

OPINION NO. 66-054

Syllabus:

The computation of interest on delinquent taxes and assessments is to be calculated as simple interest in the absence of any authority for any other method of calculation.

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To: Edwin T. Hofstetter, Geauga County Pros. Atty., Chardon, Ohio
By: William B. Saxbe, Attorney General, March 3, 1966

Your letter is as follows:

"The manner of the computation of interest on delinquent taxes and assessments in this County has been brought to my attention. The question has been raised by the Treasurer as to whether the rate of Eight percent (8%) per annum, as authorized in that statute, represents simple interest for the period of time in question, or whether the interest should be compounded annually so as to constitute a portion of the delinquent taxes and assessments. A certain portion of the statute would leave the impression that interest should be charged on the interest and compounded annually. This has not been the practice in this County.

"From the second paragraph of the statute, the following is significant.
' . . . , interest at Eight percent (8%) per annum on the amount thereof remaining unpaid shall be charged upon the duplicate from the expiration of such year until such taxes, assessments, penalties, and interest are paid. . . '

"Inasmuch as wording of the above

would seem to imply that Eight percent (8%) per annum shall apply and be charged until such taxes, assessments, penalties, and interest are paid, it would appear that in an event where all the taxes, assessments and penalties have been paid but the interest was still unpaid, that interest at Eight percent (8%) on that interest must be charged. This leads me to believe, therefore, that the rate of Eight percent (8%) per annum referred to in the statute, if applicable in the manner indicated above, would imply that interest would be compounded annually and that mere simple interest on the delinquent taxes, assessments and penalty was not the intention of the Legislature.

"We would appreciate your review of the above and your advice as to whether the manner in which this has been computed in this County is correct or erroneous."

The question is whether the rate of eight percent (8%) per annum represents simple interest for the period of time in question, or whether the interest should be compounded so as to constitute a portion of the delinquent taxes and assessments.

No statute, decisions, or opinions were located pertaining to the exact question involved, although decisions in respect to penalties were located and it is noted that a penalty is somewhat related to interest; the answer to the question as to the calculation of interest was not spelled out.

A review of Sections 5719.17, 5719.18, and 5719.19, Revised Code, and Chapter 5721, with special reference to Section 5721.10, Revised Code, leads to the belief that the intent of the interest charge was to be in simple interest, as no authority is noted for interest to be compounded annually. Simple interest has been used by tax authorities over a long period of time, and in the absence of some specific authority to the contrary, the accepted practice should be followed. Bulletin No. 656, issued by the State of Ohio, Department of Taxation, Division of County Affairs, appears to be an excellent dissertation on the subject of penalties and interest added to delinquent taxes.

You are, therefore, advised that the computation of interest on delinquent taxes and assessments is to be calculated as simple interest in the absence of any authority for any other method of calculation.