OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 92
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 92's Bill Analysis

Version: As Reported by House Local Government

Primary Sponsors: Reps. Johnson and McClain

Local Impact Statement Procedure Required: No

Tom Wert, Senior Budget Analyst, and other LBO staff

Highlights

- The bill prohibits a municipal corporation from refusing or from discontinuing municipal utility services to a tenant or landlord of a residential premises for nonpayment by a former tenant. This could result in a slight decrease in revenue collected for municipal utility services because municipalities may lose the ability to recover unpaid charges owed by former tenants. However, the magnitude of any loss is uncertain because the frequency with which this tactic is employed is uncertain.
- The bill restricts certification of unpaid sewer and water charges to the property tax duplicate in several scenarios (tenant-contract debts, nonowner-occupied properties, transfers involving electing subdivisions, sheriff/auditor sales, and tax forfeitures). These changes will likely reduce municipal utility revenue recovery and increase administrative costs for municipalities and counties.
- The bill extinguishes liens when property transfers to a county land reutilization corporation and immunizes the corporation from collection actions, further reducing guaranteed collections and potentially increasing administrative and legal costs for municipalities that must pursue direct collection remedies instead.

Detailed Analysis

Municipal service fees

The bill makes changes regarding a municipal corporation's collection of unpaid fees and charges for municipal utility services[1] and has uncertain fiscal effects. First, it prohibits a municipal corporation from refusing or discontinuing a municipal service to a landlord, present tenant, or prospective tenant at a residential premises based on nonpayment for the service by a former tenant of the premises. This change may create a slight loss of revenue for municipal corporations because it removes a leverage point that some may use to collect unpaid former tenant charges. However, it is unclear how frequently this may occur and the amount of lost revenue that a municipal corporation might sustain is uncertain. The bill also allows a municipal corporation to withdraw and expend any security deposit collected from a tenant for nonpayment of municipal utility services. Given that municipal corporations likely have similar authority under home rule, this change appears to have no fiscal effect.

Additionally, the bill limits certification of unpaid sewer and water charges to the property tax duplicate unless the debt arose from a service contract directly with an owner-occupant. Certification is prohibited for tenant-contract debts, nonowner-occupied properties, and properties transferred under certain circumstances, including transfers to electing subdivisions, sheriff's sales, auditor's sales, and tax forfeitures. County auditors must remove improper charges upon notice and accept separate payments for certified water liens. These changes will likely reduce municipal utility revenue recovery and increase administrative costs for municipalities and counties.

The bill also extinguishes liens when property transfers to a county land reutilization corporation and immunizes the corporation and its successors from collection actions, further reducing guaranteed collections. Municipalities may still pursue direct legal actions against the liable party, which may increase administrative and legal costs.

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[1] Under the bill, municipal services include water, sewer, natural gas, electric, or other utility service supplied by a municipal corporation.