

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 69** DATE: **March 28, 2007**
STATUS: **As Introduced** SPONSOR: **Rep. Wolpert**
LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**
CONTENTS: **To permit townships, counties, and combinations of certain political subdivisions to establish transfer of development rights programs**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
Counties			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase in administrative costs	Potential increase in administrative costs	Potential increase in administrative costs
Other Political Subdivisions			
Revenues	- 0 -	- 0 -	- 0 -
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.

- Permits townships, counties, and combinations of political subdivisions to establish Transfer of Development Rights (TDR) programs. There will be increased administrative costs for the oversight of any such programs by the political subdivisions involved. These administrative costs will depend on the complexity of the TDR arrangement.
- The bill permits political subdivisions to create TDR banks. If these banks are created, political subdivisions may elect to use general fund moneys to place into the bank for future TDR purchases.



Detailed Fiscal Analysis

Bill overview

The bill provides for counties, townships, or combinations of political subdivisions to adopt regulations permitting the transfer of development rights (TDR) programs within their zoning codes, or in the area specified in the agreement when the TDR is between a combination of political subdivisions. TDR programs permit a "development right" to be assigned to property in an area designated as a "sending area." That development right can be transferred for application and use to property in a designated "receiving area." These TDRs are primarily used for the preservation of agricultural areas and to control and condense growth in particular areas. Any such assignment and transfer of development rights can only occur at the election of the property owner.

The bill also permits political subdivisions creating a TDR program to establish a TDR bank managed by an advisory board called the TDR bank advisory board. If a joint TDR is established, a TDR bank must be created. The bank board can be configured in whatever way the political subdivision chooses, or in the case of a joint TDR, as designated in the joint agreement. Additionally, each political subdivision participating in a TDR is permitted to establish, as a separate fund in its treasury, a TDR bank fund that consists of all moneys received in connection with the program.

Fiscal effects

The bill is permissive. As such, there are no direct costs for any political subdivision that does not elect to form a TDR. Those that do elect to enter into a TDR program may experience increased administrative costs for the program. Such programs can be more complicated and expensive to implement than traditional zoning. Local governments must oversee the program, monitor all deed restrictions, and assist in, or prepare any necessary easement documents. The overall costs of implementing and administering a TDR program will vary depending upon the amount of land involved and the number of individuals seeking to buy or sell development rights. Additionally, administration costs will depend on the complexity and need for such documents as utility service plans and development transfer plan elements of a master plan, real estate market analysis, and capital improvement plans. Local governments may also experience costs for purchasing any development rights in instances where the rights are not purchased by developers.

Examples from other states

Several states currently either mandate or permit political subdivisions to enter into TDR programs. The state of Maryland mandated a TDR program. Various estimates in this legislation indicated that it could cost as much as \$10,000 annually to implement a county TDR program, or as little as \$500 annually to administer a township TDR program. New Jersey also authorizes political subdivisions to engage in TDR programs. The state established a State Transfer of Development Rights

Bank, which was authorized to provide grants up to \$40,000 to local governments for the purpose of preparing the documents required for TDRs. These grants require a 50% local match.

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