



Ohio Legislative Service Commission

Revised

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Fiscal Note & Local Impact Statement

Bill: [S.B. 76 of the 130th G.A.](#)

Date: November 26, 2013

Status: As Introduced

Sponsor: Sen. Schiavoni

Local Impact Statement Procedure Required: Yes

Contents: Specifies that nonprofit corporations operating halfway houses, community-based correctional facilities, or other venues offering rehabilitative residential programming to criminal offenders are presumed to be charitable institutions whose property is eligible for tax exemption

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- Nonprofit corporations operating halfway houses, community-based correctional facilities, or similar venues would be presumed under the bill to be charitable institutions whose property is eligible for exemption from tax.
- Property belonging to institutions that is used exclusively for charitable purposes is exempt from tax, under continuing law unchanged by the bill.
- The owners of real property statewide on which taxes of about \$49,000 are owed annually may be eligible under the bill to be presumed to be charitable institutions. Additional properties, not identified in the search on which this figure is based, may satisfy the qualifications specified in the bill, and total taxes on such properties could be significantly larger than the figure noted above.

Detailed Fiscal Analysis

The bill specifies that a (1) private corporation established as a (2) nonprofit corporation that is (3) exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, (4) the principal purpose of which is operating a halfway house, community-based correctional facility, or other venue offering rehabilitative residential programming and services to criminal offenders, is conclusively presumed to be a charitable institution whose property is eligible for property tax exemption. Under continuing law, property "belonging to institutions that is used exclusively for charitable purposes" is exempt from property taxation.¹ Additional information on requirements for exemption from property taxation is in the LSC Bill Analysis.

As emphasized above, the bill provides that an entity must satisfy four requirements, pertaining to its form of organization, federal income tax exemption status, and purpose, to be conclusively presumed to be a charitable institution under R.C. 5709.12 and 5709.121. LSC cannot determine with certainty that all entities identified below as possibly benefitting from the bill satisfy all four criteria, nor can LSC preclude the possibility that other entities might also benefit from the bill that are not so identified.

Also, as the LSC Bill Analysis for S.B. 76 points out, use of property exclusively for charitable purposes, rather than the charitable nature of the property owner, determines eligibility for exemption from property taxation under R.C. 5709.12(B). Whether the properties identified as taxable in the list below would become tax exempt if the bill becomes law would appear to depend on the particular facts and circumstances of each property.

A search of public data bases on the web sites of county auditors around the state, for properties identified by the Department of Rehabilitation and Correction (DRC) on its web site as halfway houses or community-based correctional facilities, found that many are publicly owned and exempt from taxation. Others are privately owned and had been given charitable use exemptions from real property taxes, and in one case an exemption as a church. Six properties were shown as taxable, with annual real property taxes owed totaling about \$49,000. These properties are shown in the table below.

¹ R.C. 5709.12(B).

Halfway House and Community-Based Correctional Facility Locations as Identified by the Department of Rehabilitation and Correction and Shown on Auditors' Web Sites as Assessed Real Property Taxes			
Name shown on DRC list	Street address	City	Annual real property tax
Community Corrections Association	1764 Market St.	Youngstown	\$3,569
Community Treatment and Correction Center	1432 E. Tuscarawas	Canton	\$3,912
Ohio Link	517 S. Main St.	Lima	\$14,948
Oriana House	40 E. Glenwood Ave.	Akron	\$20,650
Lake Erie Community Corrections Center	1845 Superior Street	Sandusky	\$5,837
Northwest Community Correctional Center	1740 E. Gypsy Lane Rd.	Bowling Green	\$528
Total			\$49,444

Some of the street addresses listed on DRC's website for halfway houses and community-based correctional facilities were not found in the search of the auditors' web sites. Also, the bill provides that in addition to halfway houses or community-based correctional facilities, operation of "other venues that provide residential programming and services to criminal offenders" may qualify a private corporation to be presumed to be a charitable institution. No such list of "other venues" was searched. Consequently, additional real properties on which taxes currently are assessed may fall within the scope of the bill.

In general, exemption of additional real property from taxation would reduce the tax revenue of school districts and other units of local government. About two-thirds of real property tax revenue statewide is paid to school districts and about one-third is paid to other units of local government.