



Ohio Legislative Service Commission

Terry Steele

Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 50 of the 129th G.A.](#)

Date: December 13, 2012

Status: As Enacted

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: Creates a municipal income tax exemption that applies under certain circumstances under expedited Type II annexation procedures, and modifies parts of the New Community Authority Law

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Type II annexations – municipal income tax exemption

The bill establishes a specific municipal income tax exemption that applies to compensation earned by persons performing personal services for a political subdivision on its property when that property is annexed to a municipal corporation under the expedited Type II annexation procedure. The exemption applies to both employees of the annexed political subdivision or persons working under contract with the annexed political subdivision. The municipal income tax exemption does not apply, however, if the employee or person under contract with the annexed political subdivisions resides in the annexing political subdivision. This avoids a situation in which an employee of the political subdivision or a person working under contract for that political subdivision would be subject to differing income taxes. Overall, the changes in the bill could have the effect of deterring certain political subdivisions from annexing property owned by other political subdivisions through the expedited Type II annexation procedure.

The expedited Type II annexation procedure is a special procedure for annexing no more than 500 acres of land in the unincorporated territory of a township into a municipal corporation. To initiate the expedited Type II annexation procedure, 100% of the owners of real estate in the unincorporated territory of a township area proposed for annexation must sign the annexation petition. Under this procedure, if a municipal corporation and the township of the territory being annexed agree to the annexation, the board of county commissioners must approve it. The procedure is expedited in that there is no hearing and no right to appeal, and a municipal corporation or township may only object to the failure of the petition to meet any of seven conditions specified in continuing law.

New Community Authorities

Current law authorizes developers to petition a board of county commissioners to establish a "New Community" district. If the board approves the petition, a New Community Authority (NCA) is established to develop land in the district for industrial, commercial, residential, cultural, educational, or recreational purposes, to provide services to the district, and to raise revenue through new community charges. The NCA is governed by a board of trustees consisting of a local government representative, between three and six citizen members, and a representative of the developer. Currently, citizen representatives serve two-year terms with elections held on the first Tuesday after the First Monday in December. The bill alters this to state that these elections will be held at times and in the manner provided in a resolution adopted by the board of county commissioners. The bill also specifies that a NCA is a public body for purposes of Open Meetings Law. Therefore, the meetings of a NCA board of trustees must comply with this law. Since NCAs are funded through community charges to residents and businesses within their boundaries, there appears to be no direct fiscal effect to any political subdivisions associated with this provision.