

RESOLUTION ARB2024-0008

Approval of Real Property Tax Suspension List Policy

Whereas, County entities may adopt, amend, rescind, and administer rules on matters within their respective jurisdictions, as established by the County Charter, the County Code, or general law; and

Whereas, Section 205.09(A) of the Cuyahoga County Code establishes the Cuyahoga County Administrative Rules Board; and

Whereas, per Section 113.02(G) of the Cuyahoga County Code, the Administrative Rules Board is given approval authority over rules promulgated by County entities based on a determination of: (1) whether the requesting entity has the authority to adopt, amend, or rescind the rule and (2) whether the proposed rule conflicts with the County Code; and

Whereas, the Cuyahoga County Treasurer's Office administers a Real Property Tax Suspension List Policy;

NOW, THEREFORE, BE IT RESOLVED BY THE ADMINISTRATIVE RULES BOARD OF CUYAHOGA COUNTY, OHIO:

Section 1. The Real Property Tax Suspension List Policy, as attached, is hereby enacted as part of the Cuyahoga County Administrative Code.

Section 2. The Resolution shall go into immediate effect and remain in full force and effect until rescinded by the Administrative Rules Board.

Section 3. It is found and determined that all formal actions of this Board concerning and relating to the passage of this Resolution were passed in an open meeting of this Board and that all deliberations of this Board that resulted in such formal actions were in meetings open to the public and in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

The foregoing resolution was duly adopted on August 22, 2024.



Audrey Bucholtz
Clerk of the Board



Cuyahoga County Treasurer's Office

Policy for Administration of Real Property Tax Suspension List

Background.

The County Treasurer is responsible for three (3) primary services to the public:

- The collection of all cash received by the County;
- The investment of cash not used in daily operations; and
- The safeguarding of public assets.

A primary duty of the Treasurer is the role of tax collector. Taxpayers not paying their tax bills within the allowable time incur interest and penalty charges consistent with the Ohio Revised Code (ORC). Taxpayers still owing after the date of settlement have their name and parcel number placed on the delinquent tax list. This list, certified by the Treasurer to the Fiscal Officer, is published in a newspaper of general circulation in the County. All payments of delinquent taxes are coordinated through the Treasurer, with various options for taxpayers under financial duress.

When taxes are not paid in a timely manner, the Treasurer works with the County Prosecutor to collect through tax foreclosure and other proceedings such as tax lien certificate sales. Some of these delinquent parcels have identifiable characteristics that make them unfavorable candidates for tax foreclosures or tax certificate sales. These parcels are unfavorable candidates because there is likely no chance for a beneficial outcome such as collection through sheriff or fiscal officer sale or the transfer of the parcel to a land bank.

In the case of tax foreclosure, the cost of foreclosing on these unfavorable candidates is almost always greater than any amount of delinquent taxes collected at a subsequent sheriff or fiscal officer sale. Although it may cause the removal of the delinquent taxes from the duplicate, foreclosure in these cases promotes outcomes such as costs exceeding collection or the perpetuation of the "tax foreclosure cycle" on problem properties.

Legal Authority.

Fortunately, ORC 323.33 provides treasurers with an alternative to foreclosure for these problem parcels by allowing the placement of certain delinquent parcels on the real property tax suspension list instead of on the general tax list and duplicate. The section reads as follows (emphasis added):

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, [they] may certify that determination together with [their] 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.

Tax Suspension List Administration.

Therefore, as authorized by ORC 323.33 and as hereby adopted by this policy, the Treasurer may from time-to-time select delinquent parcels for inclusion on the real property tax suspension list. These parcels will be those that are determined uncollectable except by tax foreclosure, but that also possess characteristics that make them unfavorable candidates for tax foreclosure.

By including these parcels on the real property tax suspension list, the uncollectable delinquent taxes will not be counted along with “collectable delinquent” taxes, which plays an important factor in the County’s bond rating.

Pursuant to ORC 323.33, to be placed on the real property tax suspension list, a delinquent parcel must meet both of the following criteria:

1. The parcel is on the delinquent land list; and
2. There have been no payments on the parcel for at least 5 years.

In addition to the required criteria above, it is the policy of the Treasurer that parcels possessing one or more of the following criteria will be considered for inclusion on the real property tax suspension list:

1. The parcel has been certified delinquent for at least 5 years;
2. The delinquent taxes owed on the parcel exceed the fiscal officer’s taxable value of the parcel;
3. The parcel is subject to US or Ohio EPA violations or consent orders;
4. The parcel is subject to encumbrances on title that run with the land such as recorded condominium or planned community declarations and bylaws, restrictive covenants, easements, etc. that negatively affect the parcels value or potential use;
5. The parcel has physical characteristics such as parcel size, accessibility, or condition of buildings and improvements that negatively affect the parcels value or potential use;
6. The cost of foreclosing on the parcel is greater than the amount of delinquent taxes able to be collected or is unable to be recovered in full;
7. No land bank or political subdivision has expressed interest in acquiring the parcel; and
8. The County’s Delinquent Tax Outreach Office has made no positive contact with the owner.

Upon determining that one or more parcels should be included on the real property tax suspension list, the Treasurer shall certify that determination along with the Treasurer’s reasons for it to the County Prosecutor and Board of Revision. If the County Prosecutor and Board of Revision agree with the Treasurer’s determination, they will certify the list to the Fiscal Officer. The Fiscal Officer will then place the parcels on the real property tax suspension list in accordance with ORC 319.48.

This review will take place not less than once each year, and may occur more frequently at the Treasurer’s discretion.

Taxes, penalties, and interest will continue to accrue on the parcels on the real property tax suspension list. However, all collection activities will be suspended upon placement on the suspension list. The tax bills for each parcel on the tax suspension list shall be for the current year taxes only and have the notice prescribed by ORC 323.131(A)(4).¹ The Fiscal Officer will separate

¹ ORC 323.131(A)(4) (4) For a tract or lot on the real property tax suspension list under section 319.48 of the Revised Code, the following notice: "Notice: The taxes shown due on this bill are for the current year

the delinquent tax amounts for the selected parcels from the current tax amounts and place these parcels on the real property tax suspension list. The split will be as follows:

1. The tax duplicate will display the current taxes due for each selected parcel; and
2. the tax suspension list will display the uncollectible delinquent amounts for each parcel.

If a parcel on the suspension list is foreclosed upon or if the owner of the parcel or another authorized taxpayer redeems the parcel by paying the balance of the delinquent taxes, penalties, and interest, then the Fiscal Officer shall remove the parcel from the real property tax suspension list.

Adopted August 22, 2024

only. Delinquent taxes, penalties, and interest also are due on this property. Contact the county treasurer to learn the total amount due."