



COUNTY ADVISORY BULLETIN

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House Bill 95 of 125th General Assembly Creates Four New Spending Categories for Monies in Real Estate Assessment Fund

Effective Date: September 26, 2003.

Revised Code Sections Affected: **325.31** (amended).

Real Estate Assessment (REA) Fund

Ohio Revised Code (ORC) section 319.54 (B) directs the county treasurer to pay into the county treasury, to the credit of the real estate assessment (REA) fund created in ORC 325.31, a percentage of monies collected by the treasurer on all the tax duplicates of the county, *except the estate tax duplicate*. Also deposited in the REA fund is a percentage of monies received by the treasurer as advance payments of personal property and classified property taxes.

The amount of money collected from those sources to be deposited in the REA fund is determined by the county auditor. However, under ORC 319.54 (B), the amount *cannot exceed* the following percentages:

- 1) on the first \$100,000 of monies collected by the county treasurer from the tax duplicates, three and one-half percent;
- 2) on the next \$3 million of monies collected by the county treasurer from the tax duplicates, one and three-eighths percent;
- 3) on the next \$3 million of monies collected by the county treasurer from the tax

duplicates, one percent;

4) on all further amounts up to, but not exceeding, \$150 million of monies collected by the county treasurer from the tax duplicates, three-quarters of one percent; and

5) on any amount exceeding \$150 million of monies collected by the county treasurer from the tax duplicates, six-tenths of one percent.

This compensation to the REA fund is to be apportioned ratably by the county auditor and deducted from the shares of collected tax revenue payable to the state, as well as to the county, and to the townships, municipal corporations and school districts within the county. ORC 319.54 (B).

Before the enactment of House Bill 95 of the 125th General Assembly, the monies in the REA could be spent, upon appropriation by a board of county commissioners for two purposes. First, they could be spent to defray the costs incurred by the county auditor in assessing real estate in accordance with ORC Chapter 5713, or to defray the costs incurred by the auditor in assessing manufactured and mobile homes in accordance with ORC Chapter 4503. This use is now listed in ORC 325.31(B) (1).

Upon appropriation by the board of county commissioners, *and at the discretion of the county auditor*, the monies in the REA fund also could be used for a second purpose: to pay for expenses incurred by the county board of revision under ORC Chapter 5715. This use is now listed in ORC 325.31 (B) (3).

Newly Authorized Uses for Monies in the REA Fund

In addition to the uses described above, House Bill 95 creates four additional authorized uses for monies in the REA fund. All of these uses may be employed, upon appropriation by the board of county commissioners, and at the discretion of the auditor:

1) costs and expenses incurred by the county auditor in preparing the list of real and public utility property, in administering laws related to the taxation of real property and the levying of special assessments on real property, including administering property tax reduction programs under ORC Chapters 319 and 323 and ORC 4503.065, and to support assessments of real property in any administrative or judicial proceedings. ORC 325.31 (B) (2).

2) expenses incurred by the county auditor for geographic information systems (GIS) mapping programs, and technological advances in GIS systems or mapping programs, or for similar systems or programs. ORC 325.31 (B) (4).

3) expenses incurred by the county auditor in compiling the general tax list of tangible personal property taxes and administering tangible personal property taxes under ORC Chapters 5711 and 5719. ORC 325.31 (B) (5).

- 4) costs, expenses and fees incurred by the county auditor in the administration of estate taxes under ORC Chapter 5731. ORC 325.31 (B) (6).

Points to Remember on the REA Fund

Any expenditures made from the REA fund also must comply with the rules adopted by the tax commissioner under division (O) of ORC section 5703.05. Those rules can be found in the Ohio Administrative Code (OAC) Chapters 5703-25-55 and 5705-25-56 and in their current form only address expenditures for real estate assessment and the board of revision.

Among the current rules in OAC Chapter 5705-25-55 is one that requires a copy of any property appraisal plans, progress of work reports, contracts, or other documents required to be filed with the tax commissioner, also be filed with the board of county commissioners. OAC 5705-25-55 (F). This requirement applies to any person filing any applicable document with the tax commissioner, whether that person is the county auditor, an individual appraiser, an appraisal firm, a consultant, or a computer firm.

A board of county commissioners is barred under ORC 325.31 from transferring monies required to be deposited in the REA fund to any other fund. After the sexennial reappraisal is completed, any monies not used by the auditor to defray the costs of assessing real estate, manufactured homes or mobile homes, or pay the expenses of the county board of revision, or for any of the four newly authorized uses described above, are to be apportioned ratably and distributed back to all taxing districts that contributed to the fund. However, no distribution is to be made to the contributing taxing districts if the amount of unexpended monies in the fund does not exceed \$5,000.

If a board of county commissioners fails to appropriate enough money for the county auditor's assessment activities, the auditor, under the general authority granted to him or her by ORC section 5713.01, may apply to the state tax commissioner for an additional allowance. OAC 5705-25-55 (E).

However, ORC 325.20 (B) bars the auditor from applying to the tax commissioner for authority to spend monies from the REA fund for out-of-state travel. Under 325.20 (B), the auditor, in this particular instance, must apply to the board of county commissioners in writing, showing the necessity of the travel and the probable costs to the county from the REA fund, if the travel expense will, or may exceed, \$100. The board of county commissioners must approve or disapprove the auditor's request to use REA funds for this particular purpose. The board's decision is final.

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