

As Introduced

133rd General Assembly

Regular Session

2019-2020

H. B. No. 704

Representatives Cross, Fraizer

Cosponsors: Representatives Hambley, Lang

A BILL

To amend sections 3735.66, 3735.67, 3735.671,
3735.672, 3735.68, 5709.631, 5709.82, 5709.83,
and 5709.85 and to repeal section 3735.673 of
the Revised Code to modify the law governing
Community Redevelopment Areas and the terms
under which property may be exempted in such
areas.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3735.66, 3735.67, 3735.671,
3735.672, 3735.68, 5709.631, 5709.82, 5709.83, and 5709.85 of
the Revised Code be amended to read as follows:

Sec. 3735.66. The legislative authorities of municipal
corporations and counties may survey the housing within their
jurisdictions and, after the survey, may adopt resolutions
describing the boundaries of community reinvestment areas which
contain the conditions required for the finding under division
(B) of section 3735.65 of the Revised Code. The findings
resulting from the survey shall be incorporated in the
resolution describing the boundaries of an area. The legislative

authority may stipulate in the resolution that only new 19
structures or remodeling classified as to use as commercial, 20
industrial, or residential, or some combination thereof, and 21
otherwise satisfying the requirements of section 3735.67 of the 22
Revised Code are eligible for exemption from taxation under that 23
section. If the resolution does not include such a stipulation, 24
all new structures and remodeling satisfying the requirements of 25
section 3735.67 of the Revised Code are eligible for exemption 26
from taxation regardless of classification. Whether or not the 27
resolution includes such a stipulation, the classification of 28
the structures or remodeling eligible for exemption in the area 29
shall at all times be consistent with zoning restrictions 30
applicable to the area. For the purposes of sections 3735.65 to 31
3735.70 of the Revised Code, whether a structure or remodeling 32
composed of multiple units is classified as commercial or 33
residential shall be determined by resolution or ordinance of 34
the legislative authority or, in the absence of such a 35
determination, by the classification of the use of the structure 36
or remodeling under the applicable zoning regulations. 37

If construction or remodeling classified as residential is 38
eligible for exemption from taxation, the resolution shall 39
specify a percentage, not to exceed one hundred per cent, of the 40
assessed valuation of such property to be exempted. The 41
percentage specified shall apply to all residential construction 42
or remodeling for which exemption is granted. 43

If construction or remodeling classified as commercial or 44
industrial is eligible for exemption from taxation, the 45
resolution shall specify the percentage, not to exceed one 46
hundred per cent of the assessed valuation of such property to 47
be exempted. The percentage specified shall apply to all 48
commercial or industrial construction or remodeling for which 49

exemption is granted unless the legislative authority and the 50
owner of the property agree to a different percentage. Such an 51
agreement may include other terms not otherwise in derogation of 52
sections 3735.65 to 3735.70 of the Revised Code. 53

Upon the adoption of the resolution, the legislative 54
authority shall send, by certified mail, one copy of the 55
resolution and a map of the community reinvestment area in 56
sufficient detail to denote the specific boundaries of the area, 57
to the director of development services. 58

The resolution adopted pursuant to this section shall be 59
published in a newspaper of general circulation in the municipal 60
corporation, if the resolution is adopted by the legislative 61
authority of a municipal corporation, or in a newspaper of 62
general circulation in the county, if the resolution is adopted 63
by the legislative authority of the county, once a week for two 64
consecutive weeks or as provided in section 7.16 of the Revised 65
Code, immediately following its adoption. 66

Each legislative authority adopting a resolution pursuant 67
to this section shall designate a housing officer. ~~In addition,~~ 68
~~each such legislative authority, not later than sixty days after~~ 69
~~the adoption of the resolution, shall petition the director of~~ 70
~~development services for the director to confirm the findings~~ 71
~~described in the resolution. The petition shall be accompanied~~ 72
~~by a copy of the resolution and by a map of the community~~ 73
~~reinvestment area in sufficient detail to denote the specific~~ 74
~~boundaries of the area and to indicate zoning restrictions~~ 75
~~applicable to the area. The director shall determine whether the~~ 76
~~findings contained in the resolution are valid, and whether the~~ 77
~~classification of structures or remodeling eligible for~~ 78
~~exemption under the resolution is consistent with zoning~~ 79

~~restrictions applicable to the area as indicated on the map.~~ 80
~~Within thirty days of receiving the petition, the director shall~~ 81
~~forward the director's determination to the legislative~~ 82
~~authority.~~ The legislative authority or housing officer shall 83
not grant any exemption from taxation under section 3735.67 of 84
the Revised Code until the director ~~forwards the director's~~ 85
~~determination to the legislative authority.~~ The director shall 86
~~assign~~ assigns to each community reinvestment area a unique 87
designation by which the area shall be identified for purposes 88
of sections 3735.65 to 3735.70 of the Revised Code. 89

~~If zoning restrictions in any part of a community~~ 90
~~reinvestment area are changed at any time after the legislative~~ 91
~~authority petitions the director under this section, the~~ 92
~~legislative authority shall notify the director and shall submit~~ 93
~~a map of the area indicating the new zoning restrictions in the~~ 94
~~area.~~ 95

Sec. 3735.67. (A) The owner of real property located in a 96
community reinvestment area and eligible for exemption from 97
taxation under a resolution adopted pursuant to section 3735.66 98
of the Revised Code may file an application for an exemption 99
from real property taxation of a percentage of the assessed 100
valuation of a new structure, or of the increased assessed 101
valuation of an existing structure after remodeling began, if 102
the new structure or remodeling is completed after the effective 103
date of the resolution adopted pursuant to section 3735.66 of 104
the Revised Code. The application shall be filed with the 105
housing officer designated for the community reinvestment area 106
in which the property is located. ~~If any part of the new~~ 107
~~structure or remodeled structure that would be exempted is of~~ 108
~~real property to be used for commercial or industrial purposes,~~ 109
~~the legislative authority and the owner of the property shall~~ 110

~~enter into a written agreement pursuant to section 3735.671 of~~ 111
~~the Revised Code prior to commencement of construction or~~ 112
~~remodeling; if such an agreement is subject to approval by the~~ 113
~~board of education of the school district within the territory~~ 114
~~of which the property is or will be located, the agreement shall~~ 115
~~not be formally approved by the legislative authority until the~~ 116
~~board of education approves the agreement in the manner~~ 117
~~prescribed by that section.~~ 118

(B) The housing officer shall verify the construction of 119
the new structure or the cost of the remodeling of the existing 120
structure and the facts asserted in the application. The housing 121
officer shall determine whether the construction or remodeling 122
meets the requirements for an exemption under this section. In 123
cases involving a structure of historical or architectural 124
significance, the housing officer shall not determine whether 125
the remodeling meets the requirements for a tax exemption unless 126
the appropriateness of the remodeling has been certified, in 127
writing, by the society, association, agency, or legislative 128
authority that has designated the structure or by any 129
organization or person authorized, in writing, by such society, 130
association, agency, or legislative authority to certify the 131
appropriateness of the remodeling. 132

(C) If the construction or remodeling meets the 133
requirements for exemption, the housing officer shall forward 134
the application to the county auditor with a certification as to 135
the division of this section under which the exemption is 136
granted, and the period and percentage of the exemption as 137
determined by the legislative authority pursuant to that 138
division. If the construction or remodeling is of commercial or 139
industrial property and the legislative authority is not 140
required to certify a copy of a resolution under section 141

3735.671 of the Revised Code, the housing officer shall comply 142
with the notice requirements prescribed under section 5709.83 of 143
the Revised Code, unless the board has adopted a resolution 144
under that section waiving its right to receive such a notice. 145

(D) Except as provided in division (F) of this section, 146
the tax exemption shall first apply in the year the construction 147
or remodeling would first be taxable but for this section. In 148
the case of remodeling that qualifies for exemption, a 149
percentage, not to exceed one hundred per cent, of the increased 150
assessed valuation of an existing structure after remodeling 151
began shall be exempted from real property taxation. In the case 152
of construction of a structure that qualifies for exemption, a 153
percentage, not to exceed one hundred per cent, of the assessed 154
value of the structure shall be exempted from real property 155
taxation. In either case, the percentage shall be the percentage 156
set forth in the resolution, or in the agreement if the 157
structure or remodeling is to be used for commercial or 158
industrial purposes and an agreement governs the exemption, or 159
the percentage set forth in the resolution ~~describing the~~ 160
~~community reinvestment area~~ if the structure or remodeling is to 161
be used for residential purposes. 162

The construction of new structures and the remodeling of 163
existing structures are hereby declared to be a public purpose 164
for which exemptions from real property taxation may be granted 165
for the following periods: 166

(1) For every dwelling and commercial or industrial 167
properties, located within the same community reinvestment area, 168
upon which the cost of remodeling is at least two thousand five 169
hundred dollars in the case of a dwelling containing not more 170
than two family units or at least five thousand dollars in the 171

case of all other property, a period to be determined by the 172
legislative authority adopting the resolution, but not exceeding 173
fifteen years. The period of exemption for a dwelling described 174
in division (D) (1) of this section may be extended by a 175
legislative authority for up to an additional ten years if the 176
dwelling is a structure of historical or architectural 177
significance, is a certified historic structure that has been 178
subject to federal tax treatment under 26 U.S.C. 47 and 170(h), 179
and units within the structure have been leased to individual 180
tenants for five consecutive years; 181

(2) Except as provided in division (F) of this section, 182
for construction of every dwelling, and commercial or industrial 183
structure located within the same community reinvestment area, a 184
period to be determined by the legislative authority adopting 185
the resolution, but not exceeding fifteen years. 186

(E) Any person, board, or officer authorized by section 187
5715.19 of the Revised Code to file complaints with the county 188
board of revision may file a complaint with the housing officer 189
challenging the continued exemption of any property granted an 190
exemption under this section. A complaint against exemption 191
shall be filed prior to the thirty-first day of December of the 192
tax year for which taxation of the property is requested. The 193
housing officer shall determine whether the property continues 194
to meet the requirements for exemption and shall certify the 195
housing officer's findings to the complainant. If the housing 196
officer determines that the property does not meet the 197
requirements for exemption, the housing officer shall notify the 198
county auditor, who shall correct the tax list and duplicate 199
accordingly. 200

(F) The owner of a dwelling constructed in a community 201

reinvestment area may file an application for an exemption after 202
the year the construction first became subject to taxation. The 203
application shall be processed in accordance with the procedures 204
prescribed under this section and shall be granted if the 205
construction that is the subject of the application otherwise 206
meets the requirements for an exemption under this section. If 207
approved, the exemption sought in the application first applies 208
in the year the application is filed. An exemption approved 209
pursuant to this division continues only for those years 210
remaining in the period described in division (D) (2) of this 211
section. No exemption may be claimed for any year in that period 212
that precedes the year in which the application is filed. 213

Sec. 3735.671. (A) ~~If construction or remodeling of 214~~
~~commercial or industrial property is to be exempted from 215~~
~~taxation pursuant to section 3735.67 of the Revised Code, the 216~~
~~legislative authority and the owner of the property, prior to 217~~
~~the commencement of construction or remodeling, shall enter into 218~~
~~a written agreement, binding on both parties for a period of 219~~
~~time that does not end prior to the end of the period of the 220~~
~~exemption, that includes all of the information and statements 221~~
~~prescribed by this section. Agreements may include terms not 222~~
~~prescribed by this section, but such terms shall in no way 223~~
~~derogate from the information and statements prescribed by this 224~~
~~section. 225~~

(1) Except as otherwise provided in division (A) (2) or (3) 226
of this section, ~~an agreement entered into under this section 227~~
~~shall exemption from taxation under section 3735.67 of the 228~~
Revised Code for commercial or industrial property may not be 229
~~approved granted~~ by the legislative authority unless the board 230
of education of the city, local, or exempted village school 231
district within the territory of which the property is or will 232

be located approves the ~~agreement~~resolution granting the 233
exemption or, if the exemption is governed by an agreement with 234
the property owner, approves the agreement. For the purpose of 235
obtaining such approval, the legislative authority shall certify 236
a copy of the resolution or agreement to the board of education 237
not later than forty-five days prior to approving the resolution 238
or agreement, excluding Saturday, Sunday, and a legal holiday as 239
defined in section 1.14 of the Revised Code. The board of 240
education, by resolution adopted by a majority of the board, 241
shall approve or disapprove the resolution or agreement and 242
certify a copy of the board's resolution of approval or 243
disapproval to the legislative authority not later than fourteen 244
days prior to the date stipulated by the legislative authority 245
as the date upon which approval of the ~~agreement~~resolution or 246
agreement is to be formally considered by the legislative 247
authority. The board of education may include in ~~the~~its 248
resolution conditions under which the board would approve the 249
resolution or agreement. The legislative authority may approve 250
~~an~~the resolution or agreement at any time after the board of 251
education certifies its resolution approving the resolution or 252
agreement to the legislative authority, or, if the board 253
approves the resolution or agreement conditionally, at any time 254
after the conditions are agreed to by the board and the 255
legislative authority. 256

(2) Approval of ~~an~~a resolution or agreement by the board 257
of education is not required under division (A) (1) of this 258
section if, for each tax year the real property is exempted from 259
taxation, the sum of the following quantities, as estimated at 260
or prior to the time the resolution or agreement is formally 261
approved by the legislative authority, equals or exceeds ~~fifty-~~ 262
seventy-five per cent of the amount of taxes, as estimated at or 263

prior to that time, that would have been charged and payable 264
that year upon the real property had that property not been 265
exempted from taxation: 266

(a) The amount of taxes charged and payable on any portion 267
of the assessed valuation of the new structure or of the 268
increased assessed valuation of an existing structure after 269
remodeling began that will not be exempted from taxation under 270
the resolution or agreement; 271

(b) The amount of taxes charged and payable on tangible 272
personal property located on the premises of the new structure 273
or of the structure to be remodeled under the resolution or 274
agreement, whether payable by the owner of the structure or by a 275
related member, as defined in section 5733.042 of the Revised 276
Code without regard to division (B) of that section. 277

(c) The amount of any cash payment by the owner of the new 278
structure or structure to be remodeled to the school district, 279
the dollar value, as mutually agreed to by the owner and the 280
board of education, of any property or services provided by the 281
owner of the property to the school district, whether by gift, 282
loan, or otherwise, and any payment by the legislative authority 283
to the school district pursuant to section 5709.82 of the 284
Revised Code. 285

The estimates of quantities used for purposes of division 286
(A) (2) of this section shall be estimated by the legislative 287
authority. The legislative authority shall certify to the board 288
of education that the estimates have been made in good faith. 289
~~Departures of the actual quantities from the estimates~~ 290
~~subsequent to approval of the agreement by the board of~~ 291
~~education do not invalidate the agreement.~~ 292

(3) If a board of education has adopted a resolution 293
waiving its right to approve ~~agreements~~ such exemptions and the 294
resolution remains in effect, approval of ~~an agreement~~ an 295
exemption by the board is not required under ~~this division~~ (A) 296
(1) of this section. If a board of education has adopted a 297
resolution allowing a legislative authority to deliver the 298
notice required under this division fewer than forty-five 299
business days prior to the legislative authority's ~~execution~~ 300
adoption of the ~~agreement~~ resolution granting an exemption, the 301
legislative authority shall deliver the notice to the board not 302
later than the number of days prior to such ~~execution~~ adoption 303
as prescribed by the board in its resolution. If a board of 304
education adopts a resolution waiving its right to approve 305
~~agreements~~ an exemption, or shortening the notification period, 306
the board shall certify a copy of the resolution to the 307
legislative authority. If the board of education rescinds such a 308
resolution, it shall certify notice of the rescission to the 309
legislative authority. 310

(B) ~~Each agreement shall include the following~~ 311
~~information:~~ 312

~~(1) The names of all parties to the agreement;~~ 313

~~(2) A description of the remodeling or construction,~~ 314
~~whether or not to be exempted from taxation, including existing~~ 315
~~or new structure size and cost thereof; the value of machinery,~~ 316
~~equipment, furniture, and fixtures, including an itemization of~~ 317
~~the value of machinery, equipment, furniture, and fixtures used~~ 318
~~at another location in this state prior to the agreement and~~ 319
~~relocated or to be relocated from that location to the property,~~ 320
~~and the value of machinery, equipment, furniture, and fixtures~~ 321
~~at the facility prior to the execution of the agreement; the~~ 322

~~value of inventory at the property, including an itemization of~~ 323
~~the value of inventory held at another location in this state~~ 324
~~prior to the agreement and relocated or to be relocated from~~ 325
~~that location to the property, and the value of inventory held~~ 326
~~at the property prior to the execution of the agreement;~~ 327

~~(3) The scheduled starting and completion dates of~~ 328
~~remodeling or construction of real property or of investments~~ 329
~~made in machinery, equipment, furniture, fixtures, and~~ 330
~~inventory;~~ 331

~~(4) Estimates of the number of employee positions to be~~ 332
~~created each year of the agreement and of the number of employee~~ 333
~~positions retained by the owner due to the remodeling or~~ 334
~~construction, itemized as to the number of full-time, part-time,~~ 335
~~permanent, and temporary positions;~~ 336

~~(5) Estimates of the dollar amount of payroll attributable~~ 337
~~to the positions set forth in division (B)(4) of this section,~~ 338
~~similarly itemized;~~ 339

~~(6) The number of employee positions, if any, at the~~ 340
~~property and at any other location in this state at the time the~~ 341
~~agreement is executed, itemized as to the number of full-time,~~ 342
~~part-time, permanent, and temporary positions.~~ 343

~~(C) Each agreement shall set forth the following~~ 344
~~information and incorporate the following statements:~~ 345

~~(1) A description of real property to be exempted from~~ 346
~~taxation under the agreement, the percentage of the assessed~~ 347
~~valuation of the real property exempted from taxation, and the~~ 348
~~period for which the exemption is granted, accompanied by the~~ 349
~~statement: "The exemption commences the first year for which the~~ 350
~~real property would first be taxable were that property not~~ 351

~~exempted from taxation. No exemption shall commence after~~ 352
~~_____ (insert date) nor extend beyond _____ (insert~~ 353
~~date)."~~ 354

~~(2) "_____ (insert name of owner) shall pay such real~~ 355
~~property taxes as are not exempted under this agreement and are~~ 356
~~charged against such property and shall file all tax reports and~~ 357
~~returns as required by law. If _____ (insert name of owner)~~ 358
~~fails to pay such taxes or file such returns and reports,~~ 359
~~exemptions from taxation granted under this agreement are~~ 360
~~rescinded beginning with the year for which such taxes are~~ 361
~~charged or such reports or returns are required to be filed and~~ 362
~~thereafter."~~ 363

~~(3) "_____ (insert name of owner) hereby certifies~~ 364
~~that at the time this agreement is executed, _____ (insert~~ 365
~~name of owner) does not owe any delinquent real or tangible~~ 366
~~personal property taxes to any taxing authority of the State of~~ 367
~~Ohio, and does not owe delinquent taxes for which _____~~ 368
~~(insert name of owner) is liable under Chapter 5733., 5735.,~~ 369
~~5739., 5741., 5743., 5747., or 5753. of the Ohio Revised Code,~~ 370
~~or, if such delinquent taxes are owed, _____ (insert name~~ 371
~~of owner) currently is paying the delinquent taxes pursuant to~~ 372
~~an undertaking enforceable by the State of Ohio or an agent or~~ 373
~~instrumentality thereof, has filed a petition in bankruptcy~~ 374
~~under 11 U.S.C.A. 101, et seq., or such a petition has been~~ 375
~~filed against _____ (insert name of owner). For the~~ 376
~~purposes of this certification, delinquent taxes are taxes that~~ 377
~~remain unpaid on the latest day prescribed for payment without~~ 378
~~penalty under the chapter of the Revised Code governing payment~~ 379
~~of those taxes."~~ 380

~~(4) "_____ (insert name of municipal corporation or~~ 381

county) shall perform such acts as are reasonably necessary or
appropriate to effect, claim, reserve, and maintain exemptions
from taxation granted under this agreement including, without
limitation, joining in the execution of all documentation and
providing any necessary certificates required in connection with
such exemptions."

(5) "If for any reason _____ (insert name of
municipal corporation or county) revokes the designation of the
area, entitlements granted under this agreement shall continue
for the number of years specified under this agreement, unless
_____ (insert name of owner) materially fails to fulfill
its obligations under this agreement and _____
(insert name of municipal corporation or county) terminates or
modifies the exemptions from taxation pursuant to this
agreement."

(6) "If _____ (insert name of owner) materially fails
to fulfill its obligations under this agreement, or if
_____ (insert name of municipal corporation or county)
determines that the certification as to delinquent taxes
required by this agreement is fraudulent, _____ (insert
name of municipal corporation or county) may terminate or modify
the exemptions from taxation granted under this agreement."

(7) "_____ (insert name of owner) shall provide to
the proper tax incentive review council any information
reasonably required by the council to evaluate the applicant's
compliance with the agreement, including returns filed pursuant
to section 5711.02 of the Ohio Revised Code if requested by the
council."

(8) "This agreement is not transferable or assignable
without the express, written approval of _____ (insert name

~~of municipal corporation or county)."~~

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~~(9) "Exemptions from taxation granted under this agreement shall be revoked if it is determined that _____ (insert name of owner), any successor to that person, or any related member (as those terms are defined in division (E) of section 3735.671 of the Ohio Revised Code) has violated the prohibition against entering into this agreement under division (E) of section 3735.671 or section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections."~~

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~~(10) "_____ (insert name of owner) and _____ (insert name of municipal corporation or county) acknowledge that this agreement must be approved by formal action of the legislative authority of _____ (insert name of municipal corporation or county) as a condition for the agreement to take effect. This agreement takes effect upon such approval."~~

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~~The statement described in division (C)(6) of this section may include the following statement, appended at the end of the statement: ", and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this agreement." If the agreement includes a statement requiring repayment of exempted taxes, it also may authorize the legislative authority to secure repayment of such taxes by a lien on the exempted property in the amount required to be repaid. Such a lien shall attach, and may be perfected, collected, and enforced, in the same manner as a mortgage lien on real property, and shall otherwise have the same force and effect as a mortgage lien on real property.~~

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~~(D) Except as otherwise provided in this division, an agreement entered into under this section shall require that the~~

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owner pay an annual fee equal to the greater of one per cent of 442
the amount of taxes exempted under the agreement or five hundred 443
dollars; provided, however, that if the value of the incentives 444
exceeds two hundred fifty thousand dollars, the fee shall not 445
exceed two thousand five hundred dollars. The fee shall be 446
payable to the legislative authority once per year for each year 447
the agreement is effective on the days and in the form specified 448
in the agreement. Fees paid shall be deposited in a special fund 449
created for such purpose by the legislative authority and shall 450
be used by the legislative authority exclusively for the purpose 451
of complying with section 3735.672 of the Revised Code and by 452
the tax incentive review council created under section 5709.85 453
of the Revised Code exclusively for the purposes of performing 454
the duties prescribed under that section. The legislative 455
authority may waive or reduce the amount of the fee, but such 456
waiver or reduction does not affect the obligations of the 457
legislative authority or the tax incentive review council to 458
comply with section 3735.672 or 5709.85 of the Revised Code. 459

~~(E)~~ If any person that is party to an agreement granting 460
that owns commercial or industrial property subject to an 461
exemption from taxation under section 3735.67 of the Revised 462
Code discontinues operations at the structure to which that 463
exemption applies prior to the expiration of the term of the 464
agreement exempted property before the exemption expires, that 465
person, any successor to that person, and any related member 466
shall not enter into an agreement is not eligible for an 467
exemption under this that section or for an agreement under 468
section 5709.62, 5709.63, or 5709.632 of the Revised Code, and 469
no legislative authority shall grant such an exemption or enter 470
into such an agreement with such a person, successor, or related 471
member, prior to the expiration of five two years after the 472

person's discontinuation of operations. As used in this 473
division, "successor" means a person to which the assets or 474
equity of another person has been transferred, which transfer 475
resulted in the full or partial nonrecognition of gain or loss, 476
or resulted in a carryover basis, both as determined by rule 477
adopted by the tax commissioner. "Related member" has the same 478
meaning as defined in section 5733.042 of the Revised Code 479
without regard to division (B) of that section. 480

The director of development services shall review all 481
~~agreements submitted to the director under division (F) of this~~ 482
~~section exemptions granted to commercial or industrial property~~ 483
~~under section 3735.67 of the Revised Code~~ for the purpose of 484
enforcing this division. If the director determines there has 485
been a violation of this division, the director shall notify the 486
legislative authority of such violation, and the legislative 487
authority immediately shall revoke the exemption granted ~~under~~ 488
~~the agreement~~ for the property. 489

~~(F) When an agreement is entered into under this section,~~ 490
~~the legislative authority authorizing the agreement shall~~ 491
~~forward a copy of the agreement to the director of development~~ 492
~~services within fifteen days after the agreement is entered~~ 493
~~into.~~ 494

Sec. 3735.672. (A) On or before the thirty-first day of 495
March each year, a legislative authority that has ~~entered into~~ 496
~~an agreement with a party~~ granted exemptions from taxation for 497
commercial or industrial property under section ~~3735.671~~ 3735.67 498
of the Revised Code shall submit to the director of development 499
services ~~and the board of education of each school district of~~ 500
~~which a municipal corporation or township to which such an~~ 501
~~agreement applies is a part~~ a report on all such agreements 502

exemptions in effect during the preceding calendar year. The 503
report shall include the following information: 504

(1) ~~The designation, assigned by the director of~~ 505
~~development services, of each total number of~~ 506
community reinvestment ~~area~~ areas within the municipal corporation or 507
county, and the total population of each area according to the 508
most recent data available; 509

(2) The total number of ~~agreements and the number of full-~~ 510
~~time employees subject to those agreements~~ parcels of such 511
property exempted within each area, ~~each according to the most-~~ 512
~~recent data available and identified and categorized by the~~ 513
~~appropriate standard industrial code, and the rate of~~ 514
~~unemployment in the municipal corporation or county in which the~~ 515
~~area is located for each year since the area was certified;~~ 516

(3) The number of ~~agreements approved and executed~~ parcels 517
of commercial or industrial property first exempted during the 518
calendar year for which the report is submitted, the total 519
number of ~~agreements~~ parcels of commercial or industrial 520
property for which an exemption is in effect on the thirty-first 521
day of December of the preceding calendar year, the number of 522
~~agreements that expired during~~ parcels of such property for 523
which the exemption expires at the end of the calendar year for 524
which the report is submitted, and the number of ~~agreements~~ 525
parcels of such property for which the exemption is scheduled to 526
expire ~~during~~ at the end of the calendar year in which the 527
report is submitted. For each ~~agreement that~~ parcel of such 528
property for which the exemption expired ~~during~~ at the end of 529
the calendar year for which the report is submitted, the 530
legislative authority shall include the amount of taxes exempted 531
~~under the agreement.~~ 532

~~(4) The number of agreements receiving compliance reviews~~ 533
~~by the tax incentive review council in the municipal corporation~~ 534
~~or county during the calendar year for which the report is~~ 535
~~submitted, including all of the following information:~~ 536

~~(a) The number of agreements the terms of which the party~~ 537
~~has complied with, indicating separately for each such agreement~~ 538
~~the value of the real property exempted pursuant to the~~ 539
~~agreement and a comparison of the stipulated and actual~~ 540
~~schedules for hiring new employees, for retaining existing~~ 541
~~employees, and for the amount of payroll of the party~~ 542
~~attributable to these employees;~~ 543

~~(b) The~~ If the exemption was granted pursuant to an 544
agreement between the legislative authority and the property 545
owner, the number of agreements the terms of which a party has 546
failed to comply with, indicating separately for each such 547
agreement the value of the real and personal property exempted 548
pursuant to the agreement and, as may be applicable to the 549
agreement's terms, a comparison of the stipulated and actual 550
schedules for hiring new employees, for retaining existing 551
employees, and for the amount of payroll of the enterprise 552
attributable to these employees; 553

~~(c) The number of agreements about which the tax incentive~~ 554
~~review council made recommendations to the legislative~~ 555
~~authority, and the number of such recommendations that have not~~ 556
~~been followed;~~ 557

~~(d) The number of agreements rescinded during the calendar~~ 558
~~year for which the report is submitted.~~ 559

~~(5) The number of parties subject to agreements that~~ 560
~~expanded within each area, including the number of new employees~~ 561

~~hired and existing employees retained by that party, and the~~ 562
~~number of new parties subject to agreements that established~~ 563
~~within each area, including the number of new employees hired by~~ 564
~~each party;~~ 565

~~(6) For each agreement in effect during any part of the~~ 566
~~preceding year, the number of employees employed by the party at~~ 567
~~the property that is the subject of the agreement immediately~~ 568
~~prior to formal approval of the agreement, the number of~~ 569
~~employees employed by the party at that property on the thirty~~ 570
~~first day of December of the preceding year, the payroll of the~~ 571
~~party for the preceding year, the amount of taxes paid on real~~ 572
~~property that was exempted under the agreement, and the amount~~ 573
~~of such taxes that were not paid because of the exemption~~ 574
Any 574
changes to zoning restrictions in any part of a community 575
reinvestment area, including a map of the area indicating the 576
new zoning restrictions in the area. 577

(B) Upon the failure of a municipal corporation or county 578
to comply with division (A) of this section: 579

(1) Beginning on the first day of April of the calendar 580
year in which the municipal corporation or county fails to 581
comply with that division, the municipal corporation or county 582
~~shall not enter into any agreements~~ may not grant any new 583
exemption for commercial or industrial property under section 584
~~3735.671-3735.67~~ of the Revised Code until the municipal 585
corporation or county has complied with division (A) of this 586
section. 587

(2) On the first day of each ensuing calendar month until 588
the municipal corporation or county complies with that division, 589
the director of development services shall either order the 590
proper county auditor to deduct from the next succeeding payment 591

of taxes to the municipal corporation or county under section 592
321.31, 321.32, 321.33, or 321.34 of the Revised Code an amount 593
equal to five hundred dollars for each calendar month the 594
municipal corporation or county fails to comply with that 595
division, or order the county auditor to deduct such an amount 596
from the next succeeding payment to the municipal corporation or 597
county from the undivided local government fund under section 598
5747.51 of the Revised Code. At the time such a payment is made, 599
the county auditor shall comply with the director's order by 600
issuing a warrant, drawn on the fund from which such money would 601
have been paid, to the director of development services, who 602
shall deposit the warrant into the ~~state community reinvestment~~ 603
~~area program administration tax incentives operating fund~~ 604
created in ~~division (C) of this by~~ section 122.174 of the 605
Revised Code. 606

~~(C) The director, by rule, shall establish the state's~~ 607
~~application fee for applications submitted to a municipal~~ 608
~~corporation or county to enter into an agreement under section~~ 609
~~3735.671 of the Revised Code. In establishing the amount of the~~ 610
~~fee, the director shall consider the state's cost of~~ 611
~~administering the community reinvestment area program, including~~ 612
~~the cost of reviewing the reports required under division (A) of~~ 613
~~this section. The director may change the amount of the fee at~~ 614
~~such times and in such increments as the director considers~~ 615
~~necessary. Any municipal corporation or county that receives an~~ 616
~~application shall collect the application fee and remit the fee~~ 617
~~for deposit in the state treasury to the credit of the tax~~ 618
~~incentives operating fund created in section 122.174 of the~~ 619
~~Revised Code.~~ 620

Sec. 3735.68. The housing officer shall make annual 621
inspections of the properties within the community reinvestment 622

area upon which are located structures or remodeling for which 623
an exemption has been granted under section 3735.67 of the 624
Revised Code. If the housing officer finds that the property has 625
not been properly maintained or repaired due to the neglect of 626
the owner, the housing officer may revoke the exemption at any 627
time after the first year of exemption. If the owner of 628
commercial or industrial property exempted from taxation under 629
section 3735.67 of the Revised Code has materially failed to 630
fulfill its obligations under ~~the written any~~ agreement entered 631
into ~~under section 3735.671 of the Revised Code~~ with the 632
legislative authority, or if the owner is determined to have 633
violated division ~~(E)~~ (B) of ~~that~~ section 3735.671 of the 634
Revised Code, the legislative authority, and subject to the 635
terms of the agreement if applicable, may revoke the exemption 636
at any time after the first year of exemption. The housing 637
officer or legislative authority shall notify the county auditor 638
and the owner of the property that the tax exemption no longer 639
applies. If the housing officer or legislative authority revokes 640
a tax exemption, the housing officer shall send a report of the 641
revocation to the community reinvestment area housing council 642
and to the tax incentive review council established pursuant to 643
section 3735.69 or 5709.85 of the Revised Code, containing a 644
statement of the findings as to the maintenance and repair of 645
the property, failure to fulfill obligations under the ~~written~~ 646
resolution or applicable agreement, or violation of division ~~(E)~~ 647
(B) of section 3735.671 of the Revised Code, and the reason for 648
revoking the exemption. 649

If the resolution granting an exemption or an agreement 650
entered into ~~under section 3735.671 of the Revised Code by the~~ 651
property owner and the legislative authority so provides, the 652
legislative authority ~~of a municipal corporation or county~~ may 653

require the owner of property whose exemption has been revoked 654
to reimburse the taxing authorities within whose taxing 655
jurisdiction the exempted property is located for the amount of 656
real property taxes that would have been payable to those 657
authorities had the property not been exempted from taxation. 658

Sec. 5709.631. Each agreement entered into under sections 659
5709.62, 5709.63, and 5709.632 of the Revised Code on or after 660
April 1, 1994, shall be in writing and shall include all of the 661
information and statements prescribed by this section. 662
Agreements may include terms not prescribed by this section, but 663
such terms shall in no way derogate from the information and 664
statements prescribed by this section. 665

(A) Each agreement shall include the following 666
information: 667

(1) The names of all parties to the agreement; 668

(2) A description of the investments to be made by the 669
applicant enterprise or by another party at the facility whether 670
or not the investments are exempted from taxation, including 671
existing or new building size and cost thereof; the value of 672
machinery, equipment, furniture, and fixtures, including an 673
itemization of the value of machinery, equipment, furniture, and 674
fixtures used at another location in this state prior to the 675
agreement and relocated or to be relocated from that location to 676
the facility and the value of machinery, equipment, furniture, 677
and fixtures at the facility prior to the execution of the 678
agreement that will not be exempted from taxation; the value of 679
inventory at the facility, including an itemization of the value 680
of inventory held at another location in this state prior to the 681
agreement and relocated or to be relocated from that location to 682
the facility, and the value of inventory held at the facility 683

prior to the execution of the agreement that will not be 684
exempted from taxation; 685

(3) The scheduled starting and completion dates of 686
investments made in building, machinery, equipment, furniture, 687
fixtures, and inventory; 688

(4) Estimates of the number of employee positions to be 689
created each year of the agreement and of the number of employee 690
positions retained by the applicant enterprise due to the 691
project, itemized as to the number of full-time, part-time, 692
permanent, and temporary positions; 693

(5) Estimates of the dollar amount of payroll attributable 694
to the positions set forth in division (A) (4) of this section, 695
similarly itemized; 696

(6) The number of employee positions, if any, at the 697
project site and at any other location in the state at the time 698
the agreement is executed, itemized as to the number of full- 699
time, part-time, permanent, and temporary positions. 700

(B) Each agreement shall set forth the following 701
information and incorporate the following statements: 702

(1) A description of real property to be exempted from 703
taxation under the agreement, the percentage of the assessed 704
valuation of the real property exempted from taxation, and the 705
period for which the exemption is granted, accompanied by the 706
statement: "The exemption commences the first year for which the 707
real property would first be taxable were that property not 708
exempted from taxation. No exemption shall commence after 709
_____ (insert date) nor extend beyond _____ (insert 710
date)." The tax commissioner shall adopt rules prescribing the 711
form the description of such property shall assume to ensure 712

that the property to be exempted from taxation under the 713
agreement is distinguishable from property that is not to be 714
exempted under that agreement. 715

(2) A description of tangible personal property to be 716
exempted from taxation under the agreement, the percentage of 717
the assessed value of the tangible personal property exempted 718
from taxation, and the period for which the exemption is 719
granted, accompanied by the statement: "The minimum investment 720
for tangible personal property to qualify for the exemption is 721
\$_____ (insert dollar amount) to purchase machinery and 722
equipment first used in business at the facility as a result of 723
the project, \$_____ (insert dollar amount) for furniture 724
and fixtures and other noninventory personal property first used 725
in business at the facility as a result of the project, and 726
\$_____ (insert dollar amount) for new inventory. The 727
maximum investment for tangible personal property to qualify for 728
the exemption is \$_____ (insert dollar amount) to purchase 729
machinery and equipment first used in business at the facility 730
as a result of the project, \$_____ (insert dollar amount) 731
for furniture and fixtures and other noninventory personal 732
property first used in business at the facility as a result of 733
the project, and \$_____ (insert dollar amount) for new 734
inventory. The exemption commences the first year for which the 735
tangible personal property would first be taxable were that 736
property not exempted from taxation. No exemption shall commence 737
after tax return year _____ (insert year) nor extend beyond 738
tax return year _____ (insert year). In no instance shall 739
any tangible personal property be exempted from taxation for 740
more than ten return years unless, under division (D) (2) of 741
section 5709.62 or under division (C) (1) (b) of section 5709.63 742
of the Revised Code, the board of education approves exemption 743

for a number of years in excess of ten, in which case the 744
tangible personal property may be exempted from taxation for 745
that number of years, not to exceed fifteen return years." No 746
exemption shall be allowed for any type of tangible personal 747
property if the total investment is less than the minimum dollar 748
amount specified for that type of property. If, for a type of 749
tangible personal property, there are no minimum or maximum 750
investment dollar amounts specified in the statement or the 751
dollar amounts are designated in the statement as not 752
applicable, the exemption shall apply to the total cost of that 753
type of tangible personal property first used in business at the 754
facility as a result of the project. The tax commissioner shall 755
adopt rules prescribing the form the description of such 756
property shall assume to ensure that the property to be exempted 757
from taxation under the agreement is distinguishable from 758
property that is not to be exempted under that agreement. 759

(3) "_____ (insert name of enterprise) shall pay such 760
real and tangible personal property taxes as are not exempted 761
under this agreement and are charged against such property and 762
shall file all tax reports and returns as required by law. If 763
_____ (insert name of enterprise) fails to pay such taxes 764
or file such returns and reports, all incentives granted under 765
this agreement are rescinded beginning with the year for which 766
such taxes are charged or such reports or returns are required 767
to be filed and thereafter." 768

(4) "_____ (insert name of enterprise) hereby 769
certifies that at the time this agreement is executed, 770
_____ (insert name of enterprise) does not owe any 771
delinquent real or tangible personal property taxes to any 772
taxing authority of the State of Ohio, and does not owe 773
delinquent taxes for which _____ (insert name of 774

enterprise) is liable under Chapter 5727., 5733., 5735., 5739., 775
5741., 5743., 5747., or 5753. of the Revised Code, or, if such 776
delinquent taxes are owed, _____ (insert name of 777
enterprise) currently is paying the delinquent taxes pursuant to 778
a delinquent tax contract enforceable by the State of Ohio or an 779
agent or instrumentality thereof, has filed a petition in 780
bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition 781
has been filed against _____ (insert name of enterprise). 782
For the purposes of the certification, delinquent taxes are 783
taxes that remain unpaid on the latest day prescribed for 784
payment without penalty under the chapter of the Revised Code 785
governing payment of those taxes." 786

(5) " _____ (insert name of municipal corporation or 787
county) shall perform such acts as are reasonably necessary or 788
appropriate to effect, claim, reserve, and maintain exemptions 789
from taxation granted under this agreement including, without 790
limitation, joining in the execution of all documentation and 791
providing any necessary certificates required in connection with 792
such exemptions." 793

(6) "If for any reason the enterprise zone designation 794
expires, the Director of the Ohio Department of Development 795
revokes certification of the zone, or _____ (insert name of 796
municipal corporation or county) revokes the designation of the 797
zone, entitlements granted under this agreement shall continue 798
for the number of years specified under this agreement, unless 799
_____ (insert name of enterprise) materially fails to 800
fulfill its obligations under this agreement and _____ 801
(insert name of municipal corporation or county) terminates or 802
modifies the exemptions from taxation granted under this 803
agreement." 804

(7) "If _____ (insert name of enterprise) materially 805
fails to fulfill its obligations under this agreement, other 806
than with respect to the number of employee positions estimated 807
to be created or retained under this agreement, or if _____ 808
(insert name of municipal corporation or county) determines that 809
the certification as to delinquent taxes required by this 810
agreement is fraudulent, _____ (insert name of municipal 811
corporation or county) may terminate or modify the exemptions 812
from taxation granted under this agreement." 813

(8) "_____ (insert name of enterprise) shall provide 814
to the proper tax incentive review council any information 815
reasonably required by the council to evaluate the enterprise's 816
compliance with the agreement, including returns or annual 817
reports filed pursuant to section 5711.02 or 5727.08 of the Ohio 818
Revised Code if requested by the council." 819

(9) "_____ (insert name of enterprise) and _____ 820
(insert name of municipal corporation or county) acknowledge 821
that this agreement must be approved by formal action of the 822
legislative authority of _____ (insert name of municipal 823
corporation or county) as a condition for the agreement to take 824
effect. This agreement takes effect upon such approval." 825

(10) "This agreement is not transferable or assignable 826
without the express, written approval of _____ (insert name 827
of municipal corporation or county)." 828

(11) "Exemptions from taxation granted under this 829
agreement shall be revoked if it is determined that 830
_____ (insert name of enterprise), any successor 831
enterprise, or any related member (as those terms are defined in 832
section 5709.61 of the Ohio Revised Code) has violated the 833
prohibition against entering into this agreement under division 834

~~(E)~~ (B) of section 3735.671 or section 5709.62, 5709.63, or 835
5709.632 of the Ohio Revised Code prior to the time prescribed 836
by that division or either of those sections." 837

(12) "In any three-year period during which this agreement 838
is in effect, if the actual number of employee positions created 839
or retained by (insert name of enterprise) is 840
not equal to or greater than seventy-five per cent of the number 841
of employee positions estimated to be created or retained under 842
this agreement during that three-year period, 843
(insert name of enterprise) shall repay the amount of taxes on 844
property that would have been payable had the property not been 845
exempted from taxation under this agreement during that three- 846
year period. In addition, the (insert name of 847
municipal corporation or county) may terminate or modify the 848
exemptions from taxation granted under this agreement." 849

The statement described in division (B) (7) of this section 850
may include the following statement, appended at the end of the 851
statement: "and may require the repayment of the amount of taxes 852
that would have been payable had the property not been exempted 853
from taxation under this agreement." If the agreement includes a 854
statement requiring repayment of exempted taxes, it also may 855
authorize the legislative authority to secure repayment of such 856
taxes by a lien on the exempted property in the amount required 857
to be repaid. Such a lien on exempted real property shall 858
attach, and may be perfected, collected, and enforced, in the 859
same manner as a mortgage lien on real property, and shall 860
otherwise have the same force and effect as a mortgage lien on 861
real property. Notwithstanding section 5719.01 of the Revised 862
Code, such a lien on exempted tangible personal property shall 863
attach, and may be perfected, collected, and enforced, in the 864
same manner as a security interest in goods under Chapter 1309. 865

of the Revised Code, and shall otherwise have the same force and 866
effect as such a security interest. 867

(C) If the director of development had to issue a waiver 868
under section 5709.633 of the Revised Code as a condition for 869
the agreement to be executed, the agreement shall include the 870
following statement: 871

"Continuation of this agreement is subject to the validity 872
of the circumstance upon which _____ (insert name of 873
enterprise) applied for, and the Director of the Ohio Department 874
of Development issued, the waiver pursuant to section 5709.633 875
of the Ohio Revised Code. If, after formal approval of this 876
agreement by _____ (insert name of municipal corporation or 877
county), the Director or _____ (insert name of municipal 878
corporation or county) discovers that such a circumstance did 879
not exist, _____ (insert name of enterprise) shall be 880
deemed to have materially failed to comply with this agreement." 881

If the director issued a waiver on the basis of the 882
circumstance described in division (B) (3) of section 5709.633 of 883
the Ohio Revised Code, the conditions enumerated in divisions 884
(B) (3) (a) (i) and (ii) or divisions (B) (3) (b) (i) and (ii) of that 885
section shall be incorporated in the information described in 886
divisions (A) (2), (3), and (4) of this section. 887

Sec. 5709.82. (A) As used in this section: 888

(1) "New employee" means both of the following: 889

(a) Persons employed in the construction of real property 890
exempted from taxation under the chapters or sections of the 891
Revised Code enumerated in division (B) of this section; 892

(b) Persons not described by division (A) (1) (a) of this 893
section who are first employed at the site of such property and 894

who within the two previous years have not been subject, prior 895
to being employed at that site, to income taxation by the 896
municipal corporation within whose territory the site is located 897
on income derived from employment for the person's current 898
employer. "New employee" does not include any person who 899
replaces a person who is not a new employee under division (A) 900
(1) of this section. 901

(2) "Infrastructure costs" means costs incurred by a 902
municipal corporation in a calendar year to acquire, construct, 903
reconstruct, improve, plan, or equip real or tangible personal 904
property that directly benefits or will directly benefit the 905
exempted property. If the municipal corporation finances the 906
acquisition, construction, reconstruction, improvement, 907
planning, or equipping of real or tangible personal property 908
that directly benefits the exempted property by issuing debt, 909
"infrastructure costs" means the annual debt charges incurred by 910
the municipal corporation from the issuance of such debt. Real 911
or tangible personal property directly benefits exempted 912
property only if the exempted property places or will place 913
direct, additional demand on the real or tangible personal 914
property for which such costs were or will be incurred. 915

(3) "Taxing unit" has the same meaning as in division (H) 916
of section 5705.01 of the Revised Code. 917

(B) (1) Except as otherwise provided under division (C) of 918
this section, the legislative authority of any political 919
subdivision that has acted under the authority of Chapter 725. 920
or 1728., or sections ~~3735.65 to 3735.70, or section~~ 5709.40, 921
5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 922
5709.84, or 5709.88 of the Revised Code to grant an exemption 923
from taxation for real or tangible personal property may 924

negotiate with the board of education of each city, local, 925
exempted village, or joint vocational school district or other 926
taxing unit within the territory of which the exempted property 927
is located, and enter into an agreement whereby the school 928
district or taxing unit is compensated for tax revenue foregone 929
by the school district or taxing unit as a result of the 930
exemption. Except as otherwise provided in division (B)(1) of 931
this section, if a political subdivision enters into more than 932
one agreement under this section with respect to a tax 933
exemption, the political subdivision shall provide to each 934
school district or taxing unit with which it contracts the same 935
percentage of tax revenue foregone by the school district or 936
taxing unit, which may be based on a good faith projection made 937
at the time the exemption is granted. Such percentage shall be 938
calculated on the basis of amounts paid by the political 939
subdivision and any amounts paid by an owner under division (B) 940
(2) of this section. A political subdivision may provide a 941
school district or other taxing unit with a smaller percentage 942
of foregone tax revenue than that provided to other school 943
districts or taxing units only if the school district or taxing 944
unit expressly consents in the agreement to receiving a smaller 945
percentage. If a subdivision has acted under the authority of 946
section 5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the 947
Revised Code and enters into a compensation agreement with a 948
city, local, or exempted village school district, the 949
subdivision shall provide compensation to the joint vocational 950
school district within the territory of which the exempted 951
property is located at the same rate and under the same terms as 952
received by the city, local, or exempted village school 953
district. 954

(2) An owner of property exempted from taxation under the 955

authority described in division (B)(1) of this section may, by 956
becoming a party to an agreement described in division (B)(1) of 957
this section or by entering into a separate agreement with a 958
school district or other taxing unit, agree to compensate the 959
school district or taxing unit by paying cash or by providing 960
property or services by gift, loan, or otherwise. If the owner's 961
property is exempted under the authority of section 5709.40, 962
5709.41, 5709.45, 5709.73, or 5709.78 of the Revised Code and 963
the owner enters into a compensation agreement with a city, 964
local, or exempted village school district, the owner shall 965
provide compensation to the joint vocational school district 966
within the territory of which the owner's property is located at 967
the same rate and under the same terms as received by the city, 968
local, or exempted village school district. 969

(C) This division does not apply to the following: 970

(1) The legislative authority of a municipal corporation 971
that has acted under the authority of division (H) of section 972
715.70 or division (U) of section 715.72 of the Revised Code to 973
consent to the granting of an exemption from taxation for real 974
or tangible personal property in a joint economic development 975
district. 976

(2) The legislative authority of a municipal corporation 977
that has specified in an ordinance adopted under section 978
5709.40, 5709.41, or 5709.45 of the Revised Code that payments 979
in lieu of taxes provided for under section 5709.42 or 5709.46 980
of the Revised Code shall be paid to the city, local, or 981
exempted village school district in which the improvements are 982
located in the amount of taxes that would have been payable to 983
the school district if the improvements had not been exempted 984
from taxation, as directed in the ordinance. 985

986

987 If the legislative authority of any municipal corporation

988 has acted under the authority of Chapter 725. or 1728. or

989 section ~~3735.671,~~ 5709.40, 5709.41, 5709.45, 5709.62, 5709.63,

990 5709.632, or 5709.88, ~~or a housing officer under section 3735.67~~

991 ~~of the Revised Code,~~ to grant or consent to the granting of an

992 exemption from taxation for real or tangible personal property

993 on or after July 1, 1994, the municipal corporation imposes a

994 tax on incomes, and the payroll of new employees resulting from

995 the exercise of that authority equals or exceeds one million

996 dollars in any tax year for which such property is exempted, the

997 legislative authority and the board of education of each city,

998 local, or exempted village school district within the territory

999 of which the exempted property is located shall attempt to

1000 negotiate an agreement providing for compensation to the school

1001 district for all or a portion of the tax revenue the school

1002 district would have received had the property not been exempted

1003 from taxation. The agreement may include as a party the owner of

1004 the property exempted or to be exempted from taxation and may

1005 include provisions obligating the owner to compensate the school

1006 district by paying cash or providing property or services by

1007 gift, loan, or otherwise. Such an obligation is enforceable by

1008 the board of education of the school district pursuant to the

1009 terms of the agreement.

1010 If the legislative authority and board of education fail

1011 to negotiate an agreement that is mutually acceptable within six

1012 months of formal approval by the legislative authority of the

1013 instrument granting the exemption, the legislative authority

1014 shall compensate the school district in the amount and manner

1015 prescribed by division (D) of this section.

(D) Annually, the legislative authority of a municipal corporation subject to this division shall pay to the city, local, or exempted village school district within the territory of which the exempted property is located an amount equal to fifty per cent of the difference between the amount of taxes levied and collected by the municipal corporation on the incomes of new employees in the calendar year ending on the day the payment is required to be made, and the amount of any infrastructure costs incurred in that calendar year. For purposes of such computation, the amount of infrastructure costs shall not exceed thirty-five per cent of the amount of those taxes unless the board of education of the school district, by resolution adopted by a majority of the board, approves an amount in excess of that percentage. If the amount of those taxes or infrastructure costs must be estimated at the time the payment is made, payments in subsequent years shall be adjusted to compensate for any departure of those estimates from the actual amount of those taxes.

A municipal corporation required to make a payment under this section shall make the payment from its general fund or a special fund established for the purpose. The payment is payable on the thirty-first day of December of the tax year for or in which the exemption from taxation commences and on that day for each subsequent tax year property is exempted and the legislative authority and board fail to negotiate an acceptable agreement under division (C) of this section.

Sec. 5709.83. (A) Except as otherwise provided in division (B) or (C) of this section, prior to taking formal action to adopt or enter into any instrument granting a tax exemption under section 725.02, 1728.06, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, or

5709.88 of the Revised Code or formally approving an ~~agreement~~ 1047
exemption under section 3735.671 of the Revised Code, or prior 1048
to forwarding an application for a tax exemption for residential 1049
property under section 3735.67 of the Revised Code to the county 1050
auditor, the legislative authority of the political subdivision 1051
or housing officer shall notify the board of education of each 1052
city, local, exempted village, or joint vocational school 1053
district in which the proposed tax-exempted property is located. 1054
The notice shall include a copy of the instrument or 1055
application. The notice shall be delivered not later than 1056
fourteen days prior to the day the legislative authority takes 1057
formal action to adopt or enter into the instrument, or not 1058
later than fourteen days prior to the day the housing officer 1059
forwards the application to the county auditor. If the board of 1060
education comments on the instrument or application to the 1061
legislative authority or housing officer, the legislative 1062
authority or housing officer shall consider the comments. If the 1063
board of education of the city, local, exempted village, or 1064
joint vocational school district so requests, the legislative 1065
authority or the housing officer shall meet in person with a 1066
representative designated by the board of education to discuss 1067
the terms of the instrument or application. 1068

(B) The notice otherwise required to be provided to boards 1069
of education under division (A) of this section is not required 1070
if the board has adopted a resolution waiving its right to 1071
receive such notices, and that resolution remains in effect. If 1072
a board of education adopts such a resolution, the board shall 1073
cause a copy of the resolution to be certified to the 1074
legislative authority. If the board of education rescinds such a 1075
resolution, it shall certify notice of the rescission to the 1076
legislative authority. A board of education may adopt such a 1077

resolution with respect to any one or more counties, townships, 1078
or municipal corporations situated in whole or in part within 1079
the school district. 1080

(C) If a legislative authority is required to provide 1081
notice to a city, local, or exempted village school district of 1082
its intent to grant such an exemption as required by section 1083
5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the Revised 1084
Code, the legislative authority, before adopting a resolution or 1085
ordinance under that section, shall notify the board of 1086
education of each joint vocational school district in which the 1087
property to be exempted is located using the same time 1088
requirements for the notice that applies to notices to city, 1089
local, and exempted village school districts. The content of the 1090
notice and procedures for responding to the notice are the same 1091
as required in division (A) of this section. 1092

Sec. 5709.85. (A) The legislative authority of a county, 1093
township, or municipal corporation that grants an exemption from 1094
taxation under Chapter 725. or 1728. or under section 3735.67, 1095
5709.28, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 1096
5709.73, or 5709.78 of the Revised Code shall create a tax 1097
incentive review council. The council shall consist of the 1098
following members: 1099

(1) In the case of a municipal corporation eligible to 1100
designate a zone under section 5709.62 of the Revised Code, the 1101
chief executive officer or that officer's designee; a member of 1102
the legislative authority of the municipal corporation, 1103
appointed by the president of the legislative authority or, if 1104
the chief executive officer of the municipal corporation is the 1105
president, appointed by the president pro tempore of the 1106
legislative authority; the county auditor or the county 1107

auditor's designee; the chief financial officer of the municipal 1108
corporation or that officer's designee; an individual appointed 1109
by the board of education of each city, local, exempted village, 1110
and joint vocational school district to which the instrument 1111
granting the exemption applies; and two members of the public 1112
appointed by the chief executive officer of the municipal 1113
corporation with the concurrence of the legislative authority. 1114
At least four members of the council shall be residents of the 1115
municipal corporation, and at least one of the two public 1116
members appointed by the chief executive officer shall be a 1117
minority. As used in division (A)(1) of this section, a 1118
"minority" is an individual who is African-American, Hispanic, 1119
or Native American. 1120

(2) In the case of a county or a municipal corporation 1121
that is not eligible to designate a zone under section 5709.62 1122
or 5709.632 of the Revised Code, three members appointed by the 1123
board of county commissioners; two members from each municipal 1124
corporation to which the instrument granting the tax exemption 1125
applies, appointed by the chief executive officer with the 1126
concurrence of the legislative authority of the respective 1127
municipal corporations; two members of each township to which 1128
the instrument granting the tax exemption applies, appointed by 1129
the board of township trustees of the respective townships; the 1130
county auditor or the county auditor's designee; and an 1131
individual appointed by the board of education of each city, 1132
local, exempted village, and joint vocational school district to 1133
which the instrument granting the tax exemption applies. At 1134
least two members of the council shall be residents of the 1135
municipal corporations or townships to which the instrument 1136
granting the tax exemption applies. 1137

(3) In the case of a township in which improvements are 1138

declared a public purpose under section 5709.73 of the Revised 1139
Code, the board of township trustees; the county auditor or the 1140
county auditor's designee; and an individual appointed by the 1141
board of education of each city, local, exempted village, and 1142
joint vocational school district to which the instrument 1143
granting the exemption applies. 1144

(B) The county auditor or the county auditor's designee 1145
shall serve as the chairperson of the council. The council shall 1146
meet at the call of the chairperson. At the first meeting of the 1147
council, the council shall select a vice-chairperson. Attendance 1148
by a majority of the members of the council constitutes a quorum 1149
to conduct the business of the council. 1150

(C) (1) Annually, the tax incentive review council shall 1151
review all agreements granting exemptions from property taxation 1152
under Chapter 725. or 1728. or under section ~~3735.671, 3735.67,~~ 1153
5709.28, 5709.62, 5709.63, or 5709.632 of the Revised Code, and 1154
any performance or audit reports required to be submitted 1155
pursuant to those agreements. The review shall include 1156
agreements granting such exemptions that were entered into prior 1157
to July 22, 1994, that continue to be in force and applicable to 1158
the current year's property taxes. 1159

With respect to each agreement, other than an agreement 1160
entered into under section 5709.28 of the Revised Code, the 1161
council shall determine whether the owner of the exempted 1162
property has complied with the agreement, and may take into 1163
consideration any fluctuations in the business cycle unique to 1164
the owner's business. 1165

With respect to an agreement entered into under section 1166
5709.28 of the Revised Code, the council shall consist of the 1167
members described in division (A) (2) of this section and shall 1168

determine whether the agreement complies with the requirements 1169
of section 5709.28 of the Revised Code and whether a withdrawal, 1170
removal, or conversion of land from an agricultural security 1171
area established under Chapter 931. of the Revised Code has 1172
occurred in a manner that makes the exempted property no longer 1173
eligible for the exemption. 1174

On the basis of the determinations, on or before the first 1175
day of September of each year, the council shall submit to the 1176
legislative authority written recommendations for continuation, 1177
modification, or cancellation of each agreement. 1178

(2) Annually, the tax incentive review council shall 1179
review all exemptions from property taxation resulting from the 1180
declaration of public purpose improvements pursuant to section 1181
5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the Revised 1182
Code. The review shall include such exemptions that were granted 1183
prior to July 22, 1994, that continue to be in force and 1184
applicable to the current year's property taxes. With respect to 1185
each improvement for which an exemption is granted, the council 1186
shall determine the increase in the true value of parcels of 1187
real property on which improvements have been undertaken as a 1188
result of the exemption; the value of improvements exempted from 1189
taxation as a result of the exemption; and the number of new 1190
employees or employees retained on the site of the improvement 1191
as a result of the exemption. 1192

Upon the request of a tax incentive review council, the 1193
county auditor, the housing officer appointed pursuant to 1194
section 3735.66 of the Revised Code, the owner of a new or 1195
remodeled structure or improvement, and the legislative 1196
authority of the county, township, or municipal corporation 1197
granting the exemption shall supply the council with any 1198

information reasonably necessary for the council to make the 1199
determinations required under division (C) of this section, 1200
including ~~returns or reports~~ filed pursuant to ~~sections 5711.02,~~ 1201
~~5711.13,~~ and section 5727.08 of the Revised Code. 1202

(D) Annually, the tax incentive review council shall 1203
review the compliance of each recipient of a tax exemption under 1204
Chapter 725. or 1728. or section 3735.67, 5709.40, 5709.41, 1205
5709.45, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 of the 1206
Revised Code with the nondiscriminatory hiring policies 1207
developed by the county, township, or municipal corporation 1208
under section 5709.832 of the Revised Code. Upon the request of 1209
the council, the recipient shall provide the council any 1210
information necessary to perform its review. On the basis of its 1211
review, the council may submit to the legislative authority 1212
written recommendations for enhancing compliance with the 1213
nondiscriminatory hiring policies. 1214

(E) A legislative authority that receives from a tax 1215
incentive review council written recommendations under division 1216
(C) (1) or (D) of this section shall, within sixty days after 1217
receipt, hold a meeting and vote to accept, reject, or modify 1218
all or any portion of the recommendations. 1219

(F) A tax incentive review council may request from the 1220
recipient of a tax exemption under Chapter 725. or 1728. or 1221
section 3735.67, 5709.28, 5709.40, 5709.41, 5709.45, 5709.62, 1222
5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code any 1223
information reasonably necessary for the council to perform its 1224
review under this section. The request shall be in writing and 1225
shall be sent to the recipient by certified mail. Within ten 1226
days after receipt of the request, the recipient shall provide 1227
to the council the information requested. 1228

Section 2. That existing sections 3735.66, 3735.67,
3735.671, 3735.672, 3735.68, 5709.631, 5709.82, 5709.83, and
5709.85 of the Revised Code are hereby repealed.

Section 3. That section 3735.673 of the Revised Code is
hereby repealed.

Section 4. Section 5709.82 of the Revised Code is
presented in this act as a composite of the section as amended
by both H.B. 182 and H.B. 233 of the 131st General Assembly. The
General Assembly, applying the principle stated in division (B)
of section 1.52 of the Revised Code that amendments are to be
harmonized if reasonably capable of simultaneous operation,
finds that the composite is the resulting version of the section
in effect prior to the effective date of the section as
presented in this act.