



# Ohio Legislative Service Commission

## Bill Analysis

Joseph D. Heller

### **S.B. 70**

128th General Assembly  
(As Introduced)

**Sens.** Schiavoni, D. Miller, Schuler, Smith, Seitz, Schuring, R. Miller, Turner, Wilson

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## **BILL SUMMARY**

- Authorizes municipal corporations to use money derived from the sale of urban renewal bonds for the demolition of buildings located on tax-delinquent property that constitute a public nuisance due to blight.

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## **CONTENT AND OPERATION**

### **Urban renewal bonds**

Under current law, municipal corporations are authorized to issue bonds, the proceeds of which may be used for "urban renewal projects" pursuant to the municipal corporation's urban renewal plan. An urban renewal project is the undertaking or activity by a municipal corporation to eliminate or prevent the spread of slums or blight in an area designated by the municipal corporation as an "urban renewal area," including the construction or rehabilitation of real property. All or part of the value of newly constructed or rehabilitated property is exempted from taxation, but property owners are obligated to pay "service payments"--i.e., payments in lieu of taxes--which are the principal source of pay debt service on the bonds (see below).

Among the activities a municipal corporation may undertake in an urban renewal area is the demolition and removal of buildings.

The bill authorizes municipal corporations to use urban renewal bond proceeds for demolishing buildings located on tax-delinquent property that are a public nuisance because they constitute "blight." Given the existing authority for building demolition

and removal within an urban renewal area, the authorization presumably is for property that is not part of the urban renewal plan or area.<sup>1</sup>

## **Bond repayment**

Under the urban renewal law, up to 75%, or with school district approval up to 100%, of the assessed valuation of newly constructed or rehabilitated property may be exempted from taxation. The owner or lessee of the property is required to make payments in lieu of taxes that are equal to the amount of real property taxes that would have been paid on the exempted portion of the property value. The payments are used to retire the urban renewal bonds. A municipal corporation also may repay bonds through other "revenues" that include revenue from the sale or rental of municipal corporation property in an urban renewal area.

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	03-10-09

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<sup>1</sup> The bill does not specify whether proceeds from existing bonds, or only bonds issued after the bill's effective date, may be used for the demolition of buildings located on tax-delinquent property that constitute a public nuisance due to blight.

