



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [Sub. H.B. 289 of the 130th G.A.](#)  
(LSC 130 1519-7)

**Date:** February 14, 2014

**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 a new or substantially amended joint economic development zone (JEDZ) or joint economic development district (JEDD) to have an economic development plan with a schedule for its implementation, and to create a review council.
- The council is to publish a report annually stating whether the JEDD or JEDZ has complied with its plan and schedule.
- A business or employee subject to municipal income tax in the JEDD or JEDZ may seek elimination of that tax if the council finds noncompliance with the plan and schedule.
- The bill makes various other changes that appear to have no direct fiscal effect.

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## Detailed Fiscal Analysis

The bill specifies that to create a new joint economic development district (JEDD) or joint economic development zone (JEDZ), or to (1) increase the rate of municipal income tax within the district or zone, (2) change the purposes for which the municipal income tax revenue may be used, (3) add contracting parties, or (4) change the area included in the district or zone, a JEDD or JEDZ must include in its contract an economic development plan and schedule, and provide for creation of a joint economic development review council (JEDRC). The schedule is to include implementation or provision of any new, expanded, or additional services, facilities, or improvements. The JEDRC is to issue an annual report including a determination whether the JEDD or JEDZ has or has not complied with its economic development plan and schedule. The bill does not specify whether members of the JEDRC are to be compensated. Expenses of the JEDRC are to be paid by the contracting parties.

If the JEDD or JEDZ has not complied, a business owner in the district or zone, or an employee subject to municipal income tax by the district or zone, may bring an action in a court of common pleas to suspend the municipal income tax.

Changes made by the bill do not apply to JEDDs created under R.C. 715.70 or R.C. 715.71.

Potential direct fiscal effects of the bill could include elimination of the municipal income tax in some JEDDs and JEDZs, and increases in court costs for courts of common pleas hearing actions based on the bill. The risk of loss of municipal income tax revenue might spur additional efforts to accomplish the economic development plan within the schedule.

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 -5 substitute bill requires only majority approval of these parties as well as of businesses in the zone or district, and only for certain changes. The -7 substitute bill retains current law. 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 -5 and -7 substitute bills retain current law, giving zones and districts greater leeway in use of tax revenue.

The introduced bill and -5 substitute bill do not include the JEDRCs or right of affected businesses or employees to seek elimination of the municipal income tax. These provisions are only in the -7 substitute bill.

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