Bond Case Briefs

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RiverSouth Authority v. Harris

Supreme Court of Ohio - June 26, 2026 - N.E.3d - 2026 WL 1839607 - 2026-Ohio-2396

Public entity owner of city-leased parking garage appealed board of tax appeals' decision affirming tax commissioner's denial of real property tax exemption for property used exclusively for public purposes based on a management company's involvement in garage operations.

The Supreme Court held that:

- Board improperly affirmed commissioner's final determination based on a new issue that board raised sua sponte, and
- City's hiring of management company to operate day-to-day activities of parking garage did not override city's direction and control of public property.

Board of tax appeals improperly affirmed tax commissioner's final determination denying public purpose real property tax exemption for city-leased parking garage due to its operation by for-profit entity that was hired by non-profit management company contracted by city, based on new issue concerning management company's involvement without complying with remand procedure set forth in statute governing taxation appeals; garage owner sought reversal based on only grounds which tax commissioner denied exemption, and board sua sponte raised and decided issue of management company's involvement without providing owner notice that an alternative ground was at issue.

City retained direction or control over operation, maintenance, protection, and repair of city-leased parking garage, so as to be entitled to real property tax exemption applicable to property used exclusively for public purposes, even though management company was responsible for day-to-day operations and maintenance, where agreement between city and management company required management company to discharge its responsibilities in such way as to ensure that city met its obligations under its second supplemental lease with garage owner, and it also required management company to obtain city approval for emergency-repair and operating expenses over a certain monetary threshold.