



Ohio Legislative Service Commission

Bill Analysis

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Sub. H.B. 12*

131st General Assembly
(As Reported by H. Ways & Means)

Reps. Butler and Burkley

BILL SUMMARY

- Allows the owner of a parcel of land to exclude the parcel from a tax increment financing incentive district, under specific circumstances, by submitting a written response to the political subdivision proposing the creation of the incentive district.
- Requires the political subdivision proposing the creation of an incentive district to include in its notice of public hearing a map of the proposed district on which the subdivision has delineated an "overlay," any parcels located wholly or partly outside of which qualify to be excluded from the district and the associated property tax exemption and payments in lieu of taxes.
- Requires the subdivision to amend its ordinance or resolution creating the incentive district to exclude any qualifying parcel for which a written response has been submitted.

CONTENT AND OPERATION

Process for excluding parcels of land from incentive district TIFs

The bill establishes a procedure by which landowners may exclude their real property from a tax increment financing incentive district. Under current law, a county, township, or municipal corporation may create such a district over an area of up to 300 acres, and all the parcels within the district are exempted from property taxation to the extent of any increases in value after the creation of the district, or some specified percentage of that increased value. Instead of owing property taxes on the increased

* This analysis was prepared before the report of the House Ways and Means Committee appeared in the House Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

value, landowners instead owe payments in lieu of taxes that are used to finance public infrastructure projects that serve property in the district and, in some cases, to reimburse local taxing units for the foregone property taxes. The political subdivision may apply for the tax exemption on behalf of the property owners without the owners' express consent.¹

For a landowner to exclude a parcel from an incentive district under the bill, the parcel must be wholly or partly located outside an "overlay" delineated on a map of the proposed district by the political subdivision's legislative authority proposing to create the district. An "overlay" is defined to be an area of not more than 300 acres that is a square, or that is a rectangle having two longer sides that are not more than twice the length of the two shorter sides.²

As under current law, the political subdivision proposing to create an incentive district and apply for property tax exemptions on behalf of real property owners will be required to conduct a public hearing before adopting the ordinance or resolution creating the district. Before holding the public hearing, the political subdivision must give notice of the hearing and of the proposed ordinance or resolution to every real property owner whose property is located within the proposed incentive district. The bill requires that the notice include a map of the proposed incentive district on which an overlay is delineated. The notice must inform the property owner of the owner's right to exclude the owner's property from the district if the owner's parcel is wholly or partly located outside the overlay. The notice must include information detailing the required contents of the response, the address to which the response may be mailed, and the deadline for submitting the response, which is 45 days after the postmark date on the notice.

A property owner whose parcel is wholly or partly located outside the overlay may exclude the parcel by submitting a written response to the political subdivision by the deadline. The response must be sent by first class mail or delivered in person at the public hearing, and must conform to any content requirements included in the notice. In the response, a property owner may identify a parcel by street address, by the manner in which it is identified in the ordinance, or by other means allowing the identity of the parcel to be ascertained.³

The bill requires the political subdivision to amend its ordinance or resolution to exclude any qualifying parcel for which a written response has been submitted. Under

¹ R.C. 5709.40(C), 5709.73(C), 5709.78(B), and 5709.911.

² R.C. 5709.40(A)(6) and (C), 5709.73(A)(5) and (C), 5709.77(G), and 5709.78(B).

³ R.C. 5709.40(C)(2), 5709.73(C)(2), and 5709.78(B)(2).



the bill, a political subdivision cannot file an application for property tax exemption for any such parcel, and payments in lieu of taxes may not be required from the owner of the parcel.⁴ But improvements to a parcel excluded from an incentive district under the bill's procedure may be exempted from taxation individually under any other section of the Revised Code under which the parcel qualifies, including the tax increment financing exemption that may be applied to parcels on an individual basis instead of as a district.⁵

HISTORY

ACTION	DATE
Introduced	01-28-15
Reported, H. Ways & Means	---

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⁴ R.C. 5709.40(C), 5709.73(C), 5709.78(B), and 5709.911(A).

⁵ R.C. 5709.40(B), 5709.73(B), and 5709.78(A).

