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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 206
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 206's Bill Analysis](#)

Version: As Reported by House Civil Justice

Primary Sponsor: Sen. Hackett

Local Impact Statement Procedure Required: No

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Highlights

- The bill allows storage costs to be included among the costs which a person may include in a lien placed upon abandoned aircraft and makes other changes to the procedures for perfecting such a lien. Under current law, applicable courts of common pleas are responsible for enforcing such liens.
- The bill establishes the procedures for the disposal of a derelict aircraft, including how the proceeds of the disposal should be distributed. Under these provisions, there may be some negligible revenue gains for the Unclaimed Funds Trust Fund.
- The bill makes modifications to a notice of commencement related to mechanics liens and allows a person to file such a notice with the county recorder. Any additional recordation costs would appear to be minimal.

Detailed Analysis

Abandoned aircraft liens

The bill makes various revisions to the law pertaining to placing liens on abandoned aircraft. Specifically, the bill allows for the inclusion of storage costs to be included in costs that may be included in a lien on an abandoned aircraft. The bill also specifies the notification procedures the director of a public use airport must undertake in order to perfect this lien (see the LSC bill analysis). Current law, which is unchanged by the bill, specifies that the applicable county court of common pleas is responsible for enforcing these liens. It is unclear whether the notification process would impact the number of these liens initiated or perfected. Regardless, any associated cost increases or decreases from these provisions would appear to be negligible.

Disposal of derelict aircraft

The bill establishes the procedures for the disposal of a derelict aircraft, including notification processes similar to those established in the bill for perfecting liens. Once these procedures are followed, the director of a public use airport may sell the derelict aircraft at public auction or dispose of the aircraft through an aircraft salvage or scrap metal dealer. If the final price received for the aircraft is less than the amount of accrued fees and charges against the aircraft, the previous owner remains liable for the remaining portion, and the director may use methods available under current law to collect any remaining amounts owed.

If the final price received is more than the accrued fees and charges, the airport director must pay the excess proceeds to the following as applicable: (1) to any other known lienholders, according to the priority of the liens, (2) the owner of the aircraft, if the owner can be determined and located, and (3) the Director of Commerce, for deposit into the Unclaimed Funds Trust Fund. Any potential revenue collected by the Department of Commerce (COM) from this source is likely to be quite small in comparison to amounts from various other sources that are deposited into the Unclaimed Funds Trust Fund.

Priority of property tax certificate liens

The bill provides that, when a taxing district sells a property tax certificate transferring its lien for delinquent property taxes to another party, the certificate purchaser's lien does not automatically have priority over all other liens on the property. Under continuing law, a taxing district's lien for delinquent property taxes is superior to all other liens. Currently, when the taxing district transfers that lien via a tax certificate, the first lien position also transfers to the certificate purchaser.

Under this bill provision, the certificate purchaser would be authorized, after a certificate sale, to obtain the first lien position if (a) the purchaser notifies the lienholder, if any, who held a lien before the certificate sale that was immediately junior to the taxing district's lien and (b) that lienholder refuses to acquire the tax certificate at the same purchase price paid by the certificate holder.

This bill provision would have no direct fiscal effect for the taxing authority. With a property tax certificate sale, the purchaser buys the rights conveyed by the lien by paying an amount that covers the taxes and other charges owed to that taxing authority. In effect, the taxing authority is made whole through the certificate sale. A possible indirect effect of this bill provision could result if potential buyers of property tax certificates deem them less desirable and become less willing to participate in auctions or bulk purchases of such certificates. Whether such a shift in demand for these investment vehicles would occur is unclear.

Mechanics liens

The bill makes changes related to a notice of commencement. These changes do not appear to have any fiscal impact on the state or political subdivisions. Specifically, the bill modifies the default expiration date of a notice of commencement from six years to four years but specifies the expiration of the notice of commencement does not affect the priority of any lien. Additionally, the bill allows a person who contracted for an improvement, upon completion, to request a county recorder indicate that the notice of commencement is expired. County

recorders may see some minimal additional recordation fees; however, the number of such filings would appear to be small.

Changes with no apparent fiscal effect

The bill increases the term of the standard lease used by a state agency when leasing oil and gas rights on a property owned or managed by the state agency from three years to five years. It is unclear what, if any, fiscal effect this would have for state agencies that lease property for oil and gas development.