



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 198 of the 130th G.A.](#)

Date: November 8, 2013

Status: As Introduced

Sponsor: Reps. Butler and Burkley

Local Impact Statement Procedure Required: No

Contents: Permits property owners in a proposed tax increment financing incentive district to opt out of the district

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- Owners of parcels in proposed tax increment financing (TIF) districts may opt out of the districts, as permitted by the bill, and as a result may pay property taxes instead of service payments.
- Alternatively, some property owners may participate in parcel or project TIFs instead of TIF districts.
- LSC does not have estimates of the amounts of taxes or service payments that would be affected by these changes.

Detailed Fiscal Analysis

The bill requires political subdivisions – municipal corporations, townships, or counties – proposing a tax increment financing (TIF) incentive district to provide notice to the record owner of each parcel within the proposed incentive district, before adopting the TIF ordinance or resolution, that the owner has the right to exclude the property from the incentive district by submitting a written response, and detailing the procedure for submitting the response. Property owners who opt out of a proposed TIF district would pay taxes rather than service payments on the value of any improvements to their properties.

Generally, owners of property in a TIF district make service payments in lieu of, and equal in amount to, taxes that would otherwise be due on a portion of the value of improvements to that property for a specified period of years. The service payments are used to finance public infrastructure improvements in the district by the local government that granted the tax exemption. The taxes due on the portion of the value not exempted from taxation, and distributed to the various units of local government that levy taxes in the tax district where the parcel is located, are unaffected by the TIF.

Current law provides for two types of TIFs, parcel or project TIFs and TIF districts. The parcel or project TIFs include specified parcels. The TIF districts include all parcels within a specified area. The changes made by the bill would apply only to TIF districts. The bill specifies that improvements to a parcel excluded from a TIF district under the procedure in the bill could be exempted from taxation as part of a parcel or project TIF.

The bill may result in additional tax payments to units of local government, equal in amount to the service payments that would otherwise be received. It may result in service payments for parcel or project TIFs that would otherwise be made as part of TIF districts. LSC does not have estimates of the amounts resulting from these two changes.