



Ohio Land Bank Association Proponent Testimony
House Development Committee
Support for The Gus Frangos Act (HB86)

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Chairman Hoops, Vice Chair Lorenz, Ranking Member Abdullahi, and members of the House Development Committee, thank you for the opportunity to provide testimony today. My name is Shawn Carvin, and I serve as Executive Director of the Ohio Land Bank Association (OLBA). I'm here today on behalf of the 70 county land banks operating across Ohio, organizations working every day to return vacant, abandoned, and tax-delinquent properties to productive use. These land banks represent a wide range of communities, urban, rural, and suburban communities, and they serve as an important bridge between local governments, residents, stakeholders, and the private market.

I am here today to express strong support for House Bill 86, also known as the Gus Frangos Act. This bill is a thoughtful update to Ohio's land banking laws. It reflects more than 15 years of experience and incorporates feedback from treasurers, auditors, prosecutors, and county commissioners, as well as from land banks and communities themselves.

This bill improves the clarity and function of the administrative tax foreclosure process and addresses recent legal developments, including the U.S. Supreme Court's decision in *Tyler v. Hennepin County*. Among its important changes, the bill ensures that any surplus proceeds from the sale of a foreclosed property are reserved for the former property owner, balancing the need to address abandonment with the obligation to protect property rights.

In addition to these legal protections, HB 86 introduces practical tools that will help local governments and land banks address blight more effectively. One such tool is a new Payment in Lieu of Taxes, or PILOT, program. Under this provision, county commissioners may authorize temporary property tax exemptions, up to five years and 50% of taxes owed, for properties acquired through a land bank and redeveloped. It's a way to help close the gap on difficult sites while keeping resources local and reinvested.

The bill also fixes a long-standing issue by explicitly allowing land banks to partner with townships for building demolition and nuisance abatement, just as they currently do with municipalities. This is especially important for rural counties, where township governments often lack the capacity to address these issues on their own, but face the same blighted structures and legal hurdles.

Other important updates in HB 86 include clarifying the tax-exempt status of land banks when acquiring and holding property, modernizing legal publications to allow for online advertising, and allowing land banks, under court order, to enter a property for safety and stabilization inspections if the home is vacant, abandoned, and certified tax delinquent. The bill also updates and streamlines sections of the Revised Code that have become duplicative or outdated, reducing confusion and improving legal consistency.

What all of these changes have in common is that they make the existing tools work better. It makes current systems more efficient, more equitable, and more responsive to the needs of the



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communities we serve. The impact of land banks is tangible. These statutory reforms help determine whether a condemned house can be safely demolished, whether a vacant lot can become a new home, or whether a blighted corner can become a business opportunity. They help stabilize neighborhoods, rebuild tax bases, and create conditions where private investment can follow.

Land banks were created to fill the gap where the market needs an intervention. Their mission is simple but essential: take on the properties no one else will clear the title, and return them to productive use.

Chairman Hoops, Vice Chair Lorenz, Ranking Member Abdullahi, and members of the committee, thank you again for allowing me to testify on the importance of this piece of legislation. The Ohio Land Bank Association appreciates your continued support of land banks, and I respectfully urge you to support HB 86 and help us keep this work moving forward. House Bill 86 is a smart, responsible next step in Ohio's efforts to address blight and vacancy. We welcome any questions and look forward to working with the committee on this important initiative.

Sincerely,

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TO: Ohio Land Bank Association

DATE: March 12, 2025

RE: Gus Frangos Act – HB 86 / SB 102

This memorandum summarizes the proposed legislative changes to Ohio’s land banking law in Ohio Revised Code Chapters 323., 1724., and 5722., among others, as set forth in two companion bills introduced during the current 136th Ohio General Assembly.

House Bill (“**HB**”) 86, introduced on February 11, 2025, is named the Gus Frangos Act; the bill has a companion in the upper chamber: Senate Bill (“**SB**”) 102. We will focus our attention in this memo on HB 86.

This bill is an omnibus package of changes to reform and clarify the State’s tax foreclosure and land banking statutes. This is the fourth such omnibus reform measure introduced during the past several General Assemblies.¹

We have arranged the Gus Frangos Act’s 337 pages into three main themes: (i) protecting property owner equity²; (ii) improving Ohio’s housing stock; and (iii) enhancing land banks’ relationships with governmental partners.

¹ See HB 755 and its companion SB 356 in the 133rd Ohio General Assembly (August 2020); see HB 241 and its companion SB 112 in the 134th Ohio General Assembly (March 2021)); and see HB 375, which did not advance during the 135th General Assembly.

² The U.S. Supreme Court employed language of “home equity theft” to find a taking under the federal Constitution in a Minnesota case, *Tyler v. Hennepin County* (598 U.S. 631, 2023). Although the Court recognized Hennepin County, Minnesota’s authority to sell property to recover unpaid property taxes, the County “could not use the toe-hold of the tax debt to confiscate more property than was due” and the owner, therefore, was entitled to just compensation (there, the \$25,000 in excess proceeds from the sale of her condominium).



I. PROTECTING PROPERTY OWNER EQUITY

Addressing Equity Theft

- Removes Boards of Revision (BOR) as forum. For county treasurer enforcement actions at R.C. 323.25 to R.C. 323.28, and delinquent lands (R.C. 5721.01 to R.C. 5721.28), complaints are to be filed in courts of common pleas or municipal courts only. And reworks process for abandoned or nonproductive land to forfeit to county land banks. (R.C. 323.28, R.C. 5721.19)
- Expands who may request transfer of tax foreclosure complaint from Boards of Revision. In addition to record owners of property, lienholders or other persons having a security interest in the subject property would file a motion to transfer an expedited tax foreclosure complaint out of the BOR to a court of common pleas or municipal court. (R.C. 323.691)
- Allows owners and lienholders to show evidence of property's actual value. Instead of employing a rebuttable presumption that fair market value is the county auditor's then-current valuation of subject property, owners and lienholders can file alternative evidence of property value, indicating *actual* fair market value. (R.C. 323.70, R.C. 323.72)
- Proceeds from sale of abandoned land. Distributes any sale proceeds from abandoned land as 10% each to the county treasurers' and county prosecutors' DTAC funds, 10% to the local county land bank, and the balance to taxing jurisdictions, with any surplus proceeds held by the clerk of courts for those persons claiming a right to such amount. If the property fails to sell for want of bids, the property forfeits (escheats) to the state. (R.C. 323.73)
- Lengthens the time in which aggrieved parties may file an appeal of expedited tax foreclosure adjudications. Appeals may be requested by any party to the proceeding within 30 days (increased from 14 days), and may raise state and federal constitutional claims. (R.C. 323.79)
- County treasurers to adopt policies on in-person or remote sheriff's sales. Each year, county treasurers must adopt policies as to whether and how sheriff's sales are to be held in-person or via remote (website). (R.C. 2329.153)
- Changes to the concept of Alternative Redemption Period. Notwithstanding any pleadings in tax foreclosure complaints seeking to use the alternative right of redemption, real property subject to Ohio's three legal pathways of foreclosure must be offered for sale at public auction. Such requirement is imposed if (i) record owner or person with interest in property files a plain statement with the court or BOR requesting such; (ii) which is filed



at or before the final hearing; (iii) and the statement meets minimum thresholds. (R.C. 5721.193)

- “Surplus” equity held for owner of record. In direct response to the recent U.S. Supreme Court holding in *Tyler v. Hennepin County*, any “residue” of moneys from the sale or foreclosure of property under cases adjudicated under any of Ohio’s three legal pathways of tax foreclosure – (i) county treasurers’ executions against property (R.C. 323.25 to R.C. 323.28), (ii) expedited tax foreclosures (R.C. 323.65 to R.C. 323.798), or (iii) delinquent lands (R.C. 5721.01 to R.C. 5721.28) – are to be paid into the county treasury, on deposit in the name of the supposed owner, and retained for two years. (R.C. 5721.20)

Tax Foreclosures:

- New legal notice publication guidelines. In those instances requiring service by (newspaper) publication³, allows for the use of electronic publication via website instead, with such notice to run for 14 consecutive days. (R.C. 323.25)
 - And sets forth new electronic publication provisions. Applicable to any of Ohio’s three legal pathways to foreclose on property taxes – (i) county treasurers’ executions against property (R.C. 323.25 to R.C. 323.28), (ii) expedited tax foreclosures (R.C. 323.65 to R.C. 323.798), or (iii) delinquent lands (R.C. 5721.01 to R.C. 5721.28) – new electronic publication and legal notice website provisions are set forth. (R.C. 5721.182)
- Definition of “Impositions” expanded. In addition to current *delinquent taxes, assessments, penalties, interest, costs, reasonable attorney's fees of a certificate holder, applicable and permissible costs of the prosecuting attorney of a county*, Impositions to include *costs to hire designated counsel by the prosecuting attorney*. (R.C. 323.65(E))
- Legal concept of *lis pendens* applied to pending cases. While expedited tax foreclosure cases are pending, no interest can be acquired by third parties against title. This applies the concept of *lis pendens* to such cases: a bar on persons acquiring interests in certain property that is the subject matter of litigation.⁴ (R.C. 323.66(B)(3))
- Removes obsolete delinquent vacant lands provisions. Cleans-up state law to remove the rather duplicative reference to *delinquent vacant lands* (e.g., R.C. 5721.14), dropping such

³ Service in a newspaper upon a party whose residence is unknown, and service by publication is available only if authorized by law. To that point, Civ. R. 4.4 does not purport to directly authorize service of process by publication, but there are several sections of the Ohio Revised Code that authorize service of process by publication, including tax foreclosure actions initiated under R.C. 5721.18 and R.C. 323.25. Even with such statutory authorization, notice by publication is generally inappropriate, and the use of this method is carefully circumscribed.

⁴ Black’s Law Dictionary, 11th Ed.



reference from Ohio Revised Code in favor of *delinquent lands*. (R.C. 323.31, R.C. 323.65, R.C. 323.67, R.C. 5721.01 *et seq.*)

- Removes authority of County Land Banks to file Tax Foreclosure Complaints. Changes those authorized to file complaints in expedited tax foreclosure cases to the county treasurer, by and through the prosecuting attorney, and tax lien certificate holders; removes county land banks from such filing authority. (R.C. 323.69)
- Right of entry granted to inspect property. In the context of tax foreclosure cases, county land banks, counties, municipalities, or townships are granted the legal authority to enter the subject property – during normal business hours, and until the foreclosure action is adjudicated – for inspection purposes, to assess environmental, health, and safety concerns or the presence of nuisance conditions. Entry must be preceded by notice duly filed in the pending tax foreclosure case. Such entry does not require a court-issued search warrant, and such entry is accompanied by sovereign immunity from criminal or civil penalties, including damages for injury, death, or loss. (R.C. 5721.183)

II. IMPROVING OHIO’S HOUSING STOCK

- County Land Reutilization Corporations expressly exempt from state and local taxes. Under their enabling statutes (R.C. Chapter 1724), county land reutilization corporations are expressly granted an exemption from any state or local taxes or assessments, including sales-and-use taxes, in connection with any project they are funding in whole or in part.⁵ (R.C. 1724.02(D))
- New Tax Increment Financing (“TIF”) tool for county land banks. Authorizes county commissioners to exempt up to 50% of real property taxes, for up to five years, otherwise due on parcels conveyed from county land banks, with property owners making corresponding PILOTs that are remitted to the selling county land bank. (R.C. 5709.58)
- Expands “land reutilization program” definition. Captures within “land reutilization program” a land bank’s entire portfolio of property – however acquired. Notably, this expands the nuanced definition used in Ohio’s law banking law to include all property acquired, not just property obtained via tax foreclosure. (R.C. 5722.01(D))
- Expand the sales-and-use tax statute’s express exemption of building and construction materials under contract with a county land bank. Makes a change to the sales-and-use tax statute to grant an exemption of building and construction materials and services

⁵ At present, county land banks can assert a strong argument they constitute “political subdivisions” for state law purposes and are thereby entitled to claim exemptions available to political subdivisions in the context of construction contracts or property ownership. But without an issued opinion by the Ohio Tax Commissioner, or this express change in law, such exemptions are available only on a theoretical basis to county land reutilization corporations.



purchased under a construction contract with a county land bank or its subsidiary (e.g., community land trust). (R.C. 5739.02(B)(13))

- Authorizes County Land Reutilization Corporations (county land banks) to act as agents of townships. Boards of township trustees may enter into agreement with county land banks for the removal, repair, or securance of buildings or structures. (R.C. 505.86)
 - Correspondingly, clarifies conveyances to and from municipalities, vis-a-vis their county land bank agents. (R.C. 715.261, R.C. 721.28)

III. ENHANCING LAND BANKS' RELATIONSHIPS WITH GOVERNMENTAL PARTNERS

- Directing counties' funding support. Clarifies that counties' Delinquent Tax and Assessment Collection ("DTAC") funding support of their county land banks to be deposited in to-be-created *delinquent tax and assessment collection county land reutilization corporation funds* (rather than county treasurers' existing DTAC funds). And authorizes an additional 5% of DTAC resources to county land reutilization corporation demolition funds (R.C. 321.261(B)(1) and (2))
 - Correspondingly, authorizes new fund accounts. County land reutilization corporation funds are to be established in counties with county land banks. (R.C. 321.263)
- County Land Reutilization Corporations carved-out of environmentally responsible ownership/liability. County land banks are expressly removed from the legal definition of "responsible person" as to persons liable for contaminating conditions under the state's environmental laws. (R.C. 3737.87(N))
- County Land Reutilization Corporations real property holdings are tax-exempt; timing. County land banks hold property exempt from real property taxes under two alternate means: R.C. 5722.11, when acquiring vacant, abandoned tax-delinquent (i.e., nonproductive) real property according to their land reutilization programs (i.e., tax delinquency and tax foreclosure-related processes), which is exempt *until sold*; and 5709.12(F), as to *any other real* property acquired, which is exempt *until sold or transferred*.⁶ This bill clarifies the latter exemption applies to all property acquired by a county land bank "not otherwise" exempt from taxes (i.e., property not acquired via tax delinquency and tax foreclosure-related processes). And clarifies such exemption commences on the day title is transferred to the county land bank, and ends on the last day of the tax year during which title was transferred from the county land bank

⁶ Whereas other tax exemptions found in the Ohio Revised Code require a particular *use* of property, and the filing of an *exemption application*, such is not the case with these real property tax exemptions granted to county land reutilization corporations: these exemptions are available by operation of law.



(irrespective of the date on which the conveyance is recorded). (R.C. 5722.11, R.C. 5709.12(F)(1) and (3))

- Resolving Board of Revision Conflicts of Interest. Members of county boards of revision (“BOR”) who also are on the boards of directors of county land banks⁷ cannot participate in or render a decision on any such case before the BOR concerning property owned by land banks. Such BOR members must appoint a county official - who is not himself or herself similarly barred - to serve in the member's place to render a decision on such a complaint. (R.C. 5715.02)
- Removes priority rights of acquisition by municipalities and townships. Any property acquired by a county land bank no longer must first be offered to a municipality or township for the first 30 days after conveyance. (R.C. 5722.02)
- Removes reference to fair market value and taxing jurisdictions as to land banks selling property. The price at which land banks sell property can be made without reference to fair market value, and without reporting or accounting to the taxing jurisdictions. (R.C. 5722.07, R.C. 5722.08)

⁷ Or BOR members who are County Commissioners of a county that is an electing subdivision under the land banking statutes (R.C. 5722.01).