Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. S.B. 112 of the 130th G.A.

Date: June 27, 2013

Status: As Enacted

Sponsor: Sen. Beagle

Local Impact Statement Procedure Required: Yes

Contents: To extend the time during which local governments may enter into enterprise zone agreements by two years to October 15, 2015, and to create an enterprise zone program review council

State Fiscal Highlights

- Creates an enterprise zone program review council for the purpose of evaluating and making recommendations with respect to the enterprise zone program. Made up of six legislators, the bill provides no specific funding for the council.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2013	FY 2014	FUTURE YEARS
Counties and School Districts			
Revenues	Potential loss	Potential loss	Potential loss
Expenditures	- 0 -	- 0 -	- 0 -
Municipalities and Other Local Governments			
Revenues	Potential loss, but revenue loss is permissive	Potential loss, but revenue loss is permissive	Potential loss, but revenue loss is permissive
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- A county may lose property tax revenues for multiple years from an enterprise zone (EZ) agreement that is either created or extended to October 15, 2015 by the legislative authority of a municipal corporation located within the county, using the authorization provided by S.B. 112.
- School districts may lose property tax revenues for up to ten years for those EZ agreements where their approval is not required.
- Municipalities and other local governments (including counties, when applicable) that create or extend an EZ agreement under the bill may lose revenue over multiple years, but their revenue loss would be permissive.

Detailed Fiscal Analysis

S.B. 112 extends the time during which local governments may enter enterprise zone (EZ) agreements from October 15, 2013 to October 15, 2015.

Under continuing law, counties and municipal corporations may designate areas within the county or municipal corporation as "enterprise zones." After designating an area as an enterprise zone, the county or municipal corporation must petition the Director of Development Services for certification of the designated enterprise zone. If the Director certifies a designated enterprise zone, the county or municipal corporation may then enter into enterprise zone agreements with businesses for the purpose of fostering economic development in the enterprise zone. Under an enterprise zone agreement, the business agrees to establish or expand within the enterprise zone or to relocate its operations to the zone in exchange for property tax exemptions and other incentives.

S.B. 112 creates an enterprise zone program review council for the purpose of evaluating and making recommendations with respect to the enterprise zone program. The council will consist of two members of the House of Representatives appointed by the Speaker of the House of Representatives, one member of the House of Representatives appointed by the Minority Leader of the House of Representatives, two members of the Senate appointed by the President of the Senate, and one member of the Senate appointed by the Minority Leader of the Senate.

The council must "review the positive and negative impacts of the enterprise zone program and evaluate its overall effectiveness in terms of achieving the initial goals of the program as well as generating a positive return on investment for participating political subdivisions."

The council must compile a report that makes recommendations as to whether to continue the enterprise zone program and, if so, whether any changes should be made to the program. The report must be delivered to the Governor, the Speaker and Minority Leader of the House of Representatives, and the President and Minority Leader of the Senate on or before August 31, 2015. Upon delivery of the report, the council will dissolve.

Fiscal effect

Enterprise zone agreements authorize real and tangible personal property tax exemptions for those areas designated by the local legislative authority, and the agreements can be up to ten years or more.[3] Thus, the revenue loss to local governments or municipalities that grant an exemption is permissive. However, counties would lose

[3] If the EZ agreement is in excess of ten years, the agreement requires approval by the school district(s) that have property within the enterprise zone. Under these circumstances, the agreement can be up to 15 years.

property tax revenues for any EZ that is either created or extended by a municipal legislative authority using the authorization provided in the bill. School districts would lose revenues only on EZ agreements for which their approval is not required. (Under current law, school districts must approve agreements that exceed certain thresholds.)

The bill does not appropriate funds for the enterprise zone program review council.

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