

Publications

Ohio Legislative Developments—Conveyance Tax Exemptions Focus of Coming Legislation

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The below legislation is currently pending or will be introduced soon. If these proposals are passed by the legislature and signed by the governor they have the potential to significantly change real property taxation in Ohio both procedurally and substantively. A summary of the noteworthy legislation is summarized below:

To Be Introduced—Conveyance Tax Legislation. Early in 2018, legislation supported by the County Auditor's Association of Ohio (CAAO) is expected to be introduced to address the collection of conveyance taxes when real estate is transferred via an exempt transfer, many times as a capital contribution or in an entity sale. Currently, capital contributions of a property to a new wholly-owned entity are exempt from conveyance tax and sales of membership interests are likewise not subject to conveyance tax. Although the exact language of the bill is not yet available, the indication is that the CAAO proposal will seek to impose a conveyance tax on this contribution even though no consideration is paid. Alternatively, the legislation could seek to make the sale of an entity interest, if the entity's assets are primarily real estate, subject to conveyance tax.

House Bill 343. This legislation would require local governments to pass an authorizing resolution in order to contest property values and to notify property owners prior to filing a complaint. More specifically, a board of county commissioners, a board of township trustees, the board of education of a school district, or the mayor or legislative authority cannot file a complaint or counter-complaint unless the local government first adopts a resolution authorizing the filing of the complaint or counter-complaint, which must include:

- Identification of the parcel or parcels that are subject of the proposed complaint or counter-complaint by street address and parcel
- The name of the owner(s) of record
- The basis for the complaint

Furthermore, prior to adopting such a resolution, written notice must be provided by mail and shall be postmarked at least seven business days before the board or legislative authority adopts the resolution. If the resolution is adopted and the complaint or counter-complaint is filed the resolution must be attached to the complaint or counter-complaint when filed.

House Bill 371. This legislation would exempt from property taxation the increased value of land subdivided for residential development until construction commences or the land is sold. This exemption would apply for a period up to eight years or until the property is sold. The construction of streets, curbs, driveways or the installation of water, sewer, or other utility lines does not cause construction to commence for purpose of this exemption. A qualifying applicant would be required to apply for this exemption and establish that it qualifies as a pre-residential development property.

Vorys has significant experience in real property tax assessments. To discuss how this legislation may impact your business, please contact your Vorys attorney.