OHIO MUNICIPAL LEAGUE
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OHIO HOUSE LOCAL GOVERNMENT COMMITTEE
May 21, 2025

Written Opponent Testimony
House Bill 92

Chair King, Vice Chair Kishman, Ranking Member Sims, and members of the Ohio House Local Government Committee:

My name is Kent Scarrett, and I am the Executive Director of the Ohio Municipal League, which represents over 730 cities and villages across the state. Thank you for the opportunity to provide written opponent testimony on House Bill 92, which concerns the collection of past due utility payments from landlords.

While we understand and appreciate the intention behind this bill to alleviate the pressures on landlords, we must consider the broader implications and potentially detrimental effects on our municipalities and, ultimately, our residents—including the challenges this bill creates against the Home Rule Authority found in the Ohio Constitution.

This proposed legislation significantly restricts the ability of municipalities to recoup past due utility payments. It is vital to recognize that these funds are not just revenue for municipalities, but they are the lifeblood for the operation and maintenance of essential public utilities – water and sewage– that our residents depend upon daily. Any disruption in these funds could lead to potential interruptions in these vital services.

Revenues from water and sewer utilities are segregated into enterprise funds and must be used exclusively for operational costs, maintenance, and infrastructure upgrades. These funds are not interchangeable with general fund revenues and are already stretched thin in many municipalities.

Removing or complicating lien authority may force municipalities to rely on litigation to recover unpaid bills. Litigation is not only costly but significantly delays recovery, further straining these enterprise funds. Every dollar spent on legal fees or delayed collection reduces the funds available for vital infrastructure maintenance, service delivery, and long-term improvements. This creates a downward spiral of deferred maintenance, higher costs, and reduced service quality, harming the very residents the utilities aim to serve.

Moreover, landlords play an integral role in ensuring that their tenants pay utility bills, especially in municipalities that have post high school institutions of higher education. In municipalities that have these institutions, tenants routinely do not pay the last month's utilities because they leave the municipality after the school year. Landlords have the ability to get home addresses to guarantee payment—municipalities do not have this ability. In addition, in the existing system, landlords are ideally positioned to ensure these obligations are met. Unlike municipalities, landlords have a direct lever of influence, which can be used to encourage prompt payment of utilities.

HB92 fundamentally shifts financial risk from private businesses—landlords—onto the general public. Landlords operate as for-profit entities and have multiple tools to mitigate the risk of unpaid utility bills, including direct contracts with tenants, lease enforcement, deposits, and evictions.

In contrast, municipal utilities are public entities that cannot generate profit. Shifting the burden of private business losses onto municipalities forces taxpayers and utility ratepayers to bear the financial burden, undermining the public trust and the fiscal stability of public utilities.

To address the issue at hand, we propose more straightforward solutions that have proven effective in many communities. One such solution is to send a bill to both the landlord and the tenant, allowing the landlord to monitor the payment of utility fees. Another option is for landlords to include utility fees within rent payments, thereby allowing them to pay the municipality directly. Both options would ensure accountability and timely payment without the need for legislative intervention.

Furthermore, the proposed bill interferes with existing service contracts between municipalities and landlords, introducing a degree of uncertainty and potential instability. If municipalities cannot recoup utility costs, they might have no choice but to refuse to provide services to rental properties or require substantial upfront deposits, making it financially untenable for landlords to operate. In addition, there are serious constitutional concerns about this bill. The U.S. Constitution prohibits states from passing laws that impair the obligation of contracts. If existing agreements between municipalities and landlords stipulate that landlords are responsible for unpaid utilities, this new law could be seen as impairing those contracts.

The proposed legislation also infringes upon the Home Rule Authority granted to Ohio municipalities by our state constitution. This authority allows municipalities to govern local matters, including the management and collection of utility bills. By limiting the municipality's ability to manage its utilities, the proposed law would violate these constitutional, Home Rule powers.

It is important to acknowledge that the state cannot compel a municipality to provide these utility services. If the risk and financial burden of non-payment becomes too great, municipalities may be forced to reconsider whether they can afford to provide these services at all.

Finally, if the new law results in municipalities being forced to supply utilities without being able to collect payment, this could constitute a taking without just compensation, a violation of the Fifth Amendment's Takings Clause.

House Bill 92 imposes severe financial and operational burdens on municipalities, exacerbates Ohio’s housing crisis by leading to increased rates and fees, and undermines constitutional principles.

The Ohio Municipal League strongly urges the committee to reject this legislation and instead work collaboratively with municipalities to develop balanced solutions that protect all parties—landlords, tenants, taxpayers, and municipalities alike.

Thank you for the opportunity to comment on this legislation.