



# Ohio Legislative Service Commission

*Philip A. Cummins*

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## Fiscal Note & Local Impact Statement

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**Bill:** Sub. [S.B. 172 of the 130th G.A.](#)      **Date:** December 3, 2013  
**Status:** As Reported by Senate Public Safety, Local Government & Veterans Affairs      **Sponsor:** Sen. Patton

**Local Impact Statement Procedure Required:** No (corrected after initial review)

**Contents:** Modifies laws governing land reutilization programs and property tax foreclosures

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- Provisions of the bill may facilitate property tax foreclosures and land reutilization efforts of local governments, potentially resulting in cost savings.
- Revenues of land banks may increase from a \$500 court filing fee in some foreclosure proceedings. Land banks may also benefit from increased access to county delinquent tax and assessment collection funds.
- Revenues of municipal corporations may increase from liens on real properties to recover abatement costs.
- The bill's specification of a tax exemption for real property of local governments owned as part of a land reutilization program may result in cost savings from reduced filing of forms.

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## **Detailed Fiscal Analysis**

The bill makes various changes in laws pertaining to county land reutilization corporations (land banks) and property foreclosures. Some of these changes may add to revenue, or increase efficiency of local government activities and thus would tend to lower costs. Some may free up additional funding for uses related to land reutilization. Certain real property is specifically exempted from taxation, which may result in reduced filings for the exemption and cost savings in some cases. The bill makes other changes that appear to have no fiscal effect.

### **Potential cost savings and efficiencies**

The bill allows abandoned or nonproductive real property to be offered for sale once, rather than twice, before being acquired by government. It shortens the time periods for certain actions in the real property foreclosure process. It eliminates the need to provide notice to the property owner of subsequent proceedings if the owner cannot be located and fails to respond to notice by publication in a newspaper of the impending foreclosure. It facilitates transfer of foreclosure cases to a different venue, among the board of revision, the county court of common pleas, or a municipal court with jurisdiction. It exempts municipal corporations and townships that adopt and implement procedures to reutilize nonproductive land (electing subdivisions) from county recording fees (county land banks are exempt under current law). It makes other changes that appear to facilitate foreclosure for failure to pay real property taxes.

The bill provides for retention of a would-be buyer's deposit at a sheriff's sale of property if the buyer fails to pay the balance owed, and prohibits the person and related parties from bidding at future sheriff's sales for five years.

### **Tax exemption**

The bill explicitly provides a tax exemption, with no requirement to apply for the exemption, for real property acquired or held by a municipal corporation or township that is an electing subdivision, for the purpose of implementing an effective land reutilization program or for a related purpose. Such property is eligible for tax exemption under current law. In testimony, the bill's sponsor indicated that such properties currently become exempt after filing a form with the county auditor or fiscal officer, and characterized this provision as reducing cost.

### **Provisions affecting revenues**

The bill lets a court of common pleas in a county with a land bank collect an additional filing fee of up to \$500 in certain foreclosure procedures to support the land bank. It permits a municipal corporation to file a lien on a real property parcel for costs of correcting hazardous conditions or abating nuisance. This may facilitate recovery of these costs.

## **Land banks**

The bill contains various provisions for ensuring that a land bank receives title free and clear of prior liens. These provisions appear to have no fiscal effect, as various provisions of current law appear to provide for free and clear title for such deeds. The bill explicitly allows the sale of land at less than fair market value to a county land bank by an electing subdivision. The bill provides that a land bank is not liable for unpaid costs for municipal water service or for regional water and sewer service incurred prior to the land bank acquiring the parcel on which the unpaid bill was owed. The water or sewer district may still pursue recovery from the prior owner or tenant originally liable for the charges. For a property transferred to a land bank, on which a municipal corporation previously filed a lien for costs of correcting hazardous conditions or abating nuisance, the municipal corporation may pursue a civil action to recover those costs.

The bill removes a requirement that 75% of real property held by a county land bank for reutilization, reclamation, or rehabilitation be unoccupied. This change may facilitate property acquisition.

## **Funds available for land reutilization**

The bill lets county delinquent tax and assessment collection (DTAC) funds be used to assist county land banks. For counties with populations over 100,000, the bill increases from \$3 million to \$5 million the amount of excess DTAC money that may be spent for various purposes including county land banks. The bill removes a prohibition on a county treasurer or prosecuting attorney using money from their respective DTAC funds for land reutilization without the approval of a county investment advisory committee established under R.C. 135.341.