



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 252 of the 131st G.A.

Date: November 18, 2015

Status: As Introduced

Sponsor: Reps. Hackett and Ryan

Local Impact Statement Procedure Required: Yes

Contents: Increases fees to county treasurers for collecting property taxes

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2016	FY 2017	FUTURE YEARS
County Treasurers			
Revenues	\$1.2 million gain	Increasing gains	Increasing gains
Expenditures	- 0 -	- 0 -	- 0 -
School Districts and Other Local Governments (including other county functions)			
Revenues	\$1.2 million loss	Increasing losses	Increasing losses
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Increases fees to county treasurers for collecting property taxes by \$1,187,630 in 2016.
- Indexing of these fees to amounts collected will result in further revenue gains in 2017 and thereafter for county treasurers, except if amounts collected decline or are little changed (less than 0.95% growth initially).
- Revenue to school districts and other units of local government, and to other offices within county government, would be reduced, with the total of these losses equal to gains to county treasurers.

Detailed Fiscal Analysis

H.B. 252 increases fees to county treasurers by about \$1.2 million in 2016. Fees on the first \$2.1 million of property tax revenues received by each county at each of two yearly settlements with county auditors are decreased, and fees on the next \$2.9 million are increased. In future years, county treasurers' revenues would be at least this much higher than under current law, with potential further increases as a result of indexing these fees to growth of property taxes payable. The property taxes on which these fees would be based include real property taxes and taxes on public utility personal property.

Settlement dates for county treasurers with county auditors for real and public utility property taxes are on or before February 15 and August 10, or later dates if the time for payment of taxes is extended. The August settlement includes all taxes and assessments the treasurer has collected that were not included in the February settlement.

Changes in the fee structure in 2016 under the bill are summarized in the table below. The statewide calculation shown in the table is based on an assumption that qualifying collections in each county exceed \$10 million, or about \$5 million per settlement date. This was the case for 2014 taxes (2015 collections). The bill provides that if qualifying collections for a year are less than \$5 million (or an upward-adjusted amount discussed below), the fee equals \$5 million (or the adjusted amount) times 0.9495%.

County treasurers' fees for collecting property taxes				
County property tax collections, each settlement date	2015 and earlier	2016 under H.B. 252	Change in fee, percentage points	Change in fee, dollars
\$0-\$100,000	2.9947%	0.9495%	-2.0452	-\$2,045
\$100,000-\$2.1 million	0.9982%	0.9495%	-0.0487	-\$974
\$2.1 million-\$4.1 million	0.7986%	0.9495%	+0.1509	\$3,018
\$4.1 million-\$5 million	0.1996%	0.9495%	+0.7499	\$6,749
\$5 million and over	0.1996%	0.1996%	none	\$0
Total, per county, per settlement date				\$6,748
				<u>x 2</u>
Total, per county				\$13,496
				<u>x 88</u>
Total, statewide				\$1,187,630

The bill further provides that in January 2017, and each January thereafter, the upper end of the range of property tax collection amounts associated with fees of 0.9495% may be adjusted upward. Any such adjustment would be applicable statewide. The Tax Commissioner is to determine the percent change in taxes charged and payable

against real and public utility property from the second preceding year to the preceding year, rounded to the nearest tenth of a percent, multiply this percent by the upper end of the range (initially \$5 million), round the product to the nearest \$100,000, and add the resulting amount to the upper end of the range.

For example, if taxes payable for 2016 increase as little as 0.950% from those for 2015, the percent change would be rounded to 1.0%, which multiplied by \$5 million equals \$50,000. Rounded to the nearest \$100,000, this implies a \$100,000 increase in the range of taxes charged and payable associated with fees of 0.9495% rather than 0.1996%. Treasurers' fees statewide would be an additional \$131,982 per year higher than under current law.

Alternatively, if taxes payable for 2016 increase as much as 2.949% from those for 2015, the percent change would be rounded to 2.9%, which multiplied by \$5 million is \$145,000. Rounded to the nearest \$100,000, this also implies a \$100,000 increase in the range of taxes charged and payable associated with fees of 0.9495% rather than 0.1996%. In this case, treasurers' fees statewide would also be higher than under current law by \$131,982 per year.

Approximately 65% of real and public utility property tax receipts go to school districts, including joint vocational school districts, and 35% to other units of local government, based on tax year 2013 figures. Counties receive about 18%, townships and municipal corporations each receive about 6%, and special districts receive about 5%. Based on these percentages, a \$1.2 million increase in fee revenues to county treasurers statewide would reduce revenues to other county-level functions by \$0.2 million, to schools by \$0.8 million, to townships by \$70,000, to municipal corporations by \$70,000, and to special districts by \$60,000.