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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 333
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 333's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Schaffer

Local Impact Statement Procedure Required: No

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Highlights

- Approximately \$0.8 million per year would be transferred from the State Park Fund (Fund 5120), used by the Department of Natural Resources (DNR) to local governments across Morgan, Muskingum, and Noble counties to make payments in lieu of property taxes on certain land acquired by DNR.
- The bill requires these payments to be made from fine revenue deposited to the credit of Fund 5120. Between FY 2015 and FY 2020, fine revenue averaged approximately \$15,000 per year.

Detailed Analysis

The bill would result in approximately \$0.8 million being transferred each year from the State Park Fund (Fund 5120) to local governments across Morgan, Muskingum, and Noble counties for payments in lieu of property taxes on land acquired by the Department of Natural Resources (DNR) that was previously owned by American Electric Power (AEP). Under the bill, the requirement to make payments in lieu of property taxes applies generally to land acquired by DNR that meets three specific criteria including: (1) the land or DNR's interest in the land is exempted from taxation, (2) the total area of the land is more than 5,000 acres, and (3) the land or interest in the land was acquired on January 1, 2019, or thereafter in either one transaction or a series of transactions with the same seller. As of August 31, 2020, however, the only DNR properties that meet these criteria are lands that make up the Jesse Owens State Park and Appalachian Hills Wildlife Area located in Morgan, Muskingum, and Noble counties.

Property taxes on affected DNR land

As of August 31, 2020, the Jesse Owens State Park and adjacent Appalachian Hills Wildlife Area encompass approximately 18,500 acres. These properties (formerly "AEP ReCreation

Lands”) were acquired from Ohio Franklin Realty LLC, a subsidiary of American Electric Power, in a series of transactions under a three-year purchase agreement. Additional property under the agreement will be acquired in FY 2021 bringing the total acreage subject to the bill’s reimbursement requirements to approximately 40,000 acres.

Continuing law in R.C. 1531.27 requires DNR to pay counties an amount equal to 1% of the acquired property’s land value, as reported on the county auditor’s tax list when the state acquires the land. County treasurers must forward these amounts to school districts. DNR makes the required payments from the Wildlife Fund (Fund 7015).

DNR submitted an appraisal report in conjunction with its September 2019 Controlling Board request to purchase a portion of the AEP ReCreation Lands. The appraiser estimated that annual property taxes for the acquired land were about \$20 per acre. When multiplied by 40,000 acres, the total is \$0.8 million. Tax rates vary in the jurisdictions, and LBO does not yet have data from county auditors detailing the land values and tax rates for acquired acreage. The marginal cost of S.B. 333 represents the difference between the actual tax rate (e.g., 4%) and the 1% reimbursement requirement in continuing law. Once DNR’s acquisition is complete, a more detailed estimate can be produced from the full inventory of purchased parcels.

State Park Fund fine revenue

The bill requires DNR to compensate local governments for property taxes from fines collected by DNR’s Division of Parks and Watercraft that are deposited to the credit of Fund 5120. Using data retrieved from the Ohio Administrative Knowledge System (OAKS) fine and penalty revenue deposited to Fund 5120 averaged approximately \$15,000 per year between FY 2015 and FY 2020.