



## Tax exemption available on school property used for non-school purposes

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On December 30, 2015, the Ohio Supreme Court held that all property owned by a public board of education is exempt from taxation, regardless of whether the property is being used exclusively for school purposes. In this case, *Talawanda City School District Board of Education v. Testa*, the Court overturned a prior Board of Tax Appeals (BTA) ruling denying a property tax exemption to a school district that leased a 34-acre parcel of its property to a farmer.

The school district had purchased the property to construct a new high school. After acquiring title to the property, the district filed an application seeking exemption. The Tax Commissioner granted the exemption on all of the property except the acreage that the school district had leased to a farmer. The Commissioner based his decision on the fact that the land was not being used for school purposes and was therefore not entitled to exemption.

On appeal, the Supreme Court rejected the Commissioner's reasoning, citing certain 2010 amendments to Ohio Revised Code section 3313.44—the statute which generally provides for the exemption of school-owned property. The Court noted that under the 2010 amendments, exemptions are available based solely on board ownership and do not place any restrictions on use. As a result, the Court held that the property was exempt from taxation, even though a portion was leased and used for private farming.

In light of this decision, school districts may want to review the tax status of various kinds of property they own, particularly leased properties, to determine whether such properties are currently being subjected to taxation, and if so, whether they may be eligible for tax exemption under the new ruling.

The full text of the Supreme Court's opinion can be accessed [here](#).

