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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

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Office

**H.B. 501**  
**134<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 501's Bill Analysis](#)

**Version:** As Reported by Senate Local Government and Elections

**Primary Sponsor:** Rep. Hall

**Local Impact Statement Procedure Required:** Yes

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### **Highlights**

- School districts and local governments may lose revenue because of new tax increment financing (TIF) property tax exemptions that the bill would allow townships to create.
- Townships, county auditors, and schools may incur costs for tax incentive review council scrutiny of these property tax exemptions.
- Counties, townships, and municipal corporations may incur some costs to regulate small solar facilities, as permitted by the bill. Any such costs would be at the discretion of the government entity.
- The bill provides authority for townships to use general funds for broadband expansion projects within unincorporated territory that did not receive funding under the Department of Development's Residential Broadband Expansion Grant Program.
- The Little Miami Joint Fire and Rescue District may earn additional investment revenue through the authority granted in the bill.

### **Detailed Analysis**

#### **Tax increment financing enhancement**

The bill extends to townships provisions of municipal tax increment financing (TIF) law. It allows a township engaged in redevelopment to declare any increase in value of real property subsequent to adoption of a resolution to be a public purpose. To qualify, the parcel must previously have been owned by the township, and must be leased or sold by the township to another person. Residential property in the township may qualify if it is in a blighted area.

The township may require annual service payments in lieu of taxes (PILOTs). TIF PILOTs generally are used for public infrastructure improvements, though they may also be used for payments to school districts and for housing renovations and certain exemptions. Payments are charged and collected in the same manner and amount as the real property taxes that would have been charged and payable if not for the tax exemption. PILOTs cannot be required after the date on which the township has been paid back in full for the public infrastructure improvements.

Generally, not more than 75% of the increase in property value may be tax-exempted, for up to ten years. Up to 100% of the value increase, for up to 30 years, may be exempted with board of education approval. Also, if the resolution creating the exemption provides for PILOTs to be paid to the school district where the parcel is located, in the amount of the taxes that would have been payable to the district but for the tax exemption, the percentage of the value increase that may be exempted from taxation may exceed 75%, for up to 30 years. These restrictions match those in current law governing TIFs created by municipalities.

Current law provides for a township public improvement tax increment equivalent fund, into which TIF PILOTs are to be deposited. The bill allows a township to create a redevelopment tax increment equivalent fund for PILOTs from the new provisions that the bill would enact. Money in this new fund could be used for purposes authorized in the resolution establishing the fund. The bill does not limit such purposes to public infrastructure improvements.

Creation of this new property tax exemption by the bill may result in revenue losses for school districts and local governments. The revenue losses would be discretionary for townships enacting them, but not for other affected government entities except school districts if they approve the exemptions. The amount of any such losses is uncertain.

## **Tax incentive review council**

Current law provides for tax incentive review councils for counties, townships, and municipal corporations that grant exemptions from certain taxes, including exemptions under TIF law. The bill extends the requirement for such a body to townships that exempt property from taxation under the provisions that the bill would enact. For a township, membership in the tax incentive review council includes the board of township trustees, the county auditor or the auditor's designee, and representatives of affected school districts. Townships, county auditors, and schools may incur costs for the required reviews.

## **Township governance**

The bill also provides a streamlined process for a township to donate unneeded property to nonprofits. This provision does not appear to have any fiscal effect.

## **Local jurisdiction of small solar facilities**

The bill permits counties, townships, and municipal corporations to regulate the location, erection, construction, reconstruction, change, alteration, maintenance, removal, use, or enlargement of any small solar facility. It defines "small solar facility" as solar panels and associated facilities with a single interconnection to the electrical grid and designed for, or capable of, operation at a capacity of less than 50 megawatts.

Local governments may incur some costs to regulate small solar facilities. However, any such expenditures would be discretionary for local governments that elect to exercise this authority.

## **Changes to law governing townships**

The bill includes permissive provisions affecting townships only. Any costs incurred related to these additional authorizations would be at the discretion of the townships.

### **Roth accounts and other nontax-deferred contributions**

The bill allows a board of township trustees, as part of a local government deferred compensation program, to establish a designated Roth account feature or any other feature for retirement savings account contributions that are subject to state and federal income taxes when made. This provision appears to have negligible, if any, fiscal effects on townships that choose to offer such programs.

### **Fiscal officer compensation and vacancy**

The bill allows a township fiscal officer's assistant to receive compensation allowable under a township's appropriation measure passed under R.C. 5705.38, which includes provision for needed supplemental appropriation measures, as an alternative to the amount allowable under an estimate of expenditures provided to the board of trustees, as under current law. This permissive change would let a township respond to changes subsequent to providing the board of trustees estimate.

The bill also allows a board of township trustees to appoint a deputy fiscal officer to fill the position of township fiscal officer if the office becomes vacant. This bill provision appears to have no fiscal effect.

### **Township use of general funds for broadband expansion**

The bill would allow a township to use general funds to support broadband expansion projects within its unincorporated territory that do not receive a grant under the Department of Development's Residential Broadband Expansion Grant Program. It also creates a process under which a "challenging provider" may challenge the expending of township general funds to support broadband expansion projects. Because this provision is permissive, any related costs incurred would be at the discretion of the township.

### **Little Miami Joint Fire and Rescue District**

The bill authorizes the treasurer or governing board that is a member of the Little Miami Joint Fire and Rescue District to invest all or part of the interim money in bonds or other obligations of the fire district of which it is a member. The bill also requires the fire district bonds and other obligations mature within 20 years. Finally, the bill exempts the treasurer or governing board from certain requirements of the Uniform Depository Act when investing this interim money from the Little Miami Joint Fire and Rescue District. Should the fire district exercise this authority, the district may be able to generate some additional investment revenue under this provision.