Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 220** DATE: **June 26, 2007**

STATUS: **As Introduced** SPONSOR: **Rep. Beatty**

LOCAL IMPACT STATEMENT REQUIRED: **No** **Corrected after initial review**

CONTENTS: **Planned Community Law**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
Counties			
Revenues	Gain from additional recording fees	Gain from additional recording fees	Gain from additional recording fees
Expenditures	Potential minimal to moderate increase in various administrative and court costs	Potential minimal to moderate increase in various administrative and court costs	Potential minimal to moderate increase in various administrative and court costs

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

- Revenue to counties will likely experience some increase due to the assessment of recording fees for various recording requirements for planned communities outlined in the bill.

- County administrative expenditures may increase in order to handle additional recording duties associated with planned communities and court costs associated with the civil legal proceedings permissible under the bill.

Detailed Fiscal Analysis

House Bill 220 enacts new law regarding the establishment and governance of planned communities that is similar to existing law for condominium associations. The bill sets out definitions for planned communities and homeowners' associations, provides for the establishment of boards of directors, establishes the rights of these boards and individual homeowners in associations, and lays out the powers and duties of the boards in governing the associations. There is no direct fiscal effect on any state agencies or funds. Counties are the only political subdivisions affected by this bill.

County recording fees

The bill identifies three instances where an individual or association would be required to file with the county recorder's office: (1) the initial declaration and bylaws for the establishment of a planned community, (2) any subsequent amendments made to the declaration or bylaws, and (3) any lien placed on an individual lot by the association for payment of assessments, charges, and other fees and costs.

The bill is not retroactive and applies only to events and circumstances occurring after the effective date of the law. Since there is no existing law applying to planned communities as defined in this bill, communities and associations will be affected by the bill only as they file declarations and bylaws with county recorders that establish their legal status as a planned community. This may apply to existing noncondominium developments that wish to have the status of a planned community, or to new developments. Accordingly, the bill essentially creates a new category of housing community for which counties may collect recording fees.

It is not possible at this time to predict how many existing communities might declare themselves to be planned communities or how many new communities may be developed following the bill's enactment. However, due to the nature of these communities, it is likely that a majority of them will be established in predominantly urban or suburban counties in and around the larger metropolitan areas of the state, creating more additional fee revenue for these counties as opposed to those in rural areas. County recording fee revenue for the establishment of new communities as well as for amendments and liens is dependent on a number of factors, including the number of such communities in a county, the timing of amendments to declarations and bylaws, and the number of liens placed on property owners in a community.

Administrative and court costs

It is possible that counties could experience a minimal to moderate increase in administrative costs associated with filing the appropriate documents for planned communities under the bill, again depending on the number of declarations, bylaws, amendments, and liens filed. Additionally, the bill provides for civil actions by owners and associations with respect to disputes over liens and other violations of association policy or law. Such cases could create a minimal to moderate increase in administrative and other costs for county municipal courts and courts of common pleas, depending on the types and sizes of civil cases brought about as the result of the bill, though it is unlikely to create any significant increase in civil caseloads.

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