



COUNTY ADVISORY BULLETIN

CAB

Published by the County Commissioners Association of Ohio

209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986 • www.ccao.org

Bulletin 2025-09

April 2025

VILLAGE DISSOLUTION AND COUNTIES

APPLICABLE LEGISLATION: House Bill 101 (135th General Assembly)

REVISED CODE SECTIONS AMENDED (House Bill 101): 109.11, 109.111, 109.112, 118.27, 118.31, 122.85, 122.852, 128.54, 135.143, 135.45, 135.61, 135.63, 135.70, 135.71, 175.17, 317.18, 703.20, 703.201, 703.23, 703.33, 703.34, 731.14, 1545.07, 1724.07, 1901.34, 2950.11, 3301.077, 3307.01, 3309.01, 3310.41, 3313.608, 3313.7117, 3314.017, 3314.091, 3317.16, 3317.22, 3318.05, 3318.41, 3319.0812, 3319.22, 3319.233, 3319.60, 3319.611, 3319.612, 3322.24, 3323.02, 3333.048, 3333.049, 3345.60, 3365.08, 3505.30, 3505.33, 3505.35, 3701.0212, 4301.62, 4303.209, 4519.55, 4723.091, 4723.092, 4723.89, 4723.90, 4731.07, 5162.13, 5164.071, 5705.14, 5726.58, 5729.20, 5747.01, 5747.501, 5747.67, and 5747.85

REVISED CODE SECTIONS ENACTED (House Bill 101): 109.113, 317.115, 703.31, 703.32, 703.35, 703.36, 703.361, 703.362, 703.37, 703.371, 703.372, 703.373, 703.374, 703.375, 703.376, 703.377, 703.378, 703.379, 703.38, 703.39, and 3352.16

LEAD SPONSORS (House Bill 101): Rep. Adam Bird and Rep. Jean Schmidt

HOUSE COSPONSORS (House Bill 101): Brennan, Click, Dobos, Fowler Arthur, Gross, John, Johnson, Klopfenstein, Lipps, Mathews, Peterson, Robb Blasdel, Seitz, Thomas, Wiggam, Williams, Willis

SENATE COSPONSORS (House Bill 101): Brenner, Cirino, Gavarone, Hackett, Reineke

EFFECTIVE DATE (House Bill 101): April 30, 2024, some provisions January 1, 2025

APPLICABLE LEGISLATION: House Bill 331 (135th General Assembly)

REVISED CODE SECTIONS AMENDED (House Bill 331): 7.10, 7.16, 125.182, 703.31, 703.32, 703.33, 2981.04, 2981.05, and 2981.11

REVISED CODE SECTIONS ENACTED (House Bill 331): 703.331

LEAD SPONSORS (House Bill 331): Rep. Adam Mathews and Rep. Tom Young

HOUSE COSPONSORS (House Bill 331): Brennan, Carruthers, Daniels, Dean, Dell'Aquila, Dobos, Hillyer, Jones, McClain, Peterson, Seitz, Swearingen

SENATE COSPONSORS (House Bill 331): Brenner, Cirino, Craig, DeMora, Reineke, Wilson

EFFECTIVE DATE (House Bill 331): April 9, 2025

BACKGROUND

Ohio has three key forms of local general jurisdiction governments: counties, townships, and municipalities. Municipalities are classified by population as either a city (a population of 5,000 or more) or a village (a population less than 5,000).

The Revised Code establishes a procedure that must be followed if a village is dissolved. Prior to recent legislative action, there were three different ways that a village could be dissolved.

After a few high-profile dissolutions in recent years, the General Assembly and local communities have paid increased attention to the statutory process for dissolving a village. This attention culminated in the passage of two bills during the 135th General Assembly, House Bill 101 and House Bill 331, that modified the process.

This County Advisory Bulletin will briefly outline the village dissolution process and discuss the role that counties play in light of H.B. 101 and H.B. 331.

WHEN TO DISSOLVE

The Revised Code establishes four ways that a village can be dissolved. The Decennial Review scenario is new with the enactment of H.B. 331.

Fiscal Emergency (R.C. 118.31 & 703.34)

If a village is in a fiscal emergency for four consecutive years and its recovery plan is not reasonably expected to correct and eliminate all of the fiscal emergency conditions within five years, the Auditor of State and the village's financial planning and supervision commission can petition the Attorney General to dissolve the village. If a petition is filed, the Attorney General is required to file the action. Within 90 days of the Attorney General filing the action, a court must hold a hearing and determine if the village is to be dissolved.

Tiny Village (R.C. 703.34)

The Auditor of State is required to ask the Attorney General to file an action to dissolve a village if it is less than two square miles in area, has a population of 150 less as of the most recent federal census or under an estimate certified by the Department of Development, and its most recent audit found any two of the following:

- The village has been in fiscal emergency for at least three consecutive years with little or no improvement.
- The village has failed to follow election law for at least two consecutive election cycles for any one elected office.
- The village has been found unauditably in at least two consecutive audits.
- The village does not provide at least two services typically provided by a municipality. This includes:
 - Police or fire protection
 - Garbage collection
 - Water or sewer service
 - EMS services

- Road maintenance
- “Similar services,” excluding administrative service or legislative action.
- The village has failed for any fiscal year to adopt the required tax budget.
- A village-elected official (it need not be the same individual) has been convicted of theft in office at least two times in a ten-year period.

If the size, population, and audit conditions are all met, the Attorney General must decide whether to file the action. If the Attorney General does file, a court must hold a hearing within 90 days to determine if the village will be dissolved.

As a note, unlike in the fiscal emergency scenario, the Attorney General has discretion over whether to file the action in the Tiny Village scenario.

By Petition (R.C. 703.33)

The electorate of the village can voluntarily dissolve it by ballot initiative. If 30% of the village electorate, calculated from the number of votes cast in the last regular municipal election, files a petition with the village legislative authority or the county board of elections, then a vote can be held on whether to dissolve the village. If the legislative authority does not act on the petition within 30 days, the electors may take the petition directly to the county board of elections.

Petitions can only be filed in even-numbered years between July 1 and 90 days before the general election. This window essentially means the petition must be filed between July 1 and the first week of August.

Decennial Review: Lack of Services or Candidates (R.C. 703.331)

The final method to determine if a village will be dissolved was created by H.B. 331 of the 135th General Assembly. A board made of the county auditor, the county treasurer, and one county commissioner is required to evaluate each village in the county after the results of a federal decennial census are released. The board of county commissioners selects which member serves on the board.

The board is not named, and the Revised Code does not provide for the three members to receive any compensation or reimbursement for costs associated with conducting the duties to evaluate villages in their county.

The review must be completed by December 31 of the year following the release of the census data. In most cases, this will be 20X2 since federal census tabulations are typically certified in the first year of a decade.

First, the board must determine if the village provided, contracted with a private nongovernmental entity to provide, or contracted with a regional council of governments including at least three other political subdivisions (of which at least two must be municipalities) to provide at least five of the following:

- Police protection;
- Fire-fighting services;
- Garbage collection;

- Water service;
- Sewer service;
- Emergency medical services;
- Road maintenance;
- Park or other recreational services;
- Human services;
- A library operated solely by the village.

Second, the board must determine whether at each election where an elected village position was voted upon, there was at least one candidate on the ballot for each village position.

The period of review covers the entire length of time between when the previous census results were released and when the current census results were released, often a roughly ten-year period.

If a village crosses counties, the county in which the greatest proportion of the village's population resides conducts the review.

Before beginning the evaluation, the review board must request information from each village to assist the board in making their determination. The village must provide the information in the form and manner requested by the board within 30 days of receiving the request. If, in the course of the board's review, the board requests additional information, the village must provide the information within ten days. The board must base its findings only on the information provided by the village.

If the board finds that the village satisfied both conditions, the review ends. However, if the board finds the village did not satisfy both conditions, the body reports its findings to the board of elections, which then places the question of dissolution on the next general election ballot. This will typically fall on the November 20X3 ballot.

DISSOLUTION DECISION PROCESS

In Question (703.31)

When the Attorney General files for a village dissolution under the Fiscal Emergency or Tiny Village scenario, or when the ballot petition or decennial review report is filed with the board of elections in the Petition or Decennial Review scenario, the dissolution is officially "in question." When the dissolution is "in question," the village is prohibited from creating any new debts, obligations, or liabilities unless it is necessary to continue providing utility services.

Additionally, the legislative authority of the village is required to select a village official or employee who is knowledgeable on village matters to serve as a representative during the dissolution process.

Dissolution is Decided (R.C. 703.31)

The dissolution is decided when the court makes a determination in the Fiscal Emergency and Tiny Village scenarios or when the election results are certified in the Petition or Decennial Review scenario. If the court decides that the dissolution is not necessary or the voters vote against the dissolution petition, the dissolution is no longer in question, and the village can resume normal operations.

If the court decides that a dissolution is necessary, the dissolution takes effect the date that the Attorney General files a certified copy of the court order with either the Secretary of State, the Auditor

of State, or the applicable county recorder, depending on the circumstance. If the voters approve the dissolution, the village is dissolved immediately upon the certification of the election result.

Dissolution in Process (R.C. 703.36)

When the dissolution becomes effective, several things happen immediately:

- The village ceases to exist, and its officials cease to hold office.
- All laws of the village are eliminated, and no new laws can take effect.
 - There are some exemptions for tax laws, discussed more below.
- All leases terminate following the procedure specified in specific lease agreements.
- A Transition Supervisory Board is created.
- The village's territory becomes part of the township(s) where the village was located, retaining existing township boundaries.
- All resolutions governing the township apply in the former village's territory, including zoning resolutions (including county zoning, if applicable).

After these immediate actions occur, the Transition Supervisory Board oversees the rest of the process.

Transition Supervisory Board (R.C. 703.361 & 703.362)

The Transition Supervisory Board (TSB) was created by H.B. 101 of the 135th General Assembly and is responsible for managing the transition of a dissolved village. The voting members of the TSB are the county auditor, the county recorder, and one county commissioner. Each township affected by the dissolution appoints one of the township trustees or the township fiscal officer to serve as a non-voting member. Finally, the representative appointed by the former village's legislative authority while the dissolution was "in question" provides consultation to the Board, as do any individuals who served the village as fiscal officer and primary legal counsel.

A resident of the dissolved village may not serve as one of the voting members. If one of the voting members was a village resident, they must designate a replacement.

The primary task of the TSB is to appoint and supervise a receiver-trustee. The Auditor of State is required to supply the TSB with a list of receiver-trustees from which the Board selects. If the receiver-trustee needs to be replaced, the TSB must secure approval from the Auditor of State.

TRANSITION TO DISSOLUTION (R.C. 703.37)

Once the receiver-trustee is appointed, it conducts the final dissolution processes by addressing the dissolved village's taxes, debt, property, utilities, public records, Local Government Fund payments, and any necessary fund transfers. The Transition Supervisory Board provides oversight and logistical assistance during this time.

Taxes (R.C. 703.371 & 703.372)

As noted above, when the village is dissolved, all of its laws are repealed. The one exception is that, if the receiver-trustee determines that revenue from existing taxes is necessary to pay the dissolved village's debts, obligations, or liabilities, the tax can remain in place solely to pay those obligations. The receiver-trustee administers and receives payments and settlements of the taxes.

Township property taxes begin to apply to property in the dissolved village in the tax year following the last year the village's property taxes were levied.

Any revenue from taxes of the dissolved village that were not used to pay off outstanding obligations must be paid to the general fund of the township and must be used to directly or indirectly benefit the territory the dissolved village covered.

Debt (R.C. 703.371 & 703.377)

Generally, the debt of the dissolved village is to be paid off as discussed in the prior section. However, if there are obligations imposed by Special Improvement Districts or Tax Increment Financing arrangements, the township may be required to assume those obligations. Whether or not the obligations are transferred is up to a vote of the TSB.

Debt serviced by inside millage is transferred to the township or townships, in proportion to the total assessed valuation of territory the townships absorb.

Property (R.C. 703.373)

The receiver-trustee must sell the dissolved village's liquidable assets and use the proceeds to help pay any outstanding debts, obligations, and liabilities as necessary. Any utility property that the village owned must be transferred to the entity that is taking over utility services in the territory of the former village.

The remaining property is transferred to the township into which the village is dissolved. If there are multiple townships involved, the receiver-trustee negotiates with the involved townships over which receives remaining property. If the involved townships cannot agree within 60 days, the receiver-trustee decides the distribution of the remaining property.

The receiver-trustee must provide all documentation to the county recorder to reflect the property transfers.

Utilities (R.C. 703.374)

Any utilities (defined as electric, water, sewer, and "other similar" utilities) provided by the dissolved village must continue uninterrupted. The receiver-trustee is responsible for ensuring that utilities continue to be provided as service is transferred to the new providing entity. As mentioned in the prior section, property owned by the village used for providing utilities must be transferred to the new service provider. In the case of some utilities, such as water and sewer services, the new service provider identified by the receiver-trustee may be a county entity.

While reviewing the village's records (see next section), any records related to utility services must be transferred to the entity assuming the management of that service.

Public Records (R.C. 703.375)

The receiver-trustee reviews the dissolved village's records to determine which should be transferred to the new utility entity, the township(s) the territory is being absorbed by, and which can be destroyed. This process must be completed 90 days after the village is dissolved, and the county records commission must assist the receiver-trustee.

Any public records requests made after the village is dissolved and before the receiver-trustee has completed the transfer of public records are handled by the receiver-trustee. If a public records request concerns records already transferred to the township or utility provider, the receiver-trustee must forward the request to the proper entity.

Community Improvement Corporation (R.C. 703.376)

If the dissolved village designated a community improvement corporation (CIC) as its agency for development and was the only political subdivision that designated the CIC as its agency, the CIC is dissolved. If more than one political subdivision had designated the CIC as its development agency, the CIC is either dissolved and its assets apportioned to the other subdivisions in accordance with the CIC's articles of incorporation, or the dissolving village's share of assets are liquidated and the CIC's articles of incorporation are amended to reflect the dissolved village is no longer a part of the CIC.

Local Government Fund (R.C. 703.379)

The county budget commission must continue to make LGF payments to the dissolved village until the county's apportionment plan expires. During the transition period, the receiver-trustee receives payments on behalf of the village and must use payments for outstanding debts, obligations, or liabilities of the dissolved village. After the transition period, the payments will go to the fiscal officer for the township that absorbed the majority of the village's territory. If any debts, obligations, or liabilities of the dissolved village remain, the fiscal officer must use the LGF distributions for those purposes.

Fund Transfers (R.C. 703.377)

The receiver-trustee may transfer any money remaining in village accounts to either a special account solely for paying the village's outstanding debts, obligations, or liabilities or to the general fund of a township to be used to benefit the territory of the village absorbed by that township.

Fully Dissolved (R.C. 703.38)

Once the Transition Supervisory Board determines that all debts, obligations, and liabilities have been resolved, all property has been transferred or disposed of, and all utility property and services have been transferred, the transition period is over. The TSB must notify the Auditor of State and all entities affected by the dissolution.

Within 30 days of notification, the Auditor of State must conduct a final audit of the dissolved village and provide the audit to the TSB. Upon receipt of the report, the TSB itself is dissolved.

As a note, lot numbers previously assigned to a tract, parcel, or lot of land can continue to be used even after the village that assigned the lot number is dissolved.