

Lawrence County Auditor

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Don't be fooled by the noise some folks are bringing to social media about the valuation process that the County Auditor must follow, the values that are determined by that process, and the resulting property taxes that are charged based upon the levies approved by the voters.

Under law, the County Auditor cannot raise or lower property taxes. Tax rates are determined by the budgetary requests of each governmental unit, as authorized by the vote of the people, and are computed in strict accordance with procedures required by the Division of Tax Equalization, Ohio Department of Taxation. For taxation purposes, properties are assessed at 35% of fair market value.

Your tax bill is based on the assessed value of your property, multiplied by the tax rate in your community. This is your proportional share of the cost of operating your local government including schools, townships, villages and the county.

Ohio law limits the amount of taxation without a vote of the people to what is known as the "10 mill limitation" (\$10.00 per \$1,000 of assessed valuation). Any additional real estate taxes for any purpose must be voted by county residents. Your "tax rate" is an accumulation of all these levies and bond issues.

The County Auditor, under the approval of the Division of Tax Equalization, Ohio Department of Taxation, does have the duty of appraising all properties in the county, and must set those values so that they reflect the local real estate market. If the Auditor fails to do so, the Department of Taxation will order a stop to all payments from the State of Ohio to all county entities (including schools, townships, municipalities, etc.) until such time as the Auditor complies with the law. (See Ohio Administrative Code 5703-25 for the full set of rules the County Auditor must follow)

There are 3 ways (approaches) to use in appraising property; Income, Sales Comparison, and Cost. Regardless of the method used, the end result is that the values set reflect what the property would sell for between a willing buyer and a willing seller (the definition of **market value**).

Specifically, Ohio Administrative Code 5703-25-07 (E) (the rules development by the Department of Taxation for County Auditor's to follow) states: **Ideally, all three approaches should be used but due to cost and time limitations, the cost approach as set forth in these rules is generally an appropriate first step in valuation for tax purposes. Values obtained by the cost approach should always be checked by the use of at least one of the other approaches if possible. In the event the auditor uses approaches of estimating true value other than the cost approach appropriate notations shall be shown on the property record.**

In prior years, the Auditor's office has attempted to gather income and expense information from our commercial and industrial property owners to be able to develop values using the income method, but the property owners never supplied the requested information. This method is

typically only able used during the complaint process through the Board of Revision. While we have several commercial/industrial sales each year, Lawrence County also does not have a sufficient commercial/industrial market to be able to reliably set values strictly on a market

comparison basis. This leaves us with one choice, and that is the **cost approach**, and verifying the values derived from this approach against properties with sales information.

The county has always used the cost approach in valuing commercial/industrial properties. However in the past, this was a manual process done by various individuals employed by the appraisal company that is hired to aid the county in the appraisal process. For Tax Year 2019 (taxes paid in 2020) a new computerized pricing system was put into place to standardize the process and make it more efficient.

In this process, there were 395 parcels that decreased in value, 1,028 that increased, and 1,304 that had no change in value. There were more parcels in total with no change or a decrease than those that increased. For any parcel, (especially those that increased) look to see if the property has sold, and then look at the value that has been placed on it. Is the value substantially over the sale price? In many, cases the sales price is still higher than the new value. If that is not the case, then there is a process that a complaint can be filed with the Board of Revision (a panel made up of the County Auditor, County Treasurer, and a County Commissioner, or any of their designees) to have the value reexamined, but the Auditor cannot do that on his/her own. The only changes the Auditor can make, after the values have been adopted by the Department of Taxation, are those that are clerical in nature (correcting a typo, incorrect number of bathrooms, etc.) any substantive changes can only **legally** be made by the Board of Revision.

There is room for error, and there is a process with which to correct those errors should they occur. The county has around 56,000 parcels that must be valued. Even if there is only a 1% error rate (which is extremely low in any mass processing) that means that the auditor's office should have 560 complaints filed. At this time we have around 150 complaints on file.

Hopefully you have found this information useful. Knowledge is powerful, please empower yourself by seeking out the truth from reputable resources.