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*Bill Analysis*  
*Legislative Service Commission*

## **S.B. 30**

125th General Assembly  
(As Introduced)

**Sen. Mumper**

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### **BILL SUMMARY**

- Expands the powers of a community improvement corporation that is designated as an agency on behalf of a political subdivision to do all things necessary or convenient to carry out the purposes and take any actions consistent with the purposes of the Community Improvement Corporation Law.

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### **CONTENT AND OPERATION**

#### **Background--creation of community improvement corporation**

R.C. 1724.01 provides that a corporation not for profit may be organized for the sole purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of a community or area (community improvement corporation). A community improvement corporation must be incorporated according to the procedures of the Nonprofit Corporation Law, which permits any person or persons, without regard to residence, domicile, or state of incorporation, to form a corporation by signing and filing required articles of incorporation with the Secretary of State (R.C. 1702.04). (See **COMMENT 1.**)

R.C. 1724.02 sets forth the powers of a community improvement corporation, which include the following:

(1) To borrow money, to issue evidence of indebtedness, and to secure that indebtedness with a lien;

(2) To make loans and to establish and regulate the terms and conditions with respect to any such loans;

(3) To purchase or otherwise acquire, and to sell or otherwise dispose of, real and personal property;

(4) To acquire the good will, business rights, real and personal property, and other assets of any person or business, to assume, or pay the liabilities of any person or business; and to acquire real estate for certain specified purposes;

(5) To acquire, sell, or otherwise dispose of the stock or other securities of any person or business;

(6) To mortgage or otherwise encumber any property acquired.

For a complete description of the powers of a community improvement corporation, see **COMMENT 2**.

**Designation of a community improvement corporation as an agency of a political subdivision**

Under existing law, a county, one or more townships, one or more municipal corporations, two or more adjoining counties, or any combination of the foregoing may designate a community improvement corporation as the agency of each political subdivision for the industrial, commercial, distribution, and research development in the political subdivision. The foregoing entitles may designate a community improvement corporation as the agency of each political subdivision when the legislative authority of the political subdivision has determined that the policy of the political subdivision is to promote the health, safety, morals, and general welfare of its inhabitants through the designation of a community improvement corporation as such agency.

The bill provides that in addition to the powers proscribed by R.C. 1724.02 (see above), but subject to an agreement with the political subdivision as to the specific powers that may be exercised, a community improvement corporation that has been designated as an agency as described above may do all things necessary or convenient to carry out the purposes described in R.C. 1724.01 (advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of a community area). (R.C. 1724.10.)

Existing law also provides that a political subdivision that has designated a community improvement corporation as an agency of the political subdivision may enter into an agreement with the corporation to perform certain specified functions. These functions include any one or more of the following (R.C. 1724.10):

(1) Preparation of a plan by the community improvement corporation for the political subdivision of industrial, commercial, distribution, and research development, which plan must provide the extent to which the community

improvement corporation must participate as the agency of the political subdivision in carrying out the plan;

(2) Authorization for the community improvement corporation to sell or to lease any lands or interests in lands owned by the political subdivision determined periodically by the legislative authority of the political subdivision not to be required by the political subdivision for its purposes, for uses determined by the legislative authority as those that will promote the welfare of the people of the political subdivision; stabilize the economy; provide employment; and assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the political subdivision and will provide additional opportunities for their gainful employment.

(3) Conveyance by the political subdivision executing the agreement to the community improvement corporation lands and interests in lands owned by the political subdivision and determined by the legislative authority of the political subdivision not to be required by the political subdivision for its purposes and that conveyance of the land or interests in land will promote the welfare of the people of the political subdivision; stabilize the economy; provide employment; and assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the political subdivision and provide additional opportunities for their gainful employment. (See **COMMENT 3**.)

The bill provides that the political subdivision may enter into an agreement with the community improvement corporation to authorize the community improvement corporation to take any other actions on behalf of the political subdivision that are consistent with the purposes of the Community Improvements Corporation Law (R.C. 1724.10(D)).

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## **COMMENT**

1. The Secretary of State is required to submit a community improvement corporation's articles of incorporation to the Attorney General for examination when the articles of incorporation are deposited for filing and recording in the office of the Secretary of State. If the Attorney General finds that the articles are in accordance with the Community Improvement Corporation Law and are not inconsistent with the constitution and the laws of the United States and of Ohio, the Attorney General must endorse and deliver them to the Secretary of State for filing and recording pursuant to the Nonprofit Corporations Law. (R.C. 1724.04.)

2. A community improvement corporation has the following powers (R.C. 1724.02):

(A) To borrow money for any of the purposes of the corporation; to issue its bonds, debentures, notes, or other evidences of indebtedness, whether secured or unsecured; and to secure them by mortgage, pledge, deed of trust, or other lien on its property, franchises, rights, and privileges of every kind and nature or any part or interest therein;

(B) To make loans to any person, firm, partnership, corporation, joint stock company, association, or trust, and to establish and regulate the terms and conditions with respect to any such loans; provided the corporation must not approve any application for a loan unless and until the person applying for the loan shows that a previous loan application through ordinary banking or commercial channels has been refused by at least one bank or other financial institution;

(C) To purchase, receive, hold, lease, or otherwise acquire and to sell, convey, transfer, lease, sublease, or otherwise dispose of real and personal property, together with related rights and privileges, including, but not restricted to, any real or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations;

(D) To acquire the good will, business rights, real and personal property, and other assets of any person or business, and to assume, undertake, or pay the liabilities of any person or business; to acquire real estate for the purpose of constructing industrial plants or other business establishments or for the purpose of disposing of real estate to others for these purposes; and to acquire, construct, alter, repair, maintain, operate, sell, convey, transfer, lease, sublease, or otherwise dispose of industrial plants or business establishments;

(E) To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the stock, shares, bonds, debentures, notes, or other securities of, any person or business, and while the owner or holder thereof, to exercise all the rights, of ownership, including the right to vote therein;

(F) To mortgage, pledge, or otherwise encumber any property acquired.

3. R.C. 1724.10 provides that any political subdivision that has designated a community improvement corporation as an agency may enter into an agreement with it to provide any one or more of the following:

(A) That the community improvement corporation must prepare a plan for the political subdivision of industrial, commercial, distribution, and research development, and the plan must provide the extent to which the community improvement corporation must participate as the agency of the political subdivision in carrying out the plan. The plan must be confirmed by the legislative authority of the political subdivision. A community improvement

corporation may insure mortgage payments required by a first mortgage on any industrial, economic, commercial, or civic property for which funds have been loaned by any person, corporation, bank, or financial or lending institution upon such terms and conditions as the community improvement corporation may prescribe. A community improvement corporation may incur debt, mortgage its property acquired under this section or otherwise, and issue its obligations, for the purpose of acquiring, constructing, improving, and equipping buildings, structures, and other properties, and acquiring sites, for lease or sale by the community improvement corporation in order to carry out its participation in the plan. Any debt must be solely that of the corporation and must not be secured by the pledge of any moneys received or to be received from any political subdivision. All revenue bonds issued under R.C. 1724.02 and 1724.10 are lawful investments of banks, savings and loan associations, deposit guarantee associations, trust companies, trustees, fiduciaries, trustees or other officers having charge of sinking or bond retirement funds of municipal corporations and other subdivisions of the state, and of domestic insurance companies notwithstanding R.C. 3907.14 and 3925.08. Not less than two-fifths of the governing board of any community improvement corporation designated as the agency of one or more political subdivisions may be composed of mayors, members of municipal legislative authorities, members of boards of township trustees, members of boards of county commissioners, or any other appointed or elected officers of such political subdivisions, provided that at least one officer from each political subdivision must be a member of the governing board. Membership on the governing board of a community improvement corporation does not constitute the holding of a public office or employment within the meaning of R.C. 731.02 and 731.12 or any other section of the Revised Code. Membership on such governing boards may not constitute an interest, either direct or indirect, in a contract or expenditure of money by any municipal corporation, township, county, or other political subdivision. No member of such governing boards may be disqualified from holding any public office or employment, nor may such member forfeit any such office or employment, by reason of his membership on the governing board of a community improvement corporation notwithstanding any law to the contrary.

Actions taken under the above provision must be in accordance with any applicable planning or zoning regulations. Any agreement entered into under the above provision may be amended or supplemented from time to time by the parties thereto.

A community improvement corporation designated as the agency of a political subdivision under R.C. 1724.10 must promote and encourage the establishment and growth in such subdivision of industrial, commercial, distribution, and research facilities.

(B) Authorization for the community improvement corporation to sell or to lease any lands or interests in lands owned by the political subdivision determined from time to time by the legislative authority not to be required by the political subdivision for its purposes, for uses determined by the legislative authority as those that will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, and assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the political subdivision and will provide additional opportunities for their gainful employment. The legislative authority must specify the consideration for the sale or lease and any other terms of the sale or lease. Any determinations made by the legislative authority under this division must be conclusive. The community improvement corporation acting through its officers and on behalf and as agent of the political subdivision must execute the necessary instruments, including deeds conveying the title of the political subdivision or leases, to accomplish the sale or lease. The conveyance or lease must be made without advertising and receipt of bids. A copy of the agreement must be recorded in the office of the county recorder of any county in which lands or interests in lands to be sold or leased are situated prior to the recording of a deed or lease executed pursuant to the agreement. The county recorder must charge the same fee for the recording, indexing, or making of a certified copy of the agreement as provided in R.C. 317.32.

(C) That the political subdivision executing the agreement will convey to the community improvement corporation lands and interests in lands owned by the political subdivision and determined by the legislative authority not to be required by the political subdivision for its purposes and that the conveyance of the land or interests in land will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, and assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the political subdivision and provide additional opportunities for their gainful employment, for the consideration and upon the terms established in the agreement, and further that as the agency for development the community improvement corporation may acquire from others additional lands or interests in lands, and any lands or interests in land so conveyed by it for uses that will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, and assist in the development of industrial, commercial, distribution, and research activities required for the people of the political subdivision and for their gainful employment. Any conveyance or lease by the political subdivision to the community improvement corporation must be made without advertising and receipt of bids. If any lands or interests in land conveyed by a political subdivision under this division are sold by the community improvement corporation at a price in excess of the consideration received by the political subdivision from the community improvement corporation, the excess

must be paid to the political subdivision after deducting, to the extent and in the manner provided in the agreement, the costs of the acquisition and sale, taxes, assessments, costs of maintenance, costs of improvements to the land by the community improvement corporation, service fees, and any debt service charges of the corporation attributable to the land or interests.

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## **HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	02-11-03	p. 107

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