



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 217 of the 130th G.A.](#)

**Date:** May 21, 2014

**Status:** As Introduced

**Sponsor:** Reps. Butler and Burkley

**Local Impact Statement Procedure Required:** Yes

**Contents:** Requires reimbursement of police and fire levy revenue foregone because of creation of a tax increment financing incentive district

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- Municipal corporations, townships, and counties that created tax increment financing (TIF) incentive districts would be required by the bill to reimburse political subdivisions for police, fire, ambulance, and emergency medical service levy revenue foregone because of the districts.
- LSC does not have an estimate of the amount of these payments at this time.

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## Detailed Fiscal Analysis

H.B. 217 would require a political subdivision – a municipal corporation, township, or county – receiving service payments in lieu of taxes from a tax increment financing (TIF) incentive district to reimburse police and fire levy revenue foregone because of the TIF district. In current law, such reimbursement is required for various enumerated services,<sup>1</sup> and the bill would extend reimbursement to police and fire protection, as well as emergency medical and ambulance services, that are funded by taxes levied under R.C. 505.39 or divisions (I) or (J) of R.C. 5705.19.

Owners of property in a TIF district make service payments in lieu of, and equal in amount to, taxes that would otherwise be due on a portion of the value of improvements to that property for a specified period of years. The service payments are used to finance public infrastructure improvements in the district by the local government that granted the tax exemption. The taxes due on the portion of the value not exempted from taxation, and distributed to the various units of local government that levy taxes in the tax district where the parcel is located, are unaffected by the TIF.

Current law provides for two types of TIFs, parcel or project TIFs and TIF districts. The parcel or project TIFs include specified parcels. The TIF districts include all parcels within a specified area. The changes made by the bill would apply only to TIF districts.

Levies for police, fire, ambulance, and emergency medical services (EMS) accounted for around 5.3% of total property tax revenues in tax year 2013, of which the largest share was fire levies, in some cases including EMS.<sup>2</sup> This percentage might provide an indication of the portion of payments in lieu of taxes attributable to these types of levies. However, LSC does not at this time have data or an estimate of the amount of payments in lieu of taxes in the aggregate for TIF districts, or of the reimbursements for police and fire levies that would be required by the bill. The amount statewide could be sizable. In some cases the police or fire levies would be imposed by the same political subdivision that created the TIF district.

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<sup>1</sup> More precisely, this reimbursement is required for the increase in the rate levied, for renewal or replacement levies for the specified services approved on or after January 1, 2006, in TIF districts created on or after that date.

<sup>2</sup> Tax year 2012 data were used in these calculations for the taxable value of public utility tangible personal property, as tax year 2013 data are not yet posted on the Department of Taxation's website.