



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 291 of the 131st G.A. (LSC 131 1134-2) **Date:** December 3, 2015
Status: In House Judiciary **Sponsor:** Reps. Dever and Young

Local Impact Statement Procedure Required: No

Contents: Confession of judgment pursuant to a cognovit note

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

With respect to the use of a confession of judgment pursuant to a cognovit note, the bill: (1) requires the creditor send a written notice of the filing of a petition for a judgment by confession prior to the entry of judgment, (2) permits the debtor to request a hearing before the entry of judgment, and (3) provides that these provisions do not apply to a confession of judgment made in connection with the settlement of a dispute.

A cognovit note is a promissory note, or written promise to pay money, in which, under current law, a debtor acknowledges that if the debt is not repaid, a court of competent jurisdiction may order a judgment against the debtor without the usual notice and hearing. Apparently, the use of these notes in Ohio was once prevalent, but is no longer so.

The bill may have two contrasting effects. First, the notice and hearing provisions may reduce the creditor's incentive to use such a note. Second, the court may have to expend additional time and effort to render a judgment if a debtor exercises their right to a hearing. Neither of these possibilities will have any discernible ongoing fiscal effect on the common pleas, municipal, and county courts with jurisdiction over these matters.

Synopsis of Fiscal Effect Changes

The fiscal effects of this substitute bill (LSC 131 1134-2) do not differ substantively from the immediately preceding As Introduced version.

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