Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 274 of the 129th G.A. **Date**: May 18, 2012

Status: As Reported by House Judiciary & Ethics **Sponsor**: Rep. Letson

Local Impact Statement Procedure Required: No

Contents: Clarifies that transfer fees that apply to lands under agricultural or conservation easements are valid under current law

State and Local Fiscal Highlights

- There is no apparent direct fiscal effect on the state or political subdivisions as a result of the bill. This is because the state and political subdivisions rarely, if ever, buy or sell land with agricultural or conservation easements.

Detailed Fiscal Analysis

The bill clarifies that fees that apply to transactions involving agricultural and conservation easements, typically referred to as stewardship fees, are not transfer fees under current law. Current law, enacted under H.B. 292 of the 128th General Assembly, states that transfer fee covenants recorded in Ohio on or after September 13, 2010 do not run with the title to real property and are not binding or enforceable against any subsequent owner. Under this bill, however, the transfer covenant fees (stewardship fees) associated with the transfer of agricultural or conservation easements would remain enforceable under contract and thus must be paid by the subsequent property owner. Typically, agricultural and conservation easements contain a stewardship fee in which the new property owner is granted a fee of between 1% and 2% of the property value in order to maintain the easement on that land. Because the state and political subdivisions are not often the purchasers or sellers of these properties, they would not likely be responsible for paying or receiving any such fees.

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