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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Click and D. Thomas

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SUMMARY

- Imposes a one-year deadline for the Board of Tax Appeals (BTA) to issue decisions on tax appeals.
- Makes several changes to the procedures for taxpayers to challenge certain Tax Commissioner decisions.
- Adds new requirements related to the duties of the Department of Taxation problem resolution officers (PROs).
- Modifies the information required in the Department of Taxation's annual report.

DETAILED ANALYSIS

Tax administration changes

Board of Tax Appeals decision deadline

Under continuing law, the Board of Tax Appeals (BTA) is a quasi-judicial agency that acts as the state's administrative tax court. The BTA resolves appeals from decisions and orders of county boards of revision (BORs), county budget commissions, municipal boards of tax appeal, and the Tax Commissioner. The BTA may decide cases on the evidence certified to it or may order a hearing of additional evidence.

The bill imposes a one-year deadline for the BTA to issue decisions. If a hearing is held, the BTA must issue its decision within one year of the hearing. If no hearing is held, the BTA must issue its decision within one year after the last brief was filed in the case. In either situation, the deadline can be extended if all the parties to the appeal agree.¹

¹ R.C. 5717.01, 5717.011, and 5717.02.

The one-year deadline applies to appeals filed on or after December 31, 2026.²

Changes to administrative tax appeal process

The bill also modifies the procedure for taxpayers to challenge certain Tax Commissioner decisions. Under continuing law, if the Commissioner determines that a taxpayer has underpaid a tax, the Commissioner will issue an assessment. The taxpayer may appeal this assessment by filing a “petition for reassessment.” Similarly, if a taxpayer applies for a refund, and the Commissioner denies the request, continuing law provides for an appeal process.

Hearings on appeals

Under continuing law, a taxpayer can request a hearing on an assessment or refund appeal. Currently, there is no specific timeline for such hearings. The Tax Commissioner assigns a hearing date and, under current law, may continue the hearing “from time to time as necessary.”

The bill establishes a new deadline for such hearings. Under the bill, a hearing must be held within 180 days after the hearing is requested. However, this deadline can be extended as follows: (1) for 90 days, at the taxpayer’s sole request, (2) for 180 days, if both the taxpayer and Tax Commissioner agree, or (3) if a settlement conference is held, as discussed below.³

Settlement conferences

The bill specifically authorizes the Commissioner to request, within 60 days after a petition is filed or hearing requested, that the taxpayer attend a settlement conference to resolve an appeal. The taxpayer is not required to attend the conference, but if they do, the conference must be held within 180 days after the appeal is filed. Any scheduled conference will extend the date for holding a hearing, as described above, if the parties do not reach a settlement.

The bill also specifically allows the Commissioner to negotiate and enter into a settlement agreement with a taxpayer without a formal conference.⁴

Proposed decisions

When the Commissioner makes a decision regarding an assessment or refund appeal, that decision is issued as a “final determination.” The bill would allow taxpayers to request a “proposed” final determination during the hearing on their appeal.

Upon a taxpayer’s request, the Commissioner must provide the proposed determination and cannot issue a final determination until 30 days after the proposed determination is sent. During that 30-day period, the taxpayer can respond or provide additional supporting documentation. If the taxpayer does not respond, the proposed determination automatically becomes the final determination. If the taxpayer does respond, the Commissioner must then issue a final determination within 30 days or, if the taxpayer requests an extension, within

² Section 3.

³ R.C. 5703.60(A)(3) and 5703.70(C)(1) and (3).

⁴ R.C. 5703.60(A)(5) and (G) and 5703.70(C)(5) and (E).

60 days. If that deadline expires without action from the Commissioner, the proposed determination automatically becomes the final determination.⁵

Appeal to Board of Tax Appeals

The bill allows a taxpayer to appeal a case to the BTA if the Tax Commissioner does not issue a final determination in the taxpayer's case within one year after (a) the hearing on the case or, (b) if no hearing was held, the appeal petition was filed. If the taxpayer files an appeal with the BTA, the Commissioner must file a response in support of the Commissioner's position, which can only include arguments disclosed to the taxpayer in writing before the filing of the BTA appeal. The BTA can only deny a taxpayer's appeal on the basis of an issue raised by the Commissioner.

The bill also establishes a standard of proof for such appeals. If the taxpayer makes a prima facie showing of the facts necessary to support the taxpayer's case, the burden of proof is on the Commissioner to prove the Commissioner's case by clear and convincing evidence.⁶

Interest on assessments

The bill also limits the accrual of interest on assessments for unpaid taxes. Under continuing law, if the Commissioner issues an assessment, interest will generally begin to accrue on the unpaid tax from the date the Commissioner issues the assessment.

Under the bill, if a taxpayer appeals the assessment and the assessment remains unresolved one year later, interest stops accruing on the unpaid amount after that one-year mark until the appeal is resolved and the Commissioner issues a final determination.⁷

Problem resolution officers

Under continuing law, the Tax Commissioner must appoint one or more problem resolution officers (PROs) from among the Department of Taxation's employees to review taxpayer inquiries or complaints that have been pending for an unreasonable time or for which the taxpayer has been unable to obtain a satisfactory response after repeated attempts.

The bill makes several changes to the law governing PROs. First, the bill requires that at least one employee be assigned to serve as a PRO as the employee's full-time duty.

Second, the bill requires the Department to make available, on the home page of its website, an electronic form that taxpayers may use to request assistance from a PRO or otherwise communicate with one. When a form is submitted, the PRO must transmit a copy to any Department employee involved in the matter identified on the form.

Third, the bill requires the Department's website to host a directory listing each PRO's name, telephone number, and email address, and indicating whether the PRO serves as a full-time officer. This directory must be kept current.

⁵ R.C. 5703.60(A)(4) and 5703.70(C)(4).

⁶ R.C. 5717.021.

⁷ R.C. 5703.60(F).

Finally, the bill requires the Department to include this directory information in communications sent to individuals who have registered to receive Department updates and to provide updated information in subsequent communications whenever PRO contact information changes.⁸

Annual report changes

Continuing law requires the Department of Taxation to produce an annual report. Among other information regarding the Department's operations, this report must include information about the number and kinds of audits conducted during the year.

The bill requires the Department to provide the Speaker and Minority Leader of the House and the President and Minority Leader of the Senate with a copy of that annual report. The bill also expands the contents of the annual report. Under the bill, the report must include the length of time audits and appeals take, both of which may be compiled into statistics. In addition, the report must state the number of audits and the number of appeals that remain unresolved at the end of the year. These unresolved matters must be categorized by how long they have been pending: less than one year, one to two years, two to three years, or more than four years. Finally, the bill requires the audit and appeals statistics to be arranged by tax and by whether the taxpayer involved is an individual or a business.⁹

HISTORY

Action	Date
Introduced	11-25-25

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⁸ R.C. 5703.52

⁹ R.C. 5703.42 and 5703.52.