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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 265  
135<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Sen. Ingram

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### SUMMARY

- Permits a school district to sell property it owns in its corporate capacity valued over \$10,000 to community schools via a private sale without first offering the property at a public auction.
- Eliminates the requirement that a school district must offer to lease or sell certain unused school facilities to community schools, STEM schools, and college-preparatory boarding schools.
- Eliminates the right of first refusal for community schools, STEM schools, and college-preparatory boarding schools in the voluntary sale of school district real property.
- Eliminates the option for a school district to prioritize the lease or sale of real property to certain STEM schools.
- Maintains a prohibition on community schools, STEM schools, and college-preparatory boarding schools from selling real property acquired under the repealed involuntary sale provision within five years after acquiring the property, unless sold to another community school, STEM school, or college-preparatory boarding school.

### DETAILED ANALYSIS

#### **Voluntary sale of district property – community schools**

Generally, continuing law requires a school district to offer real property that it owns in its corporate capacity and that is valued over \$10,000 at a public auction prior to selling it via a private sale. As an exception to that requirement, the bill permits a school district to sell property

directly to community schools via private sale. Under continuing law, similar exceptions exist for certain prescribed public entities and chartered nonpublic schools.<sup>1</sup>

## **Eliminate right of first refusal to acquire school district property**

The bill eliminates the following provisions of current law:

- The requirement that a school district must offer to lease or sell certain unused school facilities to all community schools, STEM schools, and college-preparatory boarding schools located within the district, or, if the district chooses, to certain community schools with plans to expand into the district.<sup>2</sup>
- The requirement that a school district must grant a right of first refusal in the voluntary sale of real property to all start-up community schools, STEM schools, and college-preparatory boarding schools within that district. Community schools that meet the statutory definition of “high-performing” are granted priority in such transactions.<sup>3</sup>
- The option for a school district to prioritize the sale or lease of real property to a STEM school over all other potential buyers, if that STEM school meets certain statutory requirements.<sup>4</sup>

These provisions are explained in greater detail under “**Background**” below.

## **Prohibition on reselling property**

The bill maintains a prohibition on community schools, STEM schools, and college-preparatory boarding schools that acquired real property under the involuntary sale provision repealed by the bill from selling that property within five years of acquiring it, unless the property is being sold or transferred to another community school, STEM school, or college-preparatory boarding school.<sup>5</sup>

## **Background**

### **Involuntary lease or sale of unused school facilities**

Current law requires a school district with real property that has been used for school operations since July 1, 1998, but has not been used for that purpose for one year or any school building that has been used for direct academic instruction but less than 60% of the building was used for that purpose in the preceding school year, to offer to lease or sell that property or building to community schools, college-preparatory boarding schools, and STEM schools located within the district. Community schools that meet the statutory definition of “high-performing” must be given priority in such transactions. Districts also may offer the property to existing

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<sup>1</sup> R.C. 3313.41(C).

<sup>2</sup> Repealed R.C. 3313.411.

<sup>3</sup> Repealed R.C. 3313.413.

<sup>4</sup> Repealed R.C. 3313.412.

<sup>5</sup> New R.C. 3313.411. Similar to Repealed R.C. 3313.411(E).

community schools located outside the district, if those schools have plans, stipulated in their contracts with their sponsors, to relocate to the district.<sup>6</sup>

### **“High-performing” community schools**

For this purpose and for voluntary sales as described below, the law defines a “high-performing community school” as one that either:

1. Received a grade of “A,” “B,” or “C” for the performance index score or a performance rating of three stars or higher for achievement – or has increased its performance index score for the previous three years, and received a grade of “A” or “B” for the value-added progress dimension or a performance rating of four stars or higher for progress on its most recent state report card rating; or
2. If it serves only grades K through 3, has either received a grade of “A” or “B” for making progress in literacy on its most recent report card or a performance rating of four stars or higher for early literacy; or
3. If it is a dropout recovery school, received a rating of “exceeds standards” on its most recent report card.<sup>7</sup>

### **Right of first refusal in a voluntary sale**

As mentioned above, continuing law establishes procedures a school district must follow when it voluntarily decides to sell real property valued in excess of \$10,000. Generally, those procedures require offering the property by public auction and then by private sale if it does not sell when offered at auction. A district may sell the property directly to certain prescribed public entities and chartered nonpublic schools.<sup>8</sup>

However, prior to offering the property under any of those procedures, a district must extend a right of first refusal to start-up community schools, college-preparatory boarding schools, and STEM schools located within the district. Under this provision, the district must notify such schools of the property’s availability and give them 60 days to provide a written notice of their interest in the property. Again, priority must be given to “high-performing” community schools. If more than one eligible school expresses interest in the property, the district must conduct an auction among those interested schools.<sup>9</sup>

### **Limited sale or lease to a STEM school**

A school district may offer for sale or lease any parcel of real property directly to the governing body of a STEM school without offering it under any other manner described above, if all of the following conditions apply:

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<sup>6</sup> Repealed R.C. 3313.411.

<sup>7</sup> Repealed R.C. 3313.413(A).

<sup>8</sup> R.C. 3313.41(A) to (C).

<sup>9</sup> Repealed R.C. 3313.413.

1. The district offered right of first refusal to community schools prior to June 30, 2011, but the offer was not accepted. (College-preparatory schools and STEM schools were not included in the right of first refusal provision at that time.)
2. The district has decided again to dispose of it by sale or lease.
3. The STEM school, to which the real property is sold or leased, was approved for operation between October 1 and December 31, 2012.<sup>10</sup>

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## HISTORY

Action	Date
Introduced	05-08-24

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ANSB0265IN-135/ts

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<sup>10</sup> Repealed R.C. 3313.412.