

AN ACT

To amend sections 122.15, 122.151, 122.152, 122.154, 715.70, 715.71, 715.72, 715.74, 715.76, 715.77, 715.78, 718.03, and 5709.82 and to enact sections 701.07, 715.761, 715.771, 715.82, 715.83, and 5709.411 of the Revised Code and to repeal Section 4 of Sub. H.B. 481 of the 119th General Assembly to make various changes in procedures governing the creation of joint economic development zones and certain joint economic development districts, to grant additional authority to subdivisions joining in certain kinds of joint economic development zones regarding the issuance of industrial development bonds, sharing property taxes, and granting property tax exemptions, to authorize municipal corporations, counties, townships, the state, and certain persons and private entities to enter into cooperative economic development agreements, and to make changes in the technology investment tax credit program.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 122.15, 122.151, 122.152, 122.154, 715.70, 715.71, 715.72, 715.74, 715.76, 715.77, 715.78, 718.03, and 5709.82 be amended and sections 701.07, 715.761, 715.771, 715.82, 715.83, and 5709.411 of the Revised Code be enacted to read as follows:

Sec. 122.15. As used in sections 122.15 to 122.154 of the Revised Code:

(A) "Edison center" means a cooperative research and development facility that receives funding through the Thomas Alva Edison grant program under division (C) of section 122.33 of the Revised Code.

(B) "Ohio entity" means any corporation, limited liability company, or unincorporated business organization, including a general or limited partnership, that has its principal place of business located in this state and

has at least fifty per cent of its gross assets and fifty per cent of its employees located in this state. If a corporation, limited liability company, or unincorporated business organization is a member of an affiliated group, the gross assets and the number of employees of all of the members of that affiliated group, wherever those assets and employees are located, shall be included for the purpose of determining the percentage of the corporation's, company's, or organization's gross assets and employees that are located in this state.

(C) "Qualified trade or business" means any trade or business that primarily involves research and development, technology transfer, bio-technology, or the application of new technology developed through research and development or acquired through technology transfer. "Qualified trade or business" does not include any of the following:

(1) Any trade or business involving the performance of services in the field of law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services, or any trade or business where the principal asset of the trade or business is the reputation or skill of one or more of its employees;

(2) Any banking, insurance, financing, leasing, rental, investing, or similar business;

(3) Any farming business, including the business of raising or harvesting trees;

(4) Any business involving the production or extraction of products of a character with respect to which a deduction is allowable under section 611, 613, or 613A of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 611, 613, or 613A;

(5) Any business of operating a hotel, motel, restaurant, or similar business;

(6) Any trade or business involving a hospital, a private office of a licensed health care professional, a group practice of licensed health care professionals, or a nursing home. As used in division (C)(6) of this section:

(a) "Nursing home" has the same meaning as in section 3721.50 of the Revised Code.

(b) "Hospital" has the same meaning as in section 3727.01 of the Revised Code.

(D) "Insider" means an individual who owns, controls, or holds power to vote five per cent or more of the outstanding securities of a business. For purposes of determining whether an investor is an insider, the percentage of voting power in the Ohio entity held by a person related to the investor shall be added to the investor's percentage of voting power in the same Ohio

entity, if the investor claimed the person related to the investor as a dependent or a spouse on the investor's federal income tax return for the previous tax year.

(E) "Related to" means being the spouse, parent, child, or sibling of an individual.

(F) "Research and development" means designing, creating, or formulating new or enhanced products, equipment, or processes, and conducting scientific or technological inquiry and experimentation in the physical sciences with the goal of increasing scientific knowledge that may reveal the bases for new or enhanced products, equipment, or processes.

(G) "State tax liability" means any tax liability incurred under division (D) of section 5707.03, section 5727.38 or 5747.02, or Chapter 5733. of the Revised Code.

(H) "Technology transfer" means the transfer of technology from one sector of the economy to another, including the transfer of military technology to civilian applications, civilian technology to military applications, or technology from public or private research laboratories to military or civilian applications.

(I) "Affiliated group" means two or more persons related in such a way that one of the persons owns or controls the business operations of another of those persons. In the case of a corporation issuing capital stock, one corporation owns or controls the business operations of another corporation if it owns more than fifty per cent of the other corporation's capital stock with voting rights. In the case of a limited liability company, one person owns or controls the business operations of the company if that person's membership interest, as defined in section 1705.01 of the Revised Code, is greater than fifty per cent of combined membership interest of all persons owning such interests in the company. In the case of an unincorporated business organization, one person owns or controls the business operations of the organization if, under the articles of organization or other instrument governing the affairs of the organization, that person has a beneficial interest in the organization's profits, surpluses, losses, or other distributions greater than fifty per cent of the combined beneficial interests of all persons having such an interest in the organization.

(J) "Money" means United States currency, or a check, draft, or cashier's check for United States currency, payable on demand and drawn on a bank.

Sec. 122.151. (A) An investor who proposes to make an investment of money in an Ohio entity may apply to an Edison center for a tax credit under this section. The Edison center shall prescribe the form of the application

and any information that the investor must submit with the application. The investor shall include with the application a fee of two hundred dollars. The center, within three weeks after receiving the application, shall review it, determine whether the investor should be recommended for the tax credit, and send written notice of its initial determination to the industrial technology and enterprise advisory council and to the investor. If the center determines the investor should not be recommended for the tax credit, it shall include in the notice the reasons for the determination. Subject to divisions (C) and (D) of this section, an investor is eligible for a tax credit if all of the following requirements are met:

(1) The investor's investment of money is in an Ohio entity engaged in a qualified trade or business;

(2) The Ohio entity had less than one million dollars of gross revenue during its most recently completed fiscal year or had a net book value of less than one million dollars at the end of that fiscal year;

(3) The investment takes the form of the purchase of common or preferred stock, a membership interest, a partnership interest, or any other ownership interest;

(4) The amount of the investment for which the credit is being claimed does not exceed one hundred fifty thousand dollars;

(5) The money invested is entirely at risk of loss, where repayment depends upon the success of the business operations of the Ohio entity;

(6) ~~If the money invested is to be repaid to the investor if the Ohio entity is successful, no~~ No repayment, except for dividends or interest, of principal invested will be made for at least three years from the date the investment is made;

(7) The annual combined amount of any dividend and interest payments to be made to the investor will not exceed ten per cent of the amount of the investment; for at least three years from the date the investment is made.

(8) The investor is not an employee with proprietary decision-making authority of the Ohio entity in which the investment of money is proposed, or related to such an individual. The Ohio entity is not an individual related to the investor ~~or the~~. For purposes of this division, The industrial technology and enterprise advisory council shall define "an employee with proprietary decision-making authority."

(9) The investor is not an insider.

For the purposes of determining the net book value of an Ohio entity under division (A)(1) or (2) of this section, if the entity is a member of an affiliated group, the combined net book values of all of the members of that affiliated group shall be used.

Nothing in division (A)(6) or (7) of this section limits or disallows the distribution to an investor in a pass-through entity of a portion of the entity's profits equal to the investor's federal, state, and local income tax obligations attributable to the investor's allocable share of the entity's profits. Nothing in division (A)(6) or (7) of this section limits or disallows the sale by an investor of part or all of the investor's interests in an Ohio entity by way of a public offering of shares in the Ohio entity.

(B) A group of two but not more than twenty investors, each of whom proposes to make an investment of money in the same Ohio entity, may submit an application for tax credits under division (A) of this section. The group shall include with the application a fee of eight hundred dollars. The application shall identify each investor in the group and the amount of money each investor proposes to invest in the Ohio entity, and shall name a contact person for the group. The Edison center, within three weeks after receiving the application, shall review it, determine whether each investor of the group should be recommended for a tax credit under the conditions set forth in division (A) of this section, and send written notice of its determination to the industrial technology and enterprise advisory council and to the contact person. The center shall not recommend that a group of investors receive a tax credit unless each investor is eligible under those conditions. The center may disqualify from a group any investor who is not eligible under the conditions and recommend that the remaining group of investors receive the tax credit. If the center determines the group should not be recommended for the tax credit, it shall include in the notice the reasons for the determination.

(C) The industrial technology and enterprise advisory council shall establish from among its members a three-person committee. Within four weeks after the council receives a notice of recommendation from an Edison center, the committee shall review the recommendation and issue a final determination of whether the investor or group is eligible for a tax credit under the conditions set forth in division (A) of this section. The committee may require the investor or group to submit additional information to support the application. The vote of at least two members of the committee is necessary for the issuance of a final determination or any other action of the committee. Upon making the final determination, the committee shall send written notice of approval or disapproval of the tax credit to the investor or group contact person, the director of development, and the Edison center. If the committee disapproves the tax credit, it shall include in the notice the reasons for the disapproval.

(D)(1) The industrial technology and enterprise advisory council

committee shall not approve more than one million dollars of investments in any one Ohio entity. However, if a proposed investment of money in an Ohio entity has been approved but the investor does not actually make the investment, the committee may reassign the amount of that investment to another investor, as long as the total amount invested in the entity under this section does not exceed one million dollars.

If the one-million-dollar limit for an Ohio entity has not yet been reached and an application proposes an investment of money that would exceed the limit for that entity, the committee shall send written notice to the investor, or for a group, the contact person, that the investment cannot be approved as requested. Upon receipt of the notice, the investor or group may amend the application to propose an investment of money that does not exceed the limit.

(2) Not more than ten million dollars of tax credits shall be issued under sections 122.15 to 122.154 of the Revised Code.

(E) If an investor makes an approved investment of money in an Ohio entity of less than one hundred fifty thousand dollars, the investor may apply for approval of another investment of money in that entity, as long as the total amount invested in that entity by the investor under this section does not exceed one hundred fifty thousand dollars. An investor who receives approval of an investment of money as part of a group may subsequently apply on an individual basis for approval of an additional investment of money in the Ohio entity.

(F) The industrial technology and enterprise advisory council committee shall approve or disapprove tax credit applications under this section in the order in which they are received by the council.

(G) The director of development may disapprove any application recommended by an Edison center and approved by the industrial technology and enterprise advisory council committee, or may disapprove a credit for which a tax credit certificate has been issued under section 122.152 of the Revised Code, if the director determines that the entity in which the applicant proposes to invest or has invested is not an Ohio entity eligible to receive investments that qualify for the credit. If the director disapproves an application, the director shall certify the action to the investor, the Edison center that recommended the application, the industrial technology and enterprise advisory council, and the tax commissioner, together with a written explanation of the reasons for the disapproval. If the director disapproves a tax credit after a tax credit certificate is issued, the investor shall not claim the credit for the taxable year that includes the day the director disapproves the credit, or for any subsequent taxable year.

The director of development, in accordance with section 111.15 of the Revised Code and with the advice of the industrial technology and enterprise advisory council, may adopt, amend, and rescind rules necessary to implement sections 122.15 to 122.154 of the Revised Code.

(H) An Edison center shall use application fees received under this section only for the costs of administering sections 122.15 to 122.154 of the Revised Code.

Sec. 122.152. (A) ~~An investor who receives~~ After receiving notice of approval for an investment of money from the industrial technology and enterprise advisory council committee under section 122.151 of the Revised Code, ~~not more than thirty days after receiving the notice~~ an investor, within a period of time determined by the committee, may make the investment and apply to the council for a tax credit certificate. If the council is satisfied the investor has made the investment in the proper form, it shall issue to the investor a tax credit certificate indicating that the investor is allowed a tax credit in an amount equal to twenty-five per cent of the investment.

An investor who receives approval of a proposed investment of money through a group application, after making the investment, shall apply for a tax credit certificate on an individual basis.

(B) An investor who is issued a tax credit certificate under this section may claim a nonrefundable credit equal to the amount indicated on the certificate against any state tax liability. The investor shall claim the credit for the taxable year in which the certificate is issued.

(1) If the credit to which a taxpayer otherwise would be entitled under this section for any taxable year is greater than the tax otherwise due under division (D) of section 5707.03 or section 5727.38 of the Revised Code, the excess shall be allowed as a credit in each of the ensuing fifteen taxable years, but the amount of any excess credit allowed in an ensuing taxable year shall be deducted from the balance carried forward to the next taxable year.

(2) If the credit to which a taxpayer otherwise would be entitled under this section for any taxable year is greater than the tax otherwise due under section 5747.02 or Chapter 5733. of the Revised Code, after allowing for any other credits that precede the credit allowed under this section in the order required under section 5733.98 or 5747.98 of the Revised Code, the excess shall be allowed as a credit in each of the ensuing fifteen taxable years, but the amount of any excess credit allowed in an ensuing taxable year shall be deducted from the balance carried forward to the next taxable year.

(C) Any portion of a credit allowed under this section that is utilized by

an investor to reduce the investor's state tax liability shall not be utilized by any other person.

(D) To claim a tax credit allowed under this section, an investor shall attach to the appropriate return a copy of the certificate issued to the investor under this section.

(E) Nothing in this section shall limit or disallow pass-through treatment of a pass-through entity's income, deductions, or credits, or other amounts necessary to compute a state tax liability.

(F) A tax credit certificate issued to an investor under this section may not be transferred by that investor to any other person.

(G)(1) The industrial technology and enterprise advisory council shall develop the form of the tax credit certificate and shall use that form when issuing a tax credit certificate under this section.

(2) The industrial technology and enterprise advisory council shall report to the tax commissioner any information requested by the commissioner concerning tax credit certificates issued under this section.

(H) An investment made by an investor or group of investors who enter into a contractual agreement with an Ohio entity to invest money in the Ohio entity is an acceptable investment if all of the following conditions are met:

(1) The investment is made pursuant to a subscription agreement providing that the investor or group of investors is entitled to receive a refund of funds if the investment is not approved by the industrial technology and enterprise advisory council.

(2) The investment is placed in escrow until the investment is approved by the industrial technology and enterprise advisory council.

(3) The investor or group of investors shows proof of the withdrawal of the funds by the Ohio entity after the investment is approved by the industrial technology and enterprise advisory council.

Sec. 122.154. (A) A business may apply to an Edison center for a determination as to whether the business is an Ohio entity eligible to receive investments of money under section 122.151 of the Revised Code that qualify the investor for a tax credit under section 122.152 of the Revised Code. The business shall include with the application a fee of one hundred fifty dollars and a business plan. The Edison center shall prescribe any other information the business must submit with the application and the form of the application. The center, within three weeks after receiving the application, shall review it, determine whether the business is an Ohio entity eligible to receive investments of money that qualify for the tax credit, and send written notice to the industrial technology and enterprise advisory council and the business of its initial determination. If the center determines

that the business is not an Ohio entity eligible to receive investments of money that qualify for the tax credit, it shall include in the notice the reasons for the determination.

Within four weeks after the council receives a notice of recommendation from an Edison center, the industrial technology and enterprise advisory council committee established under section 122.152 of the Revised Code shall review the recommendation and issue a final determination of whether the business is an Ohio entity eligible to receive investments of money under section 122.151 of the Revised Code that qualify an investor for a tax credit under section 122.152 of the Revised Code. The committee may require the business to submit additional information to support the application. The vote of at least two members of the committee is necessary for the issuance of a final determination. On making the final determination, the committee shall send written notice of approval or disapproval to the business, the director of development, and the Edison center. If the committee determines that the business is not an Ohio entity eligible to receive investments of money that qualify for the tax credit, it shall include in the notice the reasons for the determination.

(B) ~~An Edison center~~ The department of development shall maintain a list of the businesses that have been determined to be Ohio entities eligible to receive investments of money that qualify for the tax credit. ~~The center~~ department shall furnish copies of the list to the public upon request.

(C) ~~The Edison center~~ department of development may prescribe a schedule under which businesses periodically must submit information to enable the center to maintain the accuracy of the list. At the times required in the schedule, each business on the list shall submit any information the center requires to determine if the business continues to be an Ohio entity eligible to receive investments of money that qualify for the tax credit.

(D) An Edison center shall use fees received under this section only for the costs of administering sections 122.15 to 122.154 of the Revised Code.

(E) The Edison centers and the industrial technology and enterprise advisory council do not assume any responsibility for the accuracy or truthfulness of information furnished by an Ohio entity or its agents.

An investor in an Ohio entity is solely responsible for due diligence in verifying information submitted by an Ohio entity. An Edison center is not liable for any action resulting from its provision of such information to investors in accordance with sections 122.15 to 122.154 of the Revised Code.

Sec. 701.07. (A) The legislative authority of one or more municipal corporations, by ordinance or resolution, and the board of township trustees

of one or more townships, by resolution, may enter into a cooperative economic development agreement under this section. The board of county commissioners of one or more counties may become a party to a cooperative economic development agreement upon the written consent of the legislative authority of each municipal corporation and the board of township trustees of each township that is a party to the agreement.

Before entering into a cooperative economic development agreement pursuant to this section, the parties to the agreement shall jointly hold a public hearing concerning the agreement. The parties shall provide to residents of the territory affected by the agreement at least thirty days' public notice of the time and place of the public hearing in one or more newspapers of general circulation in that territory. During the thirty-day period prior to the public hearing, each party to the agreement, except the state or any state agency or any person or private entity that becomes a party to the agreement under division (C)(10) or (F) of this section, shall make available for public inspection a copy of the proposed agreement.

(B) A cooperative economic development agreement may be amended at any time in the same manner as it was initially authorized. A cooperative economic development agreement shall designate the territory the agreement covers.

(C) A cooperative economic development agreement may provide for any of the following:

(1) The provision of joint services and permanent improvements within incorporated or unincorporated areas;

(2) The provision of services and improvements by a municipal corporation in unincorporated areas;

(3) The provision of services and improvements by a county or township within the territory of a municipal corporation;

(4) The payment of service fees to a municipal corporation by a township or county;

(5) The payment of service fees to a township or a county by a municipal corporation;

(6) The issuance of notes and bonds and other debt obligations by a municipal corporation, county, or township for public purposes authorized by or under a cooperative economic development agreement and provision for the allocation of the payment of the principal of, interest on, and other charges and costs of issuing and servicing the repayment of the debt;

(7) The issuance of industrial development notes, bonds, and debt obligations by a municipal corporation to finance projects in territory located outside the municipal corporation but located within the territory

covered by a cooperative economic development agreement and provision for the allocation of the payment of the principal of, interest on, and other charges and costs of issuing and servicing the repayment of the debt. To implement division (C)(10) of this section, a municipal corporation may undertake projects under Chapter 165., 761., or 902. Of the Revised Code even though the project is in territory located outside the municipal corporation.

(8) The territory to be annexed to a municipal corporation when agreed to by the municipal corporation to which annexation is proposed and the township in which the territory to be annexed is located;

(9) Any periods of time during which no annexations will occur and any areas that will not be annexed during the period when agreed to by the municipal corporation and township affected by the annexation moratorium;

(10) Agreements by a municipal corporation and a township, or by a municipal corporation and a county, with landowners or developers of land that is to be annexed, or with both such landowners and land developers, concerning the provision of public services, facilities, and permanent improvements. Any person or other private entity described in division (C)(10) of this section that enters into an agreement with a municipal corporation and a township, or with a municipal corporation and a county, pursuant to this division shall be considered to be a party to the agreement.

(11) The application of tax abatement statutes within the territory covered by the cooperative economic development agreement;

(12) Changing township boundaries under Chapter 503. Of the Revised Code to exclude newly annexed territory from the original township and providing services to that territory;

(13) The earmarking by a municipal corporation for its general revenue fund of a portion of the utility charges it collects in territory located outside the municipal corporation but located within the territory covered by a cooperative economic development agreement, but only if the cooperative economic development agreement does not cover any matters relating to annexation;

(14) Payments in lieu of taxes, if any, to be paid to a township by a municipal corporation. These payments may be in addition to or in lieu of other payments required by law to be made to the township by that municipal corporation.

(15) Any other matter pertaining to the annexation or development of territory, whether the territory is owned by a governmental entity or a person or private entity.

As used in division (C)(2) of this section, "improvement" includes, but

is not limited to, sewers, roadways, public utilities, and the acquisition of land.

(D) Cooperative economic development agreements shall not be in derogation of the powers granted to municipal corporations by Article XVIII, Ohio Constitution, or any other provisions of the Ohio Constitution or of a municipal charter, nor shall municipal corporations and townships, or municipal corporations and counties, agree to share proceeds of any tax levy, although such proceeds may be used to make payments authorized in a cooperative economic development agreement.

(E) If any party to a cooperative economic development agreement believes any other party has failed to perform its part of any provision of the agreement, including the failure to make any payment of moneys due under the agreement, the complaining party shall give notice to the other party clearly stating what breach the complaining party believes has occurred. The party receiving the notice has ninety days from the receipt of that notice to cure the breach. If the breach has not been cured within that ninety-day period, the complaining party may sue for the recovery of the money due under the agreement, sue for specific enforcement of the agreement, or terminate the agreement by giving notice of termination to all other parties.

(F) In order to assist economic development or to provide appropriate state functions and services to any part of the state, the state or any state agency may become a party to a cooperative economic development agreement upon the approval of the governor and the written consent of the legislative authority or governing board of each government entity that is a party to the agreement and upon the approval of each person or private entity described in division (C)(10) of this section that is party to the agreement.

(G) A cooperative economic development agreement entered into under this section is in addition to any other agreements authorized by law between municipal corporations and counties or between municipal corporations and townships.

(H) The powers and authorizations provided for under this section and under any cooperative economic development agreement entered into pursuant to this section shall be liberally construed to allow parties to enter into cooperative economic development agreements and to carry out such an agreement by providing government improvements and facilities and services, by promoting and supporting economic development, by creating and preserving employment opportunities, and by allowing for the sharing by counties and townships in the benefits of economic development even if the economic development does not occur in an unincorporated area.

Sec. 715.70. (A) This section and section 715.71 of the Revised Code apply only to:

(1) Municipal corporations and townships within a county that has adopted a charter under Sections 3 and 4 of Article X, Ohio Constitution;

(2) Municipal corporations and townships that have created a joint economic development district comprised entirely of real property owned by a municipal corporation at the time the district was created under this section. The real property owned by the municipal corporation shall include an airport owned by the municipal corporation and located entirely beyond the municipal corporation's corporate boundary.

(3) Municipal corporations or townships that are part of or contiguous to a transportation improvement district created under Chapter 5540. of the Revised Code and that have created a joint economic development district under this section or section 715.71 of the Revised Code prior to ~~the effective date of this amendment~~ November 15, 1995;

(4) Municipal corporations that have previously entered into a contract creating a joint economic development district pursuant to division (A)(2) of this section, even if the territory to be included in the district does not meet the requirements of that division.

(B)(1) One or more municipal corporations and one or more townships may enter into a contract approved by the legislative authority of each contracting party pursuant to which they create as a joint economic development district an area or areas for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the state and in the area of the contracting parties. ~~Any interested person, other than a political subdivision, may bring a civil action within thirty days after the executed copy of the contract is filed with the county recorder pursuant to division (B)(5) of this section challenging whether the contract satisfies the purposes of a joint economic development district as described in this section~~ A municipal corporation described in division (A)(4) of this section may enter into a contract with other municipal corporations and townships to create a new joint economic development district. In a district that includes a municipal corporation described in division (A)(4) of this section, the territory of each of the contracting parties shall be contiguous to the territory of at least one other contracting party, or contiguous to the territory of a township or municipal corporation that is contiguous to another contracting party, even if the intervening township or municipal corporation is not a contracting party. The area or areas of land to be included in the district shall not include any parcel of land owned in fee by a municipal

corporation or a township or parcel of land that is leased to a municipal corporation or a township, unless the municipal corporation or township is a party to the contract or unless the municipal corporation or township has given its consent to have its parcel of land included in the district by the adoption of a resolution. As used in this division, "parcel of land" means any parcel of land owned by a municipal corporation or a township for at least a six-month period within a five-year period prior to the creation of a district, but "parcel of land" does not include streets or public ways and sewer, water, and other utility lines whether owned in fee or otherwise.

The district created shall be located within the territory of one or more of the participating parties and may consist of all or a portion of such territory. The boundaries of the district shall be described in the contract or in an addendum to the contract.

~~(2) Where a municipal corporation is located within one-quarter mile of a proposed joint economic development district and is not otherwise a party to the proposed contract, the participating parties shall afford the municipal corporation the reasonable opportunity, for a period of not less than thirty days following receipt of notice of such opportunity from the participating parties, to meet and confer with the participating parties to determine whether the municipal corporation will participate in the joint economic development district.~~

Prior to the public hearing to be held pursuant to division (D)(2) of this section, the participating parties shall give a copy of the proposed contract to each municipal corporation located within one-quarter mile of the proposed joint economic development district and not otherwise a party to the contract, and afford the municipal corporation the reasonable opportunity, for a period of thirty days following receipt of the proposed contract, to make comments and suggestions to the participating parties regarding elements contained in the proposed contract. ~~Prior to the public hearing, the participating parties may include in the contract any of the suggestions or recommendations made by any such municipal corporation.~~

(3) The district shall not exceed two thousand acres in area. The territory of the district shall not completely surround territory that is not included within the boundaries of the district.

(4) Sections 503.07 to 503.12 of the Revised Code do not apply to territory included within a district created pursuant to this section as long as the contract creating the district is in effect, unless the legislative authority of each municipal corporation and the board of township trustees of each township included in the district consent, by ordinance or resolution, to the application of those sections of the Revised Code.

(5) Upon the execution of the contract creating the district by the parties to the contract, a participating municipal corporation or township included within the district shall file a copy of the fully executed contract with the county recorder of each county within which a party to the contract is located, in the miscellaneous records of the county. No annexation proceeding pursuant to Chapter 709. of the Revised Code that proposes the annexation to, merger, or consolidation with a municipal corporation of any unincorporated territory within the district shall be commenced for a period of three years after the contract is filed with the county recorder of each county within which a party to the contract is located unless each board of township trustees whose territory is included, in whole or part, within the district and the territory proposed to be annexed, merged, or consolidated adopts a resolution consenting to the commencement of the proceeding and a copy of the resolution is filed with the ~~clerk of the board of county commissioners~~ legislative authority of each county within which a party to the contract is located or unless the contract is terminated during this period.

The contract entered into between the municipal corporations and townships pursuant to this section may provide for the prohibition of any annexation by the participating municipal corporations of any unincorporated territory within the district beyond the three-year mandatory prohibition of any annexation provided for in division (B)(5) of this section.

(C)(1) After the legislative authority of a municipal corporation and the board of township trustees have adopted an ordinance and resolution approving a contract to create a joint economic development district pursuant to this section, and after a contract has been signed, the municipal corporations and townships shall jointly file a petition with the legislative authority of each county within which a party to the contract is located. ~~Copies of the ordinances, resolutions, and contract shall be attached to the petition. The~~

(a) The petition shall contain all of the following:

~~(a)~~(i) A statement that the area or areas of the district is not greater than two thousand acres and is located within the territory of one or more of the contracting parties;

~~(b)~~(ii) A brief summary of the services to be provided by each party to the contract or a reference to the portion of the contract describing those services;

~~(c)~~(iii) A ~~legal~~ description of the area or areas to be designated as the district;

~~(d)~~(iv) The signature of a representative of each of the contracting parties;

(b) The following documents shall be filed with the petition:

(i) A signed copy of the contract, together with copies of district maps and plans related to or part of the contract;

(ii) A certified copy of the ordinances and resolutions of the contracting parties approving the contract;

(iii) A certificate from each of the contracting parties indicating that the public hearings required by division (D)(2) of this section have been held, the date of the hearings, and evidence of publication of the notice of the hearings;

~~(e) The signatures of a majority~~ (iv) One or more signed statements of those persons who are owners of property located in whole or in part within the area to be designated as the district and the signatures of those, requesting that such property be included within the district, provided that those statements shall represent a majority of the persons owning property located in whole or in part within the district and persons who are owners of the owning a majority of the acreage located within the district. A signature may be withdrawn by the signer up to but not after the time of the public hearing required by division (D)(2) of this section.

~~The legislative authority of each county within which a party to the contract is located shall hold a public hearing concerning the joint economic development district contract within thirty days after the filing of the petition and shall publish notice of the time and place of the public hearing in a newspaper of general circulation in the county at least fourteen days prior to the hearing.~~

~~During the thirty day period prior to the public hearing, a copy of the text of the contract together with copies of district maps and plans related to or part of the contract shall be on file, for public examination, in the offices of the clerk of the legislative authority of each county within which a party to the contract is located.~~

~~(2) After the public hearing on the petition relating to the creation of a joint economic development district has been held, the~~ The legislative authority of each county within which a party to the contract is located shall adopt a resolution approving the petition for the creation of the district if the petition meets and other documents have been filed in accordance with the requirements of division (C)(1) of this section. If the petition does and other documents do not substantially meet the requirements of that division, the legislative authority of any county within which a party to the contract is located may adopt a resolution disapproving the petition for the creation of the district. The legislative authority of each county within which a party to the contract is located shall adopt a resolution approving or disapproving the

petition within ~~sixty~~ thirty days after the ~~public hearing~~ petition was ~~held~~ filed. If the legislative authority of each such county does not adopt the resolution within the ~~sixty-day~~ thirty-day period, the petition shall be deemed approved and the contract shall go into effect ~~no sooner than thirty days~~ immediately after that approval or at such other time as the contract specifies.

(D)(1) The contract creating the district shall set forth or provide for the amount or nature of the contribution of each municipal corporation and township to the development and operation of the district and may provide for the sharing of the costs of the operation of and improvements for the district. The contributions may be in any form to which the contracting municipal corporations and townships agree and may include but are not limited to the provision of services, money, real or personal property, facilities, or equipment. The contract may provide for the contracting parties to share REVENUE from taxes levied on property by one or more of the contracting parties if those revenues may lawfully be applied to that purpose under the LEGISLATION by which those taxes are levied. The contract shall provide for new, expanded, or additional services, facilities, or improvements, including expanded or additional capacity for or other enhancement of existing services, facilities, or improvements, provided that those services, facilities, or improvements, or expanded or additional capacity for or enhancement of existing services, facilities, or improvements, required herein have been provided within the two-year period prior to the execution of the contract.

(2) Before the legislative authority of a municipal corporation or a board of township trustees passes any ordinance or resolution approving a contract to create a joint economic development district pursuant to this section, the legislative authority of the municipal corporation and the board of township trustees shall each hold a public hearing concerning the joint economic development district contract and shall provide thirty days' public notice of the time and place of the public hearing in a newspaper of general circulation in the municipal corporation and the township. The board of township trustees ~~shall~~ may provide additional notice to township residents in accordance with section 505.07 of the Revised Code and ~~the any such~~ additional notice shall include: the public hearing announcement; a summary of the terms of the contract; a ~~disclosure of the fact~~ statement that the entire text of the contract and district maps and plans are on file for public examination in the office of the township clerk; and information pertaining to any tax changes which will or may occur as a result of the contract.

During the thirty-day period prior to the public hearing, a copy of the text of the contract together with copies of district maps and plans related to or part of the contract shall be on file, for public examination, in the offices of the clerk of the legislative authority of the municipal corporation and of the township clerk. The public hearing provided for in division (D)(2) of this section shall allow for public comment and recommendations from the public on the proposed contract. The contracting parties may include in the contract any of those recommendations prior to the approval of the contract.

(3) Any resolution of the board of township trustees that approves a contract that creates a joint economic development district pursuant to this section shall be subject to a referendum of the electors of the township. When a referendum petition, signed by ten per cent of the number of electors in the township who voted for the office of governor at the most recent general election for the office of governor, is presented to the board of township trustees within thirty days after the board of township trustees adopted the resolution, ordering that the resolution be submitted to the electors of the township for their approval or rejection, the board of township trustees shall, after ten days and not later than four p.m. of the seventy-fifth day before the election, certify the text of the resolution to the board of elections. The board of elections shall submit the resolution to the electors of the township for their approval or rejection at the next general, primary, or special election occurring subsequent to seventy-five days after the certifying of the petition to the board of elections.

(4) Upon the creation of a district under this section or section 715.71 Of the Revised Code, one of the contracting parties shall file a copy of the following with the director of development:

(a) The petition and other documents described in division (C)(1) of this section, if the district is created under this section;

(b) The documents described in division (D) of section 715.71 Of the Revised Code, if the district is created under that section.

(E) The district created by the contract shall be governed by a board of directors that shall be established by or pursuant to the contract. The board is a public body for the purposes of section 121.22 of the Revised Code. The provisions of Chapter 2744. of the Revised Code apply to the board and the district. The members of the board shall be appointed as provided in the contract from among the elected members of the legislative authorities and the elected chief executive officers of the contracting parties, provided that there shall be at least two members appointed from each of the contracting parties.

(F) The contract shall enumerate the specific powers, duties, and

functions of the board of directors of a district, and the contract shall provide for the determination of procedures that are to govern the board of directors. The contract may grant to the board the power to adopt a resolution to levy an income tax within the district. The income tax shall be used for the purposes of the district and for the purposes of the contracting municipal corporations and townships pursuant to the contract. The income tax may be levied in the district based ~~upon~~ on income earned by persons working or residing within the district and ~~upon~~ based on the net profits of businesses located in the district. The income tax ~~is subject to~~ shall follow the provisions of Chapter 718. of the Revised Code, except that a vote shall be required by the electors residing in the district to approve the rate of income tax. If no electors reside within the district, then division (F)(4) of this section applies. The rate of the income tax shall be no higher than the highest rate being levied by a municipal corporation that is a party to the contract.

(1) Within one hundred eighty days after the first meeting of the board of directors, the board may levy an income tax ~~at a rate that is not higher than the highest rate being levied by a municipal corporation that is a party to the contract,~~ provided that the rate of the income tax is first submitted to and approved by the electors of the district at the succeeding regular or primary election, or a special election called by the board, occurring subsequent to seventy-five days after a certified copy of the resolution levying the income tax and calling for the election is filed with the board of elections. If the voters approve the levy of the income tax, the income tax shall be in force for the full period of the contract establishing the district. Any increase in the rate of an income tax that was first levied within one hundred eighty days after the first meeting of the board of directors shall be approved by a vote of the electors of the district ~~and~~, shall be in force for the remaining period of the contract establishing the district, and shall not be subject to division (F)(2) of this section.

(2) Any resolution of the board of directors levying an income tax that is adopted subsequent to one hundred eighty days after the first meeting of the board of directors shall be subject to a referendum as provided in division (F)(2) of this section. Any resolution of the board of directors levying an income tax that is adopted subsequent to one hundred eighty days after the first meeting of the board of directors shall be subject to an initiative proceeding to amend or repeal the resolution levying the income tax as provided in division (F)(2) of this section. When a referendum petition, signed by ten per cent of the number of electors in the district who voted for the office of governor at the most recent general election for the office of

governor, is filed with the county auditor of each county within which a party to the contract is located within thirty days after the resolution is adopted by the board or when an initiative petition, signed by ten per cent of the number of electors in the district who voted for the office of governor at the most recent general election for the office of governor, is filed with the county auditor of each such county ordering that a resolution to amend or repeal a prior resolution levying an income tax be submitted to the electors within the district for their approval or rejection, the county auditor of each such county, after ten days and not later than four p.m. of the seventy-fifth day before the election, shall certify the text of the resolution to the board of elections of that county. The county auditor of each such county shall retain the petition. The board of elections shall submit the resolution to such electors, for their approval or rejection, at the next general, primary, or special election occurring subsequent to seventy-five days after the certifying of such petition to the board of elections.

(3) Whenever a district is located in the territory of more than one contracting party, a majority vote of the electors, if any, in each of the several portions of the territory of the contracting parties constituting the district approving the levy of the tax is required before it may be imposed pursuant to this division.

(4) If there are no electors residing in the district, no election for the approval or rejection of an income tax shall be held pursuant to this section, provided that where no electors reside in the district, the maximum rate of the income tax that may be levied shall not exceed one per cent.

(5) The board of directors of a district levying an income tax shall enter into an agreement with one of the municipal corporations that is a party to the contract to administer, collect, and enforce the income tax on behalf of the district. The resolution levying the income tax shall provide the same credits, if any, to residents of the district for income taxes paid to other such districts or municipal corporations where the residents work, as credits provided to residents of the municipal corporation administering the income tax.

(6)(a) The board shall publish or post public notice within the district of any resolution adopted levying an income tax in the same manner required of municipal corporations under sections 731.21 and 731.25 of the Revised Code.

(b) Except as otherwise specified by this division, any referendum or initiative proceeding within a district shall be conducted in the same manner as is required for such proceedings within a municipal corporation pursuant to sections 731.28 to 731.40 of the Revised Code.

(G) Membership on the board of directors does not constitute the holding of a public office or employment within the meaning of any section of the Revised Code or any charter provision prohibiting the holding of other public office or employment, and shall not constitute an interest, either direct or indirect, in a contract or expenditure of money by any municipal corporation, township, county, or other political subdivision with which the member may be connected. No member of a board of directors shall be disqualified from holding any public office or employment, nor shall such member forfeit or be disqualified from holding any such office or employment, by reason of the member's membership on the board of directors, notwithstanding any law or charter provision to the contrary.

(H) The powers and authorizations granted pursuant to this section or section 715.71 of the Revised Code are in addition to and not in ~~the~~ derogation of all other powers granted to municipal corporations and townships pursuant to law. When exercising a power or performing a function or duty under a contract authorized pursuant to this section or section 715.71 of the Revised Code, a municipal corporation may exercise all of the powers of a municipal corporation, and may perform all the functions and duties of a municipal corporation, within the district, pursuant to and to the extent consistent with the contract. When exercising a power or performing a function or duty under a contract authorized pursuant to this section or section 715.71 of the Revised Code, a township may exercise all of the powers of a township, and may perform all the functions and duties of a township, within the district, pursuant to and to the extent consistent with the contract. The district board of directors has no powers except those specifically set forth in the contract as agreed to by the participating parties. No political subdivision shall authorize or grant any tax exemption pursuant to Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 5709.632 of the Revised Code on any property located within the district, except that a political subdivision that is a contracting party may grant a tax exemption under section 5709.62, 5709.63, or 5709.632 Of the Revised Code on property located within the district, with the consent of the other contracting parties. The prohibition for any tax exemption pursuant to this division shall not apply to any exemption filed, pending, or approved, or for which an agreement has been entered into, before the effective date of the contract entered into by the parties.

(I) Municipal corporations and townships may enter into binding agreements pursuant to a contract authorized under this section or section 715.71 of the Revised Code with respect to the substance and administration of zoning and other land use regulations, building codes, public permanent

improvements, and other regulatory and proprietary matters that are determined, pursuant to the contract, to be for a public purpose and to be desirable with respect to the operation of the district or to facilitate new or expanded economic development in the state or the district, provided that no contract shall exempt the territory within the district from the procedures and processes of land use regulation applicable pursuant to municipal corporation, township, and county regulations, including but not limited to procedures and processes concerning zoning.

(J) A contract entered into pursuant to this section or section 715.71 of the Revised Code may be amended and it may be renewed, canceled, or terminated as provided in or pursuant to the contract. The contract may be amended to add property owned by one of the contracting parties to the district, or may be amended to delete property from the district whether or not one of the contracting parties owns the deleted property. The contract shall continue in existence throughout its term and shall be binding on the contracting parties and on any entities succeeding to such parties, whether by annexation, merger, or otherwise. The income tax levied by the board pursuant to this section or section 715.71 of the Revised Code shall apply in the entire district throughout the term of the contract, notwithstanding that all or a portion of the district becomes subject to annexation, merger, or incorporation. No township or municipal corporation is divested of its rights or obligations under the contract because of annexation, merger, or succession of interests.

(K) After the creation of a joint economic development district described in division (A)(2) of this section, a municipal corporation that is a contracting party may cease to own property included in the district, but such property shall continue to be included in the district and subject to the terms of the contract.

Sec. 715.71. (A) This section provides alternative procedures and requirements to those set forth in section 715.70 of the Revised Code for creating and operating a joint economic development district. Divisions (B), (C), (D)(1) to (3), and (F) of section 715.70 of the Revised Code do not apply to a joint economic development district established under this section. However, divisions (A), ~~(D)(4)~~, (E), (G), (H), (I), ~~and (J)~~, and (K) of section 715.70 of the Revised Code do apply to a district established under this section.

(B) One or more municipal corporations and one or more townships may enter into a contract approved by the legislative authority of each contracting party pursuant to which they create as a joint economic development district one or more areas for the purpose of facilitating

economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in this state and in the area of the contracting parties. The district created shall be located within the territory of one or more of the contracting parties and may consist of all or a portion of such territory. The boundaries of the district shall be described in the contract or in an addendum to the contract. The area or areas of land to be included in the district shall not include any parcel of land owned in fee by or leased to a municipal corporation or township, unless the municipal corporation or township is a party to the contract or has given its consent to have its parcel of land included in the district by the adoption of a resolution. As used in this division, "parcel of land" has the same meaning as in division (B) of section 715.70 of the Revised Code.

(C) Before the legislative authority of a municipal corporation or a board of township trustees adopts an ordinance or resolution approving a contract to create a joint economic development district under this section, it shall hold a public hearing concerning the joint economic development district contract and shall provide thirty days' public notice of the time and place of the public hearing in a newspaper of general circulation in the municipal corporation and the township. Each municipal corporation and township that is a party to the contract shall hold a public hearing. During the thirty-day period prior to a public hearing, a copy of the text of the contract together with copies of district maps and plans related to or part of the contract shall be on file, for public examination, in the offices of the clerk of the legislative authority of the municipal corporation and of the township clerk. The public hearings provided for in this division shall allow for public comment and recommendations on the proposed contract. The participating parties may include in the contract any of those recommendations prior to approval of the contract.

(D) After the legislative authority of a municipal corporation and the board of township trustees have adopted an ordinance and resolution approving a contract to create a joint economic development district, the municipal corporation and the township jointly shall file with the legislative authority of each county within which a party to the contract is located all of the following:

- (1) A signed copy of the contract, together with copies of district maps and plans related to or part of the contract;
- (2) Certified copies of the ordinances and resolutions of the contracting parties relating to the district and the contract;
- (3) A certificate of each of the contracting parties that the public

hearings provided for in division (C) of this section have been held, the date of such hearings, and evidence of publication of the notice of such hearings.

(E) Within thirty days after the filing under division (D) of this section, the legislative authority of each county within which a party to the contract is located shall adopt a resolution acknowledging the receipt of the required documents, approving the creation of the joint economic development district, and directing that the resolution of the board of township trustees approving the contract be submitted to the electors of the township for approval at the next succeeding general, primary, or special election. The legislative authority of the county shall file with the board of elections at least seventy-five days before the day of the election a copy of the resolution of the board of township trustees approving the contract. The resolution of the legislative authority of the county also shall specify the date the election is to be held and shall direct the board of elections to conduct the election in the township. If the resolution of the legislative authority of the county is not adopted within the thirty-day period after the filing under division (D) of this section, the joint economic development district shall be deemed approved by the county legislative authority and the board of township trustees shall file its resolution with the board of elections for submission to the electors of the township for approval at the next succeeding general, primary, or special election. Such filing shall occur at least seventy-five days before the specified date the election is to be held and shall direct the board of elections to conduct the election in the township.

The ballot shall be in the following form:

"Shall the resolution of the board of township trustees approving the contract with (here insert name of each municipal corporation and other township that is a party to the contract) for the creation of a joint economic development district be approved?

RESOLUTION AND CONTRACT	FOR THE
THE RESOLUTION AND CONTRACT	AGAINST
	"

If a majority of the electors of the township voting on the issue vote for the resolution and contract, the resolution shall become effective immediately and the contract shall go into effect immediately or in accordance with its terms.

(F) The contract creating the district shall set forth or provide for the amount or nature of the contribution of each municipal corporation and township to the development and operation of the district and may provide

for the sharing of the costs of the operation of and improvements for the district. The contributions may be in any form to which the contracting municipal corporations and townships agree and may include but are not limited to the provision of services, money, real or personal property, facilities, or equipment. the contract may provide for the contracting parties to share REVENUE from taxes levied on property by one or more of the contracting parties if those revenues may lawfully be applied to that purpose under the LEGISLATION by which those taxes are levied. The contract shall provide for new, expanded, or additional services, facilities, or improvements, including expanded or additional capacity for or other enhancement of existing services, facilities, or improvements, provided that the existing services, facilities, or improvements, or the expanded or additional capacity for or enhancement of the existing services, facilities, or improvements, have been provided within the two-year period prior to the execution of the contract.

(G) The contract shall enumerate the specific powers, duties, and functions of the board of directors of the district and shall provide for the determination of procedures that are to govern the board of directors. The contract may grant to the board the power to adopt a resolution to levy an income tax within the district. The income tax shall be used for the purposes of the district and for the purposes of the contracting municipal corporations and townships pursuant to the contract. The income tax may be levied in the district based on income earned by persons working or residing within the district and based on the net profits of businesses located in the district. The income tax of the district shall follow the provisions of Chapter 718. of the Revised Code, except that no vote shall be required by the electors residing in the district. The rate of the income tax shall be no higher than the highest rate being levied by a municipal corporation that is a party to the contract.

The board of directors of a district levying an income tax shall enter into an agreement with one of the municipal corporations that is a party to the contract to administer, collect, and enforce the income tax on behalf of the district. The resolution levying the income tax shall provide the same credits, if any, to residents of the district for income taxes paid to other such districts or municipal corporations where the residents work, as credits provided to residents of the municipal corporation administering the income tax.

(H) No annexation proceeding pursuant to Chapter 709. of the Revised Code that proposes the annexation to or merger or consolidation with a municipal corporation, except a municipal corporation that is a party to the contract, of any unincorporated territory within the district shall be

commenced for a period of three years after the contract is filed with the legislative authority of each county within which a party to the contract is located in accordance with division (D) of this section unless each board of township trustees whose territory is included, in whole or part, within the district and the territory proposed to be annexed, merged, or consolidated adopts a resolution consenting to the commencement of the proceeding and a copy of the resolution is filed with the legislative authority of each such county or unless the contract is terminated during this three-year period. The contract entered into between the municipal corporations and townships pursuant to this section may provide for the prohibition of any annexation by the participating municipal corporations of any unincorporated territory within the district.

Sec. 715.72. (A) As used in sections 715.72 to 715.81 of the Revised Code:

(1) "Contracting parties" means one or more municipal corporations and one or more townships that have entered into a contract under this section to create a joint economic development district.

(2) "District" means a joint economic development district created under sections 715.72 to 715.81 of the Revised Code.

(3) "Contract for utility services" means a contract under which a municipal corporation agrees to provide to a township or another municipal corporation water, sewer, electric, or other utility services necessary to the public health, safety, and welfare.

(B) Sections 715.72 to 715.81 of the Revised Code provide alternative procedures and requirements to those set forth in sections 715.70 and 715.71 of the Revised Code for creating and operating a joint economic development district. Sections 715.72 to 715.81 of the Revised Code apply to municipal corporations and townships that are located in the same county or in adjacent counties.

(C) One or more municipal corporations and one or more townships may enter into a contract pursuant to which they create as a joint economic development district one or more areas for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in this state and in the area of the contracting parties. ~~The~~

(1) Except as otherwise provided in division (C)(2) of this section, the territory of each of the contracting parties shall be contiguous to the territory of at least one other contracting party, unless the contracting parties have entered into a contract under section 715.70 or 715.71 of the Revised Code creating a joint economic development district prior to the effective date of

~~this section. Contracting or contiguous to the territory of a township or municipal corporation that is contiguous to another contracting party, even if the intervening township or municipal corporation is not a contracting party.~~

(2) ~~Contracting~~ parties that have entered into a contract under section 715.70 or 715.71 of the Revised Code creating a joint economic development district prior to ~~the effective date of this section~~ November 15, 1995, may enter into a contract under this section even if the territory of each of the contracting parties is not contiguous to the territory of at least one other contracting party, or contiguous to the territory of a township or municipal corporation that is contiguous to another contracting party as otherwise required under division (C)(1) of this section. The contract and district shall meet the requirements of sections 715.72 to 715.81 of the Revised Code.

Sec. 715.74. (A) The contract creating a joint economic development district shall provide for the amount or nature of the contribution of each contracting party to the development and operation of the district and may provide for the sharing of the costs of the operation of and improvements for the district. The contributions may be in any form to which the contracting parties agree and may include, but are not limited to, the provision of services, money, real or personal property, facilities, or equipment. The contract may provide for the contracting parties to share revenue from taxes levied on property by one or more of the contracting parties if those revenues may lawfully be applied to that purpose under the legislation by which those taxes are levied. The contract shall specify and provide for new, expanded, or additional services, facilities, or improvements. The contract may provide for expanded or additional capacity for or other enhancement of existing services, facilities, or improvements.

(B) The contract shall enumerate the specific powers, duties, and functions of the board of directors of the district described under section 715.78 of the Revised Code and shall provide for the determination of procedures that are to govern the board.

(C)(1) The contract may grant to the board the power to adopt a resolution to levy an income tax within the district and the contract may designate certain portions of the district where such an income tax may be levied. The income tax shall be used for the purposes of the district or any portion of the district in which the contract authorizes an income tax and for the purposes of the contracting parties pursuant to the contract. The income tax may be levied in the district based on income earned by persons working within the district and based on the net profits of businesses located in the district. The income tax of the district shall follow the provisions of Chapter

718. of the Revised Code, except that no vote shall be required. The rate of the income tax shall be no higher than the highest rate being levied by a municipal corporation that is a contracting party.

(2) If the board adopts a resolution to levy an income tax, it shall enter into an agreement with a municipal corporation that is a contracting party to administer, collect, and enforce the income tax on behalf of the district.

(3) A resolution levying an income tax under this section shall require the contracting parties to annually set aside a percentage, to be stated in the resolution, of the amount of the income tax collected for the long-term maintenance of the district.

(4) An income tax levied under this section shall apply in the ~~entire~~ district or any portion of the district in which the contract authorizes an income tax throughout the term of the contract creating the district, notwithstanding that all or a portion of the district becomes subject to annexation, merger, or consolidation.

(D) The contract creating a joint economic development district shall continue in existence throughout its term and shall be binding on the contracting parties and on any parties succeeding to the contracting parties, whether by annexation, merger, or consolidation. Except as provided in division (E) of this section, the contract may be amended, renewed, or terminated with the approval of the contracting parties or any parties succeeding to the contracting parties. If the contract is amended to add area to an existing district, the amendment shall be adopted in the manner prescribed under section 715.761 Of the Revised Code.

(E) If two or more contracting parties previously have entered into a separate contract for utility services, then amendment, renewal, or termination of the separate contract for utility services shall not constitute any part of the consideration for the contract creating a joint economic development district. A contract creating a joint economic development district shall be rebuttably presumed to violate this division if it is entered into within two years prior or five years subsequent to the amendment, renewal, or termination of a separate contract for utility services that two or more contracting parties previously have entered into. The presumption stated in this division may be rebutted by clear and convincing evidence of both of the following:

(1) That other substantial consideration existed to support the contract creating a joint economic development district;

(2) That the contracting parties entered into the contract creating a joint economic development district freely and without duress or coercion related to the amendment, renewal, or termination of the separate contract for utility

services.

(F) A contract creating a joint economic development district that violates division (E) of this section is void and unenforceable.

Sec. 715.76. After the public hearings required under section 715.75 of the Revised Code have been held, each contracting party may adopt an ordinance or resolution approving the contract to create a joint economic development district. After each contracting party has adopted such an ordinance or resolution, the contracting parties jointly shall file with the legislative authority of each county within which a contracting party is located all of the following documents:

(A) A signed copy of the contract;

(B) A description of the area or areas to be included in the district, including a map in sufficient detail to denote the specific boundaries of the area or areas and to indicate any zoning restrictions applicable to the area or areas;

(C) The economic development plan described in division (C) of section 715.75 of the Revised Code;

(D) Certified copies of the ordinances and resolutions of the contracting parties relating to the contract and district;

(E) A certificate of each contracting party that the public hearings required by section 715.75 of the Revised Code have been held, the date of the hearings, and evidence of publication of the notice of the hearings;

(F) A petition signed by a majority of the owners of property located within the area or areas to be included in the district;

(G) A petition signed by a majority of the owners of businesses, if any, located within the area or areas to be included in the district.

The petitions described in divisions (F) and (G) of this section shall specify that all of the documents described in divisions (A) through (C) of section 715.75 of the Revised Code are available for public inspection in the office of the clerk of the legislative authority of each municipal corporation that is a contracting party or the office of the township clerk of each township that is a contracting party.

boundaries of that contracting party. Notice shall be given by certified mail and shall specify that the owners of property and businesses are located within the area or areas to be included in the district and that all of the documents described in divisions (A) to (C) of section 715.75 Of the Revised Code are available for public inspection in the office of the clerk of the legislative authority of each municipal corporation that is a contracting party or the office of the township clerk of each township that is a contracting party. The contracting parties shall equally bear the cost of providing notice under this section.

If the contracting parties do not file all of the documents described in divisions (A) through (G) of this section, the legislative authority of a county within which a contracting party is located may adopt a resolution disapproving the creation of the joint economic development district. In addition, the legislative authority of such a county may adopt a resolution disapproving the creation of the district if it determines, in written findings of fact, that each contracting party did not enter into the contract freely and without duress or coercion.

Sec. 715.761. (A) the contracting parties may amend the contract to add to a joint economic development district any area that was not originally included in the district when the contract took effect. area may be added only if the area satisfies the criteria prescribed under section 715.73 of the revised code.

(B) an amendment adding area to a district shall be approved by a resolution or ordinance adopted by each of the contracting parties. the contracting parties shall conduct public hearings on the AMENDMENT, provide notice, and deliver a copy of the amendment to the LEGISLATIVE AUTHORITY OF THE COUNTY IN WHICH THE ADDED AREA IS LOCATED in the manner required under section 715.75 of the revised code for original contracts. the contracting parties shall make available for public inspection a copy of the AMENDMENT, a DESCRIPTION of the area to be added to the district, and a map of that area in sufficient detail to DENOTE the specific boundaries of the area and to indicate any zoning restrictions applicable to the area.

(C) AFTER ADOPTING RESOLUTIONS OR ORDINANCES APPROVING the ADDITION OF THE AREA, THE contracting parties JOINTLY SHALL FILE WITH THE LEGISLATIVE AUTHORITY OF THE COUNTY IN WHICH THE ADDED AREA IS LOCATED THE DOCUMENTS REQUIRED to be filed UNDER SECTION 715.76 OF THE REVISED CODE, EXCEPT THAT:

(1) A COPY OF THE AMENDMENT to the contract SHALL BE

FILED IN LIEU OF A COPY OF THE CONTRACT.

(2) THE DESCRIPTION AND MAP SHALL BE of the area to be added INSTEAD OF THE ENTIRE AREA OF THE DISTRICT.

(3) THE ECONOMIC DEVELOPMENT PLAN NEED NOT BE FILED.

(4) CERTIFIED COPIES OF THE RESOLUTIONS AND ORDINANCES APPROVING THE AMENDMENT SHALL BE FILED.

(5) THE CERTIFICATES OTHERWISE REQUIRED UNDER DIVISION (E) OF SECTION 715.76 Of the Revised Code SHALL CERTIFY THAT THE HEARINGS REQUIRED UNDER DIVISION (B) OF THIS SECTION HAVE BEEN HELD, SHALL INDICATE THE DATE OF THOSE HEARINGS, AND SHALL INCLUDE EVIDENCE THAT NOTICE OF THE HEARINGS WAS PUBLISHED.

(6) THE PETITION OTHERWISE REQUIRED UNDER UNDER DIVISION (F) OF SECTION 715.76 Of the Revised Code SHALL BE SIGNED BY A MAJORITY OF THE OWNERS OF PROPERTY LOCATED IN THE AREA TO BE ADDED TO THE DISTRICT, THE PETITION OTHERWISE REQUIRED UNDER DIVISION (G) OF THAT SECTION SHALL BE SIGNED BY A MAJORITY OF THE OWNERS OF BUSINESSES, IF ANY, LOCATED IN THE AREA TO BE ADDED TO THE DISTRICT, AND THE PETITIONS SHALL SPECIFY THAT THE DOCUMENTS DESCRIBED IN DIVISION (B) OF THIS SECTION ARE AVAILABLE FOR PUBLIC INSPECTION AS OTHERWISE REQUIRED UNDER SECTION 715.75 OF THE REVISED CODE.

(D) THE RESOLUTION OF A BOARD OF TOWNSHIP TRUSTEES APPROVING AN AMENDMENT ADDING AREA TO AN EXISTING JOINT ECONOMIC DEVELOPMENT DISTRICT is NOT required to BE SUBMITTED TO THE ELECTORS OF the TOWNSHIP.

Sec. 715.77. (A)(1) A board of township trustees that is a party to a contract creating a joint economic development district pursuant to sections 715.72 to 715.82 Of the Revised Code may choose to not submit its resolution approving the contract to the electors of the township if all of the following conditions are satisfied:

(a) The resolution has been approved by a unanimous vote of the members of the board of township trustees;

(b) The creation of the joint economic development district is proposed at the request of a majority of the owners of land included within the proposed district;

(c) The territory to be included in the proposed joint economic development district is zoned in a manner appropriate to the function of the

proposed district.

~~(2)~~ Unless the legislative authority of a ~~county~~ county adopts a resolution under section 715.76 of the Revised Code disapproving the creation of a joint economic development district within thirty days after the filing made under that section, the legislative authority of each such county shall adopt a resolution acknowledging the receipt of the required documents, approving the creation of the joint economic development district, and, if the board of township trustees has not invoked its authority under division (A)(1) of this section, directing that the resolution of the board of township trustees approving the contract creating the joint economic development district be submitted to the electors of the township for approval at the next succeeding general, primary, or special election. ~~The~~ If the board of township trustees chooses to submit approval of the contract to the electors of the township, the legislative authority of the county shall file with the board of elections at least seventy-five days before the day of the election a copy of the resolution of the board of township trustees approving the contract. The resolution of the legislative authority of the county also shall specify the date the election is to be held and shall direct the board of elections to conduct the election in the township.

~~(2)~~~~(3)~~ If the resolution of the legislative authority of the county is not adopted within the thirty-day period after the filing made under section 715.76 of the Revised Code, the joint economic development district shall be deemed approved by the county legislative authority and, if the board of township trustees has not invoked its authority under division (A)(1) of this section, the board of township trustees shall file its resolution with the board of elections for submission to the electors of the township for approval at the next succeeding general, primary, or special election. ~~The~~ In such case, the board of township trustees shall file the resolution at least seventy-five days before the specified date the election is to be held and shall direct the board of elections to conduct the election in the township.

(4) Any contract creating a joint economic development district in which a board of township trustees is a party shall provide that the contract is not effective earlier than the thirty-first day after its approval, including any approval by electors required in this section.

election, a referendum petition asking that the resolution be submitted to the electors of the township may be presented to the board of township trustees. Such a petition shall be presented within thirty days after the board of township trustees adopts the resolution. The board of township trustees shall, not later than four p.m. of the tenth day after receipt of the petition, certify the text of the resolution to the board of elections. The board of elections shall submit the resolution to the electors of the township for their approval or rejection at the next general, primary, or special election occurring at least seventy-five days after such certification.

(B) The ballot shall be in the following form:

"Shall the resolution of the board of township trustees approving the contract with (here insert name of each municipal corporation and other township that is a contracting party) for the creation of a joint economic development district be approved?

_____ FOR THE
RESOLUTION AND CONTRACT
_____ AGAINST
THE RESOLUTION AND CONTRACT
"

If a majority of the electors of the township voting on the issue vote for the resolution and contract, the resolution shall become effective immediately and the contract shall go into effect immediately on the thirty-first day after this election or thereafter in accordance with its terms of the contract.

Sec. 715.771. Upon the creation of a joint economic development district under section 715.72 Of the Revised Code, one of the contracting parties shall file a copy of each of the documents described in divisions (A) to (G) of section 715.76 Of the Revised Code with the director of development.

Sec. 715.78. (A) A board of directors shall govern each joint economic development district created under section 715.72 of the Revised Code.

(1) If there are businesses located and persons working within the area or areas to be included in the district, the board shall be composed of the following members:

- (a) One member representing the municipal corporations that are contracting parties;
- (b) One member representing the townships that are contracting parties;
- (c) One member representing the owners of businesses located within the district;
- (d) One member representing the persons working within the district;
- (e) One member selected by the members described in divisions

(A)(1)(a) to (d) of this section.

The members of the board shall be appointed as provided in the contract. Of the members initially appointed to the board, the member described in division (A)(1)(a) of this section shall serve a term of one year; the member described in division (A)(1)(b) of this section shall serve a term of two years; the member described in division (A)(1)(c) of this section shall serve a term of three years; and the members described in divisions (A)(1)(d) and (e) of this section shall serve terms of four years. Thereafter, terms for each member shall be for four years, each term ending on the same day of the same month of the year as did the term that it succeeds. A member may be reappointed to the board, but no member shall serve more than two consecutive terms on the board.

The member described in division (A)(1)(e) of this section shall serve as chairperson of a board described under division (A)(1) of this section.

(2) If there are no businesses located or persons working within the area or areas to be included in the district, the board shall be composed of the following members:

(a) One member representing the municipal corporations that are contracting parties;

(b) One member representing the townships that are contracting parties;

(c) One member selected by the members described in divisions (A)(2)(a) and (b) of this section.

The members of the board shall be appointed as provided in the contract. Of the members initially appointed to the board, the member described in division (A)(2)(a) of this section shall serve a term of one year; the member described in division (A)(2)(b) of this section shall serve a term of two years; and the member described in division (A)(2)(c) of this section shall serve a term of three years. Thereafter, terms for each member shall be for four years, each term ending on the same day of the same month of the year as did the term that it succeeds. A member may be reappointed to the board, but no member shall serve more than two consecutive terms on the board.

The member described in division (A)(2)(c) of this section shall serve as chairperson of a board described under division (A)(2) of this section.

(B) A board described under division (A)(1) or (2) of this section has no powers except as described in sections 715.72 to 715.81 of the Revised Code and in the contract creating the joint economic development district.

(C) Membership on the board of directors of a joint economic development district is not the holding of a public office or employment within the meaning of any section of the Revised Code or any charter

provision prohibiting the holding of other public office or employment. Membership on such a board is not a direct or indirect interest in a contract or expenditure of money by a municipal corporation, township, county, or other political subdivision with which a member may be affiliated. Notwithstanding any provision of law or a charter to the contrary, no member of a board of directors of a joint economic development district shall forfeit or be disqualified from holding any public office or employment by reason of membership on the board.

(D) The board of directors of a joint economic development district is a public body for the purposes of section 121.22 of the Revised Code. Chapter 2744. of the Revised Code applies to such a board and the district.

Sec. 715.82. A municipal corporation may issue bonds and exercise all other powers under Chapter 165. Of the Revised Code for one or more projects or parts thereof located in a joint economic development district created pursuant to a contract entered into under section 715.70, 715.71, or 715.72 to 715.82 Of the Revised Code to which the municipal corporation is a party, or in a township adjacent to that municipal corporation, if the legislative authority of the municipal corporation determines that the project is in furtherance of the public purposes of the state to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the municipal corporation and the township. As used in this section, "project" has the same meaning as in division (H) of section 165.01 Of the Revised Code, except that a project described in this section is not required to be located within the territorial boundaries of the municipal corporation.

Sec. 715.83. If any unincorporated area or township is a party to a joint economic development district created pursuant to a contract entered into under section 715.70, 715.71, or 715.72 to 715.82 of the Revised Code that also includes as a party a municipal corporation that is an eligible area as defined in division (A)(2) of section 122.16 or division (A)(9) of section 5733.33 of the Revised Code, then any project located anywhere within the unincorporated area or township contained within the joint economic development district is eligible for any state assistance under Chapter 122. or section 5733.33 of the Revised Code for which designation as an eligible area is a criterion.

Sec. 718.03. A municipal corporation shall grant a credit against its tax on income to a resident of the municipal corporation who works in a joint economic development zone created under section 715.691 or a joint economic development district created under section 715.70, 715.71, or 715.72 of the Revised Code to the same extent that it grants a credit against

its tax on income to its residents who are employed in another municipal corporation.

Sec. 5709.411. (a) as used in this section, "detached improvement" means an improvement as defined in section 5709.41 of the revised code that satisfies all of the following:

(1) the ordinance declaring the improvement to be a public purpose was adopted under section 5709.41 of the revised code by a municipal corporation that is a party to a contract creating a joint economic development district under section 715.70 or 715.71 of the revised code.

(2) the improvement relates to a parcel of property located in territory that is detached by that municipal corporation to a township that is a party to the same contract creating the joint economic development district, pursuant to that contract and section 709.38 of the revised code.

(3) the ordinance declaring the improvements to be a public purpose is adopted prior to the detachment of that territory.

(b) the exemption from taxation for detached improvements under section 5709.41 of the revised code shall continue for the period prescribed in that section and the ordinance under which the improvements are declared to be a public purpose, or any amendments to the ordinance, even if the detachment occurs prior to the end of that period.

(c)(1) the municipal corporation may require the owner of any building or structure located on a parcel to which the detached improvement relates to pay service payments in lieu of taxes under section 5709.42 of the revised code after the territory including the detached improvement is detached. the service payments shall be distributed to the municipal corporation as provided in that section.

(2) the municipal corporation may use the service payments received under division (c)(1) of this section as prescribed by section 5709.43 of the revised code and the ordinance declaring the detached improvements to be a public purpose. the legislative authority of the municipal corporation may amend the ordinance to permit the service payments to be used to pay the cost of streets, roads, water lines, sewers, and other public improvements extending from the municipal corporation to the detached territory or to the joint economic development district, or located on the detached territory or in the joint economic development district, or to pay debt service charges on securities issued by the municipal corporation to finance those public improvements.

Sec. 5709.82. (A) As used in this section:

(1) "New employee" means both of the following:

(a) Persons employed in the construction of real property exempted

from taxation under the chapters or sections of the Revised Code enumerated in division (B) of this section;

(b) Persons not described by division (A)(1)(a) of this section who are first employed at the site of such property and who within the two previous years have not been subject, prior to being employed at that site, to income taxation by the municipal corporation within whose territory the site is located on income derived from employment for the person's current employer. "New employee" does not include any person who replaces a person who is not a new employee under division (A)(1) of this section.

(2) "Infrastructure costs" means costs incurred by a municipal corporation in a calendar year to acquire, construct, reconstruct, improve, plan, or equip real or tangible personal property that directly benefits or will directly benefit the exempted property. If the municipal corporation finances the acquisition, construction, reconstruction, improvement, planning, or equipping of real or tangible personal property that directly benefits the exempted property by issuing debt, "infrastructure costs" means the annual debt charges incurred by the municipal corporation from the issuance of such debt. Real or tangible personal property directly benefits exempted property only if the exempted property places or will place direct, additional demand on the real or tangible personal property for which such costs were or will be incurred.

(B) Except as otherwise provided under division (C) of this section, the legislative authority of any political subdivision that has acted under the authority of Chapter 725. or 1728., sections 3735.65 to 3735.70, or section 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, or 5709.88 of the Revised Code to grant an exemption from taxation for real or tangible personal property may negotiate with the board of education of each city, local, or exempted village school district within the territory of which the exempted property is located, and enter into an agreement whereby the school district is compensated for tax revenue that the school district would have received had the property not been exempted from taxation.

(C) This division does not apply to the following:

(1) The legislative authority of a municipal corporation that has acted under the authority of division (H) of section 715.70 or section 715.81 of the Revised Code to consent to the granting of an exemption from taxation for real or tangible personal property in a joint economic development district.

(2) The legislative authority of a municipal corporation that has specified in an ordinance adopted under section 5709.40 or 5709.41 of the Revised Code that payments in lieu of taxes provided for under section

9.42 of the Revised Code shall be paid to the city, local, or exempted village school district in which the improvements are located in the amount of taxes that would have been payable to the school district if the improvements had not been exempted from taxation, as directed in the ordinance.

If the legislative authority of any municipal corporation has acted under the authority of Chapter 725. or 1728. or section 3735.671, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, or 5709.88, or a housing officer under section 3735.67 of the Revised Code, to grant or consent to the granting of an exemption from taxation for real or tangible personal property on or after July 1, 1994, the municipal corporation imposes a tax on incomes, and the payroll of new employees resulting from the exercise of that authority equals or exceeds one million dollars in any tax year for which such property is exempted, the legislative authority and the board of education of each city, local, or exempted village school district within the territory of which the exempted property is located shall attempt to negotiate an agreement providing for compensation to the school district for all or a portion of the tax revenue the school district would have received had the property not been exempted from taxation. The agreement may include as a party the owner of the property exempted or to be exempted from taxation and may include provisions obligating the owner to compensate the school district by paying cash or providing property or services by gift, loan, or otherwise. Such an obligation is enforceable by the board of education of the school district pursuant to the terms of the agreement.

If the legislative authority and board of education fail to negotiate an agreement that is mutually acceptable within six months of formal approval by the legislative authority of the instrument granting the exemption, the legislative authority shall compensate the school district in the amount and manner prescribed by division (D) of this section.

(D) Annually, the legislative authority of a municipal corporation subject to this division shall pay to the city, local, or exempted village school district within the territory of which the exempted property is located an amount equal to fifty per cent of the difference between the amount of taxes levied and collected by the municipal corporation on the incomes of new employees in the calendar year ending on the day the payment is required to be made, and the amount of any infrastructure costs incurred in that calendar year. For purposes of such computation, the amount of infrastructure costs shall not exceed thirty-five per cent of the amount of those taxes unless the board of education of the school district, by resolution adopted by a majority of the board, approves an amount in excess of that percentage. If the amount of those taxes or infrastructure costs must be

estimated at the time the payment is made, payments in subsequent years shall be adjusted to compensate for any departure of those estimates from the actual amount of those taxes.

A municipal corporation required to make a payment under this section shall make the payment from its general fund or a special fund established for the purpose. The payment is payable on the thirty-first day of December of the tax year for or in which the exemption from taxation commences and on that day for each subsequent tax year property is exempted and the legislative authority and board fail to negotiate an acceptable agreement under division (C) of this section.

SECTION 2. That existing sections 122.15, 122.151, 122.152, 122.154, 715.70, 715.71, 715.72, 715.74, 715.76, 715.77, 715.78, 718.03, and 5709.82 of the Revised Code are hereby repealed.

SECTION 3. That Section 4 of Sub. H.B. 481 of the 119th General Assembly is hereby repealed.

SECTION 4. Section 13 of Article VIII, Ohio Constitution, is in part implemented by sections 715.69 to 715.83 of the Revised Code in furtherance of the public purposes of this state to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the state.

SECTION 5. The amendments to sections 715.70, 715.71, 715.72, 715.74, 715.76, and 715.78 of the Revised Code in this act apply to any proceedings commenced after their effective date, and, so far as their provisions support the actions taken, also apply to any proceedings that on their effective date are pending, in progress, or, in the case of elections or otherwise, completed, and to the contracts authorized pursuant to those proceedings, notwithstanding the applicable law previously in effect or any provision to the contrary in a prior resolution, ordinance, order, advertisement, notice, or other proceeding. Any proceedings pending or in progress on the effective date of those amendments, and contracts entered into or approved pursuant to those proceedings, shall be deemed to have been taken, and authorized, entered into, and approved, in conformity with those amendments.

SECTION 6. Section 715.70 of the Revised Code is presented in this act as a composite of the section as amended by both Am. Sub. H.B. 269 and Am. Sub. H.B. 99 of the 121st General Assembly, with the new language of neither of the acts shown in capital letters. This is in recognition of the principle stated in division (B) of section 1.52 of the Revised Code that such amendments are to be harmonized where not substantively irreconcilable and constitutes a legislative finding that such is the resulting version in effect prior to the effective date of this act.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the
____ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____