

Real Property Tax Exemption In Ohio

Presented By:

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Division of Tax Equalization



Department of
Taxation

Overview

- Exemption Basics
- Jurisdictional Requirements
- Common Statutes
- Application Review & Factors Considered by the Tax Commissioner
- Final Determinations
- Appeals
- Complaints
- Tax Incentives

Real Property Taxes

- Taxes assessed against land and buildings
- ORC § 5701.02
 - Real property defined as: land, growing crops, plants, trees, shrubs, all buildings, structures, improvements, and fixtures on the land
- ORC § 5709.01
 - All real property is subject to taxation

Exemption Basics

- ORC § 5715.27
 - Application is filed to receive exemption
 - DTE 23 used for vast majority of exemption applications

County name _____	DTE 23 Rev. 4/05																						
Application for Real Property Tax Exemption and Remission																							
Date received by county auditor _____	Date received by DTE _____	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 2px;">Office Use Only</td> </tr> <tr> <td style="text-align: center; padding: 2px;">County application number _____</td> </tr> <tr> <td style="text-align: center; padding: 2px;">DTE application number _____</td> </tr> </table>	Office Use Only	County application number _____	DTE application number _____																		
Office Use Only																							
County application number _____																							
DTE application number _____																							
General Instructions																							
<ul style="list-style-type: none"> • Submit three copies of this application to the auditor's office in the county where the property is located. (Make a copy for your records.) Applications should not be filed until the year following acquisition of the property. The final deadline for filing with the county auditor is Dec. 31 of the year for which exemption is sought. If you need assistance in completing this form, contact your county auditor. • Both the County Auditor's Finding (page 3) and the Treasurer's Certificate (page 4) of this application must be completed. Ask your county auditor for the procedure to follow to obtain the Treasurer's Certificate. When presented with this application, the county treasurer should promptly complete the certificate and return the application to you so it may be filed with the county auditor. The county treasurer should make certain the treasurer's certificate is complete and accurately reflects the payment status of taxes, special assessments penalties, and interest, by tax year. Obtain a copy of the property record card from the county auditor and enclose it with this application. It is the applicant's responsibility to make sure the information supplied by the county auditor and county treasurer is complete and accurate. • Answer all questions on the form. If you need more room for any question, use additional sheets of paper to explain details. Please indicate which question each additional sheet is answering. This application must be signed by the property owner or the property owner's representative. 																							
Please Type or Print Clearly																							
Application is hereby made to have the following property removed from the tax list and duplicate and placed on the tax-exempt list for the current tax year, and to have the taxes and penalties thereon remitted for these preceding tax years:																							
<table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">Applicant Name: _____</td> <td style="width: 10%;">Name</td> <td style="width: 75%;">_____</td> </tr> <tr> <td>Notices concerning this application should be sent to:</td> <td>Name (if different from applicant)</td> <td>_____</td> </tr> <tr> <td></td> <td>Address</td> <td>_____</td> </tr> <tr> <td></td> <td>City</td> <td>_____</td> </tr> <tr> <td></td> <td>State</td> <td>_____</td> </tr> <tr> <td></td> <td>ZIP</td> <td>_____</td> </tr> <tr> <td></td> <td>Telephone number</td> <td>_____</td> </tr> </table>			Applicant Name: _____	Name	_____	Notices concerning this application should be sent to:	Name (if different from applicant)	_____		Address	_____		City	_____		State	_____		ZIP	_____		Telephone number	_____
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	State	_____																					
	ZIP	_____																					
	Telephone number	_____																					
1. Parcel number(s). (If more than four, continue on an attached sheet. All parcels must be in the same school district. <table style="width: 100%; border: none;"> <tr> <td style="width: 10%;">a) _____</td> </tr> <tr> <td>b) _____</td> </tr> <tr> <td>c) _____</td> </tr> <tr> <td>d) _____</td> </tr> </table>			a) _____	b) _____	c) _____	d) _____																	
a) _____																							
b) _____																							
c) _____																							
d) _____																							
2. School district where located _____																							
3. Total size of parcel(s) <input type="checkbox"/> Less than ONE acre <input type="checkbox"/> One acre or MORE Number of acres _____																							
4. Street address or location of property _____																							
- 1 -																							

Exemption Basics Cont.

- DTE 23
 - Applicant completes pages one and two, and signs page three
 - County Auditor and Treasurer complete remainder of page three and page four, respectively
 - County Auditor performs review of property and includes value information
 - County treasurer certifies paid-through date for real property taxes
- Completed application forwarded to ODT

Exemption Basics Cont.

- As of 2012, pursuant to ORC § 5715.27, County Auditors have limited jurisdiction
 - Applications for the following are not forwarded to ODT:
 - Public Roadways
 - State Universities
 - United States of America
 - Additions to already exempt public structures

Jurisdictional Issues

- Ownership
- ORC § 5727.15
 - Applicants are limited to the following
 - Owner (legal titleholder)
 - Vendee in possession
 - Lessee under a minimum 30 year lease
 - Beneficiary or trustee of a trust



Jurisdictional Issues Cont.

- Taxes
- ORC § 5713.08
 - County Treasurer must certify most recent assessed and paid-through dates for real property taxes
 - must list the year and amount of any unpaid, delinquent taxes
 - Page four of DTE 23

DTE 23
Rev. 405

Treasurer's Certificate			
<p>If the Treasurer's Certificate is not properly filled out and signed, the tax commissioner will have no jurisdiction to act on the application, and it will be subject to dismissal.</p> <p style="text-align: center;">(Notice to treasurer: The first paragraph of this certificate must always be complete.)</p> <p>I hereby certify that all taxes, special assessments, penalties and interest levied and assessed against the above described property have been paid in full to and including the tax year _____. The most recent year for which taxes and special assessments have been charged is tax year _____.</p> <p>I further certify that the only unpaid taxes, special assessments, penalties and interest that have been charged against this property are as follows:</p>			
Parcel Number	Tax Year	Taxes (including penalties and interest)	Special Assessments (including penalties and interest)
<p><i>If additional years are unpaid, please list on an attached sheet.</i></p> <p>Have tax certificates been sold under R.C. 5721.32 or 5721.33 for any of the property subject to this application? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are any unpaid taxes listed on this certificate subject to a valid delinquent tax contract under R.C. 323.31(A)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, list tax years _____</p> <p>Comments:</p> 			
_____		_____	
County treasurer (signature)		Date	

Jurisdictional Issues Cont.

- Non-remittable Taxes
 - All taxes that are not remittable must be certified as paid by the County Treasurer
 - Per ORC § 5713.081, remission of taxes cannot exceed three tax years prior to the year of application
 - Delinquent tax contract for inability to satisfy full amount due

Jurisdictional Issues Cont.

- Property use and ownership as of January 1 for a given year determines its eligibility for exemption for that year.
- In almost all circumstances, partial year exemptions are not available
 - Exceptions include State of Ohio property (including state universities) and property exempt pursuant to ORC § 5709.12(E)

Jurisdictional Issues Cont.

- Non-remittable Taxes
 - Applications filed by a purchaser under land contract are not considered filed by the “owner” for purposes of ORC § 5713.08 and are not eligible for remission



Jurisdictional Issues Cont.

- Unpaid, Non-remittable Taxes
 - If non-remittable taxes are unpaid, the Tax Commissioner or Auditor must notify the applicant
 - The applicant has 60 days to respond with an updated treasurer's certificate showing all non-remittable taxes have been paid
 - No extension is available and the application will be dismissed if the applicant does not respond with the requisite information within 60 days

Jurisdictional Issues Cont.

- If the Tax Commissioner or Auditor lacks jurisdiction to consider an application, he or she must issue a final determination to dismiss, rather than a grant or deny

Common Exemption Statutes

- Major Sections:
 - ORC § 5709.08: Public Purpose
 - ORC § 5709.07: Public Worship/Private School
 - ORC § 5709.12: Charitable Use
 - ORC § 3313.44: Board of Education



Public Purpose Exemption

- ORC § 5709.08 provides exemption for real property “used exclusively for a public purpose”
 - Must be owned by a public entity
 - Must be used exclusively for public purposes



Public Worship Exemption

- ORC § 5709.07(A)(2) provides exemption for real property “used exclusively for public worship”
 - No ownership test to qualify
 - Use must be exclusively for public worship
 - Leased worship facilities qualify, regardless of rent
 - Land leased for profit does not qualify



Private Schoolhouse Exemption

- ORC § 5709.07(A)(1) provides exemption for real property “used by a school for primary or secondary educational purposes”
 - No ownership test
 - Leased property qualifies as of 2011



Charitable Use Exemption

- ORC § 5709.12 provides exemption for real property “belonging to institutions that is used exclusively for charitable purposes”
 - Owner must be an institution
 - IRS 501(c)(3) designation does not automatically qualify

Board of Education Exemption

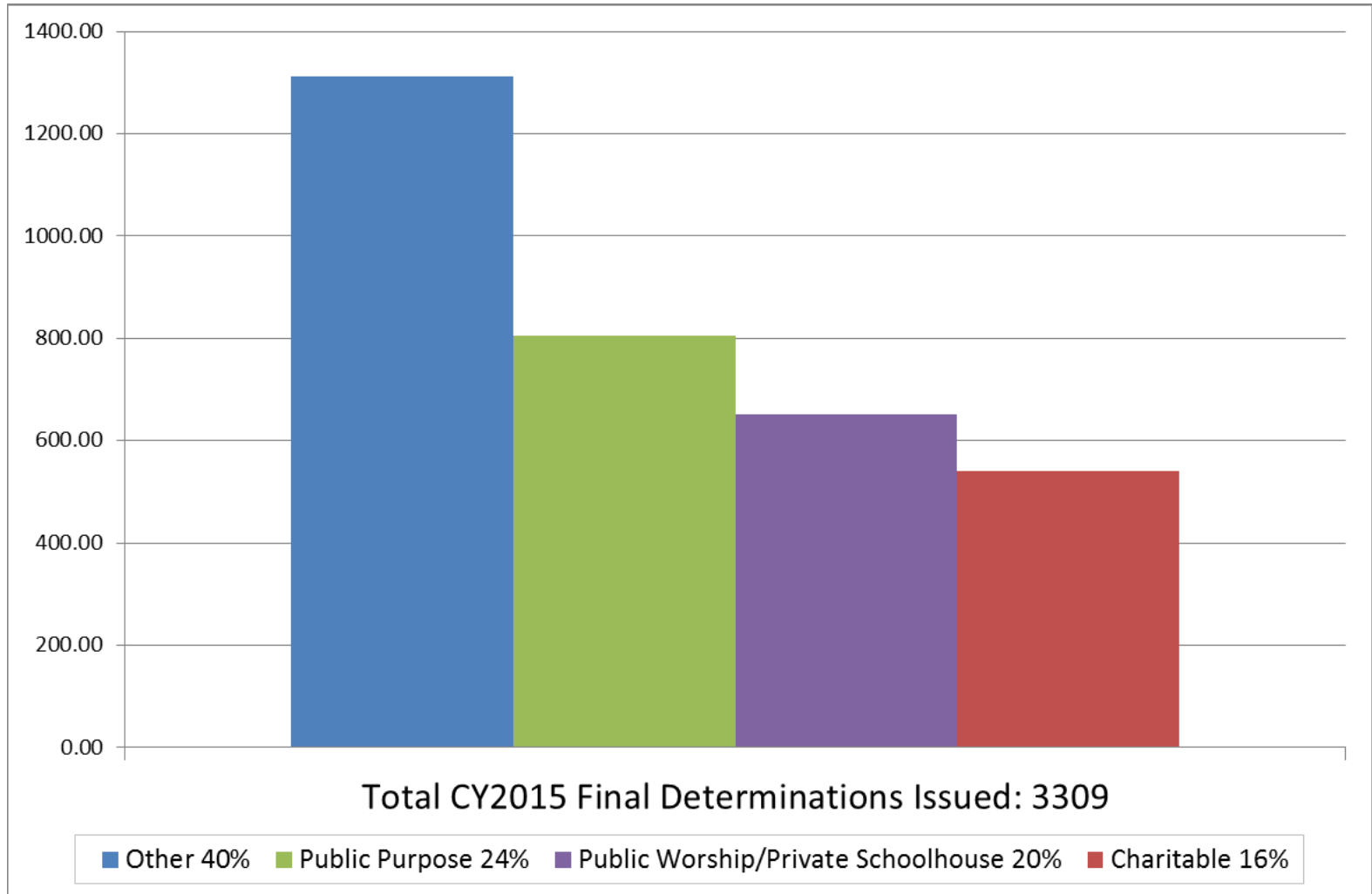
- ORC § 3313.44 provides exemption for real property “owned by or leased to any board of education”
 - No use test
 - Lease term must be at least 50 years



Other Exemptions

- Many other exemptions available, Including:
 - Regional Transit Authority, Public and Private Universities and Colleges, Metropolitan Housing Authorities, Municipal Utility Works, Rural Water Systems, Graveyards, Port Authorities, Fairgrounds, Homes for the Aged, Nature Preserve, Veterans and Fraternal Organizations, Tax Increment Financing, Enterprise Zones
 - Individual statutes vary in restrictions to exemption eligibility

Exemption Statistics



Application Review

- Once jurisdiction is determined, the Tax Commissioner or Auditor reviews the application and supporting documentation
 - Additional research conducted
 - Internet/records searches
 - Conversations with Auditor, Treasurer, local elected officials, etc.
 - Additional information may be requested
 - Generally, the request is sent via mail and 30 days are allotted for applicant's response

Application Review

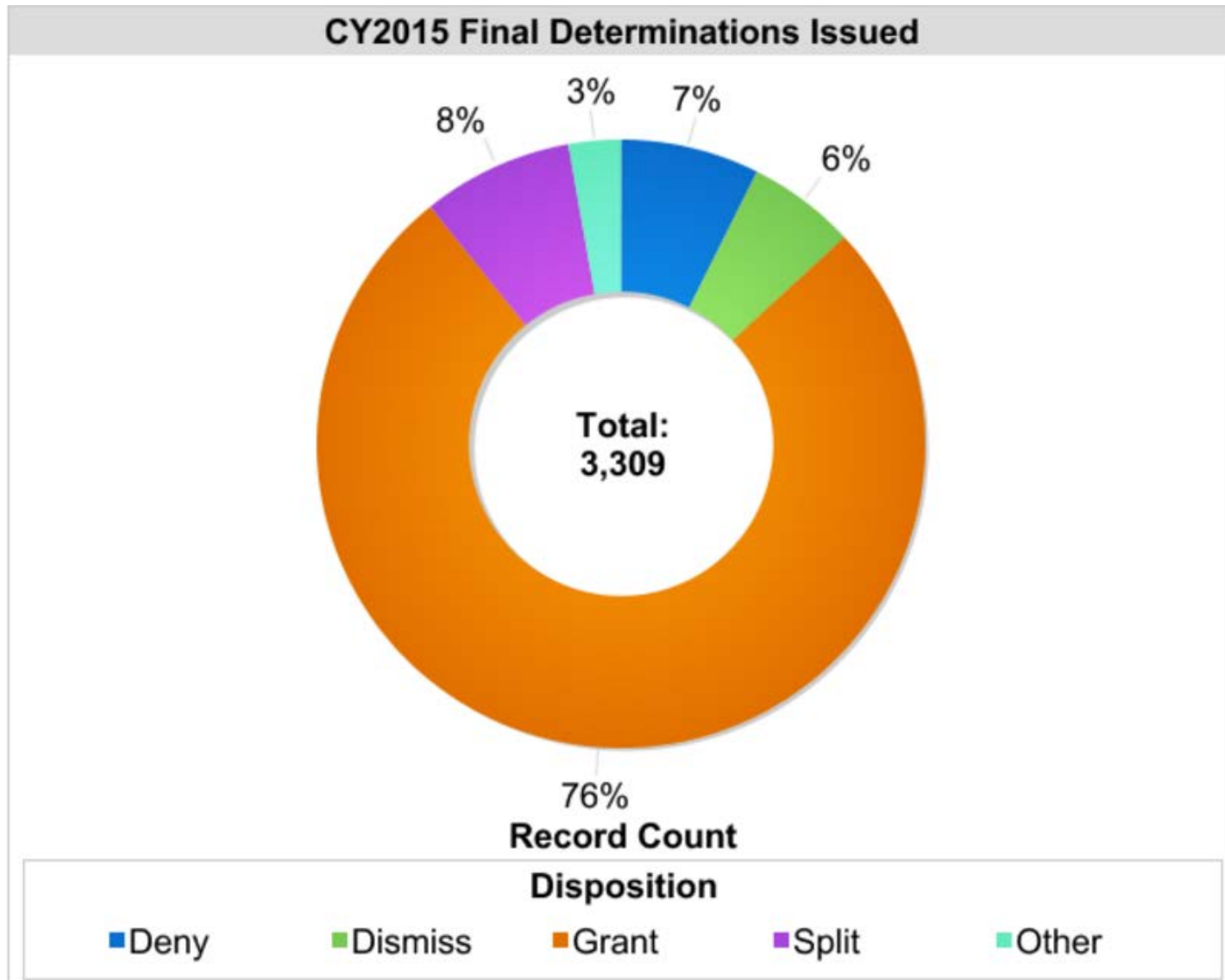
- ORC § 5715.271
 - The burden of proof is on the applicant
- Applications for which an additional information request has been sent but no response or an inadequate response has been received are denied



Final Determination

- The Tax Commissioner may issue a Final Determination containing the following dispositions:
 - Grant
 - Deny
 - Split (partial grant pursuant to ORC § 5713.04)
 - Dismiss
 - Remand (county auditor has jurisdiction)
 - Vacate

Final Determination Cont.



Right to Appeal

- ORC § 5717.02
 - Appeal from final determination by the Tax Commissioner or County Auditor
 - The applicant, County Auditor or participating school district may file an appeal
 - Usually for instances where all information for decision was available but decision not agreed upon by applicant or participating parties
- Submitted to the Board of Tax Appeals
- Notice of appeal must be filed within 60 days of receipt of final determination

Right to Appeal Cont.

- Appeal must clearly state errors believed to be made by the Tax Commissioner
 - must be accompanied by the final determination
- Tax Commissioner must also receive the appeal notice from the applicant
 - Appeals received late or not received by either the BTA or Tax Commissioner do not meet the requirements and cannot be considered

Complaints

- ORC § 5715.27
 - Property owners residing in a county where a property has been granted exemption may file a complaint against its continued exemption
 - DTE 23B
- Complaint will be reviewed for year in which it is filed

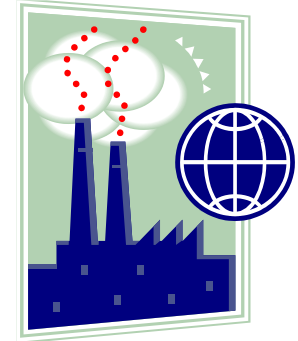


**HAVE A
COMPLAINT?**

Complaints Cont.

- Auditor may restore property or forward complaint to the Tax Commissioner
 - Complaints received after the county auditor restores the subject property are dismissed
- Tax Commissioner reviews complaints in the same manner as regular exemption applications

Tax Incentives



- Tax Increment Financing (TIF):
 - Exempts an incremental increase in value.
 - Instead, the owner makes service payments equal to the amount of taxes on the property.
 - Service payments are used to fund public infrastructure improvements.
 - Enacted by ordinance or resolution.

Types of TIFs

- Project TIF [R.C. 5709.40(B), .73(B) and .78(A)]
 - Project area defined by parcel.
 - Generally, cannot TIF residential property
 - Exception to this is residential property located in a blighted area of an impacted city.
- TIF District [R.C. 5709.40(C), .73(C) and .78(B)]
 - Geographic area prescribed by the political subdivision
 - No larger than 300 acres

Types of TIFs

- TIF District (continued):
 - Area must exhibit at least one of the characteristics of economic distress as defined in the Revised Code.
 - Can include residential property
 - Cannot include property that has been subject to a prior TIF
 - Cannot be part of a future TIF

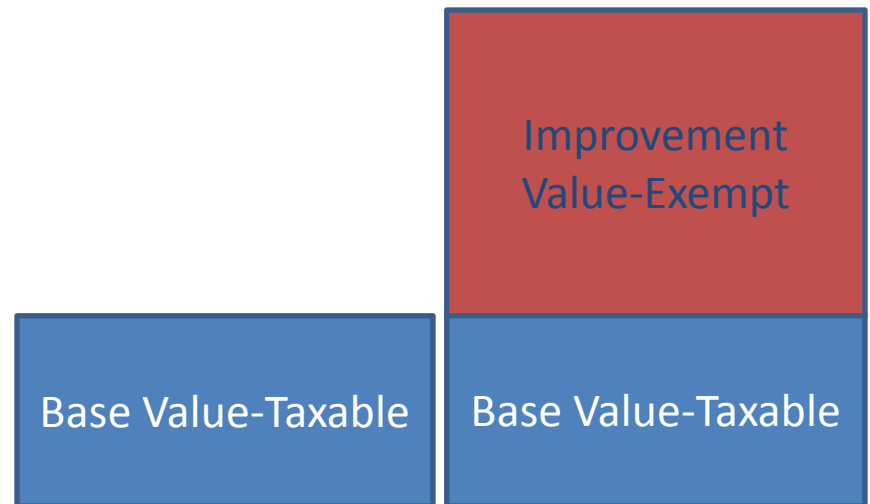


TIF Terms

- Generally, a TIF can only exempt up to 75% of the value of the improvements for a term of up to 10 years.
- Up to 100% and 30 Years available with consent of the school board.
- TIF ordinance or resolution must specify both the rate and term of the exemption.

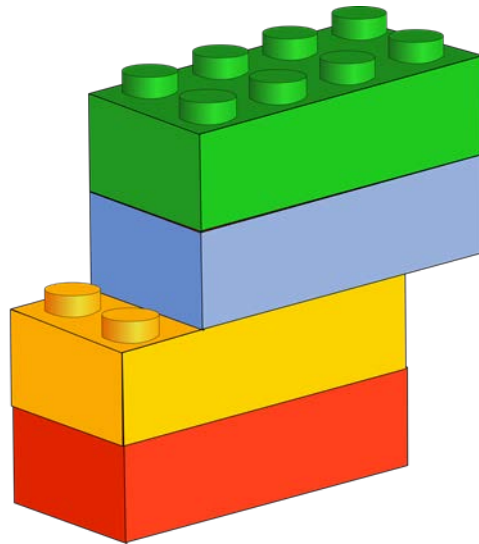
What's Exempt?

- A TIF exemption only extends to the improvements on the property which take place *after* the TIF ordinance or resolution is passed.
- “Improvement” is defined in statute as any increase in the assessed value of the property after the effective date of the ordinance.



What's Exempt?

- Effectively, a TIF exemption captures the value of any new construction on the subject property, as well as the increase in the value of the underlying real estate.



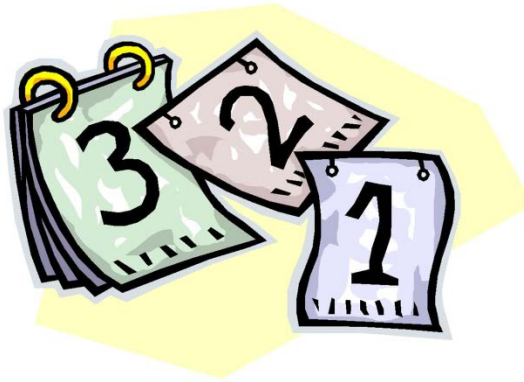
When does the exemption begin?

- Political subdivision can specify year, threshold value or completion of construction.
- If no year is specified, exemption starts the first tax year after the effective date of the ordinance or resolution.



When does it end?

- A TIF exemption ends in the earlier of either the year specified in the ordinance/resolution or when the specified public improvements have been paid in full.



TIF Exemption Procedures

- Locally originated:
 - TIF Ordinance or Resolution
 - TIF Agreement
- Tax Commissioner exempts the property.

TIF Exemption Procedures

- Exemption application: DTE24 Tax Incentive Program Real Property Tax Exemption and Remission form.
- Who files?
 - The owner of the property
 - The enacting political subdivision
 - May file with or without the owner's consent. (see DTE 24P).

TIF Exemption Procedures

- The Tax Commissioner will act upon the exemption application “as filed” as to parcel numbers.
- Typically, the final determination will not take into account any splits or combinations that may take place subsequent to the filing of the application.

TIF Exemption Procedures

- The TIF exemption will always apply to the real property itself, rather than the parcel number, for purposes of determining base value.
- Consequently, any splits, combinations or cut-ups must maintain the appropriate base value for property that is subject to the TIF.

Competing Exemptions

- R.C 5709.911: TIFs and Other Exemptions
 - Establishes priority rules when more than one exemption applies to a parcel.
 - Takes into account the impact of a TIF on the other exemptions available under R.C.



Competing Exemptions

- TIF exemption filed by the owner of the property or with the owner's consent is superior to any other subsequent exemption.
 - Notice of the TIF exemption must be filed with the County Recorder.
- TIF exemption filed by the political subdivision is subordinate to a subsequent exemption.

Competing Exemptions

- Priority Rules can be changed after the fact:
 - An owner can file written consent with the Tax Commissioner to give the TIF exemption priority.
 - A political subdivision can, by ordinance or resolution, consent to another exemption having priority over the TIF exemption.



Questions?

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