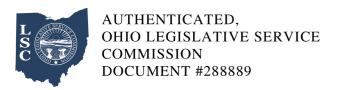


## Ohio Administrative Code Rule 5703-25-05 Definitions.

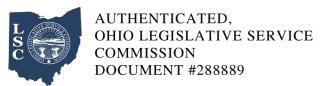
Effective: July 1, 2021

As used in rules 5703-25-05 to 5703-25-17 of the Administrative Code:

- (A) "True value in money" or "true value" means one of the following:
- (1) The fair market value or current market value of property and is the price at which property should change hands on the open market between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having a knowledge of all the relevant facts.
- (2) The price at which property did change hands under the conditions described in section 5713.03 of the Revised Code, within a reasonable length of time either before or after the tax lien date, unless subsequent to the sale the property loses value due to some casualty or an improvement is added to the property.
- (B) In compliance with the provisions of sections 5713.01, 5713.03, 5715.01 and 5715.24 of the Revised Code, the "taxable value" of each parcel of real property and the improvements thereon shall be thirty-five per cent of the "true value in money" of said parcel as of tax lien date in the year in which the county's sexennial reappraisal is or was to be effective beginning with the tax year 1978 and thereafter or in the third calendar year following the year in which a sexennial reappraisal is completed beginning with the tax year 1978.
- (C) "Computer assisted appraisal systems" A method in which the value of a property is derived by any or all of the following computerized procedures:
- (1) Multiple regression analysis using sales to form the data base for valuation models to be applied to similar properties within the county.
- (2) Computerized cost approach using building cost and other factors to value properties by the cost approach as defined in this rule.



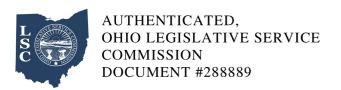
- (3) Computerized market data approach where a subject property is valued by adjusting comparable sales to subject by adjustments based on regression or other analyses.
- (4) Computerized income approach using economic and income factors to estimate value of properties.
- (5) Computerized market analysis to provide trend factors used by appraisers as basis of market valuation.
- (D) "Cost approach" A method in which the value of a property is derived by estimating the replacement or reproduction cost of the improvements; deducting therefrom the estimated physical depreciation and all forms of obsolescence if any; and then adding the market value of the land. This approach is based upon the assumption that the reproduction cost new normally sets the upper limit of building value provided that the improvement represents the highest and best use of the land.
- (E) "Effective tax rate" Real property taxes actually paid expressed as a percentage rate in terms of actual true or market value rather than the statutory rate expressed as mills levied on taxable or assessed value. In Ohio four factors must be considered in arriving at the effective tax rate:
- (1) The statutory rate in mills;
- (2) The composite tax reduction factor as calculated and applied under section 319.301 of the Revised Code;
- (3) The percentage rollback prescribed by section 319.302 of the Revised Code;
- (4) The prescribed assessment level of thirty-five per cent of true or market value.
- (F) "Income approach" An appraisal technique in which the anticipated net income is processed to indicate the capital amount of the investment which produces the net income. The reliability of this technique is dependent upon four conditions:



(1) The reasonableness of the estimate of the anticipated net annual incomes;
(2) The duration of the net annual income, usually the economic life of the building;
(3) The capitalization (discount) rate;
(4) The method of conversion (income to capital).
(G) "Market data approach" - An appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (price wise), and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of correlation and analysis of similar recently sold properties. The reliability of this technique is dependent upon:
(1) The degree of comparability of each property with the property under appraisal;
(2) The time of sale;
(3) The verification of the sale data;
(4) The absence of unusual conditions affecting the sale.
(H) "Qualified project manager" has the same meaning as division (A)(2) of section 5713.012 of the Revised Code.
(I) "Replacement cost"
(1) The cost that would be incurred in acquiring an equally desirable substitute property;

(2) The cost of reproduction new, on the basis of current prices, of a property having a utility

equivalent to the one being appraised. It may or may not be the cost of a replica property;



(3) The cost of replacing unit parts of a structure to maintain it in its highest economic operating condition.