



# Ohio Legislative Service Commission

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## Bill Analysis

Joe McDaniels

### **H.B. 289**

130th General Assembly  
(As Introduced)

**Reps.** Schuring, Beck, Brenner, Grossman, Henne, Hood, McGregor

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### **BILL SUMMARY**

- Establishes contiguity requirements for political subdivisions that create, amend, renew, or add a new political subdivision to a JEDD or JEDZ after the bill's effective date.
- Requires a political subdivision to obtain signed petitions of support from each owner and lessee of real property located within a JEDD or JEDZ before creating, amending, or renewing the JEDD or JEDZ.
- Requires that additional information be included in the ordinance or resolution approving the JEDD or JEDZ contract.
- Requires that municipal income tax revenue derived from a JEDD or JEDZ created, amended, or renewed after the bill's effective date be utilized for the purpose of carrying out the economic development plan for the JEDD or JEDZ.
- Permits the contracting political subdivisions to utilize municipal income tax revenue derived from a JEDD or JEDZ that has not been appropriated or encumbered for that economic development purpose for the purposes of the contracting political subdivisions in accordance with the contract.

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## **CONTENT AND OPERATION\***

### **Overview**

The bill makes various changes to the procedures and conditions for creating and implementing joint economic development districts (JEDDs) and joint economic development zones (JEDZs). JEDDs and JEDZs are territorial regions created by municipal corporations and townships (and joined by counties under certain limited circumstances<sup>1</sup>) to facilitate economic development, create or preserve jobs, and improve economic welfare within the region. To effectuate those objectives, a JEDD board of directors may levy an income tax, and the participating political subdivisions may share property tax revenue and contribute other resources in order to provide for specified activities within the JEDD. The governing authority of a JEDZ may levy an income tax, reapportion existing municipal income tax revenue, and contribute monetary, service, and equipment to the JEDZ by the contracting political subdivisions.

### **Contiguity requirements**

The bill establishes contiguity requirements for contracting political subdivisions in a JEDD or JEDZ, both with respect to the territory of the JEDD or JEDZ and to the other contracting political subdivisions. The contiguity requirements apply to JEDDs and JEDZs created, amended, or renewed after the bill's effective date. The bill does not invalidate any JEDD or JEDZ created before the bill's effective date that does not satisfy the contiguity requirements, but these JEDDs and JEDZs may not be amended or renewed unless the contiguity requirements are satisfied.<sup>2</sup>

### **JEDDs**

The contiguity requirements that apply to contracting political subdivisions in a JEDD, both under the bill and under current law, differ depending on the procedure under which the JEDD was created. There are three statutory procedures by which a JEDD may be created. The main difference between the statewide procedure and the two "restricted" procedures is that a JEDD created under the statewide procedure may not encompass an area in which electors reside as of the effective date of the contract. The two "restricted" procedures are available only to municipal corporations and townships that are located in a charter county, to JEDDs composed solely of municipal territory that includes an airport, to municipal corporations that have previously

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\* Unless otherwise noted, all references refer to sections of the Revised Code as they appear in the bill.

<sup>1</sup> See R.C. 715.72(D).

<sup>2</sup> R.C. 715.69(B)(2), 715.691(B)(3), 715.70(B)(1)(b), 715.71(B)(2), and 715.72(C).



created a JEDD composed solely of municipal territory that includes an airport, or to municipal corporations and townships that are part of, or contiguous to, a transportation improvement district and that created a JEDD before November 15, 1995.<sup>3</sup>

### **Restricted procedures**

For JEDDs created under the two restricted procedures, the bill requires each contracting political subdivision to be located in the same county or in a county adjacent to a county in which the territory of the JEDD is located. Furthermore, the territory of each contracting political subdivision must be contiguous to the territory of at least one other contracting political subdivision, or contiguous to the territory of a township or municipal corporation that is contiguous to the territory of another contracting political subdivision, even if the intervening township or municipal corporation is not participating in the JEDD. In effect, a contracting political subdivision must be no more than one township or municipal corporation removed from another political subdivision that is a party to the contract in order for a JEDD to be created under the restricted procedures.<sup>4</sup>

Under current law, there is no requirement that contracting political subdivisions in a JEDD created under either of the restricted procedures be contiguous to one another unless they qualify for a restricted procedure based only on the fact that an airport was included in the original JEDD created by the parties. In that case, each political subdivision that is a part of the JEDD must be contiguous to another political subdivision that is part of the JEDD or contiguous to a township or municipal corporation that is not part of the JEDD but is contiguous to another contracting political subdivision.<sup>5</sup>

### **Statewide procedure**

For JEDDs created under the statewide procedure, the bill continues an existing requirement that the contracting subdivisions be located in the same county or adjacent counties.<sup>6</sup> The bill revises an existing requirement that the territory of each contracting political subdivision be contiguous to the territory of at least one other contracting political subdivision, or contiguous to the territory of a county, township, or municipal corporation that is contiguous to the territory of another contracting political

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<sup>3</sup> R.C. 715.70.

<sup>4</sup> R.C. 715.70(B)(1)(b) and 715.71(B)(2).

<sup>5</sup> R.C. 715.70(B) in current law.

<sup>6</sup> R.C. 715.72(B).

subdivision, even if the intervening county, township, or municipal corporation is not a contracting political subdivision to the JEDD.<sup>7</sup> Under current law, this requirement does not apply if the contracting political subdivisions to the JEDD previously created a JEDD under one of the restricted procedures before November 15, 1995.<sup>8</sup> The bill eliminates this exception for JEDDs created, amended, or renewed under the statewide procedure after the bill's effective date.<sup>9</sup>

## **JEDZs**

Under current law, there are no contiguity requirements with respect to contracting political subdivisions in a JEDZ. The bill requires each contracting political subdivision to be located in the same county or in a county adjacent to a county in which the territory of the JEDZ is located. Furthermore, the territory of each contracting political subdivision must be contiguous to the territory of at least one other contracting political subdivision, or contiguous to the territory of a county, township, or municipal corporation that is contiguous to the territory of another contracting political subdivision, even if the intervening township or municipal corporation is not a contracting political subdivision to the JEDD.<sup>10</sup>

## **Petitions of support**

In addition to the existing procedural requirements pertaining to JEDDs and JEDZs, the bill requires the legislative authority of a political subdivision in which all or part of a JEDD or JEDZ is located to obtain signed petitions of support from all owners and lessees of real property located within the JEDD or JEDZ before approving, amending, renewing, or, in the case of a JEDZ created under R.C. 715.691, adding a new political subdivision to the JEDD or JEDZ. The petition must include the rate of any municipal income tax that may be levied within the JEDD or JEDZ; a description of how revenue from that tax will be spent; a copy of the contract designating the JEDD or JEDZ; a description of the area or areas to be included in the JEDD or JEDZ including a map; and an economic development plan for the JEDD or JEDZ that includes a schedule for the provision of any new, expanded, or additional services, facilities, or improvements.<sup>11</sup>

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<sup>7</sup> R.C. 715.72(C)(1).

<sup>8</sup> R.C. 715.72(C)(2) in current law.

<sup>9</sup> R.C. 715.72(C)(2).

<sup>10</sup> R.C. 715.69(B)(2) and 715.691(B)(3).

<sup>11</sup> R.C. 715.69(J), 715.691(K), 715.70(L), and 715.751.



Under current law, political subdivisions creating a JEDD under the first of the two restricted procedures (R.C. 715.70) are required to collect signed statements supporting the JEDD from persons owning real property located within the JEDD. The signatures must represent a majority with respect to both the number of persons who own property and the total acreage located within the JEDD. After adopting an ordinance or resolution approving the JEDD contract, the contracting political subdivisions are required to send these signed statements to the legislative authority of each county within which a contracting political subdivision is located.<sup>12</sup> The bill eliminates this procedure and requires instead that political subdivisions creating, amending, or renewing a JEDD under the first of the two restricted procedures to send a certified copy of the petitions of support to each county in which a contracting party is located.<sup>13</sup> The bill also imposes the same petition requirement on the second of the restricted procedures (R.C. 715.71), which currently does not have a petition requirement.

Under current law, political subdivisions creating a JEDD under the statewide procedure (R.C. 715.72 to 715.82) are required to collect petitions signed by the majority of business owners and property owners located within the proposed JEDD. The petitions must include a copy of the contract creating the JEDD; a description of the area or areas included in the JEDD including a map; and an economic development plan for the JEDD that consists of a schedule for the provision of new, expanded, or additional services, facilities or improvements and a schedule for the collection of an income tax.

The contracting political subdivisions are required to provide copies of these petitions to the legislative authority of each county in which a contracting party is located. Within ten days after the petitions are filed with the county, each contracting political subdivision is required to give notice to all the business owners and real property owners located within the proposed JEDD who did not sign the petitions. The notice must be given by certified mail and the contracting political subdivisions must make the petitions, the contract, the economic development plan, copies of the ordinances and resolutions approving the contract, and information related to the public hearings on the formation of the JEDD available for public inspection.<sup>14</sup>

The bill eliminates the preceding notice requirements and replaces them with the requirement that a petition of support must be signed by all property owners and lessees, as described above. Contracting political subdivisions are required to send

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<sup>12</sup> R.C. 715.70(C) in current law.

<sup>13</sup> R.C. 715.70(C)(1)(a)(iv) and 715.71(D)(4).

<sup>14</sup> R.C. 715.76(F) and (G) in current law.

certified copies of the petitions of support to the legislative authority of each county in which a contracting party is located.<sup>15</sup> The bill retains all other existing procedural requirements related to the formation of JEDDs and JEDZs.

## **Contents of JEDD and JEDZ ordinances and resolutions**

Current law requires contracting political subdivisions to enact an ordinance or resolution approving the JEDD or JEDZ contract. The bill specifies that any such ordinance or resolution enacted after the bill's effective date must include at least the information required in the corresponding petitions of support. Specifically, the rate of any municipal income tax that may be levied within the JEDD or JEDZ; a description of how revenue from that tax will be spent; a copy of the contract designating the JEDD or JEDZ; a description of the area or areas to be included in the JEDD or JEDZ including a map; and an economic development plan for the JEDD or JEDZ that includes a schedule for the provision of any new, expanded, or additional services, facilities, or improvements.<sup>16</sup>

## **Use of income tax revenues**

The bill requires that municipal income tax revenues derived from the income earned by persons employed by businesses located within a JEDD or JEDZ and from the net profits of those businesses be used for the purposes of carrying out the economic development plan for the JEDD or JEDZ. Any municipal income tax revenue derived from the JEDD or JEDZ and not appropriated or encumbered for that purpose may be used for the purposes of the contracting political subdivisions in accordance with the JEDD or JEDZ contract.

The bill permits political subdivisions to continue using municipal income tax revenue derived from JEDDs and JEDZs created before the bill's effective date in any manner permitted under current law. If such a JEDD or JEDZ is renewed or amended after the bill's effective date, the income tax revenue restrictions would then apply to revenue derived from that JEDD or JEDZ.<sup>17</sup>

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<sup>15</sup> R.C. 715.76.

<sup>16</sup> R.C. 715.69(E), 715.691(E), 715.70(M), and 715.76.

<sup>17</sup> R.C. 715.69(C)(2), 715.691(H), 715.70(F), 715.71(G), and 715.74(C).



The bill specifies that the municipal income tax levied within a JEDD may not exceed the rate specified in the petitions of support signed by the real property owners and lessees within the JEDD.<sup>18</sup>

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## HISTORY

ACTION	DATE
Introduced	10-08-13

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<sup>18</sup> R.C. 715.70(F), 715.71(G), and 715.74(C)(1).

