



OHIO BOARD OF TAX APPEALS

Annual Report Fiscal Year 2014

R.C. 149.01 requires the Ohio Board of Tax Appeals to file an annual report with the governor, the secretary of state and the state library, on every August first summarizing the official acts of the board...“and any suggestions and recommendations that are proper.”

This report fulfills the annual reporting requirement for the fiscal year ending June 30, 2014.

Governor John R. Kasich
Secretary of State Jon Husted
State Librarian Beverly Cain

Executive Summary:

Fiscal 2014 was a transformational year for the Board of Tax Appeals (BTA). Under the direction of Chairman Jim Williamson, Vice-Chairman Michael Johrendt, and Member David Harbarger, the board underwent the most significant overhaul of processes and productivity in its history. Building upon the operational improvements enacted in House Bill 138 and developed in the kaizen event with LeanOhio (both in July, 2013), the board streamlined office processes and changed long-held practices to better serve parties to tax appeals.

The results of these changes are clearly demonstrated in the board's end-of-fiscal-year statistics:

- A reduction in the board's overall active docket from 6,188 to 3,903, a reduction of nearly 40%.
- An increase in board decision volume from 7,961 to 8,984 (13% improvement)
- A reduction in the median days appeals are open with the board from 560 days to 273 (50% improvement)
- An increase of annualize decision volume per Attorney Examiner from 1,179 to 1,330 (13% improvement)
- A reduction in the total cost per BTA decision to Ohio's taxpayers from \$214 to \$189 (12% improvement)

These across-the-board gains were realized even as a the board set a new record in the number of appeal filings, increasing from 5,388 in FY2013 to 6,699 in FY2014, an increase of nearly 25%.

The BTA also undertook the development of a new case management system for the next generation of tax appeal filings in the state of Ohio. By the end of the fiscal year, the board had released the initial version for public use. This iteration of the system gave users the same functionality of the old website, but with enhancements to the search features for greater case data management.

Fiscal Year 2015 will see the board continue to build upon the improvements made in FY2014. Once the new case management system is fully operational, the appeals process will be driven largely by the parties until the point of a hearing or briefing review. This change will allow for even greater improvements to operational efficiency, further shortening the time for taxpayers to receive a fair and impartial resolution to their tax appeal.



Jim Williamson
Chairperson



Mike Johrendt
Vice-Chairperson



David Harbarger
Member

Mission

The mission of the Board of Tax Appeals, as Ohio's administrative tax court, is to provide taxpayers and taxing authorities with an accessible, fair and efficient appeals process and to resolve appeals in a timely and judicious manner by facilitating settlement or by issuing comprehensive written decisions, which are based upon Ohio statutes, case law, and board precedent.

Function

The BTA is Ohio's administrative tax court. It is a quasi-judicial body established by Ohio Revised Code 5703.02, and comprised of three (3) members appointed by the governor to overlapping six-year terms. The BTA adjudicates state tax disputes, relieving an overburdened state judicial system and providing taxpayers with a non-partisan forum in which to resolve tax disputes. In this forum, taxpayers are assured appeals will be addressed by individuals with considerable expertise focused exclusively on tax issues.

The BTA adjudicates appeals of all tax types from Ohio's 88 counties and various levels of government. The vast majority, about 95%, are appeals of decisions of county Boards of Revision (BOR) regarding real property valuation. Other appeals are of final Tax Commissioner determinations, decisions of municipal boards of appeal, and actions of county budget commissions.

Process

Most appeals involve real property valuation disputes, for which the process is as follows:

1. A notice of appeal from a decision of a BOR is filed with the BTA.
 - a. On the appeal form, the appellant indicates whether they require an evidentiary hearing, or if a review of the existing BOR record by an Attorney Examiner will suffice
2. Depending on the appellant's decision, the board establishes either an evidentiary hearing date, or a date by which all written argument is due from the parties to the appeal.
3. The BOR files a transcript of the proceedings that occurred at the county level with the BTA within 45 days.
4. The discovery process is completed within 120 days.
5. All evidence is considered and a decision is rendered by the board thereafter.

Upon receipt at the BTA, appeals are time-stamped and information entered into a case management system. A docketing communication is sent to all parties notifying them that an appeal has been filed with an anticipated hearing or written argument date, and advising them of the case number assigned to the appeal.

After the evidentiary hearing or the written argument date, an Attorney Examiner reviews the entire record and drafts a decision for the board to consider. After consideration, the decision of the board is announced.

Statistical Summary**Active Appeals at Fiscal Year End**

2013 Counts	2014 Counts	Change
6135	3903	36.40%

New Appeals

	2013 Counts		2014 Counts		Change
All Appeals	5383		6799		26.31%
RPV	4949		6428		29.88%
RPV Pro Se		2023		2677	32.33%
RPV Counsel		2926		3751	28.20%
Tax Commisisoner	434		370		-14.75%

Board Decisions

	2013 Counts		2013 Median Resolution Time (Days)	2014 Counts		2014 Median Resolution Time (Days)	Change in Decision Volume	Change in Decision Resolution Time
All Decisions	7993		561	8934		273	11.77%	-51.34%
RPV	7337		589	8367		273	14.04%	-53.65%
RPV Pro Se		2611	288		3581	147	37.15%	-48.96%
RPV Counsel		4726	743		4786	448	1.27%	-39.70%
Tax Commisisoner	656		321	567		393	-13.57%	22.43%



Denotes positive movement in metric and / or increased efficiency of resources

In FY2013 and FY2014, the board implemented significant procedural changes to better meet the needs of Ohio's taxpayers. Legacy practices included a two-step process of docketing a notice of appeal, and then establishing a case management schedule (including hearing date) several months later. Additionally, all cases – regardless of complexity or the expertise of the parties involved – were scheduled for an in-person hearing at the BTA's offices in Columbus, Ohio. The rate of no-shows for these hearing was exceptionally high, and the preparation for these hearings wasted a great deal of staff resources.

In order to address these operational issues, the BTA implemented the following changes in FY2014:

- The establishment of case management schedules at the time an appeal is filed, including the initial hearing or written argument date. This has provided an end-point to which all parties can work to resolve their appeals, and has virtually eliminated the number of cases that are open for abnormally long period
- The introduction of an optional Small Claims case docket, which allows qualifying appeal filers to take part in informal, telephonic proceedings before the board, and to have their appeal decided on an

accelerated case management track

- Allowing parties to determine whether a formal hearing is required, or if written argument and a review of the lower court transcript is sufficient. This has eliminated unnecessary planning for unwanted hearings, and has allowed staff to focus on value-added activities
- Because approximately 75% of cases resolve themselves without board action, the BTA only assigns legal resources to a case when it is clear that the case will not settle. This ensures that time and effort are spent only to the degree that they are needed

Results – Appeals Filed

Appeals Filed		FY2012	FY2013	FY2014	%
County Boards of Revision		3,579	4,602	6,428	95%
Tax Commissioner:		623	427	370	5%
	Commercial Activity Tax	25	13	13	
	Sales Tax	121	111	109	
	Use Tax	36	27	39	
	Exemption	126	75	45	
	All Other Tax Types	315	201	164	
Municipal Income Tax		2	3	1	<1%
County Budget Commissions		2	1	-	0%
Total		4,206	5,033	6,799	100%

The BTA set yet another all-time high in the number of appeals received this year. The largest increase came in the volume of appeals from Board of Revision decisions, which accounted for 95% of the board's filings. In turn, appeals of Tax Commissioner determinations continued to decrease.

Results – Decisions, Orders and Certifications Issued

Decisions, Orders & Certifications Issued	FY2012	FY2013	FY2014	%
County Boards of Revision	2,016	7,337	8,367	94%
Tax Commissioner:	580	646	562	6%
Commercial Activity Tax	6	16	27	
Sales Tax	94	155	137	
Use Tax	19	34	39	
Exemption	40	79	165	
All Other Tax Types	421	362	194	
Municipal Income Tax	3	10	5	<1%
County Budget Commissions	2	-	-	0%
Decisions Finalizing Appeals	2,601	7,993	8,934	100%

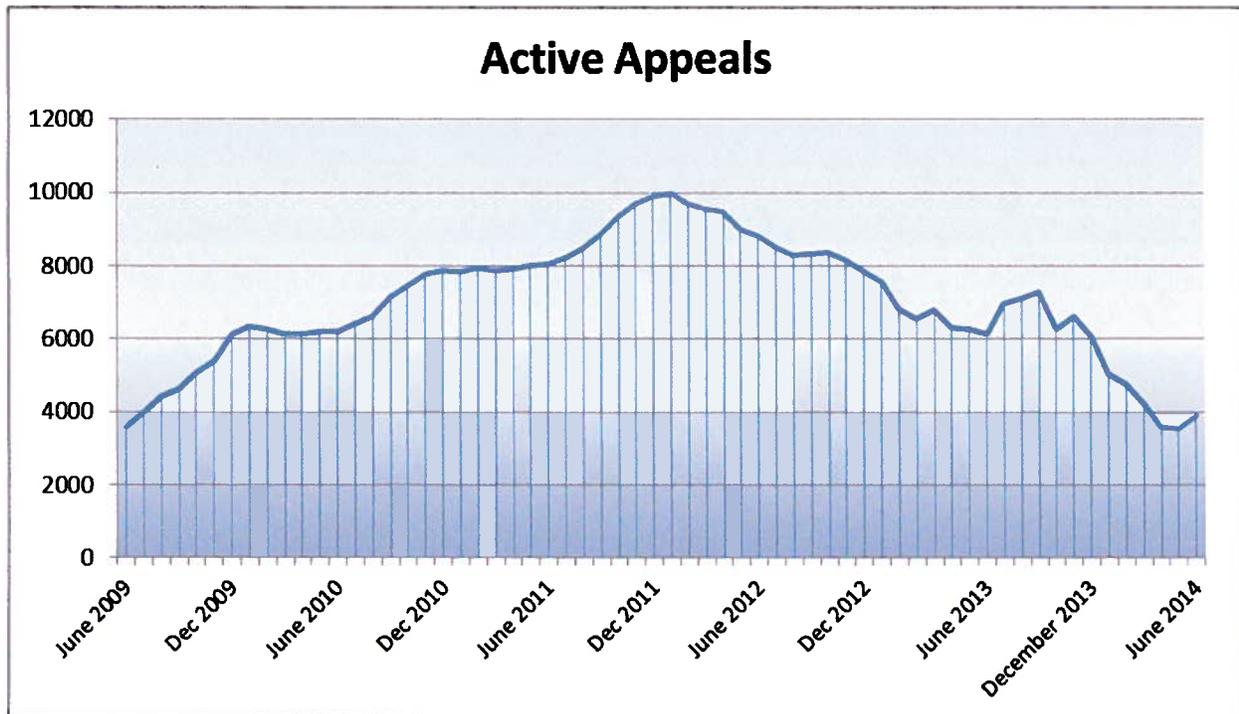
The BTA has undertaken significant measures to streamline operations with the goal of providing faster, more efficient delivery of appeal resolutions, while maintaining the high quality of the board's decisions. The result of these measures is demonstrated in the board's output in fiscal year 2014.

Results – Active Case Docket

Appeals Pending			FY2012	FY2013	FY2014	%
County Boards of Revision			7,355	8,062	3,632	92%
Tax Commissioner:			730	505	271	8%
Municipal Income Tax			13	13	6	<1%
County Budget Commissions			8	3	-	0%
	Active Cases Pending		8,830	6,188	3,903	100%

The results of the BTA's operational changes have been significant: even in the face of increasing appeal volumes (up nearly 30% over the past two fiscal years), the board has reduced its active case docket from 8,808 at the end of FY2012, to 3,903 at the end of FY2014. The number of hearings scheduled has dropped significantly, and requires far fewer resources to manage that process. This, in turn, has freed up Attorney Examiner time to focus on reviewing case files and drafting decisions. As a result, the median time that an appeal to the BTA is open has dropped from 669 to 273 days, and the cost to Ohio's taxpayers per board decision has been reduced from \$331 to \$189.

Results – Active Case Docket FY2010-FY2014



Timeliness

Decisions finalized in FY2014 were pending with the BTA a median of 273 days, compared to a 561-day average for decisions issued in FY2013. During FY2014, the BTA updated its case management schedules for its small claims docket (75 days), pro se filings (90 days), counsel-represented RPV cases (210 days), and Tax Commissioner appeals (240 days). Even with routine continuance requests, the agency was able to resolve the vast majority of its cases within 9 months.

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Official Acts

The BTA met 24 times in FY2014. During the fiscal year, the board issued 8,934 decisions and orders which resolved active appeals. The board made rule changes to support the passage of Sub. HB 138 and other operational changes at the BTA.

Suggestions and Recommendations

The challenges for the next fiscal year are the continued management of the board's active docket, and continued operational stability with increased appeal volumes. From FY2012-FY2014, the board saw a 28% increase in appeal volumes, culminating in the record filing of 6,799 appeals in FY2014. As these trends continue, the board looks forward to the broader use and acceptance of the BTA's new case management system. As parties adopt the self-service capabilities of the system, BTA staff members should be able to focus on more value-added activities, increasing process efficiency and keeping the board's docket current.