

Ohio: Supreme Court clarifies rule on appraisal evidence as window to contest property tax valuation nears



David M. Kall | Thursday, October 11, 2018

The Ohio Supreme Court recently reaffirmed a new rule allowing property owners to rebut the presumption that a recent, arm's length sale is the best evidence of value for real property tax purposes. Last year, [we reported](#) on the court's decision in a case called [Terraza 8, LLC](#) that required tax boards to consider an owner's appraisal evidence when determining value despite a recent, arm's length sale of property encumbered by a lease. The recent, arm's length sale is still presumed to be the best evidence of true value, but property owners may overcome that presumption with appraisal evidence.

Recent, Arm's Length Sale Not Conclusive Evidence of True Value

The rule could have big implications for taxpayers planning to challenge auditor valuations this winter, particularly for leased properties. For tax purposes, property values are based upon the unencumbered, fee-simple value of the property. County auditors may fail to take into account how the creditworthiness of existing tenants can affect the sale price for recent, arm's length sale of leased properties. The *Terraza 8* case gives owners the opportunity to present appraisal evidence to show that the sale price may not reflect the true value of property as if unencumbered.

Last month, in [Westerville City Sch. Dist. Bd. of Ed. v. Franklin Cty. Bd. of Rev.](#), the Supreme Court reaffirmed the *Terraza 8* rule and clarified when owners may present appraisal evidence. The court explained that owners do not need to make a threshold showing before a tax board must give full

ohio supreme court clarifies rule on appraisal evidence

consideration to appraisal evidence. Appraisal evidence must be considered even where there is a sale of the property and the sale's voluntary, recent, and arm's length character have not been "impugned."

Window to File Complaint Nears

The window for filing formal challenges to a county auditor's real property valuations generally begins on or about January 1 and ends on March 31 of every year. The auditors in the following counties recently finished reappraisals and valuation updates that may result in increased property values and tax burdens:

Reappraisal Counties

Update Counties

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|-----------|-----------|-----------|----------|
| Belmont | Lorain | Allen | Sandusky |
| Brown | Lucas | Coshocton | Vinton |
| Crawford | Morgan | Guernsey | |
| Cuyahoga | Muskingum | | |
| Erie | Ottawa | | |
| Fayette | Portage | | |
| Highland | Stark | | |
| Huron | Warren | | |
| Jefferson | Williams | | |
| Lake | | | |

Property owners in these counties should see the new values reflected in their 2018 property tax bills that they receive in December 2018 or January 2019. While property owners in any county may file a complaint to their valuation, owners in these counties may be particularly interested.

The Tax Appeal Process

Property owners dissatisfied with their assessment because it assigns an improperly high value to their realty may file a complaint with the county board of revision in the county where the real estate is located. The complaint sets forth the reasons why the property is overvalued. If the property owner is a business, an attorney must sign the complaint in most situations.

Attorneys may work with property owners to hire a qualified appraiser to appraise real estate and determine if it is overvalued. If so, the appraiser generates a report describing the real property and its value as of the "tax lien date." For example, Jan. 1, 2018 is the tax lien date for the 2018 tax year.

Within months after the complaint is filed, the county board of revision sets an evidentiary hearing, where an attorney appears on behalf of the property owner to present evidence and witness testimony regarding property value. The appraiser typically testifies on their appraisal report at the hearing.

Following the hearing, the board of revision issues its decision regarding the value of the real property. If necessary, the board of revision's decision may be appealed to the Ohio Board of Tax Appeals or the county court of common pleas where the property is located.

If you have questions or are interested in opportunities for contesting the value of real estate, please contact one of the attorneys listed below.



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Team member bio