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Bill Analysis
Legislative Service Commission

S.B. 43

123rd General Assembly
(As Introduced)

Sens. Gardner, Prentiss, Armbruster, Brady, Latta, Mumper

BILL SUMMARY

- Creates a coastal erosion loan program, under which a board of county commissioners may apply to the Ohio Water Development Authority for a loan, the proceeds of which are to be lent to property owners along Lake Erie to construct erosion control structures.

CONTENT AND OPERATION

Existing law authorizes the Ohio Water Development Authority to issue water development revenue bonds to make loans to pay any part of the cost of constructing water management facilities. The bill expands the definition of "water management facility" to include facilities for the stabilization of coastal erosion areas and expressly authorizes the Authority to make loans to boards of county commissioners. (Secs. 6121.01(F)(1) and (L) and 6121.04(H) and (V).) The loan proceeds are to be used to provide financial assistance to any owner of real property along Lake Erie, provided (1) the Director of Natural Resources has identified the property as a "coastal erosion area" and (2) the Chief Engineer of the Department of Natural Resources has granted the owner a permit to construct an erosion control structure in the area (sec. 1507.071(A)). The board could pledge any lawfully available revenue to repay the loan, so long as it did not include money raised by taxation (sec. 1507.071(C)).

The Authority could enter into an agreement with the board--which would not be subject to the limitations of the Uniform Public Securities Law--and adopt rules establishing requirements and procedures for making the loans and agreements (sec. 6121.04(V)). The board, in turn, could enter into an agreement with a landowner and, pursuant to its agreement with the Authority, agree to cause payments to be made by the Authority to the contractor hired by the landowner to build the erosion control structure. The structure would not be considered a public improvement and would not be subject to competitive bidding, public bond, or prevailing wage laws. The landowner would have to agree to make specified

installment payments to the board, or to the Authority if the board assigns the agreement to it, together with interest and administrative or other costs of the board or the Authority. (Secs. 1507.071(A)(2) and (3), (B), (C), and (E) and 6121.061.)

The board would have to cause its agreement with a landowner to be recorded in the office of the county recorder and establish an erosion control repayment fund. The fund would be used for repaying the loan and for other administrative or other costs of the board as specified in the agreement with the landowner. If the amount credited to the fund should be inadequate to repay a loan when due, the board could advance money from any other fund that the county may lawfully use for the purpose. Eventually the county would have to reimburse the fund from which the advance was made. (Sec. 1507.071(B)(1) and (2).)

If the owner should fail to make any payments when due, the board would be obliged to certify the amounts to the county auditor. The amounts would become a lien on the property, and the auditor would have to add them to the landowner's real property tax bill, to be collected in the same manner as other taxes. (Sec. 1507.071(B)(3).) As the assignee of any landowner's agreement with the county, the Authority could compel the board and the county auditor by mandamus to establish an erosion control fund and to bill and collect amounts when due (sec. 1507.071(D)).

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-02-99	p. 94

S0043-I.123/jc