

SUPREME COURT OF OHIO

Southside Community Development Corp. v. Levin

116 Ohio St. 3d 1209 (Ohio 2007) · Decided December 19, 2007

SUMMARY

The Ohio Supreme Court held that the Board of Tax Appeals' denial of Mahoning County's motion to intervene was a final, appealable order because it affected a substantial right in a special proceeding. The court also held that the county qualified as a party under R.C. 5717.04 for the limited purpose of seeking review of whether it had a legal right to intervene. The court therefore denied the Tax Commissioner's motion to dismiss the appeal.

CASE DETAILS

COURT	Supreme Court of Ohio
WRITING FOR THE COURT	Moyer, C.J.; Pfeifer; Lundberg Stratton; O'Connor; Lanzinger; Cupp; O'Donnell
JURISDICTION	Ohio
DECIDED	December 19, 2007
DISPOSITION	dismissed
PROCEDURAL POSTURE	Interlocutory appeal from the Board of Tax Appeals' order denying Mahoning County's motion to intervene in a tax-exemption appeal; the Tax Commissioner moved to dismiss for lack of appellate jurisdiction and standing.
STANDARD OF REVIEW	De novo review of the legal and jurisdictional issues concerning whether the BTA's order was final and appealable and whether Mahoning County qualified as a party entitled to appeal.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	Mahoning County v. Tax Commissioner

TOPICS

[interlocutory appeal](#) [appellate jurisdiction](#) [intervention](#) [tax](#) [administrative law](#)

PRACTICE AREAS

[Appellate procedure](#) [Administrative law](#) [Tax law](#) [Civil procedure](#)

QUESTIONS PRESENTED

1. Whether the BTA's order denying Mahoning County's motion to intervene was a final order appealable under Ohio law.
2. Whether Mahoning County was a person entitled to appeal under the third paragraph of R.C. 5717.04 despite the BTA's denial of its motion to intervene.

HOLDINGS

1. Under the circumstances presented, the BTA's denial of Mahoning County's motion to intervene was a final order because it affected a substantial right and was made in a special proceeding.
2. A person who asserts a legal right to be a party to a BTA appeal is a 'party' under the third paragraph of R.C. 5717.04 for the limited purpose of obtaining judicial review of whether that asserted right exists.

KEY QUOTATIONS

“We hold that under the circumstances presented in this case, the BTA's denial of intervention constituted a final order because it affected a substantial right and because it was made in a special proceeding.” (¶ 9)

“We hold that a person's assertion that it has a legal right to be a party to the BTA appeal makes it a “party” under the third paragraph of R.C. 5717.04 for one limited purpose: to seek the court's determination of whether the asserted right exists.” (¶ 11)

FACTUAL BACKGROUND

Mahoning County acquired real property that was the subject of a pending tax-exemption application and appeal. The Tax Commissioner had denied the exemption application, and a bankruptcy trustee timely appealed that denial to the BTA. Because the property was subject to tax liens for prior years, the county moved to intervene to protect its ownership interests, but the BTA denied the motion.

PROCEDURAL HISTORY

Southside Community Development Corporation filed a property-tax-exemption application, which the Tax Commissioner denied. A bankruptcy trustee appealed to the Board of Tax Appeals, and Mahoning County later acquired the property and moved to intervene. After the BTA denied intervention, Mahoning County appealed to the Supreme Court of Ohio, where the Tax Commissioner sought dismissal.

DISPOSITION

dismissed

CASES CITED

- *Morris v. Investment Life Ins. Co.* (1966), 6 Ohio St. 2d 185, 187, 35 O.O.2d 304, 217 N.E.2d 202
- *Bell v. Mt. Sinai Med. Ctr.* (1993), 67 Ohio St. 3d 60, 63, 616 N.E.2d 181
- *Moskovitz v. Mt. Sinai Med. Ctr.* (1994), 69 Ohio St. 3d 638, 635 N.E.2d 331

- *Gehm v. Timberline Post & Frame*, 112 Ohio St. 3d 514, 2007-Ohio-607, 861 N.E.2d 519

OPINION

PER CURIAM.

{¶ 1} This cause is pending before the court as an interlocutory appeal from the Board of Tax Appeals (“BTA”). Appellant, Mahoning County, has filed a notice of appeal from an order of the BTA dated August 24, 2007, that denied the county’s motion to intervene.

The Tax Commissioner has moved to dismiss the appeal for lack of jurisdiction. {¶ 2} The underlying facts are crucial in determining the jurisdictional issue presented in this case. Mahoning County is the current owner of real property that is the subject of an application for a tax exemption.

The application was filed on December 28, 2004, by Southside Community Development Corporation, which then held legal title to the property. Afterwards, when Southside filed a petition for bankruptcy, legal title to the property passed to a bankruptcy trustee.

The Tax Commissioner issued a final determination denying the application for *1210exemption on April 7, 2006, and the bankruptcy trustee timely appealed to the BTA. {¶ 3} On July 27, 2006, Mahoning County acquired the property from the bankruptcy trustee, and on June 21, 2007, it filed a motion to intervene in the BTA appeal, seeking to be named as a party based on its status as the current owner of the property.

The BTA denied the motion to intervene, and the county has appealed that order to this court. {¶ 4} The Tax Commissioner’s motion to dismiss asserts two grounds for dismissal. First, the commissioner contends that the order denying intervention constitutes an interim order under the BTA’s rules and that as such, the order does not possess the degree of finality necessary to permit an appeal.

Second, the commissioner argues that the county has no standing as an appellant in this court, because it is not listed in the third paragraph of R.C. 5717.04 as a person having the right to appeal. {¶ 5} The Tax Commissioner’s first argument invokes the general concern that only final orders may be appealed. R.C. 2505.02. This limitation applies generally to appeals from decisions rendered by administrative bodies.

R.C. 2505.03(A). But in the context of administrative appeals, more specific sections of the Revised Code may apply, and if they do, R.C. Chapter 2505 is superseded by those sections. R.C. 2505.03(B). In the present case, R.C. 5717.04 provides for appeals from BTA decisions but does not specifically address the nature of decisions that may be appealed.

The second and third paragraphs of that section do acknowledge the requirement of finality by referring to appeals from BTA decisions that “determin[e] appeals” pending before the BTA, but

those paragraphs do not actually create a right of appeal, nor does R.C. 5717.04 in any specific way address the issue of finality.

Accordingly, R.C. 2505.02(B)(2) applies, and that provision deems to be “final” an “order that affects a substantial right made in a special proceeding.” {¶ 6} We have held that denials of intervention in special proceedings may be immediately appealed when a decision in the pending matter “would have a considerable effect on the property rights” of the proposed intervenors.

Morris v. Investment Life Ins. Co. (1966), 6 Ohio St.2d 185, 187, 35 O.O.2d 304, 217 N.E.2d 202. We hold that *Morris* applies to the situation presented in this case. The county holds legal title to real property that is subject to tax liens for past tax years; absent payment of taxes for prior years, foreclosure of the liens could lead to divestiture of title to the property.

That interest plainly qualifies as “substantial” because it implicates “a right” that the “common law * * * entitles a person to enforce or protect.” R.C. 2505.02(A)(1). {¶ 7} Moreover, the BTA’s order denying the county’s motion to intervene “affects a substantial right” because it qualifies as an order that “if not immedi*1211ately appealable, would foreclose appropriate relief in the future.” *Bell v. Mt.*

Sinai Med. Ctr. (1993), 67 Ohio St.3d 60, 63, 616 N.E.2d 181, modified on other grounds by *Moskovitz v. Mt. Sinai Med. Ctr.* (1994), 69 Ohio St.3d 638, 635 N.E.2d 331. In this case, the county as owner of the property cannot vindicate its interests if it cannot participate in the proceedings before the BTA; a later appeal could protect those interests only by ordering a complete retrial of the case. {¶ 8} Our recent decision in *Gehm v. Timberline Post & Frame*, 112 Ohio St.3d 514, 2007-Ohio-607, 861 N.E.2d 519, does not require a contrary conclusion.

In *Gehm*, we specifically noted that denial of a motion to intervene is not final and appealable “when the purpose for which intervention was sought may be litigated in another action.” *Gehm*, ¶ 37. By contrast, in this case the pending application for exemption constitutes the sole means provided by statute for securing the right to exempt status in prior tax years.

Even if Mahoning County could file an application and qualify for exemption for tax year 2007, it could not obtain remission of taxes owed for prior years when it was not the owner of the property. See R.C. 5713.08(B) (no remission of taxes for prior years if such taxes became a lien on the property “prior to the date of acquisition of title to the property by the applicant”). {¶ 9} The foregoing analysis does not prejudice the merits of Mahoning County’s intervention.

We are concerned here only with whether the county may obtain review of the denial of that intervention through the present appeal. We hold that under the circumstances presented in this case, the BTA’s denial of intervention constituted a final order because it affected a substantial right and because it was made in a special proceeding. {¶ 10} The Tax Commissioner’s second argument is not persuasive.

The third paragraph of R.C. 5717.04 specifies who may appeal a BTA decision, and included among such persons are “parties to the appeal” before the BTA. Since the BTA decided to deny intervention, the Tax Commissioner argues that the county is not in fact a party. But that argument misses the point. {¶ 11} The essence of the motion to intervene lies in the county’s contention that it has a right to be a party, and the county argues that the BTA committed a legal error by not recognizing that right.

We hold that a person’s assertion that it has a legal right to be a party to the BTA appeal makes it a “party” under the third paragraph of R.C. 5717.04 for one limited purpose: to seek the court’s determination of whether the asserted right exists. {¶ 12} The motion to dismiss is denied. Moyer, C.J., and Pfeifer, Lundberg Stratton, O’Connor, Lanzinger, and Cupp, JJ., concur.

O’Donnell, J., dissents. Harrington, Hoppe & Mitchell, Ltd., and Carmen V. Codjoe; and Paul J. Gains, Mahoning County Prosecuting Attorney, and Linnette M. Stratford, Assistant Prosecuting Attorney, for appellant. Marc Dann, Attorney General, and Janyce C. Katz, Assistant Attorney General, for appellee Tax Commissioner.