

**As Introduced**

**130th General Assembly  
Regular Session  
2013-2014**

**H. B. No. 217**

**Representatives Butler, Burkley**

**Cosponsors: Representatives Henne, Terhar**

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**A B I L L**

To amend sections 5709.40, 5709.73, and 5709.78 of 1  
the Revised Code to require reimbursement of 2  
police and fire levy revenue foregone because of 3  
the creation of a tax increment financing 4  
incentive district. 5

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

**Section 1.** That sections 5709.40, 5709.73, and 5709.78 of the 6  
Revised Code be amended to read as follows: 7

**Sec. 5709.40.** (A) As used in this section: 8

(1) "Blighted area" and "impacted city" have the same 9  
meanings as in section 1728.01 of the Revised Code. 10

(2) "Business day" means a day of the week excluding 11  
Saturday, Sunday, and a legal holiday as defined under section 12  
1.14 of the Revised Code. 13

(3) "Housing renovation" means a project carried out for 14  
residential purposes. 15

(4) "Improvement" means the increase in the assessed value of 16  
any real property that would first appear on the tax list and 17  
duplicate of real and public utility property after the effective 18

date of an ordinance adopted under this section were it not for 19  
the exemption granted by that ordinance. 20

(5) "Incentive district" means an area not more than three 21  
hundred acres in size enclosed by a continuous boundary in which a 22  
project is being, or will be, undertaken and having one or more of 23  
the following distress characteristics: 24

(a) At least fifty-one per cent of the residents of the 25  
district have incomes of less than eighty per cent of the median 26  
income of residents of the political subdivision in which the 27  
district is located, as determined in the same manner specified 28  
under section 119(b) of the "Housing and Community Development Act 29  
of 1974," 88 Stat. 633, 42 U.S.C. 5318, as amended; 30

(b) The average rate of unemployment in the district during 31  
the most recent twelve-month period for which data are available 32  
is equal to at least one hundred fifty per cent of the average 33  
rate of unemployment for this state for the same period. 34

(c) At least twenty per cent of the people residing in the 35  
district live at or below the poverty level as defined in the 36  
federal Housing and Community Development Act of 1974, 42 U.S.C. 37  
5301, as amended, and regulations adopted pursuant to that act. 38

(d) The district is a blighted area. 39

(e) The district is in a situational distress area as 40  
designated by the director of development under division (F) of 41  
section 122.23 of the Revised Code. 42

(f) As certified by the engineer for the political 43  
subdivision, the public infrastructure serving the district is 44  
inadequate to meet the development needs of the district as 45  
evidenced by a written economic development plan or urban renewal 46  
plan for the district that has been adopted by the legislative 47  
authority of the subdivision. 48

(g) The district is comprised entirely of unimproved land 49  
that is located in a distressed area as defined in section 122.23 50  
of the Revised Code. 51

(6) "Project" means development activities undertaken on one 52  
or more parcels, including, but not limited to, construction, 53  
expansion, and alteration of buildings or structures, demolition, 54  
remediation, and site development, and any building or structure 55  
that results from those activities. 56

(7) "Public infrastructure improvement" includes, but is not 57  
limited to, public roads and highways; water and sewer lines; 58  
environmental remediation; land acquisition, including acquisition 59  
in aid of industry, commerce, distribution, or research; 60  
demolition, including demolition on private property when 61  
determined to be necessary for economic development purposes; 62  
stormwater and flood remediation projects, including such projects 63  
on private property when determined to be necessary for public 64  
health, safety, and welfare; the provision of gas, electric, and 65  
communications service facilities; and the enhancement of public 66  
waterways through improvements that allow for greater public 67  
access. 68

(B) The legislative authority of a municipal corporation, by 69  
ordinance, may declare improvements to certain parcels of real 70  
property located in the municipal corporation to be a public 71  
purpose. Improvements with respect to a parcel that is used or to 72  
be used for residential purposes may be declared a public purpose 73  
under this division only if the parcel is located in a blighted 74  
area of an impacted city. For this purpose, "parcel that is used 75  
or to be used for residential purposes" means a parcel that, as 76  
improved, is used or to be used for purposes that would cause the 77  
tax commissioner to classify the parcel as residential property in 78  
accordance with rules adopted by the commissioner under section 79  
5713.041 of the Revised Code. Except with the approval under 80

division (D) of this section of the board of education of each 81  
city, local, or exempted village school district within which the 82  
improvements are located, not more than seventy-five per cent of 83  
an improvement thus declared to be a public purpose may be 84  
exempted from real property taxation for a period of not more than 85  
ten years. The ordinance shall specify the percentage of the 86  
improvement to be exempted from taxation and the life of the 87  
exemption. 88

An ordinance adopted or amended under this division shall 89  
designate the specific public infrastructure improvements made, to 90  
be made, or in the process of being made by the municipal 91  
corporation that directly benefit, or that once made will directly 92  
benefit, the parcels for which improvements are declared to be a 93  
public purpose. The service payments provided for in section 94  
5709.42 of the Revised Code shall be used to finance the public 95  
infrastructure improvements designated in the ordinance, for the 96  
purpose described in division (D)(1) of this section or as 97  
provided in section 5709.43 of the Revised Code. 98

(C)(1) The legislative authority of a municipal corporation 99  
may adopt an ordinance creating an incentive district and 100  
declaring improvements to parcels within the district to be a 101  
public purpose and, ~~except as provided in division (F) of this~~ 102  
~~section,~~ exempt from taxation as provided in this section, but no 103  
legislative authority of a municipal corporation that has a 104  
population that exceeds twenty-five thousand, as shown by the most 105  
recent federal decennial census, shall adopt an ordinance that 106  
creates an incentive district if the sum of the taxable value of 107  
real property in the proposed district for the preceding tax year 108  
and the taxable value of all real property in the municipal 109  
corporation that would have been taxable in the preceding year 110  
were it not for the fact that the property was in an existing 111  
incentive district and therefore exempt from taxation exceeds 112

twenty-five per cent of the taxable value of real property in the 113  
municipal corporation for the preceding tax year. The ordinance 114  
shall delineate the boundary of the district and specifically 115  
identify each parcel within the district. A district may not 116  
include any parcel that is or has been exempted from taxation 117  
under division (B) of this section or that is or has been within 118  
another district created under this division. An ordinance may 119  
create more than one such district, and more than one ordinance 120  
may be adopted under division (C)(1) of this section. 121

(2) Not later than thirty days prior to adopting an ordinance 122  
under division (C)(1) of this section, if the municipal 123  
corporation intends to apply for exemptions from taxation under 124  
section 5709.911 of the Revised Code on behalf of owners of real 125  
property located within the proposed incentive district, the 126  
legislative authority of a municipal corporation shall conduct a 127  
public hearing on the proposed ordinance. Not later than thirty 128  
days prior to the public hearing, the legislative authority shall 129  
give notice of the public hearing and the proposed ordinance by 130  
first class mail to every real property owner whose property is 131  
located within the boundaries of the proposed incentive district 132  
that is the subject of the proposed ordinance. 133

(3)(a) An ordinance adopted under division (C)(1) of this 134  
section shall specify the life of the incentive district and the 135  
percentage of the improvements to be exempted, shall designate the 136  
public infrastructure improvements made, to be made, or in the 137  
process of being made, that benefit or serve, or, once made, will 138  
benefit or serve parcels in the district. The ordinance also shall 139  
identify one or more specific projects being, or to be, undertaken 140  
in the district that place additional demand on the public 141  
infrastructure improvements designated in the ordinance. The 142  
project identified may, but need not be, the project under 143  
division (C)(3)(b) of this section that places real property in 144

use for commercial or industrial purposes. Except as otherwise 145  
permitted under that division, the service payments provided for 146  
in section 5709.42 of the Revised Code shall be used to finance 147  
the designated public infrastructure improvements, for the purpose 148  
described in division (D)(1) ~~or~~, (E), or (F) of this section, or 149  
as provided in section 5709.43 of the Revised Code. 150

An ordinance adopted under division (C)(1) of this section on 151  
or after March 30, 2006, shall not designate police or fire 152  
equipment as public infrastructure improvements, and no service 153  
payment provided for in section 5709.42 of the Revised Code and 154  
received by the municipal corporation under the ordinance shall be 155  
used for police or fire equipment. 156

(b) An ordinance adopted under division (C)(1) of this 157  
section may authorize the use of service payments provided for in 158  
section 5709.42 of the Revised Code for the purpose of housing 159  
renovations within the incentive district, provided that the 160  
ordinance also designates public infrastructure improvements that 161  
benefit or serve the district, and that a project within the 162  
district places real property in use for commercial or industrial 163  
purposes. Service payments may be used to finance or support 164  
loans, deferred loans, and grants to persons for the purpose of 165  
housing renovations within the district. The ordinance shall 166  
designate the parcels within the district that are eligible for 167  
housing renovation. The ordinance shall state separately the 168  
amounts or the percentages of the expected aggregate service 169  
payments that are designated for each public infrastructure 170  
improvement and for the general purpose of housing renovations. 171

(4) Except with the approval of the board of education of 172  
each city, local, or exempted village school district within the 173  
territory of which the incentive district is or will be located, 174  
and subject to division (E) of this section, the life of an 175  
incentive district shall not exceed ten years, and the percentage 176

of improvements to be exempted shall not exceed seventy-five per 177  
cent. With approval of the board of education, the life of a 178  
district may be not more than thirty years, and the percentage of 179  
improvements to be exempted may be not more than one hundred per 180  
cent. The approval of a board of education shall be obtained in 181  
the manner provided in division (D) of this section. 182

(D)(1) If the ordinance declaring improvements to a parcel to 183  
be a public purpose or creating an incentive district specifies 184  
that payments in lieu of taxes provided for in section 5709.42 of 185  
the Revised Code shall be paid to the city, local, or exempted 186  
village, and joint vocational school district in which the parcel 187  
or incentive district is located in the amount of the taxes that 188  
would have been payable to the school district if the improvements 189  
had not been exempted from taxation, the percentage of the 190  
improvement that may be exempted from taxation may exceed 191  
seventy-five per cent, and the exemption may be granted for up to 192  
thirty years, without the approval of the board of education as 193  
otherwise required under division (D)(2) of this section. 194

(2) Improvements with respect to a parcel may be exempted 195  
from taxation under division (B) of this section, and improvements 196  
to parcels within an incentive district may be exempted from 197  
taxation under division (C) of this section, for up to ten years 198  
or, with the approval under this paragraph of the board of 199  
education of the city, local, or exempted village school district 200  
within which the parcel or district is located, for up to thirty 201  
years. The percentage of the improvement exempted from taxation 202  
may, with such approval, exceed seventy-five per cent, but shall 203  
not exceed one hundred per cent. Not later than forty-five 204  
business days prior to adopting an ordinance under this section 205  
declaring improvements to be a public purpose that is subject to 206  
approval by a board of education under this division, the 207  
legislative authority shall deliver to the board of education a 208

notice stating its intent to adopt an ordinance making that 209  
declaration. The notice regarding improvements with respect to a 210  
parcel under division (B) of this section shall identify the 211  
parcels for which improvements are to be exempted from taxation, 212  
provide an estimate of the true value in money of the 213  
improvements, specify the period for which the improvements would 214  
be exempted from taxation and the percentage of the improvement 215  
that would be exempted, and indicate the date on which the 216  
legislative authority intends to adopt the ordinance. The notice 217  
regarding improvements to parcels within an incentive district 218  
under division (C) of this section shall delineate the boundaries 219  
of the district, specifically identify each parcel within the 220  
district, identify each anticipated improvement in the district, 221  
provide an estimate of the true value in money of each such 222  
improvement, specify the life of the district and the percentage 223  
of improvements that would be exempted, and indicate the date on 224  
which the legislative authority intends to adopt the ordinance. 225  
The board of education, by resolution adopted by a majority of the 226  
board, may approve the exemption for the period or for the 227  
exemption percentage specified in the notice; may disapprove the 228  
exemption for the number of years in excess of ten, may disapprove 229  
the exemption for the percentage of the improvement to be exempted 230  
in excess of seventy-five per cent, or both; or may approve the 231  
exemption on the condition that the legislative authority and the 232  
board negotiate an agreement providing for compensation to the 233  
school district equal in value to a percentage of the amount of 234  
taxes exempted in the eleventh and subsequent years of the 235  
exemption period or, in the case of exemption percentages in 236  
excess of seventy-five per cent, compensation equal in value to a 237  
percentage of the taxes that would be payable on the portion of 238  
the improvement in excess of seventy-five per cent were that 239  
portion to be subject to taxation, or other mutually agreeable 240  
compensation. If an agreement is negotiated between the 241



legislative authority and the board to compensate the school 242  
district for all or part of the taxes exempted, including 243  
agreements for payments in lieu of taxes under section 5709.42 of 244  
the Revised Code, the legislative authority shall compensate the 245  
joint vocational school district within which the parcel or 246  
district is located at the same rate and under the same terms 247  
received by the city, local, or exempted village school district. 248

(3) The board of education shall certify its resolution to 249  
the legislative authority not later than fourteen days prior to 250  
the date the legislative authority intends to adopt the ordinance 251  
as indicated in the notice. If the board of education and the 252  
legislative authority negotiate a mutually acceptable compensation 253  
agreement, the ordinance may declare the improvements a public 254  
purpose for the number of years specified in the ordinance or, in 255  
the case of exemption percentages in excess of seventy-five per 256  
cent, for the exemption percentage specified in the ordinance. In 257  
either case, if the board and the legislative authority fail to 258  
negotiate a mutually acceptable compensation agreement, the 259  
ordinance may declare the improvements a public purpose for not 260  
more than ten years, and shall not exempt more than seventy-five 261  
per cent of the improvements from taxation. If the board fails to 262  
certify a resolution to the legislative authority within the time 263  
prescribed by this division, the legislative authority thereupon 264  
may adopt the ordinance and may declare the improvements a public 265  
purpose for up to thirty years, or, in the case of exemption 266  
percentages proposed in excess of seventy-five per cent, for the 267  
exemption percentage specified in the ordinance. The legislative 268  
authority may adopt the ordinance at any time after the board of 269  
education certifies its resolution approving the exemption to the 270  
legislative authority, or, if the board approves the exemption on 271  
the condition that a mutually acceptable compensation agreement be 272  
negotiated, at any time after the compensation agreement is agreed 273  
to by the board and the legislative authority. 274

(4) If a board of education has adopted a resolution waiving 275  
its right to approve exemptions from taxation under this section 276  
and the resolution remains in effect, approval of exemptions by 277  
the board is not required under division (D) of this section. If a 278  
board of education has adopted a resolution allowing a legislative 279  
authority to deliver the notice required under division (D) of 280  
this section fewer than forty-five business days prior to the 281  
legislative authority's adoption of the ordinance, the legislative 282  
authority shall deliver the notice to the board not later than the 283  
number of days prior to such adoption as prescribed by the board 284  
in its resolution. If a board of education adopts a resolution 285  
waiving its right to approve agreements or shortening the 286  
notification period, the board shall certify a copy of the 287  
resolution to the legislative authority. If the board of education 288  
rescinds such a resolution, it shall certify notice of the 289  
rescission to the legislative authority. 290

(5) If the legislative authority is not required by division 291  
(D) of this section to notify the board of education of the 292  
legislative authority's intent to declare improvements to be a 293  
public purpose, the legislative authority shall comply with the 294  
notice requirements imposed under section 5709.83 of the Revised 295  
Code, unless the board has adopted a resolution under that section 296  
waiving its right to receive such a notice. 297

(E)(1) If a proposed ordinance under division (C)(1) of this 298  
section exempts improvements with respect to a parcel within an 299  
incentive district for more than ten years, or the percentage of 300  
the improvement exempted from taxation exceeds seventy-five per 301  
cent, not later than forty-five business days prior to adopting 302  
the ordinance the legislative authority of the municipal 303  
corporation shall deliver to the board of county commissioners of 304  
the county within which the incentive district will be located a 305  
notice that states its intent to adopt an ordinance creating an 306

incentive district. The notice shall include a copy of the 307  
proposed ordinance, identify the parcels for which improvements 308  
are to be exempted from taxation, provide an estimate of the true 309  
value in money of the improvements, specify the period of time for 310  
which the improvements would be exempted from taxation, specify 311  
the percentage of the improvements that would be exempted from 312  
taxation, and indicate the date on which the legislative authority 313  
intends to adopt the ordinance. 314

(2) The board of county commissioners, by resolution adopted 315  
by a majority of the board, may object to the exemption for the 316  
number of years in excess of ten, may object to the exemption for 317  
the percentage of the improvement to be exempted in excess of 318  
seventy-five per cent, or both. If the board of county 319  
commissioners objects, the board may negotiate a mutually 320  
acceptable compensation agreement with the legislative authority. 321  
In no case shall the compensation provided to the board exceed the 322  
property taxes forgone due to the exemption. If the board of 323  
county commissioners objects, and the board and legislative 324  
authority fail to negotiate a mutually acceptable compensation 325  
agreement, the ordinance adopted under division (C)(1) of this 326  
section shall provide to the board compensation in the eleventh 327  
and subsequent years of the exemption period equal in value to not 328  
more than fifty per cent of the taxes that would be payable to the 329  
county or, if the board's objection includes an objection to an 330  
exemption percentage in excess of seventy-five per cent, 331  
compensation equal in value to not more than fifty per cent of the 332  
taxes that would be payable to the county, on the portion of the 333  
improvement in excess of seventy-five per cent, were that portion 334  
to be subject to taxation. The board of county commissioners shall 335  
certify its resolution to the legislative authority not later than 336  
thirty days after receipt of the notice. 337

(3) If the board of county commissioners does not object or 338

fails to certify its resolution objecting to an exemption within 339  
thirty days after receipt of the notice, the legislative authority 340  
may adopt the ordinance, and no compensation shall be provided to 341  
the board of county commissioners. If the board timely certifies 342  
its resolution objecting to the ordinance, the legislative 343  
authority may adopt the ordinance at any time after a mutually 344  
acceptable compensation agreement is agreed to by the board and 345  
the legislative authority, or, if no compensation agreement is 346  
negotiated, at any time after the legislative authority agrees in 347  
the proposed ordinance to provide compensation to the board of 348  
fifty per cent of the taxes that would be payable to the county in 349  
the eleventh and subsequent years of the exemption period or on 350  
the portion of the improvement in excess of seventy-five per cent, 351  
were that portion to be subject to taxation. 352

(F) Service payments in lieu of taxes that are attributable 353  
to any amount by which the effective tax rate of either a renewal 354  
levy with an increase or a replacement levy exceeds the effective 355  
tax rate of the levy renewed or replaced, or that are attributable 356  
to an additional levy, for a levy authorized by the voters for any 357  
of the following purposes on or after January 1, 2006, and which 358  
are provided pursuant to an ordinance creating an incentive 359  
district under division (C)(1) of this section that is adopted on 360  
or after January 1, 2006, shall be distributed to the appropriate 361  
taxing authority as required under division (C) of section 5709.42 362  
of the Revised Code in an amount equal to the amount of taxes from 363  
that additional levy or from the increase in the effective tax 364  
rate of such renewal or replacement levy that would have been 365  
payable to that taxing authority from the following levies were it 366  
not for the exemption authorized under division (C) of this 367  
section: 368

(1) A tax levied under division (L) of section 5705.19 or 369  
section 5705.191 of the Revised Code for community mental 370

retardation and developmental disabilities programs and services	371
pursuant to Chapter 5126. of the Revised Code;	372
(2) A tax levied under division (Y) of section 5705.19 of the	373
Revised Code for providing or maintaining senior citizens services	374
or facilities;	375
(3) A tax levied under section 5705.22 of the Revised Code	376
for county hospitals;	377
(4) A tax levied by a joint-county district or by a county	378
under section 5705.19, 5705.191, or 5705.221 of the Revised Code	379
for alcohol, drug addiction, and mental health services or	380
facilities;	381
(5) A tax levied under section 5705.23 of the Revised Code	382
for library purposes;	383
(6) A tax levied under section 5705.24 of the Revised Code	384
for the support of children services and the placement and care of	385
children;	386
(7) A tax levied under division (Z) of section 5705.19 of the	387
Revised Code for the provision and maintenance of zoological park	388
services and facilities under section 307.76 of the Revised Code;	389
(8) A tax levied under section 511.27 or division (H) of	390
section 5705.19 of the Revised Code for the support of township	391
park districts;	392
(9) A tax levied under division (A), (F), or (H) of section	393
5705.19 of the Revised Code for parks and recreational purposes of	394
a joint recreation district organized pursuant to division (B) of	395
section 755.14 of the Revised Code;	396
(10) A tax levied under section 1545.20 or 1545.21 of the	397
Revised Code for park district purposes;	398
(11) A tax levied under section 5705.191 of the Revised Code	399
for the purpose of making appropriations for public assistance;	400

human or social services; public relief; public welfare; public 401  
health and hospitalization; and support of general hospitals; 402

(12) A tax levied under section 3709.29 of the Revised Code 403  
for a general health district program; 404

(13) A tax levied under section 505.39 or division (I) of 405  
section 5705.19 of the Revised Code for the purpose of funding 406  
fire, emergency medical, and ambulance services as described in 407  
that section and division; 408

(14) A tax levied under division (J) of section 5705.19 of 409  
the Revised Code for the purpose of police protection, emergency 410  
medical, and ambulance services as described in that division. 411

(G) An exemption from taxation granted under this section 412  
commences with the tax year specified in the ordinance so long as 413  
the year specified in the ordinance commences after the effective 414  
date of the ordinance. If the ordinance specifies a year 415  
commencing before the effective date of the resolution or 416  
specifies no year whatsoever, the exemption commences with the tax 417  
year in which an exempted improvement first appears on the tax 418  
list and duplicate of real and public utility property and that 419  
commences after the effective date of the ordinance. Except as 420  
otherwise provided in this division, the exemption ends on the 421  
date specified in the ordinance as the date the improvement ceases 422  
to be a public purpose or the incentive district expires, or ends 423  
on the date on which the public infrastructure improvements and 424  
housing renovations are paid in full from the municipal public 425  
improvement tax increment equivalent fund established under 426  
division (A) of section 5709.43 of the Revised Code, whichever 427  
occurs first. The exemption of an improvement with respect to a 428  
parcel or within an incentive district may end on a later date, as 429  
specified in the ordinance, if the legislative authority and the 430  
board of education of the city, local, or exempted village school 431  
district within which the parcel or district is located have 432

entered into a compensation agreement under section 5709.82 of the Revised Code with respect to the improvement, and the board of education has approved the term of the exemption under division (D)(2) of this section, but in no case shall the improvement be exempted from taxation for more than thirty years. Exemptions shall be claimed and allowed in the same manner as in the case of other real property exemptions. If an exemption status changes during a year, the procedure for the apportionment of the taxes for that year is the same as in the case of other changes in tax exemption status during the year.

(H) Additional municipal financing of public infrastructure improvements and housing renovations may be provided by any methods that the municipal corporation may otherwise use for financing such improvements or renovations. If the municipal corporation issues bonds or notes to finance the public infrastructure improvements and housing renovations and pledges money from the municipal public improvement tax increment equivalent fund to pay the interest on and principal of the bonds or notes, the bonds or notes are not subject to Chapter 133. of the Revised Code.

(I) The municipal corporation, not later than fifteen days after the adoption of an ordinance under this section, shall submit to the director of development a copy of the ordinance. On or before the thirty-first day of March of each year, the municipal corporation shall submit a status report to the director of development. The report shall indicate, in the manner prescribed by the director, the progress of the project during each year that an exemption remains in effect, including a summary of the receipts from service payments in lieu of taxes; expenditures of money from the funds created under section 5709.43 of the Revised Code; a description of the public infrastructure improvements and housing renovations financed with such

expenditures; and a quantitative summary of changes in employment 465  
and private investment resulting from each project. 466

(J) Nothing in this section shall be construed to prohibit a 467  
legislative authority from declaring to be a public purpose 468  
improvements with respect to more than one parcel. 469

(K) If a parcel is located in a new community district in 470  
which the new community authority imposes a community development 471  
charge on the basis of rentals received from leases of real 472  
property as described in division (L)(2) of section 349.01 of the 473  
Revised Code, the parcel may not be exempted from taxation under 474  
this section. 475

**Sec. 5709.73.** (A) As used in this section and section 5709.74 476  
of the Revised Code: 477

(1) "Business day" means a day of the week excluding 478  
Saturday, Sunday, and a legal holiday as defined in section 1.14 479  
of the Revised Code. 480

(2) "Further improvements" or "improvements" means the 481  
increase in the assessed value of real property that would first 482  
appear on the tax list and duplicate of real and public utility 483  
property after the effective date of a resolution adopted under 484  
this section were it not for the exemption granted by that 485  
resolution. For purposes of division (B) of this section, 486  
"improvements" do not include any property used or to be used for 487  
residential purposes. For this purpose, "property that is used or 488  
to be used for residential purposes" means property that, as 489  
improved, is used or to be used for purposes that would cause the 490  
tax commissioner to classify the property as residential property 491  
in accordance with rules adopted by the commissioner under section 492  
5713.041 of the Revised Code. 493

(3) "Housing renovation" means a project carried out for 494



residential purposes. 495

(4) "Incentive district" has the same meaning as in section 496  
5709.40 of the Revised Code, except that a blighted area is in the 497  
unincorporated area of a township. 498

(5) "Project" and "public infrastructure improvement" have 499  
the same meanings as in section 5709.40 of the Revised Code. 500

(B) A board of township trustees may, by unanimous vote, 501  
adopt a resolution that declares to be a public purpose any public 502  
infrastructure improvements made that are necessary for the 503  
development of certain parcels of land located in the 504  
unincorporated area of the township. Except with the approval 505  
under division (D) of this section of the board of education of 506  
each city, local, or exempted village school district within which 507  
the improvements are located, the resolution may exempt from real 508  
property taxation not more than seventy-five per cent of further 509  
improvements to a parcel of land that directly benefits from the 510  
public infrastructure improvements, for a period of not more than 511  
ten years. The resolution shall specify the percentage of the 512  
further improvements to be exempted and the life of the exemption. 513

(C)(1) A board of township trustees may adopt, by unanimous 514  
vote, a resolution creating an incentive district and declaring 515  
improvements to parcels within the district to be a public purpose 516  
and, ~~except as provided in division (F) of this section,~~ exempt 517  
from taxation as provided in this section, but no board of 518  
township trustees of a township that has a population that exceeds 519  
twenty-five thousand, as shown by the most recent federal 520  
decennial census, shall adopt a resolution that creates an 521  
incentive district if the sum of the taxable value of real 522  
property in the proposed district for the preceding tax year and 523  
the taxable value of all real property in the township that would 524  
have been taxable in the preceding year were it not for the fact 525  
that the property was in an existing incentive district and 526

therefore exempt from taxation exceeds twenty-five per cent of the 527  
taxable value of real property in the township for the preceding 528  
tax year. The district shall be located within the unincorporated 529  
area of the township and shall not include any territory that is 530  
included within a district created under division (B) of section 531  
5709.78 of the Revised Code. The resolution shall delineate the 532  
boundary of the district and specifically identify each parcel 533  
within the district. A district may not include any parcel that is 534  
or has been exempted from taxation under division (B) of this 535  
section or that is or has been within another district created 536  
under this division. A resolution may create more than one 537  
district, and more than one resolution may be adopted under 538  
division (C)(1) of this section. 539

(2) Not later than thirty days prior to adopting a resolution 540  
under division (C)(1) of this section, if the township intends to 541  
apply for exemptions from taxation under section 5709.911 of the 542  
Revised Code on behalf of owners of real property located within 543  
the proposed incentive district, the board shall conduct a public 544  
hearing on the proposed resolution. Not later than thirty days 545  
prior to the public hearing, the board shall give notice of the 546  
public hearing and the proposed resolution by first class mail to 547  
every real property owner whose property is located within the 548  
boundaries of the proposed incentive district that is the subject 549  
of the proposed resolution. 550

(3)(a) A resolution adopted under division (C)(1) of this 551  
section shall specify the life of the incentive district and the 552  
percentage of the improvements to be exempted, shall designate the 553  
public infrastructure improvements made, to be made, or in the 554  
process of being made, that benefit or serve, or, once made, will 555  
benefit or serve parcels in the district. The resolution also 556  
shall identify one or more specific projects being, or to be, 557  
undertaken in the district that place additional demand on the 558

public infrastructure improvements designated in the resolution. 559  
The project identified may, but need not be, the project under 560  
division (C)(3)(b) of this section that places real property in 561  
use for commercial or industrial purposes. 562

A resolution adopted under division (C)(1) of this section on 563  
or after March 30, 2006, shall not designate police or fire 564  
equipment as public infrastructure improvements, and no service 565  
payment provided for in section 5709.74 of the Revised Code and 566  
received by the township under the resolution shall be used for 567  
police or fire equipment. 568

(b) A resolution adopted under division (C)(1) of this 569  
section may authorize the use of service payments provided for in 570  
section 5709.74 of the Revised Code for the purpose of housing 571  
renovations within the incentive district, provided that the 572  
resolution also designates public infrastructure improvements that 573  
benefit or serve the district, and that a project within the 574  
district places real property in use for commercial or industrial 575  
purposes. Service payments may be used to finance or support 576  
loans, deferred loans, and grants to persons for the purpose of 577  
housing renovations within the district. The resolution shall 578  
designate the parcels within the district that are eligible for 579  
housing renovations. The resolution shall state separately the 580  
amount or the percentages of the expected aggregate service 581  
payments that are designated for each public infrastructure 582  
improvement and for the purpose of housing renovations. 583

(4) Except with the approval of the board of education of 584  
each city, local, or exempted village school district within the 585  
territory of which the incentive district is or will be located, 586  
and subject to division (E) of this section, the life of an 587  
incentive district shall not exceed ten years, and the percentage 588  
of improvements to be exempted shall not exceed seventy-five per 589  
cent. With approval of the board of education, the life of a 590

district may be not more than thirty years, and the percentage of 591  
improvements to be exempted may be not more than one hundred per 592  
cent. The approval of a board of education shall be obtained in 593  
the manner provided in division (D) of this section. 594

(D) Improvements with respect to a parcel may be exempted 595  
from taxation under division (B) of this section, and improvements 596  
to parcels within an incentive district may be exempted from 597  
taxation under division (C) of this section, for up to ten years 598  
or, with the approval of the board of education of the city, 599  
local, or exempted village school district within which the parcel 600  
or district is located, for up to thirty years. The percentage of 601  
the improvements exempted from taxation may, with such approval, 602  
exceed seventy-five per cent, but shall not exceed one hundred per 603  
cent. Not later than forty-five business days prior to adopting a 604  
resolution under this section declaring improvements to be a 605  
public purpose that is subject to approval by a board of education 606  
under this division, the board of township trustees shall deliver 607  
to the board of education a notice stating its intent to adopt a 608  
resolution making that declaration. The notice regarding 609  
improvements with respect to a parcel under division (B) of this 610  
section shall identify the parcels for which improvements are to 611  
be exempted from taxation, provide an estimate of the true value 612  
in money of the improvements, specify the period for which the 613  
improvements would be exempted from taxation and the percentage of 614  
the improvements that would be exempted, and indicate the date on 615  
which the board of township trustees intends to adopt the 616  
resolution. The notice regarding improvements made under division 617  
(C) of this section to parcels within an incentive district shall 618  
delineate the boundaries of the district, specifically identify 619  
each parcel within the district, identify each anticipated 620  
improvement in the district, provide an estimate of the true value 621  
in money of each such improvement, specify the life of the 622  
district and the percentage of improvements that would be 623

exempted, and indicate the date on which the board of township 624  
trustees intends to adopt the resolution. The board of education, 625  
by resolution adopted by a majority of the board, may approve the 626  
exemption for the period or for the exemption percentage specified 627  
in the notice; may disapprove the exemption for the number of 628  
years in excess of ten, may disapprove the exemption for the 629  
percentage of the improvements to be exempted in excess of 630  
seventy-five per cent, or both; or may approve the exemption on 631  
the condition that the board of township trustees and the board of 632  
education negotiate an agreement providing for compensation to the 633  
school district equal in value to a percentage of the amount of 634  
taxes exempted in the eleventh and subsequent years of the 635  
exemption period or, in the case of exemption percentages in 636  
excess of seventy-five per cent, compensation equal in value to a 637  
percentage of the taxes that would be payable on the portion of 638  
the improvements in excess of seventy-five per cent were that 639  
portion to be subject to taxation, or other mutually agreeable 640  
compensation. 641

The board of education shall certify its resolution to the 642  
board of township trustees not later than fourteen days prior to 643  
the date the board of township trustees intends to adopt the 644  
resolution as indicated in the notice. If the board of education 645  
and the board of township trustees negotiate a mutually acceptable 646  
compensation agreement, the resolution may declare the 647  
improvements a public purpose for the number of years specified in 648  
the resolution or, in the case of exemption percentages in excess 649  
of seventy-five per cent, for the exemption percentage specified 650  
in the resolution. In either case, if the board of education and 651  
the board of township trustees fail to negotiate a mutually 652  
acceptable compensation agreement, the resolution may declare the 653  
improvements a public purpose for not more than ten years, and 654  
shall not exempt more than seventy-five per cent of the 655  
improvements from taxation. If the board of education fails to 656

certify a resolution to the board of township trustees within the 657  
time prescribed by this section, the board of township trustees 658  
thereupon may adopt the resolution and may declare the 659  
improvements a public purpose for up to thirty years or, in the 660  
case of exemption percentages proposed in excess of seventy-five 661  
per cent, for the exemption percentage specified in the 662  
resolution. The board of township trustees may adopt the 663  
resolution at any time after the board of education certifies its 664  
resolution approving the exemption to the board of township 665  
trustees, or, if the board of education approves the exemption on 666  
the condition that a mutually acceptable compensation agreement be 667  
negotiated, at any time after the compensation agreement is agreed 668  
to by the board of education and the board of township trustees. 669  
If a mutually acceptable compensation agreement is negotiated 670  
between the board of township trustees and the board of education, 671  
including agreements for payments in lieu of taxes under section 672  
5709.74 of the Revised Code, the board of township trustees shall 673  
compensate the joint vocational school district within which the 674  
parcel or district is located at the same rate and under the same 675  
terms received by the city, local, or exempted village school 676  
district. 677

If a board of education has adopted a resolution waiving its 678  
right to approve exemptions from taxation under this section and 679  
the resolution remains in effect, approval of such exemptions by 680  
the board of education is not required under division (D) of this 681  
section. If a board of education has adopted a resolution allowing 682  
a board of township trustees to deliver the notice required under 683  
division (D) of this section fewer than forty-five business days 684  
prior to adoption of the resolution by the board of township 685  
trustees, the board of township trustees shall deliver the notice 686  
to the board of education not later than the number of days prior 687  
to the adoption as prescribed by the board of education in its 688  
resolution. If a board of education adopts a resolution waiving 689

its right to approve exemptions or shortening the notification 690  
period, the board of education shall certify a copy of the 691  
resolution to the board of township trustees. If the board of 692  
education rescinds the resolution, it shall certify notice of the 693  
rescission to the board of township trustees. 694

If the board of township trustees is not required by division 695  
(D) of this section to notify the board of education of the board 696  
of township trustees' intent to declare improvements to be a 697  
public purpose, the board of township trustees shall comply with 698  
the notice requirements imposed under section 5709.83 of the 699  
Revised Code before taking formal action to adopt the resolution 700  
making that declaration, unless the board of education has adopted 701  
a resolution under that section waiving its right to receive the 702  
notice. 703

(E)(1) If a proposed resolution under division (C)(1) of this 704  
section exempts improvements with respect to a parcel within an 705  
incentive district for more than ten years, or the percentage of 706  
the improvement exempted from taxation exceeds seventy-five per 707  
cent, not later than forty-five business days prior to adopting 708  
the resolution the board of township trustees shall deliver to the 709  
board of county commissioners of the county within which the 710  
incentive district is or will be located a notice that states its 711  
intent to adopt a resolution creating an incentive district. The 712  
notice shall include a copy of the proposed resolution, identify 713  
the parcels for which improvements are to be exempted from 714  
taxation, provide an estimate of the true value in money of the 715  
improvements, specify the period of time for which the 716  
improvements would be exempted from taxation, specify the 717  
percentage of the improvements that would be exempted from 718  
taxation, and indicate the date on which the board of township 719  
trustees intends to adopt the resolution. 720

(2) The board of county commissioners, by resolution adopted 721

by a majority of the board, may object to the exemption for the 722  
number of years in excess of ten, may object to the exemption for 723  
the percentage of the improvement to be exempted in excess of 724  
seventy-five per cent, or both. If the board of county 725  
commissioners objects, the board may negotiate a mutually 726  
acceptable compensation agreement with the board of township 727  
trustees. In no case shall the compensation provided to the board 728  
of county commissioners exceed the property taxes foregone due to 729  
the exemption. If the board of county commissioners objects, and 730  
the board of county commissioners and board of township trustees 731  
fail to negotiate a mutually acceptable compensation agreement, 732  
the resolution adopted under division (C)(1) of this section shall 733  
provide to the board of county commissioners compensation in the 734  
eleventh and subsequent years of the exemption period equal in 735  
value to not more than fifty per cent of the taxes that would be 736  
payable to the county or, if the board of county commissioner's 737  
objection includes an objection to an exemption percentage in 738  
excess of seventy-five per cent, compensation equal in value to 739  
not more than fifty per cent of the taxes that would be payable to 740  
the county, on the portion of the improvement in excess of 741  
seventy-five per cent, were that portion to be subject to 742  
taxation. The board of county commissioners shall certify its 743  
resolution to the board of township trustees not later than thirty 744  
days after receipt of the notice. 745

(3) If the board of county commissioners does not object or 746  
fails to certify its resolution objecting to an exemption within 747  
thirty days after receipt of the notice, the board of township 748  
trustees may adopt its resolution, and no compensation shall be 749  
provided to the board of county commissioners. If the board of 750  
county commissioners timely certifies its resolution objecting to 751  
the trustees' resolution, the board of township trustees may adopt 752  
its resolution at any time after a mutually acceptable 753  
compensation agreement is agreed to by the board of county 754



commissioners and the board of township trustees, or, if no 755  
compensation agreement is negotiated, at any time after the board 756  
of township trustees agrees in the proposed resolution to provide 757  
compensation to the board of county commissioners of fifty per 758  
cent of the taxes that would be payable to the county in the 759  
eleventh and subsequent years of the exemption period or on the 760  
portion of the improvement in excess of seventy-five per cent, 761  
were that portion to be subject to taxation. 762

(F) Service payments in lieu of taxes that are attributable 763  
to any amount by which the effective tax rate of either a renewal 764  
levy with an increase or a replacement levy exceeds the effective 765  
tax rate of the levy renewed or replaced, or that are attributable 766  
to an additional levy, for a levy authorized by the voters for any 767  
of the following purposes on or after January 1, 2006, and which 768  
are provided pursuant to a resolution creating an incentive 769  
district under division (C)(1) of this section that is adopted on 770  
or after January 1, 2006, shall be distributed to the appropriate 771  
taxing authority as required under division (C) of section 5709.74 772  
of the Revised Code in an amount equal to the amount of taxes from 773  
that additional levy or from the increase in the effective tax 774  
rate of such renewal or replacement levy that would have been 775  
payable to that taxing authority from the following levies were it 776  
not for the exemption authorized under division (C) of this 777  
section: 778

(1) A tax levied under division (L) of section 5705.19 or 779  
section 5705.191 of the Revised Code for community mental 780  
retardation and developmental disabilities programs and services 781  
pursuant to Chapter 5126. of the Revised Code; 782

(2) A tax levied under division (Y) of section 5705.19 of the 783  
Revised Code for providing or maintaining senior citizens services 784  
or facilities; 785

(3) A tax levied under section 5705.22 of the Revised Code 786

for county hospitals;	787
(4) A tax levied by a joint-county district or by a county	788
under section 5705.19, 5705.191, or 5705.221 of the Revised Code	789
for alcohol, drug addiction, and mental health services or	790
families;	791
(5) A tax levied under section 5705.23 of the Revised Code	792
for library purposes;	793
(6) A tax levied under section 5705.24 of the Revised Code	794
for the support of children services and the placement and care of	795
children;	796
(7) A tax levied under division (Z) of section 5705.19 of the	797
Revised Code for the provision and maintenance of zoological park	798
services and facilities under section 307.76 of the Revised Code;	799
(8) A tax levied under section 511.27 or division (H) of	800
section 5705.19 of the Revised Code for the support of township	801
park districts;	802
(9) A tax levied under division (A), (F), or (H) of section	803
5705.19 of the Revised Code for parks and recreational purposes of	804
a joint recreation district organized pursuant to division (B) of	805
section 755.14 of the Revised Code;	806
(10) A tax levied under section 1545.20 or 1545.21 of the	807
Revised Code for park district purposes;	808
(11) A tax levied under section 5705.191 of the Revised Code	809
for the purpose of making appropriations for public assistance;	810
human or social services; public relief; public welfare; public	811
health and hospitalization; and support of general hospitals;	812
(12) A tax levied under section 3709.29 of the Revised Code	813
for a general health district program;	814
<u>(13) A tax levied under section 505.39 or division (I) of</u>	815
<u>section 5705.19 of the Revised Code for the purpose of funding</u>	816

fire, emergency medical, and ambulance services as described in 817  
that section and division; 818

(14) A tax levied under division (J) of section 5705.19 of 819  
the Revised Code for the purpose of police protection, emergency 820  
medical, and ambulance services as described in that division. 821

(G) An exemption from taxation granted under this section 822  
commences with the tax year specified in the resolution so long as 823  
the year specified in the resolution commences after the effective 824  
date of the resolution. If the resolution specifies a year 825  
commencing before the effective date of the resolution or 826  
specifies no year whatsoever, the exemption commences with the tax 827  
year in which an exempted improvement first appears on the tax 828  
list and duplicate of real and public utility property and that 829  
commences after the effective date of the resolution. Except as 830  
otherwise provided in this division, the exemption ends on the 831  
date specified in the resolution as the date the improvement 832  
ceases to be a public purpose or the incentive district expires, 833  
or ends on the date on which the public infrastructure 834  
improvements and housing renovations are paid in full from the 835  
township public improvement tax increment equivalent fund 836  
established under section 5709.75 of the Revised Code, whichever 837  
occurs first. The exemption of an improvement with respect to a 838  
parcel or within an incentive district may end on a later date, as 839  
specified in the resolution, if the board of township trustees and 840  
the board of education of the city, local, or exempted village 841  
school district within which the parcel or district is located 842  
have entered into a compensation agreement under section 5709.82 843  
of the Revised Code with respect to the improvement and the board 844  
of education has approved the term of the exemption under division 845  
(D) of this section, but in no case shall the improvement be 846  
exempted from taxation for more than thirty years. The board of 847  
township trustees may, by majority vote, adopt a resolution 848

permitting the township to enter into such agreements as the board 849  
finds necessary or appropriate to provide for the construction or 850  
undertaking of public infrastructure improvements and housing 851  
renovations. Any exemption shall be claimed and allowed in the 852  
same or a similar manner as in the case of other real property 853  
exemptions. If an exemption status changes during a tax year, the 854  
procedure for the apportionment of the taxes for that year is the 855  
same as in the case of other changes in tax exemption status 856  
during the year. 857

(H) The board of township trustees may issue the notes of the 858  
township to finance all costs pertaining to the construction or 859  
undertaking of public infrastructure improvements and housing 860  
renovations made pursuant to this section. The notes shall be 861  
signed by the board and attested by the signature of the township 862  
fiscal officer, shall bear interest not to exceed the rate 863  
provided in section 9.95 of the Revised Code, and are not subject 864  
to Chapter 133. of the Revised Code. The resolution authorizing 865  
the issuance of the notes shall pledge the funds of the township 866  
public improvement tax increment equivalent fund established 867  
pursuant to section 5709.75 of the Revised Code to pay the 868  
interest on and principal of the notes. The notes, which may 869  
contain a clause permitting prepayment at the option of the board, 870  
shall be offered for sale on the open market or given to the 871  
vendor or contractor if no sale is made. 872

(I) The township, not later than fifteen days after the 873  
adoption of a resolution under this section, shall submit to the 874  
director of development a copy of the resolution. On or before the 875  
thirty-first day of March of each year, the township shall submit 876  
a status report to the director of development. The report shall 877  
indicate, in the manner prescribed by the director, the progress 878  
of the project during each year that the exemption remains in 879  
effect, including a summary of the receipts from service payments 880

in lieu of taxes; expenditures of money from the fund created 881  
under section 5709.75 of the Revised Code; a description of the 882  
public infrastructure improvements and housing renovations 883  
financed with the expenditures; and a quantitative summary of 884  
changes in private investment resulting from each project. 885

(J) Nothing in this section shall be construed to prohibit a 886  
board of township trustees from declaring to be a public purpose 887  
improvements with respect to more than one parcel. 888

If a parcel is located in a new community district in which 889  
the new community authority imposes a community development charge 890  
on the basis of rentals received from leases of real property as 891  
described in division (L)(2) of section 349.01 of the Revised 892  
Code, the parcel may not be exempted from taxation under this 893  
section. 894

(K) A board of township trustees that adopted a resolution 895  
under this section prior to July 21, 1994, may amend that 896  
resolution to include any additional public infrastructure 897  
improvement. A board of township trustees that seeks by the 898  
amendment to utilize money from its township public improvement 899  
tax increment equivalent fund for land acquisition in aid of 900  
industry, commerce, distribution, or research, demolition on 901  
private property, or stormwater and flood remediation projects may 902  
do so provided that the board currently is a party to a 903  
hold-harmless agreement with the board of education of the city, 904  
local, or exempted village school district within the territory of 905  
which are located the parcels that are subject to an exemption. 906  
For the purposes of this division, a "hold-harmless agreement" 907  
means an agreement under which the board of township trustees 908  
agrees to compensate the school district for one hundred per cent 909  
of the tax revenue that the school district would have received 910  
from further improvements to parcels designated in the resolution 911  
were it not for the exemption granted by the resolution. 912

Sec. 5709.78. (A) A board of county commissioners may, by 913  
resolution, declare improvements to certain parcels of real 914  
property located in the unincorporated territory of the county to 915  
be a public purpose. Except with the approval under division (C) 916  
of this section of the board of education of each city, local, or 917  
exempted village school district within which the improvements are 918  
located, not more than seventy-five per cent of an improvement 919  
thus declared to be a public purpose may be exempted from real 920  
property taxation, for a period of not more than ten years. The 921  
resolution shall specify the percentage of the improvement to be 922  
exempted and the life of the exemption. 923

A resolution adopted under this division shall designate the 924  
specific public infrastructure improvements made, to be made, or 925  
in the process of being made by the county that directly benefit, 926  
or that once made will directly benefit, the parcels for which 927  
improvements are declared to be a public purpose. The service 928  
payments provided for in section 5709.79 of the Revised Code shall 929  
be used to finance the public infrastructure improvements 930  
designated in the resolution, or as provided in section 5709.80 of 931  
the Revised Code. 932

(B)(1) A board of county commissioners may adopt a resolution 933  
creating an incentive district and declaring improvements to 934  
parcels within the district to be a public purpose and, ~~except as~~ 935  
~~provided in division (E) of this section,~~ exempt from taxation as 936  
provided in this section, but no board of county commissioners of 937  
a county that has a population that exceeds twenty-five thousand, 938  
as shown by the most recent federal decennial census, shall adopt 939  
a resolution that creates an incentive district if the sum of the 940  
taxable value of real property in the proposed district for the 941  
preceding tax year and the taxable value of all real property in 942  
the county that would have been taxable in the preceding year were 943  
it not for the fact that the property was in an existing incentive 944

district and therefore exempt from taxation exceeds twenty-five 945  
per cent of the taxable value of real property in the county for 946  
the preceding tax year. The district shall be located within the 947  
unincorporated territory of the county and shall not include any 948  
territory that is included within a district created under 949  
division (C) of section 5709.73 of the Revised Code. The 950  
resolution shall delineate the boundary of the district and 951  
specifically identify each parcel within the district. A district 952  
may not include any parcel that is or has been exempted from 953  
taxation under division (A) of this section or that is or has been 954  
within another district created under this division. A resolution 955  
may create more than one such district, and more than one 956  
resolution may be adopted under division (B)(1) of this section. 957

(2) Not later than thirty days prior to adopting a resolution 958  
under division (B)(1) of this section, if the county intends to 959  
apply for exemptions from taxation under section 5709.911 of the 960  
Revised Code on behalf of owners of real property located within 961  
the proposed incentive district, the board of county commissioners 962  
shall conduct a public hearing on the proposed resolution. Not 963  
later than thirty days prior to the public hearing, the board 964  
shall give notice of the public hearing and the proposed 965  
resolution by first class mail to every real property owner whose 966  
property is located within the boundaries of the proposed 967  
incentive district that is the subject of the proposed resolution. 968  
The board also shall provide the notice by first class mail to the 969  
clerk of each township in which the proposed incentive district 970  
will be located. 971

(3)(a) A resolution adopted under division (B)(1) of this 972  
section shall specify the life of the incentive district and the 973  
percentage of the improvements to be exempted, shall designate the 974  
public infrastructure improvements made, to be made, or in the 975  
process of being made, that benefit or serve, or, once made, will 976

benefit or serve parcels in the district. The resolution also 977  
shall identify one or more specific projects being, or to be, 978  
undertaken in the district that place additional demand on the 979  
public infrastructure improvements designated in the resolution. 980  
The project identified may, but need not be, the project under 981  
division (B)(3)(b) of this section that places real property in 982  
use for commercial or industrial purposes. 983

A resolution adopted under division (B)(1) of this section on 984  
or after March 30, 2006, shall not designate police or fire 985  
equipment as public infrastructure improvements, and no service 986  
payment provided for in section 5709.79 of the Revised Code and 987  
received by the county under the resolution shall be used for 988  
police or fire equipment. 989

(b) A resolution adopted under division (B)(1) of this 990  
section may authorize the use of service payments provided for in 991  
section 5709.79 of the Revised Code for the purpose of housing 992  
renovations within the incentive district, provided that the 993  
resolution also designates public infrastructure improvements that 994  
benefit or serve the district, and that a project within the 995  
district places real property in use for commercial or industrial 996  
purposes. Service payments may be used to finance or support 997  
loans, deferred loans, and grants to persons for the purpose of 998  
housing renovations within the district. The resolution shall 999  
designate the parcels within the district that are eligible for 1000  
housing renovations. The resolution shall state separately the 1001  
amount or the percentages of the expected aggregate service 1002  
payments that are designated for each public infrastructure 1003  
improvement and for the purpose of housing renovations. 1004

(4) Except with the approval of the board of education of 1005  
each city, local, or exempted village school district within the 1006  
territory of which the incentive district is or will be located, 1007  
and subject to division (D) of this section, the life of an 1008



incentive district shall not exceed ten years, and the percentage of improvements to be exempted shall not exceed seventy-five per cent. With approval of the board of education, the life of a district may be not more than thirty years, and the percentage of improvements to be exempted may be not more than one hundred per cent. The approval of a board of education shall be obtained in the manner provided in division (C) of this section.

(C)(1) Improvements with respect to a parcel may be exempted from taxation under division (A) of this section, and improvements to parcels within an incentive district may be exempted from taxation under division (B) of this section, for up to ten years or, with the approval of the board of education of each city, local, or exempted village school district within which the parcel or district is located, for up to thirty years. The percentage of the improvements exempted from taxation may, with such approval, exceed seventy-five per cent, but shall not exceed one hundred per cent. Not later than forty-five business days prior to adopting a resolution under this section declaring improvements to be a public purpose that is subject to the approval of a board of education under this division, the board of county commissioners shall deliver to the board of education a notice stating its intent to adopt a resolution making that declaration. The notice regarding improvements with respect to a parcel under division (A) of this section shall identify the parcels for which improvements are to be exempted from taxation, provide an estimate of the true value in money of the improvements, specify the period for which the improvements would be exempted from taxation and the percentage of the improvements that would be exempted, and indicate the date on which the board of county commissioners intends to adopt the resolution. The notice regarding improvements to parcels within an incentive district under division (B) of this section shall delineate the boundaries of the district, specifically identify each parcel within the district, identify

each anticipated improvement in the district, provide an estimate 1042  
of the true value in money of each such improvement, specify the 1043  
life of the district and the percentage of improvements that would 1044  
be exempted, and indicate the date on which the board of county 1045  
commissioners intends to adopt the resolution. The board of 1046  
education, by resolution adopted by a majority of the board, may 1047  
approve the exemption for the period or for the exemption 1048  
percentage specified in the notice; may disapprove the exemption 1049  
for the number of years in excess of ten, may disapprove the 1050  
exemption for the percentage of the improvements to be exempted in 1051  
excess of seventy-five per cent, or both; or may approve the 1052  
exemption on the condition that the board of county commissioners 1053  
and the board of education negotiate an agreement providing for 1054  
compensation to the school district equal in value to a percentage 1055  
of the amount of taxes exempted in the eleventh and subsequent 1056  
years of the exemption period or, in the case of exemption 1057  
percentages in excess of seventy-five per cent, compensation equal 1058  
in value to a percentage of the taxes that would be payable on the 1059  
portion of the improvements in excess of seventy-five per cent 1060  
were that portion to be subject to taxation, or other mutually 1061  
agreeable compensation. 1062

(2) The board of education shall certify its resolution to 1063  
the board of county commissioners not later than fourteen days 1064  
prior to the date the board of county commissioners intends to 1065  
adopt its resolution as indicated in the notice. If the board of 1066  
education and the board of county commissioners negotiate a 1067  
mutually acceptable compensation agreement, the resolution of the 1068  
board of county commissioners may declare the improvements a 1069  
public purpose for the number of years specified in that 1070  
resolution or, in the case of exemption percentages in excess of 1071  
seventy-five per cent, for the exemption percentage specified in 1072  
the resolution. In either case, if the board of education and the 1073  
board of county commissioners fail to negotiate a mutually 1074

acceptable compensation agreement, the resolution may declare the 1075  
improvements a public purpose for not more than ten years, and 1076  
shall not exempt more than seventy-five per cent of the 1077  
improvements from taxation. If the board of education fails to 1078  
certify a resolution to the board of county commissioners within 1079  
the time prescribed by this section, the board of county 1080  
commissioners thereupon may adopt the resolution and may declare 1081  
the improvements a public purpose for up to thirty years or, in 1082  
the case of exemption percentages proposed in excess of 1083  
seventy-five per cent, for the exemption percentage specified in 1084  
the resolution. The board of county commissioners may adopt the 1085  
resolution at any time after the board of education certifies its 1086  
resolution approving the exemption to the board of county 1087  
commissioners, or, if the board of education approves the 1088  
exemption on the condition that a mutually acceptable compensation 1089  
agreement be negotiated, at any time after the compensation 1090  
agreement is agreed to by the board of education and the board of 1091  
county commissioners. If a mutually acceptable compensation 1092  
agreement is negotiated between the board of county commissioners 1093  
and the board of education, including agreements for payments in 1094  
lieu of taxes under section 5709.79 of the Revised Code, the board 1095  
of county commissioners shall compensate the joint vocational 1096  
school district within which the parcel or district is located at 1097  
the same rate and under the same terms received by the city, 1098  
local, or exempted village school district. 1099

(3) If a board of education has adopted a resolution waiving 1100  
its right to approve exemptions from taxation under this section 1101  
and the resolution remains in effect, approval of such exemptions 1102  
by the board of education is not required under division (C) of 1103  
this section. If a board of education has adopted a resolution 1104  
allowing a board of county commissioners to deliver the notice 1105  
required under division (C) of this section fewer than forty-five 1106  
business days prior to approval of the resolution by the board of 1107

county commissioners, the board of county commissioners shall 1108  
deliver the notice to the board of education not later than the 1109  
number of days prior to such approval as prescribed by the board 1110  
of education in its resolution. If a board of education adopts a 1111  
resolution waiving its right to approve exemptions or shortening 1112  
the notification period, the board of education shall certify a 1113  
copy of the resolution to the board of county commissioners. If 1114  
the board of education rescinds such a resolution, it shall 1115  
certify notice of the rescission to the board of county 1116  
commissioners. 1117

(D)(1) If a proposed resolution under division (B)(1) of this 1118  
section exempts improvements with respect to a parcel within an 1119  
incentive district for more than ten years, or the percentage of 1120  
the improvement exempted from taxation exceeds seventy-five per 1121  
cent, not later than forty-five business days prior to adopting 1122  
the resolution the board of county commissioners shall deliver to 1123  
the board of township trustees of any township within which the 1124  
incentive district is or will be located a notice that states its 1125  
intent to adopt a resolution creating an incentive district. The 1126  
notice shall include a copy of the proposed resolution, identify 1127  
the parcels for which improvements are to be exempted from 1128  
taxation, provide an estimate of the true value in money of the 1129  
improvements, specify the period of time for which the 1130  
improvements would be exempted from taxation, specify the 1131  
percentage of the improvements that would be exempted from 1132  
taxation, and indicate the date on which the board intends to 1133  
adopt the resolution. 1134

(2) The board of township trustees, by resolution adopted by 1135  
a majority of the board, may object to the exemption for the 1136  
number of years in excess of ten, may object to the exemption for 1137  
the percentage of the improvement to be exempted in excess of 1138  
seventy-five per cent, or both. If the board of township trustees 1139

objects, the board of township trustees may negotiate a mutually 1140  
acceptable compensation agreement with the board of county 1141  
commissioners. In no case shall the compensation provided to the 1142  
board of township trustees exceed the property taxes forgone due 1143  
to the exemption. If the board of township trustees objects, and 1144  
the board of township trustees and the board of county 1145  
commissioners fail to negotiate a mutually acceptable compensation 1146  
agreement, the resolution adopted under division (B)(1) of this 1147  
section shall provide to the board of township trustees 1148  
compensation in the eleventh and subsequent years of the exemption 1149  
period equal in value to not more than fifty per cent of the taxes 1150  
that would be payable to the township or, if the board of township 1151  
trustee's objection includes an objection to an exemption 1152  
percentage in excess of seventy-five per cent, compensation equal 1153  
in value to not more than fifty per cent of the taxes that would 1154  
be payable to the township on the portion of the improvement in 1155  
excess of seventy-five per cent, were that portion to be subject 1156  
to taxation. The board of township trustees shall certify its 1157  
resolution to the board of county commissioners not later than 1158  
thirty days after receipt of the notice. 1159

(3) If the board of township trustees does not object or 1160  
fails to certify a resolution objecting to an exemption within 1161  
thirty days after receipt of the notice, the board of county 1162  
commissioners may adopt its resolution, and no compensation shall 1163  
be provided to the board of township trustees. If the board of 1164  
township trustees certifies its resolution objecting to the 1165  
commissioners' resolution, the board of county commissioners may 1166  
adopt its resolution at any time after a mutually acceptable 1167  
compensation agreement is agreed to by the board of county 1168  
commissioners and the board of township trustees. If the board of 1169  
township trustees certifies a resolution objecting to the 1170  
commissioners' resolution, the board of county commissioners may 1171  
adopt its resolution at any time after a mutually acceptable 1172

compensation agreement is agreed to by the board of county 1173  
commissioners and the board of township trustees, or, if no 1174  
compensation agreement is negotiated, at any time after the board 1175  
of county commissioners in the proposed resolution to provide 1176  
compensation to the board of township trustees of fifty per cent 1177  
of the taxes that would be payable to the township in the eleventh 1178  
and subsequent years of the exemption period or on the portion of 1179  
the improvement in excess of seventy-five per cent, were that 1180  
portion to be subject to taxation. 1181

(E) Service payments in lieu of taxes that are attributable 1182  
to any amount by which the effective tax rate of either a renewal 1183  
levy with an increase or a replacement levy exceeds the effective 1184  
tax rate of the levy renewed or replaced, or that are attributable 1185  
to an additional levy, for a levy authorized by the voters for any 1186  
of the following purposes on or after January 1, 2006, and which 1187  
are provided pursuant to a resolution creating an incentive 1188  
district under division (B)(1) of this section that is adopted on 1189  
or after January 1, 2006, shall be distributed to the appropriate 1190  
taxing authority as required under division (D) of section 5709.79 1191  
of the Revised Code in an amount equal to the amount of taxes from 1192  
that additional levy or from the increase in the effective tax 1193  
rate of such renewal or replacement levy that would have been 1194  
payable to that taxing authority from the following levies were it 1195  
not for the exemption authorized under division (B) of this 1196  
section: 1197

(1) A tax levied under division (L) of section 5705.19 or 1198  
section 5705.191 of the Revised Code for community mental 1199  
retardation and developmental disabilities programs and services 1200  
pursuant to Chapter 5126. of the Revised Code; 1201

(2) A tax levied under division (Y) of section 5705.19 of the 1202  
Revised Code for providing or maintaining senior citizens services 1203  
or facilities; 1204

(3) A tax levied under section 5705.22 of the Revised Code for county hospitals;	1205 1206
(4) A tax levied by a joint-county district or by a county under section 5705.19, 5705.191, or 5705.221 of the Revised Code for alcohol, drug addiction, and mental health services or facilities;	1207 1208 1209 1210
(5) A tax levied under section 5705.23 of the Revised Code for library purposes;	1211 1212
(6) A tax levied under section 5705.24 of the Revised Code for the support of children services and the placement and care of children;	1213 1214 1215
(7) A tax levied under division (Z) of section 5705.19 of the Revised Code for the provision and maintenance of zoological park services and facilities under section 307.76 of the Revised Code;	1216 1217 1218
(8) A tax levied under section 511.27 or division (H) of section 5705.19 of the Revised Code for the support of township park districts;	1219 1220 1221
(9) A tax levied under division (A), (F), or (H) of section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;	1222 1223 1224 1225
(10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;	1226 1227
(11) A tax levied under section 5705.191 of the Revised Code for the purpose of making appropriations for public assistance; human or social services; public relief; public welfare; public health and hospitalization; and support of general hospitals;	1228 1229 1230 1231
(12) A tax levied under section 3709.29 of the Revised Code for a general health district program;	1232 1233
<u>(13) A tax levied under section 505.39 or division (I) of</u>	1234

section 5705.19 of the Revised Code for the purpose of funding 1235  
fire, emergency medical, and ambulance services as described in 1236  
that section and division; 1237

(14) A tax levied under division (J) of section 5705.19 of 1238  
the Revised Code for the purpose of police protection, emergency 1239  
medical, and ambulance services as described in that division. 1240

(F) An exemption from taxation granted under this section 1241  
commences with the tax year specified in the resolution so long as 1242  
the year specified in the resolution commences after the effective 1243  
date of the resolution. If the resolution specifies a year 1244  
commencing before the effective date of the resolution or 1245  
specifies no year whatsoever, the exemption commences with the tax 1246  
year in which an exempted improvement first appears on the tax 1247  
list and duplicate of real and public utility property and that 1248  
commences after the effective date of the resolution. Except as 1249  
otherwise provided in this division, the exemption ends on the 1250  
date specified in the resolution as the date the improvement 1251  
ceases to be a public purpose or the incentive district expires, 1252  
or ends on the date on which the county can no longer require 1253  
annual service payments in lieu of taxes under section 5709.79 of 1254  
the Revised Code, whichever occurs first. The exemption of an 1255  
improvement with respect to a parcel or within an incentive 1256  
district may end on a later date, as specified in the resolution, 1257  
if the board of commissioners and the board of education of the 1258  
city, local, or exempted village school district within which the 1259  
parcel or district is located have entered into a compensation 1260  
agreement under section 5709.82 of the Revised Code with respect 1261  
to the improvement, and the board of education has approved the 1262  
term of the exemption under division (C)(1) of this section, but 1263  
in no case shall the improvement be exempted from taxation for 1264  
more than thirty years. Exemptions shall be claimed and allowed in 1265  
the same or a similar manner as in the case of other real property 1266



exemptions. If an exemption status changes during a tax year, the 1267  
procedure for the apportionment of the taxes for that year is the 1268  
same as in the case of other changes in tax exemption status 1269  
during the year. 1270

(G) If the board of county commissioners is not required by 1271  
this section to notify the board of education of the board of 1272  
county commissioners' intent to declare improvements to be a 1273  
public purpose, the board of county commissioners shall comply 1274  
with the notice requirements imposed under section 5709.83 of the 1275  
Revised Code before taking formal action to adopt the resolution 1276  
making that declaration, unless the board of education has adopted 1277  
a resolution under that section waiving its right to receive such 1278  
a notice. 1279

(H) The county, not later than fifteen days after the 1280  
adoption of a resolution under this section, shall submit to the 1281  
director of development a copy of the resolution. On or before the 1282  
thirty-first day of March of each year, the county shall submit a 1283  
status report to the director of development. The report shall 1284  
indicate, in the manner prescribed by the director, the progress 1285  
of the project during each year that an exemption remains in 1286  
effect, including a summary of the receipts from service payments 1287  
in lieu of taxes; expenditures of money from the fund created 1288  
under section 5709.80 of the Revised Code; a description of the 1289  
public infrastructure improvements and housing renovations 1290  
financed with such expenditures; and a quantitative summary of 1291  
changes in employment and private investment resulting from each 1292  
project. 1293

(I) Nothing in this section shall be construed to prohibit a 1294  
board of county commissioners from declaring to be a public 1295  
purpose improvements with respect to more than one parcel. 1296

(J) If a parcel is located in a new community district in 1297  
which the new community authority imposes a community development 1298

charge on the basis of rentals received from leases of real 1299  
property as described in division (L)(2) of section 349.01 of the 1300  
Revised Code, the parcel may not be exempted from taxation under 1301  
this section. 1302

**Section 2.** That existing sections 5709.40, 5709.73, and 1303  
5709.78 of the Revised Code are hereby repealed. 1304

**Section 3.** The amendment by this act of sections 5709.40, 1305  
5709.73, and 5709.78 of the Revised Code applies to service 1306  
payments in lieu of taxes charged and payable for tax year 2013 1307  
and thereafter. 1308

**Section 4.** Sections 5709.40 and 5709.73 of the Revised Code 1309  
are presented in this act as composites of the sections as amended 1310  
by both Am. Sub. H.B. 508 and Am. Sub. H.B. 509 of the 129th 1311  
General Assembly. The General Assembly, applying the principle 1312  
stated in division (B) of section 1.52 of the Revised Code that 1313  
amendments are to be harmonized if reasonably capable of 1314  
simultaneous operation, finds that the composites are the 1315  
resulting versions of those sections in effect prior to the 1316  
effective date of the sections as presented in this act. 1317