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H.B. 101
(1_135_0416-3)
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 101's Bill Analysis](#)

Version: In House State and Local Government

Primary Sponsors: Reps. Schmidt and Bird

Local Impact Statement Procedure Required: No

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Highlights

- Consolidating village dissolution process through a Transition Supervisory Board could yield some cost savings for the townships absorbing the assets and liabilities of the dissolving village.

Detailed Analysis

The bill modifies the process for concluding the affairs of a dissolved village through the creation of a Transition Supervisory Board, which must appoint a receiver-trustee to conduct these duties. The bill does not, however, affect the three current-law processes used to initiate dissolution, except for altering when a village dissolution question can appear on the ballot by requiring it to appear on the ballot only during a general election in an even-numbered year. This change precludes a special election for this purpose, resulting in some election cost savings in cases where the vote on dissolution is otherwise the only issue on the village ballot. This is because, under current law, the entire cost of holding a special election held on a day other than the day of a primary or general election, both in odd-numbered or in even-numbered years, is charged to the subdivision holding the election.

Under the bill, a Transition Supervisory Board consists of the county auditor, a member of the board of county commissioners, and the county recorder. By consolidating oversight of the dissolution under a Transition Supervisory Board, along with the appointed receiver-trustee, it is possible that townships taking over the territory of a dissolving village could see some administrative costs savings. The county offices represented on the Transition Supervisory Board might, however, see some increased costs for their roles in overseeing village dissolution.

Under the bill, a Transition Supervisory Board and the appointed receiver-trustee would be responsible for managing the various aspects of the village dissolution. This includes the collection of taxes, resolution of debts, distribution of property, continuity of utility services,

handling of public records, and various other matters. A village representative, and the individuals serving as the fiscal officer and primary legal counsel before the village dissolved, are required to provide consultation to the Board. These responsibilities are largely unchanged with respect to the requirements of village dissolution overall. However, consolidating oversight of a village dissolution under a Transition Supervisory Board and appointed receiver-trustee could streamline the process for townships absorbing dissolved villages in two areas: collection of municipal taxes and disposition of outstanding village debts. Facilitating these efforts through the Transition Supervisory Board could reduce the administrative costs to the applicable township fiscal officer associated with the transition.

The bill also specifies that the Transition Supervisory Board and receiver-trustee are liable for any findings for recovery and other citations resulting from the Auditor of State's (AOS) final audit that occurs as part of the village dissolution process. In these cases, the individuals who commit actions leading to a finding of recovery must pay the amounts identified as recoverable.

Synopsis of Fiscal Effect Changes

The substitute version of the bill (I_135_0416-3) makes a few modifications to the village dissolution process under the As Introduced bill. The bill modifies the way a proposed dissolution is initiated by specifying that such a question may only appear on a general election ballot in an even-numbered year. It would preclude holding a special election for this purpose. In cases where the proposed dissolution is the only item on the ballot, under current law the village is responsible for the entire cost of that election. Elections costs for general elections are allocated across all the participating political subdivisions.

The substitute bill also specifies that the Transition Supervisory Board and appointed receiver-trustee responsible for overseeing the dissolution are liable for any findings for recovery or other citations stemming from the Auditor of State's required final audit of the dissolved village. This is a change from the As Introduced bill, which specified that the Transition Supervisory Board is not liable in any matter related to its duties. Typically, the individual that commits acts resulting in finding of recovery during an audit is responsible for those findings.

Finally, the substitute bill contains other provisions with no fiscal impact. It modifies some of the timelines associated with village dissolution. Specifically, the transition period of village dissolution ends when all debts are resolved, property disposed of, and utility services transferred, rather than when the final audit of the village is concluded. Concurrently, the bill specifies that the final audit of the village begins once the transition period ends.