
Detailed Fiscal Analysis

Background

Current law requires 5% of all delinquent real property, personal property, and manufactured and mobile home taxes and assessments to be deposited in a county's delinquent tax and assessment collection (DTAC) fund, to be used solely to pay the costs associated with the collection of those taxes and assessments. Section 757.30 of Am. Sub. H.B. 119 of the 127th General Assembly temporarily permits counties with a population exceeding 1.2 million (Cuyahoga County) to spend up to \$3 million in DTAC revenues to prevent residential mortgage foreclosures, including providing loans to borrowers in default on their mortgages, and to help municipal corporations abate nuisance of residential buildings that are in foreclosure.

The bill permanently removes this population limit, allowing all counties to use up to \$3 million in DTAC funds for nuisance abatement of foreclosed dwellings. As under current temporary law, the funds may be used to assist municipal corporations in the county in the nuisance abatement of deteriorated residential buildings in foreclosure, including paying the costs of securing buildings, lot maintenance, and demolition.

Fiscal effect

Counties would presumably only exercise the options granted in the bill if they had any additional revenues in their DTAC funds to support any such nuisance abatements. At the close of calendar year 2007, Cuyahoga County had approximately \$9 million in its DTAC fund. Franklin County's DTAC fund balance was approximately \$5.8 million.

Potential indirect effects

The bill permits counties to offer loans to borrowers in default on their mortgages, including to pay late fees and clear arrearage balances. If a county elects to offer such loans, it may eventually earn interest on that money that it would not have earned if that money had remained in the county's DTAC fund. Additionally, if a county were to use its DTAC fund revenue to abate nuisance residential buildings that are in foreclosure, this could yield additional benefits to the county. Generally, abating such nuisances increases the property value of the surrounding areas, and the abated property could be used for other purposes, which may also yield additional revenues.

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