

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **TAX - OHIO**

### **Arbors East RE, L.L.C. v. Franklin County Board of Revision**

**Supreme Court of Ohio - April 26, 2018 - N.E.3d - 2018 WL 1960265 - 2018 -Ohio- 1611**

Following county auditor's valuation of property, which was nursing home, for property tax purposes, city board of education filed valuation complaint, seeking increase in value to full sale price from recent sale. Taxpayer filed separate original complaint seeking reduced valuation.

The Franklin County Board of revision ordered reduction in value for furniture, fixtures, and equipment. Taxpayer appealed. The Board of Tax Appeals reinstated entire sale price as value of real estate. Taxpayer appealed.

The Supreme Court of Ohio held that:

- Board of Tax Appeals was required to exercise its authority to supplement the record with omitted evidence, and
- Lack of allocation documentation contemporaneous with sale did not preclude allocation to real estate and business activities in determining valuation.

Board of Tax Appeals was required to exercise its statutory authority to supplement record with omitted documents from proceedings before county board of revision, as well as any other evidence Board deemed material to its determination regarding valuation of nursing home purchased by taxpayer for property tax purposes, though taxpayer did not ensure record was complete; taxpayer obtained partial reduction in valuation by county board based on evidence that county board failed to transmit to appellate Board, including evidence that sale of property was going-concern sale and that there was sufficient basis for allocating portion of sale price to furniture, fixtures, and equipment, and taxpayer was entitled to reasonably rely on county board's statutory duty to transmit all evidence submitted to it.

Lack of documentation of allocation of sale price contemporaneous with sale of nursing home facility did not prohibit subsequent allocation of sale price among facility's real estate and business activities, including its licenses, furniture, fixtures, and equipment, and business goodwill, in determining valuation of real estate for property tax purposes; appraisal testimony was offered to show that the original report of the total sale price on the conveyance-fee statement did not reflect the property value, and appraisal was particularly incisive under the circumstances, given that its examination of the market involved not merely a valuation of the real estate component, but also a justification for viewing the total sale price as consisting of realty and nonrealty components.