

COUNTY TREASURER'S ASSOCIATION OF OHIO- April 2023

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Bankruptcy notes from first hour... Check with your Chapter 13 trustee regarding conduit payments (payments on current taxes) before you file a claim for them. Some jurisdictions do not allow claims for the "lien amount" which is not yet due and payable.

1. Treasurer's Duties:
 - Chief investment officer
 - Sends out bills each half for real property taxes
 - Receives, deposits real property taxes
 - Distributes taxes to the taxing districts (schools get about 60-65% of their funding from this source)
 - Responsible for the bookkeeping and accounting for the county
 - Collects delinquent taxes
 - 2008-10 legislation became a member of the board of the county land bank
2. See Treasurer's Duties cheat sheet with "shalls" and "mays"- will be posted on the Association's web site with my outline for this talk.
3. Focus here on the actions and challenges of the Collection of delinquent taxes.
 - A. Ohio Property Tax Collection involves the
 - County Treasurer
 - County Auditor
 - County Prosecutor
 - County Clerk of Courts
 - County Sheriff
 - County Engineer (tax maps)
 - County Recorder, and
 - County Commissioners
 - B. "There is nothing like the property tax. It is the primary source of revenues controlled by our local governments, yet it is one of the most unpopular taxes. It is the target of recurring popular revolts establishing limits on the tax, the tax rates consistently find a way to rebound. It is attacked as the worst tax and its demise frequently predicted yet it has been around in various forms for thousands of years

and is likely to remain with us for decades to come.” Tax Liens, Tax Sales, and Due Process+, **Frank S. Alexander, Professor of Law, Emory University School of Law**, 75 Indiana Law Journal 747 (2000).

- C . I have seen much change in the area of collection. Your counties may have also experienced this.

Delinquency 1990s:

Delinquency in Lucas County in 1993-94

Average delinquency: \$37 million

Average number of parcels delinquent: 18,000-20,000. (200,000 total)-
10% were delinquent.

Few collection tools used at that time. Interest rate was the amount set by the tax commissioner, but was usually around 3% annually. So while the delinquency increased, it was a slow increase.

COLLECTION TOOLS 1990s

- I. Collection letters and calls
- ii. Delinquent Installment Payment plans
- iii. The effect of the tax suspension legislation:
(See further discussion in tax suspension list memo below.)
While the legislation was pushed by our county treasurer he was never able to get it implemented in our county due to the reticence of our county prosecutor who would not sign off at that time (as required by the statute).
- > 5 years delinquent and likely uncollectible.

Introduced in 1993 but not voted on until 1994. Lucas County Treasurer, Ray T. Kest provided testimony in the Senate Ways & Means committee indicating that the Toledo Public Schools support the bill with others noting that the schools also carry these on their books as accounts receivable which means they may not receive their fair allocations from the state. Kest further noted that by not having to list all of these as collectibles, cities would be able to get better bond ratings.

“If a county treasurer determines, for a ... lot of real property on the delinquent land list ... on which no taxes have been paid for at least five years, that the delinquent amounts are most likely uncollectible except through foreclosure...he may certify that determination together with his reasons for it to the county board of revision and the prosecuting attorney....”

An example of this type of parcel is 10-21291 in Lucas County which is a lot at 1875 Champlain Street. When you look at the parcel map, this parcel sits right over Champlain Street

where it meets the Greenbelt Parkway. It has been delinquent since 1957. The auditor has the value on the books as \$400 although it could not be sold today; the value should have been taken to \$0 when the streets changed and the parcel was used for the street right of way. Further the taxes on this parcel have grown to a surprising \$123,283.78 which is a delinquency that is carried on the books and increases at 12% interest per year.

- iv. Foreclosures— our county started foreclosing on parcels that would not likely be sold, but would result in the abatement or write-off of the obligation thus lowering the tax receivable amount for the county—the focus was in lowering the debt—not so much on collecting delinquent dollars. (Because the treasurer was unable to implement the tax suspension list- see note 4 below) So my job was not focused on collecting taxes, but the treasurer targeted the lowest value parcels with the highest amount of taxes; our cases went to sheriff’s sale then forfeited to the State after which the auditor would sell at forfeited land sale for \$50 – I would then see that same parcel delinquent again in foreclosure a couple of years later with a different owner. I started collecting my own data on these forfeited parcels that were going nowhere and collecting nothing.

D. **2020s:** See discussion in tax suspension list memo below.

Delinquency in Lucas County in 2022-2023

Average delinquency: \$100 million

Average number of parcels delinquent: 18,000-22,000. (Same percentage)

If you are anything like our treasurer, you are constantly thinking about how to make your efforts more efficient. She walked into an office where the delinquency was skyrocketing as a result of the statutory change in the interest charge on delinquent taxes-due to land banking. RC 323.121 (B)(2)(a) “In a county on behalf of which a county land reutilization corporation has been organized under Chapter 1724 of the Revised Code, upon the written order of the county treasurer, interest shall be charged against and computed on delinquent taxes as prescribed in division (B)(2)(a) or (b) ...

(a)..., except that the interest shall be computed at the rate of twelve per cent per annum....”

Higher interest rate for the owner, but also higher DETAC collection.

COLLECTION TOOLS 2020s

- I. Collection letters and calls—pre foreclosure

For the first time, Strategy¹ was discussed and implemented over time. Experiments were done to determine what message the delinquent owners in Lucas County responded to. (This could be different for your county, but the effort behind this was valuable)

What can delinquency tell us? Who is struggling financially (owner occupied with homestead credit), vs who is evading payment (landlord who is receiving rent but not paying taxes). Who is prioritizing payment vs. who is abandoning (maybe taxes exceed the value)?

Can we nudge² delinquent owners to do better? Encouraging tax compliance has been around as long as taxation has. (Ancient Persia, Greece, Egypt and Rome) Tax payers weigh the financial benefits of evading taxes with the financial penalties they face if detected. But also papers on “tax morale” have developed that focus on messages not of financial penalties but on the public goods provided by the tax dollars and social deterrence. See article, *The \$100 Million Nudge: Increasing Tax Compliance of Businesses and the Self-Employed using a Natural Field Experiment*, by Justin E. Holz, John A. List, Alejandro Zentner, Marvin Cardoza, Joaquin Zentner, August 3, 2020.

What we did in Lucas County:

- a. **Would making tax delinquency a bit more obvious change a person’s behavior?** Vibrant Pink Postings on the front door of the house by the land bank:

“PROPERTY TAX NOTICE We visited your property today to determine if it was abandoned. Obviously it is not! However public records show that at least one year of property taxes are delinquent. Since we were already here, we want to make you aware of your options. The Lucas County Treasurer’s Office can help you get current on your taxes. Contact the Treasurer’s Office at (419)213-4055 to explore your options. Every year that you fail to pay your property taxes in full, you are charged 12% interest and

¹ Our land bank is authorized by statute to collect 5% DETAC from delinquent tax collection and assists in the collection of data for use by the treasurer’s office to best use their resources to get the most “bang for their bucks”. This must be approved by the county commissioners, upon the request of the county treasurer. RC 321.261(B).

² “A nudge is some small feature of the environment that attracts our attention and alters behavior.” Richard Thaler

other penalties. The property may also be foreclosed for nonpayment. Tenants: Please share this notice with your landlord....”

- b. **Are high value properties more likely to pay if given special attention?** Since 2018, we have generated a list of tax delinquent properties with the highest value (down to \$100,000) that we give special attention. The residential properties get a letter from the Treasurer’s Office, the commercial properties get a letter from the Prosecutor’s Office both indicating the property will get foreclosed if they do not address the delinquency.

	YEAR	COLLECTED	PERCENT OF TOTAL
	2017	\$4.9 Million	51%
	2018	\$4.3 Million	79%
	2019	\$2.8 Million	73%
suburb focus	2019	\$520 K	62%

Treasurer Trial 1: Letter generally states “The subject property has been **PRIORITIZED FOR FORECLOSURE** due to your lack of response to our collection efforts... Mandatory title work will be ordered which will result in an additional charge of \$325 plus court costs unless you pay this in full by DATE.... Amount due includes all delinquent and current year taxes. To make payment and stop foreclosure proceedings, we urge you to visit our office or call....”

Trial 1 Results: Collected about 30% of what was due. Simple mailing generated over \$400,000; this letter served as our control sample going forward.

Treasurer Trial 2: Same first and second paragraphs. However in a separate comment box after the second paragraph was the following notice in bold print: “Please note that foreclosure proceedings may show as a negative mark on your credit report, subjecting you to a lower credit score and hurt your ability to qualify for credit.”

Trial 2 Results: Collected about 36% of what was due for about \$500,000.

Treasurer Trial 3: Changed first paragraph, “Did you know that close to 70% of all property taxes go to support our schools? When you fail to pay your taxes, you take away needed resources from our children and our teachers. That hurts us all.”

Trial 3 Results: Collected about 63% of what was due from that

group.

These results showed that in Lucas County the school/children issue was persuasive. That would have to be tested in each of your counties as it could test differently in your areas.

Four Nudge principles: **E A S T**

– **Easy (simple):** It should be immediately obvious of the steps that they need to take. If you ask them nothing, they will do nothing. For example, “Follow this link to visit our website and make a payment toward your bill today.”

– **Attractive:** It should grab your attention!

Use strong language such as “you will be charged another \$325 if you don’t pay soon.” instead of “you will save money by avoiding future interest if you pay today”

– **Social:** make them think as part of a group. Many people don’t want to deviate from the crowd, i.e. “9 out of 10 people pay their taxes on time.”

– **Timely:** Ask someone in the moment rather than some distant date in the future. Such as “Act now” rather than “Please make a payment no later than [3 months from now] in order to keep current.”³

Collection letters generally. We started them in 2018 and haven’t looked back. In 2021 we collected \$1,138,900 of just under \$5 million for a 23% return with just a stamp. In 2022, we collected over \$3 million of just under \$6 million for a 51% return– again just a stamp.

- ii. Delinquent Installment Payment plans: specific to each owner
- iii. Tax suspension list - should be able to convince the prosecutor of the advantages of its use; now very high delinquencies on very low valued parcels, some of which are not buildable. Cuyahoga has indicated this will be part of an annual assessment and process...Lucas may do this as well.
- iv. Foreclosures– We are being very strategic now. Parcels are requested by the land bank for neighborhood stabilization, but we are also creating and using the database of delinquent parcels to identify the top value parcels which will likely pay when contacted (protect equity) or sell when we get to sheriff’s sale. 5% of delinquency collected at sheriff’s sale gets split

³Much of this material quoted from power point presentation by David Mann, President and CEO of Lucas County Land Bank titled Tax Collection in the 21st Century. All back up data and collection material from efforts of Lucas County Treasurer, Lucas County Prosecutor’s Office, and Lucas County Land Bank.

between the treasurer's and prosecutor's DETAC accounts. [Expedited foreclosures of abandoned property in the board of revision (RC 323-65-79) the amount that goes to DETAC is 20%.]

- v. Tax lien sales. **New legislation** just proposed **HB 134** requiring the treasurer to not only notify the owner of the prospective tax lien sale, but to get title work for each parcel AND find the lien holders AND give them ordinary mail notice of the prospective sale.

4. Pre-foreclosure

- A. Treasurer's Office sends letters when parcels certified delinquent saying they could be foreclosed.
- B. Treasurer's Office chooses parcels to foreclose from land bank requested parcels and from collection parcels and defaulted payment plans. Query: is the identification process fraught with inequities? Is there liability with this? Statute says Treasurer shall foreclose on delinquent parcels: RC 323.25

When taxes charged against an entry on the tax duplicate, or any part of those taxes are not paid within 60 days after delivery of the delinquent land duplicate to the county treasurer as prescribed by RC section 5721.011 of the Revised Code, the county treasurer shall enforce the lien for the taxes by civil action.... This is a shall statute-not optional- but also not possible to foreclose on 20,000 parcels immediately...So there is inherent inequity built in. Cant choose them all at once.

5. Foreclosure

- A. Expedited foreclosures of abandoned parcels in the Board of Revision where taxes exceed the value. RC 323.65-79. Once judgment obtained, Order to Sheriff signed that orders the sheriff to directly transfer title to the parcel by sheriff's deed to the land bank. Many pleadings can go by way of Notice rather than Motion (no delay). Due Process critical- problems with "covid" certified mail. Civil Rules followed for Due Process, but other rules can be adopted by the Board for procedures. Judgment 3-6 months.

Nothing stops the filing of complaint except payment in full or bankruptcy filing. A Debtor installment payment plan only stops sale; you can proceed to judgment then hold to see if payment plan completed. Once filed, nothing stops taking a case to judgment and sale or transfer except bankruptcy and redemption.

Redemption: RC 323. 25 and 5721.25 Payment in full and demonstrating that the property is in compliance with all zoning regulation, land use restrictions, and building, health, and safety codes.

B. Judicial foreclosures of abandoned and/or unoccupied parcels where value exceeds the taxes and for occupied parcels. RC 323.25-28, RC 323-65-79, RC 5721.18-19. Generally takes longer as we have to file Motions to the Court and wait for the judges to sign the Orders. (Built in delay for many Motions is 14-28 days). Due Process critical– problems with “covid” certified mail. Judgment 6-12 months.

6. Thought provoking issues

There are a number of inherent ethical issues treasurer’s face other than the obvious of theft in office. One is trying to treat all owners fairly, i.e., everyone gets the same process even if all of their factual situations are different.

All owners who occupy residential real property shall be given a payment plan by statute (RC 323.31) Do they all have to be given the same plan: Same down payment with monthly payments over same number of months? If you give a second plan to a defaulted owner, do you have to do that with all of them? What if one asks for a new plan and his neighbor does not?

Treasurer is part of the land bank board. Do the land bank policies conflict with the Treasurer’s duties of tax collection?

Process and procedures are your friend to treating all tax payers equally. They all have the same possibilities for payment plan and redemption. But clearly they all have different circumstances. (DIPP exception form)

Memo: TREASURER'S DUTIES—Abbreviated cheat sheet— the Shalls vs the Mays

Many inconsistencies in the statutes— beware.

Shall= something you must do; only these have been highlighted.

May= discretionary

R.C. Title 3- COUNTIES

- 323.08 Publishing schedule of tax rates and effective rates in newspaper— after delivery by auditor of a list of the tax rates etc.
- 323.09 Office to be kept open for the collection of taxes from the time of delivery of duplicate until June 20
- 323.11 Lien **shall** attach and continue until paid.
- 323.12 Each person charged with taxes **shall** pay the full amount on or before the 31st day of December or shall pay ½ of the current taxes together with the full amount of any delinquent taxes before such date and the remaining half on or before the 20th day of June next ensuing.
- 323.121 Charge penalty and interest for nonpayment
- 323.122 Upon application from active duty armed services member (or family member) may authorize extension for payment of taxes— like Debtor Installment Payment Plan 323.31 but payments will begin after 7 months after members duty terminates.
- 323.13 Mail tax bill after receipt of duplicate at least 20 days prior to close of half. If delinquent, tax bill **shall** include a notice that the interest charged has begun to accrue.
- 323.131 Contents of bill—
Notice of homestead reduction
Taxes levied and charged amount
Effective tax rate (so indicated in boldface type)
“Notice: If the taxes are not paid within sixty days from the date they are certified delinquent, the property is subject to foreclosure for tax delinquency.”(Although failure to include this has no effect upon the validity of any tax foreclosure)
“Notice: If the taxes charged2 ½ % tax reduction for residences....”
For a tract on the tax suspension list under RC 319.48: “Notice: The taxes shown due on this bill are for the current year only....”
The tax bill **shall** not contain or be mailed or delivered with any information or material that is not required by this section or that is not authorized by

RC 321.45....

If the property is residential rental property, the tax bill **shall** contain a statement that the owner of the property **shall** file with the auditor the information required under RC 5323.02.

- 323.132 A taxpayer may tender and the treasurer **shall** accept the full amount of delinquent taxes without having to pay the current portion that is due and payable. Treasurer **may** accept partial payments of taxes. Overpayments **shall** be refunded in the manner most convenient to Treasurer. When amount tendered and accepted is less than the amount due, the balance treated as other unpaid taxes , except if unpaid portion is only penalty and interest at which point Treasurer required to notify payer of such deficiency. Treasurer **shall** accept partial payment with copy of application for remission of penalty, or if payment excluding penalty is received within 10 days after payment date. [See RC 323.133] If treasurer determines overpayment due to clerical error, treasurer may refund in manner most convenient to treasurer.
- 323.133 A taxpayer may tender and the treasurer **shall** accept payment of a portion of any taxes charged that is the subject of an application for exemption from taxation that is pending before the tax commissioner. The treasurer **shall** issue a receipt and credit such payment against any unpaid taxes, penalties and interest. This division does not authorize the commissioner to accept an application for exemption for property against which delinquent taxes are outstanding at the time of application (except as in 5713.081)
- 323.14 Treasurer **shall** give a receipt to person paying taxes. Except that if payment by mail, receipt only required if payer includes SASE. No receipt given by treasurer is valid unless the moneys represented by the payment are received into treasurer. Receipt **shall** be a duplicate of tax bill.
- 323.15 Treasurer may accept payment of less than the full amount of taxes ...interest and penalties **shall** accrue on the unpaid amount... Person owning fractional interest may pay that portion of tax which **shall** relieve that proportional interest from that tax. That proportional interest **shall** be entered separately from other interest.
- 323.152 Treasurer **shall** reduce taxes...disabled, homestead, etc.
- 323.153 Treasurer **shall** reduce taxes if application approved by auditor for reduction for manufactured home...
- 323.156 Treasurer **shall** certify to the tax commissioner one-half of the total taxes
- 323.25 Treasurer **shall** enforce the lien for taxes if not paid within 60 days after delivery of the delinquent duplicate by auditor. Nothing prohibits the treasurer from

instituting such action before the delinquent land list is published if the list is not published within the time prescribed by statute.

Any person entitled to redeem the land may do so by tendering to the treasurer an amount sufficient to pay impositions AND by demonstrating that the property is in compliance with all applicable zoning, land use, building, health, and safety codes.

323.29 Partial payment of delinquent taxes as authorized by 323.133 (application for exemption from taxation) and 323.31 (Debtor Installment Payment Plan), shall not prevent such property from being certified as delinquent however, partial payments under Debtor Installment Payment Plan shall preclude commencement of foreclosure proceedings—unless Debtor Installment Payment Plan declared void.

323.31 A person who owns and occupies residential real property...that does not have an outstanding tax lien certificate or judgment of foreclosure against it, and a vendee of such a property under a land contract and who occupies the property, **shall** have at least one Debtor Installment Payment Plan. Subsequent opportunities **shall** be at the treasurer's sole discretion.

A treasurer may enter into a Debtor Installment Payment Plan with an owner or vendee of nonresidential property that is occupied by the owner.

Debtor Installment Payment Plan may be entered any time prior to Adjudication (Judgment).

Debtor Installment Payment Plan **shall** be filed with the auditor who shall note on master list of delinquent parcels.

Debtor Installment Payment Plan **shall** provide for the payment of delinquent or current payments or both in installments not to exceed 5 years after the date the first payment is made (down payment).

Debtor Installment Payment Plan may provide for payment in installments over a period of no fewer than two years for owner occupied residential.

Debtor Installment Payment Plan— treasurer **shall** determine and specify the number of installments, amount of each installment and the schedule for payment.

Debtor Installment Payment Plan – when installment not received when due, the Debtor Installment Payment Plan becomes void unless the treasurer permits a new Debtor Installment Payment Plan. Treasurer **shall** certify to auditor of void Debtor Installment Payment Plan

323.33 If treasurer determines that a parcel most likely uncollectible except through foreclosure, he may certify that determination together with his reasons to the county board of revision and the prosecuting attorney. If Board of Revision and prosecuting attorney determine that the delinquent amounts are most likely uncollectible except through foreclosure, they **shall** certify that determination to the auditor. Upon receipt, the auditor shall place the tract on the real property tax suspension list.

- 323.43 Owner may authorize another to pay taxes. Payer must have certificate of authority to pay which is signed and acknowledged before a notary; must contain accurate description of the property, the name of the persona authorized to pay them and the date of the payment of the taxes.
- 323.45 Lienholder may pay the taxes
- 323.47 Lien on land to be discharged out of proceeds of sheriff's sale or other sale after judgment. The court shall order that the taxes, assessments, penalties and interest then due and payable as of the date of sale be discharged out of the proceeds of sale. If the plaintiff in the foreclosure action is the purchaser of the property, he must consent to such tax payment. Any amounts not paid will be payable at the next billing and continue to be a lien.
- 323.49 Treasurer at any time after any installment of such taxes and assessments has been delinquent for more than 6 months and remains due and unpaid shall apply by petition to the court of common pleas to be appointed receiver of the rents, issues and income of the real property against which such taxes and assessments are charged for the purpose of satisfying the taxes from such rents... This does not apply to owner occupied residential property or Debtor Installment Payment Plan or if the property is subject to an application for exemption. The treasurer appointed as receiver with the consent of the court may enter into a written agreement with the land bank, acting as the treasurer's agent, to exercise all powers granted to the treasurer under this section.
- 323.50 Decision of court (treasurer as receiver) detailed.
- 323.51 Prosecuting attorney to represent treasurer in 323.49 receivership action.
- 323.61 Tax offices may be opened by treasurer. Treasurer may appoint a bank or bank cashier (without compensation) as his agent for the collection of taxes. Reasonable expenses may be paid for these offices.
- 323.611 At request of the treasurer, commissioners may enter into a contract with any financial institution to receive tax payments, open the mail delivered to a PO Box for such payments, deposit payments into the treasurer's account, and provide the treasurer daily receipt information regarding such payments. Must first attach a certification by state auditor that financial institution shall be subject to audit by state auditor.
- 323.62 Treasurer may fix the time and place at which taxes will be received. Notice **shall** be given by publication in newspaper of general circulation.

R.C. Title 57- TAXATION

- 5721.011 County auditor shall compile list and duplicate of delinquent lands after each settlement.
- 5721.02 County treasurer **shall** be open to receive payment of delinquent real property taxes until final publication of the delinquent tax list.
- 5721.03 Auditor shall publish delinquent tax list with notice that the delinquent lands will be certified for foreclosure by the auditor unless the taxes etc are paid.
- 5721.18 County prosecuting attorney shall institute a foreclosure proceeding in the name of the county treasurer in any court with jurisdiction or county board of revision with jurisdiction (RC 323.66) unless taxes are paid.
- 5721.19 Court shall enter a finding (judgment) of the amount of taxes, assessments, charges, penalties, and interest and costs that are due and unpaid.
 Court or Board of Revision shall order property to be transferred (if taxes exceed value) or sold without appraisal for taxes etc plus costs.
 Sale shall be published.
 Any parcels sold can either be re-offered for sale or forfeited.
 5% of the taxes and assessments due shall be deposited into delinquent tax and assessment collection fund; split between treasurer and prosecutor. (RC 321.261)
 ** If sale from board of revision action, this is 20%. 323.73(C)
- 5721.25 Redemption by owner may be done
- A. Before foreclosure filed by payment of taxes, assessments, penalties, interest and charges and the costs incurred in any proceeding.
 - B. After foreclosure commenced but before confirmation entry (after sale) by payment of taxes, assessments, penalties, interest and charges and costs *and by demonstrating that the property is in compliance with all applicable zoning regulations, land use restrictions, and building health and safety codes.*
 1. May have delinquent tax contract if eligible by law and not previously defaulted - **this conflicts with 323.31 which states can only be entered prior to Judgment not also between judgment and confirmation.**
 2. Shall not stop foreclosure to judgment, does stop sale until default.
 3. If any Debtor Installment Payment Plan payment not made when due OR if contract terminated because the property is not in compliance with building health and safety codes, the county treasurer (prosecutor) shall notify court or board of default and the court or board shall order land sold or transferred.

Memo: Property Tax Suspension List for Uncollectible Taxes
Ohio Revised Code Sections 323.33 and 319.48

Two sections of the Ohio Revised Code are applicable.

Ohio Revised Code Section 323.33 Delinquent amounts most likely uncollectible except through foreclosure or through foreclosure and forfeiture.
Introduced in H.B. 404, 120th General Assembly, 1993, Signed by Governor 5/24/1994.

If a county treasurer determines, for a tract or lot of real property on the delinquent land list and duplicate on which no taxes have been paid for at least five years, that the delinquent amounts are most likely uncollectible except through foreclosure or through foreclosure and forfeiture, he may certify that determination together with his reasons for it to the county board of revision and the prosecuting attorney. If the board of revision and the prosecuting attorney determine that the delinquent amounts are most likely uncollectible except through foreclosure or through foreclosure and forfeiture, they shall certify that determination to the county auditor. Upon receipt of the determination, the county auditor shall place the tract or lot on the real property tax suspension list maintained under section 319.48 of the Revised Code.

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Ohio Revised Code Section 319.48 Real property tax suspension list of taxes uncollectible except through foreclosure or through foreclosure and forfeiture.
Introduced in H.B. 404, 120th General Assembly, 1993, Signed by Governor 5/24/1994.

(A) The county auditor shall maintain a real property tax suspension list of tracts and lots certified to him under section 323.33 of the Revised Code as being charged with delinquent amounts most likely uncollectible except through foreclosure or through foreclosure and forfeiture. Tracts and lots on the list shall be listed in the same form and order or sequence as on the general tax list of real and public utility property. The list also shall include a description of the tract or lot and the name of the person under whom it is listed.

(B) When the county auditor enters current taxes and delinquent amounts on the general tax list and duplicate of real and public utility property under section 319.30 of the Revised Code, he shall enter against a tract or lot that is on the suspension list only the current taxes levied against the tract or lot; he shall not enter on the general tax list and duplicate the delinquent taxes, penalties, and interest charged against the tract or lot. Instead, he shall indicate on the general tax list and duplicate with an asterisk or other marking that the tract or lot appears on the real property tax suspension list, that delinquent taxes, penalties, and interest stand charged against it, and that the amount of the delinquency may be obtained through the county auditor or treasurer.

(C) If a tract or lot is foreclosed upon or foreclosed upon and forfeited for payment of delinquent taxes, penalties, and interest or is redeemed by the owner or another authorized taxpayer, the county auditor shall immediately strike the tract or lot from the real property tax suspension list.

While Kest’s testimony presumes this action would occur after foreclosure and sheriff’s sale, it is clear that the statutes as written indicate this action would occur *before* foreclosure:

“If a county treasurer determines, for a ... lot of real property on the delinquent land list ... on which no taxes have been paid for at least five years, that the delinquent amounts are most likely uncollectible except through foreclosure...he may certify that determination together with his reasons for it to the county board of revision and the prosecuting attorney....”

1. No taxes paid for five years, and
2. A reason for including it on a tax suspension list

are the only prerequisites.

That determination by the treasurer, and the reasons supporting it, are then certified to the board of revision and the prosecutor. If the board of revision and the prosecutor both agree with the treasurer’s determination, they will certify that determination to the auditor who shall then place that parcel on the tax suspension list where it will stay until the property is transferred and the taxes paid, or the property is foreclosed and the taxes are abated and removed by the auditor.

Kest’s testimony in 1993 further revealed that the delinquency in Lucas County was approximately \$37 million; delinquency today is roughly \$120 million. We can’t easily compare those two delinquency numbers as the value of the real estate has changed, there has been an increased number of new residential areas developed since then, and the levies are not the same. Further in 2009 the statute creating county land banks was written which authorized an increase in interest to 12% annually rather than the much lower single digit legal rate of interest. That change alone inflates an already exceptional delinquency - especially for those approximately 60 properties

which are uncollectible in the sense that the value of the property does not support the delinquency.

An example of this type of parcel is 10-21291 which is a lot at 1875 Champlain Street. When you look at the parcel map, this parcel sits right over Champlain Street where it meets the Greenbelt Parkway. It has been delinquent since 1957. The auditor has the value on the books as \$400 although it could not be sold today; the value should have been taken to \$0 when the streets changed and the parcel was used for the street right of way. Further the taxes on this parcel have grown to a surprising \$123,283.78 which is a delinquency that is carried on the books and increases at 12% interest per year.

I believe there is no down side to moving some of the most problematic parcels such as the one above to a tax suspension list. I further believe if we start with these types of parcels- where it is clear the value will never support the taxes, it will be evident to the board and the prosecutor that there is good reason to “park” these parcels where their status will not continue to financially hinder the county or the school districts. We will ultimately have to start foreclosures on these problem parcels, but can do so selectively. It could make sense to make this part of an annual routine.