Fiscal Note & Local Impact Statement

123 rd General Assembly of Ohio

BILL:	**H.B. 220**	DATE:	**April 22, 1999**
STATUS:	**As Introduced**	SPONSOR:	**Rep. Householder**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Makes a number of law changes to increase the flexibility and efficiency of school district business operations**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1999	FY 2000	FUTURE YEARS
School Districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal savings	Potential minimal savings	Potential minimal savings

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

- School districts will experience a cost savings as the advertising requirement is shortened from four weeks to two weeks for bids on capital projects. Savings will vary based on the number of capital projects and the cost for advertising in the local newspaper.

- Other provisions of this bill are permissive rather than required and are intended to increase flexibility and efficiency for school districts and other political subdivisions.

Detailed Fiscal Analysis

This bill makes the following changes:

1. Permits school boards to establish petty cash accounts
2. Permits public offices to establish policies to deposit public moneys in amounts less than $1000 less frequently
3. Shortens the time period that school districts must advertise for bids for capital projects from 4 weeks to 2 weeks
4. Permits joint vocational school districts to use lease-purchase agreements to acquire buildings and land
5. Modifies the terms of lease-purchase agreements
6. Specifies that the school district treasurer is the chief financial officer for the district
7. Requires political subdivisions to designate banks or other depositories for public funds every five years instead of every two and allows them to make changes if necessary
8. Permits, rather than requires, school boards to levy a property tax specifically for the purpose of paying for land acquired through financing methods requiring periodic installment payments
9. Exempts from school district debt limits any permanent improvement debt financed with any payments in lieu of taxes or any other compensation received by the school district as reimbursement for property tax exemptions

Most of the law changes are permissive rather than required and will allow for increased efficiency and flexibility for the districts that choose to take advantage of these options.

The first two provisions of the bill enable school districts to establish petty cash accounts and allow public offices to adopt policies to allow for the deposit public moneys in amounts less than $1000 less frequently. These provisions are meant to increase efficiency, and neither will add any additional costs.

The third provision allows school districts to shorten the time period in which they must advertise for bids on capital projects. Under this bill, school districts will only have to advertise for two weeks instead of four, which will result in a cost saving for these districts. The actual amount of the savings will vary from district to district based on the number of capital projects and the cost of advertising in the local newspaper.

Provisions four and five pertain to lease-purchase agreements. Under current law, the board of education of a city, local, or exempted village school district may enter into a lease-purchase agreement for the construction and eventual acquisition of a building for any school district purpose. This bill further allows lease-purchase agreements to be used for enlarging, improving, furnishing, and equipping buildings and extends this privilege to joint vocational schools as well. This bill also eliminates the requirement that lease-purchase agreements grant school districts the right to cancel without a penalty. Under current law, lease-purchase agreements are considered to be continuing contracts and, before entering into a contract, a school district must have sufficient funds on had to pay for the contract. Under this bill, a lease-purchase agreement is no longer considered to be a continuing contract. The agreement is

instead considered to be a series of not more than 30 one-year renewable lease terms. Thus, a school district need only have enough funds on hand for the payments due that year. This provision is not for every district, but for eligible districts, this provision provides an alternative way of financing without having to seek an additional tax from voters.

Provision six of this bill specifies that the school treasurer is the chief financial officer of the school district.

Provision seven requires all political subdivisions to designate banks or other depositories once every five years instead of once every two years. This bill also allows subdivisions to change depositories if the authority determines that the depository is insolvent or operating in an unsafe or unsound manner. This bill will add some efficiency by reducing the number of times political subdivisions must designate a depository for public funds.

Provision eight increases flexibility for school boards by permitting, rather than requiring them to levy a property tax specifically for the purpose of paying for land acquired through financing methods requiring periodic installment payments.

The final provision allows school districts to exclude from their debt limits any permanent improvement debt financed with any payments received in lieu of taxes or other compensation received by the school district as a reimbursement for property tax exemptions. This bill adds specific references to the statutes under which a subdivision may grant property tax exemptions for which it may pay or be required to pay compensation to school districts. This provision provides an additional tool for eligible districts to raise additional funds without having to seek a new tax from the voters.

❑ *LBO staff: Susan Ackerman Murray, Budget/Policy Analyst*

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