPLE

Tax Year	Valuation	Tax Year	Total Income			Adjusted Median Income	
2020	$739,590,560	2019	$1,044,713,682			2021 Median Income	$50,384
2021	$740,670,660	2020	$1,060,250,920			2021 Number of State Tax Returns	17,120
2022	$744,686,660	2021	$1,153,785,434				
3-Year Average	$741,649,293	3-Year Average	$1,086,250,012			2021 Adjusted Median Income	$862,574,080
Lesser of 2022 and Average	$741,649,293	Lesser of 2021 and Average	$1,086,250,012			2021 Adjusted Median Income	$862,574,080
				Weight			
		Property Value Portion of Capacity	$741,649,293	60%	$444,989,576		
		Total Income Portion of Capacity	$1,086,250,012	20%	$217,250,002		
		Median Income Portion of Capacity	$862,574,080	20%	$172,514,816		
		Total Capacity			$834,754,394		

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FSFP Local Capacity and Local Share

Total Capacity	$834,754,394
Enrollment	4,571
Per Pupil Capacity	$182,633
Local Share of Capacity	2.30%
Per Pupil Local Share	$4,202
Assumed Total Calculated Per Pupil Base Cost	$8,145
Per Pupil State Share of Base Cost	$3,943
State Share Percentage of Most Categorical Funding	48.41%

Continuing the example from the previous slide—this district would be expected to provide $4,202 per pupil of base cost funding from local revenue, plus 51.59 percent of shared categorical funding from local revenue (Special Education, ELL, Career Tech, Gifted, and Transportation)

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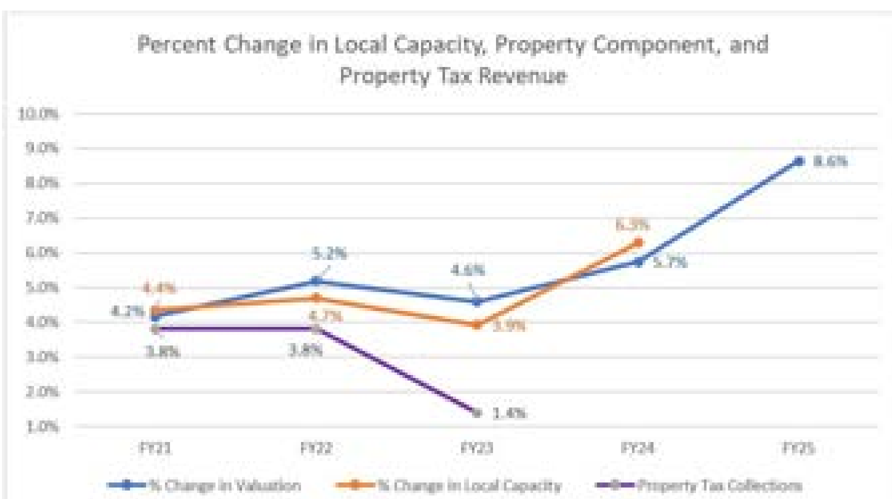
FSFP Local Capacity



Note: FY 25 property tax change is partially estimated because 2023 public utility values are not yet available

Property tax revenue lags valuation changes and local capacity changes. This can mostly be offset by increasing inputs in the FSFP to keep up with capacity inflation. **Local tax collections growing slower than capacity increases the local share of funding.**

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Concluding Observations

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Concluding Observations

- The Constitution is restrictive of what is and is not allowed in the operation of the property tax
  - Some of the issues have been litigated and some have not
- The Fair School Funding Plan was constructed based upon, and to work in concert with, the property tax system as it exists right now
  - Significant changes in the property tax system could break this relationship and cause the FSFP to fail

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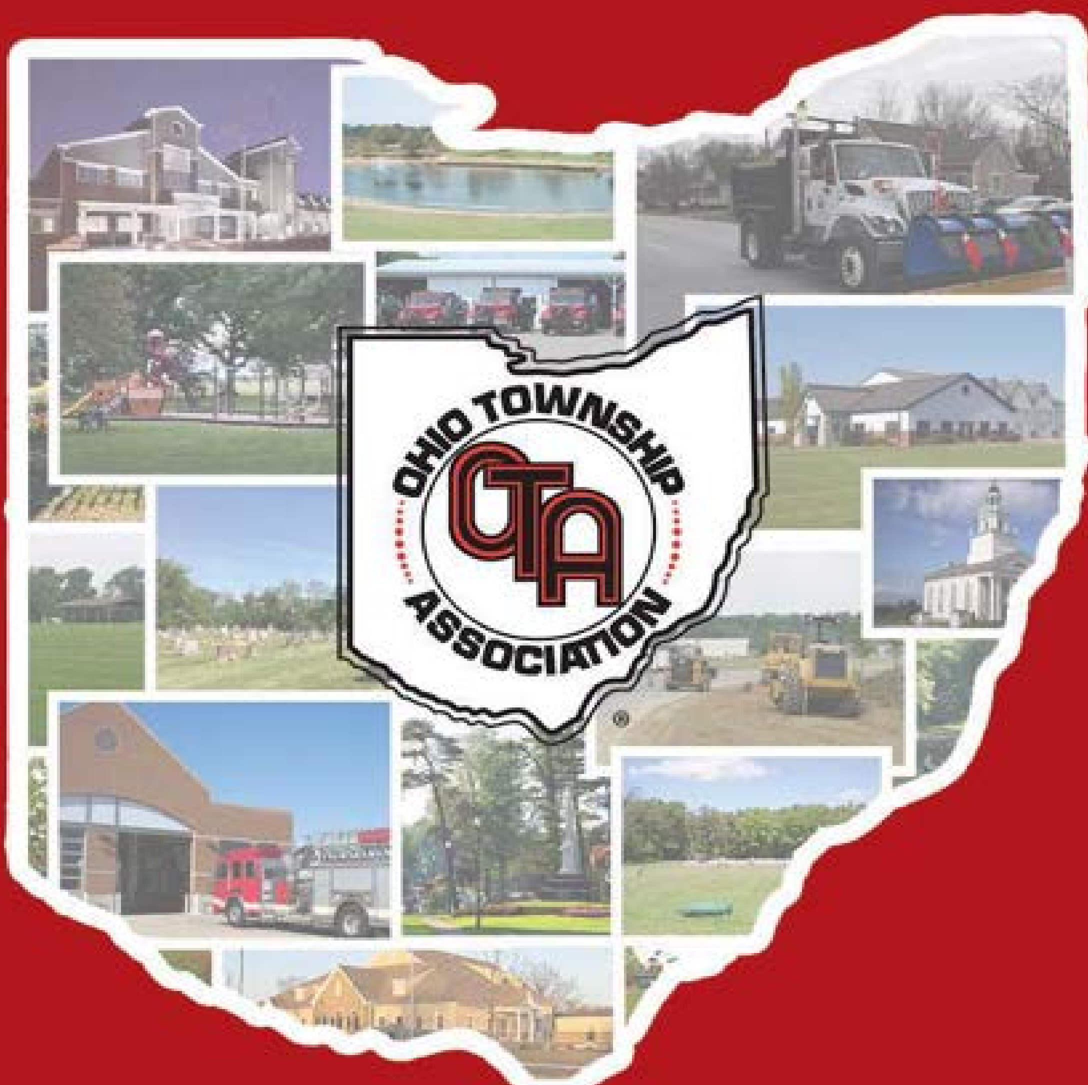
A 2019 Research Report by Wendell Cox
of Demographia for
THE OHIO TOWNSHIP ASSOCIATION
&
THE COALITION OF LARGE OHIO URBAN TOWNSHIPS

OHIO'S TOWNSHIPS:

SPENDING, TAXING & BORROWING LESS



Townships in Ohio:
Spending, Taxing and Borrowing Less

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FIGURES

Townships in Ohio:
Spending, Taxing and Borrowing Less

EXECUTIVE SUMMARY

For decades, political interests and academics have proposed measures to require consolidation of local governments under the assumption that "bigger-is-better," and that larger governments are inherently more efficient. Often such initiatives equate efficiency with a smaller number of governments. This is a mistake. Efficiency is measured in financial terms, not by totaling the number of units of governments. It is achieved by producing services for no more than necessary.

This study analyzes the latest local government financial data from the Auditor of State. The data leads to four principal conclusions:

1. Current expenditures, local taxes and long-term debt tend to be lower in local general-purpose governments with smaller populations, both statewide and inside metropolitan areas (based on eight population categories). The only exception is the smallest jurisdictions (under 1,000 population), which has higher current expenditures than the next higher population category (1,000 to 2,499 population) but has the lowest local taxation and long-term debt per capita.

2. Current expenditures, local taxes and long-term debt tend to be lower in townships than in municipalities of similar population, both statewide and inside metropolitan areas. The only exception is the smallest jurisdictions (under 1,000 population), in which townships have higher current expenditures and local taxation per capita than similar sized municipalities, but lower than all other population categories and *no* long-term debt per capita.

3. Smaller local general-purpose governments have been less likely to be forced into Ohio's Fiscal Distress Program.

4. Townships have been less likely than municipalities to be forced into Ohio's Fiscal Distress Program, typically by two-thirds or more.

1. Government Consolidation Proposals

There have been proposals for government consolidation in Ohio, which have included general purpose local governments, municipalities (cities and villages) and townships. Proponents of consolidation claimed that Ohio had too many local governments, which reduced efficiency. It was even suggested that Ohio's local governments had "taken on expenses that are unsustainable."

In response, the Ohio Township Association commissioned a report, *Local Democracy in Ohio,* which was published in 2012 based on Auditor of State 2008 data. The conclusions were the opposite of those claimed by consolidation proponents. Generally, the data showed that Ohio's smaller local general governments spend *less*, tax *less* and borrow *less* per capita than larger governments. Moreover, smaller local governments were less likely to be placed in the state's Fiscal Distress program, and thus had a higher likelihood of fiscal sustainability. Further, in each of the population categories, townships tended to perform better than municipalities.

This report *Townships in Ohio: Spending, Taxing & Borrowing Less* provides a review of the latest available Auditor of State data (2015), which has been substantially increased in coverage from the earlier dataset. The conclusions are virtually the same --- smaller local governments spend less, tax less, and borrow less per capita than larger governments. Townships spend, tax and borrow less in nearly all population categories. Further, smaller local governments are less likely to be declared in Fiscal Distress by the Auditor of State. Declarations of Fiscal Distress are even less likely among township governments. Larger townships are about two-thirds less likely to be declared in Fiscal Distress than similarly sized municipalities.

2: Local Government in Ohio

Overall, municipalities provide local government services to 65 percent of the Ohio's residents, while townships serve the balance of 35 percent. In metropolitan areas, municipalities provide services to 70 percent of residents, and townships 30 percent. Outside metropolitan areas, townships provide services to 53 percent of residents and municipalities 47 percent.

3: Financial Performance by Local Government Size

Financial performance is measured by the size and type of local government, using median measures. This analysis is provided at the overall state level and within metropolitan areas. The data generally shows that current expenditures, local taxes and long-term debt per capita are higher in the larger jurisdictions. Moreover, in similar sized jurisdictions, townships tend to have lower current expenditures, local taxes and long-term debt than municipalities of similar population.

Current Expenditures per Capita: The analysis of current expenditures per capita indicates that smaller local governments spend considerably less than larger governments. In metropolitan areas, smaller governments also spend less than larger governments. Except in the smallest population category (under 1,000 residents), townships spend less per capita than municipalities. Overall, townships spend approximately one-half as much per capita as municipalities.

Local Taxes per Capita: Smaller governments also have considerably lower local taxes per capita than larger governments. A similar relationship is indicated in metropolitan areas, where smaller governments levy lower local taxes per capita than larger governments. In each size category, townships tax less per capita than municipalities. Overall, township tax revenues are more than one-half lower than those of municipalities.

Long-term Debt per Capita: Smaller governments are less likely to incur long-term debt for governmental activities (as opposed to proprietary activities) than larger governments. Moreover, township governments, are less than half as likely to incur debt as municipal governments.

Similarly, smaller governments have considerably less long-term debt per capita than larger governments. For example, the median local government with fewer than 5,000 residents has *no* long-term debt. Above 5,000 population, long-term debt per capita tends to rise with population, though township long-term debt is considerably less.

On a per capita basis, home rule townships have less than one-half of the long-term debt of municipalities with similar populations.

4: Financial Performance in the Larger Townships

A more comprehensive examination of Ohio's larger townships (over 10,000 residents) indicates their considerable advantage to taxpayers. The larger townships spend, tax and have debt that is less than one-half the levels per capita of the municipalities of similar size. These differences, based on population, are the equivalent of $861 million less in annual spending, $577 million less in annual taxation and $716 million less in long-term debt.

5: Sustainability of Local Governments

Ohio has been a leader among the states in financial oversight of local governments. Pursuant to Ohio law, the Auditor of State reviews local government finances and when certain standards are met, can declare them to be in Fiscal Distress. Larger governments have been associated with a higher degree of Fiscal Distress declarations. Townships have been declared in Fiscal Distress much less frequently than municipalities. The larger townships are about two-thirds (or more) less likely to be declared in Fiscal Distress than similarly sized municipalities.

Employee compensation is the largest element of local government expenditure and has been an important factor in local government fiscal crises across the nation. Township employee wages per capita are two-thirds less than those of municipalities, a factor that generally improves fiscal sustainability.

6: Why Township Governments Tend to be More Efficient

This research concludes that *smaller* units of local government in Ohio, especially townships, are more efficient than larger governments, as evidenced by their spending less per capita for the services that respond to the desires of their electorates. By spending, taxing and borrowing less, smaller governments provide powerful evidence that consolidating into larger units is highly unlikely to improve efficiency.

Despite support for local government consolidation, research on actual spending, taxing and borrowing levels suggests just the opposite --- less efficiency. This can be traced to multiple factors:

- Political necessity tends to require employee compensation, the largest expenditure category, to be harmonized at the rates of the costlier consolidated government.

- Political pressure can force service levels to be leveled up to the highest level among the consolidating governments.

- The political influence of special interests, nearly always favoring more spending, is increased, as the influence of voters is diluted in larger jurisdictions.

- Differing political cultures between the consolidating governments can complicate efforts to improve efficiency, regardless of the factors above.

7: Economic Development: Toward a More Prosperous Ohio

Ohio, much of it located in the "Rust Belt," has experienced comparatively modest economic growth in recent decades. Yet, current demographic trends could favor improved economic growth for Ohio in the future, especially the revival of manufacturing and continuing expansion of natural gas production.

Domestic migration --- people moving from one part of the nation to another --- has been strongly away from high-cost states with the strongest economies, especially California and New York. Academic research indicates that cost of living differences is a principal factor. High cost states are also losing many businesses, both large to small, to lower cost states.

Ohio could gain from this cost-of-living led domestic migration. Ohio has among the lowest costs of living in the nation (44th out of the 50 states). Ohio has superior housing affordability, which drives the cost of living. Early signs may be appearing of improving domestic migration. Further, Ohio has placed high in recent years in new facility development.

Further, there are important examples of economic development among Ohio's townships.

A more prosperous Ohio, with greater population growth and greater economic growth could well emerge from the nation's changing geographic balance, as indicated by the larger differences in the cost of living. Townships are well positioned for growth, often with large inventories of land for business expansion and the continuing development of single-family homes that are preferred by most households.

Townships in Ohio:
Spending, Taxing and Borrowing Less

INTRODUCTION

For decades there has been political pressure to force consolidation of local governments into larger entities, while abolishing smaller governments. The underlying philosophy has been that "bigger-is-better," as proponents claimed that larger governments are inherently more efficient. Proponents of government consolidation have often implied that a larger number of governments reduces efficiency. This constitutes a significant misunderstanding of efficiency. World Bank research defines government efficiency as: "providing the maximum amount of service at a given level of resources."[1] An efficient government (or other organization) spends no more than necessary to produce its services.

The data in this report leads to four principal conclusions:

1. Current expenditures, local taxes and long-term debt tend to be lower in local general-purpose governments with smaller populations, both statewide and inside metropolitan areas (based on eight population categories). The only exception is the smallest jurisdictions (under 1,000 population), which has higher current expenditures than the next higher population category (1,000 to 2,499 population) but has the lowest local taxation and long-term debt per capita.

2. Current expenditures, local taxes and long-term debt tend to be lower in townships than in municipalities of similar population, both statewide and inside metropolitan areas. The only exception is the smallest jurisdictions (under 1,000 population), in which townships have higher current expenditures and local taxation per capita than similar sized municipalities, but lower than all other population categories and *no* long-term debt per capita.

3. Smaller local general-purpose governments have been less likely to be forced into Ohio's Fiscal Distress Program.

4. Townships have been less likely than municipalities to be forced into Ohio's Fiscal Distress Program, typically by two-thirds or more.

1: GOVERNMENT CONSOLIDATION PROPOSALS

Proponents of local government consolidation have made claims such as:

- Ohio's local government structure "creates a staggering array of costs."[2]

- Ohio's cities and townships have "taken on expenses that are unsustainable."[3]

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[1] Joseph L.T. Blank and C.A. Knox Lovell, 2000. "Performance Assessment in the Public Sector," In *Public Provision and Performance: Contributions from Efficiency and Productivity Measurement,* pp. 3-21, ed., Joseph L. T. Blank, Amsterdam: Elsevier, cited in Fox and Gurley "Will Consolidation Improve Sub-national Governments?

[2] Brookings Institution and Greater Ohio Policy Center, *Restoring Prosperity: Transforming Ohio's Communities for the Next Economy,* http://greaterohio.org/files/quick-downloads/restoring-prosperity-report.pdf

[3] Brookings Institution and Greater Ohio Policy Center, *Restoring Prosperity: Transforming Ohio's Communities for the Next Economy,* http://greaterohio.org/files/quick-downloads/restoring-prosperity-report.pdf

- Ohioans "paid far more than is necessary for the management of thousands of government entities."[4]

At the same time, even proponents of consolidation recognize the desire of citizens for "accessible and responsive " governments, which is associated with smaller units of local government.[5] Proponents posited that taxpayers had to choose between more responsive and more efficient government.

In response, the Ohio Township Association commissioned our 2012 report, which reviewed 2008 municipal and township financial performance. *Local Democracy in Ohio: A Review of City, Village and Township Financial Performance by Size (Local Democracy in Ohio)* found the opposite of the "bigger-is-better" proposition,[6] that smaller local general purpose governments in Ohio were associated with *lower* expenditures per capita, *lower* taxes per capita and *less* debt per capita. The report further found that township governments generally spent less, taxed less and borrowed less than municipal governments of similar size.

This led to a conclusion that it *is not necessary* to choose between responsive and efficient government, because greater efficiency is associated with *smaller* units of local general-purpose government in Ohio. This report provides a new analysis, using 2015 data reported to the Auditor of State by local governments.[7]

2: LOCAL GOVERNMENT IN OHIO

The subject of this report is Ohio's 2,245[8] local non-county general purpose local governments which include 937 municipalities[9] and 1,308 townships. These governments have jurisdiction, in the aggregate, over all areas of the state for public services not performed by the states, counties, school districts and special districts.[10] Municipalities and townships typically provide services such as police protection, fire protection, emergency medical services, waste management, senior centers, parks and recreation, street lighting, zoning, roads, and cemetery maintenance.

In 2015, approximately 65 percent of Ohio residents lived in municipalities, and 35 percent in townships. Townships are often associated with rural areas and smaller towns. Yet, nearly as large a percentage of residents in metropolitan areas (Figure 1) live in townships (30 percent) as in the state as a whole. Nearly

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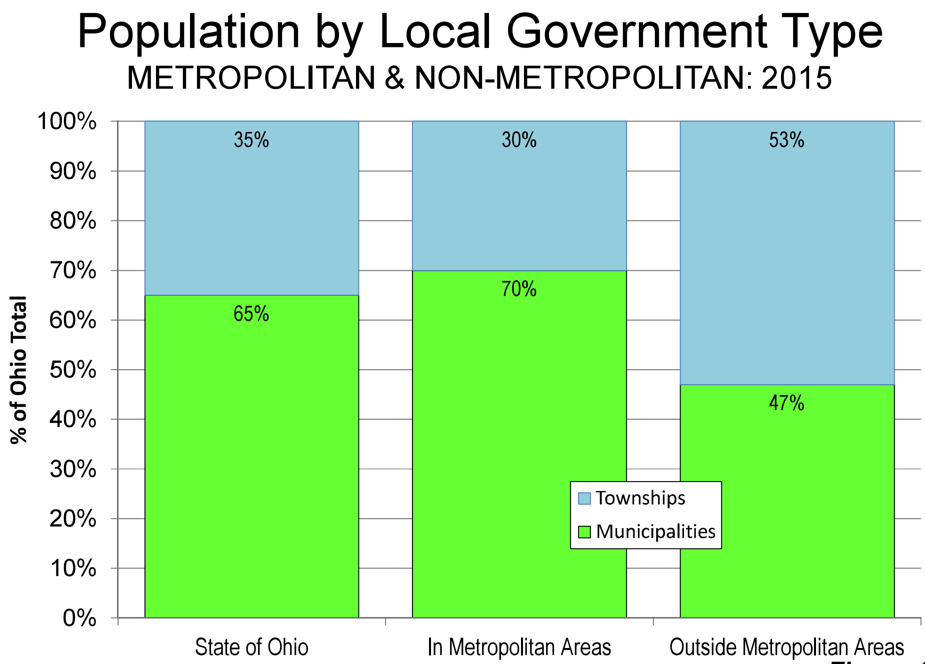
[4] Ohio Society of CPAs, *Ohio Budget Advisory Task Force Report*, http://www.ohioscpa.com/docs/ga-docs/oscpa_ohio_budget_advisory_task_force_v-2-10.pdf, 2012.
[5] Greater Ohio Prosperity Center and the Brookings Institution, *Restoring Prosperity: Transforming Ohio's Communities for the Next Economy,* www.brookings.edu/reports/2010/0222_ohio_prosperity.aspx (referred to as the Brookings/Ohio report).
[6] Wendell Cox (2012), *Local Democracy in Ohio: A Review of City, Village and Township Financial Performance by Size*, Research Report for the Ohio Township Association, https://ohiotownships.org/sites/default/files/Report.pdf.
[7] The datasets in *Local Democracy in Ohio* and *Townships in Ohio* are considerably different, because the number of governments reporting full data in 2008 was considerably smaller than in 2015. Thus, trend analysis between the two reports is invalid.
[8] US Census of Governments, 2012.
[9] Among municipalities, cities defined as those with 5,000 or more population and villages have fewer than 5,000 residents.
[10] This is not the case in most states. For example, in the nation's largest county (Los Angeles), approximately 1,000,000 people live in unincorporated areas. Voters must share their county commissioners (county supervisors) with the other 9,000,000 people who also vote in county elections. Unlike Ohio, residents outside municipalities in states without township level government do not have exclusive elected officials.

one quarter (23.8 percent) of local general-purpose governments with more than 15,000 population in Ohio are townships.[11]



Derived from Census Bureau data

Figure 1

Summary of Local Taxes and Expenditures

General purpose local governments account for a comparatively small share of local government expenditures and taxes in Ohio. More than two-thirds of local expenditures and 65 percent of local taxes in Ohio are by school districts and counties. The municipalities account for 20.5 percent of expenditures and 27.1 percent of taxes, while the townships account for three percent of expenditures and 4.8 percent of taxes (Figures 2 and 3).[12]

Spending and taxation are generally less in townships. Townships have 35 percent of the state's population, yet account for less than 11 percent of local general purpose[13] direct general expenditures and 15 percent of local taxes (Figure 4). Township taxes are considerably lower per capita than those of municipalities, though unlike municipalities, townships do not have access to local income taxes (Figure 5).

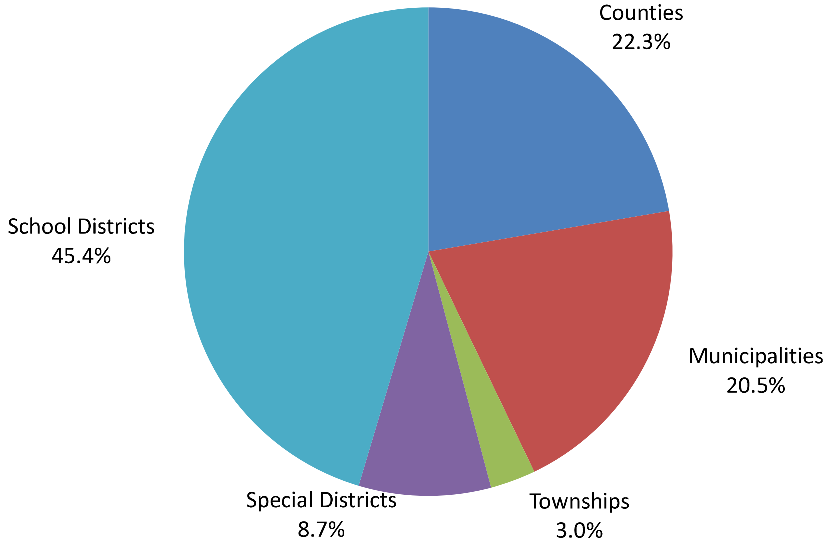
[11] Based on analysis by Ohio Township Association of *2017 Population Estimates: Cities, Villages and Townships by County* (May 2018), Ohio Research Office, https://development.ohio.gov/files/research/P5027.pdf. A population of 15,000 is required for membership in the Coalition of Larger Ohio Urban Townships, the sponsor of this report.

[12] The United States Census of Governments is the only readily available source of this data. The census is conducted every five years and 2012 is the latest data available.

[13] Municipalities and townships.

Local Government Expenditures in Ohio

DIRECT GENERAL EXPENDITURES: 2012

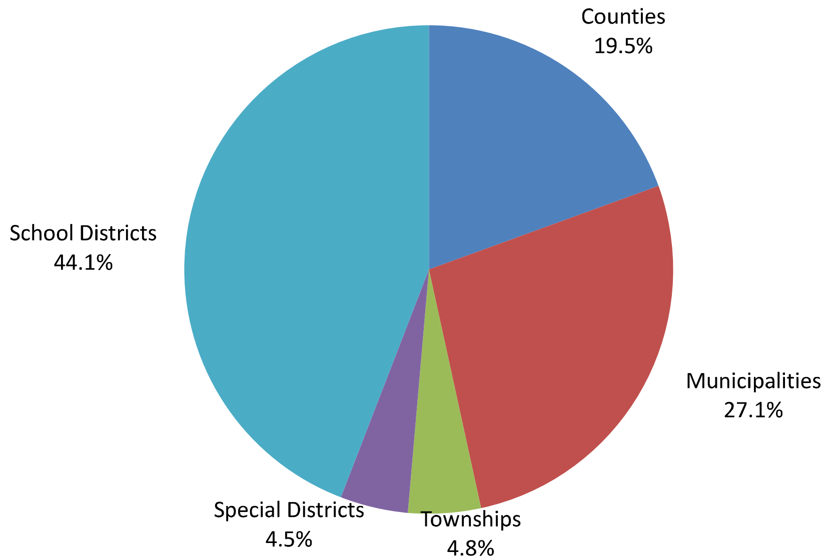


Derived from Census of Governments, 2012

Figure 2

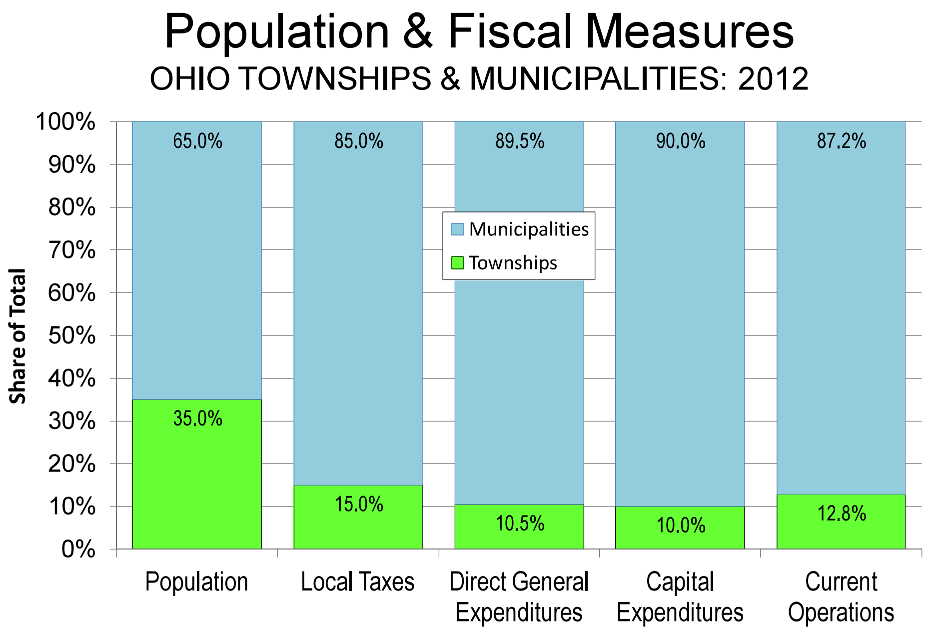
Local Government Taxes in Ohio

OWN TAXES: 2012



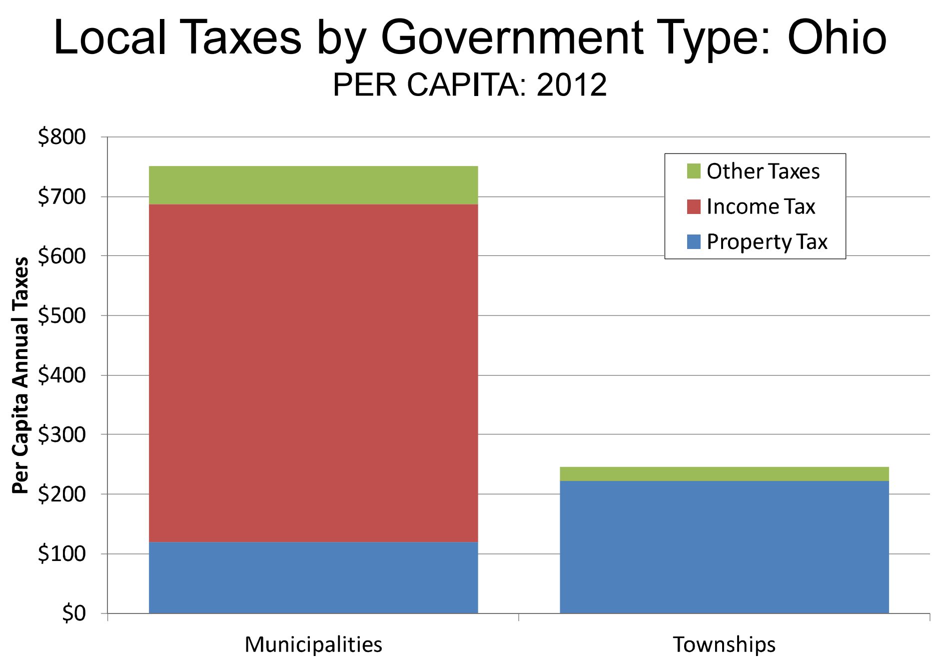
Derived from Census of Governments, 2012

Figure 3



Derived from Census of Governments, 2012

Figure 4



Derived from Census of Governments, 2012

Figure 5

3. FINANCIAL PERFORMANCE BY LOCAL GOVERNMENT SIZE

Financial performance is evaluated by population and type of government, using the latest data available from the Auditor of State (2015). The analysis measures median per capita current expenditures, local taxes and long-term debt for governmental activities (as opposed to proprietary activities). Data is also analyzed within metropolitan areas (MSA[14]).

3.1: Current Expenditures per Capita

This section provides median current expenditures (operating costs) data by government size and type, and by geographical location (inside or outside metropolitan areas).

Size of Local Government: Smaller local governments have the lowest median current expenditures per capita. The lowest median current expenditures per capita are in jurisdictions with 1,000 to 2,499 residents. Governments with under 5,000 residents have current expenditures far below those with higher populations. Local governments with 100,000 or greater population have median current expenditures per capita approximately five times as great as those with less than 5,000 population (Figure 6).

Type and Size of Local Government: A similar "smaller is better" relationship is shown in current expenditures per capita among both municipalities and townships. Both in the municipalities and the townships, the highest median current expenditures per capita are in larger population categories. In most categories the townships have current expenditures per capita less than one-half that of municipalities (Figure 7).

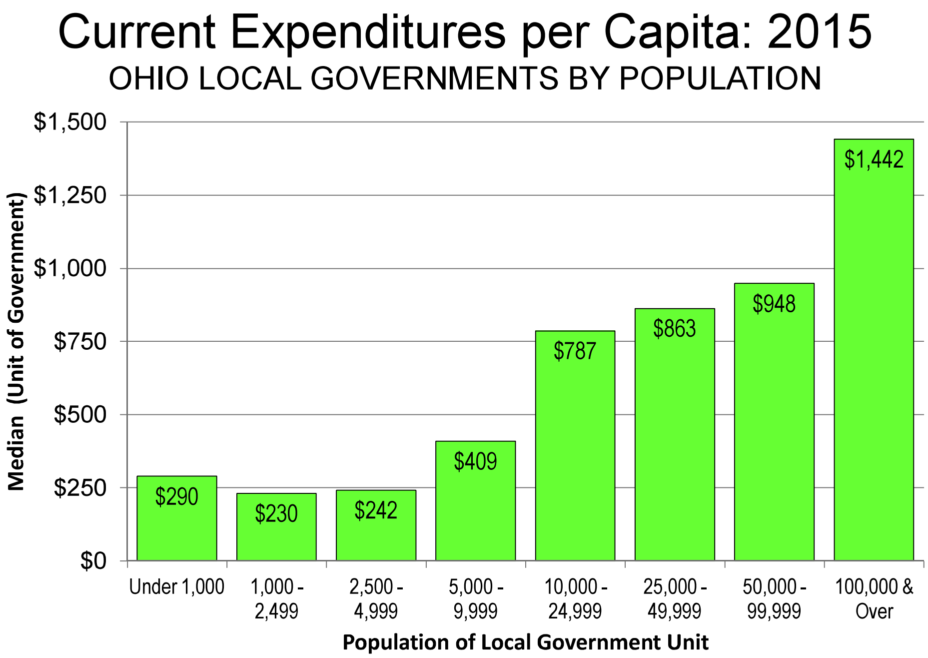
- The highest median current expenditures per capita are in the municipalities (cities) with 100,000 or greater population. There are no townships with a population of 100,000 or greater.
- In the 50,000 to 99,999 population category, township median current expenditures per capita are 61 percent lower than in the municipalities.
- In the 25,000 to 49,999 category, township median current expenditures per capita are 55 percent lower than in the municipalities.
- In the 10,000 to 24,999 category, township median current expenditures per capita are 55 percent lower than in the municipalities.
- In the 5,000 to 9,999 category, township median current expenditures per capita are 68 percent lower than in the municipalities.
- In the 2,500 to 4,999 category, township median current expenditures per capita are 63 percent lower than in the municipalities.
- In the 1,000 to 2,499 category, township median current expenditures per capita are 49 percent lower than in the municipalities.
- Only in entities with a population lower than 1,000 are township median expenditures per capita higher than municipalities.[15]

Overall, median current expenditures per capita in townships are less than one-half that of municipalities (Figure 8).

Local Governments in Metropolitan Areas: The metropolitan area analysis indicates similar results, with smaller governments having lower median current expenditures per capita. The lowest current expenditures per capita are in smaller population categories, in both the municipalities and the townships.

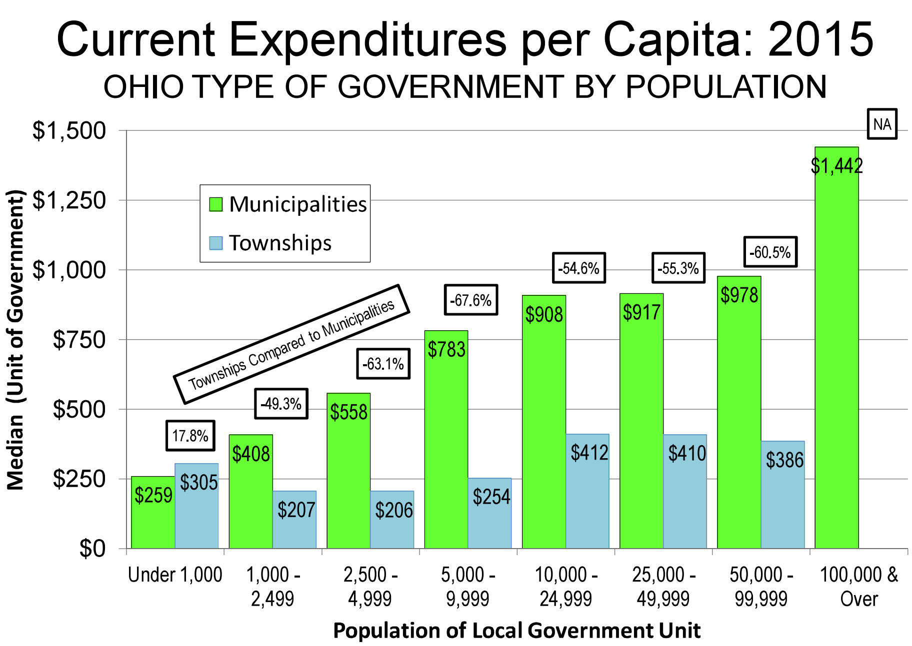
[14] Abbreviation for metropolitan statistical area.
[15] See Conclusion #1, on page 1.

In all but the smallest population categories, township median current expenditures per capita are lower than those of municipalities. As above, this includes the larger townships, in the 10,000 to 24,999, 25,000 to 49,999 and 50,000 to 99,999 categories (Figure 9).



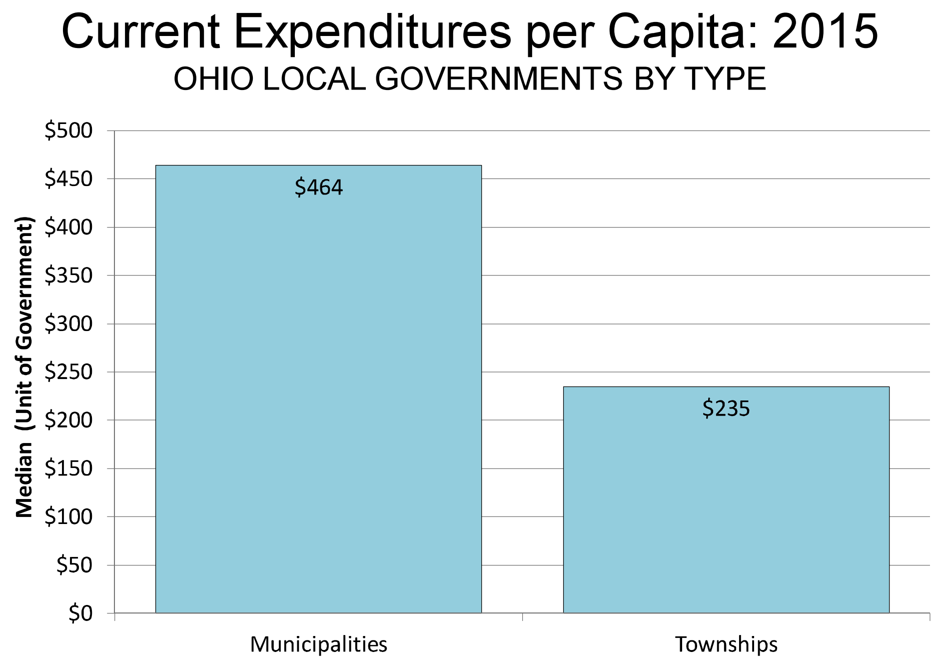
Derived from Auditor of State data, 2015

Figure 6



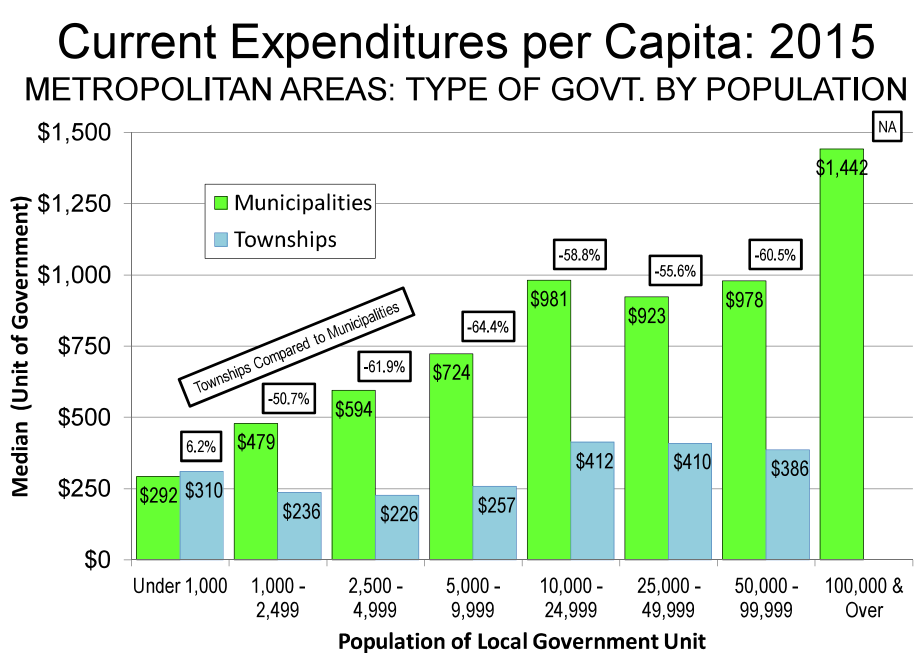
Derived from Auditor of State data, 2015

Figure 7



Derived from Auditor of State data, 2015

Figure 8



Derived from Auditor of State data, 2015

Figure 9

3.2: Local Taxes per Capita

A similar "smaller-is-better" relationship is indicated in median local taxes per capita.

Size of Local Government: The lowest median local taxation per capita is in the smallest population category (under 1,000 residents). Local governments with 1,000 to 4,999 population are somewhat higher. Among governments with more than 10,000 residents, local taxation is more than three times as high as among governments with fewer than 5,000 residents. Higher rates of taxation by municipalities contributes disproportionately to increase this disparity. Local taxes among the governments with 100,000 or greater population are more than five times as high as among governments with less than 5,000 population (Figure 10).

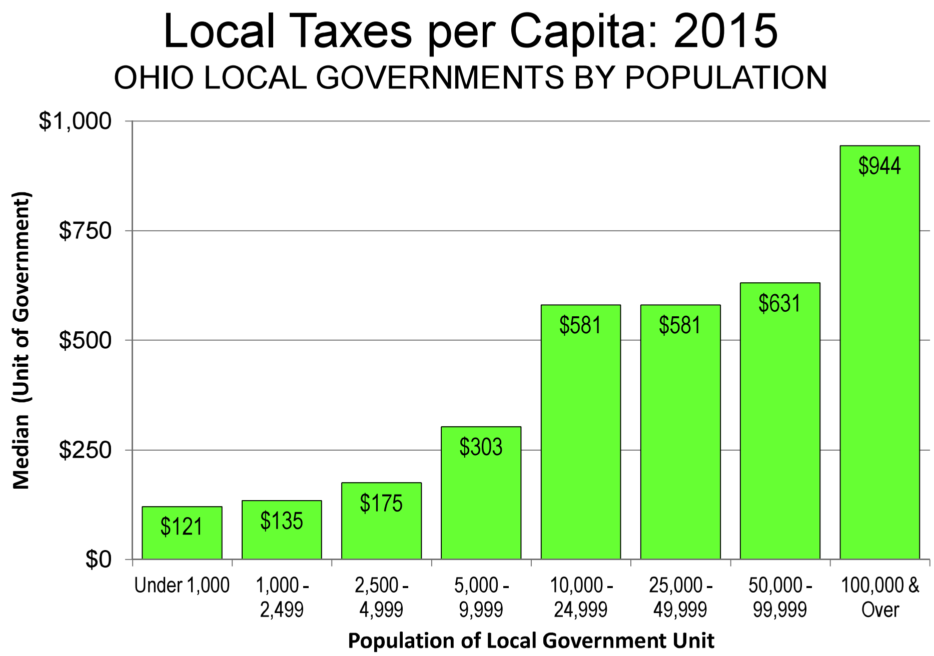
Type and Size of Local Government: Among both municipalities and townships, smaller governments tend to have lower median taxes per capita. The highest taxation per capita is in the municipalities with 100,000 or greater population. In most categories the townships have considerably lower median taxation per capita than the municipalities (Figure 11).

- The highest median taxation per capita is in the cities with 100,000 or greater population.
- In the 50,000 to 99,999 population category, township median taxation per capita is 54 percent lower than in the municipalities.
- In the 25,000 to 49,999 category, township median taxation per capita is 46 percent lower than in the municipalities.
- In the 10,000 to 24,999 category, township median taxation per capita is 53 percent lower than in the municipalities.
- In the 5,000 to 9,999 category, township median taxation per capita is 65 percent lower than in the municipalities.
- In the 2,500 to 4,999 category, township median taxation per capita is 68 percent lower than in the municipalities.
- In the 1,000 to 2,499 category, township median taxation per capita is 59 percent lower than in the municipalities.
- Only in entities with a population lower than 1,000 is township median taxation per capita higher than those of municipalities.[16]

Overall, median taxes per capita in townships are less than one-half that of municipalities (Figure 12).

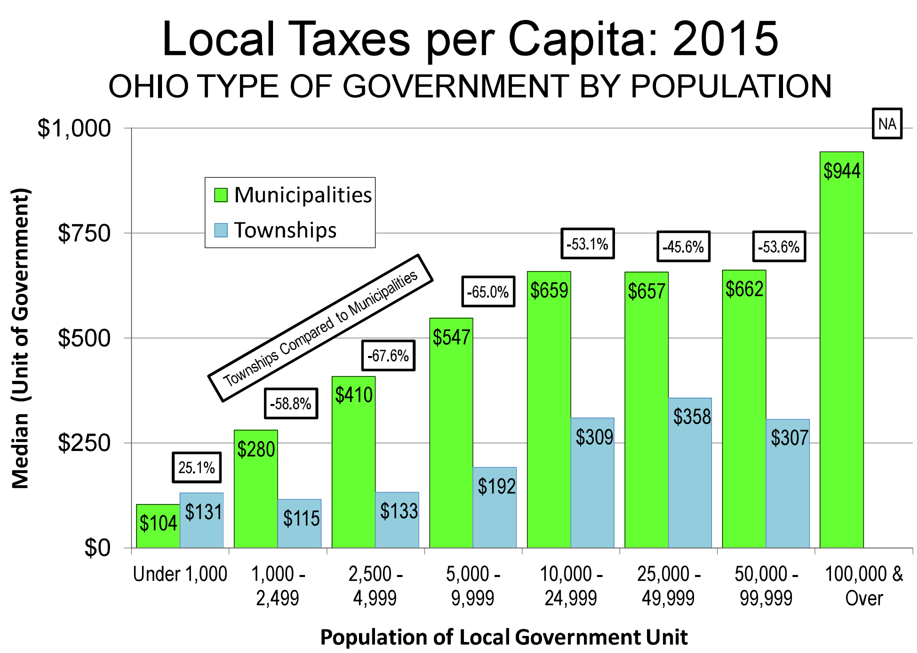
Local Governments in Metropolitan Areas: The median per capita taxation results in metropolitan areas are similar, with smaller governments taxing less than larger governments (Figure 13).

[16] See Conclusion #2, on page 1.



Derived from Auditor of State data, 2015

Figure 10

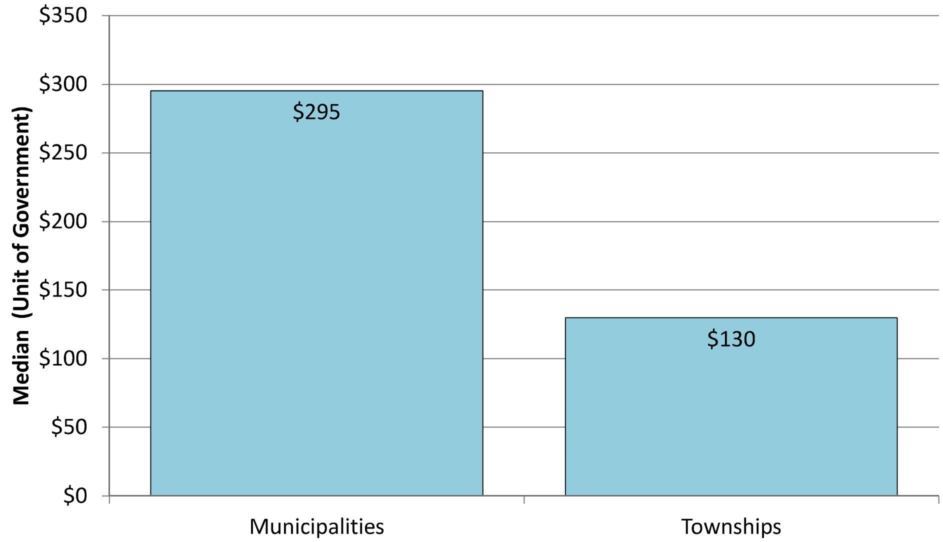


Derived from Auditor of State data, 2015

Figure 11

Local Taxes per Capita: 2015

OHIO LOCAL GOVERNMENTS BY TYPE

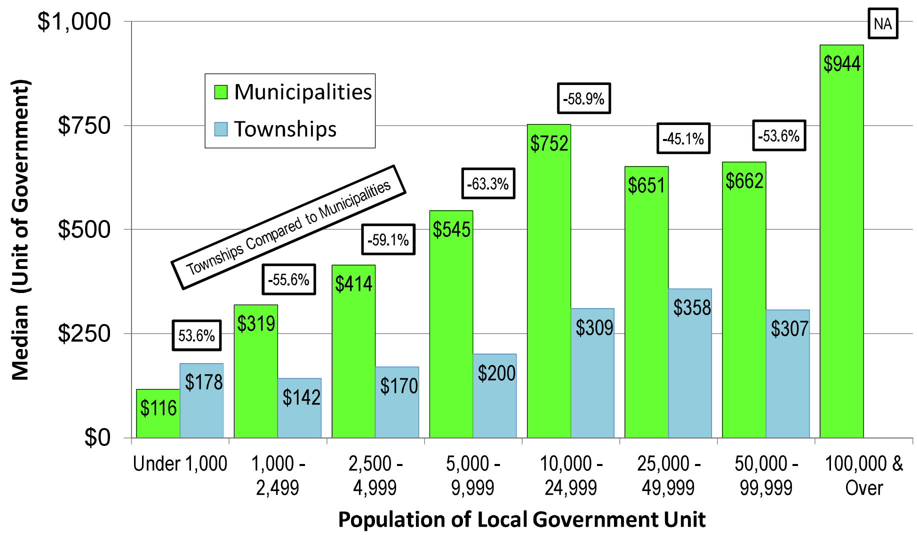


Derived from Auditor of State data, 2015

Figure 12

Local Taxes per Capita: 2015

METROPOLITAN AREAS: TYPE OF GOVT. BY POPULATION



Derived from Auditor of State data, 2015

Figure 13

3.3: Long-term Debt per Capita

Smaller local governments also tend to rely less on long-term debt (long-term obligations) than larger governments to support governmental activities. This is indicated in Figure 14, which illustrates that only one-third of Ohio municipalities and townships had long-term debt at the end of fiscal year 2015.[17] The incidence of long-term debt rises steadily from a low of 19 percent in the under 1,000 population categories, to 100 percent among governments with populations of 50,000 and over.

Even so, the incidence of long-term debt between types of government varies considerably. Approximately 51 percent of municipalities had long-term debt, more than twice that of townships at 22 percent. In all categories under 50,000 population, the incidence of long-term debt is considerably less among township governments than municipal governments. Municipalities of 25,000 to 49,999 population are more than 60 percent more likely to have long-term debt than townships. Under 1,000 population, municipalities are one-third more likely to have long-term debt. Among governments with from 1,000 to 24,999 population, municipalities are more than twice as likely to have long-term debt as townships. The largest difference is among governments with 5,000 to 9,999 population, where municipalities have 3.3 times the incidence of long-term debt as townships (Figure 15).

Reflecting the larger size of governments within metropolitan areas, the incidence of long-term debt is higher among both municipalities and townships. Nonetheless, metropolitan townships borrow at less than one-half the rate of municipalities (25 percent of townships, 61 percent of municipalities) . In all categories under 50,000 population, the incidence of long-term debt is considerably less among township governments than municipal governments. Municipalities have at least a 60 percent higher incidence of long-term debt in the under 1,000 and the 25,000 to 49,999 categories. Municipalities in the 5,000 to 9,999 category are more than three times as likely to have long-term debt as townships of similar size (Figure 16).

Size of Local Government: Median long-term debt per capita is the lowest in the local governments with less than 10,000 population, at zero. This indicates that more than one-half of such governments had no long-term obligations. Among the local governments with more than 10,000 residents, the lowest median obligations were in the smallest category, those with between 10,000 to 24,999 residents. Again, the highest figures are in the local governments with 100,000 or greater population.

Type and Size of Local Government: Among both municipalities and townships, smaller governments tend to have lower median per long-term debt per capita (Figure 17). Townships have considerably lower long term debt per capita than municipalities by population category (Figure 18).

- The highest median long-term obligations per capita are in the municipalities (cities) with 100,000 or greater population.
- In the 50,000 to 99,999 population category, township median long-term obligations per capita are 67 percent lower than in the municipalities.
- In the 25,000 to 49,999 category, township median long-term obligations per capita are 86 percent lower than in the municipalities.
- In the 2,500 and 24,999 category, township median long-term obligations per capita are 100 percent lower than in the municipalities.
- Below 2,500 population the median municipality and township have no long-term obligations.

[17] This excludes net pension liabilities, for which insufficient data is readily available and does not include debt for proprietary activities.

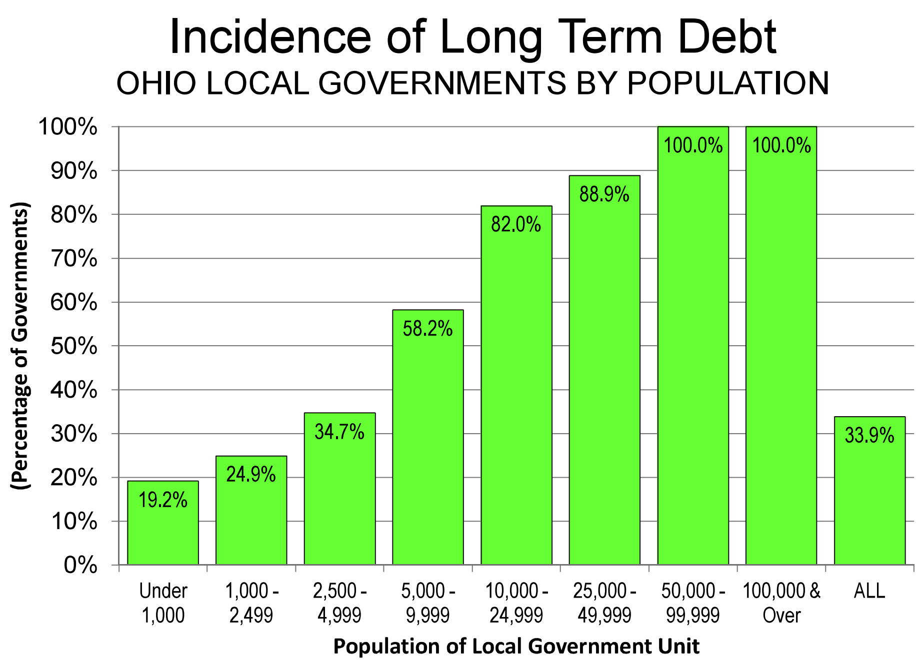
Local Governments in Metropolitan Areas: Most local governments using long-term debt are in metropolitan areas. Larger governments borrow more, while smaller governments generally have little or no long-term debt (Figure 19).

3.4: Long-term Debt in Limited Home Rule Townships

Ohio statutes allow limited home rule in townships meeting certain criteria. Limited home rule allows townships to have a higher debt capacity. There are currently 33 limited home rule townships. Their borrowing is much smaller compared to municipalities of the same size.

- Among government units with 50,000 to 99,999 population, limited home rule townships have 67 percent less long-term debt than municipalities in the same category.
- Among government units with 25,000 to 49,999 population, limited home rule townships have 68 percent less long-term debt than municipalities in the same category.
- Among government units with 10,000 to 24,999 population, limited home rule townships have 87 percent less long-term debt than municipalities in the same category.

Compared to municipalities, limited home rule townships have, on average, less than 60 percent the long-term debt of municipalities in the same population classifications (Figure 20).



Derived from Auditor of State data, 2015

Figure 14

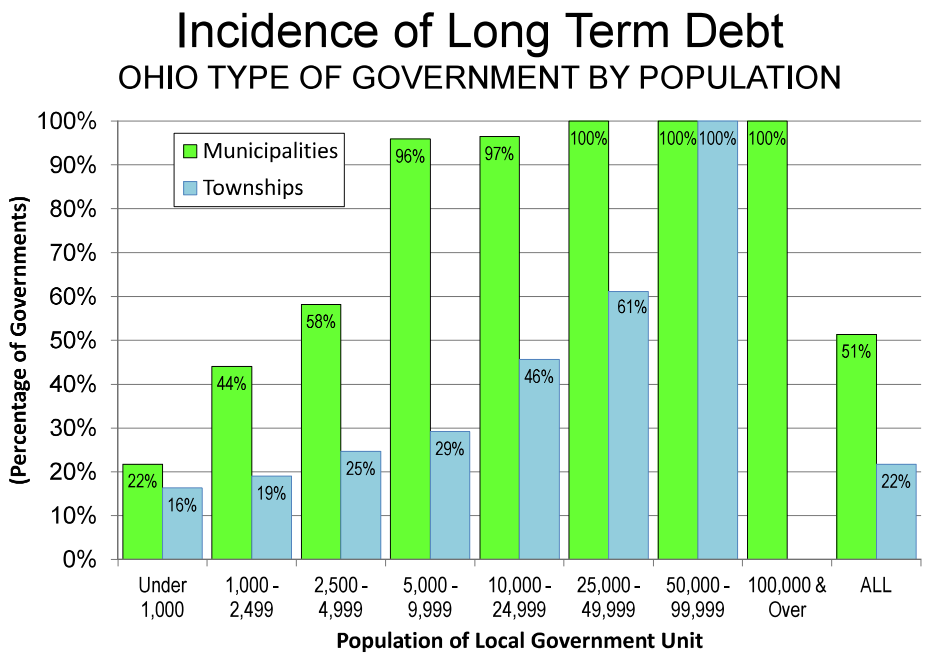


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Figure 15

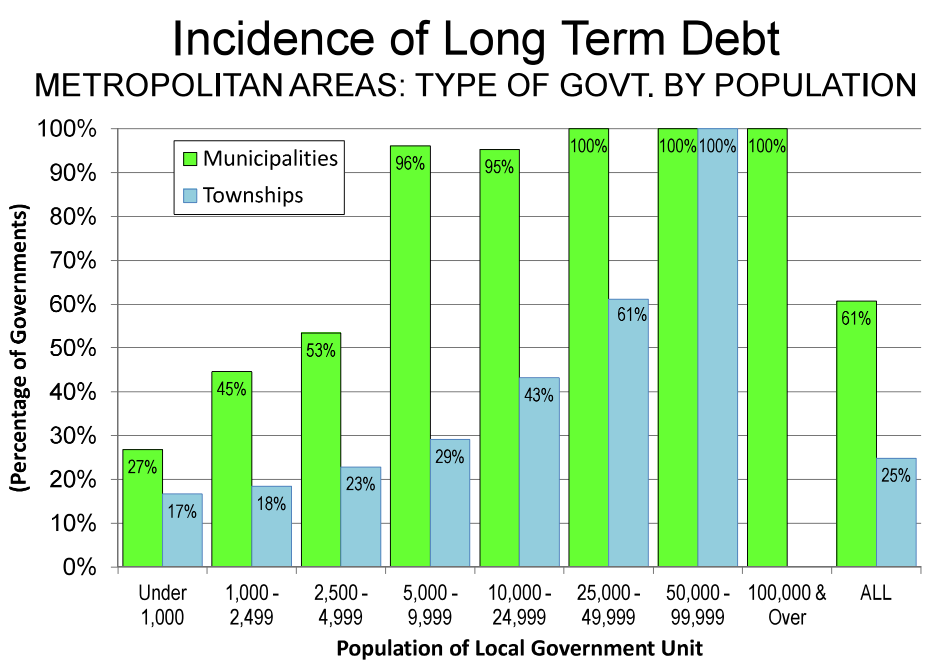

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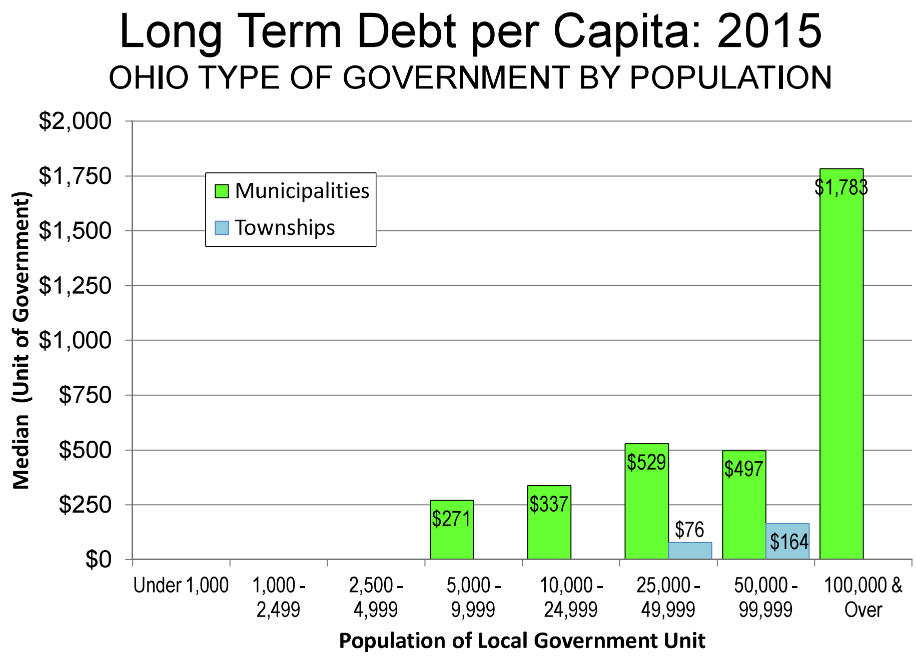
Figure 16



Derived from Auditor of State data, 2015

Figure 17

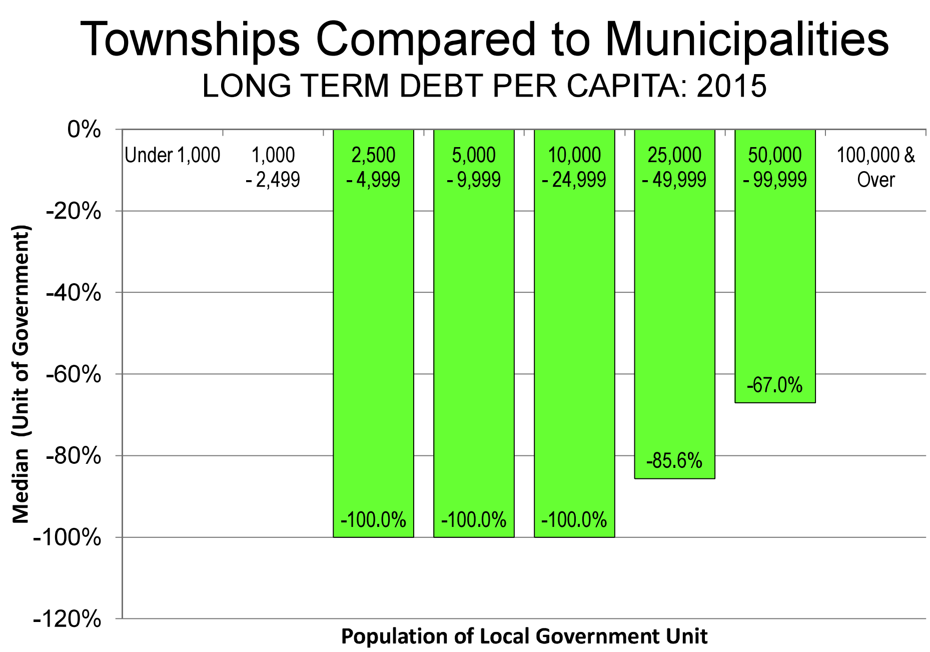


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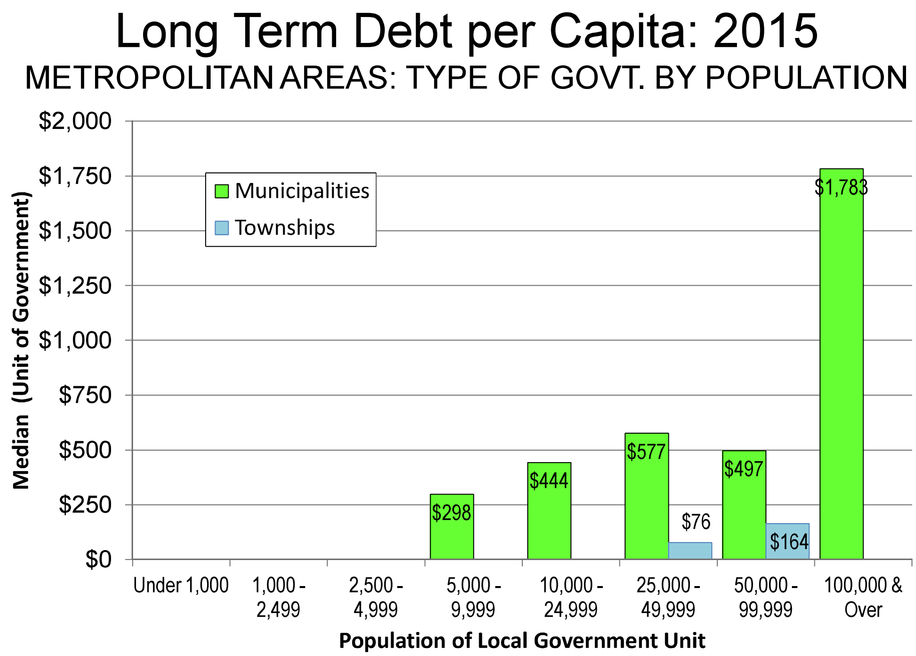
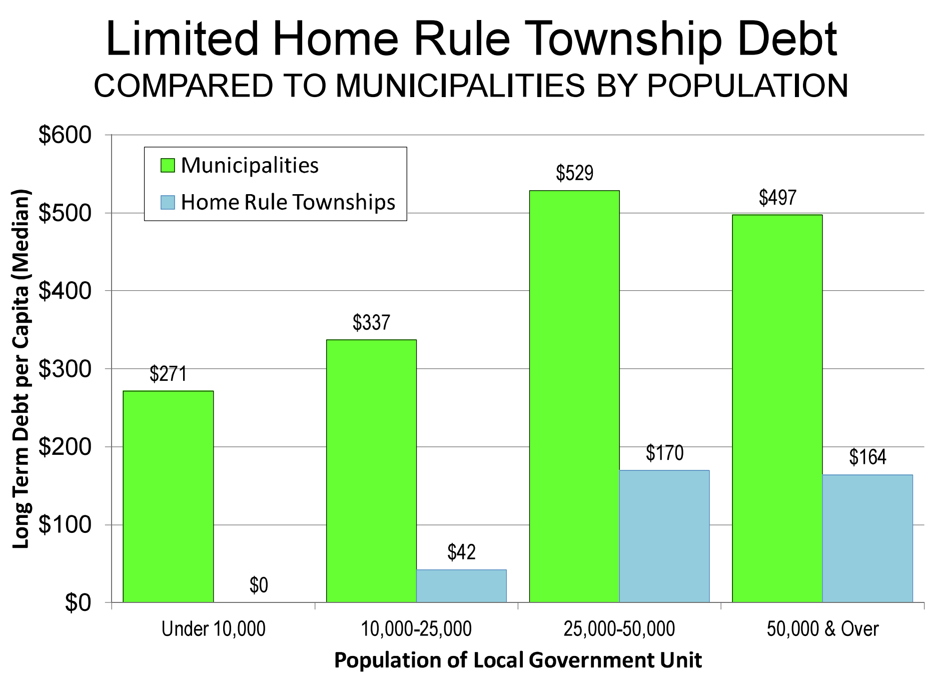
Figure 18



Derived from Auditor of State data, 2015

Figure 19



Derived from Auditor of State information, 2015

Figure 20

4: FINANCIAL PERFORMANCE IN THE LARGER TOWNSHIPS

Township government may be thought of as having small populations and being largely rural. However, as the analysis shows above, many townships are located within metropolitan areas. A more in-depth examination provides a perspective of the role of the larger townships (populations between 10,000 and 99,999).

There are 169 municipalities (cities) with populations between 10,000 and 99,999 and 67 townships. Their average populations are similar. These cities have an average population of 23,800, while the townships have an average population of 21,800. Figure 21 lists randomly selected municipalities and townships in population categories for illustration.[18]

The larger cities and townships are compared below:

- The larger townships have less than one-half the spending, taxation and debt levels per capita of similar sized cities. Current expenditures in these townships is 58 percent lower per capita than in the cities. Local taxation in the larger townships is 53 percent lower than the cities. Long-term debt for township governmental activities is 73 percent lower than those of cities (Figure 22).

- Overall, the larger townships spend the equivalent of $861 million annually less than the cities based on per capita data. Larger township local taxation is $577 million less than the cities. Long-term debt for township governmental activities is $716 million less than the cities (Figure 23).

For a family of three, this equates to the following (Figure 24):

- The lower current expenditure level of the larger townships relative to the cities converts to $1,768 annually for a family of three.

- The long-term debt level in the larger townships relative to the cities is $1,471 less per a family of three than in the cities.

- The lower local taxation levels represent a savings to a family of three of $1,185 in the larger townships compared to the cities.

Another way of describing the situation is to note that if municipalities had the same financial metrics per capita as the larger townships, current expenditures would be $5.7 billion less annually, local taxes $3.7 billion less and long-term debt $6.2 billion less.

Townships spend, tax and borrow at less than one-half the rate of similar sized municipalities. This is a powerful indication that the notion to abolish townships or force their consolidation with other governments would lead to materially higher spending, taxation and debt.

Fiscal Distress: In addition, larger townships, like smaller townships are less likely to be placed in the state's Fiscal Distress program than municipalities (See: Section 5.2).

[18] The selection of these government units is only for illustration and is not intended to convey any information beyond population classification for the listed municipality or township.

Larger Townships & Municipality Examples

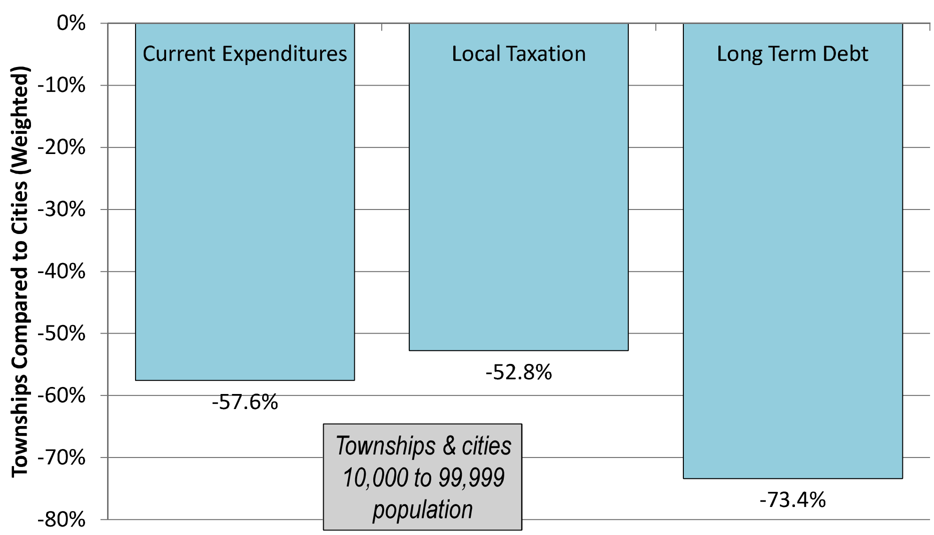
RANDOMLY SELECTED FOR ILLUSTRATION

Population Category	Municipalities	Townships
10,000-24,999	Athens City Sharonville City Clayton City	Brimfield Township, Portage County Bainbridge Township, Geauga County Shawnee Township, Allen County
25,000-49,999	Xenia City Euclid City Huber Heights City	Miami Township, Clermont County Jackson Township, Stark County Orange Township, Delaware County
50,000-99,000	Zanesville City Warren City Medina City	West Chester Township, Butler County Colerain Township, Hamilton County Green Township, Hamilton County

Figure 21

Larger Townships: Fiscal Indicators: 2015

COMPARED TO SIMILAR SIZED CITIES



Derived from Auditor of State information

Figure 22

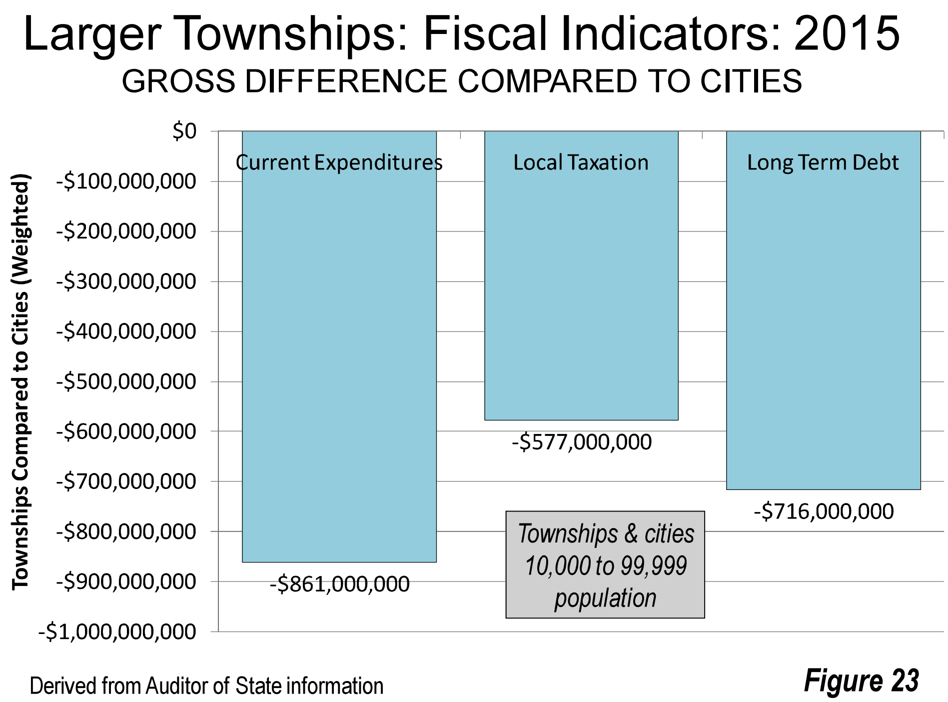


Figure 23

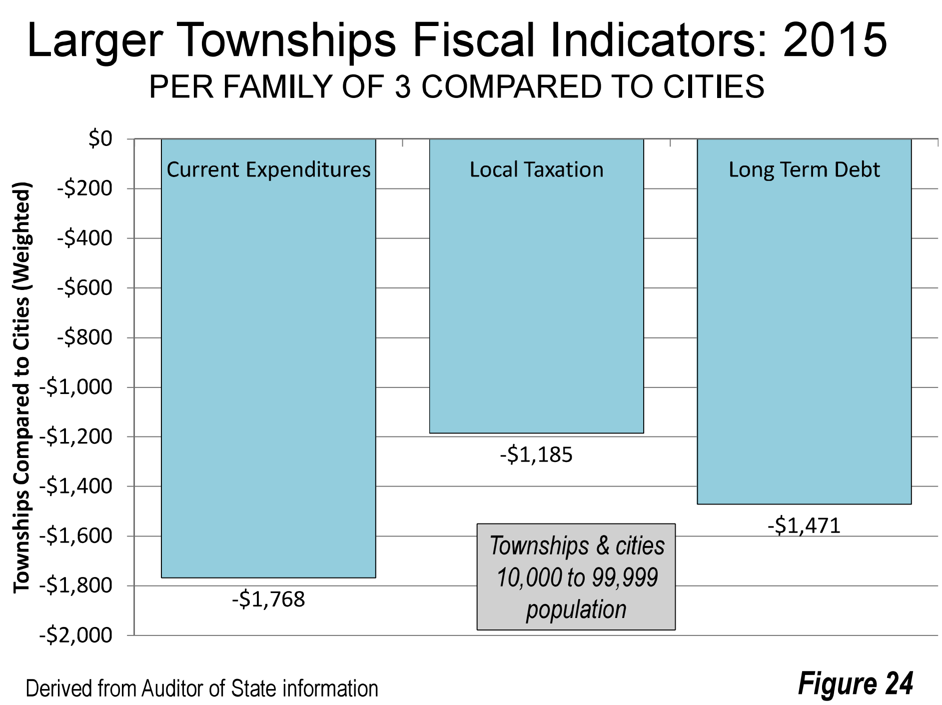


Figure 24

5: SUSTAINABILITY OF LOCAL GOVERNMENTS

The financial stability of local governments is important not least because political pressure can be brought for financial bailouts by taxpayers of other jurisdictions (such as the state or the federal government). This was evident when New York City tottered on the brink of bankruptcy in the 1970s, there were proposals for a federal bailout. In the intervening years, a number of local governments have faced serious financial challenges, extending even to affluent Orange County, California which entered bankruptcy.

5.1: Ohio's Fiscal Distress Program

The state of Ohio has been a leader in the oversight of local government finances. According to the Pew Charitable Trust, only Ohio, Washington, Nevada and Oregon publish annual reports on the financial condition of local governments.[19]

Ohio's Local Government Fiscal Distress program was established in 1979 "…as a response to a financial crisis in the city of Cleveland."[20] Cleveland was the first municipality in the nation to default on its debts after the Great Depression.[21] At the time of the financial crisis, Cleveland was Ohio's largest municipality,[22] as it had been in every US census after 1890. Since that time a number of other local governments around the nation have seen their financial difficulties intensify to near or actual bankruptcy. Local government bankruptcies are rare but increased nationally in response to the Great Financial Crisis that began in 2008.

The Fiscal Distress program originally had two categories, "Fiscal Emergency," the most serious classification and "Fiscal Watch." By all accounts, the program has been very successful. Among the 82 municipal and township governments placed in Fiscal Emergency or Fiscal Watch since 1997, 64 have been resolved.[23] Eighteen local governments remain in Fiscal Emergency or Fiscal Watch. No Ohio municipality or township has filed for bankruptcy since the program's inception (Figure 25).

Local Democracy in Ohio found that financial distress generally occurred much less frequently among the state's smaller municipalities and that financial distress in townships was even more rare. The same remains true today. Among units of local government, municipalities have been 19 times as likely to enter Fiscal Emergency or Fiscal Watch than townships since they were added to the program in 1997. None of the state's townships over 25,000 population have entered Fiscal Emergency or Fiscal Watch (Figure 26).

The percentage of taxpayers living in jurisdictions that have been declared in Fiscal Emergency or Fiscal Watch has also been lower among townships. The municipalities entering Fiscal Emergency or Fiscal Watch have had six times the population in relation to the total municipality population than the townships (Figure 27). Townships also remain in Fiscal Emergency or Fiscal Watch to a lesser extent than municipalities (Figure 28)..

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[19] Mary Murphy (November 13, 2017), "Ohio Seeks to Identify, Help Local Governments Headed for Distress," *The Pew Charitable Trusts: Analysis,*http://www.pewtrusts.org/en/research-and-analysis/analysis/2017/11/13/ohio-seeks-to-identify-help-local-governments-headed-for-distress

[20] Ohio Auditor of State, *Fiscal Distress,* https://www.ohioauditor.gov/fiscaldistress.html.

[21] Amanda Ruggeri (December 15, 2008), "Three Decades After Cleveland Defaulted on Its Debts, Cities Face Recession Budget Woes: Today, facing a deepening downturn, many cities are struggling to avoid default—or even bankruptcy," *U.S. News & World Report,* https://www.usnews.com/news/national/articles/2008/12/15/three-decades-after-cleveland-defaulted-on-its-debts-cities-face-recession-budget-woes

[22] Cleveland retained this population leadership through the 1980 census.

[23] Ohio Auditor of State, *Local Governments & Fiscal Distress,* https://www.ohioauditor.gov/fiscal/local.html. As of January 18, 2018.

In 2011, the Ohio legislature added "Fiscal Caution" to the Fiscal Distress program, to "identify fiscal practices and budgetary conditions that, if not corrected, could result in a declaration of Fiscal Watch or Fiscal Emergency."[24] Five townships and three municipalities are in Fiscal Caution.

Townships and Fiscal Distress: Finally, as in each size category of townships, the larger townships are considerably less likely to have ever been placed in Fiscal Emergency or Fiscal Watch. The larger townships (10,000 to 99,999 population) are 64 percent less likely to be placed in Fiscal Distress than the cities, when measured by the number of government units and 74 percent less likely when measured by population (Figure 29).

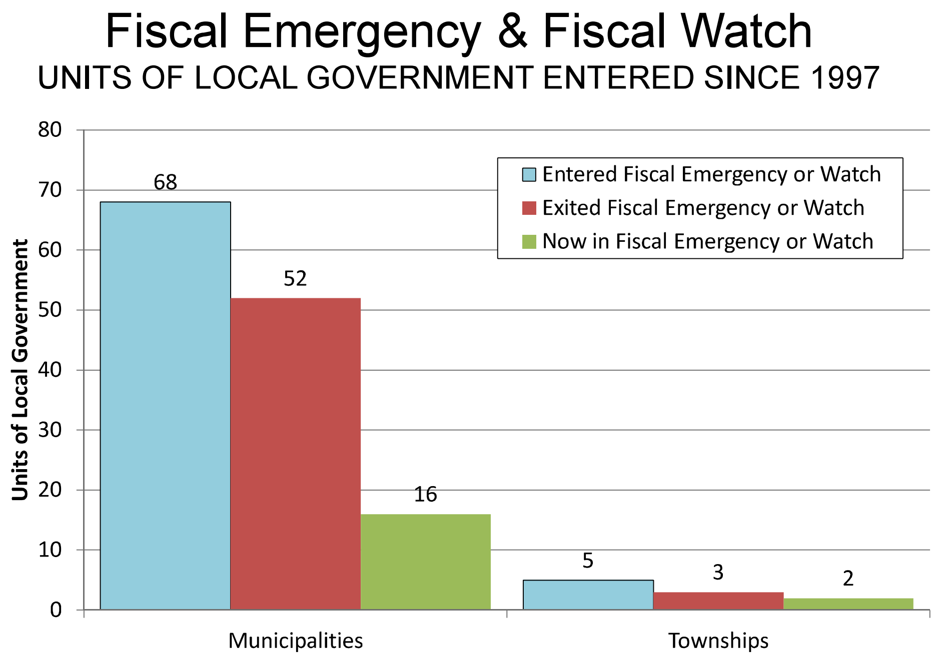
Townships: Avoiding Expenses that are "Unsustainable:" Forced consolidation proponents have claimed that "Ohio's cities and townships have taken on expenses that are unsustainable" (Section 1) The overwhelming majority have not, as the experience of the Fiscal Distress program indicates. Where unsustainable (or potentially unsustainable) expenses have been taken on, it has been *larger*, not *smaller* local general-purpose governments. Among these, townships have been placed in Fiscal Distress program to an even lesser extent. The experience of Ohio's Fiscal Distress program demonstrates the comparative financial stability of townships, another advantage for taxpayers, along with less spending, taxing and borrowing.

5.2: Government Employee Compensation:

Employee compensation represents the largest share of local government expenditures. Control of labor costs is important to the sustainability of local governments and have contributed to financial crises and ultimately, municipal bankruptcies.[25]

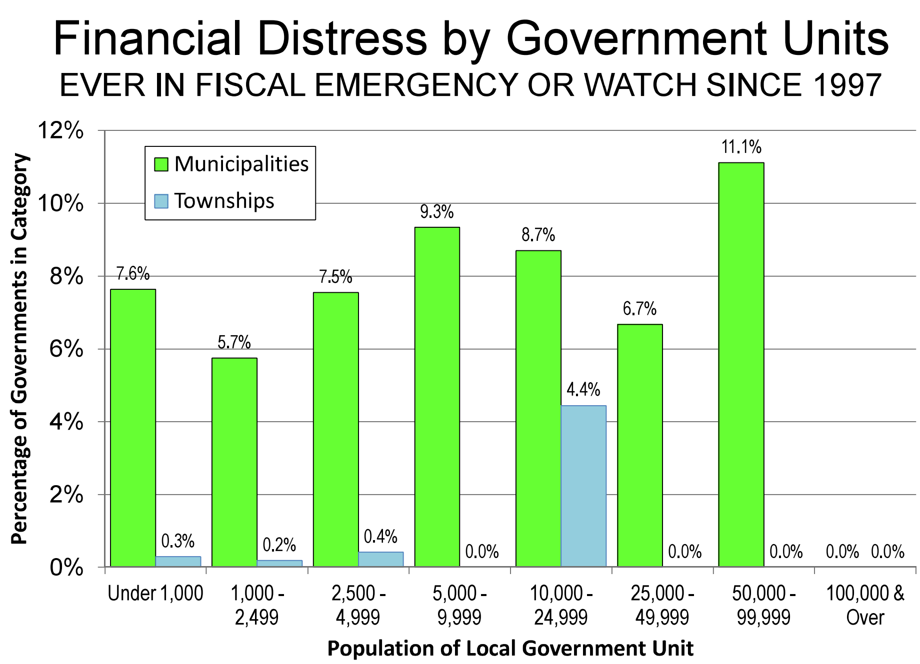
According to the 2015 Census Bureau survey of local government wages, townships had per capita wage expenditures barely one-third that of municipalities for general government functions (Figure 30).[26] This does not include paid employee benefits, which for general government functions in the United States added 42 percent to the cost of government employee compensation.[27]

[24] Ohio Auditor of State, "Local Governments & Fiscal Distress," https://ohioauditor.gov/fiscal/local.html, accessed September 1, 2018.
[25] See: Kil Huh, Mary Murphy, Stephen Fehr and Adrienne Lu (August 2015), *After Municipal Bankruptcy: Lessons from Detroit and Other Local Governments*, http://www.pewtrusts.org/~/media/assets/2015/08/after-municipal-bankruptcy-pdf.pdf.
[26] This latest survey data included 129 municipalities, with an average population of 38,000 and 38 townships, with an average population of 20,000. (derived from US Census Bureau, *2015 Annual Survey of Public Employment and Payroll*, https://www2.census.gov/programs-surveys/apes/datasets/2015/annual-apes/2015_downloadable_data.zip).
[27] The national figure is from the Department of Commerce Bureau of Economic Analysis, National Income and Product Accounts Table 6D for 2012. Total government employee compensation costs, including wages, salaries and the cost of all employer paid benefits are available only at the national level.



Derived from Auditor of State information

Figure 25

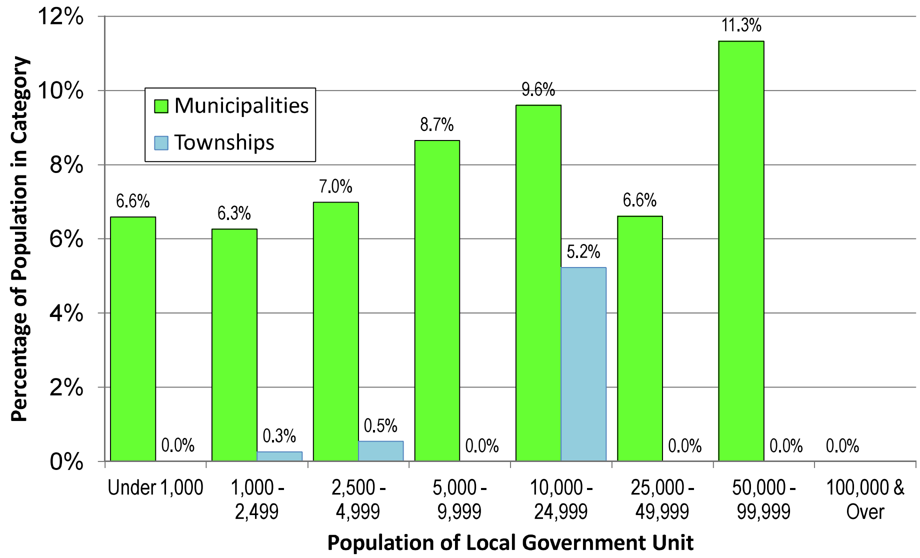


Derived from Auditor of State information

Figure 26

Financial Distress by Population

EVER IN FISCAL EMERGENCY OR WATCH SINCE 1997

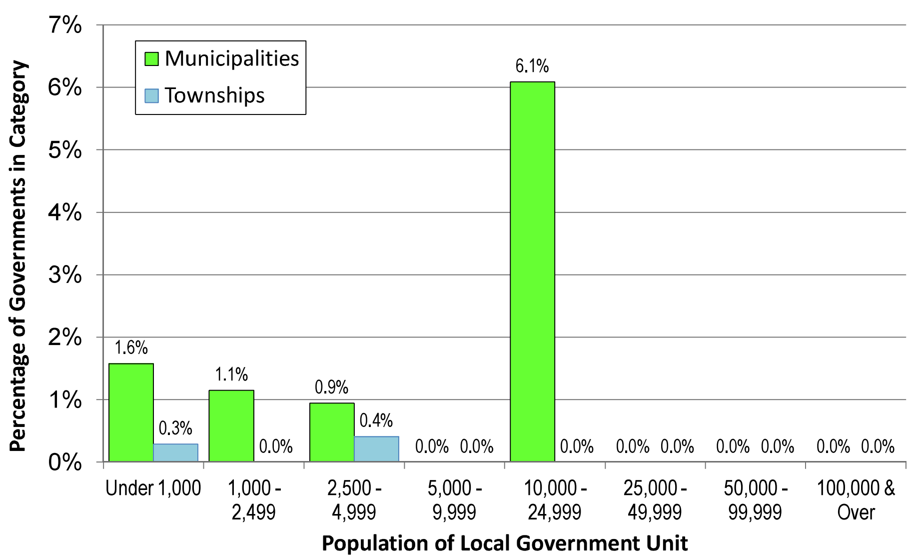


Derived from Auditor of State information

Figure 27

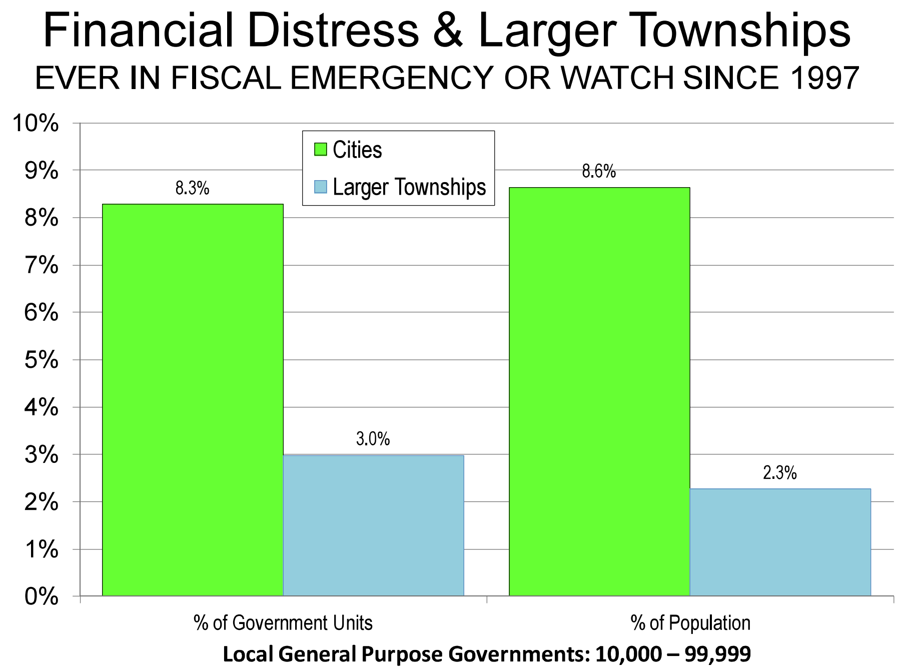
Financial Distress by Government Units

IN FISCAL EMERGENCY OR FISCAL WATCH: 2018



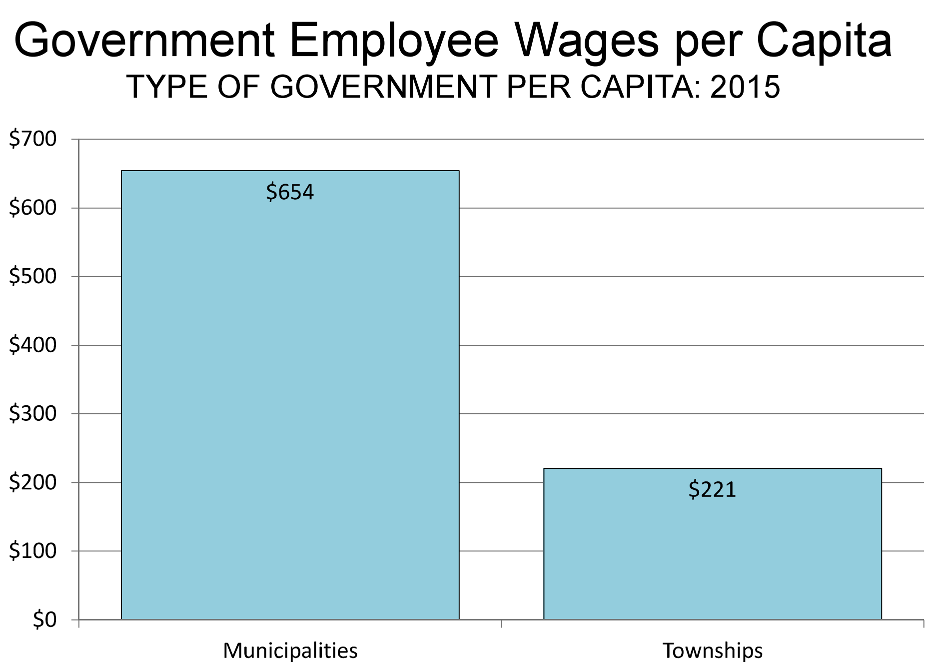
Derived from Auditor of State information

Figure 28



Derived from Auditor of State information, 2015

Figure 29



Derived from Census Bureau Annual Survey of Public Employment & Payroll

Figure 30

6: WHY TOWNSHIP GOVERNMENTS TEND TO BE MORE EFFICIENT

The conclusions of this report again show that Ohio's smaller local general-purpose governments tend to spend less, tax less and borrow less per capita than larger governments. The gaps are *material.* These conclusions are similar to those of our parallel reports in Pennsylvania, New York, and Illinois, which found that smaller (not larger) units of general-purpose local government spend *materially* less per capita, tax less and have lower long-term debt burdens.[28]

The record of Ohio's Fiscal Distress program indicates that smaller governments are in better fiscal health and that townships are in the best fiscal health among general purpose local governments. These conclusions are the opposite of claims that larger governments are inherently more efficient and that smaller governments are more prone to fiscal crises.

Consistent with the analysis in this report, there have been new publications focusing on the advantages of local democracy, within the last year.[29] In one, Stanford University lecturer Leo Linbeck III suggests turning away from centralization:

> What is needed is a new approach to changing human institutions that reverses relentless centralization. This new approach uses concepts and frameworks borrowed from software engineering but is inspired by the principle of subsidiarity… The Oxford English Dictionary defines subsidiarity as "the principle that a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level.[30]

The fact that smaller governments tend to spend, tax and borrow less than larger governments is powerful evidence that combining governments into larger units is highly unlikely to improve efficiency.

Performance: Townships and Municipalities of Similar Size

In fact, however, there seems to be substantial evidence that the leaner township form of government tends to exhibit lower taxes, spending and debt per capita than municipal governments of similar population and location in metropolitan areas.

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[28] Wendell Cox, "Government Efficiency: The Case for Local Control," commissioned by the Association of Towns of the State of New York, May 2008. http://www.nyassessor.com/Portals/3/documents/caseforlocalgovernment.pdf; Wendell Cox, "Government Consolidation in Indiana: Separating Rhetoric from Reality," commissioned by the Indiana Township Association, February 2009. http://demographia.com/db-indianatpreport.pdf; Wendell Cox, "Local Democracy and the Townships of Illinois: A Report to the People," commissioned by the Township Officials of Illinois, January 2011. http://demographia.com/IL-CoxReport2011.pdf; Wendell Cox Consultancy, "A Research Report on Growth, Economic Development, and Local Government Structure in Pennsylvania," Commissioned by the Pennsylvania State Association of Township Supervisors, June 2005. http://demographia.com/localgovtPA.pdf; Wendell Cox, "Local Democracy and Townships in the Chicagoland Area," prepared for the Township Officials of Illinois, January 2012. http://demographia.com/IL-CoxChicagolandReport.pdf; Wendell Cox, "Local Government Efficiency and Size in Illinois: Counting Tax Revenues, Not Governments," prepared for the Township Officials of Illinois, February 2016. https://www.toi.org/Resources/Download-Center/.

[29] For example, see: Ryan Streeter and Joel Kotkin (2018), Localism: Why *We Should Tackle Our Biggest Challenges at the Local Level*, American Enterprise Institute and the Center for Opportunity Urbanism, https://www.aei.org/wp-content/uploads/2018/02/Localism_Feb22B.pdf (The author of this report was a contributor) and Mike Hais, Doug Ross, and Morley Winograd (2018), *Healing American Democracy: Going Local*, https://www.golocal.us.com.

[30] Leo Linbeck III, "Refactoring for Subsidiarity," in Streeter and Kotkin (2018).

Our previous report[31] found that township governments in Ohio tend to spend, tax and borrow less per capita than municipal governments of the same size. These findings were mirrored in our Pennsylvania and New York research, where township type governments (called "towns" in New York), tended to spend, tax and borrow less per capita than other forms of local general-purpose government of similar populations. The Ohio finding is particularly significant, because there is a larger number of similar sized municipal and township governments in the state.

The Government Consolidation Research

There is little or no after-the-fact research on per capita spending, taxing, and borrowing demonstrating that consolidation improves efficiency. Nobel Laureate Elinor Ostrom noted that the benefits of such reforms "are presumed to lead to the postulated consequences without need for empirical investigation of the relationships involved."[32] In her Nobel Prize lecture, Ostrom indicated that "small to medium-sized cities are more effective monitors of performance and costs."[33] Generally, the empirical research largely finds no material efficiency improvements from local government consolidations, as is indicated by various reviews of academic research.[34]

Part of the problem is an assumption that local governments can be structured to deliver non-political, neutral policies. Jack Knott of the University of Southern California and Gary Miller of Washington University in St. Louis have noted that proponents sought "an ideal structure, one whose structural characteristics would legitimize its policy outcomes." Since governance structures are the "result of politicized choices by political actors" Knott and Miller say that "it is pointless and perhaps harmful to maintain the myth of administrative neutrality." They conclude, "There is no neutral political structure; there is not a structure whose neutrality, expertness, or other characteristics can automatically legitimize the policy choices it makes."[35]

Government Consolidation and Efficiency: Challenges

These challenges appear to generally prevent improved efficiency from local government consolidation:

- ***Leveling up of labor costs.*** Labor costs are by far the largest expenditure item. Political reality tends to require leveling up of labor costs (wages and benefits) to the most expensive level among the consolidating governments.[36]

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[31] Cox (2012), *Local Democracy in Ohio.*
[32] Elinor Ostrom, "Metropolitan Reform: Propositions Derived from Two Traditions." *Social Science Quarterly*
[33] Elinor Ostrum, *Beyond Markets and States: Polycentric Governance of Complex Economic Systems*, Nobel Prize Lecture, Stockholm, Sweden, December 8, 2009. http://docplayer.net/41021548-Beyond-markets-and-states-polycentric-governance-of-complex-economic-systems-elinor-ostrom.html.
[34] See, for example, Eric Scorsone, Local Government Consolidation: Assessing the Evidence for Cost Savings and Economic Improvement," *State Notes: Topics of Legislative Interest*, Michigan State Senate, Senate Fiscal Agency, 2010. http://www.senate.michigan.gov/sfa/Publications/Notes/2010Notes/NotesSum10es.pdf, Marc Holzer, John Fry, Etienne Charbonneau, Norma Riccucci, Alex Henderson, Sunjoo Kwak, Alicia Schatteman and Eileen Burnash, *Literature Review and Analysis Related to Municipal Government Consolidation*, Rutgers-Newark, School of Public Affairs and Administration, 2009 and Wendell Cox and Ailin He (2018), "Inter-municipal Co-operation and Reform: Municipal Amalgamations," Frontier Centre for Public Policy, https://fcpp.org/wp-content/uploads/FC201_MunicipalAmalg_SP2217_F1.pdf.
[35] Jack Knott and Gary Miller (1987), *Reforming Bureaucracy: The Politics of Institutional Choice*, Englewood Cliffs, NJ: Prentice Hall.
[36] Toronto City Summit Alliance, *Enough Talk: An Action Plan for the Toronto Region*, April 2003. http://civicaction.ca/wp-content/uploads/2010/12/TCSA_report.pdf.

- ***Leveling up of service levels.*** Local electorates choose differing public services and service levels. These tend to be level up to the most expensive level among the consolidating entities.[37]

- ***Dilution of Local Voter Influence:*** In larger local governments, individual voters have less influence and special interests, which generally seek greater spending, tend to be stronger.[38]

- ***Differing Cultures:*** Jurisdictions have differing political and management cultures, which make it difficult to improve efficiency regardless of the three factors above.[39]

Given that local government consolidations do not inherently improve efficiency, government policy should generally not force government consolidation and should not establish incentives encouraging governments to combine.

7: ECONOMIC DEVELOPMENT: TOWARD A MORE PROSPEROUS OHIO

Ohio, long known as a "Rust Belt" state, has grown more slowly than most other states for decades. However, Ohio's prospects are improving materially. There is important manufacturing growth across the United States and Ohio, with its strong manufacturing history, is well positioned to take advantage of this improving situation. Moreover, after decades of concern about supply shortages and reliance on foreign oil, the United States is reported by the US Energy Information Administration to have led the world in oil production in 2017.[40] Ohio, with its considerable natural gas resources, has been an important beneficiary of this growing trend.

There are already benefits. Recently announced Census Bureau median income data indicates that Ohio's median household income rose the second fastest among the states from 2016 to 2017 (inflation adjusted). The 8.4 percent single year increase was more than the total 2010 to 2016 increase, which was only 1.1 percent annually over six years.[41] As a result, Ohio improved from 37th highest median income in 2016 to 26th highest in 2017 (Figure 31).

Ohio's Supplemental Poverty Rate (adjusted principally for the cost of housing) was 11.4 percent, well below the national 14.1 percent and California's 19.0 percent, which is the highest in the nation.[42]

Ohio's economic prospects appear to be substantially improved.

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[37] Robert L. Bish, *The Public Economy of Metropolitan Areas*, Chicago: Markham Publishing Company, 1971, and Naomi Enid Slack, *Managing the Coordination of Service Delivery in Metropolitan Cities: The Role of Metropolitan Governance*, Vol.4317, World Bank Publications, 2007.

[38] See: Robert Bish, "Local Government Amalgamations, Discredited Nineteenth-Century Ideals Alive in the Twenty-First." *The Urban Paper, C.D. Howe Institute Commentary*. No. 150, Toronto, March 2001 http://www.cdhowe.org/pdf/bish.pdf and Colin Woodard, "Can New Brunswick and Nova Scotia teach Maine a lesson about consolidation?" *Portland Press Herald*, August 9, 2015. http://www.pressherald.com/2015/08/09/can-new-brunswick-and-nova-scotia-teach-maine-a-lesson-about-merging-towns-to-save-money/.

[39] William F. Fox, and Tami Gurley, "Will Consolidation Improve Sub-national Governments?" *World Bank Policy Research Working Paper* 3913 (2006).

[40] United States Energy Information Administration, "What countries are the top producers and consumers of oil, https://www.eia.gov/tools/faqs/faq.php?id=709&t=6

[41] Derived from CPS Income Data Tables, https://www.census.gov/topics/income-poverty/income/data/tables/cps.html.

[42] US Census Bureau (September 2018), *The Supplemental Poverty Measure: 2017* (September 2018), https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf.

7.1: Ohio's Improving Economic Performance and Trends

Emerging demographic trends could improve Ohio's prospects for even greater economic growth. For some time, there has been a shift of population and business headquarters locations away from the coasts to the middle of the nation. Ohio has advantages that could improve its ability to take advantage of these trends.

Domestic Migration and the Cost of Living

Recent trends indicate that domestic migration --- people moving from one part of the nation to another --- is strongly away from high-cost states with the strongest economies, especially California and New York, which have experienced net domestic out-migration of more than 500,000 and 1,000,000, respectively, since 2010 and the rate has been increasing. This is a particular turnaround for California, which had been a national growth leader virtually since being admitted to the union in 1850, and which in 2017 grew at a rate less than that of the nation.

There is an increasing body of academic literature demonstrating a strong movement of jobs and residents from some of the nation's historically most productive areas, such as California and New York, to other parts of the nation. These reports cite two related influences, higher costs of living, which is largely the result of housing costs that have risen well above the rest of the nation. In response, households (especially middle-income) seek better and more affordable standards of living in other areas.[43] These cost of living gaps seem likely to continue, since housing costs tend to remain elevated once they have reached severely unaffordable levels. Stronger land use and housing regulation has been cited as a principal cause of these higher house prices[44]

There have also been many business relocations from the higher cost states to those that are less costly (see "Business Relocation to Lower-Cost States," below). This has made attraction of new economic development very difficult in the higher cost areas.

Business Relocation to Lower-Cost States

The high cost states are also losing businesses to lower cost states,[45] such as high-profile moves by Toyota and Nissan headquarters from higher-cost California to lower-cost Texas and Tennessee respectively. Many smaller companies have moved as well, including an improbable move of an information technology company from Southern California to the heart of Appalachia, Pike County,

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[43] See: Peter Ganong and Daniel Shoag, "Why Has Regional Income Convergence in the U.S. Declined?" Research Working Paper Series, March 28, 2013. http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2241069_code1638787.pdf?abstractid=2081216&mirid=5 and Chang-Tai Hsieh and Enrico Moretti, "Why Do Cities Matter? Local Growth and Aggregate Growth," The National Bureau of Economic Research, May 2015. http://www.nber.org/papers/w21154

[44] For a description of the relationship between regulation and rising house prices in California, see: William A. Fischel (1995). *Regulatory Takings: Law, Economics, and Politics*. Harvard University Press. More general economic descriptions may be found in Paul C. Cheshire, Max Nathan and Henry G. Overman, *Urban Economics and Urban Policy: Challenging Conventional Policy Wisdom*, Edward Elgar Publishing, 2014 and Edward L. Glaeser, and Joseph Gyourko (2017), "The Economic Implications of Housing Supply, Samuel Zell and Robert Lurie Real Estate Center, University of Pennsylvania. http://realestate.wharton.upenn.edu/research/papers.php?paper=802, Wendell Cox and Hugh Pavletich (2018), *14th Annual Demographia International Housing Affordability Survey,* http://www.demographia.com/dhi.pdf.

[45] Relocations from California are detailed in: Joseph Vranich (January 2016), *California Business Disinvestment Events: An Eight-Year Review 2008-2015*, Spectrum Locations Solutions.

Kentucky.[46] More recently, a California company has moved its California manufacturing to Ohio, in Miami Township (Montgomery County), which is described below.

Ohio's Low Cost of Living

Ohio has not yet benefitted substantially from the domestic migration and business relocation trends from higher cost of living states. Yet, the cost of living differences has become so great that Ohio could begin to attract more population growth from the rest of the nation. Ohio has among the lowest costs of living in the nation (44th out of the 50 states). As a result, if the gaps in the cost of living continue to expand, Ohio could benefit, creating substantial opportunities for economic development.

Ohio's net domestic migration has shown important recent improvement. Census Bureau estimates show that net domestic migration had dropped to a minus 8,000 in 2017, a substantial improvement from the near 40,000 in 2011 as well as 2012. Net domestic migration improved markedly to the Columbus metropolitan area, which *gained at a higher rate than fast growing Seattle, Denver and Portland* in 2017. Columbus now has the highest net domestic migration rate in the Midwest, and its gain of more than 12,000 in 2017 was more than three times the 2011 and 2012 rate.

Recent Corporate Facility Trends

Economic factors are also trending in Ohio's favor. Overall, manufacturing is improving, and Ohio is benefitting from increased energy production.

Site Selection magazine found that in 2017, Ohio had the second most new or expanded corporate facilities, following Texas. Ohio placed third in new facilities per million population. Further, the Cincinnati (parts of which are in Indiana and Kentucky) and Columbus metropolitan areas were among the top 10 major metropolitan areas (over 1,000,000 population) in new or expanded corporate facilities. Three Ohio metropolitan areas were among the top 10 in the 200,000 to 1,000,000 population category, Toledo, Akron and Dayton.[47]

Site Selection magazine also found that Ohio leads the nation in new or expanded corporate facilities among the smallest category of metropolitan areas (micropolitan areas). Ohio's count was more the double that of second place Georgia. Findlay placed number one, in each of the last four years. This is a remarkable achievement, given that there are 575 micropolitan areas. Wooster and Ashland also placed in the top 10.[48]

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[46] Wendell Cox (January 4, 2018), "California Lithium Battery Manufacturer Moves to Appalachia," *newgeography.com* http://www.newgeography.com/content/005840-california-lithium-battery-maker-heads-appalachia

[47] *Site Selection* (March 5, 2018), "Texas, Nebraska Repeat as Winners of Site Selection Magazine's Governor's Cup Awards: Top Metro and Micropolitan Areas for Corporate Facility Investment Also Named," https://siteselection.com/press/releases/180305_GOV_CUP.html

[48] *Site Selection* (March 2018), "Crowning Achievement
Findlay makes it a four-peat as Batavia closes in," https://siteselection.com/issues/2018/mar/top-micros-2017-crowning-achievement.cfm

7.2: Townships and Economic Development

With their large inventories of land, lower tax, spending and debt levels, townships have an important opportunity to advance economic development as Ohio's economy becomes more prosperous.

There is virtually no systematic economic or employment data readily available for townships in Ohio or elsewhere. Some demographic, household data can be extracted from the Census Bureau's American Community Survey, but only at the aggregate level, rather than by township.[49] Nonetheless, there are encouraging indications of success at the end of this section.

Residential Construction

Townships account for a large portion of Ohio's residential construction. Comprehensive building permit data is not readily available by municipality and township but can be estimated from housing unit construction data. According to the latest American Community Survey data,[50] 54.5 percent of the new owner-occupied housing units in the state constructed from 2010 has been in the townships. Slightly less than one-half (47.3 percent) the new owner-occupied construction in the metropolitan areas[51] has been in the townships. Outside these metropolitan areas, townships have accounted for 81.3 percent of the owner-occupied residential construction over the same period (Figure 32).

Economic Development Examples in Townships

There are important examples of economic development among Ohio's townships, such as:

- Miami Township (Montgomery County) has received business migration from California. Steiner Optics amalgamated its California and Ohio manufacturing operations. The company produces military and law enforcement optical products.[52] Miami Township has also seen the recent development of Austin Landing, a center that includes shopping, entertainment, offices, hotels and residences along Interstate 75.[53] The township is also home to Dayton Mall, the sixth largest shopping mall in Ohio, and the largest in the Dayton metropolitan area, at more than 1.4 million square feet.[54]

- Over the past 18 years, West Chester Township (Butler County) has reaped more than $3.4 billion in new investment, more than 32 million square feet in new construction, more than 35,000 new jobs.[55]

- Boardman Township (Mahoning County) has emerged as a principal shopping, entertainment and employment center in the Youngstown metropolitan area. In recent years, there has been substantial new investment in health care facilities.[56]

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[49] Detailed data is limited to municipalities among local general-purpose governments. There is no data routinely referring to areas, outside of municipalities, that are under the jurisdiction of township governments.
[50] Derived from American Community Survey, 2012-2016.
[51] Wholly in Ohio
[52] "Ohio's Research and Engineering Talent Leads to Dayton Region Expansion for Steiner eOptics," *Ohio Jobs,* https://jobs-ohio.com/ohio-success/steiner-eoptics/
[53] Austin Landing, http://austinlanding.com/. Map at http://austinlanding.com/images/uploads/documents/AL_Site_Plan_Colored.compressed.pdf
[54] "Ohio's biggest shopping center rankings" (October 21, 2014), https://www.bizjournals.com/dayton/blog/morning_call/2014/10/ohios-biggest-shopping-centers-rankings.html
[55] West Chester Community Development Department; Butler County Auditor

- Springfield Township (Lucas County) plans to participate in funding an important new interchange on Interstate 475, which is intended to encourage economic development and reduce traffic congestion.[57]

- Sylvania Township (Lucas County) has had a pro-active planning and cooperation program for 50 years with the private sector, the city of Sylvania, and the school system through the Sylvania Area Community Improvement Corporation.[58]

- Liberty Township (Butler County) has been the location for a major hospital, three expansions of another, and a new 1.1 million square foot mixed use development over the last decade.[59]

- Etna Township (Licking County) is the site of an Amazon distribution center, which opened in 2017. The 850,000 square foot facility has created more than 3,000 full time jobs.[60]

- Bath Township (Allen County), is home to a Proctor and Gamble facility, which has expanded to assume production that was moved from a plant that closed in New Jersey.[61] In addition, Ford is investing half a billion dollars to outfit its plant to produce a newly designed pickup truck engine.[62]

- An important example of Ohio's growing petrochemical development, Mead Township (Belmont County) has been selected by PTT Chemical for a "a world-scale petrochemical complex that would serve as a dynamic economic anchor" for the area.[63]

The increased oil and gas exploration activity has also led the building transmission pipelines in many areas of Ohio.

In addition, the state's Joint Economic Development District program provides a means for cooperative economic development efforts between municipalities and townships.[64]

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[56] Sherry Karabin (May 18, 2013), "Mahoning County township continues to grow and diversify" *Akron Legal News*, http://www.akronlegalnews.com/editorial/6740.
[57] Jane Maiolo (March 2, 2018), "Dorr Street Interchange Receives Significant TRAC Funding," *Point and Shoreland Journal,* https://www.pointandshoreland.com/holland-springfield-journal-news/dorr-street-interchange-receives-significant-trac-funding
[58] Information from the Sylvania Area Community Improvement Corporation.
[59] Information from the Liberty Township Economic Development Department.
[60] "Kasich, others tout new Etna Township Amazon center" (April 4, 2017), https://www.newarkadvocate.com/story/news/local/pataskala/2017/04/04/kasich-others-tout-new-etna-township-amazon-center/99979252/
[61] "P&G to sell East Coast plant, shift work to Ohio" (August 2, 2016), https://www.bizjournals.com/cincinnati/news/2016/08/02/p-g-to-sell-east-coast-plant-shift-work-to-ohio.html
[62] "Ford investing $500 million to make new engine at Ohio plant" (March 28, 2014), https://www.reuters.com/article/us-autos-ford-plant/ford-investing-500-million-to-make-new-engine-at-ohio-plant-idUSBREA2R1IW20140328
[63] "PTTGC America Investing in Eastern Ohio," http://pttgcbelmontcountyoh.com and Ray Booth, "World Scale" petrochemical plant planned in Belmont County, *The Daily Jeffersonian,* https://www.daily-jeff.com/news/20190331/world-scale-petrochemical-plant-planned-in-belmont-county.
[64] "Joint Economic Development Districts," Ohio State University Extension Fact Sheet: Community Development, https://archive.is/20121214211954/http://ohioline.osu.edu/cd-fact/1560.html#selection-49.91-49.128

For example, Pickaway Township and the City of Circleville entered into a JEDD to enable development of a paper mill by Sofidel Group (Italy), located in the township. The new plant was opened in October 2018 and, according to Sofidel chairman Emi Stefani, the "facility is our largest, most modern and sustainable to date and employs the best technology available in the tissue paper industry" The plant covers 1.4 million square feet on a 280-acre site and is expected to employ 700.[65]

In addition, from December 2016 to March 2019, 47 townships received approval for tax credit projects to establish or expand commercial facilities. These projects are projected to create more than 4,700 jobs, generating a total increased payroll of $270 million. The largest project, a cooperative venture between Perry Township (Logan County) and Allen Township (Union County) and Midwest Express, is projected to create more than 1,100 new jobs. Other projects are expected to create more than 600 jobs. These include an Etna Township (Licking County) project with Kohl's Department Store and a Mad River Township (Logan County), project with Speedway LLC.[66]

The Future of Ohio and Townships

A more prosperous Ohio, with greater population growth and greater economic growth could well emerge from the nation's changing geographic balance, as indicated by the larger differences in the cost of living. Townships are well positioned for growth, often with large inventories of land for business expansion and the continuing development of single-family homes preferred by most households.[67]

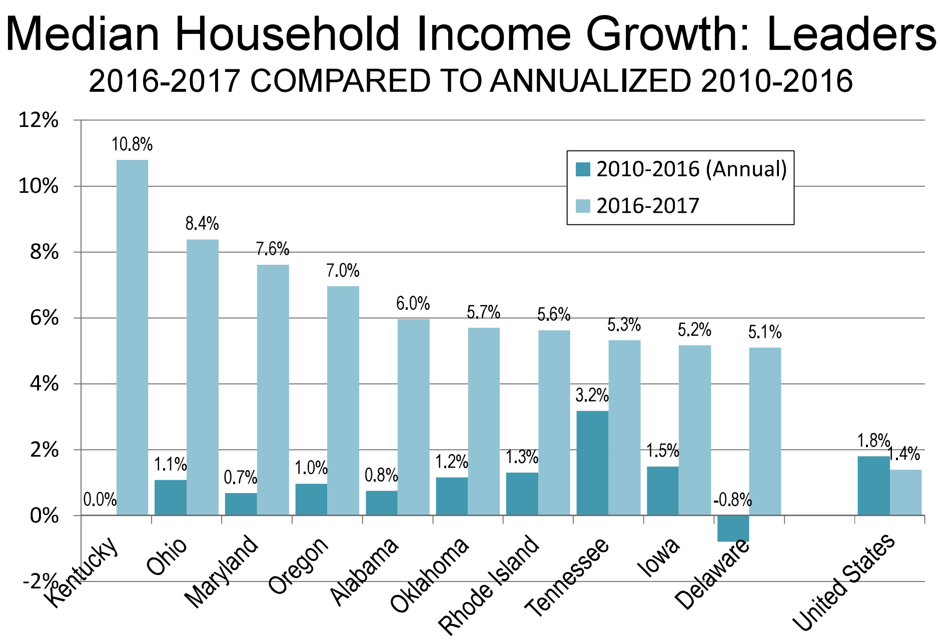
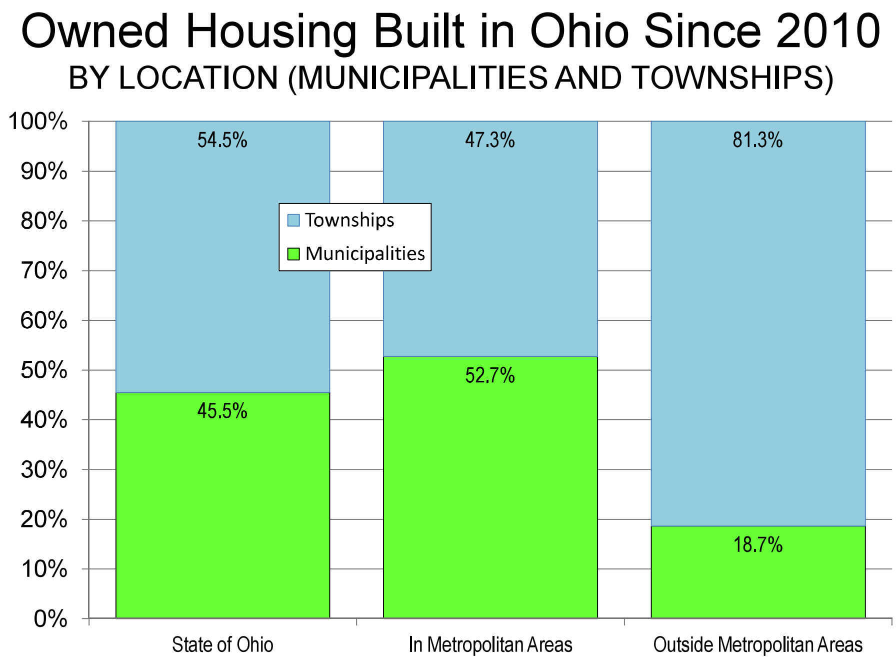


Figure 31

[65] "Sofidel Tissue Company Opens Manufacturing Plant in Circleville, Ohio, Its Largest Worldwide," https://www.prnewswire.com/news-releases/sofidel-tissue-company-opens-manufacturing-plant-in-circleville-ohio-its-largest-worldwide-300723607.html
[66] Based on a review of Ohio Tax Credit Authority minutes.
[67] Rose Quint (March 1, 2016), "Housing Preferences Across Generations," National Association of Home Builders. https://www.nahbclassic.org/generic.aspx?genericContentID=249797.



Derived from American Community Survey 2012-2016.

Figure 32

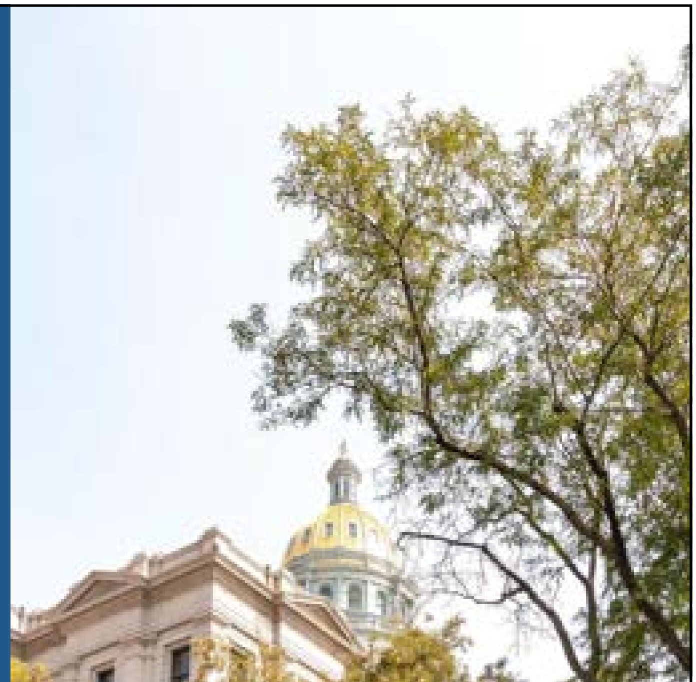
A Look at State Property Taxes and

Policies

Ohio Joint Committee on Property Tax Review and Reform

Eric Syverson, Senior Policy Specialist NCSL Fiscal Affairs Program

February 28, 2024



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- Property Tax Revenues
- Comparing State Policies
- Property Tax Relief

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2

State and Local Revenues

Total Revenue, Percentage of Tax Revenue, Effective Tax Rates, Public School Revenues

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3

State and Local Property Taxes –Total Revenue

Numbers expressed in billions –Fiscal Year 2021

Source: U.S. Census Bureau

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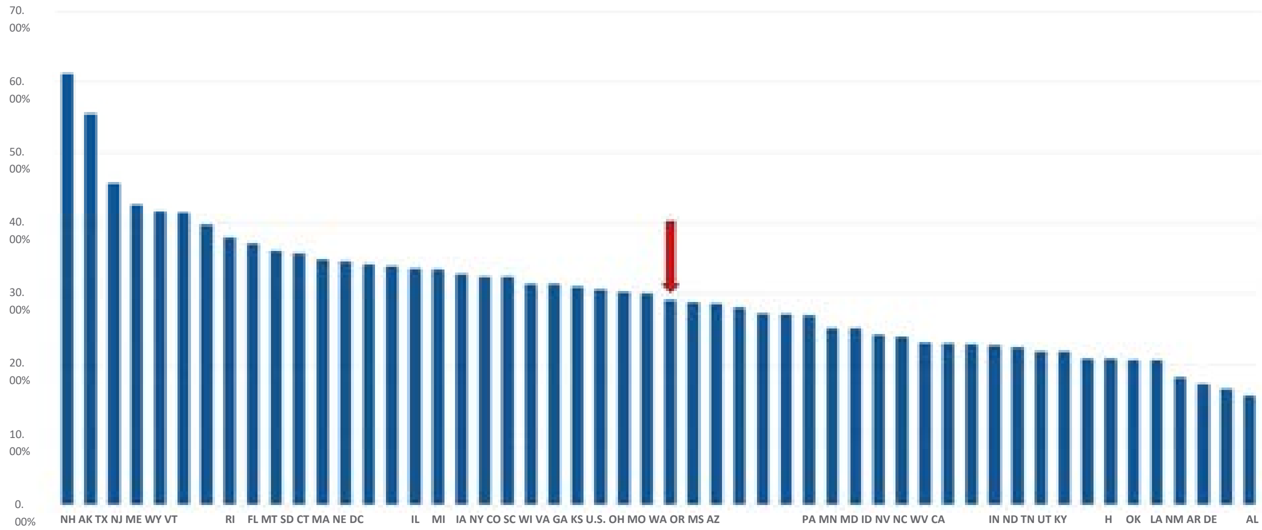
State and Local Property Tax as a Percentage of Tax Revenue FY 21



Source: U.S. Census Bureau

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Property Taxes as a Percentage of Owner-Occupied Housing Value	
State	Effective Tax Rate
Hawaii Al ab ama	0.27%
Colorado Nevada	0.39%
South Carolina West	0.49%
Virginia Utah	0.50%
Delaware Louisiana	0.53%
Idaho Arizona	0.55%
District of Columbia	0.55%
Tennessee Wyoming	0.55%
Arkansas California	0.55%
North Carolina New	0.56%
Mexico Virginia	0.56%
Mississippi Indiana	0.56%
Montana Kentucky	0.58%
Florida	0.58%
	0.59%
	0.71%
	0.73%
	0.74%
	0.76%
	0.76%
	0.77%
	0.79%
	0.80%
	0.82%

Source: WalletHub

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Georgia	0.83%
Oklahoma	0.85%
Oregon	0.86%
Washington	0.88%
Missouri North	0.91%
Dakota	0.99%
Maryland	1.02%
Minnesota	1.05%
South Dakota	1.14%
Massachusetts	1.15%
Alaska Maine	1.16%
Kansas	1.17%
Michigan Rhode	1.34%
Island	1.35%
Pennsylvania	1.39%
Ohio Iowa	1.41%
Nebraska	1.43%
Wisconsin	1.49%
Texas New York	1.54%
Vermont New	1.59%
Hampshire	1.63%
Connecticut	1.64%
Illinois New	1.78%
Jersey	1.89%
	2.00%
	2.11%
	2.33%

Source: WalletHub

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Property Tax Revenues for K-12 Education as a Percentage of Total Public School Revenues, School Year 2019-20

Source: National Center for Education Statistics

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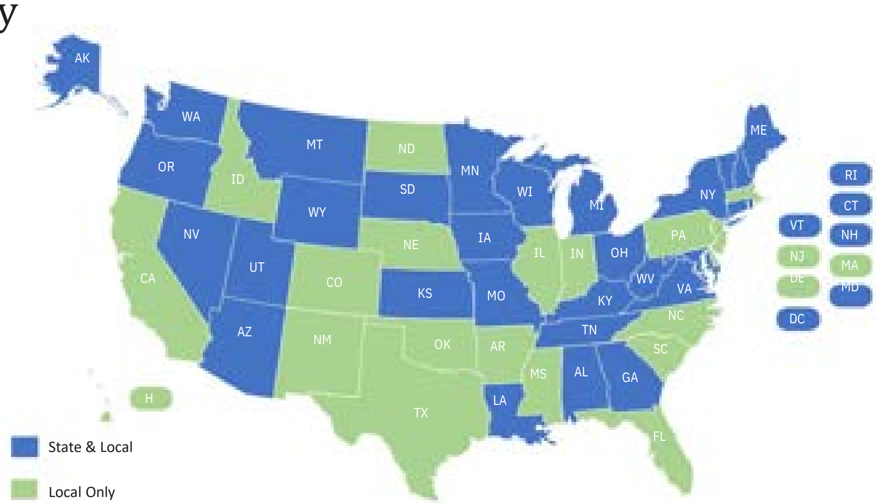
Comparing State Policies

- Local Jurisdictions, Assessment Timelines, Classification Types, Limitation Policies

9

Tax Jurisdictions Imposing Taxes on Real or Personal Property



Source: *Presenter's Interpretation of State Statutes, Bloomberg Tax Research*

10

Local Jurisdictions Imposing Property Taxes

50-State Comparison

Counties Only (2 States)
Hawaii, Nebraska

Municipalities Only (1 State)
A las ka

Counties and Municipalities (4 states)
Alabama, Colorado, Maine, New Jersey,

Municipalities and Special Districts (1 State)
Rhode Island

Counties, Municipalities, School Districts (7 States)
Arizona, Connecticut, Delaware, Mississippi, Nevada, Pennsylvania, West Virginia

Counties, Municipal, Special Districts (5 States)
Maryland, Massachusetts, North Carolina, Virginia, Wisconsin

Counties, Municipalities, School Districts, Special Districts (25 States)
Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Missouri, Montana, New Hampshire, New Mexico, New York, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, Wyoming

Counties, Municipalities, School Districts, Community College Districts (1 State)
Arkansas

Counties, Municipalities, School Districts, Special Districts, Community College Districts (4 States)
California, Michigan, Ohio, Oregon

Source: *Presenter's Interpretation of State Statutes, Bloomberg Tax Research*

11

Assessment Timelines

50-State Comparison

Valued Annually (35 States and D.C.)
Alabama, Alaska, Arizona, Arkansas, California, Delaware, District of Columbia, Florida, Georgia, Hawaii, Indiana, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, Wisconsin, Wyoming

Valued Every 2 Years (2 States)
Colorado, Iowa (odd years)

Valued Every 3 Years (1 State)
Maryland

Valued Every 4 Years (2 States)
Illinois, Louisiana

Valued Every 5 Years (3 States)
Connecticut, Idaho, South Carolina

Valued Every 6 Years with 3-Year Update (1 State)
Ohio

Valued Every 8 Years (1 State)
North Carolina

Valued Annually for Personal Property, Every 2 Years for Real Property (2 States)
Mississippi, Montana

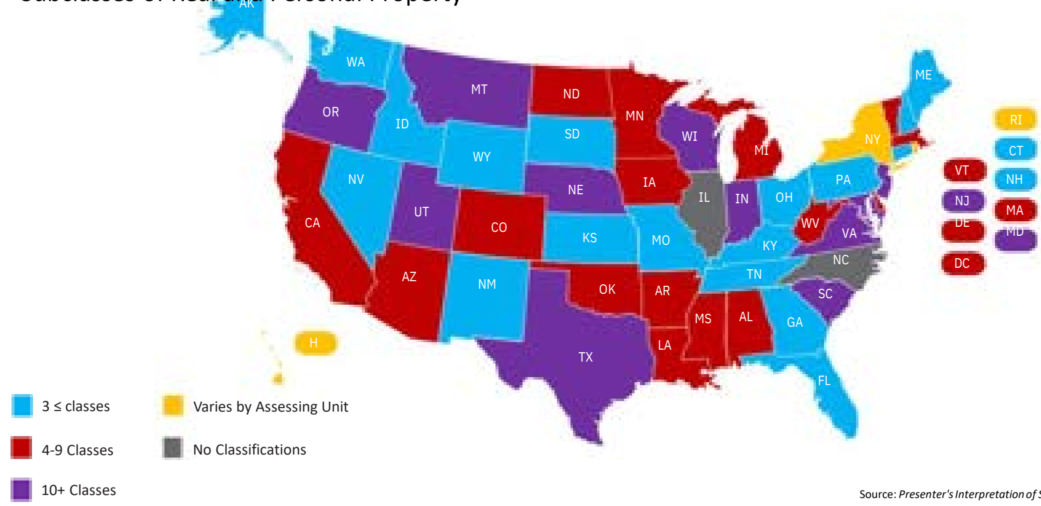
Depends on Locality (1 State)
Virginia

Source: *Presenter's Interpretation of State Statutes, Bloomberg Tax Research*

12

Classification of Property

Subclasses of Real and Personal Property



Source: *Presenter's Interpretation of State Statutes, Bloomberg Tax Research*

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State Policies Limiting Property Taxes

Assessment Limits

Rate Limits

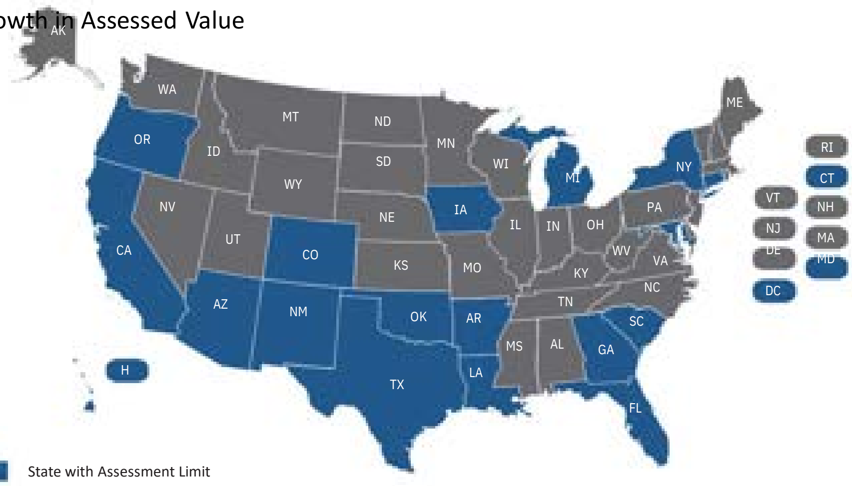
Levy Limits

Source: Tax Foundation

14

State Assessment Limits

Limiting the Growth in Assessed Value



State with Assessment Limit

Source: Lincoln Institute of Land Policy – *Significant Features of the Property Tax*

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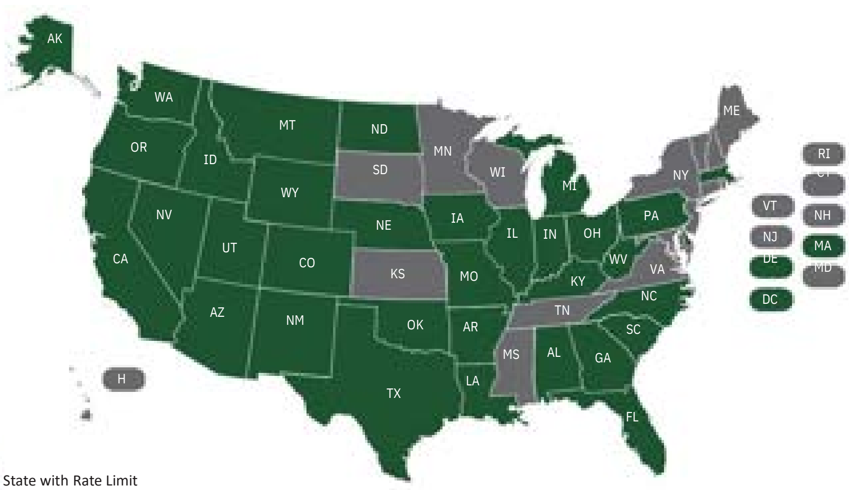
State Rate Limits

Caps on Property Tax Millages



State with Rate Limit

Source: Lincoln Institute of Land Policy – *Significant Features of the Property Tax*

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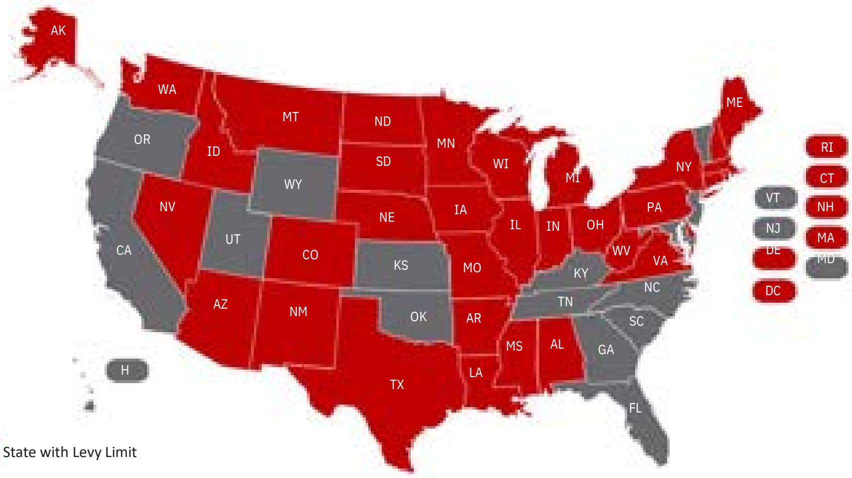
State Levy Limits

Restricting Total Revenue Collections



State with Levy Limit

Source: Lincoln Institute of Land Policy – *Significant Features of the Property Tax*

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Property Tax Relief

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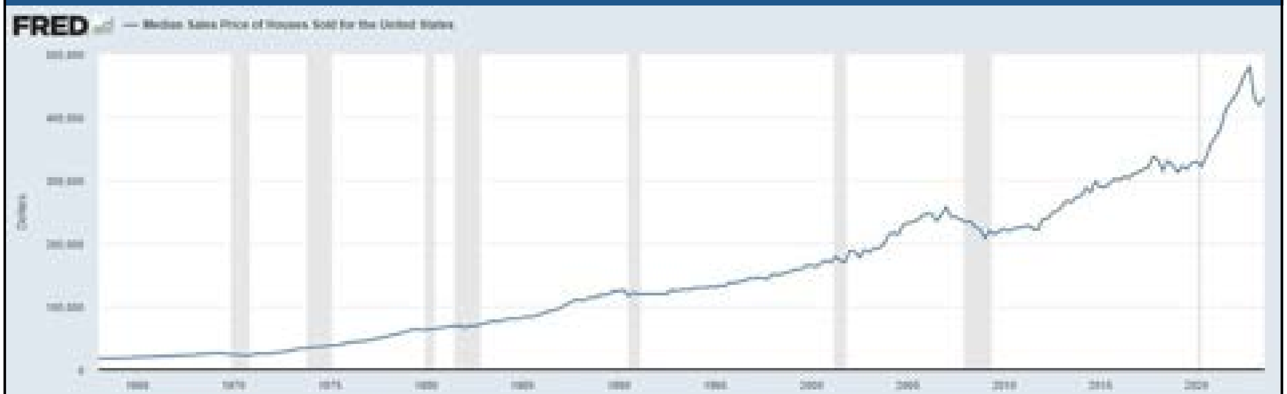
Property Tax Relief



Source: [FRED, Federal Reserve Bank of St. Louis]

14 states enacted property tax relief in 2023

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Property Tax Relief

State Legislation in 2023

Arkansas(Act 315)

- Increase property tax credit to $425

Colorado(S.B. 23B-001)

- Exempt $55,000 in assessed value, temporarily reduce rate to 6.7%

Georgia(H.B. 18)

- One-time Property Tax Relief Grant reduces valuations by $18,000

Iowa(H.F. 718)

- Institutes local levy limits and homestead exemptions for seniors, veterans

Indiana(H.B. 1499)

- Increases supplemental homestead deduction, caps levy limit growth to 4%

Idaho(H.B. 292)

- Provides a property tax reduction credit, offsets local government and school revenues with state funds, relaxes circuit breaker criteria

Louisiana(S.B. 127)

- Allows localities to provide $2,500 property tax exemption to first responders

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Property Tax Relief

State Legislation in 2023

Michigan(S.B. 176)

- Ensures spouses of disabled veterans receive property tax exemptions

Missouri(S.B. 190)

- Provides a property tax freeze for those eligible for Social Security

NorthDakota(H.B. 1158)

- Offers Primary Residence Credit up to $500 against property tax obligation

NewJersey(A.B. 1)

- Caps property tax bills for homeowners over 65 at $6,500

Texas(S.B. 2)

- Increases homestead exemption to $100,00

WestVirginia(H.B. 2526)

- Provides income tax credits for amounts paid for property taxes

Wyoming(H.B. 99)

- Amends property tax refund program to allow more people to qualify

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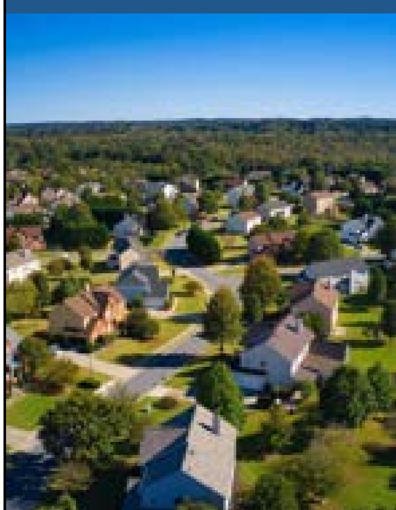
Property Tax Relief

48 States and D.C. Offer One or Both



Homestead Exemptions

- Credit against property tax due Exemption from
- tax on portion of property value

Circuit Breaker Tax Credits

- Targeted relief to low-and moderate-incomes Protecting against
- property value increase by indexing to incomes

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Additional Resources

- NCSL Primer on Homestead Exemptions and Circuit Breakers
- NCSL *State Tax Actions* Database
- NCSL –*A Guide to Property Taxes: The Role of Property Taxes in State and Local Finances*
- Lincoln Institute of Land Policy – *Significant Features of the Property Tax* Database
- Tax Foundation –*Property Tax Limitation Regimes: A Primer*
- Tax Policy Center –*How do state and Local Property Taxes Work?*

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Thank you! Questions?

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