

release from active duty. Unless an institution fails to comply with the requirements of the bill, these provisions have no fiscal effect. Local court costs could result from a failure to comply with this requirement of the bill.

- This bill requires that the county recorder will not charge a fee for the recording of a military power of attorney to any member of the armed forces. This will result in decreased revenue to the GRF fund in the amount of up to approximately \$25,000.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2005	FY 2006	FUTURE YEARS
Counties and Municipalities			
Revenues	Potential decrease up to \$25,400	-0-	Potential decrease up to \$25,400
Expenditures	Potential increase	Potential increase	Potential increase

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

- Public and private institutions of higher education failing to comply with the provisions of this bill could face action before the court of common pleas. Court costs would be a function of the merits and complexity of the case. While this would most likely be minimal on a statewide basis, such cases could produce a fiscal impact on particular counties.
- The bill allows courts to intervene in eviction proceedings when the failure to pay the agreed upon rent is a result of the tenant or resident, or any member of the tenant's or resident's immediate family's deployment on active duty. Increased court costs would result from this provision. While this would most likely be minimal on a statewide basis, such cases could produce a fiscal impact on particular counties.
- The bill requires that the county recorder charge no fee to any member of the armed forces for recording a military power of attorney. This provision will result in a potential decrease of revenue to the counties of up to \$25,400. This fiscal impact will likely be disproportionate among counties that have a larger military population, and counties in which National Guard or reservists are deployed. Additionally, during times of low deployment this impact will be decreased, as less military power of attorneys would be recorded.
- The bill prohibits creditors from charging interest or finance charges exceeding 6% per annum on obligations of persons, or spouses of persons, deployed on active duty. A court may grant a creditor relief from this limitation, if the court decides that the ability of the person, or spouse of the person, deployed on active duty to pay interest or finance charges in excess of the 6% is not affected by the person's deployment on active duty. This could increase expenditures for county courts. The total increase would be dependent upon the number of persons deployed, the number of those that take advantage of this provision, and the number of cases brought before the courts. As a result, the total increase is unknown at this time.

Detailed Fiscal Analysis

This bill extends benefits to persons deployed on active military duty. There are currently approximately 60,000 military personnel in the state of Ohio, approximately 6,500 of those personnel are Ohio National Guard and reservists on active duty. The Legislative Service Commission does not have any information on the number of Ohioans on full-time military duty. Both the number of military personnel in the state of Ohio, as well as the number of guard and reservists on active duty are imprecise and will change with deployment.

State and local costs incurred in this bill result from the elimination of charging recordation fees for recording military power of attorney. Additionally, local governments will be affected by the court costs of various provisions.

Provision of Communication Services

The bill directs the Department of Administrative Services to contract to purchase bulk long distance telephone services or provide them under an existing contract, and make those services available, at cost, to members of the immediate family of a person deployed on active duty.

Recordation Fees

This bill establishes that the county recorder will not charge a fee to any member of the armed forces who presents for recording a military power of attorney. Am. Sub. H.B. 95 of the 125th General Assembly doubled the fees charged by the county recorders. These fees are divided into base fees, which stay within the county, and housing trust fund fees, which are paid to the Treasurer of State. Of the housing trust fund fees received, the Treasurer of State is responsible for depositing the first \$50 million collected into the Low- and Moderate-Income Housing Trust Fund (Fund 646). Revenue from recordation fees in excess of \$50 million will be deposited into the General Revenue Fund (GRF).

The Adjutant General reports that approximately 1,800 members of the Ohio National Guard and reserves have been deployed each year since September 11, 2001. We can estimate that this number of troops will also be deployed in FY 2005. If each active duty member was to record a military power of attorney at \$28 apiece the cost would total approximately \$50,400. This number is likely to fluctuate between wartimes and peacetimes, when a fluctuating number of soldiers are registering a military power of attorney.

Half of the revenue loss will occur in recorder fees designated base fees in the amount of approximately up to \$25,200. The other portion of the revenue loss will occur in the form of housing trust fund fees, in the amount of approximately up to \$25,200. Of the Housing Trust Fund fees 1% would have been returned to the county for deposit in the county general fund in the amount of approximately \$252, as an administrative fee which is an additional decrease in county revenue.

It is unlikely that this decrease in revenue would affect the amount paid yearly into Fund 646. The \$50 million dollars allocated to Fund 646 was received within the first three quarters of FY 2004, with additional spill-over being deposited into the GRF. Given this amount paid to Fund 464 in only three quarters of the fiscal year, the revenue loss at the state level would occur in the spill-over to the GRF, and would not affect Fund 646.

Consumer Protections

- The bill prohibits a creditor from charging interest or finance charges equal to more than a 6% annual percentage rate on obligations of a person, or spouse of a person, who is deployed on active duty. Only contracts entered into after the effective date of the bill are affected by this provision. Interest or finance charges in excess of 6% per annum that would be incurred without this provision will be forgiven. The amount of periodic payments due shall be reduced by the amount forgiven. The retail buyer must provide the seller with a copy of the military or gubernatorial orders calling them to active duty or extending active duty within 180 days of return from active duty for the contract to be subject to this limitation. A court may grant a creditor relief from the interest and finance charges limitation if, in the opinion of the court, the ability of the person deployed to pay the charges in excess of the 6% per annum is not affected by the person's deployment on active duty. This could have a fiscal impact on local governments if courts must become involved in these issues. The total impact is dependent upon many factors and is unknown at this time.
- The bill allows for the early termination of a motor vehicle lease if a person, or spouse of a person, is deployed on active duty for at least 180 days. If a motor vehicle lease is entered into on or after the effective date of this amendment, the person or spouse of the person deployed on active duty for at least 180 days may terminate the lease at any time without a charge for early termination. Termination occurs 15 days after the person gives notice by certified mail, return receipt requested, of the intention to terminate the lease and the military or gubernatorial orders calling the person to active duty and the motor vehicle is returned to the lessor. The bill provides that any lease amounts unpaid for the period prior to the lease's termination are to be paid on a prorated basis. Any taxes or other payments required under the lease, including costs for excess wear and tear, that have not been paid by the time the lease is terminated must be paid by the lessee. Any lease amount paid in advance for a period after the lease's termination date must be refunded by the lessor. There is no fiscal impact of this provision.
- The bill allows for early termination, without charge, of a cellular phone contract. The contract may be terminated by the person or spouse of the person who is deployed on active duty, providing that the contract is entered into on or after the effective date of this section. Termination occurs 30 days after the person gives notice by certified mail, return receipt requested and the cellular phone, if not owned, is returned to the cellular phone company. There is no fiscal impact of this provision.

Utility Provisions

The bill would prohibit any electric or natural gas company from shutting off service to the residence of a consumer on active duty in the U.S. armed forces, the Ohio National Guard, or the Ohio organized militia. Any electric or natural gas companies that might be affected by the bill would be required to provide financing for a period of time to households with a member of the U.S. armed forces or a National Guard or reserve member serving on active duty. Upon the resident's return from active duty the company will offer the residential consumer a period equal to at least the time spent on active duty to pay the past due amount. If the period presented to the consumer presents a hardship the consumer may request a longer repayment period and in the case of a company that is a public utility, may request the assistance of the public utilities commission to obtain a longer repayment period. No late fees or interest will be charged to the consumer during the deployment or the repayment period.

If a company determines that it is unable to collect the amounts owed by such a consumer, it may file an application with the Public Utilities Commission of Ohio (PUCO) to recover the amounts through a rider on the bills of other consumers or through other means approved by the PUCO. The bill provides that the costs associated with financing such debt forgiveness would be built into utility rates approved by the PUCO by adding a rider to the bills of other consumers. Thus, such financing charges are ultimately paid by all utility customers. A PUCO official reports that any duties the PUCO may have to perform due to this provision of the bill could be performed using existing resources. There would be no fiscal effect, either for the state or for local governments, from this provision of the bill.

Tenant Protections

The bill allows the court to intervene in eviction actions if the failure to pay the agreed upon rent is a result of deployment on active military duty of the tenant or resident or any member of the tenant's or resident's immediate family. The court may intervene in one of two ways; it may stay the proceedings for a period of 90 days or longer, or it may adjust the obligation under the rental agreement. If a stay is granted the court may grant the landlord or park operator relief. This provision of the bill does not apply to landlords or park operators operating less than four residential premises. Additionally, for this provision to be in effect the rental agreement must have been entered into on or after the effective date of this section.

Insurance Extension

The bill would require that individual life insurance policies sold in Ohio contain a provision that the policy shall not lapse or be voided for nonpayment of premiums if the insured is a reservist on active duty or during the two-year period subsequent to the end of active duty if: the policy has been in force for at least 180 days, and the policy has been brought within the Servicemembers Civil Relief Act. This provision does not apply to a policy that was cancelled or that had lapsed for nonpayment of premiums prior to the insured's period of military service. This provision must allow the policy to remain in force during the period of active duty, and continue in force after the period of active duty if all premiums due are paid within two years of the end of active duty. A life insurance company's enforcement of provisions in the insured's policy relating to military service in times of war is not affected by this provision.

The bill would require the addition of new provisions to existing life insurance policies used in the state, which would possibly result in the need to review these new forms. The Department of Insurance (ODI) is charged with reviewing all new forms used in the business of insurance in Ohio. The Department is subject to a 30-day limit on reviewing any forms submitted; forms that have not been reviewed in that time are approved by default. There were approximately 586 companies writing life insurance in Ohio as of financial year 2002. ODI officials would have to review new forms used by each of these companies for compliance with state insurance laws. An ODI official reports that the Department would incur approximately \$40,000 in one-time expenses to review as many forms as possible within the time frame allotted. These would be largely personnel costs associated with paying overtime. The expenses would be paid out of the Department of Insurance Operating Fund (Fund 554). There is a \$50 fee that would accompany any form submitted for review; the fee would be deposited into Fund 554. Fund 554 could therefore experience a one-time revenue gain in connection with this provision of the bill in the tens of thousands of dollars. Both the potential increased expenditures and revenue gain to Fund 554 are dependent upon whether there is a need to review new forms.

Education Protection

The bill permits a child whose parent is deployed on active duty, or temporarily on an out-of-district assignment, to continue attending school in the same district, as long as the parent remains a resident of that district. Children residing with a person other than a parent are entitled to attend school in the district where the person resides based on two conditions: if the person has military power of attorney or comparable document as to the child's care, and the power of attorney or comparable document includes the ability to enroll the child in school. This provision entitles the child to attend school in the district until the end of the school year in which the power of attorney expires. There is no fiscal impact from this provision.

The bill requires public and private institutions of higher education to grant a military leave of absence, without academic penalty, when a student has been deployed on active military duty and a year thereafter. If requested, tuition may be credited to a subsequent term or refunded if the student withdrew before the school's "withdraw date." The student will retain prior educational status, credits earned, scholarships, grants, tuition, or other fees paid before deployment on active duty, should the student request restoration of academic status, not later than one year after release from active duty. Unless an institution fails to comply with the requirements of the bill, these provisions would have no fiscal effect. Institutions failing to comply with these provisions will face action before the court of common pleas. Court costs will also be a function of the merits and complexity of the case. On a statewide basis these costs are likely to be minimal, however, there is a potential that such cases could produce a fiscal impact on particular counties beyond what would be considered minimal.

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