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Office

H.B. 134
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Dell'Aquila and Galonski

Andrew Little, Attorney

SUMMARY

- Requires notice to lienholders on tax delinquent property before tax certificates for that property may be sold.

DETAILED ANALYSIS

Continuing law authorizes various means to collect delinquent real property taxes. These include delinquent tax contracts that allow the taxes to be paid in installments over time, conveyance in lieu of foreclosure, tax foreclosure initiated by the county treasurer or prosecuting attorney, and the sale of tax certificates by the treasurer. The bill amends the law regarding the sale of tax certificates by requiring, in every instance, presale notice to all parties with an interest in the certificate property, including lienholders.

Sale of tax certificates

Tax certificates transfer the state's lien on property for delinquent taxes to a private person. This allows the county to recoup unpaid amounts faster than through the normal foreclosure process and allows the certificate purchaser to pursue the owed amounts, plus an amount of interest determined at the certificate sale, through a foreclosure action. These sales can be by two means:

Certificate auctions

A tax certificate may be sold by public auction, with the winning bidder offering the lowest interest rate that the property owner will incur as the taxes remain delinquent. Under continuing law, the bidding starts at an 18% rate and decreases in increments.¹

¹ R.C. 5721.32, not in the bill.

Negotiated certificate sales

A county treasurer may also sell tax certificates at a negotiated sale. In such a sale, the terms are broadly negotiable. Those include the interest rate and whether a premium will be added to or subtracted from the certificate price, though those items must be negotiated “in the best interest of the county.”²

Presale notice

The bill changes the notice that must be given before a tax certificate auction or negotiated sale by requiring notice to all lienholders of the property discoverable through a title search. Current law allows, but does not require, notice to lienholders.

For certificate auctions, current law requires that notice must be given to the owner of record *or* all interested parties discoverable through a title search, either by certified mail or ordinary mail and email if the treasurer has an email address of record on file for the recipient. Current law does not specify when this notice should be given, but the bill requires both the property owner and lienholder notices to be given at least 30 days before the auction. The method for serving the property owner notice remains the same, but the lienholder notice is only required to be sent by ordinary mail.³

In the case of a negotiated sale, current law requires notice to be given to the record owner and *allows* notice to be given to all parties with a recorded interest in the property, by certified mail and at least 30 days before of the sale in both cases. The bill requires the mandatory notice to lienholders to be delivered by ordinary mail within that 30-day timeframe.⁴

HISTORY

Action	Date
Introduced	03-23-23

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² R.C. 5721.33, not in the bill.

³ R.C. 5721.31(B)(1).

⁴ R.C. 5721.31(B)(2).