Fiscal Note & Local Impact Statement

123 rd General Assembly of Ohio

BILL:	**H.B. 55**	DATE:	**March 15, 1999**
STATUS:	**As Reported by House Local Government and Townships**	SPONSOR:	**Rep. Schuler**

LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**

CONTENTS: **Permits municipal police departments to dispose of certain unclaimed property by donating it to public agencies or nonprofit organizations**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1999	FY 2000	FUTURE YEARS
Municipalities Revenues	Potential forgone loss of proceeds	Potential forgone loss of proceeds	Potential forgone loss of proceeds
Expenditures	Potential decrease for advertising and sales related expenses	Potential decrease for advertising and sales related expenses	Potential decrease for advertising and sales related expenses

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

- The resale value of unclaimed property is potential revenue. Resale earnings will be forgone whenever the property is donated to a public agency or nonprofit organization.
- A municipality's expenditures for advertising and conducting auction sales would decrease whenever unclaimed property is donated to a public agency or nonprofit organization.
- Since the bill is permissive, it would be up to each municipality whether to lose revenue or save costs by donating property.

Detailed Fiscal Analysis

This bill would permit the legislative authority of municipal corporations to adopt a resolution or ordinance granting authority to the leading law enforcement official of that community to contribute unclaimed property held at the law enforcement agency for ninety (90) days or more to one or more public agencies or one or more nonprofit organizations. Property donated must not fall under disposal requirements pursuant to a specific statutory procedure. If a municipal corporation enacts such a resolution or ordinance, then the leading law enforcement official may contribute unclaimed property from the police department to one or more of those agencies or organizations rather than conducting a public auction under existing law.

There are no increases in expenditures by municipal corporations as a result of this bill. Simply put, the donation would allow the local law enforcement agency to dispose of unclaimed property in a way that may cost less than holding a department public auction. The associated costs of an auction includes advertising, auctioneer fees, accounting fees, wages for working personnel, and fees for a facility/space to hold an auction. The fees and expenses for an auction generally depend upon the amount of property to be auctioned. The property the department is disposing may not have enough monetary value to cover the cost of an auction.

The proceeds from any auction of unclaimed property will be paid to the municipality's general fund. The municipality can potentially save money through the donation of unclaimed property, but will forgo potential auction revenues. It is difficult to determine the amount of revenue the municipality would forego since the type and amount of unclaimed property a department would donate varies with each agency.

Examples of auction sales:

The city of Columbus Police Department holds a department public auction approximately every ten (10) weeks. Gross proceeds range from $10,000 to $12,000 per auction. The approximate range of total cost for holding a public auction is between $3,000 and $4,000. The net revenue generated by a police department public auction ranges from $6,000 to $9,000. The net outcome is dependent upon the amount of unclaimed property to be auctioned, the monetary value associated with the property, and overhead costs.

The city of Deer Park Police Department (in Hamilton County) includes its unclaimed property in the City of Deer Park annual auction. The Deer Park Police Department spent approximately $790 on departmental staffing at the last city auction. The cost of advertising the auction of unclaimed property by the Deer Park Police Department amounted to $110. The approximate total cost for the department in participating in the City's auction was $900. The sale of the unclaimed property held by the department generated approximately $500. In this instance, the Deer Park Police Department spent $400 more in overhead costs than what the unclaimed property generated in revenue from the sale at auction.

General Conclusion:

Municipal police departments will continue to hold public auctions with unclaimed property as long as the property's monetary value generates revenues in excess of overhead costs. Officials at police departments generally have a good idea of what each piece of property will bring at auction. Comparisons with items sold at retail outlets, pawnshops, yard sales, and advice from an auctioneer should help those who are not sure what dollar amount an item would bring at auction.

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