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H.B. 444
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the Senate

Primary Sponsors: Reps. Baldrige and Abrams

Local Impact Statement Procedure Required: No

Terry Steele, Senior Budget Analyst

Highlights

- The bill permits townships to issue industrial development bonds to pay for certain projects. This would allow them to pay for projects that townships otherwise might not be able to finance without these bonds.
- The bill specifies that a political subdivision's authority to renew, increase, or decrease an existing levy applies to the last year of that levy or the ensuing year.
- The bill allows for property tax abatements to townships for certain township properties previously owned by state universities. While the abatement in the bill may reduce costs for some townships, the qualifications are such that it would appear relatively few townships, maybe only one, would qualify for this abatement.
- The bill alters the criteria for membership of townships and municipal corporations for a special improvement district (SID). It would appear that more political subdivisions would be eligible to enter into existing or create new SIDs.
- The bill requires that, when certain entities convey a cemetery to a township, the entities also must remit any remaining funding for the cemetery to the township. This could provide townships with access to some initial funding for cemetery maintenance. Additionally, the bill allows townships to refuse a cemetery conveyance under certain limited circumstances, which could result in some townships avoiding costs for cemetery operation in the future.
- The bill allows certain park districts, juvenile facilities, and detention facilities to adopt an employee dishonesty and faithful performance of duty policy in lieu of surety bonds. Using this option could increase joint insurance pool costs to these entities; however, such an increase would be less than the cost of obtaining required surety bonds for their officers, appointees, and employee.

Detailed Analysis

Overview

The bill makes numerous changes with respect to township law and makes other miscellaneous changes related to county law. The provisions with fiscal impact to townships are discussed in this analysis first. Other provisions in the bill with fiscal effects are discussed thereafter. Provisions with no fiscal effects are also listed at the end of the fiscal note. Please see the LSC bill analysis for more detail on all the changes made by the bill.

Township provisions

Industrial development bonds

The bill authorizes townships to issue industrial development bonds in the same manner as municipal corporations or counties in current law. This authority would allow townships to have a greater ability to finance certain eligible projects. Under the bill, the board of township trustees acts as the issuing authority and is subject to existing law requirements for issuing development bonds. This includes that the project for which the bonds are issued relates to industry, commerce, distribution, or research. It is unclear as to how many townships would elect to use this authority, although it can be assumed that it would primarily be used by larger townships.

Existing property tax levies

The bill provides that a levy to renew and increase an existing levy, or to renew and decrease an existing levy, could only be placed on the ballot at the general election held during the last year the tax could be imposed or at any election the following year. A failure by electors to approve the renewal, increase, or decrease of a levy would result in the existing levy being extended on the tax list for that last year. These changes apply to property tax issues on the ballot at any election held 100 days or more after the effective date of the bill.

Property tax abatements

The bill allows a township to apply to the Tax Commissioner for tax abatement on property taxes, penalties, and interest payable on a property after December 31, 2014. To qualify for abatement, the property must meet three conditions: it (A) is owned by a township, (B) was conveyed to the township by a state university, and (C) satisfies the qualifications for tax exemption under the Revised Code. The owner must apply for the abatement within 12 months of the bill's effective date. Under current law, unpaid taxes standing charged against property may not be abated for more than three years, and the property is disqualified for tax exemption even if it otherwise qualifies.

This provision may reduce costs for one or more townships, and reduce revenue for some political subdivisions from property taxes, penalties, and interest. The qualifications for abatement are sufficiently strict that LBO economists expect only a small number of properties, and perhaps only one, to qualify for the abatement.

Cemetery conveyances

Under the bill, when cemetery associations and religious societies convey cemeteries to townships, they must also transfer all cemetery records and funds to the township to be used for cemetery purposes. This requirement could provide the township with some initial funds to

cover the costs of maintaining any conveyed cemeteries. It is unclear as to how many such conveyances currently occur, nor how often the conveying entities would have any funds available for transfer to townships.

The bill also provides an exception to a township's duty to accept a conveyance and responsibility for a cemetery based on certain conditions (see the LSC bill analysis). While it is unknown how frequently a conveyance would qualify for this exception, this provision could ultimately result in a township not taking a cemetery conveyance, therefore avoiding future cemetery maintenance costs. According to the most recent data available through the Department of Commerce's Division of Real Estate, as of 2016 there were 4,117 registered cemeteries in Ohio. Of this number, 3,016 were government-operated cemeteries. Of the remaining 1,101 cemeteries, 718 were run by religious or benevolent organizations and 383 were operated by cemetery associations.

Other provisions

Special improvement district members

The bill removes requirements that municipal corporations and townships be contiguous when establishing special improvement districts (SIDs), but does not require them to be located within a single county or one or more adjoining counties. This would appear to allow more political subdivisions to be capable of joining or forming special improvement districts and receiving the benefits of those districts. Expanding the number of SIDs that political subdivisions could participate in may allow for greater combined funding for potential projects or services.

A SID is an area of land within which property owners pay a charge known as a special assessment, the proceeds of which are designated for specific services or improvements within the district's boundaries. A SID is created by one or more municipal corporations or townships and governed by a nonprofit corporation. SID special assessments are imposed to fund specific services or improvements that will provide some special benefit to or for the properties subject to the assessment. Special assessments may fund a broad range of public projects and services. Some of the common uses for special assessments include funding sidewalks, sewer and water infrastructure, and parking facilities, as well as services such as waste collection and safety services.

Insurance policy alternative to surety bonds

The bill would presumably result in some cost savings related to bonding costs for eligible political subdivisions. The bill permits certain park districts, juvenile facilities, and detention facilities to adopt an employee dishonesty and faithful performance of duty policy in lieu of surety bonds where required under current law. It is unclear how many such facilities would qualify for this provision or elect to use the authority provided in the bill. Presumably, these entities would only use this authority when the costs of obtaining insurance through their joint self-insurance pools would be more cost effective than acquiring surety bonds for necessary employees.

The bill also expands the definition of a faithful performance of duty policy in that such a policy would protect against the same losses that would otherwise be protected against through the purchase of a surety bond. It is unclear as to whether or not expanding this

coverage would increase the current costs of any existing policies, or what the magnitude of any such cost increases may be.

Provisions with little or no fiscal impact

Notice of conforming boundaries

The bill requires a municipal corporation to give notice to affected townships when the municipal corporation seeks to conform its boundaries, thereby impacting the township's boundaries. These required notices would seem to be infrequent. Therefore, any potential notice costs incurred by municipal corporations would likely be negligible.

Nuisance costs

Current law allows townships to abate certain nuisances. Townships are currently permitted to have a county auditor place nuisance abatement costs as a lien against the property on the tax duplicate of a property owner that fails to pay abatement costs. The bill removes the requirement that a county auditor collect the costs for nuisance abatement in the same manner as other taxes. This provision simply conforms the collection of these costs with other nuisance cost collection in township law. There does not appear to be any impact on the amount of nuisance abatement costs collected by townships. The bill also specifies that the costs recovered for the abatement of unsafe buildings and structures be returned to the township and placed into the township's general fund in the same manner as other nuisance abatement costs. This also does not appear to impact the amount of costs recovered and returned to townships for nuisance abatement.

Emergency medical services ambulance staffing

The bill authorizes an additional staffing option with respect to emergency medical services ambulance staffing in townships. Under the bill, any individual authorized to drive an ambulance to the scene of an emergency without a licensed emergency medical technician (EMT), advanced emergency medical technician (AEMT), or paramedic present in the vehicle, provided the driver is meeting one of those individuals at the emergency scene. The bill does not alter current law requirements pertaining to ambulance staffing related to an ambulance transporting a patient away from the scene of an emergency. This does not appear to have any fiscal impact for townships.

Cross Creek Township court

The bill includes Cross Creek Township as one of the potential locations where the Jefferson County Court may conduct business. Under current law, Jefferson County is permitted to divide its county court proceedings into various district locations to conduct business. The bill permits one county court judge to choose to conduct court business either in Wintersville or Cross Creek Township court. There is little or no direct fiscal impact to this provision as the county court would continue to bear all operating expenses, regardless of location.