



To: Franklin County Delegation and General Assembly Members
From: Franklin County Auditor Michael Stinziano
Re: Budget amendment to 5715.012 (TAXCD80) changing reappraisal ratios
Date: June 20, 2023

Please oppose Senate changes to mass appraisal standards in R.C. 5715.012 (TAXCD80).

A change to R.C. 5715.012 (TAXCD80) in H.B. 33 as passed by the Senate modifies the calculation of the sales-ratio, a key portion of mass appraisal procedures, to require a 3-year average rather than weighting information to measure the market as of the tax lien date. Artificially lowering taxable property values in the current cycle does not obtain a similar amount of tax relief and would undermine the core basis of property taxation—that a property should be taxed based on its actual value.

Proponents are concerned about how a major increase in property values this year, whether due to a sexennial reappraisal or triennial update, will impact Ohioans. I share that concern, but this proposal will neither change how taxes are calculated nor provide relief for those who become house rich and cash poor due to a changing market. Further, in periods of economic downturn, use of a three-year average could mean that property owners will be taxed on values that are higher than the market rate of their homes.

Additional Context and Background

At its core, Ohio's property tax system in our constitution and tradition requires that property be taxed based on "its true value in money." This means that the value for taxation purposes is determined as a date certain—the tax lien date of January 1st of the tax year. State law requires property be reassessed every six years with an update three years later to ensure that as the market changes the true value is still the base for taxation. The legitimacy of the property tax, value appeals to the Board of Revision, and local government funding decisions are all based on this standard.

The Department of Taxation and the Division of Tax Equalization provide oversight to County Auditors to ensure uniformity in valuation across the state. The Tax Commissioner must gather data to perform "sales-assessment ratio studies," which compare the sales prices and auditor's assessed value of properties to ensure property is being assessed at a uniform 35% of its value, as prescribed by ORC 5715.012. The amendment requires the Commissioner to use a three-year average of property



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sales data instead of using that data to determine value as of the lien date. The amendment makes values less responsive to the actual market.

Generally, this oversight works well. There are times counties have conflict with the Department of Taxation on what sales should be used and how the ratios are calculated, but most are resolved through conversation and there is an existing practice for formal disputes. I support efforts to improve this process both administratively and through legislation, if necessary, without upending mass appraisal.

Recent sales are the best evidence of value per both mass appraisal principles and Ohio precedent. The current appraisal processes followed in Ohio track best practices set forth by the International Association of Assessing Officers. We should not alter these assessment standards to address a taxation issue. Our state's reliance on property taxes and a lack of relief for those harmed is at the root of the dramatic property value increases expected across the state.

This amendment does not address the real issue: the property tax burden that shifts as values change to burden those who are house rich and cash poor. The H.B. 920 equalization process will still work on the artificially changed values such that levies collect the amounts they are authorized to collect. Only inside millage and school levies on the 20-mill floor increase one-to-one with values. The major shift in how property is appraised will only moderately change taxation at most.

Finally, even if the underlying idea would work, the timing jeopardizes accurate, equitable, and timely valuations and taxation. The language requires this change to be implemented for tax year 2023 with new ratios completed by mid-September and final values due the first Monday in December. My office, along with 40 others, are mandated by state law to perform either a full reappraisal or a triennial update for Tax Year 2023. These values are necessary to calculate the tax rates in all counties with overlapping jurisdictions like school districts or cities. Many counties have already submitted abstracts to the Tax Commissioner for approval. As the largest county in the state, my team has been preparing for this change for years and have conducted a significant public education campaign that is currently ongoing. It is not possible to replicate this work in a matter of months.

I am not alone in my concern. The County Auditors Association of Ohio has voted to oppose this amendment and the position statement is also included. I very much appreciate the concern the legislature has with how the historic value changes will result in burdensome property taxes for some Ohioans and welcome an opportunity to craft an effective relief plan. This amendment will not provide that relief and will further jeopardize the function and equity of our property tax system.



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