

**As Introduced**

**127th General Assembly  
Regular Session  
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**H. B. No. 26**

**Representative Wolpert**

**Cosponsors: Representatives McGregor, J., Collier, Seitz, Flowers**

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**A B I L L**

To enact sections 730.01 to 730.12, 3310.70 to 1  
3310.79, and 5709.45 of the Revised Code to permit 2  
the creation of urban homestead zones in cities to 3  
encourage the repopulation of certain city cores, 4  
to create a state urban homestead scholarship 5  
program, and to require tax increment financing in 6  
urban homestead zones that participate in the 7  
scholarship program to help fund the program. 8

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

**Section 1.** That sections 730.01, 730.02, 730.03, 730.04, 9  
730.05, 730.06, 730.07, 730.08, 730.09, 730.10, 730.11, 730.12, 10  
3310.70, 3310.71, 3310.72, 3310.73, 3310.74, 3310.75, 3310.76, 11  
3310.77, 3310.78, 3310.79, and 5709.45 of the Revised Code be 12  
enacted to read as follows: 13

**Sec. 730.01.** As used in this chapter, "property owner" means 14  
an owner of a single parcel of real property, and refers 15  
collectively to all persons with a joint or common ownership 16  
interest in a single parcel of real property. 17

**Sec. 730.02.** (A) An urban homestead zone may be created 18

within the boundaries of a city for the purpose of encouraging 19  
repopulation of the area within the city's urban core. 20

(B) An "urban homestead zone" shall meet all the following 21  
criteria: 22

(1) The zone is contiguous and its shape cannot be 23  
characterized as being merely a strip or corridor or as resembling 24  
in shape a shoestring or a balloon on a string; 25

(2) The size of the zone is at least ten acres but not more 26  
than one hundred fifty acres; 27

(3) The zone does not divide any voting precincts; 28

(4) At least eighty-five per cent of the area in the zone is 29  
zoned for residential use; 30

(5) The zone includes at least sixteen parcels of real 31  
property; and 32

(6) At the time the zone is proposed, all the following apply 33  
to the zone: 34

(a) Its population has decreased by at least ten per cent in 35  
the period between the two most recent federal decennial censuses, 36  
as reflected in data gathered for those censuses; 37

(b) Its rate of poverty exceeds the rate of poverty of the 38  
city in which the zone is located by at least ten per cent, as 39  
reflected in data gathered for the most recent federal decennial 40  
census; and 41

(c) Its homeownership rate has decreased by at least ten per 42  
cent in the period between the two most recent federal decennial 43  
censuses, as reflected in data gathered for those censuses. 44

(C) More than one urban homestead zone may be created within 45  
a city so long as not more than one hundred fifty acres of the 46  
city in total are within an urban homestead zone at any time. A 47

parcel of real property may not be included within more than one 48  
urban homestead zone at a time. 49

(D) Urban homestead zones are not political subdivisions of 50  
the state or state agencies, but are subject to sections 121.22 51  
and 121.23 of the Revised Code as if they were political 52  
subdivisions or state agencies. 53

**Sec. 730.03.** (A) An urban homestead zone shall be organized 54  
as a nonprofit corporation under Chapter 1702. of the Revised 55  
Code, except as otherwise provided in this chapter. In addition to 56  
meeting the requirements for articles of incorporation set forth 57  
in Chapter 1702. of the Revised Code, the articles of 58  
incorporation of an urban homestead zone shall include all the 59  
following: 60

(1) The name of the zone, which shall include the phrase "of 61  
the city of" immediately followed by the name of the city in which 62  
the zone is located; 63

(2) A description of the boundaries of, and of the area 64  
within, the zone that is sufficiently specific to enable real 65  
property owners to determine if their property is located within 66  
the zone; 67

(3) A description of the procedure by which the articles of 68  
incorporation may be amended; 69

(4) The method by which notice of meetings of the membership 70  
of the zone is to be given and the method by which the membership 71  
of the zone may vote; and 72

(5) The purposes for which the zone is being created, which, 73  
for zones located within a big eight school district, shall 74  
include an opportunity for qualified homeowners to participate in 75  
the urban homestead scholarship program under sections 3310.70 to 76  
3310.79 of the Revised Code. 77

The procedure by which the articles of incorporation may be 78  
amended shall require that the amendment be approved by the city's 79  
legislative authority by resolution, and that the approved 80  
amendment and resolution be filed with the secretary of state and 81  
the department of development. 82

(B)(1) The articles of incorporation shall be submitted to 83  
the legislative authority of the city in which the proposed urban 84  
homestead zone is to be located, and shall be accompanied by a 85  
petition signed by at least fifty per cent of the property owners 86  
within the proposed urban homestead zone, including at least 87  
twenty-five per cent of the property owners in the proposed urban 88  
homestead zone who also are electors in the proposed zone. A 89  
petition is not valid unless it has at least eight petitioners. 90

(2) The legislative authority shall send the petition and the 91  
articles of incorporation to the department of development. The 92  
director of development, within sixty days after receiving the 93  
petition and articles, shall determine whether the proposed urban 94  
homestead zone meets the criteria to be an urban homestead zone 95  
and shall return to the city's legislative authority the petition, 96  
the articles of incorporation, and the director's written 97  
determination that the area meets those criteria or, if it does 98  
not, which of the criteria are not met. 99

(3) If the director of development determines that one or 100  
more of the criteria have not been met, the city's legislative 101  
authority shall inform the petitioners. If the director determines 102  
that the criteria have been met, the legislative authority shall 103  
determine if the proposed urban homestead zone meets the criterion 104  
to be an urban homestead zone stated in division (B)(6)(c) of 105  
section 730.02 of the Revised Code and if, with its creation, not 106  
more than one hundred fifty acres of the city would be within an 107  
urban homestead zone. If the legislative authority determines that 108  
that criterion has been met and that that limitation has been 109

satisfied, the legislative authority, by resolution, shall approve 110  
or deny the petition, including the associated articles of 111  
incorporation. If the zone is approved and located within a big 112  
eight school district as described in section 3314.02 of the 113  
Revised Code, the legislative authority also shall provide for 114  
payments in lieu of taxes as provided in section 5709.45 of the 115  
Revised Code. If the zone is approved, a copy of the resolution 116  
approving the zone and the articles of incorporation shall be 117  
filed with the secretary of state and the department of 118  
development. 119

Sec. 730.04. The governing body of an urban homestead zone is 120  
the board of directors of the nonprofit corporation. The board 121  
shall consist of at least five directors. One director shall be 122  
appointed by the city's legislative authority. The other directors 123  
shall be elected at a meeting of the entire membership of the 124  
urban homestead zone. All subsequent elections of these directors 125  
shall be held at a November meeting of the membership. 126

Membership on the board of directors shall not be considered 127  
holding a public office. The directors and their proxies are 128  
entitled to the immunities provided by Chapter 1702. of the 129  
Revised Code for directors of a nonprofit corporation, unless a 130  
director or proxy is an employee or official of the city and is 131  
acting on the board within the scope of the employee's or 132  
official's employment or official responsibilities. Such a 133  
director or proxy is entitled to the same immunity as an employee 134  
under division (A)(6) of section 2744.03 of the Revised Code. 135

The board shall elect its chairperson, vice-chairperson, 136  
secretary, and treasurer. These officers serve at the board's 137  
pleasure. A director may be elected to more than one office, 138  
except that the director elected as treasurer shall not be elected 139  
to any other office. 140

Sec. 730.05. At its first meeting, the board of directors shall prepare and adopt a general plan for the urban homestead zone, which may include any or all of the following: 141  
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(A) Adoption of a security guard force as provided in section 730.09 of the Revised Code; 144  
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(B) Election of an ombudsperson to act as a liaison between the city's zoning inspector and the residents and property owners in the zone on issues related to zoning, building, and other related regulations in the zone; 146  
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(C) Organization of festivals, concerts, or other community-related events to promote the zone and provide activities that benefit the zone's residents; or 150  
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(D) Within the zone, if applicable, promotion of and support for the urban homestead scholarship program established in sections 3310.70 to 3310.79 of the Revised Code, including application assistance for qualified homeowners of the zone. 153  
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The board of directors may amend the general plan. 157

Sec. 730.06. (A) All records of an urban homestead zone are, and shall be treated as, public records under section 149.43 of the Revised Code, except that records of organizations contracting with a zone shall not be considered to be public records under section 149.43 or 149.431 of the Revised Code solely because of the contract with the zone. 158  
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(B) The board of directors of an urban homestead zone shall adopt rules prescribing competitive bidding procedures for contracts it awards. The rules shall require advertising for bids and specify the bidding procedures to be followed, and may specify conditions under which competitive bidding is not required and other conditions, such as establishing a dollar limit per contract or specifying particular parties to a contract. The procedures may 164  
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differ from competitive bidding procedures applicable to the city 171  
in which the zone is located. 172

Sec. 730.07. By the first day of March each year, the 173  
treasurer of the board of directors of an urban homestead zone 174  
shall submit a report of the zone's activities and financial 175  
condition for the previous year to each member of the zone and to 176  
the legislative authority of the city. 177

Sec. 730.08. (A) Each property owner within an urban 178  
homestead zone is a member of the zone. The identity and address 179  
of the owners shall be determined for any particular action of the 180  
nonprofit corporation that governs the zone, including notice of 181  
meetings of the entire membership of the zone, not more than sixty 182  
days before the date of the action, from the most current records 183  
available at the county auditor's office. 184

(B) Notice of the time, date, and place, and of the agenda 185  
for, any meeting of the board of directors of an urban homestead 186  
zone shall be given to each director by written notice sent by 187  
certified mail or personal service, or by text message transmitted 188  
by electronic device. If possible, the notice shall be transmitted 189  
at least one week before the meeting. 190

The board shall act by a majority vote of those present at 191  
any meeting of which proper notice has been transmitted. 192

(C) A director or a member of the zone may appoint a proxy to 193  
carry out the director's or member's rights and responsibilities 194  
under this chapter at a meeting of the entire membership of the 195  
urban homestead zone by filing a written proxy form with the 196  
secretary of the board of directors at least three days before the 197  
meeting. The form shall include the name and address of the 198  
director or member, the name and address of the proxy, and the 199  
date of the meeting at which the proxy may carry out the rights 200

and responsibilities of the director or member. 201

A member of the zone also may appoint a designee to carry out 202  
the member's rights and responsibilities under this chapter by 203  
filing a written designation form with the secretary of the board 204  
of directors. The designation form shall include the name and 205  
address of the member, the name and address of the designee, and 206  
the expiration date, if any, of the designation, and may authorize 207  
the designee to vote at any zone meeting. 208

A proxy or designee need not be an elector or resident of the 209  
urban homestead zone or the city. The appointment of a proxy or 210  
designee may be changed by filing a new form with the secretary of 211  
the board of directors. The most current form filed with the 212  
secretary is the valid appointment. Transmittal of any notice to a 213  
proxy or designee at the proxy's or designee's address as shown on 214  
that form satisfies any requirements for notification of the 215  
director or member of the zone. 216

**Sec. 730.09.** (A) The board of directors of an urban homestead 217  
zone may adopt a written plan for a security guard force for the 218  
zone. Each plan shall include all of the following: 219

(1) Specific requirements for and functions of the force; 220

(2) A method of assessment to be used to pay for the force 221  
and the period of time the assessments are to be levied; and 222

(3) The period of time that the force is to provide services. 223

(B) When the board of directors adopts a security guard plan, 224  
it shall submit the plan to the legislative authority of the city 225  
for review. Within sixty days after the date the plan is submitted 226  
to the legislative authority, the legislative authority may submit 227  
to the board of directors its comments and recommendations on the 228  
plan. After reviewing the comments and recommendations, the board 229  
of directors may amend the plan. 230

The board of directors next shall submit the plan, whether 231  
amended or not, in the form of a petition to the members of the 232  
urban homestead zone. Once the petition is signed by a majority of 233  
the members, it shall be submitted to the legislative authority 234  
for approval. 235

The legislative authority, by resolution, shall approve or 236  
reject a submitted petition within sixty days after receiving it. 237  
If the petition is approved, the plan shall be effective at the 238  
earliest date on which a nonemergency resolution or ordinance of 239  
the legislative authority may become effective. 240

(C) When a security guard plan is in effect, the city's 241  
legislative authority shall levy, by special assessment upon all 242  
members of the urban homestead zone, the costs of the plan in 243  
accordance with the procedures set forth in Chapter 727. of the 244  
Revised Code, except that the assessment may be levied only by one 245  
or both of the methods listed in divisions (A) and (B) of section 246  
727.01 of the Revised Code. Property owners assessed under this 247  
section are entitled to all the rights and privileges of property 248  
owners assessed under Chapter 727. of the Revised Code, including 249  
the rights and privileges specified in sections 727.15 to 727.17 250  
and 727.18 to 727.22 of the Revised Code and the right to notice 251  
of the resolution of necessity and the filing of the estimated 252  
assessment under section 727.13 of the Revised Code. The 253  
legislative authority shall notify the tax commissioner of any 254  
assessments. 255

The costs of a security guard plan may include any or all of 256  
the following: 257

(1) The cost of creating and operating the urban homestead 258  
zone under this chapter, including creating and operating the 259  
nonprofit corporation governing the zone, hiring employees and 260  
professional services, contracting for insurance, and purchasing 261  
or leasing office space or office equipment; 262

<u>(2) The cost of planning and implementing the plan, including</u>	263
<u>payment of legal, insurance, and planning fees and expenses;</u>	264
<u>(3) Court costs incurred by the zone in implementing the</u>	265
<u>plan; and</u>	266
<u>(4) Damages resulting from implementing the plan.</u>	267
<b><u>Sec. 730.10. An owner of a fee interest in real property</u></b>	268
<b><u>located within an urban homestead zone who enters into a contract</u></b>	269
<b><u>to transfer the interest shall give to the transferee within the</u></b>	270
<b><u>specified period of time all of the following:</u></b>	271
<b><u>(A) Within five days after entering into the contract, any</u></b>	272
<b><u>notice for special assessments under this chapter that the owner</u></b>	273
<b><u>received within ninety days before entering into the contract;</u></b>	274
<b><u>(B) Within five days after its receipt, each notice for</u></b>	275
<b><u>special assessments under this chapter that the owner receives</u></b>	276
<b><u>after entering into the contract and until it is completely</u></b>	277
<b><u>performed or terminates; and</u></b>	278
<b><u>(C) Within five days after entering into the contract, when</u></b>	279
<b><u>applicable, notice that resident owners may qualify to participate</u></b>	280
<b><u>in the urban homestead scholarship program.</u></b>	281
<b><u>Sec. 730.11. (A) After twenty years of existence, an urban</u></b>	282
<b><u>homestead zone is dissolved.</u></b>	283
<b><u>(B) An urban homestead zone may be dissolved before twenty</u></b>	284
<b><u>years have expired. The dissolution shall be initiated by a</u></b>	285
<b><u>petition that is signed by members of the urban homestead zone who</u></b>	286
<b><u>own at least twenty per cent of the real property located in the</u></b>	287
<b><u>zone. The petition shall be filed with the legislative authority</u></b>	288
<b><u>of the city. Not later than forty-five days after the petition is</u></b>	289
<b><u>filed, the members of the zone shall meet to consider the</u></b>	290
<b><u>petition. Notice of the meeting shall be given as provided in</u></b>	291

division (B) of section 730.08 of the Revised Code. Upon the 292  
affirmative vote at the meeting of members who collectively own 293  
more than fifty per cent of the taxable value established by the 294  
county auditor for purposes of real estate taxation of the real 295  
property in the zone, the zone shall be dissolved. The results of 296  
the vote shall be certified to the legislative authority. If the 297  
vote is to dissolve the zone, the legislative authority, by 298  
resolution, shall dissolve the zone. The legislative authority 299  
shall send a certified copy of the resolution to the secretary of 300  
state, the department of development, and the department of 301  
education. 302

(C) No rights or obligations of any person under any 303  
contract, or in relation to any assessments made under this 304  
chapter, are affected by the dissolution of an urban homestead 305  
zone, except with the consent of that person or by order of a 306  
court with jurisdiction over the matter. Upon a zone's 307  
dissolution, any assets or rights of the zone, after payment of 308  
all obligations of the zone, shall be deposited in a special 309  
account of the city. 310

**Sec. 730.12.** Any service provided to an urban homestead zone 311  
under this chapter shall be in addition to, and not in lieu of, 312  
any public services otherwise provided by the city. A city may not 313  
rely on the services provided to an urban homestead zone under a 314  
general plan, a security guard plan, or any other plan adopted by 315  
the board of directors of the zone when deciding whether to 316  
provide public services or whether to reduce or increase public 317  
services otherwise provided by the city to the zone. 318

**Sec. 3310.70.** As used in sections 3310.70 to 3310.79 of the 319  
Revised Code: 320

(A) "Big eight school district" has the same meaning as in 321

section 3314.02 of the Revised Code. 322

(B) "Chartered nonpublic school" means a nonpublic school 323  
that holds a valid charter issued by the state board of education 324  
under section 3301.16 of the Revised Code and that meets the 325  
standards established for those schools in rules adopted by the 326  
state board. 327

(C) "Qualified child" means the child of a qualified 328  
homeowner who is entitled under section 3313.64 or 3313.65 of the 329  
Revised Code to attend school in a big eight school district and 330  
who is enrolled in a chartered nonpublic school. 331

(D) "Qualified homeowner" means the owner and occupant of a 332  
qualifying residence. 333

(E) "Qualifying residence" means a residence for which both 334  
of the following conditions are satisfied: 335

(1) The residence is located in both an urban homestead zone 336  
established under Chapter 730. of the Revised Code and a big eight 337  
school district; and 338

(2) The owner and occupant or a predecessor owner and 339  
occupant of the residence or a combination of them has spent not 340  
less than one hundred twenty thousand dollars in improvements on 341  
the residence since the urban homestead zone was established. 342

(F) "School year" has the same meaning as in section 3313.62 343  
of the Revised Code. 344

**Sec. 3310.71.** The urban homestead scholarship program is 345  
hereby established. Under the program, in each school year, the 346  
department of education, upon certification from the director of 347  
development under section 3310.73 of the Revised Code, shall pay a 348  
scholarship to a qualified homeowner for each of the homeowner's 349  
qualified children, subject to the maximum number of scholarships 350  
prescribed by the general assembly for that school year. If the 351

number of students who apply for a scholarship exceeds the number 352  
prescribed by the general assembly, the department first shall 353  
award scholarships to qualified children who received scholarships 354  
in the prior school year, and then shall select qualified children 355  
by lot to receive any remaining scholarships. 356

**Sec. 3310.72.** (A) In order to be considered a qualifying 357  
residence for purposes of the urban homestead scholarship program, 358  
a person who owns a residence in an urban homestead zone shall 359  
file with the director of development all of the following: 360

(1) A certified copy of the deed to the residence; 361

(2) Documents or forms as prescribed by the director that 362  
indicate both of the following: 363

(a) The residence is located in both an urban homestead zone 364  
established under Chapter 730. of the Revised Code and a big eight 365  
school district; and 366

(b) The person applying for the right, or one or more 367  
predecessor owners and occupants, or a combination of them, has 368  
spent not less than one hundred twenty thousand dollars in 369  
improvements on the residence since the urban homestead zone was 370  
established; 371

(3) A certified copy of all building permits related to the 372  
improvements on the residence; and 373

(4) A certified copy of the occupancy permit for the 374  
residence. 375

(B) Upon satisfaction that all documents required under 376  
division (A) of this section have been submitted and are 377  
authentic, the director of development shall determine whether the 378  
residence is a qualifying residence and provide written notice of 379  
that determination to the owner. 380

(C) Qualifying residence status is a property right that runs 381  
with the land on which that residence is located for the duration 382  
of the urban homestead zone, beginning on the first day of the 383  
school year that first succeeds the date the urban homestead zone 384  
in which the residence is located was established. 385

**Sec. 3310.73.** (A) An owner of a qualifying residence may 386  
apply for a scholarship under the urban homestead scholarship 387  
program by submitting to the director of development, in the 388  
manner prescribed by and before a deadline established by rules 389  
adopted under Chapter 119. of the Revised Code, all of the 390  
following: 391

(1) The name of the owner; 392

(2) The address and legal description of the qualifying 393  
residence; 394

(3) The name of each child for whom a scholarship is sought; 395

(4) The name and address of the chartered nonpublic school in 396  
which each child has been accepted for enrollment and the amount 397  
of tuition charged by the school for the school year; and 398

(5) Any other information required by the director. 399

(B) The director shall examine the application to determine 400  
if the person seeking a scholarship is a qualified homeowner and 401  
the child is a qualified child. Upon satisfaction that the person 402  
is a qualified homeowner and the child is a qualified child, the 403  
director shall certify to the department of education those 404  
findings and the information submitted under division (A) of this 405  
section. Upon receipt of that information, the department shall 406  
pay a scholarship to each qualified homeowner for each qualified 407  
child, subject to the maximum number of scholarships prescribed by 408  
the general assembly for that school year. 409

Sec. 3310.74. (A) The amount paid for each qualified child 410  
under the urban homestead scholarship program shall be the lesser 411  
of the tuition charged by the chartered nonpublic school in which 412  
the child is enrolled or the maximum amount prescribed for an 413  
educational choice scholarship for the current school year under 414  
section 3310.09 of the Revised Code. 415

(B) The department of education shall pay to each qualified 416  
homeowner for each qualified child awarded a scholarship under the 417  
program periodic partial payments of the scholarship during the 418  
school year at times prescribed by the department. 419

(C) The department shall proportionately reduce or terminate 420  
the payments for any qualified child who withdraws from the 421  
chartered nonpublic school in which the child is enrolled before 422  
the end of the school year. 423

Sec. 3310.75. A scholarship awarded and paid under the urban 424  
homestead scholarship program shall be used only to pay tuition a 425  
qualified homeowner owes to a chartered nonpublic school for the 426  
homeowner's qualified children. 427

Sec. 3310.76. The general assembly shall prescribe for each 428  
school year the maximum number of qualified children that may be 429  
awarded scholarships under the urban homestead scholarship 430  
program. 431

Sec. 3310.77. Urban homestead scholarships shall be funded by 432  
appropriations of the general assembly and payments collected 433  
pursuant to section 5709.45 of the Revised Code. The payments 434  
shall be deposited into the state treasury to the credit of the 435  
state urban homestead scholarship fund, which is hereby created. 436  
Money credited to the fund shall be used solely to pay urban 437  
homestead scholarships. The department of education shall adopt 438

procedures for payment of scholarships from the fund. 439

**Sec. 3310.78.** Notwithstanding division (K) of section 440  
3301.0711 of the Revised Code, each chartered nonpublic school 441  
that enrolls students awarded and paid scholarships under the 442  
urban homestead scholarship program annually shall administer the 443  
tests prescribed by section 3301.0710 or 3301.0712 of the Revised 444  
Code to each scholarship student under section 3301.0711 of the 445  
Revised Code. Each chartered nonpublic school shall report to the 446  
department of education the results of each test administered to 447  
each scholarship student under this section. 448

Nothing in this section requires a chartered nonpublic school 449  
to administer any achievement test, except for an Ohio graduation 450  
test prescribed under division (B) of section 3301.0710 of the 451  
Revised Code, as required by section 3313.612 of the Revised Code, 452  
to any student enrolled in the school who is not a scholarship 453  
student. 454

**Sec. 3310.79.** The director of development and the state board 455  
of education each shall adopt rules under Chapter 119. of the 456  
Revised Code prescribing procedures for the administration of 457  
their functions under the urban homestead scholarship program. 458

**Sec. 5709.45.** (A)(1) The legislative authority of a city that 459  
has created an urban homestead zone within its boundaries under 460  
Chapter 730. of the Revised Code that is located within a big 461  
eight school district as defined in section 3314.02 of the Revised 462  
Code shall adopt an ordinance for each such zone declaring 463  
improvements to parcels within the zone to be a public purpose and 464  
exempt from taxation as provided in this section. 465

(2) The ordinance shall specifically identify each parcel 466  
within the zone that is covered by the ordinance and the 467

percentage of the improvements to be exempted, which shall not 468  
exceed seventy-five per cent. 469

(3) The exemption from taxation commences with the tax year 470  
in which an improvement first appears on the tax list and 471  
duplicate of real and public utility property and ends on the date 472  
the urban homestead zone is dissolved, except the ordinance may 473  
specify an earlier end date. If an exemption ends during a tax 474  
year, the procedure for the apportionment of the taxes for that 475  
year is the same as in the case of other changes in tax exemption 476  
status during the year. 477

(B)(1) The legislative authority of the city shall require 478  
the owner of a parcel identified in the ordinance to make annual 479  
payments in lieu of taxes to the county treasurer on or before the 480  
final dates for payment of real property taxes. Each payment shall 481  
be charged and collected in the same manner and in the same amount 482  
as the real property taxes that would have been charged and 483  
payable against any improvement made on the parcel if it were not 484  
exempt from taxation. The amount of the payments shall not be 485  
affected by a reduction in the levies otherwise applicable to the 486  
exempt property made by the county budget commission under section 487  
5705.31 of the Revised Code. The legislative authority shall not 488  
require an owner to make annual service payments in lieu of taxes 489  
pursuant to this section after the date on which the urban 490  
homestead zone is dissolved. The county treasurer shall maintain a 491  
record of the payments in lieu of taxes made from property in the 492  
urban homestead zone. 493

(2) Moneys collected as payments in lieu of taxes shall be 494  
paid over to the treasurer of state to be deposited in the urban 495  
homestead scholarship fund and shall be set aside for use as 496  
scholarships to be awarded to qualified homeowners in the urban 497  
homestead zone from which the moneys were collected, except that 498  
any moneys remaining after a zone dissolves are no longer set 499

aside for that zone and may be used to fund any urban homestead scholarship. 500  
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(C) Not later than fifteen days after adopting an ordinance under this section, the legislative authority shall submit a copy of the ordinance to the director of development, the department of education, and the tax commissioner. On or before the thirty-first day of March of each year, the director of development shall submit a status report to the legislative authority and the superintendent of public instruction indicating the funds raised for scholarships in the urban homestead zone, including a summary of the receipts for payments in lieu of taxes, and the expenditures of money from the urban homestead scholarship fund in the zone, including both moneys from the state and moneys from payments in lieu of taxes. 502  
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(D) Any parcel within the zone that is the subject of an ordinance adopted under section 5709.40 or 5709.41 of the Revised Code shall be excluded from any ordinance adopted under this section, and, if a parcel is subject to an ordinance adopted under this section, it shall not be the subject of an ordinance adopted under either of those sections. 514  
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**Section 2.** Chapter 730. of the Revised Code shall be known as "Urban Homestead Zones." 520  
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