



# Ohio Legislative Service Commission

## Bill Analysis

Mackenzie Damon

### Sub. H.B. 198

130th General Assembly  
(As Passed by the House)

**Reps.** Butler and Burkley, J. Adams, Boose, Brenner, Ruhl, Perales, Henne, Anielski, Beck, Blessing, Buchy, Conditt, Terhar, Winburn, Batchelder

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## BILL SUMMARY

- Allows the owner of record of a parcel of land to exclude the parcel from a tax increment financing incentive district, under specific circumstances, by submitting a written response to the political subdivision proposing the creation of the incentive district.
- Requires the political subdivision proposing the creation of an incentive district to include in its notice of public hearing a map of the proposed district on which the subdivision has delineated an "overlay," and the information that must be submitted in a written response to exclude a parcel of land from the incentive district.
- Requires the subdivision to amend its ordinance or resolution creating the incentive district to exclude any parcel for which a written response has been submitted.

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## CONTENT AND OPERATION

### Process for excluding parcels of land from incentive district TIFs

The bill establishes a procedure by which the owner of record of a parcel of land may exclude the parcel from a tax increment financing incentive district if the owner's entire parcel of land is not within an "overlay" delineated on a map of the proposed district by the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation proposing the district. An "overlay" is an area of not more than 300 acres that is a square, or that is a rectangle having two longer sides

that are not more than twice the length of the two shorter sides, delineated on a map of the proposed incentive district.<sup>1</sup>

Under continuing law, a board of county commissioners, board of township trustees, or the legislative authority of a municipal corporation, by adopting an ordinance or a resolution, as appropriate, may exempt from property taxes a certain percentage of any increases in the value of real property, in some cases for up to 30 years (known as "tax increment financing" or "TIF"). Certain individual parcels or a group of parcels (parcel-by-parcel or "project" TIFs) may be exempted. Or, a collection of "distressed"<sup>2</sup> parcels of land of not more than 300 acres in an "incentive district" TIF may be exempted, which is the type of TIF to which the bill applies.<sup>3</sup> Instead of paying property taxes, the owner of a parcel of land subject to a TIF may be required to make annual payments in lieu of taxes, to be used by the county, township, or municipal corporation for public infrastructure improvements.

A county, township, or municipal corporation (hereinafter, "political subdivision") that intends to apply for property tax exemptions on behalf of real property owners located within a proposed incentive district is required by continuing law to conduct a public hearing before adopting the ordinance or resolution creating the incentive district. Before holding the public hearing, the political subdivision must give notice of the hearing and of the proposed ordinance or resolution to every real property owner whose property is located within the boundaries of the proposed incentive district.

The bill requires that the notice include a map of the proposed incentive district on which the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation must have delineated an overlay. The notice must inform the property owner of the owner's right to exclude the owner's property from the incentive district if the owner's entire parcel of property will not be located within the overlay. In that case, the owner may exclude the property by submitting a written response to the political subdivision. The notice given by the political subdivision also must include information detailing the required contents of the response, the address to which the response may be mailed, and the deadline for submitting the response.

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<sup>1</sup> R.C. 5709.40(A)(6) and (C), 5709.73(A)(5) and (C), 5709.77(G), and 5709.78(B).

<sup>2</sup> Parcels of land eligible for inclusion in an incentive district must show characteristics of being "distressed," for example, the parcel is in a blighted area, the area has low-income residents, suffers high unemployment, or has "inadequate" infrastructure to support development.

<sup>3</sup> R.C. 5709.40, 5709.73, 5709.77, and 5709.78.



If a parcel is not entirely located in the overlay, the owner apparently is not authorized to prevent the parcel from being included in the incentive district and thereby subject to the exemption and payments in lieu of taxes.

The written response to the political subdivision must be submitted within 45 days after the postmark date on the notice. The response must be sent by first class mail or delivered in person at the public hearing, and must conform to any content requirements that may be established by the political subdivision and included in the notice. In the response, property owners may identify a parcel by street address, by the manner in which it is identified in the ordinance, or by other means allowing the identity of the parcel to be ascertained.<sup>4</sup>

Before adopting the ordinance or resolution creating the incentive district, the bill requires the political subdivision to amend its ordinance or resolution to exclude any parcel for which a written response has been submitted. Under the bill, a political subdivision cannot file an application for property tax exemptions under continuing law<sup>5</sup> for any parcel of property for which a written response for exclusion of the property from the incentive district has been submitted, and service payments may not be required from the owner of the parcel.<sup>6</sup> But improvements to a parcel excluded from an incentive district under the bill's procedure may be exempted from taxation under continuing law<sup>7</sup> that allows a parcel-by-parcel or project TIF to be created, pursuant to an ordinance or a resolution adopted under that law or under any other section of the Revised Code under which the parcel qualifies.

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## HISTORY

ACTION	DATE
Introduced	06-05-13
Reported, H. State & Local Gov't	02-26-14
Re-referred to H. State & Local Gov't by H. Rules & Reference	03-18-14
Re-reported, H. State & Local Gov't	04-02-14
Passed House (83-11)	05-21-14

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<sup>4</sup> R.C. 5709.40(C)(2), 5709.73(C)(2), and 5709.78(B)(2).

<sup>5</sup> R.C. 5709.911.

<sup>6</sup> R.C. 5709.40(C), 5709.73(C), 5709.78(B), and 5709.911(A).

<sup>7</sup> R.C. 5709.40(B), 5709.73(B), and 5709.78(A).

