



OHIO BOARD OF TAX APPEALS

Annual Report Fiscal Year 2013

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, 2013.

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

Executive Summary:

Fiscal 2013 was a year of transition for the Board of Tax Appeals (BTA). Both board Chair, Pamela Margulies, and Executive Director, Sally Van Meter, retired in December, 2012. Jim Williamson assumed the role of Chairman of the Board in January, 2013, A.J. Groeber joined the BTA in March as the new Executive Director, and in May, David Harbarger was appointed as the third Board Member.

Operationally, the BTA had an exceptional year in FY2013. It began with 8,808 active cases, but ended with just 6,135, a reduction of over 30%. Despite setting a new record in appeals received (5,383), the BTA set an additional record by resolving 7,986 appeals over the course of the year. The median resolution time for appeals dropped by nearly 20% overall, with the largest decrease in time among pro se (self-represented), real-property valuation appellants – a decrease from a median appeal time of 677 days in FY2012, to just 288 in FY2013. This represents a 57% decrease in wait time for a decision among self-represented taxpayers. The Board was able to accomplish this improvement with a modest increase in budget from \$1.6m in FY2012, to \$1.7m in 2013

Also significant was the introduction and passage of House Bill 138 (HB138). The BTA worked cooperatively with the bill's sponsors and other interested parties to craft legislation that would allow the agency to become more operationally efficient, while more effectively serving the taxpayers of Ohio. The major components of the bill are the creation of a small claims docket, a more transparent case management schedule, reintroduction of mediation, and the electronic filing of appeals and case documentation.

Partnering with LeanOhio, the BTA started FY2014 with a total redesign of the appeal process, in part to incorporate provisions of HB 138, but also to make the entire experience more effective and efficient. Much of FY2014 will be dedicated to implementing those changes, with the goal of resolving appeals fairly, and in a timelier manner than in the recent past. Such process improvements are required immediately, as recent filing trends seem to indicate that the BTA may set another record for new appeals in FY2014.



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 90%, are appeals of decisions of county Boards of Revision (BOR) regarding real property valuation. Other appeals are of final Tax Commissioner determinations, appeals of decisions of municipal boards of appeal, and appeals of 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.
2. An evidentiary hearing is scheduled.
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 and hearing letter is sent to all parties notifying them that an appeal has been filed, the hearing date, time, and location, and advising them of the case number assigned to the appeal.

After the evidentiary hearing, the 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**

2012 Counts	2013 Counts	Change
8808	6135	30.35%

New Appeals

	2012 Counts	2013 Counts	Change
All Appeals	5169	5383	4.14%
RPV	4595	4949	7.70%
RPV Pro Se	1350	2023	49.85%
RPV Counsel	3245	2926	-9.83%
Tax Commisisoner	637	434	-31.87%

Board Decisions

	2012 Counts	2012 Median Resolution Time (Days)	2013 Counts	2013 Median Resolution Time (Days)	Change in Decision Volume	Change in Decision Resolution Time
All Decisions	4493	698	7993	561	77.90%	-19.63%
RPV	3904	775	7337	589	87.94%	-24.00%
RPV Pro Se	1740	677	2611	288	50.06%	-57.46%
RPV Counsel	2164	872	4726	743	118.39%	-14.79%
Tax Commisisoner	589	421	656	321	11.38%	-23.75%



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

Denotes an increase in volume

Despite record increases in the number of appeals received – particularly among pro se filers – the BTA improved its operational metrics in every customer segment in FY2013. Wait times for resolution were decreased across the board, and the volume of decisions issued by the agency increased substantially over FY2012.

Results – Appeals Filed

Appeals Filed		FY2011	FY2012	FY2013	% of Total
County Boards of Revision		3,579	4,602	4,949	92%
Tax Commissioner:		583	623	427	8%
	Personal Income Tax	257	173	105	
	Real Property Tax Exemption	98	136	99	
	Commercial Activity Tax	7	29	21	
	School District Tax	46	47	15	
	Sales & Use Tax	111	167	5	
	Franchise Tax	38	42	4	
	Other	26	29	178	
Municipal Income Tax		2	3	7	<1%
County Budget Commissions		2	1	-	0%
	Total	4,166	5,229	5,383	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, while appeals of Tax Commissioner decisions decreased significantly.

Results – Decisions, Orders and Certifications Issued

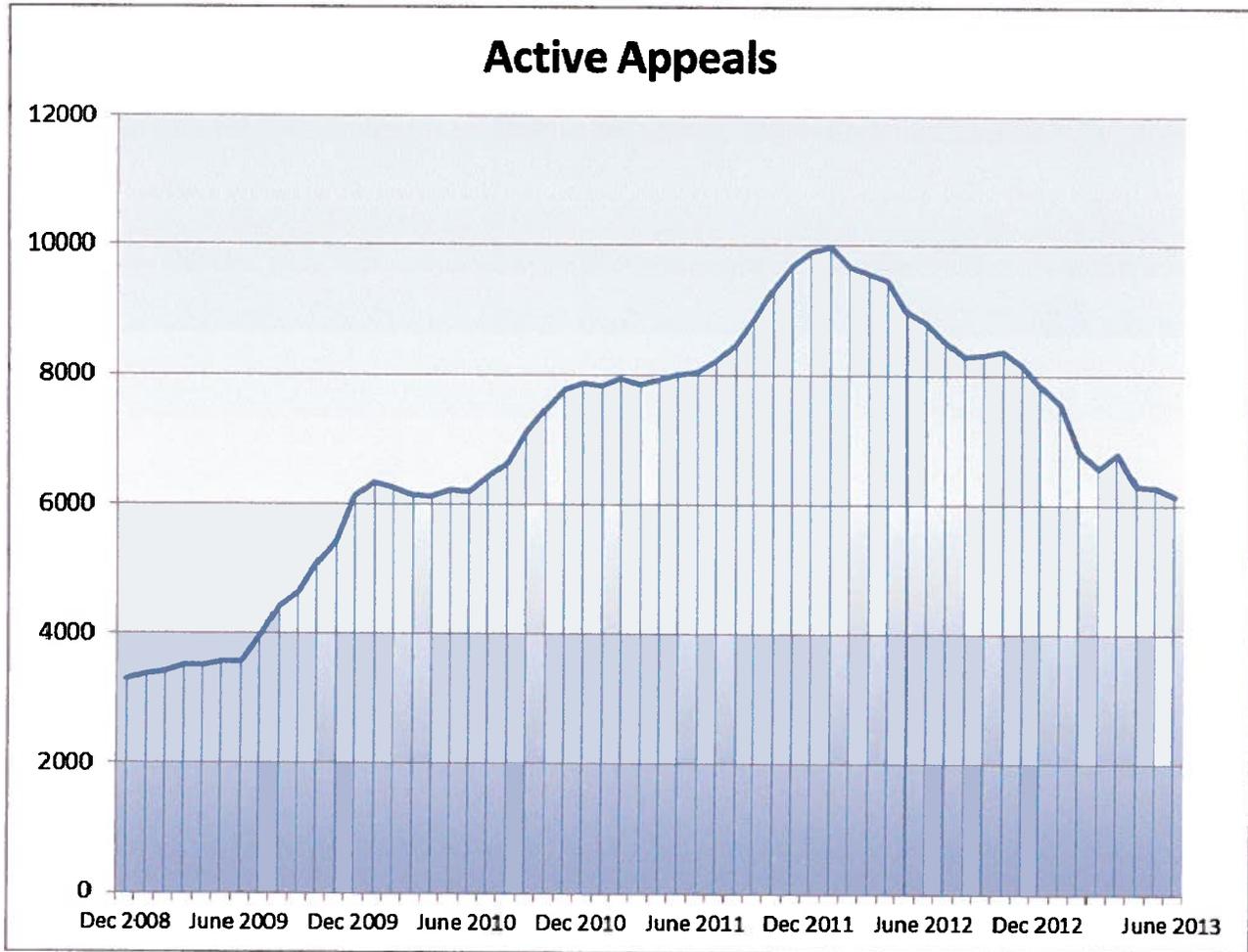
Decisions, Orders & Certifications Issued		FY2011	FY2012	FY2013	% of Total
County Boards of Revision		2,016	3,904	7,337	92%
Tax Commissioner:		309	580	646	8%
	Personal Income Tax	102	224	226	
	Sales & Use Tax	41	116	156	
	Real Property Tax Exemption	68	43	79	
	School District Tax	31	64	41	
	Personal Withholding	19	20	28	
	Franchise Tax	21	63	23	
	Personal Property Tax	18	21	13	
	Other	9	29	80	
Municipal Income Tax		3	3	10	<1%
County Budget Commissions		2	6	-	0%
Decisions Finalizing Appeals		2,330	4,493	7,993	100%
Interim Orders on Motions		663	1,355	2,360	
Certifications of Appellate Court Decisions		58	45	66	
Total Decisions, Orders & Certifications Issued		3,051	5,893	10,419	

From FY2012 to FY2013, the total number of Decisions, Orders & Certifications issued by the BTA increased by 76.8% to 10,419.

Results

Appeals Pending		FY2011	FY2012	FY2013	% of Total
County Boards of Revision		7,355	8,062	5,620	92%
Tax Commissioner:		674	730	505	8%
	Real Property Tax Exemption	106	202	204	40%
	Sales & Use Tax	159	210	112	22%
	Personal Income Tax	223	173	54	11%
	Other	186	145	135	27%
Municipal Income Tax		13	13	10	<1%
County Budget Commissions		8	3	-	0%
Active Cases Pending		8,050	8,808	6,135	100%
Inactive Cases		27	22	53	
Total Cases Pending		8,077	8,830	6,188	

The BTA ended FY2013 with 6,135 active appeals; a significant decrease from the previous year, and in-line with volumes last seen in FY2009 / FY2010.

Results

Accelerating the BTA's hearing schedule has led to a dramatic decrease in overall active appeal numbers. The setting of a hearing date is the primary driving factor to the resolution of appeals; generally through mutually-beneficial settlement and voluntary resolution. FY2014 hearing dates are being set upon appeal receipt.

Results

Appeal Activity of Board Decisions		FY2011	FY2012	FY2013	FY12/13 Change
Appeals of Board Decisions Filed:		31	48	62	29%
	As a % of BTA Appeals Finalized	1.33%	1.07%	0.78%	-27%
Appeals of Board Decisions Finalized:					
	Affirmed	11	8	14	75%
	Reversed	8	5	1	-80%
	Modified	2	0	0	0%
	Withdrawn, Dismissed or Settled	<u>17</u>	<u>31</u>	<u>38</u>	<u>23%</u>
	Total	38	44	53	20%
	As a % of BTA Appeals Finalized	1.63%	0.98%	0.66%	-32%

In FY2013, the volume of BTA decisions appealed to a higher court increased by 29% over FY2012, but decreased relative to the total number of decisions finalized by the Board by 27%. As a reflection of the improved quality of BTA decisions, the appellate courts strongly supported the BTA's determinations of values, affirming the agency in 14 cases (a 75% year-over-year increase), and reversing it in only one (an 80% decrease).

Timeliness

Decisions finalized in FY2013 were pending with the BTA a median of 561 days, compared to a 698-day average for decisions issued in FY2012. At the end of FY2013, the BTA established case management schedules that result in hearing pro se real property valuation (RPV) cases in 120 days from the date the appeal was filed, 180 days for counsel-represented RPV cases, and 270 days Tax Commissioner cases. Even with routine continuance requests, the agency should be able to resolve the vast majority of its cases within a reasonable timeframe.

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Official Acts

The BTA met 22 times in FY2013, issued 10,419 decisions, orders and certifications, and made no rule changes.

Suggestions and Recommendations

The Board of Tax Appeals will be undertaking significant operational and technological changes to address its changing customer base, and to ensure the highest quality of service possible for the taxpayers of Ohio. As an appellate body, however, the BTA's is subject to issues of quality and consistency from county Boards of Revision (BOR) and Tax Commissioner final determinations. In order to make an effective, streamlined appellate process, consistent standards for operational efficiency and work product for the BORs are essential. The BTA encourages the development and implementation of common processes, standardized outputs, and uniform, transparent decision criteria at the county Boards of Revision to better serve the citizens of Ohio, and to significantly reduce the caseload on appellate courts and judicial bodies related to tax appeals.