

**As Passed by the Senate**

**125th General Assembly  
Regular Session  
2003-2004**

**Sub. S. B. No. 165**

**Senators Schuring, Schuler, Fedor, Dann, Harris**

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**A B I L L**

To amend sections 166.06, 166.07, 166.21, 725.04,  
1728.11, 1728.111, 3735.671, 5709.631, and  
5709.831 and to enact section 9.661 of the Revised  
Code to authorize liens that may be used to secure  
the performance of obligations by recipients of  
development loans and local property tax  
incentives.

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

**Section 1.** That sections 166.06, 166.07, 166.21, 725.04,  
1728.11, 1728.111, 3735.671, 5709.631, and 5709.831 be amended and  
section 9.661 of the Revised Code be enacted to read as follows:

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**Sec. 9.661.** (A) As used in this section:

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(1) "Borrower" means any person obligated to repay a  
development loan pursuant to a development loan agreement or  
obligated to repay a loan guaranteed pursuant to a loan guarantee  
agreement.

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(2) "Development inducement agreement" means an agreement  
making a grant or inducement under the authority of Section 13 of  
Article VIII, Ohio Constitution, including an inducement made  
under section 166.02 of the Revised Code or a grant made under  
section 184.02 of the Revised Code.

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(3) "Development loan" means any loan made under the 21  
authority of Section 13 of Article VIII, Ohio Constitution, 22  
including any loan made under the authority of Chapter 122., 165., 23  
166., 184., or 1724. of the Revised Code. 24

(4) "Development loan agreement" means an agreement making a 25  
development loan. 26

(5) "Grantee" means any grantee or other recipient of 27  
anything of value under a development inducement agreement. 28

(6) "Guaranteed loan" means a loan guaranteed by this state, 29  
a state agency, or a political subdivision under the authority of 30  
Section 13 of Article VIII, Ohio Constitution, including any loan 31  
guarantee authorized under Chapter 166. of the Revised Code. 32

(7) "Loan guarantee agreement" means an agreement providing 33  
for the guarantee of a guaranteed loan. 34

(8) "Secured party" means the state, a state agency, or a 35  
political subdivision that enters into a development loan 36  
agreement, loan guarantee agreement, or development inducement 37  
agreement. 38

(B) The obligations of a borrower under each development loan 39  
agreement or loan guarantee agreement may be secured by a lien of 40  
the secured party on the borrower's real property and personal 41  
property the acquisition of which was funded in whole or in part 42  
by the proceeds of the loan. Any such lien shall be in an amount 43  
not exceeding the amount financed under the development loan 44  
agreement, or the amount guaranteed under the loan guarantee 45  
agreement, and used to fund acquisition of the property. The lien 46  
may be in addition to any other security required by the 47  
development loan agreement or loan guarantee agreement, but the 48  
sum of the lien amount and the value of any such other security 49  
shall not exceed the amount financed, or the amount guaranteed, 50  
and used to fund acquisition of the property. Such a lien on real 51

property shall attach, and may be perfected, collected, and  
enforced, in the same manner as a mortgage lien on real property,  
and otherwise shall have the same force and effect as a mortgage  
lien on real property. Such a lien on personal property shall  
attach, and may be perfected, collected, and enforced, in the same  
manner as a security interest in goods under Chapter 1309. of the  
Revised Code, and shall otherwise have the same force and effect  
as such a security interest.

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(C) The obligations of a grantee under each development  
inducement agreement may be secured by a lien of the secured party  
on the grantee's real property and personal property the  
acquisition of which was funded in whole or in part by the grant  
or other thing of value. Any such lien shall be in an amount not  
exceeding the amount of the grant or other thing of value granted  
to the grantee under the agreement and used to fund acquisition of  
the property. The lien may be in addition to any other security  
required by the development inducement agreement, but the sum of  
the lien amount and the value of any such other security shall not  
exceed the amount of the grant, or the value of any other thing of  
value granted, and used to fund acquisition of the property. Such  
a lien on real property shall attach, and may be perfected,  
collected, and enforced, in the same manner as a mortgage lien on  
real property, and otherwise shall have the same force and effect  
as a mortgage lien on real property. Such a lien on personal  
property shall attach, and may be perfected, collected, and  
enforced, in the same manner as a security interest in goods under  
Chapter 1309. of the Revised Code, and shall otherwise have the  
same force and effect as such a security interest.

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(D) A secured party may enforce such liens against real  
property by civil action in the court of common pleas of the  
county where the real property is located in the same manner as  
mortgage liens are enforced. A secured party may enforce such

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liens against personal property in the manner provided for the 84  
enforcement of security interests under Chapter 1309. of the 85  
Revised Code. 86

**Sec. 166.06.** (A) Subject to any limitations as to aggregate 87  
amounts thereof that may from time to time be prescribed by the 88  
general assembly and to other applicable provisions of this 89  
chapter, the director of development may, on behalf of the state, 90  
enter into contracts to guarantee the repayment or payment of not 91  
more than ninety per cent of the unpaid principal amount of loans 92  
made, including bonds, notes, or other certificates issued or 93  
given to provide funds, to pay allowable costs of eligible 94  
projects. Such guarantees shall be secured solely by and payable 95  
solely from the loan guarantee fund created by this section and 96  
unencumbered and available moneys in the facilities establishment 97  
fund in the manner and to the extent provided in such guarantee 98  
contracts consistent with this section. Such guarantees shall not 99  
constitute general obligations of the state or of any political 100  
subdivision, and moneys raised by taxation shall not be obligated 101  
or pledged for the payment of such guarantees. 102

(B) Before guaranteeing any such repayments or payments the 103  
director shall determine that: 104

(1) The project is an eligible project and is economically 105  
sound; 106

(2) The principal amount to be guaranteed does not exceed 107  
ninety per cent of the allowable costs of the eligible project as 108  
determined by the director. To assist the director in making this 109  
determination, the director may, in the director's discretion, 110  
engage an independent engineer, architect, appraiser, or other 111  
professional pursuant to a contract to be paid solely from the 112  
facilities establishment fund, subject to controlling board 113  
approval. 114

(3) The principal amount to be guaranteed has a satisfactory 115  
maturity date or dates, which in no case shall be later than 116  
twenty years from the effective date of the guarantee; 117

(4) The rate of interest on the loan to be guaranteed and on 118  
any other loan made by the same parties or related persons for the 119  
eligible project is not excessive; 120

(5) The principal obligor, or primary guarantor, is 121  
responsible and is reasonably expected to be able to meet the 122  
payments under the loan, bonds, notes, or other certificates; 123

(6) The loan or documents pertaining to the bonds, notes, or 124  
other certificates to be guaranteed contains provisions for 125  
payment by the principal obligor, and is in such form and contains 126  
such terms and provisions for the protection of the lenders as are 127  
generally consistent with commercial practice, including, where 128  
applicable, provisions with respect to property insurance, 129  
repairs, alterations, payment of taxes and assessments, 130  
delinquency charges, default remedies, acceleration of maturity, 131  
prior, additional and secondary liens, and other matters as the 132  
director may approve. 133

(C) The contract of guarantee may make provision for the 134  
conditions of, time for and manner of fulfillment of the guarantee 135  
commitment, subrogation of the state to the rights of the parties 136  
guaranteed and exercise of such parties' rights by the state, 137  
giving the state the options of making payment of the principal 138  
amount guaranteed in one or more installments and, if deferred, to 139  
pay interest thereon from the loan guarantee fund and the 140  
facilities establishment fund, any other terms or conditions 141  
customary to such guarantees and as the director may approve, and 142  
may contain provisions for securing the guarantee in the manner 143  
consistent with this section, including, at the discretion of the 144  
director, a lien provided for under section 9.661 of the Revised 145

Code, and may contain covenants on behalf of the state for the 146  
maintenance of the loan guarantee fund created by this section and 147  
of receipts to it permitted by this chapter, including covenants 148  
on behalf of the state to issue obligations under section 166.08 149  
of the Revised Code to provide moneys to the loan guarantee fund 150  
to fulfill such guarantees and covenants authorized by division 151  
(R)(1) of section 166.08 of the Revised Code, and covenants 152  
restricting the aggregate amount of guarantees that may be 153  
contracted under this section and obligations that may be issued 154  
under section 166.08 of the Revised Code, and terms pertinent to 155  
either, to better secure the parties guaranteed. 156

(D) The "loan guarantee fund" of the economic development 157  
program is hereby created as a special revenue fund and a trust 158  
fund which shall be in the custody of the treasurer of state but 159  
shall be separate and apart from and not a part of the state 160  
treasury to consist of all grants, gifts, and contributions of 161  
moneys or rights to moneys lawfully designated for or deposited in 162  
such fund, all moneys and rights to moneys lawfully appropriated 163  
and transferred to such fund, including moneys received from the 164  
issuance of obligations under section 166.08 of the Revised Code, 165  
and moneys deposited to such fund pursuant to division (F) of this 166  
section; provided that the loan guarantee fund shall not be 167  
comprised, in any part, of moneys raised by taxation. 168

(E) The director may fix service charges for making a 169  
guarantee. Such charges shall be payable at such times and place 170  
and in such amounts and manner as may be prescribed by the 171  
director. 172

(F) The treasurer of state shall serve as agent for the 173  
director in the making of deposits and withdrawals and maintenance 174  
of records pertaining to the loan guarantee fund. Prior to the 175  
director's entry into a contract providing for the making of a 176  
guarantee payable from the loan guarantee fund, the treasurer of 177

state shall cause to be transferred from the facilities 178  
establishment fund to the loan guarantee fund an amount sufficient 179  
to make the aggregate balance therein, taking into account the 180  
proposed loan guarantee, equal to the loan guarantee reserve 181  
requirement. Thereafter, the treasurer of state shall cause the 182  
balance in the loan guarantee fund to be at least equal to the 183  
loan guarantee reserve requirement. Funds from the loan guarantee 184  
fund shall be disbursed under a guarantee made pursuant to this 185  
section to satisfy a guaranteed repayment or payment which is in 186  
default. The treasurer of state shall first withdraw and transfer 187  
moneys then on deposit in the loan guarantee fund. Whenever these 188  
moneys are inadequate to meet the requirements of a guarantee, the 189  
treasurer of state shall, without need of appropriation or further 190  
action by the director, provide for a withdrawal and transfer to 191  
the loan guarantee fund and then to the guaranteed party of moneys 192  
in such amount as is necessary to meet the guarantee from 193  
unencumbered and available moneys in the facilities establishment 194  
fund. Such disbursements shall be made in the manner and at the 195  
times provided in such guarantees. Within ninety days following a 196  
disbursement of moneys from the loan guarantee fund, the treasurer 197  
of state, without need of appropriation or further action by the 198  
director, shall provide for a withdrawal and transfer to the loan 199  
guarantee fund from unencumbered and available moneys in the 200  
facilities establishment fund, including moneys from the repayment 201  
of loans made from that fund, of an amount sufficient to cause the 202  
balance in the loan guarantee fund to be at least equal to the 203  
loan guarantee reserve requirement. 204

(G) Any guaranteed parties under this section, except to the 205  
extent that their rights are restricted by the guarantee 206  
documents, may by any suitable form of legal proceedings, protect 207  
and enforce any rights under the laws of this state or granted by 208  
such guarantee or guarantee documents. Such rights include the 209  
right to compel the performance of all duties of the director and 210

the treasurer of state required by this section or the guarantee 211  
or guarantee documents; and in the event of default with respect 212  
to the payment of any guarantees, to apply to a court having 213  
jurisdiction of the cause to appoint a receiver to receive and 214  
administer the moneys pledged to such guarantee with full power to 215  
pay, and to provide for payment of, such guarantee, and with such 216  
powers, subject to the direction of the court, as are accorded 217  
receivers in general equity cases, excluding any power to pledge 218  
or apply additional revenues or receipts or other income or moneys 219  
of the state or governmental agencies of the state to the payment 220  
of such guarantee. Each duty of the director and the treasurer of 221  
state and their officers and employees, and of each governmental 222  
agency and its officers, members, or employees, required or 223  
undertaken pursuant to this section or a guarantee made under 224  
authority of this section, is hereby established as a duty of the 225  
director and the treasurer of state, and of each such officer, 226  
member, or employee having authority to perform such duty, 227  
specifically enjoined by the law resulting from an office, trust, 228  
or station within the meaning of section 2731.01 of the Revised 229  
Code. The persons who are at the time the director and treasurer 230  
of state, or their officers or employees, are not liable in their 231  
personal capacities on any guarantees or contracts to make 232  
guarantees by the director. 233

(H) The determinations of the director under divisions (B) 234  
and (C) of this section shall be conclusive for purposes of the 235  
validity of a guarantee evidenced by a contract signed by the 236  
director, and such guarantee shall be incontestable as to moneys 237  
advanced under loans to which such guarantees are by their terms 238  
applicable. 239

**Sec. 166.07.** (A) The director of development, with the 240  
approval of the controlling board and subject to the other 241  
applicable provisions of this chapter, may lend moneys in the 242



facilities establishment fund to persons for the purpose of paying	243
allowable costs of an eligible project if the director determines	244
that:	245
(1) The project is an eligible project and is economically	246
sound;	247
(2) The borrower is unable to finance the necessary allowable	248
costs through ordinary financial channels upon comparable terms;	249
(3) The amount to be lent from the facilities establishment	250
fund will not exceed seventy-five per cent of the total allowable	251
costs of the eligible project, except that if any part of the	252
amount to be lent from the facilities establishment fund is	253
derived from the issuance and sale of project financing	254
obligations the amount to be lent will not exceed ninety per cent	255
of the total allowable costs of the eligible project;	256
(4) The eligible project could not be achieved in the local	257
area in which it is to be located if the portion of the project to	258
be financed by the loan instead were to be financed by a loan	259
guaranteed under section 166.06 of the Revised Code;	260
(5) The repayment of the loan from the facilities	261
establishment fund will be adequately secured by a mortgage, <del>lien,</del>	262
assignment, <del>or</del> pledge, <u>or lien provided for under section 9.661 of</u>	263
<u>the Revised Code,</u> at such level of priority as the director may	264
require;	265
(6) The borrower will hold at least a ten per cent equity	266
interest in the eligible project at the time the loan is made.	267
(B) The determinations of the director under division (A) of	268
this section shall be conclusive for purposes of the validity of a	269
loan commitment evidenced by a loan agreement signed by the	270
director.	271
(C) Fees, charges, rates of interest, times of payment of	272

interest and principal, and other terms, conditions, and 273  
provisions of and security for loans made from the facilities 274  
establishment fund pursuant to this section shall be such as the 275  
director determines to be appropriate and in furtherance of the 276  
purpose for which the loans are made. The moneys used in making 277  
such loans shall be disbursed from the facilities establishment 278  
fund upon order of the director. The director shall give special 279  
consideration in setting the required job creation ratios and 280  
interest rates for loans that are for voluntary actions. 281

(D) The director may take actions necessary or appropriate to 282  
collect or otherwise deal with any loan made under this section, 283  
including any action authorized by section 9.661 of the Revised 284  
Code. 285

(E) The director may fix service charges for the making of a 286  
loan. Such charges shall be payable at such times and place and in 287  
such amounts and manner as may be prescribed by the director. 288

**Sec. 166.21.** (A) The director of development, with the 289  
approval of the controlling board and subject to other applicable 290  
provisions of this chapter, may lend moneys in the research and 291  
development loan fund to persons for the purpose of paying 292  
allowable costs of eligible research and development projects, if 293  
the director determines that all of the following conditions are 294  
met: 295

(1) The project is an eligible research and development 296  
project and is economically sound; 297

(2) The amount to be lent from the research and development 298  
loan fund will not exceed seventy-five per cent of the total costs 299  
of the eligible research and development project; 300

(3) The repayment of the loan from the research and 301  
development loan fund will be secured by a mortgage, ~~lien,~~ 302

assignment, pledge, lien provided for under section 9.661 of the 303  
Revised Code, or other interest in property or other assets of the 304  
borrower, at such level of priority and value as the director 305  
considers necessary, provided that, in making such a 306  
determination, the director shall take into account the value of 307  
any rights granted by the borrower to the director to control the 308  
use of any assets of the borrower under the circumstances 309  
described in the loan documents. 310

(B) The determinations of the director under division (A) of 311  
this section shall be conclusive for purposes of the validity of a 312  
loan commitment evidenced by a loan agreement signed by the 313  
director. 314

(C) Fees, charges, rates of interest, times of payment of 315  
interest and principal, and other terms and conditions of, and 316  
security for, loans made from the research and development loan 317  
fund shall be such as the director determines to be appropriate 318  
and in furtherance of the purpose for which the loans are made. 319  
The moneys used in making loans shall be disbursed from the fund 320  
upon order of the director. Unless otherwise specified in any 321  
indenture or other instrument securing obligations under division 322  
(D) of section 166.08 of the Revised Code, any payments of 323  
principal and interest from loans made from the fund shall be paid 324  
to the fund and used for the purpose of making loans under this 325  
section. 326

(D)(1) As used in this division, "qualified research and 327  
development loan payments" means payments of principal and 328  
interest on a loan made from the research and development loan 329  
fund. 330

(2) Each year, the director may, upon request, issue a 331  
certificate to a borrower of moneys from the research and 332  
development loan fund indicating the amount of the qualified 333  
research and development loan payments made by or on behalf of the 334

borrower during the calendar year immediately preceding the tax  
year, as defined in section 5733.04 of the Revised Code, or  
taxable year, as defined in section 5747.01 of the Revised Code,  
for which the certificate is issued. In addition to indicating the  
amount of qualified research and development loan payments, the  
certificate shall include a determination of the director that as  
of the thirty-first day of December of the calendar year for which  
the certificate is issued, the borrower is not in default under  
the loan agreement, lease, or other instrument governing repayment  
of the loan, including compliance with the job creation and  
retention commitments that are part of the qualified research and  
development project. The director shall not issue a certificate in  
an amount that exceeds one hundred fifty thousand dollars.

(E) The director may take actions necessary or appropriate to  
collect or otherwise deal with any loan made under this section.

(F) The director may fix service charges for the making of a  
loan. The charges shall be payable at such times and place and in  
such amounts and manner as may be prescribed by the director.

(G)(1) There shall be credited to the research and  
development loan fund moneys received by this state from the  
repayment of loans, including interest thereon, made from the  
fund, and moneys received from the sale, lease, or other  
disposition of property acquired or constructed with moneys in the  
fund derived from the proceeds of the sale of obligations under  
section 166.08 of the Revised Code. Moneys in the fund shall be  
applied as provided in this chapter pursuant to appropriations  
made by the general assembly.

(2) In addition to the requirements in division (G)(1) of  
this section, moneys referred to in that division may be deposited  
to the credit of separate accounts established by the director of  
development within the research and development loan fund or in

the bond service fund and pledged to the security of obligations, 366  
applied to the payment of bond service charges without need for 367  
appropriation, released from any such pledge and transferred to 368  
the research and development loan fund, all as and to the extent 369  
provided in the bond proceedings pursuant to written directions of 370  
the director of development. Accounts may be established by the 371  
director in the research and development loan fund for particular 372  
projects or otherwise. The director may withdraw from the fund or, 373  
subject to provisions of the applicable bond proceedings, from any 374  
special funds established pursuant to the bond proceedings, or 375  
from any accounts in such funds, any amounts of investment income 376  
required to be rebated and paid to the federal government in order 377  
to maintain the exemption from federal income taxation of interest 378  
on obligations issued under this chapter, which withdrawal and 379  
payment may be made without the necessity for appropriation. 380

**Sec. 725.04.** A development agreement shall contain an 381  
agreement binding on the owner or owners of the improvements, and 382  
all subsequent owners of the improvements, to make semiannual 383  
urban renewal service payments, in lieu of taxes upon the 384  
improvements during the exemption period, equal annually in the 385  
aggregate to the amount of real property taxes that would have 386  
been paid on the portion of the assessed valuation of the 387  
improvements declared to be a public purpose had an exemption 388  
period not been specified by the municipal corporation. All 389  
semiannual urban renewal service payments shall be collected at 390  
the same time that real property taxes are collected. The entire 391  
amount of these urban renewal service payments, when collected, 392  
shall be deposited in an urban renewal debt retirement fund 393  
established pursuant to section 725.03 of the Revised Code. 394

If the municipal corporation owns the improvements, it may 395  
require the lessee of the improvements to make the semiannual 396

urban renewal service payments required under this section. 397

The legislative authority of the municipal corporation may 398  
secure the urban renewal service payments by a lien on the 399  
improvements. Such a lien shall attach, and may be perfected, 400  
collected, and enforced, in the same manner as a mortgage lien on 401  
real property, and shall otherwise have the same force and effect 402  
as a mortgage lien on real property. 403

**Sec. 1728.11.** The community urban redevelopment corporation 404  
entering into a financial agreement with a municipal corporation 405  
other than an impacted city shall make payment to the county 406  
treasurer on or before the final date for payment of real estate 407  
taxes in the county for each half year of a semi-annual service 408  
charge in lieu of taxes on the real property of the corporation in 409  
the project, whether acquired by purchase or lease, in a 410  
semi-annual amount of not less than seven and one-half per cent of 411  
the annual gross revenues from each unit of the project, if the 412  
project is undertaken in units, or from the total project if the 413  
project is not to be undertaken in units, for each of the years of 414  
operation commencing with the date of the completion of such unit 415  
or of the project, as the case may be. Where, because of the 416  
nature of the development, ownership, use, or occupancy of the 417  
project or any unit thereof if the project is to be undertaken in 418  
units, the total annual gross rental cannot be reasonably 419  
ascertained, the governing body shall provide in the financial 420  
agreement that the annual service charge shall be a sum of not 421  
less than two per cent of the total project cost or total project 422  
unit cost, calculated from the first day of the month following 423  
the substantial completion of the project or any unit thereof if 424  
the project is undertaken in units. In no event shall such payment 425  
together with the taxes on the land, in any year after first 426  
occupancy of the project, be less than the total taxes assessed on 427  
all real property in the area covered by the project in the 428

calendar year immediately preceding the acquisition of the said 429  
area by the municipality or its agency. 430

Against such annual charge the corporation is entitled to 431  
credit for the amount, without interest, of the real estate taxes 432  
on land paid by it in the last two preceding semi-annual 433  
installments. On or before the fifteenth of January in each year 434  
each taxing district shall report to the county auditor, in such 435  
form as is approved by the tax commissioner, the amount of the 436  
service charge in excess of the taxes on the land chargeable for 437  
the preceding calendar year for each project or unit thereof 438  
subject to Chapter 1728. of the Revised Code. Such payments shall 439  
be distributed by the county auditor to the taxing subdivision 440  
levying taxes in the subdivisions in which the property is 441  
located, in the same proportions in which the current general 442  
property tax is distributed. The county treasurer may secure the 443  
service charge payments, minus the credit, by a lien on the real 444  
property of the corporation in the project. Such a lien shall 445  
attach, and may be perfected, collected, and enforced, in the same 446  
manner as a mortgage lien on real property, and shall otherwise 447  
have the same force and effect as a mortgage lien on real 448  
property. 449

At the end of thirty years for one, two, or three family 450  
residential dwelling units and twenty years for all other uses of 451  
the improvements from the date of the execution of a financial 452  
agreement or earlier by agreement of the parties thereto, the tax 453  
exemption upon any unit, if the project is undertaken in units, or 454  
upon the entire project, if the project is not undertaken in 455  
units, ceases and the improvements and any other property of the 456  
corporation as well as the land shall be assessed and taxed, 457  
according to general law, like other property within the municipal 458  
corporation. 459

At the same date all restrictions and limitations upon the 460  
corporation shall terminate and be at an end upon the 461  
corporation's rendering its final account with the municipal 462  
corporation. 463

**Sec. 1728.111.** The community urban redevelopment corporation 464  
entering into a financial agreement with an impacted city shall 465  
pay to the county treasurer ~~of~~ an annual service charge in lieu of 466  
taxes on the improvements made by the corporation in the project 467  
that are exempted from taxation pursuant to section 1728.10 of the 468  
Revised Code. The annual service charge shall be charged and paid 469  
in two equal installments at the same time and in the same manner 470  
as real property taxes. The amount of the annual service charge 471  
shall be set forth in the financial agreement and shall be not 472  
more than the annual amount of real property taxes that would have 473  
been charged against the percentage of the assessed valuation of 474  
such improvements exempted from taxation had that percentage not 475  
been exempted from taxation, and not less than an amount which, 476  
together with the taxes on the land in any year, equals the total 477  
taxes assessed on all real property in the area covered by the 478  
project in the calendar year immediately preceding the initial 479  
acquisition of the area or any part thereof by the municipality or 480  
the corporation, whichever occurred first. The county treasurer 481  
may secure the service charge payments by a lien on the exempted 482  
improvements. Such a lien shall attach, and may be perfected, 483  
collected, and enforced, in the same manner as a mortgage lien on 484  
real property, and shall otherwise have the same force and effect 485  
as a mortgage lien on real property. 486

The service charge in lieu of taxes shall be distributed by 487  
the county auditor to the taxing subdivision levying taxes in the 488  
subdivisions in which the property is located, in the same 489  
proportions in which the current general property tax is 490



distributed, or upon the adoption of a resolution by the municipal 491  
legislative authority, which shall be certified to the county 492  
auditor, the full amount of the service charge shall be 493  
distributed at the same time and in the same manner as real 494  
property tax payments to the municipal corporation, and shall be 495  
deposited in an urban redevelopment tax increment equivalent fund 496  
established pursuant to section 1728.112 of the Revised Code. 497

At the end of thirty years for one, two, or three family 498  
residential dwelling units and twenty years for all other uses of 499  
the improvements from the date of the execution of a financial 500  
agreement, or earlier by agreement of the parties thereto, the 501  
exemption from taxation of any unit if the project is undertaken 502  
in units, or of the entire project if the project is not 503  
undertaken in units, ceases and the improvements and any other 504  
property of the corporation as well as the land shall be assessed 505  
and taxed like other property within the municipal corporation. 506

At the same date all restrictions and limitation upon the 507  
corporation shall terminate upon the corporation's rendering its 508  
final account with the municipal corporation. 509

**Sec. 3735.671.** (A) If construction or remodeling of 510  
commercial or industrial property is to be exempted from taxation 511  
pursuant to section 3735.67 of the Revised Code, the legislative 512  
authority and the owner of the property, prior to the commencement 513  
of construction or remodeling, shall enter into a written 514  
agreement, binding on both parties for a period of time that does 515  
not end prior to the end of the period of the exemption, that 516  
includes all of the information and statements prescribed by this 517  
section. Agreements may include terms not prescribed by this 518  
section, but such terms shall in no way derogate from the 519  
information and statements prescribed by this section. 520

(1) Except as otherwise provided in division (A)(2) or (3) of 521

this section, an agreement entered into under this section shall 522  
not be approved by the legislative authority unless the board of 523  
education of the city, local, or exempted village school district 524  
within the territory of which the property is or will be located 525  
approves the agreement. For the purpose of obtaining such 526  
approval, the legislative authority shall certify a copy of the 527  
agreement to the board of education not later than forty-five days 528  
prior to approving the agreement, excluding Saturday, Sunday, and 529  
a legal holiday as defined in section 1.14 of the Revised Code. 530  
The board of education, by resolution adopted by a majority of the 531  
board, shall approve or disapprove the agreement and certify a 532  
copy of the resolution to the legislative authority not later than 533  
fourteen days prior to the date stipulated by the legislative 534  
authority as the date upon which approval of the agreement is to 535  
be formally considered by the legislative authority. The board of 536  
education may include in the resolution conditions under which the 537  
board would approve the agreement. The legislative authority may 538  
approve an agreement at any time after the board of education 539  
certifies its resolution approving the agreement to the 540  
legislative authority, or, if the board approves the agreement 541  
conditionally, at any time after the conditions are agreed to by 542  
the board and the legislative authority. 543

(2) Approval of an agreement by the board of education is not 544  
required under division (A)(1) of this section if, for each tax 545  
year the real property is exempted from taxation, the sum of the 546  
following quantities, as estimated at or prior to the time the 547  
agreement is formally approved by the legislative authority, 548  
equals or exceeds fifty per cent of the amount of taxes, as 549  
estimated at or prior to that time, that would have been charged 550  
and payable that year upon the real property had that property not 551  
been exempted from taxation: 552

(a) The amount of taxes charged and payable on any portion of 553

the assessed valuation of the new structure or remodeling that 554  
will not be exempted from taxation under the agreement; 555

(b) The amount of taxes charged and payable on tangible 556  
personal property located on the premises of the new structure or 557  
of the structure to be remodeled under the agreement, whether 558  
payable by the owner of the structure or by a related member, as 559  
defined in section 5733.042 of the Revised Code without regard to 560  
division (B) of that section. 561

(c) The amount of any cash payment by the owner of the new 562  
structure or structure to be remodeled to the school district, the 563  
dollar value, as mutually agreed to be the owner and the board of 564  
education, of any property or services provided by the owner of 565  
the property to the school district, whether by gift, loan, or 566  
otherwise, and any payment by the legislative authority to the 567  
school district pursuant to section 5709.82 of the Revised Code. 568

The estimates of quantities used for purposes of division 569  
(A)(2) of this section shall be estimated by the legislative 570  
authority. The legislative authority shall certify to the board of 571  
education that the estimates have been made in good faith. 572  
Departures of the actual quantities from the estimates subsequent 573  
to approval of the agreement by the board of education do not 574  
invalidate the agreement. 575

(3) If a board of education has adopted a resolution waiving 576  
its right to approve agreements and the resolution remains in 577  
effect, approval of an agreement by the board is not required 578  
under this division. If a board of education has adopted a 579  
resolution allowing a legislative authority to deliver the notice 580  
required under this division fewer than forty-five business days 581  
prior to the legislative authority's execution of the agreement, 582  
the legislative authority shall deliver the notice to the board 583  
not later than the number of days prior to such execution as 584  
prescribed by the board in its resolution. If a board of education 585

adopts a resolution waiving its right to approve agreements or 586  
shortening the notification period, the board shall certify a copy 587  
of the resolution to the legislative authority. If the board of 588  
education rescinds such a resolution, it shall certify notice of 589  
the rescission to the legislative authority. 590

(B) Each agreement shall include the following information: 591

(1) The names of all parties to the agreement; 592

(2) A description of the remodeling or construction, whether 593  
or not to be exempted from taxation, including existing or new 594  
structure size and cost thereof; the value of machinery, 595  
equipment, furniture, and fixtures, including an itemization of 596  
the value of machinery, equipment, furniture, and fixtures used at 597  
another location in this state prior to the agreement and 598  
relocated or to be relocated from that location to the property, 599  
and the value of machinery, equipment, furniture, and fixtures at 600  
the facility prior to the execution of the agreement; the value of 601  
inventory at the property, including an itemization of the value 602  
of inventory held at another location in this state prior to the 603  
agreement and relocated or to be relocated from that location to 604  
the property, and the value of inventory held at the property 605  
prior to the execution of the agreement; 606

(3) The scheduled starting and completion dates of remodeling 607  
or construction of real property or of investments made in 608  
machinery, equipment, furniture, fixtures, and inventory; 609

(4) Estimates of the number of employee positions to be 610  
created each year of the agreement and of the number of employee 611  
positions retained by the owner due to the remodeling or 612  
construction, itemized as to the number of full-time, part-time, 613  
permanent, and temporary positions; 614

(5) Estimates of the dollar amount of payroll attributable to 615  
the positions set forth in division (B)(4) of this section, 616

similarly itemized; 617

(6) The number of employee positions, if any, at the property 618  
and at any other location in this state at the time the agreement 619  
is executed, itemized as to the number of full-time, part-time, 620  
permanent, and temporary positions. 621

(C) Each agreement shall set forth the following information 622  
and incorporate the following statements: 623

(1) A description of real property to be exempted from 624  
taxation under the agreement, the percentage of the assessed 625  
valuation of the real property exempted from taxation, and the 626  
period for which the exemption is granted, accompanied by the 627  
statement: "The exemption commences the first year for which the 628  
real property would first be taxable were that property not 629  
exempted from taxation. No exemption shall commence after 630  
..... (insert date) nor extend beyond ..... (insert 631  
date)." 632

(2) "..... (insert name of owner) shall pay such real 633  
property taxes as are not exempted under this agreement and are 634  
charged against such property and shall file all tax reports and 635  
returns as required by law. If ..... (insert name of owner) 636  
fails to pay such taxes or file such returns and reports, 637  
exemptions from taxation granted under this agreement are 638  
rescinded beginning with the year for which such taxes are charged 639  
or such reports or returns are required to be filed and 640  
thereafter." 641

(3) "..... (insert name of owner) hereby certifies that 642  
at the time this agreement is executed, ..... (insert name of 643  
owner) does not owe any delinquent real or tangible personal 644  
property taxes to any taxing authority of the State of Ohio, and 645  
does not owe delinquent taxes for which ..... (insert name of 646  
owner) is liable under Chapter 5733., 5735., 5739., 5741., 5743., 647

5747., or 5753. of the Ohio Revised Code, or, if such delinquent 648  
taxes are owed, ..... (insert name of owner) currently is 649  
paying the delinquent taxes pursuant to an undertaking enforceable 650  
by the State of Ohio or an agent or instrumentality thereof, has 651  
filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or 652  
such a petition has been filed against ..... (insert name of 653  
owner). For the purposes of this certification, delinquent taxes 654  
are taxes that remain unpaid on the latest day prescribed for 655  
payment without penalty under the chapter of the Revised Code 656  
governing payment of those taxes." 657

(4) "..... (insert name of municipal corporation or 658  
county) shall perform such acts as are reasonably necessary or 659  
appropriate to effect, claim, reserve, and maintain exemptions 660  
from taxation granted under this agreement including, without 661  
limitation, joining in the execution of all documentation and 662  
providing any necessary certificates required in connection with 663  
such exemptions." 664

(5) "If for any reason ..... (insert name of municipal 665  
corporation or county) revokes the designation of the area, 666  
entitlements granted under this agreement shall continue for the 667  
number of years specified under this agreement, unless ..... 668  
(insert name of owner) materially fails to fulfill its obligations 669  
under this agreement and ..... (insert name of 670  
municipal corporation or county) terminates or modifies the 671  
exemptions from taxation pursuant to this agreement." 672

(6) "If ..... (insert name of owner) materially fails to 673  
fulfill its obligations under this agreement, or if ..... 674  
(insert name of municipal corporation or county) determines that 675  
the certification as to delinquent taxes required by this 676  
agreement is fraudulent, ..... (insert name of municipal 677  
corporation or county) may terminate or modify the exemptions from 678  
taxation granted under this agreement." 679

(7) "..... (insert name of owner) shall provide to the  
proper tax incentive review council any information reasonably  
required by the council to evaluate the applicant's compliance  
with the agreement, including returns filed pursuant to section  
5711.02 of the Ohio Revised Code if requested by the council."

(8) "This agreement is not transferable or assignable without  
the express, written approval of ..... (insert name of  
municipal corporation or county)."

(9) "Exemptions from taxation granted under this agreement  
shall be revoked if it is determined that ..... (insert name  
of owner), any successor to that person, or any related member (as  
those terms are defined in division (E) of section 3735.671 of the  
Ohio Revised Code) has violated the prohibition against entering  
into this agreement under division (E) of section 3735.671 or  
section 5709.62 or 5709.63 of the Ohio Revised Code prior to the  
time prescribed by that division or either of those sections."

(10) "..... (insert name of owner) and .....  
(insert name of municipal corporation or county) acknowledge that  
this agreement must be approved by formal action of the  
legislative authority of ..... (insert name of municipal  
corporation or county) as a condition for the agreement to take  
effect. This agreement takes effect upon such approval."

The statement described in division (C)(6) of this section  
may include the following statement, appended at the end of the  
statement: ", and may require the repayment of the amount of taxes  
that would have been payable had the property not been exempted  
from taxation under this agreement." If the agreement includes a  
statement requiring repayment of exempted taxes, it also may  
authorize the legislative authority to secure repayment of such  
taxes by a lien on the exempted property in the amount required to  
be repaid. Such a lien shall attach, and may be perfected,

collected, and enforced, in the same manner as a mortgage lien on 711  
real property, and shall otherwise have the same force and effect 712  
as a mortgage lien on real property. 713

(D) Except as otherwise provided in this division, an 714  
agreement entered into under this section shall require that the 715  
owner pay an annual fee equal to the greater of one per cent of 716  
the amount of taxes exempted under the agreement or five hundred 717  
dollars; provided, however, that if the value of the incentives 718  
exceeds two hundred fifty thousand dollars, the fee shall not 719  
exceed two thousand five hundred dollars. The fee shall be payable 720  
to the legislative authority once per year for each year the 721  
agreement is effective on the days and in the form specified in 722  
the agreement. Fees paid shall be deposited in a special fund 723  
created for such purpose by the legislative authority and shall be 724  
used by the legislative authority exclusively for the purpose of 725  
complying with section 3735.672 of the Revised Code and by the tax 726  
incentive review council created under section 5709.85 of the 727  
Revised Code exclusively for the purposes of performing the duties 728  
prescribed under that section. The legislative authority may waive 729  
or reduce the amount of the fee, but such waiver or reduction does 730  
not affect the obligations of the legislative authority or the tax 731  
incentive review council to comply with section 3735.672 or 732  
5709.85 of the Revised Code. 733

(E) If any person that is party to an agreement granting an 734  
exemption from taxation discontinues operations at the structure 735  
to which that exemption applies prior to the expiration of the 736  
term of the agreement, that person, any successor to that person, 737  
and any related member shall not enter into an agreement under 738  
this section or section 5709.62, 5709.63, or 5709.632 of the 739  
Revised Code, and no legislative authority shall enter into such 740  
an agreement with such a person, successor, or related member, 741  
prior to the expiration of five years after the discontinuation of 742



operations. As used in this division, "successor" means a person 743  
to which the assets or equity of another person has been 744  
transferred, which transfer resulted in the full or partial 745  
nonrecognition of gain or loss, or resulted in a carryover basis, 746  
both as determined by rule adopted by the tax commissioner. 747  
"Related member" has the same meaning as defined in section 748  
5733.042 of the Revised Code without regard to division (B) of 749  
that section. 750

The director of development shall review all agreements 751  
submitted to the director under division (F) of this section for 752  
the purpose of enforcing this division. If the director determines 753  
there has been a violation of this division, the director shall 754  
notify the legislative authority of such violation, and the 755  
legislative authority immediately shall revoke the exemption 756  
granted under the agreement. 757

(F) When an agreement is entered into under this section, the 758  
legislative authority authorizing the agreement shall forward a 759  
copy of the agreement to the director of development within 760  
fifteen days after the agreement is entered into. 761

**Sec. 5709.631.** Each agreement entered into under sections 762  
5709.62, 5709.63, and 5709.632 of the Revised Code on or after 763  
April 1, 1994, shall be in writing and shall include all of the 764  
information and statements prescribed by this section. Agreements 765  
may include terms not prescribed by this section, but such terms 766  
shall in no way derogate from the information and statements 767  
prescribed by this section. 768

(A) Each agreement shall include the following information: 769

(1) The names of all parties to the agreement; 770

(2) A description of the investments to be made by the 771  
applicant enterprise or by another party at the facility whether 772

or not the investments are exempted from taxation, including 773  
existing or new building size and cost thereof; the value of 774  
machinery, equipment, furniture, and fixtures, including an 775  
itemization of the value of machinery, equipment, furniture, and 776  
fixtures used at another location in this state prior to the 777  
agreement and relocated or to be relocated from that location to 778  
the facility and the value of machinery, equipment, furniture, and 779  
fixtures at the facility prior to the execution of the agreement 780  
that will not be exempted from taxation; the value of inventory at 781  
the facility, including an itemization of the value of inventory 782  
held at another location in this state prior to the agreement and 783  
relocated or to be relocated from that location to the facility, 784  
and the value of inventory held at the facility prior to the 785  
execution of the agreement that will not be exempted from 786  
taxation; 787

(3) The scheduled starting and completion dates of 788  
investments made in building, machinery, equipment, furniture, 789  
fixtures, and inventory; 790

(4) Estimates of the number of employee positions to be 791  
created each year of the agreement and of the number of employee 792  
positions retained by the applicant enterprise due to the project, 793  
itemized as to the number of full-time, part-time, permanent, and 794  
temporary positions; 795

(5) Estimates of the dollar amount of payroll attributable to 796  
the positions set forth in division (A)(4) of this section, 797  
similarly itemized; 798

(6) The number of employee positions, if any, at the project 799  
site and at any other location in the state at the time the 800  
agreement is executed, itemized as to the number of full-time, 801  
part-time, permanent, and temporary positions. 802

(B) Each agreement shall set forth the following information 803

and incorporate the following statements: 804

(1) A description of real property to be exempted from 805  
taxation under the agreement, the percentage of the assessed 806  
valuation of the real property exempted from taxation, and the 807  
period for which the exemption is granted, accompanied by the 808  
statement: "The exemption commences the first year for which the 809  
real property would first be taxable were that property not 810  
exempted from taxation. No exemption shall commence after 811  
..... (insert date) nor extend beyond ..... (insert 812  
date)." The tax commissioner shall adopt rules prescribing the 813  
form the description of such property shall assume to ensure that 814  
the property to be exempted from taxation under the agreement is 815  
distinguishable from property that is not to be exempted under 816  
that agreement. 817

(2) A description of tangible personal property to be 818  
exempted from taxation under the agreement, the percentage of the 819  
assessed value of the tangible personal property exempted from 820  
taxation, and the period for which the exemption is granted, 821  
accompanied by the statement: "The minimum investment for tangible 822  
personal property to qualify for the exemption is \$..... 823  
(insert dollar amount) to purchase machinery and equipment first 824  
used in business at the facility as a result of the project, 825  
\$..... (insert dollar amount) for furniture and fixtures and 826  
other noninventory personal property first used in business at the 827  
facility as a result of the project, and \$..... (insert 828  
dollar amount) for new inventory. The maximum investment for 829  
tangible personal property to qualify for the exemption is 830  
\$..... (insert dollar amount) to purchase machinery and 831  
equipment first used in business at the facility as a result of 832  
the project, \$..... (insert dollar amount) for furniture and 833  
fixtures and other noninventory personal property first used in 834  
business at the facility as a result of the project, and 835

\$..... (insert dollar amount) for new inventory. The 836  
exemption commences the first year for which the tangible personal 837  
property would first be taxable were that property not exempted 838  
from taxation. No exemption shall commence after tax return year 839  
..... (insert year) nor extend beyond tax return year 840  
..... (insert year). In no instance shall any tangible 841  
personal property be exempted from taxation for more than ten 842  
return years unless the project that is part of the agreement 843  
involves the enrichment and commercialization of uranium or 844  
uranium products or the research and development activities 845  
related to that enrichment or commercialization, in which case the 846  
tangible personal property may be exempted from taxation for up to 847  
fifteen return years." No exemption shall be allowed for any type 848  
of tangible personal property if the total investment is less than 849  
the minimum dollar amount specified for that type of property. If, 850  
for a type of tangible personal property, there are no minimum or 851  
maximum investment dollar amounts specified in the statement or 852  
the dollar amounts are designated in the statement as not 853  
applicable, the exemption shall apply to the total cost of that 854  
type of tangible personal property first used in business at the 855  
facility as a result of the project. The tax commissioner shall 856  
adopt rules prescribing the form the description of such property 857  
shall assume to ensure that the property to be exempted from 858  
taxation under the agreement is distinguishable from property that 859  
is not to be exempted under that agreement. 860

(3) "..... (insert name of enterprise) shall pay such 861  
real and tangible personal property taxes as are not exempted 862  
under this agreement and are charged against such property and 863  
shall file all tax reports and returns as required by law. If 864  
..... (insert name of enterprise) fails to pay such taxes or 865  
file such returns and reports, all incentives granted under this 866  
agreement are rescinded beginning with the year for which such 867  
taxes are charged or such reports or returns are required to be 868

filed and thereafter." 869

(4) "..... (insert name of enterprise) hereby certifies 870  
that at the time this agreement is executed, ..... (insert 871  
name of enterprise) does not owe any delinquent real or tangible 872  
personal property taxes to any taxing authority of the State of 873  
Ohio, and does not owe delinquent taxes for which ..... 874  
(insert name of enterprise) is liable under Chapter 5727., 5733., 875  
5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, 876  
or, if such delinquent taxes are owed, ..... (insert name of 877  
enterprise) currently is paying the delinquent taxes pursuant to a 878  
delinquent tax contract enforceable by the State of Ohio or an 879  
agent or instrumentality thereof, has filed a petition in 880  
bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has 881  
been filed against ..... (insert name of enterprise). For the 882  
purposes of the certification, delinquent taxes are taxes that 883  
remain unpaid on the latest day prescribed for payment without 884  
penalty under the chapter of the Revised Code governing payment of 885  
those taxes." 886

(5) "..... (insert name of municipal corporation or 887  
county) shall perform such acts as are reasonably necessary or 888  
appropriate to effect, claim, reserve, and maintain exemptions 889  
from taxation granted under this agreement including, without 890  
limitation, joining in the execution of all documentation and 891  
providing any necessary certificates required in connection with 892  
such exemptions." 893

(6) "If for any reason the enterprise zone designation 894  
expires, the Director of the Ohio Department of Development 895  
revokes certification of the zone, or ..... (insert name of 896  
municipal corporation or county) revokes the designation of the 897  
zone, entitlements granted under this agreement shall continue for 898  
the number of years specified under this agreement, unless 899  
..... (insert name of enterprise) materially fails to fulfill 900

its obligations under this agreement and ..... (insert name 901  
of municipal corporation or county) terminates or modifies the 902  
exemptions from taxation granted under this agreement." 903

(7) "If ..... (insert name of enterprise) materially 904  
fails to fulfill its obligations under this agreement, or if 905  
..... (insert name of municipal corporation or county) 906  
determines that the certification as to delinquent taxes required 907  
by this agreement is fraudulent, ..... (insert name of 908  
municipal corporation or county) may terminate or modify the 909  
exemptions from taxation granted under this agreement." 910

(8) "..... (insert name of enterprise) shall provide to 911  
the proper tax incentive review council any information reasonably 912  
required by the council to evaluate the enterprise's compliance 913  
with the agreement, including returns or annual reports filed 914  
pursuant to section 5711.02 or 5727.08 of the Ohio Revised Code if 915  
requested by the council." 916

(9) "..... (insert name of enterprise) and ..... 917  
(insert name of municipal corporation or county) acknowledge that 918  
this agreement must be approved by formal action of the 919  
legislative authority of ..... (insert name of municipal 920  
corporation or county) as a condition for the agreement to take 921  
effect. This agreement takes effect upon such approval." 922

(10) "This agreement is not transferable or assignable 923  
without the express, written approval of ..... (insert name 924  
of municipal corporation or county)." 925

(11) "Exemptions from taxation granted under this agreement 926  
shall be revoked if it is determined that ..... (insert 927  
name of enterprise), any successor enterprise, or any related 928  
member (as those terms are defined in section 5709.61 of the Ohio 929  
Revised Code) has violated the prohibition against entering into 930  
this agreement under division (E) of section 3735.671 or section 931

5709.62, 5709.63, or 5709.632 of the Ohio Revised Code prior to 932  
the time prescribed by that division or either of those sections." 933

The statement described in division (B)(7) of this section 934  
may include the following statement, appended at the end of the 935  
statement: "and may require the repayment of the amount of taxes 936  
that would have been payable had the property not been exempted 937  
from taxation under this agreement." If the agreement includes a 938  
statement requiring repayment of exempted taxes, it also may 939  
authorize the legislative authority to secure repayment of such 940  
taxes by a lien on the exempted property in the amount required to 941  
be repaid. Such a lien on exempted real property shall attach, and 942  
may be perfected, collected, and enforced, in the same manner as a 943  
mortgage lien on real property, and shall otherwise have the same 944  
force and effect as a mortgage lien on real property. 945  
Notwithstanding section 5719.01 of the Revised Code, such a lien 946  
on exempted tangible personal property shall attach, and may be 947  
perfected, collected, and enforced, in the same manner as a 948  
security interest in goods under Chapter 1309. of the Revised 949  
Code, and shall otherwise have the same force and effect as such a 950  
security interest. 951

(C) If the director of development had to issue a waiver 952  
under section 5709.633 of the Revised Code as a condition for the 953  
agreement to be executed, the agreement shall include the 954  
following statement: 955

"Continuation of this agreement is subject to the validity of 956  
the circumstance upon which ..... (insert name of enterprise) 957  
applied for, and the Director of the Ohio Department of 958  
Development issued, the waiver pursuant to section 5709.633 of the 959  
Ohio Revised Code. If, after formal approval of this agreement by 960  
..... (insert name of municipal corporation or county), the 961  
Director or ..... (insert name of municipal corporation or 962  
county) discovers that such a circumstance did not exist, 963

..... (insert name of enterprise) shall be deemed to have 964  
materially failed to comply with this agreement." 965

If the director issued a waiver on the basis of the 966  
circumstance described in division (B)(3) of section 5709.633 of 967  
the Ohio Revised Code, the conditions enumerated in divisions 968  
(B)(3)(a)(i) and (ii) or divisions (B)(3)(b)(i) and (ii) of that 969  
section shall be incorporated in the information described in 970  
divisions (A)(2), (3), and (4) of this section. 971

**Sec. 5709.831. (A) As used in this section:** 972

(1) "Exempted improvements" means improvements exempted from 973  
taxation under section 5709.40, 5709.41, 5709.73, or 5709.78 of 974  
the Revised Code. 975

(2) "Political subdivision" means the county, township, or 976  
municipal corporation granting an exemption from taxation under 977  
section 5709.40, 5709.41, 5709.73, or 5709.78 of the Revised Code. 978

(B) The legislative authority of a ~~municipal corporation,~~ 979  
~~township, or county~~ political subdivision that grants an exemption 980  
from taxation for an improvement under section 5709.40, 5709.41, 981  
5709.73, or 5709.78 of the Revised Code may require the owner of 982  
the improvement to reimburse the local taxing authorities within 983  
whose taxing jurisdiction the exempted improvement is located for 984  
the amount of real property taxes that would have been payable to 985  
the taxing authorities had the improvement not been exempted from 986  
taxation. If the legislative authority requires the owner of the 987  
exempted improvements to make payments in lieu of taxes, the 988  
legislative authority may require such reimbursement only to the 989  
extent that the owner failed to make those payments as required. 990  
The legislative authority may secure any reimbursement authorized 991  
by this section by a lien on the exempted property, which shall 992  
attach, and may be perfected, collected, and enforced, in the same 993  
manner as a mortgage lien on real property, and which shall 994



otherwise have the same force and effect as a mortgage lien on 995  
real property. 996

**Section 2.** That existing sections 166.06, 166.07, 166.21, 997  
725.04, 1728.11, 1728.111, 3735.671, 5709.631, and 5709.831 of the 998  
Revised Code are hereby repealed. 999