



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Joe McDaniels

H.B. 460

132nd General Assembly
(As Introduced)

Reps. Patterson and Sheehy, Antonio, K. Smith, Kelly, O'Brien, West

BILL SUMMARY

- Exempts qualifying riparian buffers in the Western Basin of Lake Erie from property taxation.
 - Reimburses local taxing units for the resulting revenue losses.
 - Requires soil and water conservation districts to assist landowners with the creation and maintenance of riparian buffers throughout the state.
-

CONTENT AND OPERATION

Tax exemption for qualifying riparian buffers

The bill exempts from property taxation land in the Western Basin of Lake Erie that qualifies as a riparian buffer as defined by the bill.¹ Under continuing law, Lake Erie's western basin is land in the following watersheds: St. Marys, Auglaize, Blanchard, Sandusky, Cedar-Portage, Lower Maumee, Upper Maumee, Tiffin, St. Joseph, Ottawa, and River Raisin.² The bill defines "riparian buffer" as a strip of land that borders a permanent body of water or a wetland and that consists entirely of trees that have been naturally regenerated, seeded, or planted or of perennial vegetation or both. The presence of invasive plants or noxious weeds disqualifies land for the exemption. The area comprising the riparian buffer must be at least 35 feet in width as measured from

¹ R.C. 5709.30(B).

² R.C. 905.326, not in the bill.

the top or crown of the bank or from the normal water level of the body of water or wetland. Land extending beyond 100 feet in width, so measured, does not qualify.³

As with other existing property tax exemptions, the exemption for riparian buffers would be administered through an application process. The owner of the land – or another eligible person holding certain kinds of ownership interest⁴ – must apply to the Director of Agriculture for the exemption. If the application is approved, the exemption would continue until the land no longer qualifies as a riparian buffer or until there is a change in ownership. The exemption would apply only if the land qualifies as a riparian buffer for the entire tax year.⁵ As with most other property tax exemptions, the application for the riparian buffer exemption must be filed by December 31 of the tax year to which the exemption applies; school boards may ask to receive notice of each application; and school boards and certain other taxing units and public officers may challenge the legality of the exemption as applied to particular land.⁶

When exempted land no longer qualifies as a riparian buffer, the owner must notify the Director of Agriculture, who in turn must notify the county auditor. The county auditor must then return the property to the tax list or, if the land qualifies for current agricultural use valuation (CAUV), the agricultural tax list. If the owner fails to timely notify the Director when the land no longer qualifies, a charge would be levied against the land. The charge would equal the amount of tax that would have been due had the land not been exempted during the tax years in which it did not qualify as a tax-exempt riparian buffer. The charge would be collected in the same manner as property taxes but would be credited to the state's General Revenue Fund (GRF), from which local taxing units are reimbursed for forgone revenue (see below).⁷

Under continuing law governing property taxation, land satisfying the bill's riparian buffer description is taxable but might qualify for favorable tax assessment if it is subject to a formally granted conservation easement: when such an easement is granted, any resulting diminution in the land's value is to be reflected in its tax-assessed value.⁸ Separately, under the CAUV law, up to 25% of land may be devoted to

³ R.C. 5709.30(A).

⁴ A vendee in possession under a purchase agreement or land contract, the beneficiary of a trust, or a lessee for an initial term of at least 30 years (R.C. 5715.27(A)(1)).

⁵ R.C. 5709.30(C), 5715.27, and 5717.02.

⁶ R.C. 5715.27 and 5717.02.

⁷ R.C. 5709.30(C), (D), and (E).

⁸ R.C. 5713.04 and 5301.67 to 5301.70.



conservation practices – which includes the existence of riparian buffers – and still qualify for CAUV.⁹

Reimbursement of local taxing units

The bill requires the Tax Commissioner to provide semiannual payments from the GRF to county auditors equal to the property tax revenue forgone in each county as a result of the riparian buffer exemption. The payments – made in February and August – would then be disbursed to taxing units in the amount of each unit's tax revenue losses. The amount of the payments would be computed on the basis of exemptions awarded in the preceding tax year.

The reimbursement procedure prescribed by the bill is similar to one that exists under continuing law for the 10% and 2.5% property tax reductions and the homestead exemption.¹⁰

Assistance from soil and water conservation districts

The bill requires soil and water conservation districts to assist with the creation or maintenance of riparian buffers upon the request of a property owner. The requirement to assist applies throughout the state regardless of whether land is located in the Western Basin of Lake Erie.¹¹

Each county has a soil and water conservation district administered by a board of five supervisors. The districts are primarily concerned with the flood prevention, water use, conservation of soil resources, and the control and prevention of soil erosion. The districts may levy a property tax within the ten-mill limitation (if there is any available), contract with local governments to perform services, and receive state funding.¹²

HISTORY

ACTION	DATE
Introduced	01-09-18

H0460-I-132.docx/ks

⁹ R.C. 5713.30.

¹⁰ R.C. 319.24(G).

¹¹ R.C. 1515.12.

¹² See R.C. Chapter 1515.

