



# Ohio Legislative Service Commission

Russ Keller

## Fiscal Note & Local Impact Statement

**Bill:** H.B. 404 of the 128th G.A.

**Date:** March 2, 2010

**Status:** As Introduced

**Sponsor:** Rep. Bolon

**Local Impact Statement Procedure Required:** Yes

**Contents:** To increase county treasurers' fees for the collection of real and public utility property taxes and assessments

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2010	FY 2011	FUTURE YEARS
<b>Counties</b>			
Revenues	Potential gain up to one million dollars	Potential gain up to several million dollars	Potential annual gain up to several million dollars
Expenditures	- 0 -	- 0 -	- 0 -
<b>School Districts, Municipalities, and Other Local Governments</b>			
Revenues	Potential loss up to one million dollars	Potential loss up to several million dollars	Potential annual loss up to several million dollars
Expenditures	- 0 -	- 0 -	- 0 -

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

- The bill requires that a new method be used to calculate county treasurers' fees, which is based on each county's "fee factor" and the amount of settlements the county treasurer makes with the county auditor.
- Increasing the fees paid to counties would reduce the amount of property tax revenue that is distributed to school districts and other local governments.
- The revenue gain for a given county would depend on the amount of property tax revenues collected by the treasurer. A smaller county could potentially gain thousands of dollars in revenue whereas a large county could potentially gain a hundred thousand dollars or more.
- The revenue loss for a given school district and other local governments would be in proportion to that taxing district's share of the total amount of property taxes paid for the entire county.

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## Detailed Fiscal Analysis

H.B. 404 increases county treasurers' fees for the collection of real and public utility property taxes and assessments. Under current law, when making settlements with the county auditor, the county treasurer is authorized to charge fees on moneys collected by the county treasurer on any tax duplicates, other than the inheritance duplicate, and on all moneys the county treasurer receives as advance payments of personal and classified (intangible) property taxes. The fees the county treasurer may charge are specified as variable percentages of the money collected or received, with the percentages changing as more money is collected or received.

The county auditor and county treasurer make settlements twice a year for all taxes and assessments that the county treasurer has collected on the general duplicate of real and public utility property on or before February 15 each year (first-half settlement), and on or before August 10 for collections not included in the preceding February settlement (second-half settlement).

The bill provides that the percentages specified in existing law will continue to apply to the collection of taxes on the general personal property duplicate and amounts received as advance payments of personal property taxes, but not to the collection of real and public utility property taxes and assessments. Rather, the bill establishes a new method for calculating the fee the county treasurer receives for collecting taxes and assessments on real property and public utility tangible personal property included in a settlement, based on the amount collected, multiplied by the "county fee factor," which is described in the bill. The bill also allows the county fee factor to be calculated in an alternative fashion if the amount of total settlement growth exceeds 6% or if the amount of total settlement loss exceeds 1%.

### Fiscal effect

The 88 Ohio counties levied a total of \$14.29 billion in property taxes during CY 2008. Aggregate collections in each county varied substantially by county ranging from a low of \$7.4 million (Noble County) to a high of \$2.27 billion (Cuyahoga County). County treasurer fees are dependent on the amount of money collected in each county, which results in treasurer fees ranging from several hundred thousand dollars for the counties with the lowest amount of property tax collection to tens of millions for the largest counties. Total calculated<sup>1</sup> statewide county auditor fees were a sum greater than \$20 million in recent years, and this amount would increase by \$1.5 million to \$4.0 million depending on the future value of property in Ohio's 88 counties. Individual county treasurers could see annual fee increases ranging from a few thousand to hundreds of thousands of dollars depending on the local circumstances.

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<sup>1</sup> Calculated by LSC staff based on the methodology in R.C. 321.26.

Increasing the fees paid to counties would reduce the amount of property tax revenue that is distributed to school districts and other local governments. The revenue loss for a given school district or local government would be in proportion to that taxing district's share of total countywide property taxes collected by the treasurer.

*HB0404IN / sle*