



# Ohio Legislative Service Commission

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## Bill Analysis

Sam Benham

### H.B. 13

131st General Assembly  
(As Introduced)

**Reps.** Butler and Burkley

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## BILL SUMMARY

- Requires reimbursement of police and fire levy revenue foregone because of the creation of a tax increment financing (TIF) incentive district, with the reimbursement to be made from proceeds of the service payments remitted by owners of property located in the incentive district TIF.

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## CONTENT AND OPERATION

### Overview of tax increment financing

Under continuing law, tax increment financing (TIF) is a mechanism available to municipalities, townships, and counties to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. TIFs operate by authorizing a county, municipal corporation, or township to grant a real property tax exemption with respect to the incremental increase in assessed valuation of designated parcels after the designation. Owners of the property make payments in lieu of taxes to the political subdivision that created the TIF equal to the amount of taxes that would otherwise have been paid with respect to the exempted improvements ("service payments"). TIFs thereby creates a flow of revenue back to the political subdivision that granted the tax exemption equal to the amount of property tax that otherwise would have been paid on the increased property value to finance infrastructure or residential rehabilitation projects.

A TIF may be comprised of specific parcels or may be what is called an "incentive district." An incentive district TIF is an aggregation of individual parcels in an area of not more than 300 acres that satisfies certain criteria of economic distress or inadequate infrastructure.

## Police and fire levy reimbursement

Under continuing law, some portion of the service payments must be paid to taxing authorities levying certain types of tax levies to reimburse them for the TIF tax exemption. The reimbursement equals the amount the taxing authorities would have received from the levies. These reimbursement payments are required only under certain conditions. The TIF must be an incentive district TIF created on or after January 1, 2006, and the reimbursed levy must be approved at an election held on or after that date. If the levy is a renewal or replacement of a levy originally imposed before that date, only an increase in effective millage is reimbursed. Finally, the levy must be for one of the following purposes:

- (1) Community mental retardation and developmental disabilities programs and services;
- (2) Senior citizens services or facilities;
- (3) County hospitals;
- (4) Alcohol, drug addiction, and mental health services;
- (5) Libraries;
- (6) Children services;
- (7) Zoological park services and facilities;
- (8) Township park districts;
- (9) Joint recreation district parks and recreational purposes;
- (10) Park district purposes;
- (11) Making appropriations for public assistance, human or social services, public relief, public welfare, public health and hospitalization, or support of general hospitals;
- (12) General health district programs.

The bill adds two additional levies for which such reimbursement payments must be made. In addition to the levies described above, payments must be made with



respect to levies for fire, emergency medical, and ambulance services and levies for police protection, emergency medical, and ambulance services.<sup>1</sup>

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## HISTORY

ACTION	DATE
Introduced	01-28-15

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<sup>1</sup> R.C. 5709.40(F), 5709.73(F), and 5709.78(E). Townships are authorized under R.C. 5705.19(JJ) to impose a combined levy for fire, police, emergency medical, and ambulance services, but that levy is not subject to service payment reimbursement under either current law or the bill.

