OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 331
135th General Assembly

Final Fiscal Note & Local Impact Statement

Click here for H.B. 331's Bill Analysis

Primary Sponsors: Reps. Mathews and Young

Local Impact Statement Procedure Required: No

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Highlights

- The bill adds a fourth method for dissolving a village, possibly making it easier to do so.
- Once voters approve the dissolution of a village, its financial obligations would be paid and its boundaries, assets, and cash would be divided as necessary. Utility (sewer, water, and electricity) operations handled by the village and related assets and liabilities would be transferred to an appropriate successor entity.
- The Auditor of State could incur additional costs should the bill lead to a higher number of village dissolutions. Those costs, however, would be paid by the village being dissolved.
- The bill changes notice requirements for civil asset forfeiture that will likely decrease costs to county prosecutors and law enforcement entities.

Detailed Analysis

The bill provides a fourth way to initiate the process of village dissolution. After each decennial census, the county auditor, county treasurer, and one member of the board of county commissioners jointly must examine whether the villages under its jurisdiction (1) meet at least five of ten criteria based on the variety of public services the village offers its residents, and (2) determine whether at each election at least one candidate appeared on the ballot for each elected position for each election during the period. Current law sets forth three pathways to dissolving a village. These are described in LSC's *Members Brief* on Village Dissolution (PDF), available at lsc.ohio.gov.

It may be that adding this fourth way leads to more dissolutions than occur under existing law. After a vote for dissolution, the village's financial obligations would be paid and its boundaries, assets, and cash would be divided as necessary by a transition supervisory board as under current law. Similarly, a village's sewer, water, and electric utility operations, assets, and liabilities would be transferred to an appropriate successor entity. Given the additional fourth method for dissolving a village, the Auditor of State may be required to undertake more audits for villages undergoing dissolution. The cost of the audit, however, would be paid by the village.

Once a dissolution occurs, the Revised Code establishes requirements for "winding up the affairs" of the village. If a village was located in more than one township, the village's territory is returned to the various townships along the boundary lines that previously existed. These situations can create confusion because the village's real and personal property must be divided among the townships also.

Audit and next steps

The village must notify the Auditor of State about the village's dissolution, at which point the Auditor of State starts conducting a final audit or agreed-upon procedure audit. The village has 30 days to provide the notification and the Auditor of State has 30 days to commence the audit. Once the audit is complete, the village's remaining cash is transferred to the township or townships absorbing the village. The village and townships can agree to a distribution of the money or, if no agreement is reached, the law specifies the funds are distributed proportionally to the townships' absorbed territory. For example, if Township A absorbs 60% of a dissolving village while Township B absorbs 40%, then Township A receives 60% of the cash while Township B receives 40%.

Real and personal property

As a result of dissolution, a village's real and personal property is transferred to the township or townships where the village is located. When multiple townships are involved, the village and the affected townships have 60 days to agree on the disposition of the real and personal property. If they do not agree, the real and personal property vests, by operation of law, in proportion to the amount of territory that each township has within the village. Division of real property in these cases can be difficult to determine, especially if the majority of a village's real property is located within one township.

Utilities

As part of the dissolution process, a village's utility services are assigned to an appropriate local provider, such as a water and sewer district or another electric utility. The processes involved in the transfer of these particular utilities varies, but all involve a systems audit to determine whether existing rate structures are sufficient for the entity taking on the dissolving village's utilities to provide those services. For electric utilities in particular, the absorbing entity must pay for the systems audit if the village's electric utility fund does not contain enough money to pay for it.

County boards of elections

If the process defined under the bill leads to a vote for dissolution of a village, the appropriate county board of election(s) will likely not incur any additional cost for adding the question to the ballot. However, there could be some negligible additional printing costs for putting the issue on the ballot in some cases. Under the bill, the question for a village dissolution must be placed on the ballot for the next general election that is at least 90 days after the county board of elections containing the largest portion of the village's population receives the finding for dissolution made by the county auditor, county treasurer, and the designated county commissioner.

Newspaper notices for civil asset forfeiture actions

Under the bill, county prosecutors and law enforcement entities may see decreased costs for providing public notices regarding civil asset forfeiture actions. The bill allows county prosecutors and law enforcement entities to forego print newspaper advertising and either publish via the state public notice website, in a digital edition of a newspaper of general circulation, or the county's website and social media account. These provisions also allow newspapers to charge a government rate for digital only ads.

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