

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Conservancy Districts			
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
Courts			
Revenues	Potential increase in filing fees if imposed	Potential increase in filing fees if imposed	Potential increase in filing fees if imposed
Expenditures	Potential increase in administrative costs	Potential increase in administrative costs	Potential 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 – exempting churches from assessments.** Conservancy districts that currently do not levy an assessment would be prohibited from levying assessments on churches in the future. This would result in some foregone revenue, although the amount would be difficult to determine.
- **Conservancy districts – administrative costs.** Conservancy districts may also incur some minimal administrative costs due to database changes and other administrative filings and tasks related to the exemption of churches from assessments.
- **Court costs.** Conservancy courts may experience an increase in administrative costs to hold hearings for property owners who object to the incorporation of their lands into a district. Any court filing fees may help to offset a portion of these costs. The total number of cases brought forth and time involved with each case will determine the overall administrative burden to the court. Any appeals will be heard in the district court of appeals or the Supreme Court, potentially adding to their costs.

Detailed Fiscal Analysis

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. Practically speaking, the provisions of the bill mostly affect the Muskingum Watershed Conservancy District (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 the district conservancy court. Once the action is filed, the conservancy 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. Any appeals would likely be brought to the district court of appeals and/or Supreme Court.

A court, be it a conservancy court, appellate court, or the Supreme Court, may experience increased administrative costs to hold hearings concerning property owners who object to the incorporation of their land into the district or other issues related to the bill. Court filing fees may offset the majority of these costs. Since the number of such cases and the associated administrative burden are unknown, any new costs courts may incur are uncertain.

In addition, the MWCD may experience increased administrative costs to make the determination as to which properties this would include, make the appropriate filings in the appropriate 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 conservancy court, this could result in additional properties subject to an assessment, resulting in additional revenue to the district. Any resulting revenue would depend on the number of properties that currently are within the watershed but not within the MWCD.

A rough estimate can be derived based on MWCD's current plan 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 the assessment of 50,000 more parcels. At a residential assessment 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.

Church exemptions

Out of 21 conservancy districts throughout the state, seven 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.

Currently, MWCD estimates its future loss from the church exemption to be in the range of \$250,000 to \$300,000 in foregone revenue. As for the other six conservancy districts, the amount of foregone revenue would be contingent on the approval of general assessments or maintenance assessments as well as the number of churches opting to be assessed.

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 conservancy district court. The bill also 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.

General administrative expenses

Conservancy districts may incur added costs for database changes and other administrative filings and 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 increase in DNR's costs are likely to be minimal.

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