



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 212  
133<sup>rd</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 212's Bill Analysis](#)

**Version:** As Reported by Senate Ways & Means

**Primary Sponsor:** Sen. Schuring

**Local Impact Statement Procedure Required:** Yes

Philip A. Cummins, Senior Economist

### Highlights

- Municipal corporations and townships could exempt or partially exempt the value of new single-family homes and remodeling from property tax in neighborhood development areas.
- Real property tax revenue losses would potentially be substantial, possibly ranging to tens of millions of dollars, depending on program participation. Any such revenue losses would be permissive for the municipal corporation or township establishing the exemption, and for a school district for which the school board gave its approval, but not for other political subdivisions that lose revenue.

### Detailed Analysis

The bill would let municipal corporations and townships designate neighborhood development areas within which single-family homes under construction, newly occupied single-family homes, or improvements to existing single-family homes may be wholly or partly tax exempt. The tax-exempt portion of value or of the increment to value (for existing homes) is 70% or 100%; the latter requires school board approval. The neighborhood development areas could be designated for a specified number of years or indefinitely. The bill limits to no more than 300 acres (1) a neighborhood development area, and (2) two or more such areas that share a common boundary. It requires a neighborhood development area to have a continuous boundary. Property exempt under a tax increment financing agreement or part of a Community Reinvestment Area could not also be exempt under the neighborhood development area program.

To qualify for the exemption, a developer must build a "new residential neighborhood," defined by the bill to consist of single-family homes on at least ten adjacent parcels. The exemption lasts until the home is occupied. A qualifying owner-occupant of the single-family

home would then be eligible for exemption for ten years. The increased value of remodeled property would be eligible for exemption for five years, provided that the cost of the remodeling must be at least \$10,000 and the home must be occupied by its owner.

The bill requires the legislative authority of a municipal corporation or board of township trustees, before adopting a resolution or ordinance designating territory as a neighborhood development area, to conduct a hearing on the plan at three different regularly scheduled legislative authority sessions where the public attends. At least seven days prior to the first of these meetings, the legislative authority or board must send notice by certified mail to all governing boards of taxing units in which the proposed neighborhood development area would be located. The notice must indicate the date and time of each meeting and include information on the plan.

Additional details are in the bill analysis.

The revenue loss from this program is clearly indeterminate, but could be quite substantial. In 2019, for example, building permits were issued for construction in Ohio of nearly 16,000 new single-family homes valued at almost \$4.5 billion. The potential revenue loss could range into the tens of millions of dollars, if participation in the new program is widespread. Additional losses could result from the remodeling portion of the program. The loss would depend on the extent to which the legislative authorities of municipal corporations and townships create neighborhood development areas, as well as on the amount of new single-family development and remodeling in these areas. The losses would be permissive for the municipal corporations and townships establishing the areas, as well as for school districts in which boards of education concur with the tax exemption, but would not be permissive for other units of local government, e.g., county governments.

The Department of Taxation would incur costs to administer the program. The magnitude of these costs would depend on the extent of participation in the new program. Municipal corporations and townships would incur costs to create and administer neighborhood development areas, but such costs would be permissive.