Ohio Legislative Service Commission

Terry Steele

Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 313 of the 128th G.A. **Date**: March 31, 2010

Status: As Enacted **Sponsor**: Reps. Ujvagi and Winburn

Local Impact Statement Procedure Required: No — Permissive

Contents: Authorizes a county with a population greater than 60,000 to organize a county land reutilization corporation and makes other changes.

State Fiscal Highlights

- **Twin Valley Behavioral Health Center – Dayton campus.** The bill authorizes the sale of the former Twin Valley Behavioral Healthcare campus in Dayton to Amamata, LLC, of New Albany, Ohio for $1,700,000. The proceeds are to be used to retire any debt related to the property paid from the Mental Health Facilities Improvement Fund (Fund 7033). The amount of that outstanding debt is approximately $1.6 million. The remainder is to be deposited into the Department of Mental Health Trust Fund (Fund 4P90).

Local Fiscal Highlights

- **Counties eligible to create county land reutilization corporations.** Under the 60,000 minimum population threshold in the bill, 42 counties would be eligible to create county land reutilization corporations (CLRCs) to acquire property from foreclosures and receive donations of land from private and public entities.
- **Initial and future ongoing funding sources.** Under the bill, eligible counties could fund their CLRCs from various specified sources, including the proceeds from voted property taxes, unvoted inside millage, grants, bond sales, interest on delinquent taxes, and lines of credit. In the future, proceeds from the sale of rehabilitated properties could also provide a source of CLRC operating funds.
- **Nuisance abatement and property maintenance costs.** Because the bill allows a CLRC to acquire certain specified abandoned properties, the bill could result in decreased county and municipal expenditures for nuisance abatement and property maintenance.
- **County tax levies.** The bill authorizes counties to levy taxes outside the 10-mill limitation (thus voter-approved) for soil and water conservation districts and programs and services of the Ohio State University Extension services.
- **Community authorities.** The bill authorizes new community authorities created after the bill's effective date and before January 1, 2012, to impose community

development charges based on business revenues or gross receipts in addition to the other sources permitted under current law.

Detailed Fiscal Analysis

Overview

The bill modifies statutes concerning the creation and operations of county land reutilization corporations (CLRCs) and makes several other changes. A CLRC is a nonprofit corporation created for the purposes of promoting development and managing and facilitating the reclamation, rehabilitation, and reutilization of vacant, abandoned, or tax-foreclosed real property. The bill also makes changes to statutes concerning the new community authorities. In addition, the bill expands county tax levy authority by allowing counties to levy voter-approved property taxes to provide funding for soil and water conservation districts and educational programs provided through the Ohio State University Extension. Finally, the bill allows the state to sell the Twin Valley Behavioral Health Center campus in Dayton to Amamata, LLC, for $1.7 million. The fiscal effects of these provisions are discussed in more detail below.

County land reutilization corporations

Counties eligible to create CLRCs

The bill increases the number of counties eligible to create a CLRC, a nonprofit entity for promoting development, managing, and facilitating the reclamation and reuse of vacant, abandoned, foreclosed, or other property. The bill does so by increasing the population threshold from a population exceeding 1.2 million (Cuyahoga County) in current law to counties with populations exceeding 60,000 (42 counties). The bill also adds to existing legal protections for CLRCs by immunizing them against liability for environmental damages committed by another person in connection with a parcel of land the CLRC acquires. Finally, the bill specifies the number of members that may be appointed to a CLRC board.

Funding options

The bill generally gives the same authority to the eligible counties to create a CLRC that was granted to Cuyahoga County in S.B. 353 of the 127th General Assembly. The bill does this by expanding the counties that can create a CLRC from those with a population of 1.2 million to those with a population of 60,000. The potential funding sources for CLRCs permitted by law include county or municipal bonds, lines of credit, tax increment financing, countywide voter-approved property taxes, and funds that are raised from a county's share of inside (unvoted) millage. Under the bill, if requested by the county treasurer, the board of county commissioners would also be permitted to designate an additional 5% of all delinquent property and manufactured and mobile home taxes deposited in the county's Delinquent Tax and Assessment Collection

(DTAC) fund for use by a CLRC. In the future, proceeds from the sales of improved or rehabilitated properties could also generate operating income for CLRCs.

Current law authorizes county treasurers to borrow internally from DTAC fund balances to pay various taxing districts for late and delinquent real estate taxes. By doing so, all penalties and interest from the delinquencies can be transferred to the CLRCs. According to information provided to LSC for S.B. 353 of the 127th General Assembly, the bill that initially authorized the creation of CLRCs, after each collection in Cuyahoga County an estimated $60 million to $70 million is late or delinquent. Under the funding mechanism allowed by the bill, a county treasurer could recapture the statutory penalty and interest (10% and 12%, respectively, in Cuyahoga County), and direct these amounts to the CLRC. Cuyahoga County estimates that this could result in approximately $8 million to $9 million annually given the estimates above. This funding option will be available to all counties eligible to form a CLRC under H.B. 313.

CLRC bonds and other obligations

Additionally, the bill permits counties to deposit or invest the county's inactive moneys in bonds and other obligations of a CLRC. This authority would allow for a return on investment or an accrual of interest through a deposit on money that the CLRC was not using at the time. The bill also permits a county treasurer to enter into an agreement with the CLRC to allow for the advance of unpaid tax revenues as collateral for payment of any debt obligations of the CLRC.

Potential effect on nuisance abatement and property maintenance costs

The bill could result in decreased county expenditures for nuisance abatement and property maintenance. Depending upon the types of properties a CLRC acquires and what improvements are made, some of those costs could be recouped once a property is improved and sold. In the long term a county and the applicable political subdivision could see some increase in property tax revenues. A possible indirect fiscal effect could occur if a county opts to support a CLRC through the use of inside millage revenues or voted property taxes. In such a case, any diversion of these revenue streams to a CLRC would result in a loss of revenue for the taxing authority.

County tax levies

Current law specifies the purposes for which a county tax levy may be placed on a ballot for approval by voters. The bill expands counties' authority by allowing them to levy voter-approved taxes for soil and water conservation district programs and services provided by the Ohio State University Extension. The Extension is an educational entity that offers nonformal education programming to local communities, typically through presenting new research and technical information. The four major programs of the OSU Extension are family and consumer sciences, 4-H youth development, community and economic development, and agriculture and natural resources.

New community authorities

A new community development authority is a planned, diversified, and economically sound community, or an addition to an existing community, that includes facilities for the conduct of industrial, commercial, residential, cultural, educational, and/or recreational activities. Current law allows new community authorities to assess a charge to residents of the authority to finance these services and facilities. This charge is based upon the valuation of real property or interests in real property in the new community district. The bill allows a charge to be determined on the basis of all or part of the profits, gross receipts, or other revenues of any businesses operating in the new community district. Additionally, the bill expands the allowable uses of these charges to include any community facilities that are owned, operated, financed, constructed, or maintained by the new community authority, including town buildings, health care facilities, hospital facilities, and off-street parking facilities. All the provisions in the bill apply to new community authorities established on or after the effective date of this bill and before January 1, 2012.

Land conveyance

The bill authorizes the conveyance of 46 acres of land located in Montgomery County. The land is the site of the Dayton campus of Twin Valley Behavioral Healthcare, and will be purchased by Amamata, LLC, for a price of $1.7 million. The proceeds from the sale of the property are to be used to retire any debt related to the facilities paid from the Mental Health Facilities Improvement Fund (Fund 7033), with the remainder to be deposited into the Mental Health Trust Fund (Fund 4P90). The amount of outstanding debt associated with the property is approximately $1.6 million, leaving approximately $100,000 to be deposited into the Mental Health Trust Fund (Fund 4P90).

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