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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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H.B. 614
133rd General Assembly

Final Analysis

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SUMMARY

Director of Job and Family Services duties

- Requires the Director of Job and Family Services to develop, and periodically review, a written staffing plan to be implemented whenever there is a substantial increase or substantial decrease in inquiries or in the number of claims for unemployment benefits.
- Requires the Director to adopt rules creating a system that participants in the unemployment benefit application process can use to make customer service complaints.
- Requires the Director to maintain a consolidated list of contacts related to inquiries about unemployment benefits.
- Revises the process by which the Director notifies an applicant for unemployment benefits of eligibility issues.

Unemployment Compensation Modernization and Improvement Council

- Creates the Unemployment Compensation Modernization and Improvement Council to examine the process by which claims for unemployment benefits are filed and paid.
- Requires the Council to prepare an initial report, within six months after its first meeting, that describes the state of the claims process and any planned improvements to the process.
- Requires the Council to be notified of security breaches in the records maintained under the law and of substantial disruptions in the claims process.

- Prohibits the Council from examining the solvency of Ohio's Unemployment Compensation Fund or changes that would either increase or reduce benefits paid from the fund.

Auditor's examination of the claims process

- Requires the Auditor of State to examine the unemployment benefit claims process and prepare a report containing specified information not later than July 1, 2021.

Local CARES Act revenue distribution

- Appropriates \$650 million of funding allocated to Ohio from the federal "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) to counties, municipalities, and townships to fund COVID-19 pandemic-related expenses.
- Distributes funds based on population (excluding local governments that receive direct federal funding under the CARES Act).
- Requires subdivisions to spend the funds only on pandemic-related expenses as required under the CARES Act.
- Changes procedures and defers deadlines prescribed by H.B. 481 of the 133rd General Assembly for redistributing unspent CARES Act funds to local subdivisions and, later, returning unspent funds to the state.

Workforce-education partnership programs

- Permits a college or university and employers to establish a workforce-education partnership program to assist students to graduate from college with no student debt.
- Requires the Chancellor of Higher Education to create a template for workforce-education partnership programs.

Concealed handgun licenses

- From October 1, 2020, until June 30, 2021, allows an Ohio resident applying for a concealed handgun license to file the application with any county sheriff, rather than only with the sheriff of the county of residence or an adjacent county.
- Further extends the concealed handgun license expiration date extended in H.B. 197 of the 133rd General Assembly so that any license that would have expired beginning on March 9, 2020, until June 30, 2021, is extended until June 30, 2021, or 90 days after the license would have expired, whichever is later.
- Allows a sheriff to designate up to eight additional hours during which only county residents may file applications for concealed handgun licenses.
- Clarifies that the 30-day grace period that applies to a concealed handgun license after expiration under continuing law also applies to an expiration that is extended under the act.

Other appropriations

- Appropriates an additional \$4 million in FY 2021 for Facilities Establishment Fund (Fund 7037) line item 195615, Facilities Establishment.
- Increases capital appropriations under the Parks and Recreation Improvement Fund (Fund 7035) capital appropriation item C725E2 by \$550,000 to support two community projects under the Department of Natural Resources.

Authorization to convey land

- Authorizes the conveyance of two tracts of state-owned land under the Department of Rehabilitation and Correction’s jurisdiction, in Madison and Warren counties.

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DETAILED ANALYSIS

Director of Job and Family Services duties

Staffing plan

Under the act, the Director of Job and Family Services must develop a written strategic staffing plan to be implemented whenever a substantial increase or substantial decrease in inquiries or in the number of claims for benefits under the Unemployment Compensation Law¹ occurs. The Director must develop the initial plan not later than six months after the first meeting of the Unemployment Compensation Modernization and Improvement Council created by the act and annually review and, if necessary, revise it. The Director must provide the initial plan and any revised plan to the Council, the Senate President, the Speaker of the House, and the Governor. The most recent version of the plan must be posted on a publicly viewable website maintained by the Director. The plan must include:

- An explanation of how, if at all, the Director will use employees who do not ordinarily perform services related to unemployment benefits;
- An explanation of how, if at all, the Director will use employees of other state agencies; and
- An explanation of how, if at all, the Director will use employees provided by private entities.²

Customer service complaint system

The act requires the Director to adopt rules, in accordance with the Administrative Procedure Act,³ creating a uniform process through which an applicant for or a recipient of unemployment benefits or an employer may submit a complaint related to the service the applicant, recipient, or employer received.⁴

Contact list

The act requires the Director to create, in a single place on the Director's website, a list of all of the points of contact through which an applicant for or a recipient of unemployment

¹ R.C. Chapter 4141.

² R.C. 4141.13(B).

³ R.C. Chapter 119.

⁴ R.C. 4141.13(B) and R.C. 5101.09, not in the act.

benefits or an employer may submit inquiries related to the Unemployment Compensation Law.⁵

Notice of unemployment benefits eligibility issues

Under continuing law, when the Director identifies an eligibility issue in an individual's initial claim for benefits or an additional claim, the Director must send notice of the issue to the individual and specify the week or weeks involved. The individual has a minimum of five business days after the notice is sent to respond to the information in the notice before the Director makes a determination on eligibility. Under the act, the Director must send the notice immediately after identifying the issue. The act also requires the notice to identify what the claimant must do to address the issue or who the claimant may contact for more information.⁶

Unemployment Compensation Modernization and Improvement Council

The act creates the Unemployment Compensation Modernization and Improvement Council. The Council must examine the process by which an individual files a claim for and receives unemployment compensation benefits, and any changes made to that process after the act's effective date. The scope of the Council's examination includes, but is not limited to, the following:

- The technological infrastructure used to file claims and pay benefits and the experience of individuals and employers who participate in the process;
- Possible improvements that will maximize responsiveness for individuals and employers;
- Methods for sharing data across systems related to unemployment compensation to maximize efficiency; and
- Methods for synergizing user experience across multiple programs administered or supervised by the Director.

The Council is prohibited from examining the solvency of Ohio's Unemployment Compensation Fund, which is used to pay benefits and provide refunds for contribution overpayments, or changes that would either increase or reduce benefits paid from the fund.⁷

Membership and operations

The Council consists of the following 11 members:

- Two members who on account of their vocation, employment, or affiliations can be classed as representative of employers, appointed by the Governor;

⁵ R.C. 4141.13.

⁶ R.C. 4141.28.

⁷ R.C. 4141.12(A), by reference to R.C. 4141.09, not in the act.

- Two members who on account of their vocation, employment, or affiliation can be classed as representatives of employees, appointed by the Governor;
- The chairpersons of the standing committees of the Senate and the House to which legislation pertaining to the Unemployment Compensation Law is customarily referred, as appointed by the Senate President and the Speaker of the House, respectively;
- Two members of the Senate appointed by the Senate President, one from each party;
- Two members of the House appointed by the Speaker, one from each party;
- The Director or a designee who has administrative responsibilities with respect to the unemployment compensation system.

All of the members appointed by the Governor serve for two years. Legislative members serve during the session of the General Assembly in which they are appointed to the Council, as long as they are General Assembly members. A vacancy on the Council is filled in the same manner as the original appointment but only for the unexpired part of a term.

Council members serve without compensation.

The standing committee chairpersons must jointly call the Council's first meeting. The Council must organize itself and select a chairperson or co-chairpersons. Six members constitute a quorum and the Council may act only on the affirmative vote of six members.⁸

Records, reports, and recommendations

The act grants the Council access to only the Department of Job and Family Services (ODJFS) records that are necessary for the administration of the Unemployment Compensation Law. The Council is prohibited from accessing sensitive or personally identifying information. It may request the Director, or any of the Director's employees, or any employer or employee subject to the law, to appear before it and to testify to relevant matters. At least once a year, the Council must allow members of the public to appear before it to testify to relevant matters.

Not later than six months after its first meeting, the Council must issue an initial report that, at minimum, describes the state of the claims process at the time the report is issued, as well as any planned improvements to the process. The Director must post all testimony and other relevant materials discussed, presented to, or produced for the Council on a publicly viewable website maintained by the Director.⁹

Notices provided to the Council

The Director must notify the Council chairperson or co-chairpersons of any unauthorized access to or acquisition of ODJFS records that are necessary for the administration of the

⁸ R.C. 4141.12(B) to (E).

⁹ R.C. 4141.12(F).

Unemployment Compensation Law. The Director must provide the notice not more than five days after the Director discovers or is notified of the unauthorized access or acquisition.

The Director must notify the Council members of any substantial disruption in the benefit application process. The Council must adopt and periodically review a definition of a substantial disruption that the Director must report.¹⁰

Auditor of State examination of claim process

The act requires the Auditor of State to examine the process by which an individual files a claim for and receives unemployment benefits. Not later than July 1, 2021, the Auditor must publish a report of the examination and submit it to the Speaker of the House, the Senate President, the Governor, the Director, the Legislative Service Commission, and the Council.¹¹ The Auditor must do all of the following in the report:

1. Create a breakdown of revenues and expenditures illustrating how funding for administering claims for benefits is received and spent;
2. Compare administrative funding and cost distributions to states that process a similar number of claims, on average, as Ohio;
3. Review trends in federal funding provided for administering claims for benefits over a period of time established by the Auditor and compare provided federal funding to the total cost of administering claims for benefits over the same time period;
4. Identify the amount of state funds necessary to supplement federal funding for administering claims for benefits;
5. Calculate the average amount of time that elapses between the date an individual files an application for a determination of benefit rights and the date the Director makes a determination on the application's validity;
6. Calculate the average amount of time that elapses between the date an individual files a first or additional claim for benefits and the date the Director makes a determination on the application's validity;
7. Calculate the average amount of time that elapses between the Director allowing benefits and the payment of the benefits;
8. Compare the times calculated in (5) through (7) above to the average amount of time the administrators of state unemployment laws that process a similar number of claims, on average, as Ohio take to make similar determinations and pay benefits;
9. Provide an overview of federal and state laws governing the claims process and the impact of those laws on the process;

¹⁰ R.C. 4141.12(G) and (H).

¹¹ Section 3(B) and (E).

10. Identify any provisions of Ohio's Unemployment Compensation Law that could be repealed or amended to increase efficiency or improve claim processing while maintaining compliance with the Federal Unemployment Tax Act;¹²
11. Identify any improvements that can be made to the system used to process claims for benefits, including improvements to individual and employer access or experience and improvements from automation;
12. Identify the advantages, if any, that could be realized from implementing an alternative system for filing a claim for benefits, including one in which an individual who wishes to file a claim by telephone can leave contact information and receive a return call;
13. Identify any improvements that could be made to the website that individuals use to file a claim for benefits online;
14. Describe the organization and staffing levels used to administer claims for benefits and compare those to the organization and staffing levels in states that process a similar number of claims, on average, as Ohio;
15. Identify any improvements that could be realized through changes in staffing levels;
16. Identify the best practices from other states' unemployment compensation laws that could be implemented in Ohio; and
17. Identify the most common complaints and problems applicants for or recipients of unemployment benefits identify when interacting with staff in the unemployment compensation division of ODJFS.

In addition to the findings and recommendations listed above, the Auditor's report must make recommendations on any additional matter discovered during the examination that the Auditor believes will improve the claims process.

The Director must cooperate promptly and fully with any request the Auditor makes that relates to the Auditor's examination of the process.¹³

Local CARES Act revenue distribution

The act appropriates \$650 million of the money allocated to Ohio under the federal "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) to counties, townships, and municipalities to fund necessary COVID-19 pandemic-related expenses. This appropriation is in addition to the \$350 million previously allocated by the state to counties, townships, and municipalities under H.B. 481 of the 133rd General Assembly and an additional \$175 million appropriation approved by the Controlling Board and allocated to those subdivisions on August 24, 2020.¹⁴ The act also changes procedures and defers deadlines prescribed by H.B. 481 for

¹² 26 United States Code (U.S.C.) 3301 to 3311.

¹³ Section 3(B) to (D).

¹⁴ See Fund/Appropriation Request No. OBM0100130, August 24, 2020, available [here](#).

redistributing unspent CARES Act funds by counties and, later, the return of unspent funds to the state.

Federal CARES Act

Among other provisions, the CARES Act directs federal money to states and more populous local governments to fund “necessary expenditures incurred due to the public health emergency” connected with the COVID-19 pandemic, provided those expenses are incurred between March 1 and December 30, 2020, and are not accounted for in the state’s or subdivision’s current budget.¹⁵

The state received approximately \$4.53 billion in CARES Act funding. Under the CARES Act, local governments with a population of 500,000 or more may receive a direct payment from the federal government out of their state’s allocation. Ohio has six of these subdivisions – the City of Columbus, and Cuyahoga, Franklin, Hamilton, Montgomery, and Summit counties – that received directly \$778 million altogether, accounting for 17% of Ohio’s total allocated share.¹⁶ Thus, the state treasury received approximately \$3.75 billion of the state’s total allocation.

Distribution to local governments

The act appropriates \$650 million of this state share for distribution to the counties, municipalities, and townships that did not receive direct federal CARES Act payments (which the act refers to as “eligible subdivisions”).¹⁷ The money is distributed on the basis of each eligible subdivision’s population. The money is first distributed to the 88 county treasuries from the state fund that receives CARES Act revenue – the Coronavirus Relief Fund – by the Director of Budget and Management. This distribution is deposited to each county’s coronavirus relief distribution fund – created pursuant to H.B. 481.¹⁸ The amount received by each county is based on the proportion that the sum of the populations of each eligible subdivision located in the county plus the population of the county (if the county is an eligible subdivision) bears to the sum of the populations of all eligible subdivisions in Ohio. Only the portion of a municipality’s or township’s population that resides in a county is included in computing that county’s coronavirus relief distribution fund payment. Even if a county is not an eligible subdivision, municipalities and townships in that county will still receive an allocation, as described below.¹⁹

Once the CARES Act revenue is paid to the county, the money is further divided between the county and its municipalities and townships, except for those that are not eligible

¹⁵ Section 5001 of the “Coronavirus Aid, Relief, and Economic Security Act,” as codified in 42 U.S.C. 801.

¹⁶ Grant A. Driessen, *The Coronavirus Relief Fund (CARES Act, Title V): Background and State and Local Allocations*, Congressional Research Service, p. 4 (August 25, 2020), available [here](#), pp. 4 and 7.

¹⁷ Section 4(A)(1); Section 8.

¹⁸ Section 27(B) of H.B. 481 of the 133rd General Assembly.

¹⁹ Section 4(B).

subdivisions. The amount distributed from the county coronavirus relief distribution fund to each eligible subdivision is based on the proportion that the population of the eligible subdivision bears to the sum of the populations of all eligible subdivisions located in the county plus the population of the county if the county is an eligible subdivision. Municipalities and townships that are eligible subdivisions receive CARES Act distributions from each county in which their population resides. Therefore, only the portion of a subdivision's population that resides in a particular county is included in computing that county's distribution to the subdivision.²⁰

For these computations, the populations of eligible subdivisions are based on the most recent estimates published by the Development Services Agency.²¹ The population of a township does not include persons who reside in its incorporated areas.²²

Once a subdivision receives its share of the CARES Act revenue it must deposit the money in its local coronavirus relief fund – also created pursuant to H.B. 481.²³ The subdivision must use the revenue solely for the purposes prescribed in the CARES Act. The Auditor must audit this fund during the subdivision's next regular audit to ensure the revenue was used properly.²⁴

Resolution requirement

The distribution of CARES Act funds under H.B. 481 was conditioned on the legislative authority of the recipient county, municipality, or township adopting a resolution or ordinance affirming that the revenue will only be used for the purposes prescribed in the CARES Act and certifying it to the Director of Budget and Management and the county auditor. The act extends this stipulation to all funds distributed through a county coronavirus relief distribution fund, including the amounts appropriated by the act and appropriations approved by the Controlling Board. Adopting one resolution or ordinance is sufficient to meet the act's requirement. A subdivision that adopted a resolution or ordinance under H.B. 481 is not required to do so again.

If a subdivision does not adopt a resolution or ordinance regarding its use of CARES Act funds, its share of funding is retained in the county coronavirus relief distribution fund until either the subdivision adopts the resolution or ordinance, or the unencumbered balance of the fund is redistributed to other subdivisions as described below.²⁵

²⁰ Section 4(C).

²¹ See, Ohio Development Services Agency, State and U.S. Population Estimates, available [here](#).

²² Section 4(A)(2).

²³ Section 27(E) of H.B. 481 of the 133rd General Assembly.

²⁴ Section 4(D).

²⁵ Section 4(G).

Redistribution of unused funds

The act modifies the rules prescribed by H.B. 481 for the return and redistribution of unspent funds and applies them to all local government CARES Act appropriations – including those made by the act and H.B. 481 and any such appropriation approved by the Controlling Board.

Under the modified rules, subdivisions must return to the county treasury any CARES Act funding that remains unencumbered as of November 20, 2020. (H.B. 481 required unencumbered funds to be returned by October 15, 2020.) If a subdivision is located in more than one county, it must divide and pay the unencumbered funds among those counties proportionally, based on the cumulative amount of CARES Act funds it received from each county. Returned revenue must then be redistributed by the county auditor no later than November 25, 2020. (H.B. 481 required redistribution of funds by October 22, 2020.)

The funds are redistributed to the county and municipalities and townships in the county that (1) did not receive a direct federal distribution of CARES Act funds, (2) spent 100% of all previous CARES Act distributions, and (3) adopted a resolution or ordinance pertaining to the use of CARES Act funds, as described above. Generally, one-quarter of the returned revenue is paid to the county, if eligible, and the remainder is paid to the other eligible municipalities and townships based on each subdivision's relative population. However, if fewer than one-quarter of municipalities and townships with a population that resides in the county qualify for a redistribution payment, the share of returned revenue paid to the county, if eligible, increases from one-quarter to one-half.²⁶

Reporting to OBM

Whenever a county auditor distributes or redistributes the CARES Act payments under the act to local subdivisions, the auditor must report the amount that is being paid to each subdivision to the OBM Director. In addition, any subdivision that receives CARES Act revenue under the act must comply with any request from the Director for information on how those funds were spent.²⁷

Return of unused funds

The act defers the date set by H.B. 481 by which a subdivision must return any unspent balance of its local coronavirus relief fund to the state treasury from December 28, 2020, to February 1, 2021, but specifies that, for the period beginning December 31, 2020, and ending February 1, 2021, the subdivision's fund may be held open for accounting purposes only. As discussed above, the CARES Act requires this money to be spent only for COVID-19 pandemic related costs incurred no later than December 30, 2020. The deferral applies to local CARES Act

²⁶ Sections 4(E) and 7; Section 27(A) and (F) of H.B. 481 of the 133rd General Assembly.

²⁷ Section 4(C) and (F).

funds appropriated by the act and H.B. 481, as well as any similar appropriations approved by the Controlling Board.²⁸

Workforce-education partnership programs

The act permits public and private colleges and universities and “employers” to establish workforce-education partnership programs, and requires the Chancellor of Higher Education to create a template for colleges and universities and employers to use to establish them. The goal of a workforce-education partnership program is to provide assistance to students so that they may graduate from a college or university with no student debt. In creating the template, the Chancellor must consult with state and local workforce and economic development agencies.²⁹

The template for the program must include the following:

1. The process for an employer to participate in the program;
2. A requirement that, to be eligible to participate in the program, a student be enrolled in a degree-granting program at a college or university on at least a half-time basis, as determined by the Chancellor, and be a paid employee of an employer participating in the program;
3. The process for an eligible student to enroll in the program;
4. Guidance for the college or university to designate a mentor to assist students within the college or university;
5. Guidance for an employer to designate a mentor to assist students at the employer’s workplace;
6. Guidance for the college or university and employers to create a process to make a housing stipend available to students enrolled in the program;
7. Guidance for the college or university and employers to make life management and professional skills training available to students enrolled in the program;
8. A requirement that an employer establish an educational assistance program in accordance with federal law and provide tuition assistance for a student enrolled at the college or university while working for the employer, up to the maximum amount that the employer may exclude from the employer’s gross income under that law,³⁰
9. A requirement that the college or university work with students enrolled in the program to ensure that they have applied for and are receiving the maximum financial aid, in the form of scholarships and grants, that they are eligible to receive to cover their costs to attend the college or university; and

²⁸ Sections 4(E) and 7; Section 27(G) of H.B. 481 of the 133rd General Assembly.

²⁹ R.C. 3333.93.

³⁰ See 26 U.S.C. 127.

10. A requirement that the college or university and employers seek out additional sources of funding to cover any remaining costs to attend the college or university that are not covered by tuition assistance or financial aid for students enrolled in the program.³¹

The Chancellor must evaluate the effectiveness of the workforce-education partnership programs to determine whether additional training and employment programs may use the Chancellor's template to establish workforce-education partnership programs.³²

As used by the act, the term "colleges and universities" includes any state institution of higher education and any private nonprofit or for-profit college or university.³³

Concealed handgun licenses

Extended expiration dates

The act extends the validity of a standard concealed handgun license that is scheduled to expire between March 9, 2020, and June 30, 2021, until 90 days after the expiration date or June 30, 2021, whichever occurs later. The extension applies even if the license's scheduled expiration date occurred before the act's October 1, 2020, effective date. This expands the extension passed in H.B. 197 of the 133rd General Assembly. H.B. 197 had extended the validity of concealed handgun licenses during the period of the emergency declared by Executive Order 2020-01D, issued March 9, 2020, for 90 days or until December 1, 2020, whichever occurs earlier.

The act also clarifies that the 30-day grace period under continuing concealed handgun licensing law applies to a license extended under the act. Consequently, a concealed handgun license extended under the act during the extension period described above and for 30 days after the extension period expires is valid for all purposes under Ohio law, and a person to whom the license was issued is considered to be a holder of a valid license to carry a concealed handgun.³⁴

Application procedures

From the act's October 1, 2020, effective date until June 30, 2021, the act allows an applicant for a concealed handgun license who is an Ohio resident to apply for a license to the sheriff of any county, rather than only to the sheriff of the applicant's county of residence or an adjoining county under continuing law. Similarly, the act allows an applicant for renewal of a concealed handgun license to file the application for renewal with the sheriff of any county,

³¹ R.C. 3333.93(B).

³² R.C. 3333.93(C).

³³ R.C. 3333.93(A). See R.C. 3345.011 and 3365.01, neither in the act.

³⁴ Section 14.

rather than in the county of residence, an adjacent county, or the county in which the original application was filed.³⁵

Resident-only licensing hours

The act allows a sheriff, until June 30, 2021, to provide up to eight hours each week during which the sheriff accepts concealed handgun applications or renewal applications only from county residents and provides information on concealed handgun applications only to county residents. For each hour of resident-only concealed handgun application time, the sheriff must extend the hours of general concealed handgun application time provided to all applicants. Under continuing law, the sheriff must provide at least 15 hours of general concealed handgun application time each week. As with the continuing law concealed handgun application hours, the sheriff must post notice of the concealed handgun application hours provided under the act.

Nothing in the act or in the continuing law is to be construed to prohibit the sheriff from offering more hours than are required by law for accepting concealed handgun license applications or providing information on concealed handgun licensing.³⁶

Other appropriations

The act makes a supplemental appropriation of \$4 million in FY 2021 for Facilities Establishment Fund (Fund 7037) line item 195615, Facilities Establishment.³⁷ The line item is primarily used to fund the 166 Direct Loan Program, under which businesses may receive loans to purchase machinery and equipment, land and buildings acquisition, or make other eligible capital improvements.

The act also amends H.B. 481 of the 133rd General Assembly to do the following:

- Increase capital appropriations under Parks and Recreation Improvement Fund (Fund 7035) capital appropriation item C725E2, Local Parks, Recreation, and Conservation Projects by \$550,000 to a total of \$20.7 million;
- Redirect a \$400,000 community project earmark under the Higher Education Improvement Fund (Fund 7034) capital appropriation item C38443, Central Ohio Job Skills and Workforce Developmental Center, a project in Whitehall, to Parks and Recreation Improvement Fund (Fund 7035) capital appropriation item C725E2, Local Parks, Recreation, and Conservation Projects, to support the Whitehall Community Park Extension Project; and
- Earmark \$150,00 to support Kamp Dovetail.³⁸

³⁵ Section 16(A) and (B).

³⁶ Section 16(C) and (D).

³⁷ Section 9.

³⁸ Section 11.

The act authorizes the Treasurer of State to issue original obligations of not more than \$550,000, if needed, to provide sufficient moneys to the credit of Fund 7035 to support the costs of capital facilities for parks and recreation purposes.³⁹

For more information, see the [Fiscal Note for H.B. 614, as enacted](#).

Authorization to convey land

The act authorizes the conveyance of two tracts of state-owned land under the Department of Rehabilitation and Correction's (DRC's) jurisdiction. One tract is located in Madison County and consists of approximately 1,247 acres. The other is in Warren County and is approximately 296 acres. Proceeds from the sale of both tracts must be deposited in the state treasury, to the credit of the Adult and Juvenile Correctional Facilities Bond Retirement Fund. The authority to convey the Madison County tract expires on October 1, 2023. Authority to convey the Warren County tract expires on June 30, 2021.⁴⁰

Purchaser and real estate agreement

The Madison County tract may be offered for sale by the Director of Administrative Services and DRC Director through one of two means. Specifically, the property may be offered to a purchaser or purchasers, who are to be determined, through a negotiated real estate purchase agreement, with the price and terms and conditions to be acceptable to the Directors, and payment made at closing.

Alternatively, the DAS Director may conduct a sealed bid or public auction, with the property sold to the highest bidder, if the price is acceptable to both Directors. (The DAS Director may reject any or all bids.) If an auction is used, the DAS Director must advertise the auction by publication in a newspaper of general circulation in Madison County, once a week, for three weeks in a row, and DRC must pay advertising costs. If an auction is held and a bid is selected, a deposit must be paid no more than five business days after notice of an accepted bid is received, with the balance due no more than 60 business days after that notice. A provision is also made for contingent sales processes should a successful bidder not complete the purchase.⁴¹

The Warren County tract is to be offered to a grantee, who is to be determined through a real estate purchase agreement, for a price and at terms and conditions acceptable to the DAS and DRC Directors.⁴²

Conditions

Both tracts are to be conveyed subject to certain conditions. Those are:

³⁹ Section 13.

⁴⁰ Sections 17(A), (F), and (H) and 18(A), (F), and (H).

⁴¹ Section 17(C).

⁴² Section 18(D).

- The conveyances include improvements and chattels (personal property) on the conveyed property, and are subject to all easements, covenants, conditions, and restrictions of record; all legal highways and public rights-of-way; zoning, building, and other laws, ordinances, restrictions, and regulations; and real estate taxes and assessments not yet due and payable, and the property is to be conveyed in an “as-is, where-is, with all faults” condition.
- The deeds conveying the property may contain restrictions, exceptions, reservations, reversionary interests, and other terms and conditions the DAS Director determines to be in the best interest of the state.
- After the conveyances, any deed restrictions may be released by the state or DRC without further legislation.
- The deed or deeds must contain restrictions prohibiting the property’s use or sale if the use or sale will interfere with the quiet enjoyment of neighboring state-owned land.
- The property may only be conveyed if the DAS Director and DRC Director first determine the property is surplus property, no longer needed by the state, and that the conveyance is in the state’s best interest.⁴³

Warren County easement

The Warren County tract is to be conveyed subject to an easement, providing for ingress and egress to the DRC sewer treatment plant. The easement encompasses the existing drive to that plant.⁴⁴

Conveyance of whole or part

The Madison County tract may be conveyed as an entire tract or as multiple parcels, and to a single purchaser or multiple purchasers, as determined by the DAS Director and DRC Director. The Warren County tract must be sold as an entire tract.⁴⁵

Conveyance costs

The Madison County grantee must pay all costs associated with purchase, closing, and conveyance, except for advertising costs. The grantee of the Warren County tract must pay all costs associated with purchase, closing, and conveyance.⁴⁶

⁴³ Sections 17(B) and 18(C).

⁴⁴ Section 18(B).

⁴⁵ Sections 17(D) and 18(E).

⁴⁶ Sections 17(E) and 18(F).

HISTORY

Action	Date
Introduced	05-05-20
Reported, H. Ways and Means	06-11-20
Passed House (90-0)	06-11-20
Reported, S. Gov't Oversight & Reform	09-23-20
Passed Senate (32-0)	09-23-20
House concurred in Senate amendments (88-2)	09-23-20
