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# OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 112  
134<sup>th</sup> General Assembly

## Bill Analysis

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**Version:** As Passed by the Senate

**Primary Sponsor:** Sen. Dolan

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CORRECTED VERSION\*

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## SUMMARY

### Executions Against Property Law

- Permits a county, in a tax foreclosure, to provide an affidavit to the court describing the property, the charges due and unpaid, and stating that the amount has been certified to the county prosecuting attorney as delinquent in order to prove that the tax foreclosure is warranted.
- Requires abandoned land to be forfeited to the state, and not a political subdivision, school district, or a county land reutilization corporation (CLRC), if unsold through a specified number of foreclosure sales.

### Expedited Foreclosure on Abandoned Land Law

- Changes the time at which land is presumed unoccupied and thus abandoned if it is also tax delinquent, from the time the county auditor certifies the delinquent lands list, to, instead, the time the prosecutor files the complaint in the foreclosure action.
- Authorizes the county prosecutor to hire outside counsel to conduct the foreclosure proceedings.
- Authorizes the board of revision to adopt rules necessary to administer its case that are not irreconcilably inconsistent with the Tax Commissioner's rules.
- Permits a county board of revision to transfer a foreclosure action to a court if upon the preponderance of the evidence provided by the parties the property is not abandoned.

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\* Adds an analysis COMMENT.

- Eliminates the ability of a person with a security interest in a property subject to the expedited foreclosure proceeding to file a pleading with the board of revision that in order to preserve the person's security interest, the property should not be disposed of and the case should be transferred to a court.
- Requires that 10% of the total proceeds of a property sold at an auction to be deposited into the county treasurer's and county prosecutor's Delinquent Tax and Assessment Collection Funds and if a CLRC is operating in the county, an additional 10% of the total proceeds must be deposited into the county land reutilization corporation fund.
- Requires property not sold at an auction after the first sale to be forfeited to the state and disposed of as prescribed under the Forfeited Lands Law.
- Changes the timeframe that an electing subdivision or CLRC must request title to the abandoned land from any time between the date the complaint for foreclosure is filed and 60 days after the date the land was first offered for sale to any time prior to the adjudication of foreclosure.
- Requires a CLRC that receives an abandoned property, either through an auction or transfer, to record its own deed with the county recorder, instead of the prosecuting attorney, county treasurer, or officer recording the deed.
- Extends the date in which an aggrieved party to a proceeding before the county board of revision under the Expedited Foreclosure on Abandoned Land Law may file an appeal in the court of common pleas from 14 days to 30 days after a statutorily specified date.
- Adds that an aggrieved may appeal a board of revision's decision within 30 days of "any other final order."
- Specifies under what circumstances a board of revision can vacate a final order of foreclosure and forfeiture and any other order.

### **Delinquent Land Law**

- Requires property not sold pursuant to the original order of sale, to be forfeited to the state.
- Revises the timeframe in which a person can enter into a delinquent tax contract with the county treasurer to any time prior to an adjudication of foreclosure, instead of before the filing of an entry of confirmation of sale or before the expiration of the alternative redemption period.

### **Foreclosure and forfeiture of delinquent vacant lands**

- Eliminates a proceeding under current law that permits both a foreclosure and forfeiture as one procedure for delinquent vacant land and eliminates provisions related to the delinquent vacant lands tax list.

## Changes applicable to all tax foreclosure proceedings

- Eliminates a condition that in order to commence a tax foreclosure proceeding the delinquent tax list must be published within a certain prescribed time.
- Specifies that the county auditor can, at any time, correct any errors on a delinquent tax list that is published electronically.
- Permits a CLRC, county, municipality, or township to enter a property subject to a tax foreclosure proceeding in which the property is determined to be nonproductive land or abandoned land to inspect for environmental, health, or safety purposes, or for the presence of nuisance conditions.
- Authorizes electronic publication as an alternative to newspaper publication for tax foreclosure proceedings and tax delinquency notices, as well as proceedings under the Forfeited Lands Law, and sets standards and conditions for such publications.
- Reduces the duration the county treasurer must hold on to excess funds for an owner that are remaining from a tax foreclosure sale, from three years to two years.

## County Land Reutilization Program Law

- Expands the scope of the land reutilization program to include real property otherwise acquired by an electing subdivision, including a CLRC.
- Removes the priority right of acquisition of a municipal corporation and a township when a CLRC acquires property in a transaction other than a tax foreclosure proceeding.
- Specifies that a provision of law protecting the validity of an electing subdivision's title to nonproductive property when it is sold under the CLRP Law to an electing subdivision, also applies to transfers and sales to an electing subdivision under the Expedited Foreclosure on Abandoned Land Law, the Forfeited Lands Law, and transfers under the CLRP Law.
- Eliminates the recording fee for an electing subdivision that is a CLRC that buys or acquires nonproductive property under the CLRP Law or the Expedited Foreclosure on Abandoned Land Law.
- Eliminates a requirement that political subdivisions with a land reutilization program, *other than a CLRC*, study, analyze, and evaluate potential uses for property acquired as part of the program to effectively reutilize it.
- Eliminates the requirement that the property an electing subdivision acquires pursuant to its program be sold for at least the fair market value and that approval be obtained before the property is sold for less than fair market value, and instead permits sales that promote the property's effective reutilization.
- Revises how the proceeds of the sale must be applied and distributed when an electing subdivision, other than a CLRC, sells any land reutilization program property.

- Removes the authority of an electing subdivision to establish taxing district committees and neighborhood advisory committees.
- Eliminates the requirement that an electing subdivision keep taxing districts having an interest in the taxes and related amounts on the real property it acquires as part of the land reutilization program, informed concerning the program's administration.
- Specifies that an electing subdivision may accept a conveyance in lieu of foreclosure of tax delinquent property from the property owners, regardless of whether a tax foreclosure proceeding has been filed against the property.
- Eliminates a requirement that if an electing subdivision acquires property pursuant to the CLRP Law and does not sell or transfer the property within 15 years, the electing subdivision must offer that property for sale and if not sold, it may be disposed of or retained for any lawful purpose without further application of the CLRP Law.
- Expands a CLRC's ability to acquire tax delinquent property for redevelopment free and clear of tax liens by eliminating a requirement that they obtain consent from taxing districts with an interest in the taxes.
- Expands and revises funding sources for the County Land Reutilization Fund, such as from the proceeds from the forfeited land sales, sales under the Expedited Foreclosure on Abandoned Land Law, and real property taxes.

## **Forfeited Lands Law**

- Eliminates a provision specifying that, after receiving the certification, the court must notify the political subdivision and school district in which the property is located, and any CLRC in the county, and offer to forfeit the property to the political subdivision, school district, or corporation, or to an electing subdivision, and instead requires that the court or board of revision order the property forfeited to the state.
- Provides that counties and their officers or employees are not liable for damages, or subject to equitable remedies, for violation of a variety of environmental laws, in connection with property forfeited to the state under the Forfeited Land Law.

## **Nuisance buildings**

- Authorizes a board of township trustees to contract with a CLRC to act as the board's agent in connection with the removal, repair, or securing of buildings that have been declared insecure, unsafe, or structurally defective by a fire department or a building department, or buildings that have been declared to be nuisance properties.
- Revises provisions relating to how a municipal corporation or its agent CLRC can collect the costs related to the abatement of the nuisance property.
- Extends the redemption period to prior to the journalization of the confirmation of sale, instead of within ten days after the entry of the decree of foreclosure, when a municipal corporation pursues a foreclosure action to recover costs for the nuisance abatement.

## EPA asbestos demolition or renovation project fees

- Prohibits the state, a municipality, or other political subdivision from charging an owner or operator fees other than the schedule fees in statute in connection with the notification of an asbestos demolition or renovation project.

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## DETAILED ANALYSIS

### Overview – tax foreclosures and forfeitures

The bill revises the procedures by which unpaid real property taxes and related costs are recovered by the state and the property returned to productive use. Under continuing law, each year, the county auditor is required to compile a tax list and duplicate of all the real and public utility property in the county.<sup>1</sup> The county treasurer is responsible for collecting the taxes listed on the duplicate and settling with the county auditor for all taxes and assessments that the treasurer has collected that were not included in the preceding settlement. Immediately after this settlement, the county auditor must compile a list and duplicate of all delinquent lands in the county – a **delinquent land list**. **Delinquent lands** are property upon which delinquent taxes remain unpaid at the time a settlement is made between the county treasurer and auditor. At the time of making the delinquent land list, the county auditor also must compile a **delinquent tax list** consisting of all property on the delinquent land list on which taxes have become delinquent at the close of the collection period immediately preceding the making of the delinquent land list.<sup>2</sup> The delinquent tax list is the basis for the various tax foreclosure proceedings. Existing law, eliminated by the bill, also requires the auditor to compile a delinquent vacant land tax list of all delinquent vacant land prior to any foreclosure or foreclosure and forfeiture actions. The bill repeals this requirement and eliminates the option to combine foreclosure and forfeiture into one proceeding for delinquent vacant land.<sup>3</sup>

Unpaid taxes on real property create a lien on the property, giving the governmental entity holding the lien the several options to recover the moneys owed. (For clarity, this analysis will generally use the terms “real property” and “property.” These terms include, where appropriate, existing law’s use of synonyms such as land, tract, parcel, lot, premises, and real estate.) As the unpaid taxes sometimes coexist with other problems, such as blight, the lien also provides the governmental entity the ability to address these concurrent problems. These options include:

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<sup>1</sup> R.C. 319.28(A), not in the bill.

<sup>2</sup> R.C. 321.24, not in the bill; R.C. 5721.01, 5721.011, 5721.03, and 5721.04.

<sup>3</sup> R.C. 5721.03(A) and 5721.14, repealed.

- R.C. 323.25 – The county treasurer initiating a foreclosure action using the *Executions against Property Law*, similar to the way that a mortgage lien is enforced. When taxes charged against an entry on the tax duplicate, or any part of those taxes, are not paid within 60 days after delivery of the delinquent land duplicate to the county treasurer, the county treasurer must enforce the lien for the taxes by civil action in the treasurer’s official capacity as treasurer, for the sale of the property.<sup>4</sup>
- R.C. 323.65 to 323.79 – The county board of revision initiating a foreclosure action against tax delinquent property that unoccupied for specified periods of time, under the *Expedited Foreclosure on Abandoned Land Law*. Upon the complaint of a certificate holder (see below) or county land reutilization corporation (CLRC), the board may foreclose the lien of the state or the certificate holder. The board must order disposition of the abandoned land by public auction or by other conveyance in the manner prescribed by the Expedited Foreclosure on Abandoned Land Law.<sup>5</sup>
- R.C. Chapter 5721 – The county prosecutor initiating a foreclosure action under the *Delinquent Land Law* in a court or the county board of revision.<sup>6</sup> **Delinquent lands** are property upon which delinquent taxes remain unpaid at the time a settlement is made between the county treasurer and auditor.<sup>7</sup>

When referred to collectively in this analysis, these three types of proceedings will be called a “**tax foreclosure proceeding.**”

Once such a tax foreclosure proceeding is initiated, then the property generally is offered for sale, with a minimum bid being statutorily determined. If the property does not sell for want of a minimum bid, the property might be forfeited to the state, a political subdivision, or a county land reutilization corporation (CLRC). This can be accomplished through the use of several different laws:

- The County Land Reutilization Program Law (CLRP Law) (R.C. Chapter 5722);
- The Delinquent Land Law (R.C. 5721);
- The Delinquent Vacant Land Law (R.C. 5721.14) (repealed by the bill);
- The Forfeited Land Law (R.C. Chapter 5723).

In addition, the state may sell its right to the taxes owed via a tax certificate. The person, including a CLRC, that purchases or otherwise acquires a tax certificate is called a **certificate holder**. As a result of acquiring a tax certificate, the certificate holder obtains the state’s first lien

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<sup>4</sup> R.C. 323.25.

<sup>5</sup> R.C. 323.66(A).

<sup>6</sup> R.C. 5721.18.

<sup>7</sup> R.C. 5721.01(A)(1).



on the property and may exercise the state's right to foreclose on the property under the general Executions against Property Law.<sup>8</sup>

## **Executions against Property Law**

One option a county has to recover taxes owed on real property is to foreclose on the property in the same manner as delinquent mortgages are foreclosed on. Continuing law expressly permits the treasurer to initiate a foreclosure action when taxes charged against an entry on the **delinquent tax list** are not paid within 60 days after delivery of the list to the county treasurer.<sup>9</sup> In such a foreclosure action, the county must prove that taxes on the property are owed, the amount of the taxes owed, and that the taxes are unpaid. Under continuing law, a certified copy of the entry on the tax duplicate acts as prima facie evidence of the allegations and the validity of the taxes. The bill adds an additional method of establishing prima facie evidence: an affidavit from the county treasurer or deputy treasurer describing the property and the amounts of the taxes, assessments, charges, interest, and penalties due and unpaid, and stating that the amount has been certified to the county prosecuting attorney as delinquent.<sup>10</sup>

Under existing law, property ordered to be sold but remaining unsold for want of bidders after being offered for sale on two separate occasions (or offered for sale on one occasion in the case of abandoned land, or as added by the bill, nonproductive land), must be forfeited to the state or to a political subdivision, school district, or a CLRC. Abandoned land must be forfeited if unsold after the first sale. The bill removes the option for abandoned land to be forfeited to a political subdivision, school district, or a CLRC. Instead, if not sold after the first sale, the bill requires that the abandoned land be forfeited to the state.<sup>11</sup>

## **Expedited Foreclosure on Abandoned Land Law**

### **Overview**

The second option is for a county board of revision, on its own initiative or upon the request of a certificate holder or a CLRC, to foreclose the lien for real estate taxes upon abandoned land in the county. The board must order disposition of the abandoned land by public auction or by other conveyance in the manner prescribed by law.<sup>12</sup> While these foreclosure actions may bundle multiple properties, who may have multiple owners, for ease of reading this analysis will refer to the law in reference to a single property unless the context requires mentioning the possibility of multiple owners.

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<sup>8</sup> R.C. 5721.30, 5721.35, and 5721.37.

<sup>9</sup> R.C. 323.25.

<sup>10</sup> R.C. 323.26.

<sup>11</sup> R.C. 323.28(D).

<sup>12</sup> R.C. 323.66(A).

## Status as unoccupied

To be subject to the Expedited Foreclosure on Abandoned Land Law, the property must be **abandoned land** – delinquent lands that are unoccupied and that have been on the county’s abandoned land list or the delinquent tax list for specified periods of time. To qualify as **unoccupied**, property must meet one or more conditions, such as there is no inhabited building on the property or no business is being conducted on the property.

Under current law, it is prima facie evidence and a rebuttable presumption that the property is unoccupied if at the time the county auditor certifies the delinquent lands list that the property is not agricultural land and two or more of the following apply.

- At the time of the inspection of the property by the local government, no person or business inhabits or is visibly present from an exterior inspection of the property.
- No utility connections service the property, or no such utility connections are actively being billed for the property.
- The property or any improvement on it is boarded up or otherwise sealed because it was found by a political subdivision to be open, vacant, or vandalized.
- The property or improvement is, upon visible inspection, insecure, vacant, or vandalized.

The bill changes the time at which this status must occur from the time the county auditor certifies the delinquent lands list to the time the prosecutor files the complaint in the foreclosure action.<sup>13</sup>

## County board of revision rules

Existing law authorizes a county board of revision to adopt rules as necessary to administer cases subject to its jurisdiction, as long as the rules are *consistent* with the Tax Commissioner’s rules. The bill changes this standard to authorize the adoption of rules that are *not irreconcilably inconsistent* with the Tax Commissioner’s rules. Existing law limits the board’s rules to rules relating to hearing procedure, the scheduling and location of proceedings, case management, and practice forms. The bill expands this authority to also permit a board to adopt rules relating to motions.

In addition, under the bill, when a complaint is filed under the Expedited Foreclosure on Abandoned Land Law, the action is pending so as to charge a third person with notice of its pendency. While pending, no interest can be acquired by third persons in the subject of the action, as against the plaintiff’s title.<sup>14</sup>

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<sup>13</sup> R.C. 323.65(A) and (F).

<sup>14</sup> R.C. 323.66(B) and, by reference, R.C. 2703.26, not in the bill.

## **Filing the complaint, service of process**

Before filing the foreclosure complaint on behalf of the board of revision under the Expedited Foreclosure on Abandoned Land Law, the prosecuting attorney must cause a title search to be conducted of the property subject to foreclosure to identify persons having an interest in it. Upon the completion of the title search, the prosecuting attorney may file a complaint for the foreclosure of the property. The bill authorizes the prosecuting attorney to hire outside counsel to initiate these proceedings.<sup>15</sup>

## **Transfer to court**

Continuing law permits the board to transfer the case to a court either by the motion of the owner, county prosecutor, or the boards on motion. The bill adds that the board can also transfer the case upon the motion of the designated counsel hired by the prosecuting attorney. Also, the bill changes the standard for making this type of transfer. Under current law, the board may transfer the case if it determines that, given the complexity of the case or other circumstances, a court would be a more appropriate forum for the action. Instead, under the bill, the board may transfer the case if it determines, upon preponderance of the evidence provided by the parties, that the property is not abandoned land.<sup>16</sup>

Within 28 days after the journalization of either type of order of transfer, the county prosecuting attorney must file a notice of transfer and dismissal with the court clerk and with the court or board to which the case was transferred. If the county prosecuting attorney does not timely file the notice of transfer, or earlier upon the motion of the prosecuting attorney, court, or board, the complaint is “deemed to have been dismissed without prejudice” by both the court and the board. The bill changes the mandatory dismissal to the possibility of dismissal.<sup>17</sup>

## **Subpoenas**

Continuing law provides that a county board of revision, in accordance with the Rules of Civil Procedure, may issue subpoenas as necessary to conduct a hearing or otherwise adjudicate a case under the Expedited Foreclosure on Abandoned Land Law. The bill specifies that the subpoena is issued pursuant to Civil Rule 45.<sup>18</sup>

## **Hearing procedure – pleadings**

At any time after a complaint is filed under the Expedited Foreclosure Law, and before a decree of foreclosure is entered, the record owner or other person with an ownership interest may plead only that the impositions due have been paid in full or are invalid or inapplicable, and may raise issues pertaining to service of process and the property’s status as abandoned land. Similarly, under continuing law, at any time before the decree of foreclosure is filed, a person with a security interest of record in the abandoned land may plead that the impositions shown

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<sup>15</sup> R.C. 323.69(A) and (B) and 323.68, by reference, not in the bill.

<sup>16</sup> R.C. 323.69(E) and 323.691(A)(1).

<sup>17</sup> R.C. 323.691(A), (B), and (D).

<sup>18</sup> R.C. 323.70(C).

by the notice to be due and outstanding have been paid in full. If such a pleading is made, and if the board determines that the impositions have been paid in full, the court must dismiss the complaint and remove the property from the abandoned land list.

The bill eliminates the ability of the person with a security interest to plead that in order to preserve the person's security interest, the abandoned land should not be disposed of under the Expedited Foreclosure on Abandoned Land Law and the case should be transferred to a court if the board finds that the sale or other conveyance of the property would unreasonably jeopardize the person's ability to enforce the security interest.<sup>19</sup>

## **Disposition of property and apportionment of costs**

### **Appraisal and transfer of property**

Not all foreclosed properties are sold at an auction. Under existing law, if the board determines that the impositions exceed the value of the property, the board, at the final hearing on the complaint may order the property foreclosed and, without an appraisal or public auction, order the sheriff to execute a deed to the certificate holder or CLRC that filed a complaint, or to a community development organization, school district, municipal corporation, county, or township. The liens for taxes *due* at the time the deed is transferred are deemed satisfied and discharged. The bill instead deems the taxes *attached* at the time of the applicable transfer satisfied and discharged.

Continuing law permits an owner or lienholder to file with the county board of revision a professional appraisal of the property and request a hearing to determine whether the impositions against the property exceed the fair market value of the property as shown by the auditor's then-current valuation of the property. An owner or lienholder must show by a preponderance of the evidence that the impositions against the property do not exceed the auditor's then-current valuation of the property to preclude the Board from moving forward with disposing the property in the manner described above. The bill adds that regardless of such determination, the board may order the property disposed pursuant to the alternative redemption period invoked by the treasurer. Under continuing law, if the county treasurer invokes the alternate redemption period, the board may order the property transferred to a municipal corporation, township, county, school district, community development organization, or CLRC, if any of these entities requests title to the property.

Further, under continuing law, for purposes of determining in any proceeding of the Expedited Foreclosure on Abandoned Land Law whether the total of the impositions against the property exceed its fair market value, it is a rebuttable presumption that the auditor's then-current valuation of that property is the fair market value, regardless of whether an independent appraisal has been performed. The bill specifies that this is also regardless of what the actual fair market value may in fact be. Notwithstanding such determination, the bill specifies that the

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<sup>19</sup> R.C. 323.72(A) to (D).

board may order that the property be disposed pursuant to the procedures set by the alternative redemption period, as described above.<sup>20</sup>

### **Auction**

After the property is foreclosed upon, the property generally is offered for sale at public auction. Continuing law establishes rules relating to advertisement of the sale, which the bill expands to permit electronic notice. At the auction, the bidding begins at an amount equal to the total of the impositions against the property, plus the costs apportioned to the property. The property is sold to the highest bidder.

If there is a successful bidder at the auction, continuing law requires the bidder at auction to pay the sheriff a deposit of at least 10% of the purchase price at the time of the auction, and must pay the balance within 30 days. Before the successful bidder pays the deposit, the sheriff *may* notify the successful bidder that failure to pay the balance is considered a default and the deposit will be retained as payment for the costs associated with a future public auction. Under current law, this notice must be given for the sale to be rejected due to default for failing to pay the balance. Under the bill, default may be declared regardless of whether the sheriff provided this notice. After the sale, the property owner has an opportunity to redeem the property. After the end of the redemption period, the board confirms the sale.

Existing law requires that from the total proceeds arising from the sale, transfer, or redemption, 20% must be deposited to the county's delinquent tax and assessment collection fund to reimburse the fund for costs paid from the fund for the transfer, redemption, or sale of the property and up to 10% of this money may be used by the treasurer for community development, nuisance abatement, foreclosure prevention, demolition, and related services or distributed to a CLRC. The bill instead requires that from the proceeds 10% must be deposited into the Delinquent Tax and Assessment Collection Funds and if a CLRC is operating in the county, 10% of the total proceeds must be deposited into the county land reutilization corporation fund.

The bill also repeals a provision providing that, if the property is not sold at auction for want of bidders, the county board of revision may offer the property for sale in any usual and customary manner or may transfer the property to a community development corporation or a school district, county, municipal corporation, or township, upon request, at a negotiated price. Under the bill, if the property is not sold, then the property must be ordered forfeited to the state and disposed of as prescribed under the Forfeited Lands Law.<sup>21</sup>

Under existing law, when property is offered for sale pursuant to the Expedited Foreclosure and Abandoned Land Law, but is not sold, and if an electing subdivision or CLRC requests title to the abandoned land any time from the date the complaint for foreclosure is filed to 60 days after the date on which the land was first offered for sale. The electing subdivision or CLRC will acquire the land as if it "appeared at the sale and submitted the winning bid at the

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<sup>20</sup> R.C. 323.71(A)(2) and (B), 323.73(G), 323.76(C), and 323.78, not in the bill.

<sup>21</sup> R.C. 323.73 and R.C. 323.74, repealed.

auction.” The bill changes the timeframe the request must be given to any time *prior to the adjudication of foreclosure*.<sup>22</sup>

### **Apportionment of costs among properties sold**

As noted above, the county may bundle multiple properties into a single proceeding. When properties are sold, the county treasurer or prosecutor must apportion amongst the properties the costs of the proceedings, including the title search, notifying persons, and advertising the sale.

Under current law, the apportionment must be actual identified costs, apportioned equally or in proportion to the fair market values of the properties. Under the bill, the apportionment must be according to actual identified and advanced costs expended by the county treasurer or prosecutor, or in proportion to the percentage of which each of their costs bears to the total costs.

If a parcel of abandoned land is sold or otherwise transferred, the officer who conducted the sale or made the transfer, the prosecuting attorney, or the county treasurer may collect a recording fee from the purchaser or transferee and prepare the deed. That officer or the prosecuting attorney or treasurer is authorized to record the deed on behalf of that purchaser or transferee. Under the bill, these officers do not have the authority to record a deed transferred to a CLRC.<sup>23</sup>

### **Appeals**

Any aggrieved party to a proceeding before the county board of revision under the Expedited Foreclosure on Abandoned Land Law may file an appeal in the court of common pleas upon a final order by the board. Under current law, the appeal must be filed not later than 14 days after a statutorily specified date. The bill extends the period to 30 days after the statutorily specified date. Under continuing law, these dates are:

1. The date on which the order of confirmation of the sale is filed with and journalized by the clerk of court;
2. In the case of a direct transfer to a certificate holder, community development organization, CLRC, municipal corporation, county, or township, the date on which an order of transfer or conveyance is first filed with and journalized by the clerk of court.

The bill adds a third date – the date on which any other final order is filed and journalized with the clerk of court.

Under the bill, after the expiration of the 30-day period, the board of revision is permitted to vacate a final order only for:

- A failure to perfect service of summons and complaint upon an interest holder of record at the time of the filing, shown by clear and convincing evidence;

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<sup>22</sup> R.C. 323.77(B).

<sup>23</sup> R.C. 323.75(C).

- A final order relating to a CLRC as prescribed in the Land Reutilization Program Law;
- A motion of the county prosecuting attorney or designated counsel hired by the prosecuting attorney for any reason justifying relief from the judgment.

Under the bill, motions to vacate or reconsider final orders after the 30-day period may not be used as substitutes for an appeal. Such motions or their equivalent must not be considered by the board of revision, except for the purpose of denying such motions, and as described above.<sup>24</sup>

### **Repealed – disposition of abandoned land not sold at auction**

The bill repeals provisions specifying subsequent sales or transfer of the property. If a public auction is held for abandoned land, but the property is not sold at the public auction, the county board of revision may order the disposition of the property by order the sale or transfer of the property.

The sheriff may offer the property for sale in any usual and customary manner. The minimum bid in the subsequent public auction is the lesser of 50% of the county auditor's latest valuation of the property or the sum of the impositions against the property plus the apportioned costs.

A community development organization or any school district, municipal corporation, county, or township in which the property is located also may request that title to the property be transferred. This request may be made after the filing of the complaint and before 60 days after the land was first offered for sale. The request must include a representation that the entity will protect the land from further unreasonable deterioration, but if the requester is a subdivision that has elected to create a CLRC, the representation is deemed to have been given. The board may require payment of a negotiated price or the costs of disposing of the property.<sup>25</sup>

### **Delinquent Land Law**

A third option to recover the unpaid taxes is for the county prosecuting attorney to commence a foreclosure action under the Delinquent Land Law. The disposition procedures for property that has been foreclosed upon under Executions against Property Law and the Delinquent Land Law are similar.

Under current law, if the property is not sold pursuant to the original order of sale, the court, in its discretion, may order the property to be advertised and offered for sale at a subsequent foreclosure sale, and the court may direct the property to be appraised and fix a minimum price for which it may be sold. The bill removes the court's ability to order a subsequent

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<sup>24</sup> R.C. 323.79.

<sup>25</sup> R.C. 323.74, repealed, with conforming changes in R.C. 323.65(G), 323.71, 323.73, 323.75, 323.76, and 1721.10, and 5722.031.

sale and instead provides that property not sold pursuant to the original order of sale must be forfeited to the state.<sup>26</sup>

## Redeeming delinquent land

Delinquent land may be redeemed in a variety of circumstances:

- Before tax foreclosure proceedings have been instituted, the delinquent land may be redeemed by tendering to the county treasurer an amount sufficient to pay the amounts owed, and the costs incurred in any tax foreclosure proceeding instituted against the real property.
- After the tax foreclosure proceeding has been instituted, but before the filing of an entry of confirmation of sale pursuant to the proceeding or before the expiration of the alternative redemption period, any person entitled to redeem the land may do so by (1) tendering an amount sufficient to pay the amounts owed, and the costs incurred in the proceeding and (2) demonstrating that the property is in compliance with all applicable zoning regulations, land use restrictions, and building, health, and safety codes.
- Under current law, *after a tax foreclosure proceeding has been instituted, but before the filing of an entry of confirmation of sale pursuant to the proceeding or before the expiration of the alternative redemption period*, any person entitled to redeem the land who has not previously defaulted on a delinquent tax contract (a contract by which the amounts owed are paid in installments over a f-year period) with respect to that delinquent land may enter into a delinquent tax contract with the county treasurer for the payment of the amounts owed, together with the costs incurred in the proceeding, upon demonstrating that the property is in compliance with all applicable zoning regulations, land use restrictions, and building, health, and safety codes.

The bill revises this third route by expanding the ability to enter into delinquent tax contracts. Under the bill, the person may enter into the contract *at any time prior to an adjudication of foreclosure*. In addition, the bill clarifies that the redeeming person must be (1) a person who owns agricultural real property or owns and occupies residential real property or a manufactured or mobile home that does not have an outstanding tax lien certificate or judgment of foreclosure against it, or (2) a person who is a vendee of such property under a purchase agreement or land contract and who occupies the property.

The execution of a delinquent tax contract does not stop the prosecution of the proceeding to judgment, and the contract may be terminated if the property is not in compliance with all applicable zoning regulations, land use restrictions, and building, health, and safety codes during the term of the contract. If the property is not in compliance, or if payments are not made when due, the property may be sold or otherwise disposed of.<sup>27</sup>

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<sup>26</sup> R.C. 5721.19.

<sup>27</sup> R.C. 5721.25.



## **Foreclosure and forfeiture of delinquent vacant lands – repealed**

The bill eliminates the current foreclosure and forfeiture proceeding procedure and the related delinquent vacant lands tax list.

Under current law, the auditor also must compile a **delinquent vacant land tax list** of all delinquent vacant lands prior to the institution of any foreclosure and forfeiture actions or any foreclosure actions against delinquent vacant land. Delinquent vacant lands are property that have been delinquent lands for at least one year and that are unimproved by any dwelling.

Generally, on receipt of a delinquent vacant land tax certificate or a master list of delinquent vacant tracts, a county prosecuting attorney is required to institute a foreclosure proceeding or a foreclosure and forfeiture proceeding. Existing law establishes forms for the complaint, public notices, and notices to persons with an interest in the property. Multiple properties may be joined in one action, although they may be severed in certain circumstances.

If no answer is filed regarding the complaint within 28 days after the date of the final public notice, the prosecuting attorney may obtain a default judgment regarding the property. At the trial, the delinquent vacant land tax certificate or master list of delinquent vacant tracts is prima facie evidence of the amount and validity of the amounts due and unpaid on the property.

The conveyance by the owner of property subject to a proceeding at any time after the date of public notice but before the date of a judgment of foreclosure and forfeiture does not nullify the county's right to proceed with the action.

In its judgment of foreclosure and forfeiture, the court must enter a finding with respect to the property of the amount owed and the costs incurred in the proceeding that are due and unpaid. The court must order the property to be sold pursuant to the Forfeited Land Law, without appraisal, for not less than the lesser of: (1) the fair market value of the property plus the costs incurred in the proceeding, or (2) the total amount of the finding entered by the court, including all amounts owed prior to the journalization of the order of forfeiture plus the costs incurred in the proceeding. But, if the purchaser is the most recent owner of record or a person connected to the owner, the minimum sales price must be the second amount.<sup>28</sup>

## **Changes applicable to all tax foreclosure proceedings**

### **Initiating delinquent land foreclosure proceeding – publication of list**

Current law requires the auditor to review the first publication of each list for accuracy and completeness and may correct any error appearing in the list in the second newspaper

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<sup>28</sup> R.C. 5721.01, 5721.03, 5721.14, repealed, 5721.15, repealed, and 5721.16, repealed, and conforming changes in R.C. 319.48, 319.54, 323.25, 323.28(E), 323.31(A)(3) and (7), 323.33, 323.65, 323.67, 323.69, 323.72(D), 5721.01, 5721.02, 5721.03, 5721.04, 5721.06, 5721.13, 5721.17, 5721.18, 5721.19, 5721.192, 5721.26, 5721.30, 5721.32, 5721.33, 5721.37, 5722.01, 5722.04, 5722.10, 5722.21, 5723.01(B), 5723.03, 5723.05, 5723.06, 5723.10, and 5723.18.

publication. The bill specifies that the auditor can correct errors at any time if the list is published electronically.<sup>29</sup>

### **Inspection of the property**

Under the bill, in any tax foreclosure proceeding in which the property being foreclosed upon is determined to be nonproductive land or abandoned land, a CLRC, county, municipality, or township (inspecting entity) may enter the property for the purpose of inspecting the property for environmental, health, or safety purposes or for the presence of nuisance conditions.

Before entering the property, the inspecting entity must file a notice with the court or board of revision in which the action is pending indicating the date or dates on which the inspecting entity intends to inspect the property. For parties who answered the complaint or responded as required after service by publication, the inspecting entity must include a certificate of service with the notice attesting that the notice has been served upon all nondefaulting parties to the action. Upon the filing and service of the notice, the inspecting party may enter into or upon the property for a period of 14 days after the notice and service is complete. Inspections must be done on weekdays between 8:30 a.m. and 5:00 p.m. Upon completion of an inspection, the inspecting entity must secure the property where access was procured in a manner at least as secure as the time of entry. The authority to enter the property terminates if (1) the foreclosure action is dismissed, (2) one or more owners of title of record appear in the foreclosure action and asserts that the property is occupied, (3) any date provided by the court or board of revision, or (4) the property is sold at a sheriff's sale and the sale is confirmed.

While the foreclosure case is pending, entry into or upon the property does not require a search warrant and does not constitute a civil or criminal trespass. In addition, an inspecting CLRC is not liable for constructive eviction or unlawful entry. The inspecting entity is immune under the Political Subdivision Sovereign Immunity Law from civil liability to third parties on account of the inspection of property. Finally, entry inspection purposes does not constitute the exercise of dominion or control over the property, nor the right thereof.<sup>30</sup>

### **Electronic notice**

The bill authorizes electronic publication as an alternative to newspaper publication for tax foreclosure proceedings as well as proceedings under the Forfeited Lands Law.<sup>31</sup>

### **Electronic publication as an alternative to newspaper publication**

Under the bill, a **government agency** (county clerk of courts, county treasurer, county auditor, county prosecutor, county sheriff, board of county commissioners or county executive, or CLRC) required to publish a legal notice in one or more newspapers for a purpose associated

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<sup>29</sup> R.C. 5721.03(B)(4).

<sup>30</sup> R.C. 5721.183.

<sup>31</sup> R.C. 5721.182(B)(1), with conforming changes in R.C. 323.25, 323.69(C), 323.73(A), 5721.03(B), 5721.18, 5721.19, and 5723.05.

with the collection or enforcement of real or personal property taxes may satisfy that requirement by causing the required legal notice to be electronically published on a notice website instead of publication in a newspaper.<sup>32</sup> A **notice website** is a website maintained by a government agency, or by a third party under a contract with the agency, that is contained within an official website, and that contains links to the legal notices electronically published by the agency.<sup>33</sup>

Proof of publication of an electronically published legal notice for the purpose of complying with public notice requirements is satisfied and deemed conclusive upon the submission of an affidavit, certification, or other attestation by any person required to provide the same in the same manner as required had the notice been published in a newspaper or as otherwise provided in Civil Rule 4. When a government agency is authorized or directed by a statute or court of competent jurisdiction to make sales of real property, the agency, unless otherwise specifically directed or authorized by law, before making the sale, may give notice of the time and place of the sale by publishing the notice on the agency's notice website.

Subject to the provisions described in "**Duration of postings,**" below, a government agency desiring to terminate providing the electronic posting of legal notices may do so only upon publishing a 60-day notice on its existing official website, and publishing, within that 60-day time period, the notice for three weeks in a paper of general circulation in the county. At the expiration of the 60-day time period, the government agency may terminate electronic posting of legal notices.<sup>34</sup>

### **Types of notices and contents of notices**

The type of notice that may be electronically published may include any of the following:

- Tax delinquencies;
- Tax foreclosure sheriff's sale;
- Service of notice and summons;
- Any process upon unknown defendants under Civil Rule 4 or defendants who cannot be found whenever a government agency is required by law to publish a legal notice in one or more newspapers.

In order to serve the parties required to be served by publication, the electronic publication must contain or provide substantially the same information required had the legal notice been published in a newspaper. If the notice is associated with a tax foreclosure court action, the notice must contain all of the following:

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<sup>32</sup> R.C. 5721.182(A)(2) and (B)(1).

<sup>33</sup> R.C. 5721.182(A)(4).

<sup>34</sup> R.C. 5721.182(B), (H), (I), and (K).

- The case number of the tax foreclosure proceeding;
- The name of the plaintiff;
- The name of at least one of the defendants;
- The parcel number of the property being foreclosed upon.<sup>35</sup>

### **Links to the notice website**

The bill requires a government agency's official internet website to prominently display a link to the notice website, which must be an index web page containing the list of the current legal notices of the agency with links to the full text of those notices. The official internet website with a link to the notice website, as well as the notice website itself, must contain an email link or address to submit communication to the government agency if any legal notice is inaccessible or the legal notice is substantially deficient. The government agency must respond to any such communications, and the government agency must store and archive the communications and responses for at least three years. In addition, the government agency must designate an official to be responsible for electronic publications and post that official's name and contact information on the notice website.

Government agencies may agree amongst themselves which one or more is to serve as the government agency that will serve as the official internet website and notice website provider. When a government agency serves as a government agency for which other government agencies publish required legal notices, that agency may charge the other agencies a reasonable fee that may be taxed as costs in the tax foreclosure proceeding. In the case of posting notice of summons and complaint, or in the case of bulk postings, the government agencies must mutually agree on an amount, which must be between \$200 and \$1,000 per notice.

Finally, the county prosecutor, county treasurer, county auditor, county sheriff, county clerk of courts, and CLRC must provide access to the electronic notice through a link on their official websites.<sup>36</sup> It is unclear whether this requirement is independent of the ability of government agencies to join together as described in the preceding paragraph.

### **Duration of postings**

A legal notice must remain available on the notice website at least until the last posting date required by law has expired or until the event described in a notice has taken place, whichever occurs later. But, if an electronically published legal notice is inaccessible for 25% or more of the publication time frame provided by law, the legal notice must be electronically published for the entirety of that time frame beginning anew from the day on which the access to the notice is restored, and the action for which the legal notice is required is delayed accordingly.

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<sup>35</sup> R.C. 5721.182(B)(1) and (3).

<sup>36</sup> R.C. 5721.182(B), (C), (D), (G), and (J).

For example, for foreclosure proceedings instituted under the Forfeited Lands Law, if service by publication is necessary, publication must be made once a week for three consecutive weeks; service is complete at the expiration of three weeks after the date of the first publication. The bill alternatively permits service by publication to be completed by electronic publication for 14 days.<sup>37</sup>

Under continuing law, within 60 days after the delivery of the delinquent land duplicate to the county treasurer, the auditor must cause the delinquent tax list to be published twice within 60 days in a newspaper of general circulation in the county. Under the bill, the auditor is additionally permitted to electronically publish the list for a minimum of 14 days within 60 days after delivery of the delinquent land duplicate. Continuing law also requires the auditor to insert display notices of the forthcoming publication of the delinquent tax list once a week for two consecutive weeks in a newspaper of general circulation in the county; the bill alternatively permits this to be electronically published for 14 days.<sup>38</sup>

### **Auditor's fee**

The bill increases the fees that the county auditor charges in relation to real estate transfers. Under current law, the auditor charges \$5 for deeds of land sold for taxes, to be paid by the purchaser. The bill increases this fee to \$45.<sup>39</sup>

### **Residue of moneys from the sale or foreclosure of lands**

Under continuing law, changed in part by the bill, any money left over from the sale of foreclosed property remaining to the owner on the order of distribution, and that is unclaimed by the owner within 60 days from its receipt, must be paid into the county treasury and be charged separately to the county treasurer by the county auditor, in the name of the supposed owner. This does not apply to cases where the property is transferred without sale to a municipal corporation, township, county, community development organization, or CLRC pursuant to the alternative redemption period procedures. Under existing law, the treasurer must retain the excess money left over from the sale in the treasury for the proper owner for three years. If it is not claimed by the owner within three years, the excess is forfeited to the delinquent tax and assessment collection fund or if the county has a county land reutilization corporation fund, then it will go in that fund. The bill reduces the duration the treasurer must hold on to the excess funds for the owner, from three years to two years.<sup>40</sup>

### **Delinquent tax and assessment collection fund allocations**

Under continuing law, 5% of all delinquent property taxes and assessments collected by the county treasurer are deposited in the county's Delinquent Tax and Assessment Collection (DTAC) Funds (the treasurer and prosecutor each have a DTAC fund). In general, the county

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<sup>37</sup> R.C. 5721.18, 5721.182(E) and (F), and 5721.19.

<sup>38</sup> R.C. 5721.03(B).

<sup>39</sup> R.C. 319.54(G)(1).

<sup>40</sup> R.C. 5721.20.

treasurer and the county prosecuting attorney each receive one-half of the money. The treasurer may use a portion of the treasurer's allocation for the benefit of a CLRC. In addition, under existing law, if requested by the county treasurer, the board of county commissioners may designate an additional amount, up to 5%, of all delinquent property taxes collected, to be deposited in the treasurer's DTAC fund for the use of a CLRC. The bill allows, in addition to the treasurer, a county commissioner or the CLRC to make this request. In addition, if the board of county commissioners designates the additional amount, the bill requires that the additional amount be deposited directly into the CLRC fund and not the treasurer's DTAC fund.<sup>41</sup>

## **County Land Reutilization Program Law (CLRP Law)**

Under continuing law, counties, municipal corporations, and townships may elect to create county land reutilization programs to facilitate the effective reutilization of nonproductive land situated within its boundaries, which can involve the creation of county land reutilization corporations (CLRCs) to act on the county's behalf. Subdivisions that have made such an election are called **electing subdivisions**. If an electing subdivision has created a CLRC, the foreclosure, sale, management, and disposition of all nonproductive land situated within the electing subdivision's boundaries are governed by the procedures set forth in the CLRP Law. **Nonproductive land (nonproductive property)** (generally, property that is unoccupied or on which there are no buildings) that the subdivision wishes to acquire and that is available for acquisition pursuant to a tax foreclosure proceeding, but is unsold for want of a minimum bid, must be either sold or transferred to the subdivision in the manner set forth in the CLRP Law or the Expedited Foreclosure on Abandoned Land Law.

The prosecuting attorney identifies all properties within the subdivision with respect to which a tax foreclosure proceeding is pending. The subdivision then selects from the list delinquent nonproductive properties that it wishes to acquire and informs the prosecuting attorney prior to the property's advertisement for sale. The CLRP Law specifies the minimum price that the property can be sold for, generally the amounts owed to the subdivision. If the property is not sold for want of a minimum bid, the subdivision is deemed to have submitted the winning bid and the land is deemed sold to the subdivision, with the consideration being the amounts owed. After the end of the redemption period, title to the property is deeded to the subdivision. The subdivision then takes possession of the property and may dispose of the land as it considered appropriate. Disposition may include sale without competitive bidding.

In addition, subdivisions may accept conveyance of the property in lieu of foreclosure.<sup>42</sup>

### **Land reutilization program – definition**

Under existing law, land reutilization program means the procedures and activities concerning the acquisition, management, and disposition of affected delinquent property set

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<sup>41</sup> R.C. 321.261(B) and (C).

<sup>42</sup> R.C. 5722.01, 5722.02, 5722.03, 5722.06, 5722.07, and 5722.09, repealed.

forth in the CLRP Law. The bill expands the scope of the program to include real property otherwise acquired by an electing subdivision, including a CLRC.<sup>43</sup>

### **Municipality or township priority right of acquisition of CLRC acquired property**

The bill repeals the priority right of acquisition of a municipal corporation and a township. Under current law, repealed by the bill, if a CLRC acquires property in a transaction other than a tax foreclosure proceeding, the property is subject to a priority right of acquisition by a municipal corporation or township in which the property is located for a period of 30 days after the CLRC first records the deed to the property. A municipal corporation or township claiming the right must file, and the CLRC must record, an instrument evidencing the right within the 30-day period. The instrument must include identifying information of the applicable municipal corporation or township and the real property and a statement of intent to acquire the property. Once recorded, the municipal corporation or township gets a priority right of acquisition effective for 90 days. If no statement of intent is timely filed or if the right is not timely exercised, the CLRC may dispose of the property free of any claim of the municipal corporation or township.<sup>44</sup>

### **Sale of tax foreclosed nonproductive property to electing subdivision**

If nonproductive property is available for acquisition pursuant to a tax foreclosure proceeding and is not sold for want of a minimum bid, it must be sold or transferred to the electing subdivision in the manner set forth in the CLRP Law or the Expedited Foreclosure on Abandoned Land Law.

Under the CLRP Law, if the property is not sold for want of a minimum bid, the electing subdivision is deemed to have submitted the winning bid, and the property is deemed sold to the electing subdivision. The CLRP Law contains provisions resolving situations in which multiple electing subdivisions seek the same property. The property is sold for no consideration other than the cost of the proceeding, if applicable.

The county auditor must charge the costs incurred in the tax foreclosure proceeding and amounts owed on the property to the taxing districts, including the electing subdivision, in direct proportion to their interest in the amounts owed. If the electing subdivision is a CLRC, it is deemed to have the proportionate interest of the county on whose behalf it has been organized.

Under continuing law, in making a semiannual apportionment of funds, the auditor generally must retain at the next apportionment the amount charged to each such taxing district. But, for nonproductive property sold or transferred to a CLRC, the auditor must provide an invoice to the CLRC for the amount charged to it. The bill specifies that the costs retained by the auditor must be deposited to the credit of the county treasurer's delinquent tax and assessment collection fund and the county prosecutor's delinquent tax and assessment collection fund to

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<sup>43</sup> R.C. 5722.01.

<sup>44</sup> R.C. 5722.02(D).

reimburse the treasurer and prosecutor according to actual identified and advanced costs expended by the prosecutor or treasurer, equally, or in proportion to the percentage that each of their costs bears to the total costs.<sup>45</sup>

### **Incontestability of title after transfer to electing subdivision**

Under existing law, whenever nonproductive property is sold under the CLRP Law to an electing subdivision, after one year from the date the deed conveying that property is recorded, no civil action may be commenced or defense asserted to question the validity of the electing subdivision's title vested for any irregularity, informality, or omission in the proceedings relative to the property's foreclosure, forfeiture, or sale.

The bill expands this provision to also specifically apply to transfers and sales to an electing subdivision under the Expedited Foreclosure on Abandoned Land Law and the Forfeited Lands Law and to transfers under the CLRP Law.<sup>46</sup>

### **Transfer of forfeited nonproductive lands to electing subdivision**

Under existing law, if property has been forfeited to the state pursuant to the Delinquent Lands Law, an electing subdivision may notify the county auditor of its desire to acquire the property prior to its advertisement and sale. If no minimum bid on the property is received, the property is deemed sold to the electing subdivision for no consideration other than the fee for transferring and recording of deeds, which the bill eliminates. Once the deed is recorded and delivered to the electing subdivision, the electing subdivision gets an incontestable title generally free from all liens and encumbrances. If the electing subdivision is a CLRC and the nonproductive land is sold or transferred to the corporation, existing law says that the corporation is deemed to have the proportionate interest of the county on whose behalf it has been designated and organized in the taxes, assessment, charges, penalties, and interest on the nonproductive land in that county. Under existing law, the auditor retains at the next apportionment the amount charged to each taxing district, except that in the case of nonproductive land sold or transferred to a county land reutilization corporation, the auditor must provide an invoice to the corporation for the amount charged to it. The bill adds that the costs retained by the auditor must be deposited to the credit of the county treasurer's Delinquent Tax and Assessment Collection Fund and the county prosecutor's Delinquent Tax and Assessment Collection Fund to reimburse the treasurer and prosecutor according to actual identified and advanced costs expended by the prosecutor or treasurer, equally, or in proportion to the percentage that each of their costs bears to the total costs.<sup>47</sup>

Upon delivery of a deed conveying any nonproductive property to an electing subdivision, the county auditor must charge all costs incurred in any tax foreclosure proceeding or incurred as a result of the forfeiture and sale of the property to the taxing districts, including the electing

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<sup>45</sup> R.C. 5722.03.

<sup>46</sup> R.C. 5722.05.

<sup>47</sup> R.C. 5722.04.



subdivision, in direct proportion to their interest in the amounts owed at the time the property was sold.

If no political subdivision has requested to purchase the property, property otherwise forfeited to the state for want of a bid at the foreclosure sale may, upon the request of a CLRC, be transferred directly to the CLRC. The bill specifies that this transfer is to be without cost.<sup>48</sup>

### **Electing subdivision (not CLRC) duty to manage CLRP property**

Under continuing law an electing subdivision, *other than a CLRC*, when assuming possession and control of nonproductive property it acquires through its land reutilization program must administer it. Included in the administration duties is the duty to study, analyze, and evaluate potential uses for the property to effectively reutilize it. The bill eliminates this duty.

The bill explicitly specifies that a CLRC acquiring title to property under the Forfeited Lands Law must maintain, operate, hold, transact, and dispose of the property as provided in its plan and pursuant to its purposes under the Community Improvement Corporation Law. Continuing law imposes this requirement on property acquired under the CLRP Law and to any other property it acquires from whatever source acquired as a part of its land reutilization program.<sup>49</sup>

### **Petition to vacate transfer of delinquent parcel by electing subdivision**

Under existing law, if, in any foreclosure proceeding initiated under the Executions Against Property Law, Expedited Foreclosure on Abandoned Land Law, or the Delinquent Land Law, a county board of revision, court of common pleas, or municipal court issues a decree of foreclosure, order of sale, order of transfer, or confirmation of sale that transfers delinquent property to an electing subdivision, the electing subdivision may file a petition with the board or court to vacate the decree, order, or confirmation of sale on the basis that the electing subdivision does not wish to acquire the parcel. The bill adds that the electing subdivision can file the petition for any reason.<sup>50</sup>

### **Sale of acquired real property**

#### **Authority to sell**

Under current law, an electing subdivision may sell, without competitive bidding, any property it acquired as a part of its land reutilization program to *assure* the property's effective reutilization. Except with respect to a sale by or to a CLRC, land reutilization program real property generally must be sold for at least its fair market value. Upon the approval of the taxing districts entitled to share in sale proceeds, an electing subdivision (other than a CLRC) may either retain the property for public use, or transfer the property for consideration less than fair market

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<sup>48</sup> R.C. 317.32 and 5722.04.

<sup>49</sup> R.C. 5722.06.

<sup>50</sup> R.C. 5722.031.

value, if the transfer is to another political subdivision that devotes the property to public use. No approval is needed if the electing subdivision sells the property at or above fair market value.

The bill broadens this authority to permit an electing subdivision, including a CLRC, to sell any program real property to *promote* the property's effective reutilization. The electing subdivision may either:

1. Retain the property to devote it to land reutilization purposes or public use; or
2. Sell, lease, or otherwise transfer the property to a political subdivision, electing subdivision, or any other person to promote the property's effective reutilization.

In addition, the bill eliminates the requirement that the property be sold for at least the fair market value and the requirement that approval be obtained before the property is sold for less than fair market value.<sup>51</sup>

### **Proceeds of the sale**

When an electing subdivision, other than a CLRC, sells any land reutilization program property, the sale proceeds must be applied and distributed in a specified order. The proceeds from the sale of property held by a CLRC must be retained by CLRC for the purposes for which it was organized without further reporting or accounting to the taxing districts.

The bill applies the disposition provisions to CLRCs, revises the disposition provisions as described in the table below, and specifies that neither electing subdivisions nor CLRCs are required to report or account to taxing districts.<sup>52</sup>

Current law	The bill
1. To the electing subdivision in reimbursement of its expenses incurred on account of the acquisition, maintenance, and disposition of the property, and such other LRP expenses the electing subdivision apportions to it;	1. Same;
2. To the county treasurer to reimburse those taxing districts to which the county auditor charged the costs of foreclosure or costs of forfeiture pursuant to the LRP Law. If the proceeds of the sale, after making the required payment, are insufficient to reimburse the full amounts charged to taxing districts, the balance of the proceeds must be used to reimburse the taxing	2. To the electing subdivision to be used for land reutilization purposes, public purposes, and, in the case of CLRCs, any purpose enumerated in the CIC Law;

<sup>51</sup> R.C. 5722.07.

<sup>52</sup> R.C. 5722.08 and 5722.15(B).

Current law	The bill
districts in the same proportion as the costs were charged;	
<p>3. To the county treasurer for distribution to the taxing districts charged costs by the county auditor, in the same proportion they were charged costs as an amount representing both of the following:</p> <ul style="list-style-type: none"> <li>▪ The taxes and related amounts owed on the property as of the date the electing subdivision acquires it;</li> <li>▪ The taxes and related amounts that would have been due and payable with respect to the property from that date if the property was not exempt from taxation.</li> </ul>	3. Repealed.
4. The balance, if any, to be retained by the electing subdivision for application to the payment of costs and expenses of its land reutilization program.	4. The balance, if any, to be retained by the electing subdivision for its present or future land reutilization program uses and expenses.

### **Taxing district committees and neighborhood advisory committees - repealed**

The bill repeals the authority of electing subdivisions to establish taxing district committees and neighborhood advisory committees. (CLRCs do not have the authority to establish these committees.) A taxing district committee reviews program operations and advises the electing subdivision regarding land reutilization program matters. Similarly, an electing subdivision consults with a neighborhood advisory it creates to review program operations and receive advice from committee members.<sup>53</sup>

### **Updating taxing districts**

The bill repeals a provision requiring an electing subdivision to keep all taxing districts having an interest in the taxes, and related amounts on the real property it acquires as part of the land reutilization program informed concerning the program's administration.<sup>54</sup>

<sup>53</sup> R.C. 5722.09, repealed.

<sup>54</sup> R.C. 5722.09, repealed.

## **Conveyance in lieu of foreclosure – delinquent land**

The bill clarifies that an electing subdivision may accept a conveyance in lieu of foreclosure of tax delinquent property from the property owners, *regardless of whether a tax foreclosure proceeding has been filed against the property.*

Under continuing law, such a conveyance may only be accepted with the consent of the county auditor. If an electing subdivision or CLRC certifies to the auditor in writing that the delinquent property is abandoned property, the auditor must consent to the conveyance. The bill specifies that, while this consent must be given regardless of whether there are any liens, encumbrances, or other interests of record on the property, they remain with the property. Under existing law, the sale or transfer of the property acquired by the electing subdivision extinguishes the lien on the title for all liens, assessments, penalties, interest, and charges *delinquent* at the time of the conveyance. Under the bill, the conveyance of the property extinguish all liens on the title for taxes, assessments, penalties, interest, and charges at the time of the conveyance.<sup>55</sup>

## **Electing subdivision (not CLRC) auction property after 15 years – repealed**

The bill repeals a requirement that, if an electing subdivision (other than a CLRC) acquires and holds real property pursuant to the CLRP Law and does not sell or otherwise transfer the property within 15 years after acquisition, the electing subdivision offer that property for sale at public auction during the 16<sup>th</sup> year with a statutorily specified minimum bid. If the property is not sold, it may be disposed of or retained for any lawful purpose without further application of the CLRP Law.<sup>56</sup>

## **Removal from tax lists**

When an electing subdivision purchases nonproductive delinquent property or forfeited property under the CLRP Law, the county auditor must remove from the auditor's tax lists and duplicates all taxes, assessments, charges, penalties, and interest that are due and payable on the property at the time of the sale. The bill expands this provision to include property acquired under those provisions or the Expedited Foreclosure on Abandoned Land Law, the Forfeited Lands Law, delinquent property conveyed in lieu of foreclosure.<sup>57</sup>

## **Acquiring delinquent property for redevelopment**

Under continuing law, a county, municipal corporation, or township, or a CLRC, may declare that it is in the public interest to acquire tax-delinquent real property for the public purpose of redeveloping the property or otherwise rendering it suitable for productive, tax-paying use. Pursuant to such a declaration, the local government or CLRC may purchase or otherwise acquire title to delinquent land for which no tax certificate has been sold, other than

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<sup>55</sup> R.C. 5722.10.

<sup>56</sup> R.C. 5722.13, repealed, and R.C. 5722.14.

<sup>57</sup> R.C. 5722.15.

by appropriation (eminent domain). Under existing law, the title passes free and clear of the lien for delinquent taxes if all of the taxing authorities consent to release their claims. Generally, if a taxing authority does not consent, the entire amount of the lien continues until paid or otherwise discharged, but if a CLRC acquires the title, the lien is extinguished simultaneously with the transfer of title.

Under the bill, no consent is needed: the lien for the taxes and associated costs is extinguished and the transfer of the title to the local government or CLRC is transferred free and clear of the lien for the taxes and costs. This includes taxes that are a lien but not yet determined, assessed, and levied.<sup>58</sup>

### **Funding – county land reutilization funds**

Under continuing law, a county land reutilization fund must be established in the county treasury of each county in which a CLRC has been organized and in which the county treasurer has made advance tax payments. Continuing law creates a number of funding sources for this type of fund. The bill revises and expands the funds' income sources.<sup>59</sup>

#### **Distribution of proceeds of sale of forfeited land**

Generally, the proceeds from a sale under the Forfeiture Law are first distributed to pay the costs pertaining to the forfeiture and sale. After that, the part of the proceeds that is equal to 10% of the taxes and assessments due must be deposited in equal shares into each of the delinquent tax and assessment collection funds created pursuant to continuing law. The bill expands the funds receiving a share to include, if established, the county land reutilization fund. If a CLRC is operating in the county, then an additional 10% of the proceeds must be deposited in the county land reutilization fund.<sup>60</sup>

#### **Expedited Foreclosure on Abandoned Land Law**

In a sale under the Expedited Foreclosure on Abandoned Land Law, under existing law, from the total proceeds, 20% must be used to reimburse the county's Delinquent Tax and Assessment Collection Fund and up to half of that 20% may be distributed to a CLRC. Under the bill, in counties that have established a CLRC, an additional 10% must be deposited into the county land reutilization fund.<sup>61</sup>

#### **Real property taxes**

The bill specifies that in addition to all sources of funding and income from any lawful source, up to 50% of real property taxes collected on real property conveyed by a CLRC may be remitted and paid to the county land reutilization fund. Such allocation of real property tax revenue must commence with the first taxable year following the date of conveyance and continue for a period of up to five years. The remittance applies to real property acquired by a

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<sup>58</sup> R.C. 5722.21.

<sup>59</sup> R.C. 321.263.

<sup>60</sup> R.C. 5723.18.

<sup>61</sup> R.C. 323.73.

CLRC under the Expedited Foreclosure on Abandoned Land Law, the CLRP Law, and the Delinquent Lands Law (see **COMMENT**).

A resolution by the board of county commissioners is necessary to invoke the remittance. If the board elects to invoke the remittance, the resolution must provide for the amount and duration of the remittance. The resolution may also prescribe the taxing districts within the county to which the remittance must apply, and may include provisions exempting one or more taxing districts from the application of the remittance.

If the real property becomes delinquent within five years following the first taxable year after the conveyance, the county treasurer may enforce the delinquency in the same manner provided by law, but the required remittance to the CLRC does not apply to the property from the first taxable year that the real property taxes on such conveyed land becomes delinquent.

A CLRC may, by resolution of its board, elect not to receive the real property taxes for any real property conveyed by the CLRC. If such an election is made, the CLRC must notify the county treasurer by filing a copy of the resolution with the county treasurer. Thereafter, the county treasurer must remit such real property taxes to the appropriate taxing districts.<sup>62</sup>

### **Real property taxes exemption**

Under existing law, all lands acquired and held by an electing subdivision pursuant to the Land Reutilization Program Law is deemed real property used for a public purpose and is exempt from property taxes until sold. The bill specifies that this exemption commences on the day title to the property is transferred to the electing subdivision and continues while title is held by the electing subdivision. The exemption ends on the last day of the tax year in which the instrument transferring title from the electing subdivision to an owner whose use of the property does not qualify for an exemption pursuant to any other section of the Revised Code is recorded. If the title to the property is transferred to the electing subdivision and from the electing subdivision in the same tax year, then the exemption continues to the end of that tax year. The amount of taxes that are a lien but not yet determined, assessed, and levied for the tax year in which title is transferred to the electing subdivision must be remitted by the county auditor.<sup>63</sup>

### **Miscellaneous CLRC provisions**

#### **Recorder's fees**

Under continuing law, the county recorder charges statutorily established fees for recording, indexing, making certified copies, and filing instruments. Under continuing law, these fees are not charged to a CLRC, its wholly owned subsidiary, or any other electing subdivision.

The bill revises this exemption as it applies to electing subdivisions. Under the bill, these fee provisions do not apply to any instrument filed by an electing subdivision, other than a CLRC or its wholly owned subsidiary, that transfers land to the electing subdivision's land reutilization

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<sup>62</sup> R.C. 5722.111.

<sup>63</sup> R.C. 5722.11.

program, if the instrument states that the land is being acquired by the electing subdivision as part of its land reutilization program.<sup>64</sup>

### **Municipal corporation transfer of property**

The bill permits a municipal corporation to transfer, lease, or convey real property to a CLRC or its subsidiary for any purpose under the Community Improvement Corporation Law, without competitive bidding. Under continuing law, the municipal corporation may transfer, lease or convey real property in accordance with and for the purposes of an urban redevelopment or urban renewal plan, without competitive bidding.<sup>65</sup>

### **Underground Storage Tank Program and Corrective Action Program**

The state has an Underground Storage Tank Program and Corrective Action Program for releases of petroleum from underground storage tanks that, generally, make a “responsible person” strictly liable for any costs incurred for any corrective or enforcement actions with respect to a release of petroleum under these programs. While, generally, “responsible person” means the person who is the owner or operator of an underground storage tank system, the bill specifies that the term does not include a CLRC or its wholly owned subsidiary.

The bill also specifies that a “Class C release” of petroleum does not include a release on property owned by a CLRC or owned by the state pursuant to the Forfeited Land Law.<sup>66</sup>

### **Property taxes and CLRCs**

Under continuing law, real property that is acquired and held by a CLRC is deemed to be used for a public purpose and is exempt from taxation until sold or transferred. The CLRC is not required to apply to any county or state agency in order to qualify for the exemption. In lieu of the application for exemption otherwise required to be filed, continuing law provides that a CLRC holding the property must, upon the request of any county or state agency, submit its articles of incorporation substantiating its status as a CLRC.

Similarly, if real property is acquired and held by an electing subdivision other than a CLRC for the public purpose of implementing an effective land reutilization program or for a related public purpose, the property also is exempt from taxation until sold or transferred by the electing subdivision. And the electing subdivision is not required to apply to any county or state agency in order to qualify for an exemption with respect to the property. The bill adds an additional criterion to this provision – the instrument transferring title to the electing subdivision must state that the property is being acquired as part of its land reutilization program.

Under the bill, the exemptions described above commence on the day the title to the property is transferred to the CLRC or electing subdivision and continue while title is held by it. The exemption ends on the last day of the tax year in which the instrument transferring title from

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<sup>64</sup> R.C. 317.32.

<sup>65</sup> R.C. 721.28.

<sup>66</sup> R.C. 3737.87, and R.C. 3737.88 and 3737.89, not in the bill.

the CLRC or subdivision to an owner whose use of the property does not qualify for an exemption is recorded. If the title is transferred to the CLRC and from the CLRC, or to the subdivision and from the subdivision, in the same tax year, the exemption continues to the end of that tax year. The amount of taxes that are a lien but not yet determined, assessed, and levied for the tax year in which title is transferred must be remitted by the county auditor for each day of the year that title is held by the CLRC or subdivision.<sup>67</sup>

### **Exemption from sales tax**

The bill exempts from the Ohio sales tax both of the following:

- Building and construction materials and services sold to construction contractors for incorporation into a structure or improvement to real property under a construction contract with a CLRC or its wholly owned subsidiary;
- Sales to a CLRC or its wholly owned subsidiary and sales by the CLRC or its wholly owned subsidiary.<sup>68</sup>

### **Community Improvement Corporation Law**

Community improvement corporations (CICs) may be an economic development corporation (EDC) or a CLRC.

#### **Taxes**

Under the bill, while engaging in activity authorized under the Community Improvement Corporation Law or the CLRP Law, a CLRC is not required to pay any state or local taxes or assessments, including any state sales tax, in connection with any project funded by the CLRC, or upon revenues or any property acquired or used by the CLRC, or upon the income therefrom.<sup>69</sup>

#### **Records not public records**

The bill specifies that a CIC, when it is acting as an agent of a political subdivision under the CIC Law, and a CLRC, at all times, electronic records created or maintained by it in a proprietary database or application are not public records for the purposes of the Public Records Law.<sup>70</sup>

### **Forfeited Lands Law**

#### **Forfeiture generally**

Under existing law, if property, pursuant to a tax foreclosure proceeding, has been advertised and offered for sale on two separate occasions, not less than two weeks apart, and not sold for want of bidders, the property is forfeited to the state or to a political subdivision, school district, or CLRC. To make the forfeiture effective, the county prosecuting attorney must

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<sup>67</sup> R.C. 5709.12(F).

<sup>68</sup> R.C. 5739.02(B)(13) and (57).

<sup>69</sup> R.C. 1724.02(D).

<sup>70</sup> R.C. 1724.11(A)(3).



certify to the court that the property has been twice offered for sale and not sold for want of a bidder and the court enters an order of forfeiture.

Under the bill, if the property is abandoned land or nonproductive land, the property is required to have been advertised and offered for sale at least once, and the bill clarifies that entity receiving the certification and issuing the forfeiture order is the board of revision, not the court.

The bill repeals a provision specifying that, after receiving the certification, the court must notify the political subdivision and school district in which the property is located, and any CLRC in the county, and offer to forfeit the property to the political subdivision, school district, or corporation, or to an electing subdivision. The entity can then petition for the property. If no such petition is filed within ten days, the court forfeits the property to the state. If an entity petitions to receive the property, the forfeiture is effective when, by entry, the court orders it forfeited. The court then certifies a copy of the forfeiture entry to the county auditor and then all the right, title, claim, and interest of the former owner is transferred to the entity. The bill instead simply specifies that the property is forfeited.<sup>71</sup>

### **Sale of forfeited lands**

Under continuing law, the county auditor must maintain a **list of forfeited lands**. Under existing law, the auditor must offer property on the list for sale annually, or more frequently if the auditor determines that more frequent sales are necessary.

The bill gives the auditor more discretion, requiring the auditor to conduct a sale of *one or more tracts* of such property annually, or more frequently if necessary. Generally, under the bill, the auditor selects the tract or tracts to be included in the sale, not being required to include all tracts on the list or offer any particular tract for sale at a particular time or within a given interval. But, if a CLRC requests that a particular tract or tracts not be offered for sale at any time before the second publication in a newspaper, or three days before the sale if published electronically, then the county auditor cannot offer that tract for sale. The request does not obligate the CLRC to acquire the tract. The bill also prohibits a CLRC from requesting that a tract not be offered for sale if, as a result of one or more previous such requests, the tract has not been offered for sale for three consecutive years.

If the amounts due on property have not been paid when the county auditor fixes the date for the sale of forfeited lands, continuing law requires the auditor to give two weeks' public notice of the amounts due and the possibility of sale if the amounts remain unpaid by the time of the sale.

Existing law specifies that the sale will be held at the county courthouse. Under the bill, the sale may be conducted at any location in the county considered appropriate by the county auditor.<sup>72</sup>

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<sup>71</sup> R.C. 5723.01(A) to (C).

<sup>72</sup> R.C. 5723.04(A) and (D), 5723.05, 5723.06, and 5723.10.

Similar to the Expedited Foreclosure of Abandoned Land Law, the bill specifies that the successful bidder must pay the county auditor a deposit of at least 10% of the sale price, at the time of the public auction, and pay the balance of the sale price within 30 days. At the time of the public auction and before the successful bidder pays the deposit, the county auditor may provide notice to the successful bidder that failure to pay the balance of the sale price within the prescribed period is considered a default under the terms of the sale and will result in retention of the deposit as payment for costs associated with advertising and offering the forfeited land for sale at a future public auction.

If this notice is provided to the successful bidder and the bidder fails to pay the balance of the sale price within the prescribed period, the sale must be voided due to default, and the county auditor retains the full amount of the deposit. In such a case, voiding of the sale occurs automatically without any action necessary on the part of the county auditor. If the amount retained by the county auditor is less than the costs, the county auditor may sue to recover the amount of any deficiency from the bidder. The forfeited land involved in the voided sale is put back on the forfeited land list and disposed of in accordance with the Forfeited Land Law. The defaulting bidder, any member of the bidder's immediate family, any person with a power of attorney granted by the bidder, and any pass-through entity, trust, corporation, association, or other entity directly or indirectly owned or controlled by the bidder or a member of the defaulting bidder's immediate family is prohibited from bidding on forfeited land at any future public auction for five years from the date of the bidder's default.<sup>73</sup>

### **Distribution of the proceeds of the sale**

Generally, the proceeds from a forfeiture sale are distributed as follows:

1. First, the county auditor deducts from the proceeds costs pertaining to the forfeiture and sale.
2. Next, the part of the proceeds that is equal to 10% of the taxes and assessments due must be deposited in equal shares into each of the delinquent tax and assessment collection funds created pursuant to continuing law. The bill increases the amount distributed under this provision from 10% to 30% of the taxes and assessments due. The funds receiving shares also is expanded to include, if established by a county treasurer under continuing law, the county land reutilization fund.
3. Next, if a CLRC is operating in the county, then an additional part of the proceeds equal to 10% of the taxes and assessments due must be deposited into the county land reutilization corporation fund.
4. Finally, the remaining proceeds must be distributed by the auditor to the appropriate subdivisions to pay the taxes, assessments, charges, penalties, and interest that are due and unpaid. If the proceeds available for distribution are insufficient to pay the entire amount owed, the auditor must distribute the available proceeds in proportion to the

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<sup>73</sup> R.C. 5723.06(E).

amount that each subdivision is due. The court also may enter a deficiency judgment for the unpaid amount against the last owner of record of the land before its forfeiture to the state.<sup>74</sup>

### **Civil immunity in relation to forfeited lands**

The bill provides that the county and its officers or employees are not liable for damages, or subject to equitable remedies, for violation of a variety of environmental laws or any rule adopted or order, permit, license, variance, or plan approval issued under any of those laws in connection with property forfeited to the state under the Forfeiture Law, including the Air and Water Pollution Control Laws, the Underground Storage Tank Law, the Solid and Hazardous Wastes Law, the Hazardous Substances Law, and the Ohio Environmental Protection Agency Law.<sup>75</sup>

## **Nuisance buildings**

### **Township**

The bill authorizes a board of township trustees to contract with a CLRC to act as the board's agent in connection with the removal, repair, or securing of buildings that have been declared insecure, unsafe, or structurally defective by a fire department or a building department, or buildings that have been declared to be dangerous to life or health or unfit for human habitation by the local board of health (nuisance properties).

The township's total cost of removing, repairing, or securing nuisance properties, when approved by the board, are paid out of the township general fund or, if the costs exceed \$500, borrowed from a financial institution. Existing law specifies that the cost may be collected by one of two ways. The bill clarifies that either or both of the specified methods may be used and that these costs include costs incurred by the agent CLRC.

The first method involves the board or the agent CLRC having the township fiscal officer certify the total costs to the county auditor who must place the costs upon the tax duplicate for the property, which act as a lien on the property. Under the bill, the costs are to be collected as other taxes. In the case of costs certified by the township, the costs must be returned to the township general fund; in the case of costs certified by the agent CLRC, the costs must be paid at the next settlement to the agent CLRC directly as instructed in an affidavit from the agent CLRC delivered to the county auditor or county treasurer. In the case of a lien of an agent CLRC, a notation must be placed on the tax list and duplicate showing the amount of the lien ascribed specifically to the agent's total costs.

The second method involves the board or the agent CLRC commencing a civil action to recover the total costs from the property owner. The bill clarifies that the civil suit is for the board or agent to collect their respective costs.<sup>76</sup>

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<sup>74</sup> R.C. 5723.18.

<sup>75</sup> R.C. 5723.20 and 3737.87.

<sup>76</sup> R.C. 505.86.

## **Municipal corporation – collection of abatement costs**

Under continuing law, a municipal corporation may contract with a CLRC to act as the municipal corporation's agent to remove, repair, or secure nuisance properties (abatement activity). The municipal corporation or its agent CLRC may collect the total cost of abatement activity it incurs by commencing a civil action, adding the costs to the tax list and duplicate, and placing a lien for the costs and foreclosing on the property. The bill revises provisions relating to the latter two methods.<sup>77</sup>

### **Add costs to tax list and duplicate**

One method to recover the costs is for the municipal corporation or its agent CLRC may certify to the county auditor the total costs of the abatement activity, together with information identifying the property, the period of time in which the abatement activity commenced, and the owner. The county auditor then places the costs as a charge upon the tax list and duplicate, which become a lien on the property.

Under current law, the costs are to be collected as other taxes and returned to the municipal corporation, as directed by the legislative authority. If the agent CLRC delivers an affidavit to the county auditor or county treasurer, the costs are to be collected as other taxes and returned to the agent CLRC. The placement of the costs on the tax list and duplicate relates back to, and is effective in priority, as of the date the costs were incurred, provided that the municipal corporation or the agent CLRC certifies the total costs within one year from the date the costs were incurred. Under the bill, the costs have the same priority of other taxes. And, the costs are to be directly paid to the agent at the next settlement as instructed in the certification of the agent's total costs.

Under existing law, if a lien placed on property is extinguished because the property is transferred to a CLRC, the municipal corporation may still sue the property owner to recoup the costs incurred with respect to that property. The bill expands this authority to include the agent CLRC.<sup>78</sup>

### **Placing a lien and foreclosing**

Under another method, the municipal corporation or its agent CLRC may file a lien on property for the costs. The municipal corporation or agent CLRC may then pursue a foreclosure action to enforce the lien (a) in a court of competent jurisdiction or (b) with the county board of revision pursuant to the Expedited Foreclosure on Abandoned Land Law. Upon the entry of a decree of foreclosure, the county sheriff must advertise and offer the property for sale, with the minimum bid being the amounts owed on the property, the total abatement activity costs incurred, and any associated court costs and interest. The bill specifies that the sheriff is not required to obtain an appraisal of the property in order to conduct the sale.

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<sup>77</sup> R.C. 715.261(A)(2) and (B).

<sup>78</sup> R.C. 715.261(B)(1).

If the property is not sold for want of a minimum bid, existing law provides that the property must be disposed of as follows:

1. If the municipal corporation or its agent elects to acquire the property, it must be transferred to the municipal corporation or its agent as if the property were transferred by all owners in title to the municipal corporation or its agent in lieu of foreclosure.

The bill revises this provision to deem the municipal corporation or its agent CLRC to have submitted the winning bid; the property is deemed sold to the municipal corporation or its agent for no consideration other than the cost of the proceedings. The bill specifies the procedure by which the municipal corporation or its agent CLRC obtains title, which is incontestable and free and clear of all liens and encumbrances, except for easements and covenants of record running with the land and created prior to the time of filing of the lien.

2. As under continuing law, if the municipal corporation or its agent CLRC does not elect to acquire the property, the property is forfeited as provided in the Forfeited Lands Law.

Under existing law, the property owner may redeem the property by paying the minimum bid within ten days after the entry of the decree of foreclosure. The bill extends the redemption period to permit redemption prior to the journalization of the confirmation of sale.<sup>79</sup>

## **EPA asbestos demolition or renovation project fees**

Under continuing law, upon submitting a notification to the Ohio Environmental Protection Agency relating to an asbestos demolition or renovation project, an owner or operator who is responsible for the project must pay fees set forth in a statutory schedule. The bill prohibits the state, a municipality, or other political subdivision from charging an owner or operator fees other than the schedule fees in connection with the notification.<sup>80</sup>

## **Definitions**

**Abandoned land (abandoned property)** means delinquent lands, including any improvements on the lands, that are unoccupied and that first appeared on the abandoned land list or the delinquent tax list, at whichever of the following times is applicable:

1. In the case of agricultural land, at any time after two years after the county auditor makes the certification of the delinquent land list;
2. In the case of other types of land, at any time after the county auditor makes the certification of the delinquent land list.<sup>81</sup>

**Alternative redemption period** means, in any tax foreclosure proceeding, 28 days after an adjudication of foreclosure is journalized by a court or county board of revision having

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<sup>79</sup> R.C. 715.261(B)(3).

<sup>80</sup> R.C. 3745.11(G).

<sup>81</sup> R.C. 323.65.

jurisdiction over the proceedings. Upon the expiration of the alternative redemption period, the right of redemption terminates without further order of the court or board of revision.<sup>82</sup>

**Delinquent land or delinquent lands (delinquent property)** is all lands, including lands that are unimproved by any dwelling, upon which delinquent taxes remain unpaid at the time a settlement is made between the county treasurer and auditor.<sup>83</sup>

**Delinquent tax list** means a list and duplicate, prepared by the county auditor, of all delinquent lands in the auditor's county, subject to certain exceptions. The delinquent land list and duplicate contains the description of the property, and the owner's name, and the total amount of all taxes, assessments, recoupment charges, penalties, and interest due and unpaid.<sup>84</sup>

**Delinquent taxes** means:

1. Any taxes charged against an entry on the general tax list and duplicate of real and public utility property that were charged against an entry on such list and duplicate for a prior tax year and any penalties and interest charged against such taxes.
2. Any current taxes charged on the general tax list and duplicate of real and public utility property that remain unpaid after the last day prescribed for payment of the second installment of such taxes without penalty, whether or not they have been certified delinquent, and any penalties and interest charged against such taxes.<sup>85</sup>

**Delinquent vacant lands** are lands that have been delinquent lands for at least one year and are unimproved by any dwelling. The bill eliminates this term.<sup>86</sup>

**Electing subdivision** is a municipal corporation that has enacted an ordinance or a township or county that has adopted a resolution for purposes of adopting and implementing the procedures set forth in the CLRP Law. A CLRC organized by a county and designated to act on behalf of the county deemed to be the electing subdivision.<sup>87</sup>

**Land reutilization program** means the procedures and activities concerning the acquisition, management, and disposition of affected delinquent lands set forth in the CLRP Law and real property otherwise acquired by an electing subdivision, including a CLRC.<sup>88</sup>

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<sup>82</sup> R.C. 323.65(J).

<sup>83</sup> R.C. 5721.01.

<sup>84</sup> R.C. 5721.011 and 5721.03.

<sup>85</sup> R.C. 323.01.

<sup>86</sup> R.C. 5721.01.

<sup>87</sup> R.C. 5722.01.

<sup>88</sup> R.C. 5722.01.

**Nonproductive land (nonproductive property)** is delinquent land with respect to which a tax foreclosure proceeding has been instituted and to which one of the following criteria applies:

1. There are no buildings located on the land;
2. The land is abandoned land;
3. None of the buildings located on the land are occupied, and the township or municipal corporation in which the land is located instituted unsafe building proceedings;
4. None of the buildings located on the land are occupied at the time the foreclosure proceeding is initiated, and the local government or CLRC determines that the land is eligible for acquisition through a land reutilization program.<sup>89</sup>

**Right (or equity) of redemption**, as used in this analysis, means right of the property owner to redeem property subject to foreclosure by paying the amounts owed on the property.

**Tax foreclosure proceeding**, as used in this analysis, is a collective term that means a foreclosure proceeding for delinquent taxes under the general Executions Against Property Law, the Expedited Foreclosure on Abandoned Land Law, and the Delinquent Land Law.

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## COMMENT

The bill authorizes a board of county commissioners to require that 50% of all property tax revenue collected on property conveyed by a CLRC be paid to and utilized by the CLRC for five years following that conveyance.<sup>90</sup> In this provision's absence, such revenue would be paid to local taxing authorities, e.g., school districts, townships, park districts, etc. This mechanism may conflict with Article XII, Section 5 of the Ohio Constitution, which directs that "[n]o tax shall be levied, except in pursuance of law; and every law imposing a tax shall state distinctly, the object of the same, to which only, it shall be applied." As a result, taxes levied for a specific purpose, including property taxes, may not be used for any other purpose. For example, voter-approved property taxes may only be used for the purpose for which voters approved them.<sup>91</sup>

Under the bill, property taxes may be redirected to CLRCs even though the underlying tax revenue approved by the taxing authority or by voters could not be used for CLRC purposes under the purpose for which the levy was authorized. Thus, this redirection mechanism may conflict with this constitutional directive.

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<sup>89</sup> R.C. 5722.01.

<sup>90</sup> R.C. 5722.111.

<sup>91</sup> See *In re Transfer of Funds*, 52 Ohio App. 3d 1, 2 (2d Dist. 1988).

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## HISTORY

Action	Date
Introduced	03-02-21
Reported, S. Local Gov't & Elections	01-26-22
Passed Senate (31-0)	02-09-22

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