



## ***Local Fiscal Highlights***

<b>LOCAL GOVERNMENT</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FUTURE YEARS</b>
<b>County Sheriffs</b>			
Revenues	Upfront filing fees recouped from purchaser, portion that may not be recovered uncertain	Upfront filing fees recouped from purchaser, portion that may not be recovered uncertain	Upfront filing fees recouped from purchaser, portion that may not be recovered uncertain
Expenditures	Increase to pay and recover filing fees and process deeds, likely to be in the tens of thousands of dollars for certain jurisdictions	Increase to pay and recover filing fees and process deeds, likely to be in the tens of thousands of dollars for certain jurisdictions	Increase to pay and recover filing fees and process deeds, likely to be in the tens of thousands of dollars for certain jurisdictions
<b>Municipal and County Courts</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential savings relative to housing enforcement cases	Potential savings relative to housing enforcement cases	Potential savings relative to housing enforcement cases
<b>Counties, Municipalities, and Townships generally</b>			
Revenues	Potential gain in fines and enforcement cost recovery	Potential gain in fines and enforcement cost recovery	Potential gain in fines and enforcement cost recovery
Expenditures	Potential decrease in enforcement costs	Potential decrease in enforcement costs	Potential decrease in enforcement costs

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

- Sheriffs and deed filing fees.** The bill requires the sheriff's department to file the deed with the county recorder within 14 days of confirmation at a judicial sale. In order to record the deed with the county recorder, the county engineer, and the county auditor must first examine and approve the information contained in the deed. Based on LSC fiscal staff's research to date, it does not appear that the county engineer charges a fee for their services, while the county auditor and the county recorder do charge a fee for their services. As the bill is currently drafted, it appears that the sheriff would be: (1) responsible for paying these fees, and (2) required to charge the purchaser for the service fees assessed by both the county auditor and the county recorder. In assessing the magnitude of the fees that a sheriff might pay upfront and then recover from purchasers, LSC fiscal staff discerned that the amount in one week alone in an urban county could easily exceed minimal. For example, based on the May 18, 2007, sheriff sale date in Franklin County, the prerecovery cost to the Franklin County Sheriff's Office of filing the related deeds with the Franklin County Auditor, assuming an average filing of three pages, would have been approximately \$17,700.
- Sheriffs and deed filing process.** The process of physically filing a deed can be time consuming, as it involves stops at the offices of the county engineer, county auditor, and the county recorder, which concerns the Buckeye Sheriffs' Association as well as individual sheriff's offices contacted for this analysis. Their concern is that existing staffing levels in some sheriffs' offices may not be sufficient to handle the additional deed filing-related workload. In many urban counties, the number of foreclosures subject to judicial sales can be quite large. For example, the Franklin County Sheriff's Office estimates that they process approximately 150 to 200 foreclosures per week, and the Mahoning County Sheriff's Office estimates that

they process approximately 40 to 50 foreclosures per week. According to estimates from several county recorders' offices, the processing time for a deed, provided the information contained on the paperwork is complete and accurate, is approximately 20 to 30 minutes. Based on the estimates in the immediately preceding paragraph, this represents an average increase in workload of up to approximately 73 hours per week for the Franklin County Sheriff's Office and up to approximately 19 hours per week for the Mahoning County Sheriff's Office.

- **Municipal and county courts handling housing enforcement cases.** By ensuring that purchaser information is filed in a more-timely manner than might otherwise have been the case under current law and practice, the bill increases the likelihood that building, housing, health, or safety code violation charges are filed against the correct defendant. Presumably, the bill may decrease the number of cases that are being filed against the wrong party and, subsequently, dismissed by the court. It does not appear that such a result will generate any readily discernible fiscal effect on the prosecutors and courts handling these matters, other than the potential for a difficult to measure savings in the time it might otherwise have taken to identify the legally responsible party and impose a remedy.
- **County, municipal, and township code enforcement generally.** The bill's various provisions appear to be aimed at increasing a local jurisdiction's ability to: (1) ensure a property is safe and secure, (2) conserve public building, housing, health, and safety code enforcement resources, and (3) minimize the amount of time that a property may be left unoccupied or idle.

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## ***Detailed Fiscal Analysis***

### **Fiscally notable provisions of the bill**

For the purposes of this fiscal analysis, the bill most notably:

- Requires purchasers of real property at a judicial sale to provide certain identifying information, including the purchaser's name, address, telephone number, and a statement of whether the purchaser will occupy the lands and tenements.
- Allows municipalities and townships to conduct inspections of property subject to a writ of execution.
- Requires judicial sales to be confirmed within 30 days of sale.
- Requires officers who sell real property at a judicial sale to file a deed within 14 days of confirmation.
- Authorizes courts and county boards of revision to transfer certain tax delinquent lands subject to judicial foreclosure without appraisal or sale.
- Permits summary property descriptions to be read at a judicial sale.
- Offers property that did not sell at a judicial sale to a political subdivision before forfeiture to the state.

### **Local fiscal effects**

From a local perspective, the bill may directly affect in varying degrees a host of public entities, largely associated with counties and municipalities, including, but not limited to, the sheriff, the county treasurer, the county auditor, the county engineer, the court of common pleas, the county board of revision, the municipal court, and the municipal and township building and zoning enforcement unit.

### **County sheriffs**

This bill contains several provisions that increase the sheriff's administrative responsibilities pertaining to judicial sales as discussed in more detail immediately below.

**Purchaser information.** The bill requires that personal information of the purchaser be collected by the sheriff and included as part of the sheriff's record of proceedings and as part of the court of common pleas record. LSC fiscal staff contacted several sheriffs' departments to discuss this requirement and discerned that: (1) the required purchaser information is already collected in those jurisdictions, and (2) that practice was believed to be widespread across the state. Assuming that were true, then the collection and inclusion of this information in sheriff and court records will not create any

significant additional work or related operating expenses, as this requirement appears to largely codify current practice in many, if not all counties.

**Property description reading.** The bill permits a reading of a summary property description to be read at a judicial sale, which clarifies the sheriff's responsibility with regard to this specific aspect of the judicial sale process. It allows the sheriff to save significant time by reading abbreviated property descriptions and foregoing the more cumbersome process of reading the property's legal description. Several sheriffs' departments reported to LSC fiscal staff that they used some type of shortened property description when addressing properties at judicial sales. It does not appear that this provision will generate any readily discernible fiscal effect, other than the potential for a difficult to measure savings if the time it takes to execute a particular judicial sale is expedited.

**Deed filing fees.** The bill requires the sheriff's department to file the deed with the county recorder within 14 days of confirmation at a judicial sale. In order to record the deed with the county recorder, the county engineer and the county auditor must first examine and approve the information contained in the deed. Based on LSC fiscal staff's research to date, it does not appear that the county engineer charges a fee for their services, while the county auditor and the county recorder do charge a fee for their services.

As the bill is currently drafted, it appears that the sheriff would be: (1) responsible for paying these fees, and (2) required to charge the purchaser for the service fees assessed by both the county auditor and the county recorder. The bill does not specify the manner in which the sheriff is to recover those costs.

Through conversations with the offices of several county auditors, LSC fiscal staff has learned that they may charge up to \$4 per \$1,000 of the sale price and \$0.50 per parcel for conveyance and transfer fees. Additional conversations with the offices of several county recorders revealed a fee structure of \$28 for the first two pages and \$8 for each additional page to record the deed.

In assessing the magnitude of the fees that a sheriff might pay upfront and then recover from purchasers, LSC fiscal staff discerned that the amount in one week alone in an urban county could easily exceed minimal. For example, based on the May 18, 2007, sheriff sale date in Franklin County, the prerecovery cost to the Franklin County Sheriff's Office of filing the related deeds with the Franklin County Auditor, assuming an average filing of three pages, would have been approximately \$17,700.

LSC fiscal staff has discussed the fee recovery mechanism with the Buckeye State Sheriffs' Association and discerned that, in their view, the procedure for recovering such fees will involve the sheriff billing the purchaser of the property after the deed has been filed. This mechanism will increase the administrative costs of the sheriff by necessitating the implementation and maintenance of a system to monitor billing and compliance.

**Deed filing process.** The process of physically filing a deed can be time consuming, as it involves stops at the offices of the county engineer, county auditor, and the county recorder, which concerns the Buckeye Sheriffs' Association as well as individual sheriff's offices contacted for this

analysis. Their concern is that existing staffing levels in some sheriffs' offices may not be sufficient to handle the additional deed filing-related workload.

In many urban counties, the number of foreclosures subject to judicial sales can be quite large. For example, the Franklin County Sheriff's Office estimates that they process approximately 150 to 200 foreclosures per week, and the Mahoning County Sheriff's Office estimates that they process approximately 40 to 50 foreclosures per week. Available information also indicates that foreclosure activity in Ohio is relatively high and continues to increase.

According to estimates from several county auditors' offices, the processing time for a deed, provided the information contained on the paperwork is complete and accurate, is approximately 20 to 30 minutes. Based on the estimates in the immediately preceding paragraph, this represents an average increase in workload of up to approximately 73 hours per week for the Franklin County Sheriff's Office and up to approximately 19 hours per week for the Mahoning County Sheriff's Office.

It is possible that, subsequent to the bill's enactment, the involved entities in any affected county – the sheriff, engineer, auditor, and recorder – may develop a procedure to streamline the deed filing process. That said, the sheriff would still have an increased workload and related costs associated with creating the files to record a deed, gathering accurate and complete information when a file is deficient, traveling to and from the county offices of the engineer, auditor, and recorder, paying various service fees, and maintaining a fee recovery mechanism. In many, if not all, counties, the ongoing expenses to the sheriff would easily exceed LSC fiscal staff's threshold for a minimal local cost. In excess of minimal means an estimated annual cost of more than \$5,000 for a sheriff.

### **Municipal and county courts handling housing enforcement cases**

The provision requiring sheriffs to file a deed with the county recorder within 14 days is designed to ensure that counties, municipalities, and townships can more promptly identify the individual or business that is legally responsible for maintaining a property that was purchased at a judicial sale. By ensuring that such purchaser information is filed in a more timely manner than might otherwise have been the case under current law and practice, the bill increases the likelihood that building, housing, health, or safety code violation charges are filed against the correct defendant.

Apparently, as the pace of foreclosure and judicial sales activity has increased in Ohio, so has the number of instances in which a deed is not being filed, or filed in a timely manner, with the county recorder. The result, in some municipal and county courts, the presiding judge(s) are moving to dismiss a larger number of cases related to building, housing, health, or safety code violation charges, as it becomes clear to the judge that the person brought before the court is no longer responsible for the maintenance of the property in question.

Presumably, the bill may decrease the number of cases that are being filed against the wrong party and subsequently dismissed by the court. It does not appear that such a result will generate any readily discernible fiscal effect on the prosecutors and courts handling these matters, other than the potential for a difficult to measure savings in the time it might otherwise have taken to identify the legally responsible party and impose a remedy.

**County, municipal, and township code enforcement generally**

The bill also contains several provisions, for example, allowing municipalities and townships to conduct inspections of property subject to a writ of execution, authorizing courts and county boards of revision to transfer certain tax delinquent lands subject to judicial foreclosure without appraisal or sale, and offering property that did not sell at a judicial sale to a political subdivision before forfeiture to the state, aimed at increasing a local jurisdiction's ability to: (1) ensure a property is safe and secure, (2) conserve public building, housing, health, and safety code enforcement resources, and (3) minimize the amount of time that a property may be left unoccupied or idle.

Presumably, if a local jurisdiction gains access to, or acquires legal control in some manner of, a property more quickly than might otherwise have been the case under current law and practice, any potential damage to the property and the surrounding neighborhood is contained. Corrective actions may be undertaken sooner, thus ensuring that property values of nearby homes are protected, and that criminal elements are prevented from occupying a vacant property, increasing crime and social problems in the area. As a result, the property tax base is maintained and law enforcement may be able to redirect limited resources, as individuals have fewer readily available idle or vacant properties from which to engage in or conduct criminal activities.

Additionally, the provisions ensuring the deed is promptly filed with the county recorder following a judicial sale may generate additional revenues and/or decrease enforcement costs for certain local jurisdictions. By ensuring the current legal owner of the property is on file with the county recorder, the local jurisdiction may be able to more easily and readily levy and collect fines for building, housing, health, and safety code violations. It is also the case that, by being able to identify the current owner financially responsible for a property's maintenance, the local jurisdiction may be able to recoup some of its enforcement expenses, including costs incurred to ensure that a property is safe and secure. Moreover, the possible threat of being assessed these costs and penalties may entice some property owners to ensure their properties are properly maintained following a judicial sale, which, theoretically, saves the local jurisdiction property maintenance expenses that might otherwise be incurred.

**State fiscal effects**

**Low- and Moderate-Income Housing Trust Fund (Fund 646)**

Pursuant to section 317.36 of the Revised Code, when certain documents are filed, for example, a deed or certificate, the county recorder collects a fee that is forwarded to the state for deposit to the credit of the Low- and Moderate-Income Housing Trust Fund (Fund 646). Moneys credited to Fund 646 are used to provide grants and loans for qualifying housing projects serving low- and moderate-income persons, involving the construction of new housing, renovation of existing housing, and supportive services.

The requirement that a deed be delivered to, and recorded by, the county recorder within 14 days may decrease the average time between the property being purchased at a judicial sale and the date the deed is filed with the county recorder. As a result, in some counties, the county recorder may collect housing trust fees more promptly than might otherwise have been the case under current law and practice. There would not, in all likelihood, be an increase in the amount of housing trust fees collected the county recorder, but rather those fees may be collected in a more efficient manner.

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