

## Publications

### *Client Alert: Time is Now for Central Ohio Property Owners to Challenge Property Tax Valuation Increases*

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Several central Ohio auditors have recently released updated property appraisals used to determine property taxes to be paid over the next three years. Auditors within these reappraisal counties – which include Franklin, Delaware, Licking and Pickaway counties in central Ohio – have set deadlines to challenge these new estimates. Property owners who wish to dispute the appraisals have a limited window to do so.

Franklin County announced that residential values have risen 14% since they were last appraised three years ago. However, the actual increase in tax will vary based upon the relative revaluation of all properties in a taxing district and the application of Ohio's mandated tax reduction factors.

### What Should Property Owners Know?

The task of reappraising every property in the county is no small task. Franklin County, for example, has set new values for more than 428,000 parcels. All of this was done through mass appraisal techniques that do not allow for consideration of the unique challenges facing a property.

Given the challenge of re-valuing all properties in a county, it can be difficult for the auditor's office to fully understand specific challenges facing a property. While, for the Columbus market, CoStar reports increases in asking rents between 2011 and first quarter 2017 ranging from 25% for retail to 10% for office, the general increases are not shared by each property in the market.

### What Can Property Owners Do?

Since the county has limited ability to make special considerations for each unique property, part of the responsibility for making sure that properties are fairly assessed falls upon property owners and their advisors. Property owners need to review their individual assessments to determine if they are truly reflective of market value for that property. If a property owner wants to challenge the assessment, this is an important opportunity that should not be ignored. Deadlines for

informal challenges are different in each of the central Ohio counties, and detailed information can be found by contacting the auditors in each county. In Franklin County, informal hearings will be scheduled September 5-28. If you miss the informal hearing deadline or your county is not hosting them, you must submit your formal appeal by March 31, 2018.

### Do Commercial Property Owners Face Different Challenges?

Adding to the challenges faced by county auditors are the changes made since the last reappraisal to Ohio tax valuation statutes. These changes are most applicable to commercial property and specify the interest in real estate, the fee simple interest, that is to be valued and lessen the reliance upon recorded arm's length sales, from a "shall" rely upon to a "may" rely upon standard. Several cases that will define the application of these changes have been recently decided by the Ohio Supreme Court or decisions are expected soon. Commercial property owners should understand how these changes could impact their tax valuations—both up and down.

### What Does a Tax Valuation Increase Actually Mean?

An increase in tax valuation does not generally equate to an equal increase in taxes. This is because of Ohio's tax reduction factors that were enacted in the 1970s. The goal of these factors was to limit tax increases in periods of rapidly increasing property values. For most levies, these reduction factors cap the total amount of taxes raised such that when values increase the effective tax rate is decreased. As a result, the overall impact of tax valuation increases is muted and the impact on an individual property can vary depending upon how an individual property's value changes relative to other properties in the taxing district.

Property owners who have received their updated valuations should act quickly to meet the deadlines to challenge the appraisal in their jurisdiction. Please contact your Vorys lawyer or one of the real property valuation attorneys listed on this alert.