

# Redbook

## LBO Analysis of Executive Budget Proposal

### Board of Tax Appeals

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March 2019

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# LBO Redbook

## Board of Tax Appeals

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### Quick look...

- The Board of Tax Appeals (BTA), Ohio’s administrative tax court, resolves controversies between taxpayers and taxing authorities.
- Most appeals are of county boards of revision decisions involving real property valuations.
- Other types of tax-related cases may also be appealed to BTA.
- Funding is from the GRF. Appellants are not charged a filing fee.
- The Board consists of three members appointed by the Governor with consent of the Senate.
- Overseen by an executive director, the agency employs 13 including Board members.
- The executive budget recommendations total approximately \$3.7 million over the biennium: 78% personnel cost, 17% supplies and maintenance, and 5% purchased personal services.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
<b>GRF ALI 116321, Operating Expenses</b>					
\$1,640,752	\$1,864,823	\$1,425,735	\$1,857,751	\$1,845,494	\$1,857,751
% change	13.7%	-23.5%	30.3%	-0.7%	0.7%

### Agency overview

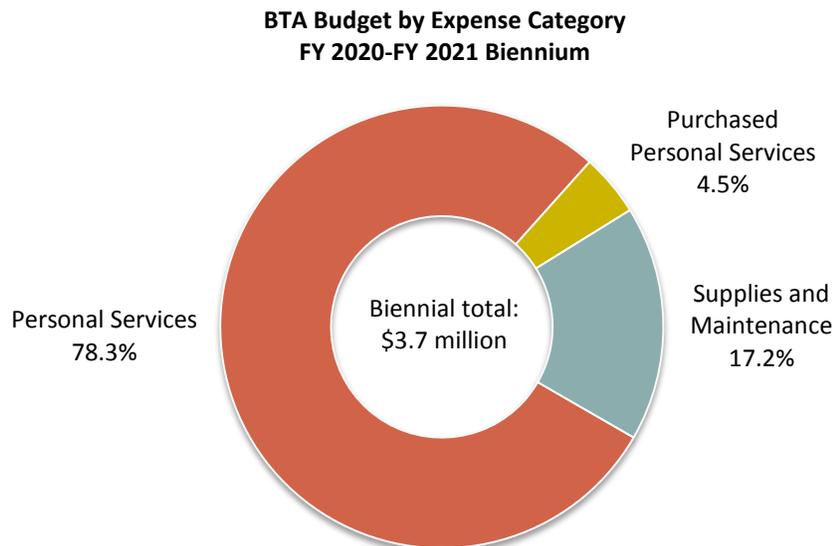
The Board of Tax Appeals (BTA) consists of three members who are appointed by the Governor and serve six-year terms. As an independent, quasi-judicial, single-purpose body, BTA provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities.

During FY 2018, BTA decided 2,867 cases, about 72% of which arose from real estate valuations by county boards of revision. The second largest category of cases, nearly 14%, arose from appeals of determinations or rules adopted by the Tax Commissioner. Additional details about the types of cases BTA hears are provided below. Decisions of BTA may be appealed to an Ohio court of appeals, except that small claims decisions cannot be appealed. BTA decisions regarding final determinations of the Tax Commissioner or a local board of tax review are allowed to be appealed directly to the Ohio Supreme Court as well as a court of appeals.

BTA uses an online case management system, and characterizes the process of filing and resolving appeals as largely party-driven. BTA has realized efficiencies by shifting from a paper-based process to the current system.

## Analysis of FY 2020-FY 2021 budget proposal

As shown in the chart, the Board's single GRF appropriation item is mainly used to pay for its payroll expenses. Board staffing consists of an executive director, chief counsel, four hearing officers, and five other staff members. As of March 2019, BTA had 13 employees including the three Board members.



The Board's online case management system is accessible through the Internet, and filers use the system to enter information on their appeals. This system has increased the efficiency of Board operations, and thereby facilitated resolution of appeals more quickly than in the past.

### Decisions summary

The following table is based on statistics published in the Board's 2018 annual report. It illustrates that the majority of cases are appeals of local boards of revision decisions, generally regarding real property values. Appeals of determinations or rules adopted by the Tax Commissioner, including the Division of Tax Equalization, constitute the second-largest category of cases. Other sources of cases include appeals of allocations by county budget commissioners of tax receipts to political subdivisions, appeals of decisions of municipal boards of appeal regarding municipal income tax obligations, and appeals of decisions by the Director of the Department of Development that enterprises are not qualified for tax incentive qualification certificates. Although the total number of decisions is down, the number of decisions increased on cases that are typically more complex and time-consuming such as appeals of decisions of the Tax Commissioner. These more challenging cases may involve multi-day trials and extensive questioning of witnesses.

<b>Summary, Board of Tax Appeals Decisions, FY 2016-FY 2018</b>			
<b>Type of Case</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Board of Revision	2,483	2,183	2,070
Tax Commissioner	297	355	396
Sales & Use Tax	108	175	151
Tax Exemption	85	66	75
Commercial Activity Tax	17	16	30
Municipal Income Tax	2	5	5
All Other	87	98	140
<b>Total Decisions</b>	<b>3,079</b>	<b>2,898</b>	<b>2,867</b>
Appeals Filed	2,588	2,771	2,040