



Ohio Legislative Service Commission

Bill Analysis

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H.B. 381

129th General Assembly
(As Introduced)

Reps. Slaby, Combs, Hackett, Letson, Roegner, Terhar

BILL SUMMARY

- Requires a school district board, when it decides to dispose of real property, to offer the right of first refusal to a state university, having its main or a branch campus located within the district, to purchase the property (prior to offering that property to community schools as required under current law).
- Provides that a district's offer to a state university may be either or both (1) to exchange that property for in-kind services, educational programs, or other assistance valued in an amount "reasonably related" to the property's appraised fair market value, or (2) to sell the property for money at a price that is not higher than its appraised fair market value.
- Requires a school district board to offer the property for sale to start-up community schools located within the district, if a state university does not accept the offer to purchase it, or does not enter into an agreement to purchase it, within 60 days of the district's offer to the university.

CONTENT AND OPERATION

University right of first refusal to purchase district property

Under the bill, when a school district board has decided to dispose of district real property, the board must offer the right of first refusal to purchase that property to any of the 14 state universities having its main campus or a branch campus within the district's territory. The bill applies to the University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Ohio University, Ohio State University, Shawnee State University, University of Toledo, Wright State University,

Youngstown State University, and Northeast Ohio Medical University. The district board must offer the property to the applicable university in either or both of the following ways:

(1) Exchange the property, specifically in an "as is" condition, in return for agreed-upon in-kind services, educational programs, or other assistance provided by the university to the district with an aggregate value "reasonably related" to the property's appraised fair market value; or

(2) For money at a price that is not higher than the property's appraised fair market value.¹

If the university does not accept either offer, or if an agreement is not entered into between the district and university, within 60 days after the offer is made, the district board then must offer the property for sale to start-up community schools located within the district, in the same manner as it would under current law.² In other words, the bill provides a priority for start-up community schools to purchase the property after it has first been offered to a state university, if applicable. Presumably, if there is no state university that has a campus within the district's territory, the district must proceed directly with an offer of right of first refusal to purchase the property for community schools.

Background – current law

Under current law, when a school district board of education decides to dispose of real property worth \$10,000 or more, it generally must sell that property through a public auction.³ If the district board offers the property for sale by public auction at least once, and the property is not sold, the district board may sell it at a private sale.⁴ However, before a district board may offer the property to any buyer, it must first offer the property to start-up community schools located within the district's territory at a price no higher than the property's appraised fair market value. If no community school accepts the offer to buy within 60 days, then the district may dispose of the property by auction or by another authorized way.⁵

¹ R.C. 3313.41(G)(1)(a) and (b).

² R.C. 3313.41(G)(1) and (2).

³ R.C. 3313.41(A).

⁴ R.C. 3313.41(B).

⁵ R.C. 3313.41(G).

As an alternative to a public auction, after offering the right of first refusal to community schools, the district may sell the property to a public entity, including state colleges and universities or their branch campuses, the Adjutant General, political subdivisions, taxing authorities, park commissioners, and school library districts.⁶ School district boards may also include the property in a trade or an exchange.⁷

A separate provision of law, not changed by the bill, requires a school district board to offer to sell or lease to community schools located within the district any real property that has been used for "school operations, including, but not limited to, academic instruction or administration, since July 1, 1998, but has not been used in that capacity for two years." If one community school notifies the district treasurer, in writing within 60 days after the district board makes the offer, of its intention to purchase the property, the district board must sell that property to the community school for the appraised fair market value of the property. However, if more than one community school notifies the district treasurer, in writing within the 60-day period, of their intention to purchase, the district board must conduct a public auction among those community schools to sell the property. The district board is not required to accept any bid that is lower than the property's appraised fair market value. If two or more community schools located within the district notify the district treasurer, in writing, of their intention to lease the property, the district board must conduct a lottery to select the community school to which the district board must lease the property. The lease price offered by a district board cannot be higher than the fair market value of the leasehold.⁸ Thus, if a district board stops using a property, it has two years to decide on its own whether to dispose of the property by sale, subject to the right of first refusal for community schools under current law, or to state universities and then to community schools under the bill, before it would be required under this separate provision to offer to sell or lease that property to community schools.

HISTORY

ACTION	DATE
Introduced	11-15-11

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⁶ R.C. 3313.41(C).

⁷ R.C. 3313.41(D) and (F).

⁸ R.C. 3313.411, not in the bill.

