

# Fiscal Note & Local Impact Statement

127<sup>th</sup> General Assembly of Ohio

Ohio Legislative Service Commission  
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BILL: **Sub. H.B. 47** (LSC 127-0055-4)

DATE: **June 27, 2007**

STATUS: **In House Economic Development & Environment**

SPONSOR: **Rep. Gibbs**

LOCAL IMPACT STATEMENT REQUIRED: **Yes — (However, substitute version removes provision limiting assessments to those that directly benefit, eliminating the reason for the initial determination)**

CONTENTS: **To revise the membership, duties, and authority of the board of directors of a conservancy district that includes all or parts of more than sixteen counties; to prohibit the levying of a first-time assessment by the board of directors of a conservancy district on land that is owned by a church within the district unless the church requests that it be subject to the assessment**

## State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
<b>Department of Natural Resources – Various Funds</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- **Department of Natural Resources.** The Department of Natural Resources (DNR) advises conservancy districts in the areas of water conservation and flood control. DNR also serves as a contact point for districts seeking financial assistance as well as citizen information about conservancy districts. DNR may experience increased advisory assistance requests from conservancy districts regarding the provisions in the bill. Any increased costs are expected to be minimal.



## ***Local Fiscal Highlights***

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
<b>Conservancy Districts</b>			
Revenues	Potential loss from foregone assessment revenue	Potential loss from foregone assessment revenue	Potential loss from foregone assessment revenue
Expenditures	Potential minimal increase in administrative costs	Potential minimal increase in administrative costs	Potential minimal increase in administrative costs
<b>Courts</b>			
Revenues	Potential minimal increase in filing fees	Potential minimal increase in filing fees	Potential minimal increase in filing fees
Expenditures	Potential minimal increase in administrative costs	Potential minimal increase in administrative costs	Potential minimal increase in administrative costs

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

- **Conservancy districts.** Under the bill, conservancy districts that currently do not levy an assessment would not be able to levy an assessment on churches in the future. This would result in foregone revenue that may have otherwise been received. An accurate estimate of such a loss is unknown. The Muskingum Watershed Conservancy District estimates this provision may result in \$250,000 to \$300,000 in foregone revenue for its district. Further, conservancy districts may also experience added administrative costs due to database changes and other administrative filings/tasks related to the exemption of churches from assessments.
- **Court costs.** Local courts may experience an increase in administrative costs to hold hearings regarding property owners objecting the incorporation of their land into the district. Court filing fees will likely offset the majority of these costs. Overall, any additional expenditures and any additional court revenues are not likely to exceed minimal.

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## ***Detailed Fiscal Analysis***

### ***The bill***

Generally, as it relates to the bill's fiscal impact, the bill specifies that a conservancy district that has not previously collected an assessment must not levy a general assessment or maintenance assessment on church property or church camp property. However, the bill gives the right to churches to "opt-in" and be assessed. The bill also makes adjustments to membership to the board of directors of a conservancy district. Finally, the bill requires a board of directors of a conservancy district to adopt a resolution to revise the boundaries to include those lands that are currently within the district watershed but not included within the boundaries of the district.

Discussion on the fiscal impact of these provisions is discussed below. Overall, the fiscal impact largely focuses on the Muskingum Watershed Conservancy District (MWCD).

### ***Board structure***

This bill makes changes to the appointment of members of the board of directors to require the appointment be made by the presidents of the board of county commissioners rather than by the district court; increases the number of board members; and modifies board vacancies, appointments, and reappointments. Further, the bill requires the presidents of the boards to divide the district into three distinct geographic regions based on the three largest sub-watersheds within the district. These provisions may result in minimal administrative expenditure increases to MWCD.

### ***Incorporation of lands into the district***

The bill provides that the MWCD board may adopt a resolution to revise the boundaries of the district to include those lands that are currently within the MWCD watershed but not included within the boundaries of the district. Property owners can approve or object this action. If they object, they must file the objection in court. Once the action is filed, the court will hold a hearing on the matter and make the final decision and either approve or deny the incorporation as specified in the adopted resolution. Before the hearing, the clerk of the court is required to send notice to the affected property owners regarding the hearing.

From a fiscal perspective, local courts may experience an increase in administrative costs to hold hearings regarding property owners objecting the incorporation of their land into the district. Court filing fees will likely offset the majority of these costs. Overall, any additional expenditures and any additional court revenues are not likely to exceed minimal.

Further, the MWCD may experience administrative costs to make the determination which properties this would include, make the appropriate filings in the court, and mail a written notice to each property owner whose land is proposed to be incorporated into the district. The notice is to include a

statement regarding the procedure the property owner has for objecting to the incorporation of his or her property.

For those lands that are approved by the court, this could result in additional properties subject to an assessment, resulting in additional revenue to the district. An estimate of the number of properties that currently are within the watershed but not within the MWCD is unknown. An estimate of any resulting potential revenue gain is likewise unknown.

However, using an example to provide perspective, since the MWCD's current plan is to levy an assessment on 500,000 parcels of property both residential and commercial, if 10% more parcels are within the watershed but not within the district, this could result in 50,000 more parcels being assessed. Using the residential rate of \$12 per parcel, this could generate \$600,000 in additional revenue. Note that this does not consider revenue gained from commercial properties. Overall, increasing or decreasing the percentage of additional parcels that may be affected will affect the overall revenue gain. For example, if 5% or 20% more parcels were assessed an additional \$300,000 or \$1,200,000 may be gained.

### **Church exemptions**

LSC surveyed several conservancy districts throughout the state and found that approximately 7 out of 21 conservancy districts currently do not levy an assessment. Under the bill, these seven districts would not be able to levy assessments on churches in the future. This results in foregone revenue that may have otherwise been received.

An accurate estimate of the potential loss is unknown; however, the MWCD estimates its future loss to be between \$250,000 to \$300,000 in foregone revenue. As for the other six conservancy districts, LSC is uncertain how much such revenue they would forego. Such an estimate would need to take into account the estimated amount of annual assessment revenue collected in each of these districts. Overall, any loss is contingent on the approval of general assessments or maintenance assessments as well as the number of churches opting to be assessed.

### **Administrative expenses**

Conservancy districts may also experience added administrative costs due to database changes and other administrative filings/tasks related to the exemption of churches from assessments.

Similarly, since the Department of Natural Resources (DNR) advises conservancy districts on various administrative matters, DNR may experience increased advisory assistance requests from conservancy districts regarding the provisions in the bill. However, any increased costs are expected to be minimal.

## ***Synopsis of Fiscal Changes***

- **General and maintenance assessments.** The sub bill eliminates the provision that specified that a district made up of more than 16 counties, cannot levy an assessment (general assessments or maintenance assessments) on real property that does not or will not directly benefit from the improvement for which the assessment is to be levied. This was a major factor in making the "Yes" local impact determination in the "As Introduced" bill. This change will no longer result in the potential loss upwards of a million dollars, more or less, in revenues to the MWCD that may have otherwise been received by levying an assessment on all allowable properties in the district. Further, since this revenue loss will not occur the MWCD is not likely to increase other recreational fees or rates as an offsetting measure, or experience any other significant changes to its cash flow.
- **Incorporation of lands in the watershed.** The sub bill provides that the MWCD board may adopt a resolution to revise the boundaries of the district to include those lands that are currently within the MWCD watershed but not included within the boundaries of the district. For those lands that are approved by the court to be incorporated, the MWCD may experience a gain in assessment revenue. The amount of the revenue gain is uncertain. Local courts and the MWCD are likely to experience related administrative costs with this provision, though these are not likely to exceed minimal.
- **Church exemptions.** The bill now specifies that a conservancy district that has not previously collected an assessment must not levy an assessment or maintenance assessment on church or camp property. The MWCD estimates its future loss to be between \$250,000 to \$300,000 in foregone revenue. As for the other six conservancy districts, LSC is uncertain how much such revenue they would forego since the data on the number of churches in different districts is not readily available or easily determined.

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