

# **Bond Case Briefs**

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## **TAX - OHIO**

### **Buckeye Terminals, L.L.C. v. Franklin County Board of Revision**

**Supreme Court of Ohio - September 21, 2017 - N.E.3d - 2017 WL 4195675 - 2017 -Ohio-7664**

City school board filed a complaint challenging the auditor's valuation of real property for tax purposes. The Franklin County Board of Revision increased the value of the property.

Taxpayer appealed. The Board of Tax Appeals affirmed. Taxpayer appealed.

The Supreme Court of Ohio held that:

- Taxpayer bore the burden of demonstrating that the value reported on its initial conveyance-fee statement did not reflect the property's true value;
- Board of Tax Appeals was required to independently determine whether taxpayer had demonstrated that the value reported on its initial conveyance-fee statement did not accurately reflect the property's true value;
- Spreadsheet offered by taxpayer was admissible under the business-record exception to the hearsay rule;
- Board of Tax Appeals abused its discretion by rejecting taxpayer's appraiser's testimony and appraisal report as evidence that the conveyance-fee statement did not accurately reflect the property's value;
- Board of Tax Appeals abused its discretion in rejecting testimony regarding the property's value based on the witnesses lack of involvement prior to consummation of the bulk sale; and
- Board of Tax Appeals was required to independently determine the property's true value.

Board of Tax Appeals was permitted to supplement record transmitted from county board of revision with original conveyance-fee statement and deed in dispute over valuation of real property for tax purposes; conveyance-fee statement and deed had been submitted to board of revision, and board of revision was required to preserve and transmit the documents to the Board of Tax Appeals, but failed to satisfy its statutory duties.

A school board, as the proponent of using a reported sale price to value real property, makes a prima facie case when it submits basic documentation of the sale, the conveyance fee and deed; the conveyance fee and deed create a rebuttable presumption that the sale met the requirements that characterize true value.

Taxpayer bore the burden of demonstrating that the value of real property reported on its initial conveyance-fee statement did not reflect the property's true value for tax purposes; property had been purchased as part of a bulk sale, and, because conveyance fee and deed created a rebuttable presumption that they reflected the true value, taxpayer's burden was not to simply show that it made a mistake in allocating the bulk-purchase price or in completing the conveyance-fee statement.

Board of Tax Appeals was required to independently determine whether taxpayer had demonstrated

that the value reported on its initial conveyance-fee statement for real property purchased as part of a bulk sale did not accurately reflect the property's true value for tax purposes, where taxpayer alleged and presented evidence that the fee statement's listed value was in error.

Spreadsheet offered by taxpayer purporting to show that value reported on its initial conveyance-fee statement for real property purchased as part of a bulk sale was incorrect was admissible under the business-record exception to the hearsay rule, in proceedings in front of Board of Tax Appeals relating to the property's value for tax purposes; taxpayer's property-tax manager testified that taxpayer's employees prepared the spreadsheet, that it was kept in the ordinary course of business, and that she was the custodian of the record, and any conflict between the spreadsheet and other evidence regarding the property's value went to the weight of the evidence, not its admissibility as a business record.

Board of Tax Appeals abused its discretion by rejecting taxpayer's appraiser's testimony and appraisal report as evidence that the allocation of a bulk sale price to a particular parcel of real property reported on taxpayer's initial conveyance-fee statement did not accurately reflect the parcel's true value for tax purposes; because taxpayer contended that its reported allocation was erroneous, the Board was required to determine the propriety of the allocation based on the totality of the evidence, including the appraiser's testimony.

Board of Tax Appeals abused its discretion in rejecting testimony regarding the value for tax purposes of property that was purchased as part of a bulk sale based on the witnesses lack of involvement prior to consummation of the bulk sale; taxpayer had engaged witnesses to allocate the bulk-purchase price among the assets it acquired for financial-reporting purposes, which they did guided by generally accepted valuation principles, and fact that the witnesses were not involved in the negotiations of the purchase contract, and instead became involved shortly thereafter, did not undermine their valuations.

In light of the conflicting evidence regarding the true value of real property for tax purposes, Board of Tax Appeals was required to independently determine the property's true value, and not simply value the property, which had been purchased as part of a bulk sale, based on taxpayer's initial conveyance-fee statement; taxpayer presented significant evidence that the conveyance-fee statement did not accurately reflect the parcel's true value for tax purposes.