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Office

H.B. 93
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by House State and Local Government

Primary Sponsors: Reps. Johnson and McClain

Local Impact Statement Procedure Required: No

Tom Wert, Senior Budget Analyst, and other LBO staff

Highlights

- Municipal corporations that provide municipal services as defined by the bill may incur a slight uptick in administrative costs to establish a method for receiving and resolving billing complaints and to provide notice to property owners regarding the placement of a lien on the owner's property.
- Municipal corporations will incur a loss of revenue from the collection of liens. Under current law, municipal corporations receive the full amount of any lien collections. Under the bill, collected liens would be split with municipal corporations receiving 90% and the county treasurer's delinquent tax and assessment collection fund receiving 10%.
- Municipal and county courts will likely see an increase in appeals-related expenses due to the filing of new improper billing and municipal lien appeals. The magnitude of the increase is likely to be minimal relative to the total caseload of the affected courts generally.

Detailed Analysis

Municipal service fees

The bill makes changes that may affect a municipal corporation's ability to collect unpaid fees and charges for municipal services¹ under certain circumstances. Under current law, municipal service providers may place liens on properties for unpaid fees and rates. Under the bill, a lien for unpaid rates may only be placed on an owner-occupied property or a property

¹ Under the bill, municipal services include collection or disposal services as described in R.C. 701.10, sewerage services under R.C. 729.49, water services as described in R.C. Chapter 743, and services from waterworks under R.C. 735.29.

where the owner agreed to pay any unpaid amounts for services contracted for by a tenant. Instead, for tenant-contracted services, the bill requires subdivision service providers to recoup unpaid fees by actions at law. It is unclear whether the expense of pursuing this remedy would exceed the amount to be collected in many cases. Because of that uncertainty, it is plausible to assume that unpaid rates for many accounts would simply never be collected. While some municipal service providers would lose revenue under these circumstances, given that recouping unpaid rates via property liens can take years or decades, it is difficult to determine how or if these changes would impact cash flow for municipal service providers overall.

Municipal corporations that provide municipal services may incur a slight uptick in administrative costs to comply with the bill's requirements to establish a method for persons to make complaints of improper billing, as under the bill. The bill requires subdivision service providers to investigate every complaint received and resolve those complaints within ten business days. If a complaint is unable to be resolved in ten business days, the service provider must provide the person who filed the complaint with a status report every five business days following the initial period. The bill allows a person who is not satisfied with the complaint resolution to appeal the matter to the appropriate municipal or county court under the process described below. The bill also requires municipal service providers to notify property owners if a lien for unpaid municipal services fees is placed on the property. Providing this notice may also result in a slight increase in administrative expenses.

Municipal lien payment remittance

Municipal corporations will incur a loss of revenue from the collection of municipal liens. Under current law, municipal corporations receive the full amount of any lien collections. Under the bill, collected liens would be split with municipal corporations receiving 90% and the county treasurer's delinquent tax and assessment collection fund receiving 10%. The bill also modifies certain requirements regarding the timing of these deposits specifying that the county treasurer do so in accordance with the biannual tax payment and remittance cycle. Under current law, a county treasurer is required to make those deposits immediately.

Improper billing and municipal lien appeals

The bill grants exclusive and original jurisdiction to the municipal and county courts for hearing appeals of (1) improper billing complaints for certain subdivision services and (2) municipal liens placed on a property on or after the effective date of the bill. Additionally, the bill permits the Supreme Court to adopt procedural rules for improper billing appeals and municipal lien appeals.

The appropriate court is required to hear improper municipal services billing appeals if all the following apply: the complainant has previously filed such a complaint with the municipal services provider, the complaint has not been resolved to the complainant's satisfaction, and the disputed amount is \$300 or more.

These changes will increase, to some degree, the number of cases filed in municipal and county courts statewide leading to increased expenses which may be offset to some degree by filing fees which are neither required nor prohibited under the bill. The magnitude of the increase is likely to be minimal relative to the total caseload of individual courts generally.