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Office

S.B. 98
135th General Assembly

Final Fiscal Note & Local Impact Statement

[Click here for S.B. 98's Bill Analysis](#)

Primary Sponsor: Sen. Reynolds

Local Impact Statement Procedure Required: No

Terry Steele, Senior Budget Analyst, and other LBO staff

Highlights

- The bill authorizes multiple property tax exemptions that appear to be limited in scope.
- The bill's property tax exemptions for charitable and religious properties and certain convention center or arena properties may increase state foundation aid to school districts in the affected areas beginning in FY 2026.
- The bill requires the Secretary of State (SOS) to receive and review fraudulent business filing complaints, determine their validity, and refer cases to a county prosecutor if necessary. Any additional costs associated with investigating these complaints would be paid from the Business Services Operating Fund (Fund 5990).
- The costs for the Office of the Attorney General's (AGO) Consumer Protection Section to investigate and enforce new violations of the Consumer Sales Practices Act will depend on the number of complaints filed/reported, investigations performed, and enforcement actions taken. The collection of civil penalties credited to the Consumer Protection Enforcement Fund (Fund 6310) may offset these costs, to some degree.
- Any increase in the annual operating costs of courts to adjudicate fraudulent filing complaints will likely be no more than minimal and absorbed by existing staff and resources.
- Local boards of health and the Ohio Department of Health (ODH) may experience a decrease in costs, as well as a corresponding decrease in fee revenue, due to the bill's license exemption for certain equestrian event facilities.

Detailed Analysis

Tax provisions

Property tax exemption and abatement for Trotwood

The bill permits a municipality or community improvement corporation (CIC) to apply to the Tax Commissioner, within 12 months of the bill's 90-day effective date, for a property tax exemption and abatement of delinquent taxes on certain property owned by the municipality or CIC without regard to the regular time and payment limitations imposed by current law.¹ These limitations include a restriction that abatements may not generally be sought for more than three years of delinquent taxes and that abatements are unavailable for delinquent taxes accrued by previous owners. This provision of the bill restricts eligible properties to those for which the deed was recorded between specified dates. The restrictions appear to be narrowly drawn, which may limit the fiscal effects to properties owned by a single municipality or CIC.

Testimony indicates that the sole property eligible for this tax exemption is government-owned real property which is the site of a city service center in Trotwood, Ohio. Due to an administrative oversight, paperwork for its tax exemption was not timely filed. The provision of the bill would allow application for tax exemption to be made to the Tax Commissioner. Tax is currently owed on the property. Exemption from tax would be discretionary for Trotwood, a CIC, or both, but perhaps not for all other affected local taxing authorities.

Property tax abatement for Highland County

The bill permits a county to apply, within 12 months of the bill's 90-day effective date, for an abatement of delinquent property taxes on property owned by the county without regard to the regular payment limitations imposed by current law, i.e., a restriction that an abatement is not permitted for delinquent taxes accrued by previous owners or if more than three years of delinquent taxes have accrued.

The abatement is sought by Highland County for two parcels that have delinquent taxes owed. The properties are owned by the Highland County Board of Commissioners. Available information indicates that they are used for public purposes. County records back to tax year (TY) 2018 show no taxes paid. Required paperwork for tax exemption apparently was not timely filed. More than \$200,000 in back taxes is owed on one of the parcels; taxes due on the other parcel were not shown in the tax record publicly available on the auditor's website. Abatement of taxes owed on these properties would be discretionary for the county but not for other taxing authorities.

Property tax exemption for an acquired facility

The bill expands a property tax exemption for a convention center or arena owned by the largest city in a county within a certain population range, seemingly limited to Mason in Warren County, by applying it to a convention center or arena acquired by the city. The current

¹ A CIC is either an economic development corporation or a county land reutilization corporation (R.C. 1724.01).

exemption in R.C. 5709.084 applies only to a convention center or arena constructed (rather than acquired) by such a city.

According to a memorandum of understanding (MOU), which is not a legally binding agreement, dated September 27, 2023, the city of Mason agreed to acquire the Lindner Family Tennis Center from the current owner, Tennis For Charity. The MOU planned for the development of tennis-focused sports and entertainment facilities (the “Sports Campus”). The MOU states that “It is the understanding of the Parties that the Sports Campus will be effectively exempt from real property taxation for the [25-year] duration of the Operational Management Agreement. The Parties agree to work in good faith to structure the transaction in a way that is consistent with this expectation, it being acknowledged that an exemption from real property taxation is essential to the long-term viability of the Sports Campus. The City and County, acting through the Warren County Port Authority, agree to draft, deliver and advocate for an amendment to Ohio Revised Code Section 5709.084 to provide for the real property tax exemption.”

Whereas the city and county are parties to the MOU, their tax revenue loss is permissive. Other political subdivisions, such as the Mason City School District (CSD), would incur a revenue loss on behalf of existing property benefitting from the exemption authorized by the bill. Records from the Warren County Auditor’s Office show that the tennis facility owner paid more than \$400,000 in property taxes for TY 2023, and nearly \$80,000 of that amount was distributed to Mason CSD.

Properties owned by religious institutions

The bill modifies a property tax exemption authorized under R.C. 5709.121. In doing so, the bill grants tax exempt status for properties that are owned by a religious institution and used by one or more charitable, religious, or educational institutions; the state; or political subdivisions via a contractual agreement for charitable, educational, or public purposes.

The loss in property tax collections will depend on the value of properties with such arrangements but could potentially be in the tens of millions of dollars per year for political subdivisions across the state. However, as such contractual agreements, both those presently in effect and those that will be made in the future, are not public information, it is not possible to know the exact magnitude of the loss.

Property tax abatement for certain metro park property

The bill permits a metro park district to apply, within 12 months of the bill’s 90-day effective date, for a property tax abatement of delinquent taxes on certain property owned by the district without regard to the regular payment limitations imposed by current law, i.e., a restriction that an abatement is not permitted for delinquent taxes accrued by previous owners.

Taxes are due for TY 2023 on property now part of Cleveland Metroparks, totaling \$90,764 including penalty, that are owed because of a failure to timely file for exemption. The property was previously tax exempt. Its ownership changed in recent years among public and charitable entities, during which time the need to file for tax exemption for TY 2023 was not recognized. The Tax Commissioner is prohibited from remitting taxes that have become a lien prior to the applicant acquiring title. Abatement of the taxes would be discretionary for the park district but not for other affected taxing entities.

Effects on state foundation aid to school districts

The property tax exemptions described above for charitable and religious properties and certain convention center or arena properties, which take effect beginning with TY 2024, may increase state foundation aid to school districts in the affected areas beginning in FY 2026. However, a school funding formula for years after FY 2025 has yet to be enacted. That said, historically Ohio's school funding formulas have used school district taxable property valuations to determine the local share of foundation funding. Under these formulas, lower taxable property valuations lead to lower local shares and correspondingly higher state shares, thus leading to higher state funding.

Historically, school funding formulas have also included provisions that guarantee districts receive a certain amount of funding and other provisions that phase in or cap the amount of funding districts receive. These provisions dampen any effects of higher state shares. For example, if a district received a guarantee payment, its calculated funding after the decrease in property valuation would have to increase past the amount of the guarantee payment before the district would actually receive any increase in state funding.

The bill's various tax abatements for delinquent taxes on certain types of property appear to apply to situations in which property was omitted from the tax exempt list because an exemption application inadvertently was not filed. These provisions appear to have no fiscal effect on state foundation aid. Property tax revenues do not affect a school district's state foundation aid. Rather, the amount of state foundation aid a traditional school district receives depends in part on measures of the district's capacity to raise revenues. These measures include the taxable value of the property in the district as well as measures of its residents' incomes.

Secretary of State

Investigating fraudulent filings

The bill prohibits business filings that include the name or address of another person without their consent or filings that are submitted by a person that lacks the authority to make such filings. It deems these submissions to be fraudulent filings. The bill allows any individual that believes he or she has been impacted by such a filing to submit a complaint with the Secretary of State (SOS). Upon reviewing the complaint, the SOS must determine its validity, send notice to the applicable parties, and take additional actions based on this determination. The SOS would incur some additional investigatory costs, based primarily on the number of complaints that arise under the bill. Any new costs the SOS incurs for investigating complaints under the bill will be paid from the Business Services Operating Fund (Fund 5990). Overall, in calendar year 2022 the SOS received and processed 179,636 new business filings. There were just over 198,000 such filings in calendar year 2021.

Specifically, the bill requires an individual named in the complaint to respond within 21 days after the SOS sends notice. After a review of the response, if the SOS determines the complaint to be valid, then the SOS must take actions based on the type of violation. If the unauthorized filing was made on behalf of a legitimate entity, then the SOS must cancel all filings, and redact the personal information contained in the filing. If the entity was created for fraudulent purposes, the SOS must cancel the business record in question, redact any personal information contained in the filing, and disable any further filing functionality for that entity. The

SOS may also forward this information to the applicable county prosecutor related to filings of a fraudulent entity to determine if damages can be recovered.

There may be some additional costs to county prosecutors, and potentially common pleas courts, related to any potential actions taken to recover damages related to either civil or criminal identity fraud. These total costs would ultimately depend on the number of such cases and the actions taken by county prosecutors. It would appear that the number of cases at the county court level resulting from the bill would be relatively small.

The bill also modifies the law governing appointment of statutory agents by corporations and other legal entities, changes that do not appear to have any direct fiscal effect on the SOS.

Numbering of state issues or questions

Neither the SOS, nor county boards of elections, will incur any additional direct costs to consecutively number state issues or questions across elections. Under the bill, beginning with the general election on November 5, 2024, a state question or issue appearing at the top of the ballot must be designated with an Arabic numeral “1” and any state question or issue placed below that must be consecutively numbered. Any subsequent question or issue appearing at the top of the ballot in future elections must be designated by the next consecutive Arabic numeral from the final question or issue of the prior election. Once a state question or issue appears on the ballot designated with the Arabic numeral “500,” the state question or issue that appears at the top of the ballot for the next election must be designated with the Arabic numeral “1.”

Public safety provisions

Solicitations related to public records

The bill establishes new regulations for commercial solicitations related to filing or retrieving public records. A violation of the bill’s solicitation requirements constitutes a deceptive act or practice under the Consumer Sales Practices Act (CSPA). The AGO has broad authority to enforce the CSPA, including suing for injunctive relief and civil penalties. Depending upon the nature of the violation, the court is permitted to impose a civil penalty of up to between \$5,000 and \$25,000. Pursuant to current law, the civil penalties are distributed as follows: three-fourths, or 75%, to the state’s existing Consumer Protection Enforcement Fund (Fund 6310) and one-fourth, or 25%, to the treasury of the county where the AGO’s action is brought. The timing and magnitude of this potential revenue stream is uncertain. Typically, the AGO will try to negotiate a settlement and take a matter to trial as a last resort.

Under the bill and the CSPA, a consumer has a private right of action and can sue the alleged violator to recover the consumer’s actual economic damages plus up to \$5,000 in noneconomic damages. If the violation is an act or practice that has already been declared deceptive or unconscionable by the AGO or by a court, then the consumer may sue to recover three times the amount of the consumer’s actual economic damages.

Overall, the number of additional AGO or consumer-initiated civil actions is expected to be relatively small in the context of a court’s total caseload. Any costs, likely minimal, would be absorbed utilizing existing staff and resources and partially offset if any civil penalties are assessed and recouped.

Firearms for fire investigators

The bill permits a “fire investigator” to carry firearms while on duty when certain training and certification requirements are met.² To be eligible, the investigator must be specifically authorized to carry firearms while on duty by the appropriate entity they serve or are employed by (e.g., the State Fire Marshal if the fire investigator is employed by the state, the legislative authority of the municipal corporation served by the fire department if employed by a municipal fire department, or the fire department chief or the chief of the fire department of the joint fire district if employed by a township). The annual expenditures likely to be incurred by any given political subdivision that opts to authorize fire investigators to carry a firearm on duty will be minimal at most. These costs are permissive.

The bill requires the Ohio Attorney General to adopt training rules and, via the Ohio Peace Officer Training Commission, to certify and issue appropriate certificates to fire investigators. Training may be conducted at the Ohio Peace Officer Training Academy or at an approved peace officer training school. The annual costs for the Attorney General (including the Ohio Peace Officer Training Commission and the Ohio Peace Officer Training Academy) to perform training and certification duties are likely to be minimal at most. These costs would be offset, at least in part, by tuition fees collected from fire investigators or their employing agencies.

The bill also permits a fire investigator who is authorized to carry a firearm while on duty to carry a concealed handgun without obtaining a concealed handgun license. The impact on conceal carry licenses is largely cost neutral. Any licensing revenue loss would be offset by administrative cost savings experienced by the Attorney General’s Bureau of Criminal Investigation and local sheriffs.

Judicial reimbursement deadline

The bill creates a one-year deadline for counties to submit reimbursement requests to the state for the per-diem compensation paid to acting/assigned county or municipal court judges. This provision will have no fiscal effect on the state or counties assuming reimbursement requests are submitted within the defined deadline.

Motor vehicle inspections

The bill authorizes the clerk of a court of common pleas to conduct physical inspections of certain motor vehicles and authorizes the clerk to collect a \$5.00 fee for performing such an inspection. Currently, only a deputy registrar’s office or a licensed Ohio motor vehicle dealer may perform these physical inspections and the clerks are then required to process physical inspection certificates and issue titles. By allowing the clerks of courts to also carry out the physical inspections as well, the bill’s changes may create certain efficiencies for this process. The bill is permissive, though.

Based on conversations with the Ohio Clerk of Courts Association, which represents all 88 county clerks, utilization of the bill’s authorization to perform physical inspections is likely to vary

² “Fire investigator” means an employee of a fire department charged with investigating fires and explosions who has been authorized to perform the duties of investigating the origin and cause of fires and explosions (using specified investigative methods). It does not include a person who is acting as a fire investigator on behalf of an insurance company or any other privately owned or operated enterprise.

by county with some clerks opting to offer the service in an effort to make the titling process more efficient. To the extent that a clerk chooses to perform physical inspections, additional costs may be incurred. The magnitude of those costs would depend on the number of physical inspections conducted. Those costs would be at least partially offset by the collection of the \$5.00 fee, authorized under the bill.

Equestrian event facilities

The bill exempts an equestrian event facility from recreational vehicle (RV) park and camp operation license requirements if the facility meets certain conditions. Local boards of health and ODH may experience a decrease in costs to inspect and license RV parks and camp operations, as well as a corresponding decrease in fee revenue, depending on the number of equestrian event facilities that fall under the bill's license exemption.