

# State Laws and Regulations: HB 126 and the Significance of Property Tax Valuation Complaints and Appeals

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## Property Tax Valuation

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# Property Tax Revenue

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Based on property tax values and rates

# ≈ 60%

of school funding

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## Effect of Property Tax Value

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Auditor's value: \$1,000,000

Recent sale: \$2,000,000

School District effective commercial rate: **36.499651**

	Annual Revenue
Auditor's Value	\$12,775
Increase to Sale Price	\$25,550
Difference	+ \$12,775

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## Effect of Property Tax Rates

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- School District A effective commercial rate: **36.499651**
- School District B effective commercial rate: **67.685807**
- Market value of **\$1,000,000**

	Annual Revenue
School District A	\$12,775
School District B	\$23,690
Difference	+ \$10,915

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## Reappraisal and Update Years

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Franklin County	
Triennial Update	Sexennial Reappraisal
2020	2023

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# BOR Process: Filing Valuation Complaints

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## Filing Deadlines and Procedures

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### Original Complaints –

- **March 31<sup>st</sup>** of the year following the tax year at issue is the deadline to initiate a valuation complaint

### Counter-Complaints –

- Under current law, the county auditor must notify a school district of any complaint seeking a reduction in fair market value of at least \$50,000
- School districts have just **30 days** from receiving such notice to file a “counter-complaint.” After those 30 days, a school district is forever barred from participating as a party to the case or any subsequent appeal
- **Importantly, HB 126 changes this.**

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# **BOR Hearing Procedure**

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## **Methods of Proving Value**

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- Arm's Length Sale
- Appraisal Evidence
- Owner's Opinion of Value

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# **Appeals to the Board of Tax Appeals**

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# **Defending Against Decrease Complaints**

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## Benefit of Filing Counter-Complaints and Obtaining Appraisal

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School County	Property Use	Auditor	Owner's Complaint	Owner's Appraisal	BOR Decision	School District's Appraisal	Settlement	Estimated School Tax Revenue Preserved
Wood	Distribution Center	\$30,898,600	\$17,769,970	\$18,000,000	\$30,898,600	\$25,000,000	\$25,000,000	\$140,000 per year
Fairfield	Big Box Store	\$12,138,000	\$9,575,000	\$9,575,000	\$9,575,000	\$11,000,000	\$45,754 Payment	\$45,754 (2016-2018)

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## Reviewing Recent Sales and Initiating Valuation Complaints

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SCHOOL COUNTY	PROPERTY USE	SALE PRICE	AUDITOR'S VALUATION	DIFFERENCE	ADDITIONAL ANNUAL SCHOOL TAX REVENUE (ESTIMATED)
Jackson	Industrial Cooperage	\$4.9 M	\$2.0 M	\$2.9 M	\$40,000
Madison	Nursing Home	\$5.9 M	\$3.0 M	\$2.9 M	\$41,500
Logan	Apartment	\$2.6 M	\$1.5 M	\$1.1 M	\$13,000
Hamilton	Vacant Commercial Land	\$6.0 M	\$3.3 M	\$2.7 M	\$43,000
Pickaway	Distribution Center	\$31.2 M	\$3.3 M	\$27.9 M	\$446,400
Washington	Medical Office	\$30.6 M	\$6.5 M	\$24.1 M	\$270,000

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## Case Studies

Property Use	Auditor	Sale Price	Owner's Appraisal	BOR/BTA Decision	School District's Appraisal	Estimated School Tax Revenue
Industrial Warehouse / Office Building	\$7,736,100	\$12,868,900	None	\$12,868,900	None	\$357,100 (2016-2019)
Hotel	\$5,553,500	\$11,311,710	None	None	None	\$130,000 Payment (2016)
Retail Pharmacy	\$2,203,500 / \$2,264,700	\$5,600,000	\$2,675,000	None	None	\$90,260 Payment (2016-2019)
Hotel	\$4,858,400	\$9,947,140	None	\$6,300,000	None	\$74,164 Payment plus increase to \$6,300,000 (2016)
					<b>Total</b>	<b>\$680,000 (rounded)</b>

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# Legislative Update: House Bill 126

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## Questions?



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