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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 397
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 397's Bill Analysis](#)

Version: As Reported by Senate Agriculture & Natural Resources

Primary Sponsors: Reps. Stewart and Kick

Local Impact Statement Procedure Required: No

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Highlights

Investing in Ohio Fund

- The bill creates the Investing in Ohio Fund (Fund 5XM0) and requires the fund to be used to support economic development, including infrastructure improvements, throughout the state. For FY 2022, the bill appropriates \$85.0 million for these purposes under Fund 5XM0 line item 195576, Economic Development.
- The bill allows the Director of Budget and Management to transfer \$85.0 million from the GRF to capitalize Fund 5XM0.

Land conveyance

- The bill authorizes the sale of Ohio University's Pickerington Center to the Board of Fairfield County Trustees at a price acceptable to the Director of Administrative Services and the university's board of trustees. The bill requires proceeds of the sale to be deposited to university accounts as determined by the university trustees.

Unit operation hearings

- There may be an increase in administrative costs paid from the Oil and Gas Well Fund (Fund 5180) under the Department of Natural Resources' budget if the bill's requirement to hold hearings and issue orders related to the unit operation of a pool for oil and gas development results in additional workloads for the Division of Oil and Gas Resources Management. Any increase would depend on the number of unit operation applications the Division receives.

Public Works Commission

- The bill makes various changes and clarifications to the laws governing the Ohio Public Works Commission (PWC). Among these is a provision that eliminates current law restrictions barring natural resources assistance councils from approving funding for hydromodification projects, such as dams, dredging, and sedimentation.

Soil and water conservation districts

- Soil and water conservation districts that indemnify against financial or property loss caused by the fraudulent or dishonest acts or by the failure to perform duties by officers and employees may see a slight savings if insurance policies to provide this coverage are less expensive than surety bonds currently required.

Battery-charged fences

- The bill exempts certain battery-charged fences in nonresidential zones from safety and operational standards applicable under current law. As a result, political subdivisions that impose permitting fees for the affected fences may incur a negligible loss of permit revenue.

Detailed Analysis

Overview

The bill makes a variety of changes touching on subjects including (1) economic development, (2) the sale of state-owned real estate, (3) deadlines for hearings and orders regarding the unit operation of a pool for oil and gas resource development, (4) changes to the law governing the Public Works Commission, (5) insurance policies for officers and employees of soil and water conservation districts, (6) zoning regulations applicable to certain battery-charged fences, and (7) agricultural leases. The fiscal effects of these changes are discussed under the headings below.

Investing in Ohio Fund

The bill creates the Investing in Ohio Fund (Fund 5XM0) and requires the fund to be used to promote economic development, including infrastructure improvements, throughout the state. For FY 2022, the bill appropriates \$85.0 million for these purposes under Fund 5XM0 line item 195576, Economic Development. The bill reappropriates the unexpended, unencumbered balance remaining in the line item at the end of FY 2022 for the same purposes in FY 2023. The bill allows the Director of Budget and Management to transfer \$85.0 million from the GRF to capitalize Fund 5XM0.

Conveyance of Ohio University property to Board of Fairfield County Commissioners

The bill authorizes the Governor to execute a deed conveying the Ohio University Pickerington Center to the Board of Fairfield County Commissioners. Under the bill, consideration for the property is to be at a price acceptable to the Director of Administrative Services and the Board of Trustees of Ohio University. If the Fairfield County Commissioners do not complete the purchase of the property, the bill authorizes the Director of Administrative Services to find an alternate buyer using any reasonable method of sale considered acceptable by the Board of

Trustees of Ohio University. The bill requires any buyer of the property to pay all costs associated with the purchase, closing, and conveyance and specifies that proceeds of the sale are to be deposited to university accounts determined by the Board of Trustees of Ohio University.

Unit operation hearings

The bill establishes timeframes during which the Chief of the Division of Oil and Gas Resources Management, within the Department of Natural Resources (DNR), must hold hearings and issue orders in response to applications for the unit operation of a pool for oil and gas resource development. The Division may incur an increase in administrative costs in order to meet the deadlines. Any additional costs would depend on the number of applications for unit operations that the Division receives. Administrative costs for the Division are paid from the Oil and Gas Well Fund (Fund 5180).

Specifically, the bill requires the Chief to hold a hearing on an application for a unit operation order not later than 60 days after the receipt of the application, or in cases where the Chief puts forward a motion for a unit operation, not later than 60 days after the Chief's motion. The bill allows the hearing to be held beyond the 60-day deadline in cases where the Chief finds an application to be materially incomplete and the applicant does not respond within three days to correct the application. The bill requires the Chief to issue an order for unit operation not later than 60 days after the hearing, unless the application or motion is denied by the Chief in that 60-day time period.

Public Works Commission

The bill makes several modifications to the laws pertaining to the governance of the Public Works Commission (PWC), district public works integrating committees, and natural resources assistance councils and the types of projects eligible for funding through these entities. The changes to project eligibility could have some fiscal effect. In particular, the bill eliminates the restrictions against natural resources assistance councils from approving funds for hydromodification projects. These projects include dams, dredging operations, and sedimentation remediation. It is possible this change would impact the number of entities or projects eligible for awards from natural resources assistance councils and PWC. The bill also clarifies that money awarded by natural resources assistance councils be for "open space improvements" rather than "open space development." Other statutory changes include eliminating the Small Counties Capital Improvement Program. This program has not received any direct funding through PWC since FY 2001.

Soil and water conservation districts

The bill allows boards of soil and water conservation districts to provide insurance policies for employees and officers entrusted with funds. Current law requires the boards to provide for execution of surety bonds, which remain an option under the bill. For boards that choose to indemnify against financial or property loss caused by the fraudulent or dishonest actions of employees and officers or their failure to perform duties, this change may result in a slight savings. Presumably, boards would purchase the less expensive option between surety bonds and insurance policies.

Battery-charged fences

The bill exempts certain battery-charged fences installed on private nonresidential property from construction and safety standards and has no fiscal effect on the state. Political subdivisions that require a permit for battery-charged fences in nonresidential zones could see a negligible loss of fee revenue collected on permits for battery-charged fences. Specifically, the bill exempts partition fences (fences located on the division line between the adjoining properties of two owners) and fences constructed and used for agricultural purposes from requirements including interfacing with a monitored alarm system, that they be completely surrounded by a nonelectric perimeter wall or fence, and that they be marked with conspicuous warning signs.

Agricultural leases

The bill clarifies the process for termination of an agricultural lease under certain circumstances. This change has no effect on the revenues or expenditures of the state or political subdivisions. Under the bill, if an agricultural lease agreement does not provide for a termination date or method for notice of termination, the landlord must deliver a written notice of the termination to the tenant on or before the first day of September in the year the termination is to be effective. The bill specifies that the termination date of the agricultural lease agreement under these circumstances is either the date harvesting or removal of crops is complete, or December 31 in the year in which the notice was given, whichever is earlier, unless the landlord and tenant agree to an alternate termination date in writing.