

GUEST COLUMN or LETTER TO THE EDITOR, Cincinnati Enquirer

In response to Greg Korte's article on 2.5% tax credits (Cincinnati Enquirer, July 11, 2004)

By: Dusty Rhodes
Hamilton County Auditor (513-946-4047)

The County Auditor's office administers a number of state programs, including the 2.5% owner-occupier rollback. Eligibility for this credit automatically sets up eligibility for the stadium related credit.

Hamilton County includes 340,000 property parcels. When I became Auditor I sent out 225,000 owner-occupier applications on potentially eligible parcels as required by state law. (The County had previously been cited by the State Auditor for its failure to follow this law). About 190,000 owners responded, qualified for the program and are getting the credits. They will receive the credits without reapplication unless the owner's status changes. In most cases, the status changes because the property transfers or is no longer occupied by the owner. In the case of a transfer, owner-occupier status is certified on the conveyance form by the new owners or their agent and, if eligible, the new owners receive the credit without filing any other paperwork.

In his July 11, 2004 article, Enquirer reporter Gregory Korte claimed to have found 2,893 possible problems in the owner-occupier program's database. Our estimate is 1,900 or just over half of one percent which, in most circles, is an acceptable problem rate. It would be better to be perfect. We're working on it.

It is true, as far as it goes, that when you are the Auditor of a large county overseeing over 120 property transfers in a day, you have to rely on the accuracy of documents and the honesty of taxpayers. What Mr. Korte did not report is that we have been specifically directed by the Tax Commissioner's Office to rely on these documents. The majority of problems in our credit database are caused by incorrectly completed forms or by the failure of the taxpayer or taxpayer's agent to inform us of a change in status.

Mr. Korte did not mention, though we advised him repeatedly, that we run reports every year to help find properties receiving credits erroneously. Each possible problem requires significant research. Imagine the consequences if we started axing every tax credit on property owned by John Smith because we had decided John was receiving the credit more than once: I count at least 70 "John Smiths" in the new Hamilton County White Pages and another 87 "J. Smiths".

While we use many computer cross-checking devices they can't do it all. They don't understand about life estates and land contracts and eligibility triggered by

the tax lien date, all of which (along with many other issues) must be considered and researched. The process takes time.

As the centerpiece of his report, Mr. Korte used 14 properties owned by an individual named Killinger. He failed to note that these properties were purchased under three different names and that there is more than one property owner in Hamilton County named John Killinger. There will always be those who try to take advantage of the system. Perhaps this happened in this case, the only one in years that has aroused that particular suspicion. Early this year we advised the owner that the parcels would be removed from the credit program, and we assessed him for all taxes owed. We also briefed the County Prosecutor on the situation.

The assertion that a BMW dealership is receiving the credit, while true, is very misleading. The property is made up of several parcels with a total value well over a million dollars. One of the parcels received a credit of \$67.16 erroneously--for one year-- because it had formerly been eligible residential property.

In another example, it was our mistake that an owner received an undeserved credit on numerous parcels for several years. Mr. Korte misunderstood us when he wrote, "the auditor can't find any of the paperwork related to the property transfer, and so has to assume the mistake was made in-house." We have the property transfer paperwork. We do not have a data entry worksheet from one day five years ago which might reveal the clerk who made the error. This is one of the very, very few errors attributable to our staff. We admit it, wish we had caught it sooner, and are in the process of correcting it. I also wish the owner had caught the error and brought it to our attention. Taxpayers need to be alert and responsible too. Mr. Korte notes it is their legal duty to do so.

We work with Florida officials on a regular basis to keep citizens from claiming residency and credits in both jurisdictions. It is true, however, that we have not run our database against that of every location that might attract current Ohio residents. And it is also true that no Florida County has ever requested our database.

A fundamental error in Mr. Korte's article is his conclusion that property owners not currently receiving the owner-occupier credits are being "overcharged". They are being charged precisely in conformance with the information they, or their agent, provided.

The law requires that an application be filed for the credits: no application, no credit. We sent applications several times to residential property owners. Some 190,000 returned them. Owner-occupiers who find they are not receiving the credits (either by checking their tax bill or their property record on our website

www.hamiltoncountyauditor.org) are welcome to contact our office, and we will send them yet another application in January.

We will continue our efforts to educate the public, title companies, law firms, financial institutions and the media of the importance of accurately answering the owner-occupier question on the conveyance form. In short, we need people to take it seriously when they certify information under penalty of perjury. And that is the real story on the 2.5% state owner-occupier tax credits.

NOTE: The July 11, 2004 front-page "Stadium Tax Scoreboard" graph clearly misrepresents information provided to "The Enquirer" by this office.

The actual history of the stadium sales tax credit follows:

Tax Year 1996	Collection Year 1997	3.9035%
Tax Year 1997	Collection Year 1998	4.4564%
Tax Year 1998	Collection Year 1999	4.7451%
Tax Year 1999	Collection Year 2000	4.6965%
Tax Year 2000	Collection Year 2001	4.5057%
Tax Year 2001	Collection Year 2002	3.9202%
Tax Year 2002	Collection Year 2003	3.8200%

The graph appears to show the stadium sales tax credit began at "3.42%" in 1997 and was only slightly more than 4% for several years thereafter and adds the year 2004 (which was not even provided by this office) with an additional incorrect figure.

August 3, 2004