

# Tax Programs

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## **TAX PROGRAMS**

### **OWNER-OCCUPANCY TAX REDUCTION (Form 105C)**

The owner-occupancy credit is a 2 1/2% reduction in the taxes charged by qualified levies. To receive the owner-occupancy tax reduction, you must own and occupy your home as your principal place of residence on January 1 of the year you file for the reduction. Applications must be received no later than the first Monday in June. Rental properties are ineligible. The reduction remains until the property transfers or you notify our office that the property is no longer your primary residence.

### **HOMESTEAD EXEMPTION**

The homestead exemption is a valuable tax reduction providing Summit County homeowners an average savings of \$535 per year. With homestead, eligible homeowners receive an exemption on the first \$25,000 of appraised value from taxation for a single family home. Eligible Military Veterans receive an additional exemption on the first \$50,000 of appraised value from taxation for a single family home.

#### **Who qualifies for the Homestead Exemption?**

##### **Homeowners over the age of 65 (Form 105A)**

Must not have a total household income over \$31,000 per year if applying in 2015 or \$31,500 if applying in 2016, which includes the Ohio adjusted gross income of the owner and the owner's spouse.

Must be age 65 by December 31.

Must own your home or manufactured home as primary place of residence as of January 1 in year of application.

Must provide proof of age and current residency by submitting a photocopy of photo ID such as driver's license or State of Ohio ID card.

Must complete and submit DTE Form 105H, Addendum to the Homestead Exemption Application for Senior Citizens, Disabled Persons and Surviving Spouses.

##### **Homeowners, under the age of 65, who are permanently and totally disabled (Form 105A, 105B)**

Must not have a total household income over \$31,000 per year if applying in 2015 or \$31,500 if applying in 2016, which includes the Ohio adjusted gross income of the owner and the owner's spouse.

Must be permanently and totally disabled.

Must own your home or manufactured home as primary place of residence as of January 1 in year of application.

Must provide proof of current residency by submitting a photocopy of photo ID such as driver's license or State of Ohio ID card.

Must complete and submit DTE Form 105H, Addendum to the Homestead Exemption Application for Senior Citizens, Disabled Persons and Surviving Spouses.

Must provide documentation of disability (see application for acceptable forms of documentation). The documentation must include the date you were declared disabled

**Military veterans who have either 1.) received a total (100%) disability rating for service-connected disabilities, or 2.) received a total (100%) disability rating for compensation for service-connected disabilities based on a determination of individual unemployability Form 105I)**

Must own your home or manufactured home as primary place of residence as of January 1 in year of application.

Must provide proof of current residency by submitting a photocopy of photo ID such as driver's license or State of Ohio ID card.

Provide a copy of military discharge form DD214, displaying an honorable discharge

Provide a copy of the VA award letter either 1.) assigning disability rating at 100%, or 2.) granting total compensation at the 100% level and a copy of the finding that the veterans' application for "individual unemployability" (also referred to as "IU") has been granted

**Homeowners already receiving the Homestead Exemption, who have recently changed residences (Form 105A, 105G)**

Must be currently receiving the Homestead Exemption on a residential property in the state of Ohio.

If you were enrolled in the Homestead Exemption prior to tax year 2014, you may keep the exemption under the previous guidelines. You will not be subject to a means test if you change residences

## **DELINQUENT TAX PAYMENT PLAN**

The Delinquent Tax Payment Plan offers valuable assistance to taxpayers who have fallen behind on the payment of real estate taxes. The program was established in 1987 and has successfully provided assistance to thousands of property owners in Summit County.

The benefit of the Delinquent Tax Payment Plan is it allows residential taxpayers, mobile home owners and business owners to keep their property without the worry of foreclosure, providing they meet the required payment schedule. In addition, our schools benefit from tax revenues otherwise not being collected.

### **How the Delinquent Tax Program Works for You**

Under the program, you will establish a monthly payment plan to fit your needs. After you have committed to the payment plan, all delinquent balances will become frozen in a special payment account; that is, no further interest will be assessed against your delinquent balance.

### **Eligibility Requirements**

To be eligible for the program, you must be delinquent on the payment of your real estate taxes. This means you have missed a first and/or second half payment.

Please note that the program also requires commitment to the following:

Your delinquent balance will be paid off in monthly installments

Additional interest will be abated when program is completed

You MUST pay current taxes when they become due

### **Payment Plans Available**

A Tax Collector will establish your payment plan based on the amount of the delinquency and the financial ability to pay.

We can also put taxpayers in contact with Family Services Consumer Credit Counseling. They are prepared to handle residential delinquent taxpayers who require a budget analysis.

## **REAL ESTATE DISCOUNT (RED) (Information Request Form)**

Thanks to our Charter form of government, Summit County was able to enhance state law to provide a program to better serve our taxpayers. Now we have a program that is effective and serves all property owners.

The Real Estate Discount, or RED, program provides the citizens of Summit County with a method of budgeting their semi-annual tax payments. Further, taxpayers are able to share in

the interest revenues generated from those early payments in the form of a discount credit, which reduces their semi-annual tax bill. This is an opportunity to participate in government and directly benefit from that participation.

### **Eligibility**

All property owners qualify. The property does not have to be owner occupied, but legal owner or authorized agent must sign an agreement for each parcel enrolled prior to making the prepayments. Real estate taxes must be current (no delinquencies or unpaid taxes) to participate in the program.

### **Enrollment**

There are two enrollment cycles, August 1 through October 31 for the first half tax collection and February 1 through March 31 for the second half tax collection.

### **Procedure**

Payments are determined by dividing the current half taxes by 6. The taxpayer will receive 5 of the 6 coupons immediately after receipt of the signed agreement. The taxpayer may choose to pay each coupon monthly, pay the total of all 5 coupons at one time or stagger the payments over the collection cycle.

The 6th coupon is a "balance due bill", which will indicate current taxes, show prepayments and the discount credit earned. The coupon must be paid by the date indicated to avoid any statutory penalties.

### **Discount Credit**

The calculation of the discount credit is based on the average portfolio yield earned by the county for that investment cycle, the amount of payments received and the length of time the payments are invested. Taxpayers can earn a maximum of 5 months interest per tax collection. (February through June and August through December). Simple interest is used and rates are subject to market conditions.

### **Forfeiture of Discount Credit**

Transfer of property ownership prior to close of discount cycle.

Death of taxpayer (only if surviving owner wishes money to be released).

Final balance due bill is not paid by due date indicated on statement.

Refund of prepayment moneys by the discretion of the Fiscal Officer.

## **TAX CERTIFICATE LIENS**

To avoid the sale of a tax certificate lien on your property, you must pay your taxes in full or enter into a payment plan with our Delinquent Tax Department. You may also be responsible for additional fees and costs associated with the tax certificate sale. A Tax Certificate sales is a unique way of collecting all delinquent property taxes owing at one time.

### **Tax Certificates**

A tax certificate transfers the state's first and superior lien on a delinquent parcel to the purchaser of the certificate. The purchaser of a tax certificate holds only the lien against the property, has no legal right of ownership and has no contact with the property owner. The delinquent property taxes are offered by sale by selling tax certificates at a public auction. The person bidding the lowest rate of interest is the successful bidder. The tax certificate is valid for six years from the purchase date. If it has not been redeemed or no action has been taken within the six years, the certificate expires and the holder loses all rights associated with the tax certificate

### **Properties That Can Be Sold at a Tax Certificate Sale**

Any property the county treasurer offers for a tax certificate sale must be certified delinquent for a least one year under current law. Properties that are in bankruptcy or foreclosure will not be offered at the tax certificate sale. Property owners who participate in a Delinquent Tax Payment Plan and have paid their current taxes will not be a part of the tax certificate sale. A county treasurer has full discretion to select and remove a parcel or parcels set for sale. The treasurer also determines the method in which delinquent parcels are sold.

### **All Ohio Counties Can Offer Tax Certificate Sales**

House Bill 371 provides that any of Ohio's 88 counties can collect delinquent property taxes by selling tax certificates at a public auction or through a negotiated sale.

### **Tax Certificate Sales Can Be Held at Anytime**

A county treasurer must first determine the necessity for a tax certificate sale, and then may conduct as many as deemed necessary. Summit County holds one sale each year, usually at the end of each October.

### **Notice to Homeowner of Tax Certificate Sales**

It is up to the county treasurer to determine when to hold a sale. Once a decision has been reached to conduct a sale, the county treasurer is required to send written notice by certified or registered mail either to the owner or to all interested parties of each parcel selected for a tax certificate sale.

### **The County Treasurer Conducts the Sales**

The county treasurer or a designee of the county treasurer must conduct the sale of tax certificates at a public auction. In Summit County, it is the fiscal officer or his designee who must conduct the sale.

Registered bidders submit their bids electronically at a Negotiated Tax Certificate Lien Sale. The Fiscal office reviews all bids and makes the final determination as to who is the successful bidder.

### **Methods of Selling the Certificates ~ How Parcels Are Sold**

The county fiscal officer is responsible for deciding which method will best serve the county and collects the most revenues. We have included three examples in which a county may offer parcels at a tax certificate sale.

- a. Sell selected delinquent parcels at a public auction one parcel at a time.
- b. Sell selected delinquent parcels at a public auction in various bundles, such as five parcels in one bundle; ten parcels in another bundle; thirty parcels in another bundle and so on.
- c. Sell selected delinquent parcels at a public auction in one bundled sale.

That is, all delinquent parcels to be sold as one unit. Bidder buys all. Counties also have the option of conducting a Negotiated Tax Certificate Lien Sale. A negotiated sale is where we send our pending delinquent tax lien file to all interested parties such as banking institutions, members of the National Tax Lien Association and other interested parties.

Under a negotiated sale, delinquent taxes may be sold at a discount or at a premium. Summit County always collects the full amount of delinquent taxes owing. Since the inception of the program in 1998, Summit County has never sold a tax certificate at a discount or a premium.

### **Procedure for Sale by Negotiated Tax Lien**

A county treasurer may negotiate the sale or transfer of any number of tax certificates with one or more interested parties.

Any bidder who is interested in purchasing tax certificates must file a completed Bidder Registration form, along with a \$500 registration fee. All bidders must present a 10% deposit of their intended bid and a letter of financial standing.

Bidders must submit an affidavit of compliance with the applicable eligibility criteria the day of sale; any bidder who fails to submit such an affidavit will be ineligible to purchase tax certificates.

If a bidder doesn't purchase a tax certificate, their deposit will be refunded

The successful bidder's registration fee is applied to the deposit; the bidder must pay the balance of the certificate purchase price within 5 days after the sale.

**SPECIFICATIONS:** Parcels must be purchased for par value – discounts and premiums will not be accepted. Bidders must submit an intended rate of interest for the tax certificate with their qualifying bid. The rate of interest cannot exceed 18% per annum, calculated as simple interest per ORC 5721.41.

The certificate holder shall be the collector of all redemption payment plans. The property owner must contact the purchaser of the lien for payment information. A certificate holder at the end of one year and not later than six years may file a request for foreclosure as long as the tax lien has not yet been redeemed.

Interest will accrue on the tax certificate purchase price at the rate of interest awarded upon delivery of the tax certificates.

Payment options include paying the lien in full or enrolling in a redemption payment plan with the certificate holder. Failure to pay the lien in full or enter into a payment plan may result in the lien holder requesting a foreclosure action.

Tax Certificates are valid for six years from the day of sale. If the certificate holder takes no action, the tax certificate expires.

### **Procedure for Sale by Publication**

A tax certificate sale by public auction may be conducted any time after completion of the county fiscal officer's advertising of the sale.

Bidders at the auction are required to file a completed bidder registration form with the fiscal officer prior to the start of the auction, along with a \$500 registration fee and a tax identification number (or social security number) of the registrant. All bidders must have 10% of the purchase price and a letter of financial standing. The registration fee has to be paid in cash, a certified check, a money order, a bank draft or an electronic transfer of funds. The registration fee is refundable at the end of the bidding on the day of the auction, unless the registrant is a winning bidder.

Next, the sale would begin. A certificate purchase price means the amount equal to delinquent real estate taxes, assessments, penalties and interest and any other charges/fees charged against the parcel or parcels.

At the auction, the county treasurer or the treasurer's designee is to begin the bidding at 18% per year simple interest and can accept lower bids in increments of 0.25% until a bid is accepted. The certificate is awarded to the person bidding the lowest certificate rate of interest.

The successful bidder is required to pay the fiscal officer a cash deposit (or certified check, money order, bank draft or electronic transfer of funds) of at least 10% of the certificate purchase price on the day of the sale. The bidder's registration fee is applied toward the deposit. The balance and fiscal officer's administrative fee must be paid within five business days after the day on which the certificate is sold. If the bidder fails to pay the balance and fee within five days, the deposit is forfeited and the treasurer retains the certificate.

If a bidder doesn't purchase a tax certificate, their deposit will be refunded.

### **How the Interest is Applied to the Tax Certificate if Purchased with a Successful 9.5% Bid**

The purchaser pays the fiscal officer the tax certificate purchase price. Annual simple interest is applied the first day of each month from the purchase date.

Example: \$2700 purchase price, which includes treasurer's administrative fee and advertising cost of \$150

Tax Certificate Purchase Price \$2700.00

Bid interest rate of 9.5% 256.50 (yearly interest)

Amount applied first of each month 21.37

\$21.37 would be added to the certificate purchase price on a monthly basis until the property owner redeems the tax certificate or until foreclosure action is initiated.

If the tax certificate is not redeemed within the first year, simple interest will continue to be applied the first of each month for the life of the certificate, which is six years.

### **How Long Interest is Earned on a Tax Certificate**

The certificate holder is entitled to 9.5% interest earnings for the life of the certificate, which is six years.

The property owner has the right to enter into a Redemption Payment Plan within the first year. After a tax certificate is sold, the fiscal officer is required to send a written notice by certified mail to the owner of the certificate parcel. The notice must inform the owner that the tax certificate was sold, describe the owner's options to redeem the parcel, including entering into a redemption payment plan.

If a property owner wants to redeem the parcel, the following would occur:

- a. Appear in person at the fiscal office to sign the Redemption contract or it can be completed by mail. Only the owner of record may enter into the payment plan.
- b. Owner of property has an opportunity for a Redemption Payment Plan
- c. Payments are based on total purchase price divided by the eligible remaining months.
- d. Redemption plans are generally made within one year from the certificate purchase date.
- e. If the property owner redeems the certificate prior to the end of the contract, the certificate holder is only entitled to the interest from the purchase date to the redemption date, or 6% of the certificate purchase price, as applicable.

### **Certificate Holder Options if Property Owner doesn't make Full Redemption Payment within One Year**

With respect to a tax certificate sold at public auction, a certificate holder at the end of one year and not later than six years may file a request for foreclosure as long as the parcel has not yet been redeemed with either the county prosecutor or private counsel.

The certificate holder must pay the county prosecutor's fees, which are currently \$2000, along with all other costs associated with foreclosure action including the certificate redemption prices of any other prior tax certificates sold on the parcel, any prior delinquent taxes, assessments, penalties, interest and charges against the parcel that are not covered by a tax certificate at the time of filing a request for foreclosure.

A certificate interest rate of 18% now becomes the chargeable rate on the tax certificate until the property is sold at foreclosure.

If the property sells at the foreclosure sale, the certificate holder will receive:

- a. Tax certificate purchase price, the bid interest rate to date of foreclosure, plus 18% interest on the tax certificate purchase price from foreclosure request date until sale of property.
- b. Certificate redemption prices of all the tax certificates sold against the parcel and any premium paid by the certificate holder at the time of purchase.
- c. Reimbursement for all costs paid relative to foreclosure action.

If the property does not sell at the first foreclosure sale:

- a. The county sheriff will conduct a second sale within a reasonable time.
- b. If the property remains unsold after the second sale, the certificate holder receives ownership of the property.

### **Ownership of a Tax Certificate Can Be Transferred**

Yes, to any person without limitation for a prescribed fee of \$20 except the owners of the property or any corporation, partnership or association in which the owner may have an interest.

### **WHEN A TAX CERTIFICATE IS SOLD AND THE PROPERTY OWNER DOES NOT PAY THE NEXT CURRENT TAX BILL**

Per Ohio Revised Code, the certificate holder has the option to purchase a subsequent tax lien if the property owner fails to pay current taxes. If the certificate holder pays the charges, it would represent an additional tax certificate for a new tax year and the certificate now has a fixed rate of 18% per annum.

### **A Certificate Holder Has no Ownership Rights To A Property**

The certificate holder has no ownership rights to the property. The tax certificate vests the holder with the first lien of the state or its taxing authority superior to all liens and encumbrances on the parcel, with the exception of federal liens.

### **Repayment for Void Tax Certificates**

A tax certificate is void if it is sold by the fiscal officer after the full amount of delinquent taxes and other amounts charged against the certificate parcel have been paid, or after the owner of the parcel has entered into an agreement with the fiscal officer to pay the delinquency in installments. The holder of the void certificate is entitled to a refund of the certificate purchase price and the fiscal officer's administrative fees.

If the fiscal officer discovers after 90 days from the date of the sale that the certificate is void, the holder is also entitled to interest at the rate of 5% per year.

## **REAL ESTATE & APPRAISAL**

### **BOARD OF REVISION (Form DTE1)**

The Board of Revision reviews complaints about property values. Taxpayers who do not agree with our valuation of their property may file a complaint with the Board of Revision for reappraisal.

When a complaint is filed, it is the Board of Revision's responsibility to investigate and issue a decision on whether a correction should be made to the valuation. The Board does not hear complaints regarding real estate taxes.

Complaint forms must be filed by March 31.

### **Reappraisal**

Our office takes pride in providing the most accurate property appraisals to Summit County property owners. However, property values increase and decrease with the economy, and the value of each property does not fluctuate at the same rate. For this reason, periodic reappraisals are necessary. Ohio law requires that our office conduct a reappraisal every six years and update the values in the third year after the appraisal.

When conducting an appraisal, our staff compares your property to other properties located within the same neighborhood and with similar characteristics. Many factors influence your property's appraisal value, such as its price range and school district.

When conducting a reappraisal, our staff reviews and analyzes recent home sales that have taken place in each neighborhood. This analysis culminates in a uniform schedule of values, which is applied to each parcel in the county.

### **New Construction**

Our office is notified of all new construction in Summit County when a permit is pulled. Your property's appraisal value will reflect improvements and new construction; this increase will be added to the value of the property's existing land and/or buildings, and is based on construction costs.

Please note that not all construction will increase an appraisal value. For instance, structural rehabilitation work performed on a property (changes to electrical system, plumbing system, framing or foundation) may add value, but routine maintenance construction (new roof, remodeling, etc.) will not.

### **DAMAGED PROPERTY (Form DTE26)**

If your property sustained any damage or was destroyed due to fire, flood, storm, intentional demolition, etc. you may qualify for a reduction in the value of the damaged portion of your home by filing a DTE Form 26. You must file by December 31 for property that was damaged or destroyed in the first nine months of the year. For property damaged in the last three months of the year, the filing deadline is January 31 of the following year.

### **AGRICULTURAL DISTRICTS (Form DTE109)**

Current Agricultural Use Value (CAUV) allows owners of farmland the opportunity to have their land taxed according to value in agriculture rather than full market value. To qualify for the program, a landowner must devote the land exclusively to agricultural use on at least ten acres or have produced an annual gross income of \$2500 or more from the sales of agricultural products.

There is an initial filing fee of \$25 per application. The C.A.U.V. application must be renewed annually at no cost. If you do not renew the application, the Fiscal Office is required to return the property to its true current market value and recover the taxes for the past three years. Applications must be filed before the first Monday in March of any year. Renewal applications will be sent to the property owner automatically

## **FOREST LAND**

The Ohio Forest Tax Law is a state managed program. If you have 10 acres or more of forest woodlands, excluding the home site, you may qualify for a 50% reduction on the taxable value of the property that has been certified as forest land by the State of Ohio.

There is a one-time \$50 application fee which can be obtained by writing to The ODNR Division of Forestry, Chief of the Division of Forestry, Fountain Square, Columbus OH 43224.

## **OIL AND GAS PROPERTIES**

Ohio Oil and Gas producers are required to report their annual production for each well for the purpose of valuation and taxation, according to Ohio Revised Code §5713.04, §5713.05 and §5713.06. Beginning with tax year 2016, oil and gas reserves will be taxed using values provided by the Ohio Department of Natural Resources (ODNR). Operators are no longer required to file a Ohio Department of Taxation DTE Form 6 or 6A with the Summit County Fiscal Office. Further, all production will be allocated to the primary producer and payment of real property tax will be the sole responsibility of the producer. Our office will not maintain any royalty owner interest-only parcels, unless there is a delinquency associated with the property. For more information, please visit the ODNR website at <http://ohiodnr.gov> requirements for reporting oil and gas production changed in 2016.