Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 289 of the 130th G.A. (LSC 130 1519-5)

Date: November 20, 2013

Status: In House State and Local Government

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: Makes various changes to law governing joint economic development zones and joint economic development districts

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- The bill requires approval from a majority of property owners, lessees, and businesses within a proposed joint economic development zone or joint economic development district for establishment of the zone or district. For an existing zone, majority approval is required for some types of changes. This requirement may reduce availability of municipal income tax revenues from areas of a zone or district in townships.
- The bill makes various other changes that appear to have no direct fiscal effect.

Detailed Fiscal Analysis

H.B. 289 makes various changes to law regarding joint economic development zones and joint economic development districts. Under current law, a joint economic development zone (JEDZ) may include areas from two or more municipal corporations, or from one or more municipal corporations and one or more townships. A joint economic development district (JEDD) may include areas from one or more municipal corporations and one or more townships. The bill specifies requirements pertaining to contiguity of each district. This change may result in different parties to future zones or districts. Existing districts are exempted from this requirement, except with regard to changes such as district boundaries or addition of a contracting party. The bill specifies certain information that must be part of the ordinance or resolution approving the contract establishing or amending the district. This change appears to have no direct fiscal effect.

The bill requires approval of a majority of real property owners, lessees, and businesses within each zone or district of establishment of the zone or district. Amendment of the contract that established an existing zone or district also requires approval of a majority of owners, lessees, and businesses of increases in the rate of municipal income tax in the district, changes in the way the tax revenue is used, changes to boundaries of the zone or district, or addition of a new contracting party. Disapproval might result in reduction in income tax collections from township areas not subject to municipal income taxation except through the JEDZ or JEDD.

Further details on provisions of the bill are in the LSC Bill Analysis.

Synopsis of Fiscal Effect Changes

The introduced bill requires subdivisions to obtain written approval from all owners and lessees of real property in a JEDZ or JEDD before approving, amending, or renewing the district contract. The substitute bill requires only majority approval of these parties as well as of businesses in the zone or district, and only for certain changes. This may facilitate changes by JEDZs and JEDDs. The fiscal effect of this is unclear.

The introduced bill restricts use of municipal income tax revenue from persons employed in a zone or district and from profits of businesses located there, requiring that the revenue be used for carrying out the economic development plan in the zone or district, but permits revenue not appropriated or encumbered for that purpose to be used for other purposes. The substitute bill restores current law, giving zones and districts greater leeway in use of tax revenue.