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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 112**  
**134<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 112's Bill Analysis](#)

**Version:** As Passed by the Senate

**Primary Sponsor:** Sen. Dolan

**Local Impact Statement Procedure Required:** Yes

Philip A. Cummins, Senior Economist, and other LBO staff

### **Highlights**

- County commissioners may direct up to 50% of taxes collected on certain real property conveyed by a county land reutilization corporation (CLRC) to be paid to the CLRC for up to five years, rather than to the taxing districts to which they would otherwise be owed.
- The bill directs proceeds of electing subdivision property sales after expenses to the electing subdivision, rather than to reimburse taxing districts charged foreclosure or forfeiture costs, for electing subdivisions other than CLRCs.
- The bill exempts CLRCs from all state and local taxes. This change may reduce tax revenues of the state and political subdivisions, and may reduce state revenue sharing with local governments. Reductions in revenue to the state, if any, would be borne primarily by the GRF.
- Authorization to publish notices electronically rather than in newspapers for certain tax foreclosure proceedings and proceedings under Forfeited Land Law will likely reduce costs for counties to publish required notices; statewide savings could potentially range up to the low millions.
- A county auditor fee is increased by the bill from \$5 to \$45.

### **Detailed Analysis**

The bill makes numerous changes to the laws pertaining to county land reutilization corporations (CLRCs) and to foreclosure and forfeiture for failure to pay property taxes and assessments. CLRCs are exempted by the bill from paying state taxes, which would reduce GRF revenue by an amount which might exceed \$1 million in some years, and would minimally reduce revenue sharing with political subdivisions. Other fiscal effects of the bill affect political

subdivisions. Law changes with fiscal effects on the state or political subdivisions are enumerated below. The bill includes numerous other provisions that appear to have minimal or no fiscal effects, for which the reader is referred to the LSC bill analysis.

## **CLRCs and other electing subdivisions**

The bill changes the name of a county land reutilization fund to county land reutilization corporation fund. It allows county commissioners to direct up to 50% of taxes collected on certain real property conveyed by a CLRC to be paid to the county land reutilization fund for up to five years. These tax revenues would be paid to the CLRC rather than to the taxing districts to which they would otherwise be owed. The provision applies to real property acquired by a CLRC under foreclosure law. The board of a CLRC may elect not to receive the taxes on such real property, in which case the tax revenues would be paid to the appropriate taxing districts.

An electing subdivision is a municipal corporation, township, or county that has adopted an ordinance or resolution pursuant to R.C. 5722.02 to implement procedures that facilitate effective reutilization of nonproductive land within its boundaries. When an electing subdivision sells land reutilization program property, the bill directs that after the electing subdivision's expenses to acquire, maintain, and dispose of the property are reimbursed, the sale proceeds are to go to the electing subdivision for land reutilization, public purposes, and related purposes. Current law, for an electing subdivision other than a CLRC, directs that these sale proceeds are instead to be used by the county treasurer to reimburse taxing districts that were charged for the costs of foreclosure or forfeiture. Electing subdivisions would no longer be required to keep informed all taxing districts with an interest in the land. These changes would result in loss of revenue to affected taxing districts, gains for electing subdivisions, and possibly reduction in costs for these subdivisions. The bill eliminates a requirement that an electing subdivision other than a CLRC obtain the consent of taxing authorities for release of any claims on delinquent taxes and costs. This may facilitate such transactions.

If a CLRC acquires property in a transaction that is not a tax foreclosure procedure, in current law a municipal corporation or township has a priority right of acquisition for 30 days to indicate its intent to acquire that property, and subsequently to do so. The bill repeals this right. This change may result in ownership of some properties by CLRCs that under current law would instead be acquired by municipal corporations or townships.

The bill eliminates requirements that (1) property sold by an electing subdivision other than a CLRC be sold for at least fair market value, or (2) approval of the legislative authorities of those taxing districts entitled to share in sale proceeds be obtained before property is sold for less than fair market value. These changes may promote sale of properties and realization of proceeds from these sales.

The bill adds exemptions from sales and use taxes for (1) building and construction materials and services sold to construction contractors for incorporation into a structure or improvement to real property under a contract with a CLRC or its wholly owned subsidiary, and (2) sales to or by a CLRC or its wholly owned subsidiary. These exemptions may tend to reduce GRF tax revenues as well as sales tax revenues of counties and regional transit authorities. The total revenue loss might exceed \$1 million in some years.

Separately, the bill provides an exemption for a CLRC from all state and local taxes and assessments. The exemption applies to projects funded by the corporation, revenues or property acquired or used by the corporation, and the resulting income.

To the extent that state GRF tax revenues are reduced by these changes, distributions to local governments and public libraries through the Local Government Fund (Fund 7069) and the Public Library Fund (PLF, Fund 7065) will be reduced. These funds each receive 1.66% of GRF tax revenues in codified law. The PLF receives 1.7% of GRF tax revenue through the end of the current biennium under a provision of H.B. 110 of the 134<sup>th</sup> General Assembly, the main operating budget.

Continuing law exempts from taxation real property of a CLRC, and real property of an electing subdivision other than a CLRC for the public purpose of land reutilization. The bill provides that the tax exemption starts on the day title is transferred to the electing subdivision, and ends on the last day of the tax year in which title is transferred to a new owner not entitled to exemption. The fiscal effect of this change is unclear.

For property forfeited to the state that an electing subdivision indicates it wants to acquire and that subsequently is offered for sale but does not receive the minimum bid, the property is deemed sold to the electing subdivision for no consideration. The bill clarifies that nonproductive land, land that is both tax delinquent and vacant, must only be offered for sale once.

Under continuing law, property unsold at a foreclosure sale under Chapter 5722 of the Revised Code, that would otherwise be forfeited to the state, may instead be transferred to a CLRC at the request of the CLRC. The bill amends R.C. 5722.04 to add that this transfer is to be without cost to the CLRC, possibly reducing costs for such entities.

In current law, abandoned land must be forfeited to the state or to a political subdivision, school district, or a CLRC if unsold after the first sale. The bill amends R.C. 323.28 to remove the option for abandoned land to be forfeited to a political subdivision, school district, or a CLRC. It repeals R.C. 323.74 that allows abandoned land not sold at public auction to be sold at a low price or transferred to a community development organization, school district, or local government. Instead, if not sold after the first sale, the bill requires that the abandoned land be forfeited to the state. The bill clarifies that both nonproductive and abandoned lands that have been foreclosed under the Executions Against Property Law, Expedited Foreclosure on Unoccupied Land Law, and Delinquent Land Law will forfeit to the state if not sold after one sale. The bill provides, under the Delinquent Land Law, that abandoned or nonproductive land may only be offered for sale one time.

The bill exempts a CLRC or its wholly owned subsidiary from responsibility for any costs incurred for corrective measures in response to a release of petroleum from an underground storage tank owned by the CLRC. This change may increase costs paid from Federal Fund 3840 appropriation line item 800624, Leaking Underground Storage Tanks, which is used by the Department of Commerce to support the cleanup of petroleum released from underground storage tanks for which there is no known owner. Ninety percent of the funding for this purpose is provided by the federal government with the remaining 10% provided by the state via line item 800629.

## Revenue increases and cost savings

County auditors' fees for deeds of land sold for taxes, paid by the purchaser, are increased by the bill from \$5 to \$45. The higher fee will increase county general fund revenues.

The bill reduces from three to two years the time that a county treasurer must retain and separately account for any money owed to the former owner from sale of foreclosed property. This requirement applies only if the amount owed remains unclaimed by the former owner. After three years in current law, and two years under the bill, the money owed to the former owner is forfeited to the CLRC fund if the county has one, or to the county's delinquent tax and assessment collection (DTAC) fund. Counties have two such funds, one each for the county auditor and prosecuting attorney. The shorter delay in forfeiture will tend to make additional money available to counties in the first year that this bill provision is in effect.

The bill expands the rules permitting use of electronic publication. These changes will result in cost savings for county agencies required to give such notice. Statewide, annual cost savings may range into the low millions of dollars, based on testimony on S.B. 356 of the 133<sup>rd</sup> General Assembly, predecessor to the current bill.

The bill authorizes a prosecuting attorney, before the filing of a foreclosure complaint on behalf of the board of revision under the Expedited Foreclosure on Unoccupied Land Law, to hire outside counsel to initiate a title search of property subject to foreclosure to identify persons having an interest in it. This change may increase efficiency for county prosecutors.

The bill eliminates a requirement that a county auditor compile a delinquent vacant land tax list, in addition to the delinquent land list and delinquent tax list. Delinquent vacant lands, by statute, are lands with taxes delinquent at least a year and unimproved by any dwelling. This change may result in cost savings, likely modest, for county auditors.

## DTAC funds

In a sale under the Expedited Foreclosure on Unoccupied Land Law, under the bill 10% of sale proceeds are to be deposited into each of the county treasurer and prosecutor's DTAC funds. This differs from current law, which requires that 20% is to be deposited into the county treasurer's DTAC fund and up to half of that 20% may be distributed to a CLRC. Under the bill, in counties that have established a CLRC, an additional 10% must be deposited into the county land reutilization fund. This change will reduce the distribution of such proceeds to the county treasurer, increase the distribution to the prosecuting attorney, and direct additional funds to CLRCs in some counties. The increase in the allocation of these proceeds from 20% to 30% in some counties reduces the balance available to distribute to political subdivisions and other taxing units in proportion to their claims for taxes, assessments, interest, and penalties on the land.

Similarly, under the Forfeited Land Law, R.C. 5723.18 of the bill provides for payment of an additional 10% of taxes and assessments to the county land reutilization corporation fund, if a CLRC exists in the county. The increase reduces amounts paid to political subdivisions that have claims against the property for unpaid taxes, assessments, or other charges.

In current law pertaining to nonproductive land, a county auditor charges costs incurred in a tax foreclosure proceeding under the Executions Against Property Law, the Expedited Foreclosure on Unoccupied Land Law, or the Delinquent Land Law to the taxing districts, including

electing subdivisions, with an interest in the unpaid taxes or other charges. The bill directs that costs retained by the auditor be deposited to the DTAC funds of the county treasurer and prosecutor. This change will tend to increase the amounts in those DTAC funds.

### **Other provisions**

The bill includes a prohibition on the state or a political subdivision charging a fee, other than that set out in statute, to an owner or operator responsible for an asbestos demolition or renovation project, in connection with submitting notification required under the state's environmental protection laws. This change may reduce fee income of certain government entities.