Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. S.B. 112 of the 130th G.A. **Date**: May 22, 2013

Status: As Passed by the Senate **Sponsor**: Sen. Beagle

Local Impact Statement Procedure Required: Yes

Contents: To extend the time during which local governments may enter into enterprise zone agreements by two years to October 15, 2015

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2013	FY 2014	FUTURE YEARS
Counties and School Districts			
Revenues	Potential loss	Potential loss	Potential loss
Expenditures	- 0 -	- 0 -	- 0 -
Municipalities and Other Local Governments			
Revenues	Potential loss, but revenue loss is permissive	Potential loss, but revenue loss is permissive	Potential loss, but revenue loss is permissive
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- A county may lose property tax revenues for multiple years from an enterprise zone (EZ) agreement that is either created or extended to October 15, 2015 by the legislative authority of a municipal corporation located within the county, using the authorization provided by S.B. 112.
- School districts may lose property tax revenues for up to ten years for those EZ agreements where their approval is not required.
- Municipalities and other local governments (including counties, when applicable) that create or extend an EZ agreement under the bill may lose revenue over multiple years, but their revenue loss would be permissive.

Detailed Fiscal Analysis

S.B. 112 extends the time during which local governments may enter enterprise zone (EZ) agreements from October 15, 2013 to October 15, 2015.

Under continuing law, counties and municipal corporations may designate areas within the county or municipal corporation as "enterprise zones." After designating an area as an enterprise zone, the county or municipal corporation must petition the Director of Development Services for certification of the designated enterprise zone. If the Director certifies a designated enterprise zone, the county or municipal corporation may then enter into enterprise zone agreements with businesses for the purpose of fostering economic development in the enterprise zone. Under an enterprise zone agreement, the business agrees to establish or expand within the enterprise zone or to relocate its operations to the zone in exchange for property tax exemptions and other incentives.

Fiscal effect

Enterprise zone agreements authorize real and tangible personal property tax exemptions for those areas designated by the local legislative authority, and the agreements can be up to ten years or more.[1] Thus, the revenue loss to local governments or municipalities that grant an exemption is permissive. However, counties would lose property tax revenues for any EZ that is either created or extended by a municipal legislative authority using the authorization provided in the bill. School districts would lose revenues only on EZ agreements for which their approval is not required. (Under current law, school districts must approve agreements that exceed certain thresholds.)

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[1] If the EZ agreement is in excess of ten years, the agreement requires approval by the school district(s) that have property within the enterprise zone. Under these circumstances, the agreement can be up to 15 years.