SUPREME COURT OF OHIO

Lowe's Home Ctrs., Inc. v. Washington Cty. Bd. of Revision

154 Ohio St. 3d 463 (Ohio 2018) · No. 2015-2109 · Decided May 22, 2018

SUMMARY

The Supreme Court of Ohio vacated the Board of Tax Appeals' valuation decision concerning a Lowe's property for tax year 2013 and remanded the matter. The court held that the Board had not adequately evaluated and weighed the county appraiser's property-rights-conveyed analysis under applicable precedent concerning lease-encumbered comparable properties. The court also held that collateral estoppel precluded relitigation of whether the property was special-purpose in nature.

CASE DETAILS

COURT	Supreme Court of Ohio
WRITING FOR THE COURT	Per Curiam; Maureen O'Connor, Chief Justice; Terrence O'Donnell, Justice; Judith L. French, Justice; Patrick F. Fischer, Justice
JURISDICTION	Ohio
DECIDED	May 22, 2018
DOCKET	2015-2109
DISPOSITION	vacated
PROCEDURAL POSTURE	Lowe's appealed the Board of Tax Appeals' decision affirming the Washington County auditor's real-property valuation for tax year 2013.
STANDARD OF REVIEW	The court affirms a BTA decision that is reasonable and lawful, reviews legal issues de novo, and defers to BTA factual findings concerning the weight of evidence when supported by the record.
PRECEDENTIAL VALUE	published precedential opinion of the Supreme Court of Ohio
PARTIES	Lowe's Home Centers, Inc., Lowe's Home Centers, L.L.C. v. Washington County Board of Revision, Washington County Auditor

TOPICS

property tax · administrative law · judicial review of agency action · state and local tax

PRACTICE AREAS

property tax · state and local tax · administrative law · judicial review of agency action

QUESTIONS PRESENTED

1. Whether the BTA properly accepted the county's appraisal as the most competent and probative evidence of value under R.C. 5713.03 and the court's cases governing adjustments to comparable sales of lease-encumbered properties.
2. Whether collateral estoppel barred relitigation of whether the subject property qualified as a special-purpose property.
3. Whether the BTA adopted an unconstitutional present-use valuation.

HOLDINGS

1. The BTA's decision was vacated because the BTA had not sufficiently evaluated and weighed the appraisal's property-rights-conveyed analysis under the applicable legal standards governing the valuation of an unencumbered fee-simple estate.
2. Collateral estoppel precluded inquiry into whether the subject property was special-purpose in nature because that issue had been actually litigated and determined in a prior proceeding involving the same property and, as to the county, a full and fair opportunity to litigate.
3. The BTA did not adopt an unconstitutional present-use valuation because it considered the property's location and regional-hub characteristics rather than treating present use as the sole criterion of value.

KEY QUOTATIONS

> *"It follows that a valuation of a lease-encumbered property that has not been adjusted for the presence of the lease runs afoul of R.C. 5713.03."* (¶ 19)

> *"[T]he BTA must engage in sufficient discussion of the evidence to permit the court on appeal to determine whether the BTA acted reasonably and lawfully."* (¶ 30)

FACTUAL BACKGROUND

The subject property consisted of five parcels totaling approximately 16 acres in Marietta, improved with a 142,446-square-foot Lowe's home-improvement store constructed in 2002. For tax year 2013, the county auditor valued the property at $9,595,570, while Lowe's appraiser opined a value of $5,700,000 and the county's appraiser opined a value of $8,800,000. The county appraisal relied substantially on comparable sales of properties subject to leases, and the dispute concerned whether the appraisal properly accounted for the property rights conveyed and valued the subject property as an unencumbered fee-simple estate.

PROCEDURAL HISTORY

The Washington County auditor valued the property at $9,595,570, and the Board of Revision retained that valuation after Lowe's filed a decrease complaint. The Board of Tax Appeals accepted the county's appraisal as the most competent and probative evidence and affirmed the valuation. The Supreme Court of Ohio vacated the BTA's decision and remanded for further proceedings.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The Board of Tax Appeals must evaluate and weigh the property-rights-conveyed analysis in the county appraiser's report under the legal standards articulated in the court's decisions concerning valuation of an unencumbered fee-simple estate and adjustments to lease-encumbered comparable sales.

CASES CITED

- Steak 'N Shake, Inc. v. Warren Cty. Bd. of Revision, 145 Ohio St. 3d 244, 2015-Ohio-4836, 48 N.E.3d 535
- Rite Aid of Ohio, Inc. v. Washington Cty. Bd. of Revision, 146 Ohio St. 3d 173, 2016-Ohio-371, 54 N.E.3d 1177
- Lowe's Home Centers, Inc. v. Washington Cty. Bd. of Revision, 145 Ohio St. 3d 375, 2016-Ohio-372, 49 N.E.3d 1266
- Terraza 8, L.L.C. v. Franklin Cty. Bd. of Revision, 150 Ohio St. 3d 527, 2017-Ohio-4415, 83 N.E.3d 916
- Wheeling Steel Corp. v. Porterfield, 24 Ohio St. 2d 24, 263 N.E.2d 249 (1970)
- HIN, L.L.C. v. Cuyahoga Cty. Bd. of Revision, 138 Ohio St. 3d 223, 2014-Ohio-523, 5 N.E.3d 637
- Cummins Property Servs., L.L.C. v. Franklin Cty. Bd. of Revision, 117 Ohio St. 3d 516, 2008-Ohio-1473, 885 N.E.2d 222
- AEI Net Lease Income & Growth Fund v. Erie Cty. Bd. of Revision, 119 Ohio St. 3d 563, 2008-Ohio-5203, 895 N.E.2d 830
- EOP-BP Tower, L.L.C. v. Cuyahoga Cty. Bd. of Revision, 106 Ohio St. 3d 1, 2005-Ohio-3096, 829 N.E.2d 686
- Satullo v. Wilkins, 111 Ohio St. 3d 399, 2006-Ohio-5856, 856 N.E.2d 954
- Lunn v. Lorain Cty. Bd. of Revision, 149 Ohio St. 3d 137, 2016-Ohio-8075, 73 N.E.3d 486
- Johnston Coca-Cola Bottling Co., Inc. v. Hamilton Cty. Bd. of Revision, 149 Ohio St. 3d 155, 2017-Ohio-870, 73 N.E.3d 503
- Grava v. Parkman Twp., 73 Ohio St. 3d 379, 653 N.E.2d 226 (1995)
- Warrensville Hts. City Sch. Dist. Bd. of Edn. v. Cuyahoga Cty. Bd. of Revision, 152 Ohio St. 3d 277, 2017-Ohio-8845, 95 N.E.3d 359
- Whitehead v. Gen. Tel. Co., 20 Ohio St. 2d 108, 254 N.E.2d 10 (1969)
- New Winchester Gardens, Ltd. v. Franklin Cty. Bd. of Revision, 80 Ohio St. 3d 36, 684 N.E.2d 312 (1997)
- Olmsted Falls Bd. of Edn. v. Cuyahoga Cty. Bd. of Revision, 122 Ohio St. 3d 134, 2009-Ohio-2461, 909 N.E.2d 597
- Progressive Plastics, Inc. v. Testa, 133 Ohio St. 3d 490, 2012-Ohio-4759, 979 N.E.2d 280
- Meijer Stores Ltd. Partnership v. Franklin Cty. Bd. of Revision, 122 Ohio St. 3d 447, 2009-Ohio-3479, 912 N.E.2d 560
- Toledo v. Levin, 117 Ohio St. 3d 373, 2008-Ohio-1119, 884 N.E.2d 31

- N. Royalton City Sch. Dist. Bd. of Edn. v. Cuyahoga Cty. Bd. of Revision, 129 Ohio St. 3d 172, 2011-Ohio-3092, 950 N.E.2d 955
