



Fiscal Note & Local Impact Statement

Bill: H.B. 598 of the 132nd G.A.

Status: As Passed by the House

Sponsor: Reps. West and Green

Local Impact Statement Procedure Required: No

Subject: Modifies the law pertaining to sale of tax-forfeited land

Local Fiscal Highlights

- The bill (1) allows a county auditor to offer forfeited property for sale when the auditor determines it is necessary, but at least every six years, instead of requiring a sale at least once per year, and (2) eliminates a requirement that a land bank sell or dispose of property within 15 years of acquisition. These two changes could reduce or eliminate the costs for mandated property sales and also allow sales to occur when market conditions are more favorable.

Detailed Fiscal Analysis

Sale of forfeited property

The bill modifies the law regarding when county auditors may offer all forfeited property for sale. Currently, an auditor is required to offer all forfeited property for sale at least one time each year. The bill permits the county auditor to offer the forfeited property for sale when the auditor determines that a sale is necessary, as long as this occurs every six years. This flexibility could reduce the costs for holding a public auction for a land sale. It would also give a county the ability to hold land sales when market conditions are more likely to yield higher sale prices. As an example of how these changes might affect a large county, the current Franklin County 2017 tax lien final sale list contained 483 properties.¹

Property held by land banks

The bill also eliminates a requirement that applies to property that is not sold or transferred within 15 years of its acquisition by a land bank. Currently, the land bank is required to offer the property for sale at public auction during the 16th year for an amount that is the greater of two-thirds of its fair market value or the total amount of tax debt, foreclosure costs, and the land bank's cost of holding the land. If the property is not sold, the land bank may either dispose of it or retain it for any lawful purpose. Under the bill, the land bank would have no obligation to sell or transfer the property at

¹ <https://treasurer.franklincountyohio.gov/Delinquent-Taxes/Tax-Lein-Sale> (accessed June 15, 2018).

any time. The land bank could put the property to public use or sell it for not less than its fair market value. Much like the sale of forfeited property by county auditors, this provision would also potentially reduce mandated property sale costs and allow the property to be sold when market conditions could yield higher sale prices.