OHIO LEGISLATIVE SERVICE COMMISSION

www.lsc.ohio.gov

Office of Research and Drafting

Legislative Budget Office

S.B. 417
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Gavarone

Daniel DeSantis, Research Analyst

SUMMARY

- Authorizes the state to enter into an enhanced lease agreement, with a private entity, to utilize unproductive and unused state real property.
- Empowers a board of trustees of a state university and the Adjutant General to lease land.
- Names the act the "Advancing Strategic State and Military Asset Efficiency and Transformation (ASSET) Act."

DETAILED ANALYSIS

Enhanced lease agreements

The bill authorizes the Department of Administrative Services (DAS), with Controlling Board approval, to enter into an enhanced lease agreement, with a private entity. The agreement may permit the private entity to utilize unproductive and unused state real property under the control of a state agency or a university or under the custody of the Adjutant General. The agreement must set forth all of the following:

- The authorized use of the land, which must include one of the following:
  - To conduct commercial activity;
  - To conduct research contemplated to advance a state economic interest;
  - To support a public-private partnership for the purposes of one of the above.
- The lease value;
- Whether the lease payments will include in-kind services that benefit the state, such as infrastructure improvements on the property;
- Any construction, demolition, or redevelopment that will be completed on the property under the lease agreement;

- Any requirements deemed prudent by the DAS Director, or required by state and federal law, with respect to development of state property, environmental review, security review, public transparency, and fair market value assessment.

An enhanced lease agreement under the bill may not exceed a term of 99 years, and may not authorize construction, demolition, or redevelopment on the property, or authorize any commercial or research activity, that might interfere with core government or military functions that may occur on adjacent state property. The enhanced lease agreement must provide that at the end of the lease period the buildings, structures, and related improvements, together with the land on which they are situated, become state property without cost.[1]

Lease of land under state university or Adjutant General

Board of trustees of a state university

The bill modifies the process for a state university or college to lease land under its control or jurisdiction. Under current law, DAS must conduct the lease. The bill instead authorizes a board of trustees of a state university or college to conduct the lease. As in current law, the land must be deemed not required nor to be required for use of the university or college.

Continuing law requires that such a lease must be for the purpose of development of the land by establishing, constructing, altering, repairing, expanding, and improving industrial, distribution, commercial, or research facilities. The bill adds that a lease also may be for development of the land for retail, residential, institutional, recreational, conservation, or other types of facilities.

Under the bill, the board of trustees of a state university or college may lease or grant easements or licenses for university land, for periods not to exceed 40 years, with a like or lesser renewal term, for purposes approved by the board of trustees, to public utilities, or to other state agencies or political subdivisions, or to tenants. Current law, removed by the bill, authorizes DAS to lease the land for periods not to exceed 25 years in certain circumstances, and not to exceed 40 years in other circumstances.[2] Under the bill, a board of trustees may conduct the lease or request that DAS conduct the lease. Absent such a request, it appears that the only remaining DAS authority to lease university land would be under the provisions described above for "**Enhanced lease agreements**."[3]

Adjutant General

The bill authorizes the Adjutant General to lease land belonging to or under the control or jurisdiction of the Adjutant General, not required nor to be required for use of the Ohio Organized Militia, to a developer or developers under the same provisions as apply to university

[1] R.C. 123.012.

[2] R.C. 123.01(A)(5)(b) and (B).

[3] R.C. 123.01(A)(5)(c) and 123.17(C) and (D).

land, and as described above in "**Board of trustees of a state university.**"[4] Moneys received by the state for such a lease must be paid into the state treasury as an addition to the appropriation made to the Adjutant General.[5]

The Adjutant General also may authorize DAS to conduct a lease under the provisions described above for "**Enhanced lease agreements.**"[6]

Current law, retained in the bill, allows the Adjutant General, with the approval of the Governor, to lease or exchange property, or grant easements or licenses, if the lease, exchange, easement, or license is advantageous to the state.[7]

Perpetual easements to public utilities

The bill authorizes DAS to lease or grant easements or licenses for university land to public utilities or to other state agencies, political subdivisions, or tenants.[8] The bill requires DAS to obtain approval of the Controlling Board granting perpetual easements to the public before utilities, or to other state agencies, political subdivisions, or tenants. Under current law, DAS can grant these perpetual easements, without Controlling Board approval, to public utilities.[9]

Act title

The bill is entitled the "Advancing Strategic State and Military Asset Efficiency and Transformation (ASSET) Act."[10]

HISTORY

Action	Date
Introduced	04-01-26

ANSB0417IN-136/sb

[4] R.C. 123.01(A)(5)(c) and 123.17.

[5] R.C. 123.17(E).

[6] R.C. 5913.09(C)(3)(b).

[7] R.C. 5913.09(C)(3)(a).

[8] R.C. 123.01(A)(5)(b).

[9] R.C. 123.01(A)(5)(d).

[10] Section 3 of the bill.