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**S.B. 226
(with AM2938)
135th General Assembly**

Fiscal Note & Local Impact Statement

[Click here for S.B. 226's Bill Analysis](#)

Version: In House Economic and Workforce Development

Primary Sponsor: Sen. Johnson

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill would add to duties of county auditors, and potentially also of sheriffs and prosecutors, in connection with protected property, adding to county costs by indeterminate amounts. Court costs may also rise but would be covered by sale proceeds, if forced property sales result.
- Costs of the Secretary of State could increase as a result of additional types of threats to be considered in compiling a registry of foreign adversaries and other persons subject to the bill's restrictions.
- To the extent that the bill limits demand for Ohio real property, it may result in lower property values than otherwise, and in lower tax revenues.

Detailed Analysis

The bill would expand a law, called the Save Our Farmland and Protect Our National Security Act, that is part of H.B. 33 of the 135th General Assembly, the main operating budget. That law prohibits certain governments, businesses, and individuals from acquiring agricultural land. The bill would extend the prohibition on ownership to other specified property, and would name this new law the Ohio Property Protection Act.

Key provisions of the bill

Under the bill, protected property includes, in addition to agricultural land, real property within a 25-mile radius of (1) an installation under United States armed forces jurisdiction, or (2) a critical infrastructure facility. Few if any areas of the state would not be within 25 miles of one or the other of these types of properties. Installations under armed forces jurisdiction include military bases, camps, or airports. Critical infrastructure facilities include a long list of types of

structures and properties spanning the state including but not limited to electric transmission and distribution lines and related facilities, railroad property, water or sewage treatment systems and piping, telephone poles and lines, freight transportation facilities, dams, and various types of manufacturing plants and utilities.

Ohio's Secretary of State currently is tasked with compiling a registry of persons that are a threat to agricultural production, to which the bill adds critical infrastructure, security, or military defense. Coverage of the ownership prohibition is broadened from that in H.B. 33's Save Our Farmland and Protect Our National Security Act to include criminal enterprises and gangs.

The bill defines foreign adversary as a country listed on the Secretary of State's registry. It prohibits persons on the registry, governments of foreign adversaries, businesses headquartered in foreign adversaries, and businesses directly or indirectly owned or controlled by such persons or their agents, fiduciaries, or trustees from acquiring protected property, with certain exceptions. Such a person who owns protected property prior to the bill's effective date may continue to own the property but may not acquire more, and generally must divest the ownership interest within two years.

The bill exempts individuals who are U.S. citizens or nationals from the bill's restrictions on acquiring protected property so long as the individual is not acquiring the property as an agent, fiduciary, or trustee of a person subject to the bill's restrictions. An individual who is a citizen of a foreign adversary is prohibited from acquiring protected property, regardless of whether that same individual is also a citizen or national of one or more other countries that are not foreign adversaries (other than United States citizens and nationals).

Fiscal effects

The bill creates duties for county auditors, sheriffs, and prosecutors, whose costs consequently may increase by an indeterminate amount. It provides that proceeds from sales by court decree of protected property are to be applied first to pay court costs.

The Secretary of State continues to incur costs to compile and periodically update the required registry. The addition of critical infrastructure, security, or military defense to agricultural production as property or subject matter threatened if acquired by foreign adversaries or other persons may increase these costs. Moreover, the bill requires the Secretary of State to update the registry at least once every six months.

An H.B. 33 provision that was similar to this bill was vetoed by the Governor. The associated veto message stated that "including other non-agricultural real property in this provision [i.e., the Save Our Farmland and Protect Our National Security Act] could have unintended economic development consequences."

In general, a restriction on ownership of property will reduce demand and thus could tend to lower property values. Lower property values would imply lower property tax revenues from inside millage. A property value increase that is smaller than it would otherwise be would result in a smaller increase in tax revenues for a school district at the 20-mill floor or a joint vocational school district at the two-mill floor. Given the subject matter of the bill, any such demand reduction may be quite limited in magnitude.

Synopsis of Fiscal Effect Changes

Elimination of the authority for a county sheriff to subpoena witnesses and compel production of records for investigative purposes, by foreclosing these activities, may reduce costs. Otherwise, the bill's fiscal effects remain unchanged.