

Economic Development

Sub. H.B. 182

Reps. Schuring, Baker, Anielski, Antonio, Arndt, Brown, Buchy, Burkley, Celebrezze, Dovilla, Driehaus, Duffey, Fedor, Ginter, Green, Hackett, Hambley, Hayes, Landis, Lepore-Hagan, Manning, McColley, M. O'Brien, S. O'Brien, Patterson, Perales, Reineke, Rezabek, Rogers, Romanchuk, Schaffer, Sears, Sheehy, Slaby, Slesnick, K. Smith, R. Smith, Sprague, Strahorn, Sweeney, Thompson, Young

Sens. Beagle, Burke, Eklund, Hottinger, Peterson, Seitz, Thomas, Williams

Effective date: September 13, 2016

Joint economic development districts (JEDDs)

- Reorganizes the law governing JEDDs created under the state-wide procedure into one Revised Code section.
- Specifies that JEDDs may be created for "redevelopment" purposes.
- Allows "mixed-use developments" (i.e., real estate projects that integrate some combination of retail, office, residential, hotel, recreation, and other functions) to be included in the territory of a JEDD.
- Allows the contracting parties to designate "excluded parcels" within the boundaries of a JEDD that are not part of the JEDD nor subject to the JEDD income tax.
- Allows the imposition of a JEDD income tax on the income of individuals residing within the boundaries of the JEDD.
- Requires that JEDD income tax revenue be used to carry out the economic development plan for the district and other "lawful purposes" of the contracting parties.
- Clarifies that JEDD income tax revenue may be used for the provision of utility services.
- Requires that JEDD contracts expressly include an economic development plan, procedures for appointing the board of directors, and a restatement of the law prohibiting municipal annexation of unincorporated JEDD territory.
- Specifies that only the record owner of real property or a person with authority to make legally binding decisions on behalf of a business may sign a petition approving a JEDD contract or amendment.

- Requires the contracting parties to send written notice to property and business owners that did not sign the petitions supporting an amendment to add territory to a JEDD.
- Authorizes the contracting parties to amend an existing JEDD contract for the purpose of removing territory from the JEDD or designating excluded parcels.
- Requires the contracting parties to equally share the costs of circulating petitions to property and business owners and sending notice to property and business owners that did not sign the petitions when approving or amending a JEDD contract.
- Eliminates the requirement that the contracting parties send notice to each affected county before and after adopting a JEDD contract.
- Establishes a procedure permitting the owner of a business operating in the unincorporated territory of a JEDD to file a complaint with the court of common pleas seeking exemption from the JEDD income tax on behalf of the business and its employees.
- Authorizes affected school districts to waive the exclusion of retail facilities from the tax benefits available in enterprise zones.

Other provisions

- Expands the class of low-income community businesses eligible to receive credit-eligible investments for the purposes of Ohio's New Markets Tax Credit.
- Creates a property tax exemption for real property owned by a nonprofit corporation that is certified by the federal Small Business Administration as an intermediary lender in the federal Microloan Program.
- Extends, to December 31, 2016, the deadline for municipal corporations to report information necessary for the Municipal Income Tax Net Operating Loss Committee to compute the fiscal effects of recent changes to the law governing municipal income tax net operating loss deductions.
- Lowers the contribution threshold necessary to maintain an income tax refund contribution "check-off" option.

Am. Sub. H.B. 233

Reps. Schuring, Ashford, Baker, Blessing, Boyd, Fedor, Hackett, Hambley, Kraus, Lepore-Hagan, Patmon, Reineke, Scherer, Sears, Sheehy, Green, McColley, Brown, R. Smith, Amstutz, Anielski, Antonio, Arndt, Boccieri, Boose, Boyce, Buchy, Burkley, Celebrezze, Cera, Clyde, Conditt, Craig, Cupp, Derickson, Dever, Dovilla, Driehaus, Duffey, Ginter, Grossman, Hagan, Hall, Hayes, Henne, Hill, Howse, Huffman, G. Johnson, Kuhns, Leland, Maag, Manning, M. O'Brien, S. O'Brien, Patterson, Pelanda, Ramos, Reece, Retherford, Rezabek, Rogers, Romanchuk, Ruhl, Ryan, Schaffer, Slaby, Slesnick, K. Smith, Stinziano, Strahorn, Sweeney, Sykes, Terhar, Young, Zeltwanger, Rosenberger

Sens. Tavares, Bacon, Balderson, Beagle, Brown, Burke, Cafaro, Eklund, Gentile, Hite, LaRose, Manning, Oelslager, Patton, Peterson, Schiavoni, Seitz, Thomas, Uecker, Williams

Effective date: August 5, 2016

Downtown redevelopment districts (DRDs)

- Establishes a procedure by which municipal corporations may create DRDs for the purposes of rehabilitating historic buildings and promoting economic development.
- Authorizes the municipal corporation to exempt up to 70% of the increased value of real property in the DRD from taxation and to collect service payments in lieu of taxes from the property owners.
- Requires the municipal corporation to hold a public hearing on the proposed DRD ordinance and give notice of the hearing to each property owner in the district.
- Requires that the territory of a DRD contain at least one historic building and prohibits the inclusion of areas used exclusively for residential purposes.
- Restricts the lifetime of DRD exemptions to ten years or, with the approval or reimbursement of affected school districts, 30 years.
- Authorizes the designation of an innovation district within a new or existing DRD if the district includes an area equipped with a high-speed broadband network capable of download speeds of at least 100 gigabits per second.
- Authorizes property owners in a DRD to enter into agreements with the municipal corporation to impose a redevelopment charge on the property, as a covenant running with the land, for any period of time not exceeding the life of the DRD.
- Requires each municipal corporation that creates a DRD to establish a special fund for depositing and dispersing service payments and redevelopment charges.
- Authorizes the use of DRD funds for grants and loans to owners of historic and nonhistoric buildings, contributions to special improvement districts (SIDs) and community improvement corporations (CICs) to promote the district, public infrastructure improvements, and, if the DRD includes an innovation district, grants and loans to technology-oriented businesses, incubators, and accelerators.

- Requires the municipal corporation to file an annual report with the Development Services Agency on the progress of DRD projects and services and the expenditure of money from the district's special fund.
- Requires the Director of Development Services to devise and adopt a system to track information necessary to anticipate the tax revenue impact of historic preservation tax credits in current and future fiscal years.

Charitable use exemption

- Specifically extends the charitable use property tax exemption to certain kinds of museums that are open to the public and belong to a public or charitable organization.
- Expands a pre-existing property tax exemption for certain kinds of historic structures under renovation that are conveyed to a nonpublic, noncharitable organization by including such museums and by specifying that only part of the structure's space must be used for the exempt purpose.

Lodging tax for Lake Erie shoreline improvements

- Clarifies the permissible uses of revenue from a recently authorized lodging tax levied to fund the construction of port authority facilities near the Lake Erie shoreline.