



Ohio Legislative Service Commission

Bill Analysis

Stephen Estelle

H.B. 309

128th General Assembly
(As Introduced)

Reps. Batchelder, Grossman, Derickson, Huffman, Bulp, Hall, Evans, Hottinger, Stebelton, Ruhl, R. Adams, McGregor, Wagner, Combs, Mecklenborg

BILL SUMMARY

- Lengthens the maximum period for which new commercial or industrial structures in a community reinvestment area may be exempted from property taxation from 15 to 30 years.
- Requires construction to begin within one year after the bill's effective date, and to involve the employment of at least 100 employees, the investment of at least \$100 million, and use of 75% Ohio-sourced materials.
- Requires employment of at least 200 individuals in the structure upon completion.

CONTENT AND OPERATION

Community reinvestment area exemption

Under current law, remodeled and newly constructed structures located in a community reinvestment area (CRA) may qualify for an exemption from real property taxation. A CRA is an area, designated by the encompassing municipality or county, in which the municipality or county finds that housing or structures of historical significance exist and that new housing and repair of existing facilities or structures "are discouraged." The legislative authority of the municipality or county may exempt up to 100% of a new or remodeled structure's taxable value and may grant the exemption for up to 10, 12, or 15 years, depending on how the structure is used and whether it is new or remodeled.

The bill lengthens the maximum period for which new commercial or industrial structures may be exempted from 15 to 30 years, if certain conditions are met (see below). If the conditions are met, but a business occupying the structure has reduced

operations from elsewhere in the state within one year before or after first occupying the structure, the maximum permissible exemption period reverts to 15 years.

Statutory conditions

Current law requires a legislative authority seeking to establish a CRA to petition the Director of Development to confirm the legislative authority's findings with respect to conditions in the designated area. Under the bill, the legislative authority must obtain the Director's confirmation, and construction of the new structure must begin, within one year after the bill's effective date.

The bill requires the new commercial or industrial structure's construction to cost at least \$100 million and to necessitate employment of at least 100 individuals, 75% of whom must be Ohio residents. Seventy-five per cent of the materials used in the construction must be manufactured in Ohio or supplied by persons whose principal place of business is in Ohio. Upon the structure's completion, at least 200 new full-time employees must be employed there.

Agreement; school board approval

Under current law, if a structure is for commercial or industrial use, the legislative authority and the property owner must enter into an agreement containing such matters as a description of the property, the percentage of the taxable value to be exempted, the length of the exemption period, and other terms. The agreement must be approved by the affected school district, unless the school district waives its right to object to the CRA exemption or will receive taxes or compensation, or both, equal to at least 50% of the tax it would have received but for the exemption.

The bill requires the legislative authority and property owner to enter into an agreement as under current law, but the agreement is to incorporate the bill's terms in lieu of statutory terms otherwise applicable. The bill also requires school district approval as under current law.

HISTORY

ACTION	DATE
Introduced	10-13-09

h0309-i-128.docx/kl

