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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

S.B. 25
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 25's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Hackett

Local Impact Statement Procedure Required: No

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Highlights

- The bill makes changes to the procedures for both execution and foreclosure sales. These cases are handled at the local level, and any fiscal impact on local governments to adopt these new procedures is likely to be minimal. Any resultant recovery of locally owed taxes or other moneys (e.g., certain utility expenses, fines, and liens), through the sale of real property is uncertain but likely not significant, as properties appraised, or with a fair market value set above the amount owed is expected to result in the same amount of revenue collected under the bill as under current law.
- County sheriffs may see a reduction in foreclosure sales resulting in a reduction in operating expenses and a corresponding reduction in revenues received to provide those services.
- The bill has no direct fiscal effect on the state.

Detailed Analysis

The bill makes various changes related to the law regarding the procedures for both execution and foreclosure sales. The bill: (1) eliminates the current law requirement that property sold at such a sale be appraised and instead requires the county auditor's fair market value be used to calculate the minimum sale price, (2) for a property sold at tax foreclosure, eliminates the option for the county auditor to request an independent appraisal,¹ and (3) makes

¹ The bill maintains ongoing law provisions which allow the use of either the amount owed or fair market value established for taxing purposes for use in determining the minimum sale price of a property sold at tax foreclosure.

various changes to the requirements regarding sale notification, sale timelines, and online auctions.

The overall practical effect of the bill is that local entities currently involved in execution and foreclosure sales will be required to adopt new procedures (courts, auditors, sheriffs, recorders, treasurers, and any other impacted local taxing entities). The fiscal impact on local governments to adopt these new procedures is likely to be one time and minimal. Any resultant recovery of locally owed taxes or other moneys (i.e., certain utility expenses, fines, and liens), through the sale of real property is uncertain but likely not significant, as properties appraised, or with a fair market value set above the amount owed, is expected to result in the same amount of revenue collected under the bill as under current law.

Appraisal before a sale

The bill eliminates the requirement that property sold at such a sale be appraised and requires the county auditor's fair market value be used to calculate the minimum sale price. For a property sold at tax foreclosure, the bill eliminates the option for the county auditor to request an independent appraisal and maintains the use of the amount owed or fair market value established for taxing purposes for use in determining the minimum sale price.

In instances where there may have been a difference in price based on independent appraisal compared to the county auditor's appraisal, there may be a difference in the amount of revenue received by local governments, either through tax recovery at sale or the amount of taxes assessed on the sale, but only in cases where the appraisal value would have been less than the amount of taxes owed. The fiscal effect is uncertain but likely to be minimal as under continuing law, if any money remains after the payment of any delinquencies and costs, the excess is returned to the former owner of the property.

County sheriffs

Related to the role of county sheriffs in the foreclosure process, the bill allows plaintiffs seeking a mortgage foreclosure or execution sale to demand the use of a private selling officer to sell the property in certain instances rather than the county sheriff. If any lienholder who is a party to the sale objects to the use of a private seller, the court may order that the sale be reset, republished, and conducted by the county sheriff.

Additionally, whether through a private seller or a county sheriff, the bill (1) reduces the required amount of time for an online sale to be carried out from seven to three calendar days, (2) removes requirements that notices of sales be published in a newspaper generally, and (3) requires online sales to display all bids during the auction.

County sheriffs generally will not see an increase in expenses to display all bids during an auction as a majority of departments use a third party to run online auctions online and the fee for that service is taken from the sale proceeds. The departments will also realize no savings from the removal of publishing requirements as they do not pay for print advertising under current practice. To the extent that private selling officers are requested and approved to conduct the sales, costs for county sheriffs could be reduced, with a corresponding decrease in sale revenue directed to the departments.