



# County of Hamilton

DUSTY RHODES

AUDITOR

COUNTY ADMINISTRATION BUILDING  
138 EAST COURT STREET  
CINCINNATI, OHIO 45202

## THE EFFECT OF NEW PROPERTY VALUES ON TAXES

Dusty Rhodes, Hamilton County Auditor

New property values from the just completed county-wide reappraisal will take effect with the first tax bills in January. With a great number of values changing we expect a number of questions, with one of the most often asked being: "If my value went down and taxes are calculated based upon value, how can my taxes go up"?

The first reason for higher taxes is any new or increased tax levies approved by voters in your community or school district. The list of levies approved in 2011 can be found on our website under Departments / Real Estate Taxes / 2011Levy Summary.

The second reason is that tax rates for emergency levies for school districts and bond retirement rates are adjusted each year to generate a set level of revenue. As values increase, these levies are often adjusted downward. The reverse is true also. As values decline in a district, these tax rates are adjusted upward in order to generate a specific amount of revenue.

The third reason is, following each reappraisal, the State Tax Commissioner recalculates what are called "reduction factors" for the voted tax levies. Legislation providing this was passed in the 1970s to prevent taxing entities from receiving windfalls from rapidly rising property values. On most voted levies, if property values go up, the effective taxing rate goes down to keep revenue constant.

Now, with values declining in many areas, that same provision can *increase* the effective millage rates so that the taxing entity does not incur a shortfall. As properties decline, the effective tax rates will increase in order to keep revenue constant.

There is a limit. Effective millage can not be increased to more than the original millage set by voters. So a taxing entity can't compensate for lost revenue without enacting new taxes or budget cuts.

If a property owner believes the value to be too high, the Board of Revision (BOR) exists to provide property owners with an avenue for a formal appeal of their value. BOR complaints can be filed through our office from January 1 to March 31 (April 2 this year because the 31<sup>st</sup> is on a Saturday).

If you file a complaint it is up to you to present evidence supporting your opinion of value. Remember that we work in terms of values, not "taxes". It is not sufficient to tell the BOR "my taxes are too high".

Information on the BOR process is available on our website: [www.hcauditor.org](http://www.hcauditor.org), along with state proscribed forms and instructions. Or we can mail them to you if you call our office at 513-946-4000.

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