

- Appropriations are essentially unchanged in FY 2004-2005
- Staff cuts may reduce service
- Computer systems are outdated

## Tax Appeals, Board of

*Phil Cummins, Economist*

### ROLE

The Board of Tax Appeals (BTA) provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities in a timely and cost-effective way while still satisfying constitutional due process requirements. The Board of Tax Appeals is an independent, quasi-judicial, single-purpose body, re-established in 1976 by Am. Sub. H.B. 920, comprised of three members appointed by the Governor for six-year terms, and authorized to determine questions arising under Ohio tax laws or under the rules and decisions of the Tax Commissioner. Board of Tax Appeals staff include attorney examiners who manage cases and preside at evidentiary hearings to determine the facts of these cases as the basis for decisions taken by vote of the board members.

Appeals arise from real estate valuations by county boards of revision, and from allocations by county budget commissioners of tax receipts to political subdivisions. These appeals can be taken either to county courts of common pleas or to the Board of Tax Appeals. The Board of Tax Appeals also hears appeals on state taxes from final determinations of the Tax Commissioner. Decisions of the Board of Tax Appeals may be appealed to a district court of appeals or to the Ohio Supreme Court. Am. Sub. H.B. 95 added to BTA's responsibilities appeals of municipal income tax decisions from municipal boards of appeal, for tax years beginning in calendar year 2004 and thereafter. These cases probably will begin to be heard by BTA early in calendar year 2005.

Board of Tax Appeals' decisions have a direct impact on school districts and local governments. Decisions on property valuations affect revenues from property taxes. The distribution of Local Government Funds (LGFs) can also be altered by BTA decisions because municipal property values are in the distribution formula.

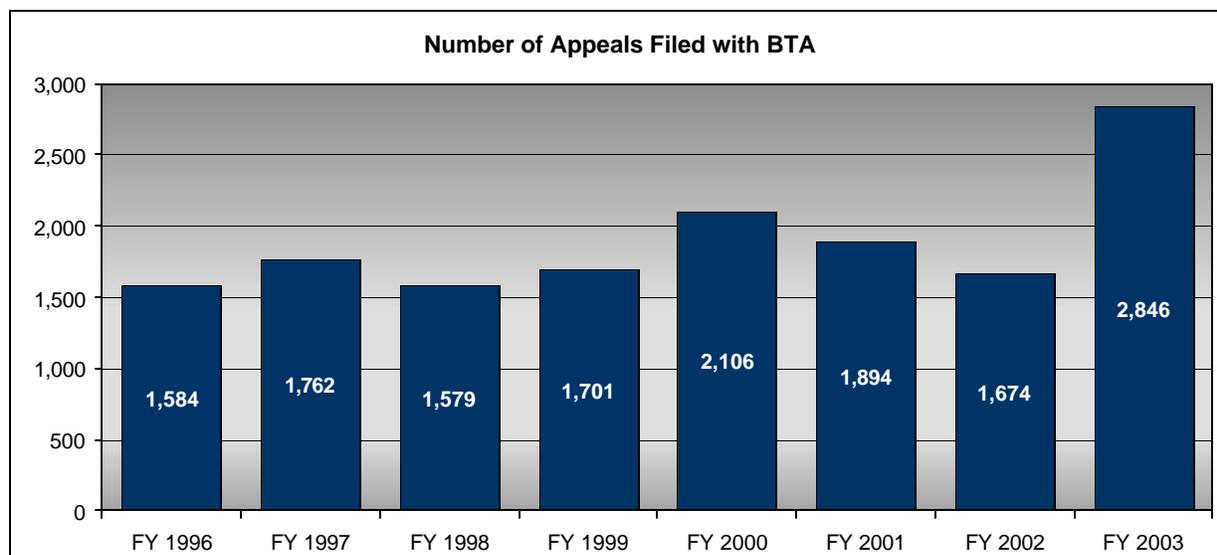
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
21	\$2.2 million	\$2.2 million	\$2.2 million	\$2.2 million	Am. Sub. H.B. 95

\*Employee head count obtained from the Department of Administrative Services (DAS) payroll reports as of June 28, 2003, does not include board members.

### OVERVIEW

More than 80% of appeals to BTA challenge real property valuations by county boards of revision. The number of appeals filed will vary depending in part on sexennial reappraisals and triennial updates of property values in large counties. Appeals from the Tax Commissioner, though smaller in number, often involve more complex issues. In addition to formal evidentiary hearings, BTA attorney examiners

conduct mediation sessions, which generally are less costly and time consuming. In FY 2003, 2,846 appeals were filed, up from 1,674 appeals filed in FY 2002. The large increase followed an Ohio Supreme Court decision that required BTA to dismiss about 1,100 appeals, most of which were refiled. The number of filings in recent years is shown in the accompanying chart.



The budget reduces funding in FY 2004 by 0.3% from FY 2003, to \$2,172,000. General Revenue Fund appropriations are unchanged at this level; non-GRF appropriations fall from \$7,500 to \$0. Appropriations are held constant in FY 2005. The non-GRF item was Reproduction of Decisions, which BTA previously used for charges to furnish copies of decisions. The Board of Tax Appeals now posts all decisions on its web site. Any fees for copies are deposited into the GRF. Staff consists of ten full-time examiners, one part-time examiner, and ten full-time administrative personnel.

## BUDGET ISSUES

### *STAFFING CUTS*

In response to budget cuts in the previous biennium, BTA reduced the number of attorney examiners and administrative staff. The Board of Tax Appeals' flat budget for the current biennium may require further staffing cuts. Fewer staff members could result in less timely processing of appeals. Retention of capable, motivated staff is critical to efficient case management and quality decision making.

### *POTENTIAL FOR INCREASED CASE LOAD*

Service may suffer starting in 2005 if BTA's added responsibility for municipal cases significantly increases the agency's caseload. Because this responsibility is new, the potential for more cases from this source is uncertain. Any upturn in case load is expected to start after the agency's initial projections for the FY 2006-2007 budget are due next year, thus how to handle this uncertainty is likely still to be an issue for this agency in its submission for the next biennium's budget.

### ***DATA PROCESSING***

The Board of Tax Appeals' case tracking system is 14 years old, and lacks desirable capabilities. It does not allow for computerized scheduling of hearings and mediations, for example. Another BTA system, the agency's computer network, is outdated and in need of upgrading.

### ***COURT REPORTING***

As a cost saving measure, BTA rules have been amended to allow electronic recording of hearings. Court reporters are still used in longer hearings of more complex cases. Unlike transcripts prepared by court reporters, electronic recordings are not indexed, and consequently examiners are unable to search hearing records efficiently for specific aspects of cases. Identities of individuals speaking are sometimes difficult to determine when voices are recorded and words may at times be hard to understand.

### ***MAINTENANCE***

Maintenance funds may not be sufficient if any current systems or equipment fail during the biennium or require more than modest repairs. Technical support for old systems and software may be difficult to obtain or unavailable. 

**FY 2004 - 2005 Final Appropriation Amounts**

**All Fund Group**

**Line Item Detail by Agency**

*FY 2001:*      *FY 2002:*      *FY 2003:*      **FY 2004**      *% Change*      **FY 2005**      *% Change*  
*Appropriations:*      *Appropriations:*      *Appropriations:*      *2003 to 2004:*      *Appropriations:*      *2004 to 2005:*

**Report For: Main Operating Appropriations Bill**

**Version: Enacted**

***BTA Tax Appeals, Board of***

GRF	116-100	Personal Services	\$ 2,063,411	\$ 5,418	\$0	\$ 0	N/A	\$ 0	N/A
GRF	116-200	Maintenance	\$ 121,796	\$ 9,019	\$0	\$ 0	N/A	\$ 0	N/A
GRF	116-300	Equipment	\$ 29,569	\$ 2,066	\$0	\$ 0	N/A	\$ 0	N/A
GRF	116-321	Operating Expenses	----	\$ 2,257,761	\$2,120,282	\$ 2,171,760	2.43%	\$ 2,171,760	0.00%
<b>General Revenue Fund Total</b>			<b>\$ 2,214,776</b>	<b>\$ 2,274,264</b>	<b>\$ 2,120,282</b>	<b>\$ 2,171,760</b>	<b>2.43%</b>	<b>\$ 2,171,760</b>	<b>0.00%</b>
439	116-602	Reproduction of Decisions	\$ 1,872	\$ 1,207	\$0	\$ 0	N/A	\$ 0	N/A
<b>General Services Fund Group Total</b>			<b>\$ 1,872</b>	<b>\$ 1,207</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>N/A</b>	<b>\$ 0</b>	<b>N/A</b>
<b>Tax Appeals, Board of Total</b>			<b>\$ 2,216,649</b>	<b>\$ 2,275,471</b>	<b>\$ 2,120,282</b>	<b>\$ 2,171,760</b>	<b>2.43%</b>	<b>\$ 2,171,760</b>	<b>0.00%</b>