

As Introduced

**124th General Assembly
Regular Session
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H. B. No. 6

REPRESENTATIVE Hollister

A B I L L

To amend sections 166.03, 5709.40, 5709.43, 5709.73, 1
5709.75, 5709.77, 5709.78, 5709.79, 5709.80, and 2
5709.81 and to enact sections 122.60, 122.601, 3
122.602, 122.603, 122.604, and 122.605 of the 4
Revised Code to establish the Capital Access 5
Program in the Department of Development and to 6
permit political subdivisions in economically 7
distressed areas to employ tax increment financing 8
throughout a designated area. 9

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 166.03, 5709.40, 5709.43, 5709.73, 10
5709.75, 5709.77, 5709.78, 5709.79, 5709.80, and 5709.81 be 11
amended and sections 122.60, 122.601, 122.602, 122.603, 122.604, 12
and 122.605 of the Revised Code be enacted to read as follows: 13

Sec. 122.60. As used in sections 122.60 to 122.605 of the 14
Revised Code: 15

(A) "Capital access loan" means a loan made by a 16
participating financial institution to an eligible business that 17
may be secured by a deposit of money from the fund into the 18
participating financial institution's program reserve account. 19

(B) "Department" means the department of development. 20

(C) "Eligible area" means a distressed area, inner city area, labor surplus area, or situational distress area in this state, each as defined in section 5733.33 of the Revised Code; the Appalachian region as defined in section 107.21 of the Revised Code; and a blighted area of an impacted city as those terms are defined in section 1728.01 of the Revised Code. 21
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(D) "Eligible business" means a for-profit business entity, or a nonprofit entity, that had total annual sales in its most recently completed fiscal year of less than ten million dollars and that has a principal place of for-profit business or nonprofit entity activity within the state, the operation of which, alone or in conjunction with other facilities, will create new jobs or preserve existing jobs and employment opportunities in an eligible area and will improve the economic welfare of the people of the state. As used in this division, "new jobs" does not include existing jobs transferred from another facility within the state, and "existing jobs" means only existing jobs at facilities within the same eligible area in which the project, activity, or enterprise that is the subject of a capital access loan is located. 27
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(E) "Financial institution" means any bank, trust company, savings bank, or savings and loan association that is chartered by and has a significant presence in the state, or any national bank, federal savings and loan association, or federal savings bank that has a significant presence in the state. 41
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(F) "Fund" means the capital access loan program fund. 46

(G) "Participating financial institution" means a financial institution that has a valid, current participation agreement with the department. 47
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(H) "Participation agreement" means the agreement between a financial institution and the department under which a financial 50
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institution may participate in the program.

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(I) "Passive real estate ownership" means the ownership of real estate for the sole purpose of deriving income from it by speculation, trade, or rental. "Passive real estate ownership" does not include, however, either of the following:

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(1) The ownership of real estate that is being used or is intended to be used for the operation of a for-profit entity's business, other than a business of passive ownership of real estate, or the operation of a nonprofit entity's activities;

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(2) The ownership of real estate for the purpose of construction or renovation until the completion of the construction or renovation phase.

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(J) "Program" means the capital access loan program created under section 122.602 of the Revised Code.

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(K) "Program reserve account" means a dedicated account at each participating financial institution that is the property of the state and may be used by the participating financial institution only for the purpose of covering losses arising from a default on a loan made by the participating financial institution under the program.

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Sec. 122.601. There is hereby created in the state treasury the capital access loan program fund. The fund shall consist of money deposited into it from the facilities establishment fund pursuant to section 166.03 of the Revised Code and all money deposited into it pursuant to section 122.602 of the Revised Code.

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The department shall disburse money from the fund only to pay the operating costs of the program, including the administrative costs incurred by the department in connection with the program, and only in keeping with the purposes specified in sections 122.60 to 122.605 of the Revised Code.

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Sec. 122.602. (A) There is hereby created in the department 82
of development the capital access loan program to assist 83
participating financial institutions in making program loans to 84
eligible businesses that face barriers in accessing working 85
capital and fixed assets. In administering the program, the 86
director of development may do any of the following: 87

(1) Receive and accept grants, gifts, and contributions of 88
money, property, labor, and other things of value to be held, 89
used, and applied only for the purpose for which the grants, 90
gifts, and contributions are made, from individuals, private and 91
public corporations, the United States or any agency of the United 92
States, the state or any agency of the state, or any political 93
subdivision of the state; 94

(2) Agree to repay any contribution of money or return any 95
property contributed or the value of that property at the times, 96
in the amounts, and on the terms and conditions, excluding the 97
payment of interest, that the director consents to at the time a 98
contribution is made; and evidence obligations by notes, bonds, or 99
other written instruments; 100

(3) Adopt rules under Chapter 119. of the Revised Code to 101
carry out the purposes of the program specified in sections 122.60 102
to 122.605 of the Revised Code; 103

(4) Engage in all other acts, and enter into contracts and 104
execute all instruments, necessary or appropriate to carry out the 105
purposes specified in sections 122.60 to 122.605 of the Revised 106
Code. 107

(B) The director shall determine the eligibility of a 108
financial institution to participate in the program and may set a 109
limit on the number of financial institutions that may participate 110
in the program. 111

(C) To be considered eligible by the director to participate 112
in the program, a financial institution shall enter into a 113
participation agreement with the department that sets out the 114
terms and conditions under which the department will deposit 115
moneys from the fund into the financial institution's program 116
reserve account, specifies the criteria for loan qualification 117
under the program, and contains any additional terms the director 118
considers necessary. 119

(D) After receiving the certification required under division 120
(C) of section 122.603 of the Revised Code, the director may 121
disburse moneys from the fund to a participating financial 122
institution for deposit in its program reserve account if the 123
director determines that the capital access loan involved meets 124
all of the following criteria: 125

(1) It will be made to an eligible business. 126

(2) It will be used by the eligible business for a project, 127
activity, or enterprise in an eligible area that fosters economic 128
development. 129

(3) It will not be made in order to enroll in the program 130
prior debt that is not covered under the program and that is owed 131
or was previously owed by an eligible business to the financial 132
institution. 133

(4) It will not be utilized for a project or development 134
related to the on-site construction or purchase of residential 135
housing. 136

(5) It will not be used to finance passive real estate 137
ownership. 138

(6) It conforms to the requirements of divisions (E), (F), 139
(G), (H), and (I) of this section, and to the rules adopted by the 140
director under division (A)(2) of this section. 141

(E) The director shall not approve a capital access loan to an eligible business that exceeds two hundred fifty thousand dollars for working capital or five hundred thousand dollars for fixed assets. An eligible business may apply for the maximum amount of both working capital and fixed assets in the same capital access loan. 142
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(F) A capital access loan shall not be made to any business that is owned or operated by a person that has previously defaulted under any state financial assistance program. 148
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(G) Eligible businesses that apply for a capital access loan shall comply with section 9.66 of the Revised Code. 151
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(H) A financial institution may apply to the director for the approval of a capital access loan that refinances a nonprogram loan made by another financial institution. 153
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(I) The director shall not approve a capital access loan that refinances a nonprogram loan made by the same financial institution, unless the amount of the refinanced loan exceeds the existing debt, in which case only the amount exceeding the existing debt is eligible for a loan under the program. 156
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Sec. 122.603. (A)(1) Upon approval by the director of development and after entering into a participation agreement with the department, a participating financial institution making a capital access loan shall establish a program reserve account. The account shall be an interest-bearing account and shall contain only funds deposited into it under the program. 161
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(2) All interest payable on the moneys in the program reserve account shall be added to the moneys and held as an additional loss reserve. The director may require that a portion or all of the accrued interest so held in the account be released to the department to assist in paying the department's administrative 167
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costs under the program. The director shall not require the
release of that accrued interest more than twice in a fiscal year.

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(B) When a participating financial institution makes a
capital access loan, it shall require the eligible business to pay
to the participating financial institution a fee in an amount that
is not less than one and one-half per cent, and not more than
three per cent, of the principal amount of the loan. The
participating financial institution shall deposit the fee into its
program reserve account, and it also shall deposit into the
account an amount of its own funds equal to the amount of the fee.
The participating financial institution may recover from the
eligible business all or part of the amount that the participating
financial institution is required to deposit into the account
under this division in any manner agreed to by the participating
financial institution and the eligible business.

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(C) For each capital access loan made by a participating
financial institution, the participating financial institution
shall certify to the director, within a period specified by the
director, that the participating financial institution has made
the loan. The certification shall include the amount of the loan,
the amount of the fee received from the eligible business, the
amount of its own funds that the participating financial
institution deposited into its program reserve account to reflect
that fee, and any other information specified by the director.

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(D) On receipt of a certification made under division (C) of
this section and subject to section 122.602 of the Revised Code,
the director shall disburse to the participating financial
institution from the fund an amount equal to ten per cent of the
principal amount of the particular capital access loan for deposit
into the participating financial institution's program reserve
account.

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(E) If the amount in a program reserve account exceeds an amount equal to thirty-three per cent of a participating financial institution's outstanding capital access loans, the department may cause the withdrawal of the excess amount and the deposit of the withdrawn amount into the fund. 204
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(F) The department shall cause the withdrawal of the total amount in a participating financial institution's program reserve account, and its deposit into the fund, if any of the following occurs: 209
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(1) The financial institution is no longer eligible to participate in the program. 213
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(2) The participation agreement expires without renewal by the department or the financial institution. 215
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(3) The financial institution has no outstanding capital access loans. 217
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(4) The financial institution has not made a capital access loan within the preceding twenty-four months. 219
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Sec. 122.604. (A) If a participating financial institution determines that a portion or all of a capital access loan is uncollectible, it may submit a claim to the department for approval of the release of moneys from its program reserve account. 221
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(B) The claim may include, in addition to the amount of principal plus accrued interest owed, one-half of the reasonable documented out-of-pocket expenses incurred by the participating financial institution in its collection efforts and in the preservation of the loan's collateral. The amount of principal included in the claim may not exceed the principal amount covered by the program. The amount of accrued interest included in the claim may not exceed the accrued interest attributable to the 226
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covered principal amount. 234

(C) The participating financial institution shall determine 235
the timing and amount of delinquency on a capital access loan in a 236
manner consistent with the participating financial institution's 237
normal method for making these determinations on similar 238
nonprogram loans. 239

(D) If the participating financial institution files two or 240
more claims at the same time or approximately the same time and 241
there are insufficient funds in its program reserve account at 242
that time to cover the entire amount of the claims, the 243
participating financial institution may specify an order of 244
priority in which the department shall approve the release of 245
funds from the account in relation to the claims. 246

(E) If subsequent to the payment of a claim, a participating 247
financial institution recovers from an eligible business any 248
amount covered by the paid claim, the participating financial 249
institution shall promptly deposit the amount recovered into its 250
program reserve account, less any reasonable expenses incurred. 251

Sec. 122.605. Each participating financial institution shall 252
submit an annual report to the department. The report shall 253
include or be accompanied by all of the following: 254

(A) Information regarding the participating financial 255
institution's outstanding capital access loans, its capital access 256
loan losses, and other related matters that the department 257
considers appropriate; 258

(B) A statement of the total amount of the participating 259
financial institution's capital access loans for which the 260
department has made disbursements from the fund under the program; 261

(C) A copy of the participating financial institution's most 262
recent financial statement; 263

(D) Information regarding the number, type, and size of the 264
eligible businesses with the participating financial institution's 265
capital access loans; 266

(E) A statement of the total number of the new jobs that have 267
been created, or of the existing jobs and employment opportunities 268
that have been preserved, as a result of the participating 269
financial institution's involvement in the program. 270

Sec. 166.03. (A) There is hereby created the facilities 271
establishment fund within the state treasury, consisting of 272
proceeds from the issuance of obligations as specified under 273
section 166.08 of the Revised Code; the moneys received by the 274
state from the sources specified in section 166.09 of the Revised 275
Code; service charges imposed under sections 166.06 and 166.07 of 276
the Revised Code; any grants, gifts, or contributions of moneys 277
received by the director of development to be used for loans made 278
under section 166.07 of the Revised Code or for the payment of the 279
allowable costs of project facilities; and all other moneys 280
appropriated or transferred to the fund. Moneys in the loan 281
guarantee fund in excess of four per cent of the unpaid principal 282
amount of loan repayments guaranteed under section 166.06 of the 283
Revised Code, but subject to the provisions and requirements of 284
any guarantee contracts, may be transferred to the facilities 285
establishment fund by the treasurer of state upon the order of the 286
director of development. Moneys received by the state under 287
Chapter 122. of the Revised Code, to the extent allocable to the 288
utilization of moneys derived from proceeds of the sale of 289
obligations pursuant to section 166.08 of the Revised Code, shall 290
be credited to the facilities establishment fund. 291

(B) All moneys appropriated or transferred to the facilities 292
establishment fund may be released at the request of the director 293
of development for payment of allowable costs or the making of 294

loans under this chapter, for transfer to the loan guarantee fund
established in section 166.06 of the Revised Code, or for use for
the purpose of or transfer to the funds established by sections
122.35, 122.42, 122.54, 122.55, 122.56, 122.561, 122.57, 122.601,
and 122.80 of the Revised Code and, until July 1, 2001, the funds
established by sections 122.26 and 166.031 of the Revised Code,
but only for such of those purposes as are within the
authorization of Section 13 of Article VIII, Ohio Constitution, in
all cases subject to the approval of the controlling board.

(C) The department of development, in the administration of
the facilities establishment fund, is encouraged to utilize and
promote the utilization of, to the maximum practicable extent, the
other existing programs, business incentives, and tax incentives
that department is required or authorized to administer or
supervise.

Sec. 5709.40. (A) As used in this section~~+~~: 310

(1) "Appalachian region" has the same meaning as in section
107.21 of the Revised Code. 311
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(2) "Blighted area" and "impacted city" have the same
meanings as in section 1728.01 of the Revised Code. 313
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(3) "Business day" means a day of the week excluding
Saturday, Sunday, and a legal holiday as defined under section
1.14 of the Revised Code. 315
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~~+~~(4) "Distressed area," "inner city area," "labor surplus
area," and "situational distress area" have the same meanings as
in section 5733.33 of the Revised Code. 318
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(5) "Improvement" means the increase in the assessed value of
any a parcel of real property that would first appear on the tax
list and duplicate of real and public utility property subsequent
to after the effective date of an ordinance adopted under this 321
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section were it not for the exemption ~~specified~~ granted by that 325
ordinance. "Improvement" does not include a public improvement. 326

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(6) "Project" means development activities undertaken on a 328
parcel, including but not limited to construction, expansion, and 329
alteration of buildings or structures, demolition, and site 330
development, and the building or structure that results from such 331
activities. 332

(7) "Public improvement" includes, but is not limited to, 333
public roads and highways, water and sewer lines, environmental 334
remediation, land acquisition, demolition, and the provision of 335
communications facilities. 336

(B) The legislative authority of a municipal corporation, by 337
ordinance, may declare improvements to a parcel of real property 338
located in the municipal corporation to be a public purpose. 339
Improvements used or to be used for residential purposes may be 340
declared a public purpose under this section only if the parcel is 341
located in a blighted area of an impacted city ~~as those terms are~~ 342
~~defined in section 1728.01 of the Revised Code.~~ Except as 343
otherwise provided in division ~~(B)(1), (2), or (3)(D)~~ of this 344
section, not more than seventy-five per cent of an improvement 345
thus declared to be a public purpose may be exempted from real 346
property taxation; the percentage exempted shall not, except as 347
otherwise provided in that division ~~(B)(1), (2), or (3) of this~~ 348
~~section~~, exceed the estimated percentage of the incremental demand 349
placed on the public improvements that is directly attributable to 350
the exempted improvement. The ordinance shall specify the 351
percentage of the improvement to be exempted from taxation. 352

An ordinance adopted or amended under this division shall 353
designate the specific public improvements made, to be made, or in 354
the process of being made by the municipal corporation that 355
directly benefit, or that once made will directly benefit, the 356

parcel. For the purposes of this division, a public improvement
directly benefits a parcel only if a project on the parcel places
direct, additional demand on the public improvement or, if the
public improvement has not yet been completed, will place direct,
additional demand on the public improvement once it is completed.
The service payments provided for in section 5709.42 of the
Revised Code shall be used to finance the public improvements
designated in the ordinance or for the purpose described in
division (D)(1) of this section.

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(C) This division applies only to a municipal corporation
that is located in the Appalachian region or that, on the
effective date of the ordinance adopted under this division, is an
impacted city, distressed area, labor surplus area, situational
distress area, or includes an inner city area. Designation as a
situational distress area shall be obtained in the manner
prescribed by division (A)(13) of section 5733.33 of the Revised
Code unless such a designation is in effect for the purposes of
that section on the effective date of a ordinance adopted under
this division.

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The legislative authority of a municipal corporation to which
this division applies may adopt an ordinance declaring
improvements to one or more parcels in a designated area to be a
public purpose. If the municipal corporation is not a distressed
area, labor surplus area, or situational distress area, the
designated area shall be located only in a blighted area or inner
city area. The ordinance shall delineate the boundary of the area.
An ordinance may designate more than one such area, and more than
one ordinance may be adopted under this division. After adopting
the original ordinance designating an area, the legislative
authority may adopt subsequent ordinances declaring improvements
to additional parcels within the area to be a public purpose or
changing the boundaries of the area, subject to the limitations of

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this division on where such an area may be located. If a municipal corporation's qualification as an impacted city, distressed area, labor surplus area, situational distress area, or as including an inner city area expires after the effective date of an ordinance adopted under this division, the legislative authority may not declare improvements in the designated area to be a public purpose under this division, but the expiration does not affect the continuation of an exemption granted under this division.

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Improvements used or to be used for residential purposes may not be declared a public purpose under this division.

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Except as otherwise provided in division (D) of this section, not more than seventy-five percent of an improvement declared to be a public purpose under this division may be exempted from real property taxation. An ordinance adopted under this division shall specify the percentage of the improvements to be exempted and shall designate the public improvements made or to be made in the designated area that benefit parcels in the designated area.

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(D)(1) If the ordinance declaring improvements to a parcel to be a public purpose specifies that payments in lieu of taxes provided for in section 5709.42 of the Revised Code shall be paid to the city, local, or exempted village school district in which the parcel is located in the amount of the taxes that would have been payable to the school district if the improvements had not been exempted from taxation, the percentage of the improvement that may be exempted from taxation may exceed seventy-five per cent, and the exemption may be granted for up to thirty years, without the approval of the board of education as otherwise required under division (B)(D)(2) of this section.

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(2) Improvements with respect to a parcel may be exempted from taxation under this section for up to ten years or, with the

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approval under this paragraph of the board of education of the 421
city, local, or exempted village school district within ~~the~~ 422
~~territory of which the improvements are or will be~~ parcel is 423
located, for up to thirty years. The percentage of the improvement 424
exempted from taxation may, with such approval, exceed 425
seventy-five per cent, but shall not exceed one hundred per cent. 426
Not later than forty-five business days prior to adopting or 427
amending an ordinance under this section declaring improvements to 428
be a public purpose, the legislative authority shall deliver to 429
the board of education a notice stating its intent to ~~declare~~ 430
~~improvements to be a public purpose under this section~~ adopt or 431
amend an ordinance making that declaration. The notice shall 432
~~describe~~ identify the parcel ~~and the~~ improvements, provide an 433
estimate of the true value in money of the improvements, specify 434
the period for which the improvements would be exempted from 435
taxation and the percentage of the improvement that would be 436
exempted, and indicate the date on which the legislative authority 437
intends to adopt the ordinance. The board of education, by 438
resolution adopted by a majority of the board, may approve the 439
exemption for the period or for the exemption percentage specified 440
in the notice, may disapprove the exemption for the number of 441
years in excess of ten, may disapprove the exemption for the 442
percentage of the improvement to be exempted in excess of 443
seventy-five per cent, or both, or may approve the exemption on 444
the condition that the legislative authority and the board 445
negotiate an agreement providing for compensation to the school 446
district equal in value to a percentage of the amount of taxes 447
exempted in the eleventh and subsequent years of the exemption 448
period or, in the case of exemption percentages in excess of 449
seventy-five per cent, compensation equal in value to a percentage 450
of the taxes that would be payable on the portion of the 451
improvement in excess of seventy-five per cent were that portion 452
to be subject to taxation. The board of education shall certify 453

its resolution to the legislative authority not later than 454
fourteen days prior to the date the legislative authority intends 455
to adopt the ordinance as indicated in the notice. If the board of 456
education approves the exemption on the condition that a 457
compensation agreement be negotiated, the board in its resolution 458
shall propose a compensation percentage. If the board of education 459
and the legislative authority negotiate a mutually acceptable 460
compensation agreement, the ordinance may declare the improvements 461
a public purpose for the number of years specified in the 462
ordinance or, in the case of exemption percentages in excess of 463
seventy-five per cent, for the exemption percentage specified in 464
the ordinance. In either case, if the board and the legislative 465
authority fail to negotiate a mutually acceptable compensation 466
agreement, the ordinance may declare the improvements a public 467
purpose for not more than ten years, but shall not exempt more 468
than seventy-five per cent of the improvements from taxation, or, 469
in the case of an ordinance adopted under division (B) of this 470
section, not more than the estimated percentage of the incremental 471
demand as otherwise permitted under prescribed by division (B)(1) 472
of this section, whichever is if that percentage is less than 473
seventy-five per cent. If the board fails to certify a resolution 474
to the legislative authority within the time prescribed by this 475
division, the legislative authority thereupon may adopt the 476
ordinance and may declare the improvements a public purpose for up 477
to thirty years, or, in the case of exemption percentages proposed 478
in excess of seventy-five per cent, for the exemption percentage 479
specified in the ordinance. The legislative authority may adopt 480
the ordinance at any time after the board of education certifies 481
its resolution approving the exemption to the legislative 482
authority, or, if the board approves the exemption on the 483
condition that a mutually acceptable compensation agreement be 484
negotiated, at any time after the compensation agreement is agreed 485
to by the board and the legislative authority. 486

(3) If a board of education has adopted a resolution waiving 487
its right to approve exemptions from taxation and the resolution 488
remains in effect, approval of exemptions by the board is not 489
required under this division. If a board of education has adopted 490
a resolution allowing a legislative authority to deliver the 491
notice required under this division fewer than forty-five business 492
days prior to the legislative authority's adoption of the 493
ordinance, the legislative authority shall deliver the notice to 494
the board not later than the number of days prior to such adoption 495
as prescribed by the board in its resolution. If a board of 496
education adopts a resolution waiving its right to approve 497
agreements or shortening the notification period, the board shall 498
certify a copy of the resolution to the legislative authority. If 499
the board of education rescinds such a resolution, it shall 500
certify notice of the rescission to the legislative authority. 501

(4) If the legislative authority is not required by division 502
~~(B)~~(D)(1), (2), or (3) of this section to notify the board of 503
education of the legislative authority's intent to declare 504
improvements to be a public purpose, the legislative authority 505
shall comply with the notice requirements imposed under section 506
5709.83 of the Revised Code, unless the board has adopted a 507
resolution under that section waiving its right to receive such a 508
notice. 509

~~(C)~~ (E) An exemption from taxation granted under this 510
section commences on with the tax year in which an improvement 511
first appears on the tax list and duplicate of real and public 512
utility property and that begins after the effective date of the 513
ordinance and. Except as otherwise provided in this division, the 514
exemption ends on the date specified in the ordinance as the date 515
the improvement ceases to be a public purpose or the date on which 516
the public improvements are paid in full from the municipal public 517
improvement tax increment equivalent fund established under 518

division (A) of section 5709.43 of the Revised Code, whichever 519
occurs first, ~~unless. An exemption may end on a later date, as~~ 520
~~specified in the ordinance, if~~ the legislative authority and the 521
board of education of the city, local, or exempted village school 522
district within the territory of which the exempted improvement is 523
located have entered into a compensation agreement under section 524
5709.82 of the Revised Code with respect to the improvement and 525
the board of education has approved the term of the exemption 526
under division ~~(B)~~(D)(2) of this section. ~~If the legislative~~ 527
~~authority and the board of education have entered into such an~~ 528
~~agreement, the exemption may end on a date, specified in the~~ 529
~~ordinance, later than the date on which the improvements are paid~~ 530
~~in full from the municipal public improvement tax increment~~ 531
~~equivalent fund, but in no case shall the improvement be exempted~~ 532
from taxation for more than thirty years. ~~The exemption~~ Exemptions 533
shall be claimed and allowed in the same manner as in the case of 534
other real property exemptions. If an exemption status changes 535
during a year, the procedure for the apportionment of the taxes 536
for that year is the same as in the case of other changes in tax 537
exemption status during the year. 538

~~(D) The ordinance shall designate specific public~~ 539
~~improvements made, to be made, or in the process of being made by~~ 540
~~the municipal corporation that directly benefit, or that once made~~ 541
~~will directly benefit, the parcel. A public improvement directly~~ 542
~~benefits a tract or parcel of land only if improvements made to~~ 543
~~the tract or parcel place direct, additional demand on the public~~ 544
~~improvement, or, if the public improvement has not yet been~~ 545
~~constructed, will place direct, additional demand on the public~~ 546
~~improvement when completed. The service payments provided for in~~ 547
~~section 5709.42 of the Revised Code shall be used to finance the~~ 548
~~public improvements designated in the ordinance.~~ (F) Additional 549
municipal financing of the public improvements may be provided by 550
any methods that the municipal corporation may otherwise use for 551

financing such improvements. If the municipal corporation issues 552
bonds or notes to finance the public improvements and pledges 553
money from the municipal public improvement tax increment 554
equivalent fund to pay the interest on and principal of the bonds 555
or notes, the bonds or notes are not subject to Chapter 133. of 556
the Revised Code. 557

~~(E)~~(G) The municipal corporation, not later than fifteen days 558
after the adoption of ~~the~~ an ordinance ~~granting a tax exemption~~ 559
under this section, shall submit to the director of development a 560
copy of the ordinance. On or before the thirty-first day of March 561
each year, the municipal corporation shall submit a status report 562
to the director of development ~~outlining.~~ The report shall 563
indicate, in the manner prescribed by the director, the progress 564
of the project during each year that ~~the~~ an exemption remains in 565
effect, including a summary of the receipts from service payments 566
in lieu of taxes; expenditures of money from the funds created 567
under section 5709.43 of the Revised Code; a description of the 568
public improvements financed with such expenditures; and a 569
quantitative summary of changes in employment and private 570
investment resulting from each project. 571

Sec. 5709.43. (A) A municipal corporation that grants a tax 572
exemption under section 5709.40 of the Revised Code shall 573
establish a municipal public improvement tax increment equivalent 574
fund, ~~by ordinance of its legislative authority,~~ into which shall 575
be deposited service payments in lieu of taxes distributed to the 576
municipal corporation ~~by the county treasurer as provided in~~ under 577
section 5709.42 of the Revised Code ~~for improvements exempt from~~ 578
~~taxation pursuant to an ordinance under section 5709.40 of the~~ 579
~~Revised Code.~~ If the legislative authority of the municipal 580
corporation has adopted an ordinance under division (C) of section 581
5709.40 of the Revised Code, the municipal corporation shall 582
establish at least one account in that fund with respect to 583

ordinances adopted under division (B) of that section, and one 584
account with respect to each area designated in an ordinance 585
adopted under division (C) of that section. Money in an account of 586
the municipal public improvement tax increment equivalent fund 587
shall be used to finance the specific public improvements 588
designated in the ordinance ~~under section 5709.40 of the Revised~~ 589
~~Code with respect to which the account is established; in the case~~ 590
of an account established with respect to an ordinance adopted 591
under division (C) of that section, money in the account shall be 592
used to finance the public improvements designated for each area 593
designated in the ordinance. The municipal corporation also may 594
deposit into the municipal public improvement tax increment 595
~~equivalent fund any of those accounts~~ municipal income tax revenue 596
that has ~~been dedicated by ordinance been designated~~ to finance 597
the public improvements as designated in the ordinance. 598

(B) A municipal corporation may establish an urban 599
redevelopment tax increment equivalent fund, by resolution or 600
ordinance of its legislative authority, into which shall be 601
deposited service payments in lieu of taxes distributed to the 602
municipal corporation by the county treasurer as provided in 603
section 5709.42 of the Revised Code for improvements exempt from 604
taxation pursuant to an ordinance under section 5709.41 of the 605
Revised Code. Moneys deposited in the urban redevelopment tax 606
increment equivalent fund shall be used for such purposes as are 607
authorized in the resolution or ordinance establishing the fund. 608
The municipal corporation also may deposit into the urban 609
redevelopment tax increment equivalent fund municipal income tax 610
revenue that has been dedicated to fund any of the purposes for 611
which the fund is established. 612

(C) A municipal corporation also may distribute money in the 613
municipal public improvement tax increment equivalent fund or the 614
urban redevelopment tax increment equivalent fund to any school 615

district in which the exempt property is located in an amount not
to exceed the amount of real property taxes that such school
district would have received from the improvement if it were not
exempt from taxation or use money in either or both funds to
finance specific public improvements benefiting the school
district. The resolution or ordinance establishing the fund shall
set forth the percentage of such maximum amount that will be
distributed to any affected school district or used to finance
specific public improvements benefiting the school district.

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(D) Any incidental surplus remaining in the municipal public
improvement tax increment equivalent fund or an account thereof or
in the urban redevelopment tax increment equivalent fund upon ~~its~~
dissolution of the account or fund shall be transferred to the
general fund of the municipal corporation.

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Sec. 5709.73. (A) As used in this section and section 5709.74
of the Revised Code:

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(1) "Appalachian region" has the same meaning as in section
107.21 of the Revised Code.

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(2) "Business day" means a day of the week excluding
Saturday, Sunday, and a legal holiday as defined in section 1.14
of the Revised Code.

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~~(2)~~(3) "Distressed area," "labor surplus area," and
"situational distress area" have the same meanings as in section
5733.33 of the Revised Code.

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(4) "Further improvements" or "improvements" means the
increase in the true value of ~~the~~ a parcel of real property in the
unincorporated territory of the township that would first appear
on the tax list and duplicate of real and public utility property
after the effective date of a resolution adopted under ~~division~~
~~(B)(1)~~ of this section were it not for the exemption granted by

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that resolution. "Further improvements" does not include any 646
property used or to be used for residential purposes. 647

(5) "Project" and "public improvement" have the same meanings 648
as in section 5709.40 of the Revised Code. 649

(B)~~(1)~~ A board of township trustees may, by unanimous vote, 650
adopt a resolution that declares to be a public purpose any public 651
improvements made that are necessary for the development of 652
certain parcels of land located in the unincorporated area of the 653
township. Except as otherwise provided in division ~~(B)(2)~~ or 654
~~(3)~~(D) of this section, the resolution may exempt from real 655
property taxation not more than seventy-five per cent of further 656
improvements to a parcel of land which directly benefits from such 657
public improvements; the percentage exempted shall not, except as 658
otherwise provided in division ~~(B)(2)~~ or ~~(3)~~(D) of this section, 659
exceed the estimated percentage of the incremental demand placed 660
on the public improvements that is directly attributable to the 661
exempted improvement. A For the purposes of this division, a 662
public improvement directly benefits a ~~tract~~ or parcel of land 663
only if ~~further improvements made to the tract or parcel place a~~ 664
project on the parcel places direct, additional demand on the 665
public improvement, or, if the public improvement has not yet been 666
constructed, will place direct, additional demand on the public 667
improvement when completed. The resolution shall specify the 668
percentage of the further improvements to be exempted. 669

~~(2)~~(C) This division applies only to a township located in 670
the Appalachian region or located in a county that, on the 671
effective date of the resolution adopted under this section, is 672
designated as a distressed area, labor surplus area, or 673
situational distress area. The board of township trustees of a 674
township to which this division applies may adopt, by unanimous 675
vote, a resolution declaring improvements to one or more parcels 676
in a designated area to be a public purpose. The designated area 677

shall be located within the unincorporated area of the township, 678
and shall not include any territory that is included within an 679
area designated under division (B) of section 5709.78 of the 680
Revised Code. The resolution shall delineate the boundary of the 681
area. A resolution may designate more than one such area, and more 682
than one resolution may be adopted under this division. After 683
adopting the original resolution designating an area, the board 684
may adopt, by unanimous vote, one or more subsequent resolutions 685
declaring improvements to additional parcels within the area to be 686
a public purpose or changing the boundaries of the area, subject 687
to the limitations of this division on where such an area may be 688
located. If the township is located in a county the designation of 689
which as a distressed area, labor surplus area, or situational 690
distress area expires after the effective date of a resolution 691
adopted under this division, the board of township trustees may 692
not declare improvements in the designated area to be a public 693
purpose under this division, but the expiration does not affect 694
the continuation of an exemption granted under this division 695
before that effective date. 696

Except as otherwise provided in division (D) of this section, 697
not more than seventy-five percent of an improvement declared to 698
be a public purpose under this division may be exempted from real 699
property taxation. A resolution adopted under this division shall 700
designate the public improvements made or to be made in the 701
designated area that benefit parcels in the designated area. 702

A resolution adopted under this division shall specify the 703
percentage of the improvements to be exempted and shall designate 704
the public improvements made or to be made in the designated area 705
that benefit parcels in the designated area. 706

(D) Improvements with respect to a parcel may be exempted 707
from taxation under this section for up to ten years or, with the 708
approval of the board of education of the city, local, or exempted 709

village school district within ~~the territory of~~ which the 710
~~improvements are or will be~~ parcel is located, for up to thirty 711
years. The percentage of the improvements exempted from taxation 712
may, with such approval, exceed seventy-five per cent, but shall 713
not exceed one hundred per cent. Not later than forty-five 714
business days prior to adopting a resolution under this section 715
declaring improvements to be a public purpose, the board of 716
trustees shall deliver to the board of education a notice stating 717
its intent to ~~declare improvements to be a public purpose under~~ 718
~~this section~~ adopt a resolution making that declaration. The 719
notice shall ~~describe~~ identify the parcel ~~and the improvements~~, 720
provide an estimate of the true value in money of the 721
improvements, specify the period for which the improvements would 722
be exempted from taxation and the percentage of the improvements 723
that would be exempted, and indicate the date on which the board 724
of trustees intends to adopt the resolution. The board of 725
education, by resolution adopted by a majority of the board, may 726
approve the exemption for the period or for the exemption 727
percentage specified in the notice, may disapprove the exemption 728
for the number of years in excess of ten, may disapprove the 729
exemption for the percentage of the improvements to be exempted in 730
excess of seventy-five per cent, or both, or may approve the 731
exemption on the condition that the board of trustees and the 732
board of education negotiate an agreement providing for 733
compensation to the school district equal in value to a percentage 734
of the amount of taxes exempted in the eleventh and subsequent 735
years of the exemption period or, in the case of exemption 736
percentages in excess of seventy-five per cent, compensation equal 737
in value to a percentage of the taxes that would be payable on the 738
portion of the improvements in excess of seventy-five per cent 739
were that portion to be subject to taxation. The board of 740
education shall certify its resolution to the board of trustees 741
not later than fourteen days prior to the date the board of 742

trustees intends to adopt the resolution as indicated in the 743
notice. If the board of education approves the exemption on the 744
condition that a compensation agreement be negotiated, the board 745
of education in its resolution shall propose a compensation 746
percentage. If the board of education and the board of trustees 747
negotiate a mutually acceptable compensation agreement, the 748
resolution may declare the improvements a public purpose for the 749
number of years specified in the resolution or, in the case of 750
exemption percentages in excess of seventy-five per cent, for the 751
exemption percentage specified in the resolution. In either case, 752
if the board of education and the board of trustees fail to 753
negotiate a mutually acceptable compensation agreement, the 754
resolution may declare the improvements a public purpose for not 755
more than ten years, but shall not exempt more than seventy-five 756
per cent of the improvements from taxation, or, in the case of a 757
resolution adopted under division (B) of this section, not more 758
than the estimated percentage of the incremental demand as 759
otherwise ~~permitted under prescribed by~~ prescribed by division (B)~~(1)~~ of this 760
section, ~~whichever is~~ if that percentage is less than seventy-five 761
per cent. If the board of education fails to certify a resolution 762
to the board of trustees within the time prescribed by this 763
section, the board of trustees thereupon may adopt the resolution 764
and may declare the improvements a public purpose for up to thirty 765
years or, in the case of exemption percentages proposed in excess 766
of seventy-five per cent, for the exemption percentage specified 767
in the resolution. The board of township trustees may adopt the 768
resolution at any time after the board of education certifies its 769
resolution approving the exemption to the board of township 770
trustees, or, if the board of education approves the exemption on 771
the condition that a mutually acceptable compensation agreement be 772
negotiated, at any time after the compensation agreement is agreed 773
to by the board of education and the board of township trustees. 774

~~(3)~~ If a board of education has adopted a resolution waiving 775

its right to approve exemptions from taxation and the resolution 776
remains in effect, approval of such exemptions by the board of 777
education is not required under this division ~~(B)(2) of this~~ 778
~~section~~. If a board of education has adopted a resolution allowing 779
a board of township trustees to deliver the notice required under 780
this division ~~(B)(2) of this section~~ fewer than forty-five 781
business days prior to adoption of the resolution by the board of 782
township trustees, the board of township trustees shall deliver 783
the notice to the board of education not later than the number of 784
days prior to such adoption as prescribed by the board of 785
education in its resolution. If a board of education adopts a 786
resolution waiving its right to approve exemptions or shortening 787
the notification period, the board of education shall certify a 788
copy of the resolution to the board of township trustees. If the 789
board of education rescinds such a resolution, it shall certify 790
notice of the rescission to the board of township trustees. 791

~~(4)~~ If the board of trustees is not required by this division 793
~~(B)(2) of this section~~ to notify the board of education of the 794
board of trustees' intent to declare improvements to be a public 795
purpose, the board of trustees shall comply with the notice 796
requirements imposed under section 5709.83 of the Revised Code 797
before taking formal action to adopt the resolution making that 798
declaration, unless the board of education has adopted a 799
resolution under that section waiving its right to receive such a 800
notice. 801

~~(C) The~~ (E) An exemption from taxation granted under this 802
section commences on with the tax year in which an improvement 803
first appears on the tax list and duplicate of real and public 804
utility property and that begins after the effective date of the 805
resolution and. Except as otherwise provided in this division, the 806
exemption ends on the date specified in the resolution as the date 807

the improvement ceases to be a public purpose, or ends on the date 808
on which ~~such~~ the public improvements are paid in full from the 809
township public improvement tax increment equivalent fund 810
established under section 5709.75 of the Revised Code, whichever 811
occurs first, ~~unless~~. An exemption may end on a later date, as 812
specified in the resolution, if the board of township trustees and 813
the board of education of the city, local, or exempted village 814
school district within the territory of which the exempted 815
improvement is located have entered into a compensation agreement 816
under section 5709.82 of the Revised Code with respect to the 817
improvement and the board of education has approved the term of 818
the exemption under division (B)(2) of this section. ~~If the board~~ 819
~~of township trustees and the board of education have entered into~~ 820
~~such an agreement, the exemption may end on a date, specified in~~ 821
~~the resolution, later than the date on which the improvements are~~ 822
~~paid in full from the township public improvement tax increment~~ 823
~~equivalent fund, but in no case shall the improvement be exempted~~ 824
from taxation for more than thirty years. The board of township 825
trustees may, by majority vote, adopt a resolution ~~which permits~~ 826
permitting the township to enter into such agreements as the board 827
finds necessary or appropriate to provide for the construction of 828
public improvements. Any exemption shall be claimed and allowed in 829
the same or a similar manner as in the case of other real property 830
exemptions. If an exemption status changes during a tax year, the 831
procedure for the apportionment of the taxes for that year is the 832
same as in the case of other changes in tax exemption status 833
during the year. 834

(F) The board of township trustees may issue the notes of the 835
township to finance all costs pertaining to the construction of 836
public improvements made pursuant to this section. The notes shall 837
be signed by the board and attested by the signature of the 838
township clerk, shall bear interest not to exceed the rate 839
provided in section 9.95 of the Revised Code, and are not subject 840

to Chapter 133. of the Revised Code. The resolution authorizing 841
the issuance of the notes shall pledge the funds of the township 842
public improvement tax increment equivalent fund established 843
pursuant to section 5709.75 of the Revised Code to pay the 844
interest on and principal of the notes. The notes, which may 845
contain a clause permitting prepayment at the option of the board, 846
shall be offered for sale on the open market or given to the 847
vendor or contractor if no sale is made. 848

(G) The township, not later than fifteen days after the 849
adoption of a resolution granting a tax exemption under this 850
section, shall submit to the director of development a copy of the 851
resolution. On or before the thirty-first day of March each year, 852
the township shall submit a status report to the director of 853
development outlining. The report shall indicate, in the manner 854
prescribed by the director, the progress of the project during 855
each year that the exemption remains in effect, including a 856
summary of the receipts from service payments in lieu of taxes; 857
expenditures of money from funds created under section 5709.75 of 858
the Revised Code; a description of the public improvements 859
financed with such expenditures; and a quantitative summary of 860
changes in employment and private investment resulting from each 861
project. 862

Sec. 5709.75. Any township that receives service payments in 863
lieu of taxes under section 5709.74 of the Revised Code shall 864
establish a township public improvement tax increment equivalent 865
fund, ~~by resolution of the board of township trustees,~~ into which 866
~~those payments~~ shall be deposited ~~such payments distributed to the~~ 867
~~township by the county treasurer as provided in that section.~~ If 868
the board of township trustees has adopted a resolution under 869
division (C) of section 5709.73 of the Revised Code, the township 870
shall establish at least one account in that fund with respect to 871
resolutions adopted under division (B) of that section, and one 872

account with respect to each area designated in a resolution 873
adopted under division (C) of that section. Moneys deposited in an 874
account of that fund shall be used by the township to pay the 875
costs of public improvements ~~made pursuant to section 5709.73 of~~ 876
the Revised Code designated in the resolution with respect to 877
which the account is established, including any interest on and 878
principal of the notes; in the case of an account established with 879
respect to a resolution adopted under division (C) of that 880
section, money in the account shall be used to finance the public 881
improvements designated for each area designated in the 882
resolution. The township may also distribute money in ~~the fund~~ 883
such an account to any school district in which the exempt 884
property is located in an amount not to exceed the amount of real 885
property taxes that such school district would have received from 886
the improvement if it were not exempt from taxation. The 887
resolution establishing the fund shall set forth the percentage of 888
such maximum amount that will be distributed to any affected 889
school district. Any incidental surplus remaining in an account of 890
the township public improvement tax increment equivalent fund upon 891
its dissolution of the account shall be transferred to the general 892
fund of the township. 893

Sec. 5709.77. As used in sections 5709.77 to 5709.81 of the 894
Revised Code: 895

(A) "Fund" means to provide for the payment of the debt 896
service on and the expenses relating to an outstanding obligation 897
of the county. 898

(B) "Improvement" means the increase in the true value of ~~any~~ 899
a parcel of real property subsequent to that would first appear on 900
the tax list and duplicate of real and public utility property 901
after the effective date of a resolution adopted under section 902
5709.78 of the Revised Code were it not for the exemption granted 903
by that resolution. "Improvement" does not include any property 904

used or to be used for residential purposes, or a public 905
infrastructure improvement. 906

(C) "Refund" means to fund and retire an outstanding 907
obligation of the county. 908

~~(D) "Tract" means a parcel of real property some percentage 909
of the increase in value of which after the effective date of a 910
resolution adopted under section 5709.78 of the Revised Code is 911
exempted from real property taxation under that resolution. 912~~

~~(E) "Business day" means a day of the week excluding 913
Saturday, Sunday, and a legal holiday as defined in section 1.14 914
of the Revised Code. 915~~

(E) "Distressed area," "situational distress area," and 916
"labor surplus area" have the same meanings as in section 5733.33 917
of the Revised Code. 918

(F) "Project" has the same meaning as in section 5709.40 of 919
the Revised Code. 920

(G) "Public infrastructure improvement" includes, but is not 921
limited to, public roads and highways, water and sewer lines, 922
environmental remediation, land acquisition, demolition, and the 923
provision of communications facilities. 924

Sec. 5709.78. (A)~~(1)~~ A board of county commissioners may, by 925
resolution, declare improvements to a parcel of real property 926
located in the unincorporated territory of the county to be a 927
public purpose. Except as otherwise provided in division ~~(A)(2)~~ or 928
~~(3)~~(C) of this section, not more than seventy-five per cent of an 929
improvement thus declared to be a public purpose may be exempted 930
from real property taxation; the percentage exempted shall not, 931
except as otherwise provided in those divisions, exceed the 932
estimated percentage of the incremental demand placed on the 933
public infrastructure improvements that is directly attributable 934

to the exempted improvement. The resolution shall specify the 935
percentage of the improvement to be exempted. 936

(2) A resolution adopted under this division shall designate 937
the specific public infrastructure improvements made, to be made, 938
or in the process of being made by the county that directly 939
benefit, or that once made will directly benefit, the parcel. For 940
the purposes of this division, a public infrastructure improvement 941
directly benefits a parcel only if a project on the parcel places 942
direct, additional demand on the public infrastructure improvement 943
or, if the public infrastructure improvement has not yet been 944
completed, will place direct, additional demand on the public 945
infrastructure improvement once it is completed. The service 946
payments provided for in section 5709.79 of the Revised Code shall 947
be used to finance the public infrastructure improvements 948
designated in the resolution. 949

(B) This division applies only to a county that is located in 950
the Appalachian region or that, on the effective date of the 951
resolution adopted under this section, is a distressed area, 952
situational distress area, or labor surplus area. Designation as a 953
situational distress area shall be obtained in the manner 954
prescribed by division (A)(13) of section 5733.33 of the Revised 955
Code unless such a designation is in effect for the purposes of 956
that section on the effective date of a resolution adopted under 957
this division. 958

The board of county commissioners of a county to which this 959
division applies may adopt a resolution declaring improvements to 960
one or more parcels in a designated area to be a public purpose. 961
The designated area shall be located within the unincorporated 962
area of the county, and shall not include any territory that is 963
included within an area designated under division (C) of section 964
5709.73 of the Revised Code. The resolution shall delineate the 965
boundary of the area. A resolution may designate more than one 966

such area, and more than one resolution may be adopted under this 967
division. After adopting the original resolution designating an 968
area, the board may adopt subsequent resolutions declaring 969
improvements to additional parcels within the area to be a public 970
purpose or changing the boundaries of the area, subject to the 971
limitations of this division on where such an area may be located. 972
If the designation of the county as a distressed area, labor 973
surplus area, or situational distress area expires after the 974
effective date of a resolution adopted under this division, the 975
board of county commissioners may not declare improvements in the 976
designated area to be a public purpose under this division, but 977
the expiration does not affect the continuation of an exemption 978
granted under this division before that effective date. 979

Except as otherwise provided in division (C) of this section, 980
not more than seventy-five per cent of an improvement declared to 981
be a public purpose under this division may be exempted from real 982
property taxation. A resolution adopted under this division shall 983
specify the percentage of the improvements to be exempted and 984
shall designate the public improvements made or to be made in the 985
designated area that benefit parcels in the designated area. 986

(C)(1) Improvements with respect to a parcel may be exempted 988
from taxation under this section for up to ten years or, with the 989
approval of the board of education of the city, local, or exempted 990
village school district within the territory of which the 991
improvements are or will be parcel is located, for up to thirty 992
years. The percentage of the improvements exempted from taxation 993
may, with such approval, exceed seventy-five per cent, but shall 994
not exceed one hundred per cent. Not later than forty-five 995
business days prior to adopting a resolution under this section 996
declaring improvements to be a public purpose, the board of 997
commissioners shall deliver to the board of education a notice 998

stating its intent to ~~declare improvements to be a public purpose~~ 999
~~under this section adopt a resolution making that declaration.~~ The 1000
notice shall ~~describe~~ identify the parcel ~~and the improvements,~~ 1001
provide an estimate of the true value in money of the 1002
improvements, specify the period for which the improvements would 1003
be exempted from taxation and the percentage of the improvements 1004
that would be exempted, and indicate the date on which the board 1005
of commissioners intends to adopt the resolution. The board of 1006
education, by resolution adopted by a majority of the board, may 1007
approve the exemption for the period or for the exemption 1008
percentage specified in the notice, may disapprove the exemption 1009
for the number of years in excess of ten, may disapprove the 1010
exemption for the percentage of the improvements to be exempted in 1011
excess of seventy-five per cent, or both, or may approve the 1012
exemption on the condition that the board of commissioners and the 1013
board of education negotiate an agreement providing for 1014
compensation to the school district equal in value to a percentage 1015
of the amount of taxes exempted in the eleventh and subsequent 1016
years of the exemption period or, in the case of exemption 1017
percentages in excess of seventy-five per cent, compensation equal 1018
in value to a percentage of the taxes that would be payable on the 1019
portion of the improvements in excess of seventy-five per cent 1020
were that portion to be subject to taxation. The board of 1021
education shall certify its resolution to the board of 1022
commissioners not later than fourteen days prior to the date the 1023
board of commissioners intends to adopt its resolution as 1024
indicated in the notice. If the board of education approves the 1025
exemption on the condition that a compensation agreement be 1026
negotiated, the board of education in its resolution shall propose 1027
a compensation percentage. If the board of education and the board 1028
of commissioners negotiate a mutually acceptable compensation 1029
agreement, the resolution of the board of commissioners may 1030
declare the improvements a public purpose for the number of years 1031

specified in that resolution or, in the case of exemption 1032
percentages in excess of seventy-five per cent, for the exemption 1033
percentage specified in the resolution. In either case, if the 1034
board of education and the board of commissioners fail to 1035
negotiate a mutually acceptable compensation agreement, the 1036
resolution may declare the improvements a public purpose for not 1037
more than ten years, but shall not exempt more than seventy-five 1038
per cent of the improvements from taxation, or, in the case of a 1039
resolution adopted under division (A) of this section, not more 1040
than the estimated percentage of the incremental demand as 1041
otherwise ~~permitted under prescribed by~~ division (A)~~(1)~~ of this 1042
section, ~~whichever~~ if that percentage is less than seventy-five 1043
per cent. If the board of education fails to certify a resolution 1044
to the board of commissioners within the time prescribed by this 1045
section, the board of commissioners thereupon may adopt the 1046
resolution and may declare the improvements a public purpose for 1047
up to thirty years or, in the case of exemption percentages 1048
proposed in excess of seventy-five per cent, for the exemption 1049
percentage specified in the resolution. The board of county 1050
commissioners may adopt the resolution at any time after the board 1051
of education certifies its resolution approving the exemption to 1052
the board of county commissioners, or, if the board of education 1053
approves the exemption on the condition that a mutually acceptable 1054
compensation agreement be negotiated, at any time after the 1055
compensation agreement is agreed to by the board of education and 1056
the board of county commissioners. 1057

~~(3)~~(2) If a board of education has adopted a resolution 1058
waiving its right to approve exemptions from taxation and the 1059
resolution remains in effect, approval of such exemptions by the 1060
board of education is not required under division ~~(A)~~(2)(C)(1) of 1061
this section. If a board of education has adopted a resolution 1062
allowing a board of county commissioners to deliver the notice 1063
required under division ~~(B)~~(2)(C)(1) of this section fewer than 1064

forty-five business days prior to approval of the resolution by 1065
the board of county commissioners, the board of county 1066
commissioners shall deliver the notice to the board of education 1067
not later than the number of days prior to such approval as 1068
prescribed by the board of education in its resolution. If a board 1069
of education adopts a resolution waiving its right to approve 1070
exemptions or shortening the notification period, the board of 1071
education shall certify a copy of the resolution to the board of 1072
county commissioners. If the board of education rescinds such a 1073
resolution, it shall certify notice of the rescission to the board 1074
of county commissioners. 1075

~~(B) The (D) An exemption from taxation granted under this 1076
section commences on with the tax year in which an improvement 1077
first appears on the tax list and duplicate of real and public 1078
utility property and that begins after the effective date of the 1079
resolution and. Except as otherwise provided in this division, the 1080
exemption ends on the date specified in the resolution as the date 1081
the improvement ceases to be a public purpose, or on the date on 1082
which the county can no longer require annual service payments in 1083
lieu of taxes under section 5709.79 of the Revised Code, whichever 1084
occurs first, unless. An exemption may end on a later date, as 1085
specified in the resolution, if the board of commissioners and the 1086
board of education of the city, local, or exempted village school 1087
district within the territory of which the exempted improvement is 1088
located have entered into a compensation agreement under section 1089
5709.82 of the Revised Code with respect to the improvement and 1090
the board of education has approved the term of the exemption 1091
under division (A)(2)(C)(1) of this section. If the board of 1092
commissioners and the board of education have entered into such an 1093
agreement, the exemption may end on a date, specified in the 1094
resolution, later than the date on which the county can no longer 1095
require annual service payments in lieu of taxes, but in no case 1096
shall the improvements improvement be exempted from taxation for 1097~~

more than thirty years. ~~The exemption~~ Exemptions shall be claimed 1098
and allowed in the same or a similar manner as in the case of 1099
other real property exemptions. If an exemption status changes 1100
during a tax year, the procedure for the apportionment of the 1101
taxes for that year is the same as in the case of other changes in 1102
tax exemption status during the year. 1103

~~(C) A resolution adopted under this section shall designate 1104
specific public infrastructure improvements made, to be made, or 1105
in the process of being made by the county that directly benefit, 1106
or that once made will directly benefit, the tract. A public 1107
improvement directly benefits a tract or parcel of land only if 1108
improvements made to the tract or parcel place direct, additional 1109
demand on the public improvement, or, if the public improvement 1110
has not yet been constructed, will place direct, additional demand 1111
on the public improvement when completed. The service payments 1112
provided for in section 5709.79 of the Revised Code shall be used 1113
to finance the public infrastructure improvements designated in 1114
the resolution. Additional county financing of the public 1115
infrastructure improvements may be provided by any methods that 1116
counties are otherwise permitted to use for financing such 1117
improvements. 1118~~

~~(D)~~(E) If the board of commissioners is not required by 1119
division ~~(A)(2)~~ of this section to notify the board of education 1120
of the board of commissioners' intent to declare improvements to 1121
be a public purpose, the board of commissioners shall comply with 1122
the notice requirements imposed under section 5709.83 of the 1123
Revised Code before taking formal action to adopt the resolution 1124
making that declaration, unless the board of education has adopted 1125
a resolution under that section waiving its right to receive such 1126
a notice. 1127

~~(E)~~(F) The county, not later than fifteen days after the 1128
adoption of a resolution ~~granting a tax exemption~~ under this 1129

section, shall submit to the director of development a copy of the 1130
resolution. On or before the thirty-first day of March each year, 1131
the county shall submit a status report to the director of 1132
development outlining. The report shall indicate, in the manner 1133
prescribed by the director, the progress of the project during 1134
each year that the an exemption remains in effect, including a 1135
summary of the receipts from service payments in lieu of taxes; 1136
expenditures of money from funds created under section 5709.75 of 1137
the Revised Code; a description of the public improvements 1138
financed with such expenditures; and a quantitative summary of 1139
changes in employment and private investment resulting from each 1140
project. 1141

Sec. 5709.79. A board of county commissioners that adopts a 1142
resolution under section 5709.78 of the Revised Code shall in the 1143
resolution require that the owner of the improvement make annual 1144
service payments in lieu of taxes to the county treasurer on or 1145
before the final dates for payment of real property taxes. Each 1146
such payment shall be charged and collected in the same manner and 1147
in the same amount as the real property taxes that would have been 1148
charged and payable against the improvement if its value were not 1149
exempt from taxation. If any reduction in the levies otherwise 1150
applicable to the improvement is made by the county budget 1151
commission under section 5705.31 of the Revised Code, the amount 1152
of the service payment in lieu of taxes shall be calculated as if 1153
the reduction in levies had not been made. 1154

The county shall not require the owner to make annual service 1155
payments in lieu of taxes pursuant to this section after the date 1156
on which one of the following occurs: 1157

(A) If bonds or notes were not issued under section 307.082 1158
or 5709.81 of the Revised Code for any public infrastructure 1159
improvements benefiting the ~~tract~~ parcel on which the improvement 1160
is located, and if service payments were not pledged pursuant to 1161

division (B) of section 5709.81 of the Revised Code, the date the
county has collected sufficient money in the applicable account of
the redevelopment tax equivalent fund to pay the cost of
constructing or repairing the public infrastructure improvements
designated in the resolution adopted under section 5709.78 of the
Revised Code;

(B) If service payments were pledged under division (B) of
section 5709.81 of the Revised Code to secure payment of any
obligation issued to finance the public infrastructure
improvement, the date the purposes for which the payments were
pledged are paid in full;

(C) If bonds or notes were issued under section 307.082 or
5709.81 of the Revised Code, the date the interest on and
principal of such bonds and notes have been paid in full.

Money collected as service payments in lieu of taxes shall be
distributed at the same time and in the same manner as real
property tax payments except that the entire amount so collected
shall be distributed to the county in which the ~~tract~~ parcel is
located. The county treasurer shall maintain a record of the
service payments in lieu of taxes made for each ~~tract~~ parcel. If a
~~tract~~ parcel upon which moneys are collected as service payments
in lieu of taxes is annexed to a municipal corporation, the
service payments shall continue to be collected and distributed to
the county until the date described in division (A), (B), or (C)
of this section.

Nothing in this section or section 5709.78 of the Revised
Code affects the taxes levied against that portion of the value of
any ~~tract~~ parcel that is not exempt from taxation.

Sec. 5709.80. The board of county commissioners of a county
that receives service payments in lieu of taxes under section
5709.79 of the Revised Code shall, ~~by resolution,~~ establish a

redevelopment tax equivalent fund into which those payments shall 1193
be deposited ~~service payments distributed to the county by the~~ 1194
~~county treasurer as provided in that section.~~ Separate accounts 1195
shall be established in the fund for each resolution adopted by 1196
the board of county commissioners under section 5709.78 of the 1197
Revised Code. If the board of county commissioners has adopted a 1198
resolution under division (B) of that section, the county shall 1199
establish an account for each area designated in that resolution. 1200
Moneys deposited into each account of the fund shall be used by 1201
the county to pay the cost of constructing or repairing the public 1202
infrastructure improvements designated in the resolution or area 1203
for which the account is established, to pay the interest on and 1204
principal of bonds or notes issued under division (B) of section 1205
307.082 or division (A) of section 5709.81 of the Revised Code, or 1206
for the purposes pledged under division (B) of section 5709.81 of 1207
the Revised Code. The board of county commissioners may also 1208
distribute money in an account to any school district in which the 1209
exempt property is located in an amount not to exceed the amount 1210
of real property taxes that such school district would have 1211
received from the improvement if it were not exempt from taxation. 1212
The resolution under which an account is established shall set 1213
forth the percentage of such maximum amount that will be 1214
distributed to any affected school district. An account dissolves 1215
upon fulfillment of the purposes for which money in the account 1216
~~can~~ may be used. An incidental surplus remaining in an account 1217
upon its dissolution shall be transferred to the general fund of 1218
the county. 1219

Sec. 5709.81. (A) Upon determination by the board of county 1220
commissioners that such an issuance will be in the county's best 1221
interest, the board may, in the resolution adopted under section 1222
5709.78 of the Revised Code, authorize the issuance of revenue 1223
bonds or notes to refund any general obligation bonds or notes, 1224

any mortgage revenue bonds or notes, or any revenue bonds issued 1225
prior to the effective date of the resolution to finance any 1226
public infrastructure improvement designated in the resolution ~~as~~ 1227
~~directly benefiting the tract of land that is the subject of the~~ 1228
~~resolution. A public infrastructure improvement directly benefits~~ 1229
~~a tract of land only if improvements made to the tract place~~ 1230
~~direct, additional demand on the public infrastructure~~ 1231
~~improvement, or, if the public infrastructure improvement has not~~ 1232
~~yet been constructed, will place direct, additional demand on the~~ 1233
~~public infrastructure improvement when completed.~~ 1234

The resolution shall pledge only the funds of the account of 1235
the county redevelopment tax equivalent fund established for such 1236
public infrastructure improvements, to pay the interest on and 1237
principal of the bonds or notes issued pursuant to the resolution. 1238
The resolution shall specify the maturity date or dates, the 1239
interest payable in accordance with section 9.95 of the Revised 1240
Code, and such other terms to be included in the bonds or notes as 1241
are necessary for their issuance. The bonds and notes are not 1242
subject to Chapter 133. of the Revised Code. 1243

Any bond or note issued under this division shall be deemed 1244
to be issued for the same purpose as the bond or note that it is 1245
being issued to refund. The proceeds of any bond or note issued 1246
under this division shall be used as determined by the board of 1247
county commissioners to pay the principal amount of the bond or 1248
note being refunded, any redemption premium, and any interest to 1249
redemption or maturity, and any expenses related to the 1250
outstanding obligations considered necessary by the board of 1251
county commissioners for the issuance of the bond or note. 1252

Any bond or note issued to refund any other bond or note 1253
under this division may be issued whether or not such refunded 1254
bond or note was issued subject to call or redemption prior to 1255
maturity. 1256

The authority granted by this division is in addition to and 1257
an alternative for, but not a limitation upon, other 1258
authorizations granted by or pursuant to law or the constitution 1259
for the same or similar purposes. 1260

(B) In lieu of issuing bonds or notes under division (A) of 1261
this section, the board of county commissioners may, in a 1262
resolution adopted under section 5709.78 of the Revised Code, 1263
pledge the service payments collected under section 5709.79 of the 1264
Revised Code to secure payment of any obligation of the county 1265
issued to finance any public infrastructure improvements 1266
designated in the resolution ~~as directly benefiting the tract of~~ 1267
~~land for which the service payments are paid.~~ 1268

Section 2. That existing sections 166.03, 5709.40, 5709.43, 1269
5709.73, 5709.75, 5709.77, 5709.78, 5709.79, 5709.80, and 5709.81 1270
of the Revised Code are hereby repealed. 1271