
Detailed Fiscal Analysis

The bill makes various revisions to JEDD law, the majority of which are permissive in nature. However, the bill would allow certain municipalities and townships creating JEDDs to offer tax abatements. The bill contains a provision that would remove the hold harmless provisions in current law as they apply to school districts impacted by property tax exemptions. Therefore, in certain instances, the bill's provisions could result in lost property tax revenues for certain school districts. Finally, the bill allows municipalities, counties, townships, the state, and certain persons and private entities to enter into CEDAs (Cooperative Economic Development Agreements).

JEDD (Joint Economic Development Districts)

The bill specifically exempts a municipal corporation participating in a JEDD and levying an income tax from the requirement that it compensate school districts for lost revenues because that municipal corporation consented to the granting of a property tax abatement. The provision, while permissive to the contracting parties, could result in lost revenues to certain school districts. The provision would allow townships and municipalities that are participating in a JEDD created under ORC section 715.70 or 715.71 to grant tax abatements within the JEDD if the area is also in an enterprise zone. However, the conditions surrounding the creation of enterprise zones are broad enough that many areas could be designated as such. While there is a potential for an overall revenue loss to school districts, the enterprise zone sections of the law require that impacted school districts get a place at the bargaining table. The result of this requirement is that school districts could potentially partially offset their revenue loss. However, the net result is a potential future revenue loss for certain school districts due to tax abatements within JEDDs created under ORC sections 715.70 or 715.71, procedures with restricted application, where enterprise zone areas coincide with JEDDs.

Under ORC sections 715.70 and 715.71, JEDDs may only be formed within counties that have adopted a charter or by areas consisting entirely of municipal owned territory including an airport that is owned by the municipality and is located entirely beyond the municipal corporation's boundary. The only known areas currently impacted by these statutes are in Summit County and part of Clark County. (The JEDD in Clark County includes the Springfield Municipal Airport.) Only those school districts that collect property taxes within JEDDs that are created under ORC section 715.70 or 715.71 are potentially impacted by the bill's provisions. In the future it is possible that additional counties could adopt charters or that additional municipal airports owned by a municipality and located entirely beyond the municipal corporation's corporate boundary could be included in a JEDD. If such occurrences were to happen, there could be additional school districts that would lose revenue.

Municipalities that collect income tax within JEDDs that are created under ORC section 715.70 or 715.71 could lose revenue because the bill requires that municipalities grant tax exemptions to residents working within a JEDD to the same extent that the municipality grants a credit against its tax on income to its residents who are employed in another municipal corporation. In the future, it is possible that a municipality creating a JEDD under ORC 715.70 or 715.71 could lose revenue because of this requirement.

The bill requires that one of the contracting parties, after the creation of a JEDD, file a copy of certain JEDD documents with the Director of Development. The bill also requires that each contracting party must give notice to any owners of property and/or businesses within the area(s) to be included in the JEDD, that did not sign the JEDD petition and whose property is located within the boundaries of that contracting party. The notice must be given by certified mail and must specify that those owners of property and businesses are located within the area(s) to be included in the JEDD district. The notice also must indicate that certain documents regarding the JEDD are available at the offices of the clerk of the respective contracting parties. The cost of the reporting requirements could vary widely depending upon the number of owners of property and/or businesses that must be notified. Currently, the post office charges \$1.35, in addition to the cost of postage, to certify a letter sent in the United States mail. The contracting parties must equally bear the cost of providing the required notice.

CEDA (Cooperative Economic Development Agreements)

The bill allows municipalities, counties, townships, the state, and certain persons and private entities to enter into CEDAs. A CEDA permits political subdivisions to cooperate in providing services and/or permanent improvements such as infrastructure repair or construction, provision of sewer, public utility or other services, and land acquisition. These agreements are permissive in nature.

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