



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 166 of the 131st G.A.

**Date:** May 19, 2016

**Status:** As Passed by the Senate

**Sponsor:** Rep. Green

**Local Impact Statement Procedure Required:** No

**Contents:** Extends the deadline to file an application for the homestead exemption and makes other various changes affecting local governments

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- **County auditor notifications.** The bill eliminates certain required notifications for county auditors. Eliminating these notifications would appear to result in minimal cost reductions for counties.
- **County auditor licensing.** The bill eliminates the requirement that county auditors issue licenses and permits for persons intending to "exhibit a natural or artificial curiosity, for a price" and licenses to conduct a public auction to sell new merchandise. This would result in some revenue loss for county general funds, but such losses would appear to be minimal.
- **Agricultural valuation.** The bill modifies the dates associated with current agricultural use valuations and notification requirements. The notification requirements for county auditors are reduced in the bill from ten consecutive days to once per week for two consecutive weeks.
- **Refuse collection.** The bill allows the legislative authority of a municipal corporation located in a charter county to place unpaid refuse collection charges as a lien on the property to which services are provided, placed on the tax lists, and collected as other taxes. This could potentially increase revenues to the general funds of municipal corporations if additional unpaid charges are recouped.
- **Special election fund.** The bill requires a board of county commissioners to establish a special elections fund to be used to accumulate revenue paid by political subdivisions for the costs of preparing for and conducting special elections.

- **Land banks.** The bill makes changes in law governing land banks that (1) may allow land banks to use funds for abandoned gas station cleanup, (2) appear likely to shift responsibility for certain costs to counties, and (3) facilitate sale of property owned by land banks.
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## Detailed Fiscal Analysis

### Bill overview

The bill makes a number of changes to law governing administrative functions overseen by county auditors and programs operated by local governments, including county land banks and their involvement with the Abandoned Gas Station Cleanup Grant Program run by the Development Services Agency. The bill also extends the filing deadline for the homestead exemption and the 2.5% residential property tax reduction. The provisions of the bill with a fiscal effect are described in further detail below.

### Homestead exemption filing deadline

The bill extends the filing deadline for the homestead exemption and the 2.5% residential property tax reduction from the first Monday in June to December 31 of the year of the exemption or year to which the reduction applies. The GRF reimburses local governments and school districts for property tax losses incurred by the homestead exemption. By delaying the application deadline to December 31, H.B. 166 is not expanding the eligibility of the homestead exemption.<sup>1</sup> County auditors currently accept late applications for those that became eligible in the prior year. The bill may cause some GRF reimbursements paid on behalf of these late applicants to be pulled forward by one fiscal year, but there is no net effect on state spending.

### County auditor functions

The bill makes several changes to required notifications made by county auditors. The bill also eliminates some requirements pertaining to certain licenses and permits issued by county auditors. Each of these changes is described more thoroughly below. Overall, it would appear that each of these provisions would result in a reduction of costs to counties, the magnitude of which is uncertain, but likely minimal.

#### Local Government Fund notifications

The bill eliminates the requirement that county auditors use certified mail to notify local governments of their share of Local Government Fund (LGF) allocations.

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<sup>1</sup> The three types of applicants for the homestead exemption are (1) senior citizens, who must be at least age 65 by December 31 of the year for which the exemption is sought, (2) disabled persons, who must be permanently and totally disabled on January 1 of the year for which exemption is sought, and (3) surviving spouses of a person who was receiving the homestead exemption.

Instead, county auditors may use ordinary mail or electronic mail. Eliminating the requirement of using certified mail would reduce mailing costs to county auditors.

#### **Certification of interest rates**

The bill eliminates a requirement that county auditors notify courts of the interest rate set annually by the Tax Commissioner. Auditors must notify clerks of the court of common pleas, the county court, and each municipal court in the county. The courts are required to post the notice in a conspicuous and public location near the clerk's office. The elimination of this notification and posting would appear to result in some small savings to both county auditors and clerks of courts.

#### **Notice of tax-exempt facility applications**

The bill eliminates a requirement that county auditors notify local taxing authorities of pending tax exemption applications for certain kinds of pollution control and energy conversion or conservation property at industrial or commercial facilities. County auditors are currently required to notify the taxing authorities of such applications and of the estimated value of the exempted taxes and the potential for refunds of already paid taxes. There would appear to be a minimal reduction in costs for making such notifications.

#### **Contractors' certifications of personal property tax payment status**

The bill eliminates current requirements that persons who have been awarded a contract by a local government through competitive bidding certify whether the person owes delinquent taxes on tangible personal property taxes used in business when the person submitted the bid. If delinquent taxes are owed, the certification becomes incorporated into the contract.

#### **County auditor-issued permits and licenses**

The bill eliminates current requirements governing two forms of permit or license that county auditors are responsible for issuing. The first is a permit required for persons who intend to "exhibit a natural or artificial curiosity, or exhibit horsemanship in a circus or otherwise for a price" in a county. The permit fee for this is between \$25 and \$60 and failure to pay is punishable by a \$100 forfeiture. The second is a license to conduct a public auction to sell new merchandise. This fee is \$10 per day, with failure to obtain the license punishable by a fine of between \$200 and \$1,000 or imprisonment of between 30 and 180 days. A bond is also required in the amount of the new merchandise's value as a surety for the payment of any taxes, judgments, or fines that might become due from conducting the auction. The bill removes the bond requirement as well. Any fee revenue received from these permits and licenses would be deposited into the county general fund. Consequently, this provision of the bill would result in some lost fee revenues for counties, however, the amount would appear to be minimal.

## **Agricultural use valuations and notifications**

The bill alters the date that a county auditor must view the land included in an application for a land valuation amendment from June to August. The bill also changes the date when a county auditor must send certified mail to individuals of the determination of valuation from August to October. These changes appear to have no fiscal impact. The bill also changes the length or required notification related to these valuations. When a county board of revision has completed work of the equalization of valuations, the county auditor must provide public notice that the valuations are complete and open for public inspection. Currently, this notice must be in a newspaper of general circulation daily for ten days. The bill changes this notice period to once per week for two consecutive weeks. This would reduce the notification costs to county auditors.

## **County land banks**

The bill changes the law governing county land reutilization corporations, also known as county land banks.

The bill amends a section of uncodified law in S.B. 310 of the 131st General Assembly, the capital appropriations act for the biennium ending June 30, 2018, to provide land banks with access to grants from the Service Station Cleanup Fund (Fund 7100) created in H.B. 64. Spending of \$20 million from this fund was authorized by H.B. 64 for the Abandoned Gas Station Cleanup Grant Program administered by the Development Services Agency.

The bill makes changes intended to clarify that county land banks bear responsibility only for costs of prosecuting tax foreclosure cases pertaining to property acquired by the land banks, and not for the county's share of the costs of prosecuting other tax foreclosure cases. LSC's understanding is that this change is expected to shift responsibility for payment of costs to counties from land banks.

The bill repeals language that might be deemed to make a buyer of property from a land bank responsible for delinquent taxes incurred prior to the land bank's acquisition of the property. This change is intended to ensure that the properties owned by the land bank are salable.

## **Other local government provisions**

### **Municipal waste fee collection**

The bill also allows the legislative authority of a municipal corporation located in a charter county that charges for garbage collection or disposal to certify to the county fiscal officer, by ordinance, the amount that property owners have not paid for those services. Those amounts would then be a lien on the owner's property, placed on the tax list, and collected as other taxes. This provision could possibly allow for the collection of such unpaid charges, thereby increasing revenues to a municipal corporation's general fund.

## **Special elections fund**

The bill requires a board of county commissioners to establish a special elections fund. The fund is to be used to accumulate revenue paid by political subdivisions for the costs of preparing for and conducting special elections. The board of county commissioners is permitted to rescind this fund if all payments are made as required in law, or if no payments are received from other political subdivisions for future special elections. This provision simply establishes a fund for these payments, which does not impact the amounts required to be paid to a county for special elections.

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