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Office of Research
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Office

H.B. 397
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 397's Bill Analysis](#)

Version: As Passed by the House

Primary Sponsors: Reps. Stewart and Kick

Local Impact Statement Procedure Required: No

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Highlights

- Soil and water conservation districts that indemnify against financial or property loss caused by the fraudulent or dishonest acts or by the failure to perform duties by officers and employees may enjoy a slight savings if insurance policies to provide this coverage are less expensive than surety bonds.
- The bill also clarifies the process for termination of agricultural leases under certain circumstances. This change has no fiscal effect.

Detailed Analysis

Soil and water conservation districts

The bill allows boards of soil and water conservation districts to provide insurance policies for employees and officers entrusted with funds. Current law requires the boards to provide for execution of surety bonds, which remain an option under the bill. For boards that choose to indemnify against financial or property loss caused by the fraudulent or dishonest actions of employees and officers or their failure to perform duties, this change may result in a slight savings. Presumably, boards would purchase the less expensive option between surety bonds and insurance policies.

Agricultural leases

The bill also clarifies the process for termination of an agricultural lease under certain circumstances. This change has no effect on the revenues or expenditures of the state or political subdivisions. Under the bill, if an agricultural lease agreement does not provide for a termination date or method for notice of termination, the landlord must deliver a written notice of the termination to the tenant on or before the first day of September in the year the termination is

to be effective. The bill specifies that the termination date of the agricultural lease agreement under these circumstances is either the date harvesting or removal of crops is complete, or December 31 in the year in which the notice was given, whichever is earlier, unless the landlord and tenant agree to an alternate termination date in writing.