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H.B. 665
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 665's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Jones and Wilkin

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill increases, from \$800 to \$1,600, the maximum amount that a county treasurer must annually transfer to a county or independent agricultural society. If every agricultural society (94 total currently) in the state is currently receiving the \$800 maximum under current law and then receives the new maximum of \$1,600 under the bill, it will increase payments from counties to agricultural societies by over \$75,000 in total statewide.
- The bill changes several cap amounts the board of county commissioners must annually reimburse or appropriate both county and independent agricultural societies. This could allow counties to appropriate more funds to agricultural societies.
- The bill provides that if an agricultural society cancels its annual fair because of an Executive Order related to COVID-19 that limits mass gatherings, the society will still receive county payments as if the agricultural society had held the fair.
- Similar to above, if an agricultural society and the Ohio Expositions Commission (EXP) have to cancel their annual fairs due to an Executive Order related to COVID-19 that limits mass gatherings, the bill requires the Department of Agriculture to pay agricultural societies and EXP the amount they otherwise would have received if they had held their fairs. These payments are made from the Ohio Fairs Fund (Fund 7083). In FY 2019, these payments amounted to just under \$800,000.
- Expanded tax exemption for certain property of an agricultural society may reduce local government property tax revenue.

Detailed Analysis

County payments to agricultural societies

The bill makes several adjustments to the payments a county must transfer to both county and independent agricultural societies. First, the bill increases, from \$800 to \$1,600, the maximum amount that a county treasurer must annually transfer to a county or independent agricultural society operating within the county if all of the following occur: (1) the agricultural society held an annual fair, (2) the agricultural society has made an annual report to the Director of Agriculture concerning the fair, and (3) the Director presents a certificate to the county auditor indicating that the agricultural society has complied with applicable laws of Ohio. The amount transferred cannot exceed the amount paid in regular class premiums (cash awards to contestants exhibiting grains, fruit, vegetables, livestock, etc.) paid by the agricultural society. Currently, there are 87 county fairs and seven independent fairs scheduled for the 2020 season. If every agricultural society in the state is currently receiving the \$800 maximum under current law and then receives the new maximum of \$1,600 under the bill, it will increase payments from counties to agricultural societies by \$75,200 (94 societies x \$800 difference of the maximum payment under the bill and current law) in aggregate statewide, effectively doubling the amount.

Second, the bill changes several cap amounts the board of county commissioners must annually reimburse or appropriate agricultural societies that could potentially affect the costs for counties. It removes the \$500 cap on the annual amount the board must reimburse an agricultural society for junior club expenses but retains the \$100 minimum. Additionally, the bill removes the \$2,000 cap but retains \$1,500 minimum on the amount a board must annually appropriate to a county agricultural society if the agricultural society (1) owns or leases real estate used as a fairground, (2) has control and management of the lands and buildings on the fairground, and (3) requests an appropriation from the board. Lastly, the bill changes the amount a board must annually appropriate to an independent agricultural society to encourage agricultural fairs, from \$500 to \$2,000 to at least \$1,500, if: (1) there was no county agricultural society or annual county fair in the county and (2) the agricultural society requests an appropriation from the board.

Lastly, the bill specifies that if an agricultural society cancels its annual fair because of an Executive Order related to COVID-19 that limits mass gatherings, the agricultural society will still receive these county payments as if it had held its fair.

Department of Agriculture payments to agricultural societies and Ohio Expositions Commission

The bill specifies that during any time that mass gatherings are restricted due to an Executive Order related to COVID-19 and an agricultural society or the Ohio Expositions Commission (EXP) cancels its annual fair, the Department of Agriculture (AGR) must pay the amount that the agricultural society or EXP otherwise would have received if it had held the fair. These payments are made from the Ohio Fairs Fund (Fund 7083). Payments from Fund 7083 are distributed as follows: (1) 12% of the fund balance is distributed to agricultural societies that hold annual fairs to be used for general operations, (2) each agricultural society that conducts horse races at its annual fair receives \$4,000 to be used for purse money, and \$1,000 for racetrack maintenance and other expenses necessary for conducting horse races,

and (3) \$120,000 for EXP to conduct stakes races. Any shortfall of revenue is to be prorated and any excess revenue is to be distributed to agricultural societies conducting stakes races and to EXP. In FY 2019, these payments amounted to \$798,242.

Fund 7083 receives its revenue from 0.5% of pari-mutuel wagers on racing, or a lesser amount on a prorated basis if sufficient funds from the tax are not available, plus 0.25% of the amount of exotic racing wagers. As of May 2020, the current cash balance of Fund 7083 is \$878,000.

Property tax exemption and water and sewer assessments

The bill amends a property tax exemption for county fairgrounds owned by an agricultural society, extending the tax exemption also to other property owned by such an agricultural society and used in furtherance of the agricultural society's purposes. This change may result in tax exemption of real property that is currently taxable, resulting in revenue losses for units of local government.

Lastly, the bill prohibits regional water and sewer districts from charging water or sewer assessments or other charges against agricultural society property that is exempt from real property taxation. Regional water and sewer districts may charge assessments or other amounts against a property within the district that is deemed to benefit from the district's project. As a result, regional water and sewer districts may lose revenue or have to increase assessments or charges on other property owners that benefit from the district's project in order to pay for the cost of the project. It is unclear how frequent, if any, agricultural society property is assessed or charged by regional and sewer districts.