



OHIO LEGISLATIVE SERVICE COMMISSION

Final Analysis

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Sub. H.B. 500

132nd General Assembly
(As Passed by the General Assembly)

- Reps.** Carfagna, Arndt, Hambley, Hill, Lang, LaTourette, Patton, Schaffer, Seitz, Stein, Ginter, Anielski, Barnes, Blessing, Brenner, Brown, Craig, Dever, Duffey, Faber, Gavarone, Green, Henne, Holmes, Hoops, Hughes, T. Johnson, Keller, Landis, Leland, Lepore-Hagan, Manning, McClain, Miller, O'Brien, Patterson, Pelanda, Perales, Reineke, Riedel, Rogers, Ryan, Sheehy, West, Young, R. Smith
- Sens.** Uecker, Eklund, Gardner, Hackett, Hoagland, Hottinger, Lehner, Manning, O'Brien, Oelslager, Peterson, Terhar, Wilson

Effective date: March 22, 2019; appropriations effective December 21, 2018; authority to certify ballot issues electronically effective January 1, 2021

ACT SUMMARY

Township changes

- Requires a board of township trustees to select a chairperson annually.
- Eliminates the requirement that a township's annual inventory be filed with the county engineer.
- Increases, from \$2,500 to \$10,000, the obligations a board of township trustees may authorize its officers and employees to incur on behalf of the township.
- Increases, from \$5,000 to \$50,000, the amount of township funds that may be spent to erect a monument to commemorate members of the armed forces who died in service to the United States or Ohio.
- Authorizes a board of township trustees of a township that is an owner of an oil and gas well to comply with liability coverage requirements by participating in a joint self-insurance pool in accordance with the law governing those pools.

* This version updates the effective date.

- Specifies that when a petition to change the name of a township road is submitted to a board of county commissioners, the name of the road automatically changes unless the board adopts a resolution disapproving the petition within 60 days after receiving it.
- Prohibits a board of county commissioners from adopting a resolution to vacate a public road that is a township road unless the applicable board of township trustees has adopted a resolution approving the vacation.
- Requires a hearing for removal of a township zoning commission or township board of zoning appeals member to occur not later than 60 days after the charges are filed against the member, and allows a board of township trustees to suspend a member during that time.
- Specifies that a member of a township zoning commission or township board of zoning appeals who is suspended or removed may appeal the decision under the Local Government Administrative Appeals Law.
- Authorizes a board of township trustees to charge a fee against a person who appeals a zoning decision to the board of zoning appeals, to defray the cost of advertising, mailing, and other expenses.
- Makes permissive, only for limited home rule townships, the continuing requirement that a township submit a proposed zoning amendment or resolution to a planning commission for approval, disapproval, or suggestions.
- Allows a township to require reimbursement of township police, fire, emergency medical, and ambulance levy revenue foregone because of the creation of a township tax increment financing (TIF) incentive district.
- Authorizes certain townships to use TIF payment-in-lieu-of-tax revenue to pay the expenses of maintaining any infrastructure project that was financed with such revenue.

Miscellaneous

- Repeals provisions of law allowing the vacation of lots outside of a municipal corporation.
- Eliminates the requirement that the total acreage in certain new community districts be not less than 1,000 acres.
- Beginning in 2021, allows political subdivisions to certify to the board of elections, in electronic form, a question or issue to be placed on the ballot.



- Allows a political subdivision to levy a single property tax for a variety of capital expenses.

Appropriations

- Appropriates \$100,000 from the General Revenue Fund (GRF) in FY 2019 to the Attorney General to defray the costs of ongoing capital case litigation in Pike County.
- Increases by \$5.5 million the FY 2019 appropriation to the Ohio Police and Fire Pension Fund Board for S.B. 296's enhanced benefits to survivors of police officers and firefighters who die in the line of duty or from injuries sustained in the line of duty.
- Authorizes the Director of Budget and Management to transfer up to \$1 million from GRF to the State Employee Health Benefit Fund during FY 2019 to provide the state share of funding for those survivors who elect coverage under the state employee health benefit plan, as permitted by S.B. 296.

CONTENT AND OPERATION

Township law changes

Board of township trustees chairperson

The act requires a board of township trustees to select, at its first meeting each calendar year, a chairperson to serve for the year. If the position becomes vacant, the board must select another member to serve as chairperson.¹ Former law referenced the "chairperson" or "president" of a board of township trustees, but did not specifically require that one be selected. The act changes the "president" references to "chairperson."²

Inventory of supplies

Continuing law requires a board of township trustees to conduct an annual inventory of the township's materials, machinery, tools, and other supplies. The act eliminates the requirement that the inventory be filed with the county engineer. The

¹ R.C. 505.01.

² R.C. 505.482, 513.07, 513.071, 3375.121, and 3709.03.



inventory is a public record and must be filed with the township fiscal officer under continuing law.³

Officers' and employees' authority to incur debt

The act increases, from \$2,500 to \$10,000, the obligations a board of township trustees may authorize its officers and employees to incur on behalf of the township. Alternatively under continuing law, the board may authorize the township administrator to authorize officers and employees to incur up to that amount. Continuing law requires the board subsequently to adopt a formal resolution to approve any obligations an officer or employee incurs.⁴

Deceased veterans monument

Continuing law allows a board of township trustees to erect a monument to commemorate members of the armed forces who died in service to the United States or Ohio. The act increases the amount the board may expend for the monument from \$5,000 to \$50,000.⁵

Liability coverage for oil and gas wells

The act authorizes a board of township trustees of a township that is an owner of an oil and gas well to comply with the existing oil and gas well liability coverage requirements by participating in a joint self-insurance pool in accordance with the law governing those pools. Continuing law allows a board of county commissioners of a county that is an owner of an oil and gas well to comply with the oil and gas well liability coverage requirements in that manner.⁶

Township road name change

Under continuing law, if a board of county commissioners receives a petition from a county resident requesting a name change of a township road located within the immediate vicinity of a resident's property, the board, upon hearing and satisfaction of certain statutory findings, may adopt a resolution declaring the name of the road changed. Former law did not require the board to make a decision within any time frame.

³ R.C. 505.04.

⁴ R.C. 507.11.

⁵ R.C. 517.30.

⁶ R.C. 1509.07(A)(1)(b).



Under the act, if the board does not take action on the petition by adopting a resolution within 60 days of receiving the petition, either approving or denying the requested township road name, the name is automatically changed as requested in the petition. In other words, the default is an automatic approval of the name change in the absence of action by the board beyond 60 days. The board subsequently must submit notice that the name of the township road has changed to the county engineer, the county recorder, and the county auditor, all of whom must change their records accordingly, but still retain in some manner the old name of the road.⁷

Township approval before vacating a township road

The act prohibits a board of county commissioners from adopting a resolution to vacate a public road that is a township road unless the applicable board of township trustees has adopted a resolution approving the vacation.⁸ Under former law, a board of county commissioners, on its own initiative or by petition of persons located in the county and without township approval, may declare by resolution that a township road, or part of the road, be vacated.⁹

Zoning provisions

Removal of zoning commission or board of zoning appeals members

Members of a township zoning commission or a township board of zoning appeals may be removed under continuing law after a public hearing at which the member has an opportunity to be heard and to answer any charges against the member; to begin the removal process, written charges must be filed with board of township trustees. The act requires the hearing to occur not later than 60 days after the charges are filed; former law did not provide a timeframe. The act also authorizes a board of township trustees, upon approval of a majority of its members, to suspend a member during the period after the charges are filed but before the hearing occurs. The suspension is not considered a vacancy; therefore the member's position is not filled during the suspension. The act specifies that a member who is suspended or removed may appeal the suspension or removal under the Local Government Administrative Appeals Law.¹⁰

⁷ R.C. 5541.04.

⁸ R.C. 5553.04(B).

⁹ R.C. 5553.04(A).

¹⁰ R.C. 519.04 (zoning commission) and 519.13 (board of zoning appeals); R.C. Chapter 2506., not in the act.



Fee to file zoning appeal

The act authorizes a board of township trustees to impose, upon a person who appeals a zoning decision to the board of zoning appeals, a fee to defray the board's cost of advertising, mailing, and other expenses.¹¹

Regional planning commission approval

For limited home rule townships¹² only, the act makes permissive the continuing requirement that a township submit a proposed zoning amendment or resolution to a planning commission. As part of the process for evaluating a proposed zoning resolution or amendment, continuing law generally requires a township zoning commission to submit the proposed resolution or amendment to any county or regional planning commission in which the township is located. The planning commission approves, disapproves, or suggests changes to the proposed resolution or amendment. The act allows, rather than requires, the township zoning commission for a limited home rule township to submit the proposed resolution or amendment to the planning commission. If submitted, the planning commission provides its approval, disapproval, or suggestions as under continuing law.¹³

Tax Increment Financing

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 municipal corporation, township, or county 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 create 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.

¹¹ R.C. 519.15.

¹² See R.C. Chapter 504., not in the act. A township with a population of at least 2,500 can adopt a limited home rule government in accordance with specified procedures. Once a township has adopted a limited home rule government, the township may exercise the powers specified under R.C. 504.04.

¹³ R.C. 519.07 (proposed resolutions) and 519.12 (proposed amendments).



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 is enclosed by a continuous boundary and that satisfies certain criteria of economic distress or inadequate infrastructure.¹⁴

Police, fire, and EMS levy reimbursement in township TIF districts

The revenue from certain special-purpose tax levies may not be diverted by an incentive district TIF. Some portion of the service payments must be paid to the taxing authorities levying the special-purpose taxes to reimburse them for revenue foregone due to the tax exemption. The levies are not actually imposed on the exempted portion of the TIF property – that portion is legally tax-exempt – but the TIF service payments are paid to the taxing authority as if the levy were imposed instead of being diverted to the TIF fund.

The current special-purpose levy reimbursement payments are required only under certain conditions. Generally, 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;

¹⁴ R.C. 5709.40(A)(5).



(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;

(13) Fire and emergency medical services when a township provides such services in a municipal incentive district TIF created after March 22, 2018.¹⁵

Under the act, a township may elect to add township levies for police, fire, emergency medical, and ambulance service to the list of levies that must be reimbursed when a township incentive district TIF is created. Reimbursement payments would be required only if the resolution creating the incentive district is adopted on or after March 22, 2019 (the act's effective date), and only if the township requires such payments in its resolution.

As noted above, similar reimbursement payments are currently required only for township fire, emergency medical, and ambulance levies when the township provides such services in a municipal incentive district TIF. Neither ongoing law nor the act requires such payments for incentive district TIFs created by counties.¹⁶

Use of township TIF revenue from maintenance costs

The act allows certain townships to use TIF payment-in-lieu-of-tax revenue to pay the expenses of maintaining any infrastructure project that was financed with such revenue. Under continuing law, in addition to funding infrastructure projects, TIF revenue may be used for the continued maintenance of TIF-funded projects – but only if the project is a road or water or sewer line.¹⁷ The act expands this authority to allow the use TIF revenue for the maintenance of any type of infrastructure, but only for certain township TIFs.¹⁸

To qualify, a township's TIF must have been created before July 21, 1994, and the township must have a "hold-harmless" or "service" agreement with the affected school district. (Although the act does not specify the terms that such an agreement must have, elsewhere in the township TIF law a hold-harmless agreement is defined to mean an

¹⁵ R.C. 5709.40(F), 5709.73(F), and 5709.78(E). R.C. 5709.40 and 5709.78 are not amended by the act, as they concern municipality- and county-created TIFs.

¹⁶ R.C. 5709.73(F)(13).

¹⁷ R.C. 5709.40(A)(8), not in the act.

¹⁸ R.C. 5709.75(E).



agreement whereby the township reimburses the school district for all of the property tax revenue the school district would have received if property had not been made tax-exempt by the TIF arrangement.) The significance of the July 1994 date is that legislation making major revisions to the TIF law, S.B. 19 of the 122nd General Assembly, took effect July 22, 1994.

The provision extends to any infrastructure project funded by revenue from the township's TIF, including infrastructure that had not been identified when the TIF originally was created. (Generally, infrastructure to be financed with a TIF arrangement must be identified when the TIF is created, but a 2001 TIF law change permitted a township to amend a pre-S.B. 19 TIF to use payments in lieu of taxes to pay the cost of infrastructure that had not been identified when the TIF originally was created.¹⁹)

Vacation of lots outside a municipal corporation

The act repeals sections of law regarding the vacation of lots not within a municipal corporation. Former law (repealed by the act) allowed any person who owned land laid out in lots to vacate the lots by publishing notice in the newspaper; the county auditor was required to update the records accordingly and provide a certificate to the owner stating that the lots had been vacated.²⁰

New community authorities acreage

The act eliminates the requirement that the total acreage in certain new community districts be not less than 1,000 acres. Under former law, new community districts in which the developer was a private entity had to contain at least 1,000 acres unless the entire district was within a municipal corporation or more than 50% of the district was within a joint economic development district (JEDD). Under the act, those negating criteria *appear* to continue to apply to other aspects required for the total acreage included in this type of district.²¹

¹⁹ R.C. 5709.73(K).

²⁰ R.C. 711.25, 711.26, and 711.27.

²¹ R.C. 349.03. It *appears* as though a private developer (petitioner) need not own or control through leases of 75 years duration the total acreage if the acreage is within a municipal corporation or more than 50% of the district is within a JEDD. So it *appears* that a private developer who does not own or control the acreage seemingly can petition for the creation of a new community district, **but** the continuing definition of a "developer" in R.C. 349.01 (not in the act) **requires** a private developer to be an owner, etc. It is not clear that the remainder of the paragraph makes sense after the removal of the acreage limitation.

Certification of ballot issues and questions in electronic form

Former law required a political subdivision that certified a question or issue to a board of elections for placement on the ballot to do so in paper form, and prohibited a board of elections from accepting an electronic certification. The act removes that prohibition and allows the certification to be made, alternatively, in electronic form beginning in 2021.²²

Property tax for combined capital expenses

The act authorizes political subdivisions to levy a single property tax for a variety of capital expenses. The tax may be levied for a term of up to ten years.

Specifically, the act allows townships and municipal corporations to levy a tax for any combination of the following purposes: acquiring, constructing, or maintaining buildings and equipment for police, fire, and emergency medical services; constructing or repairing roads and bridges; and general infrastructure improvements.²³

For counties, the act authorizes a tax for any combination of the following expenses: constructing and repairing roads and bridges; maintaining and operating a county home, jail, detention facility, or sewage disposal facility; funding the county's share of the cost of operating schools, detention facilities, and forestry camps; preparing for flood defense; constructing and maintaining drainage improvements; establishing and operating a 9-1-1 system; acquiring, constructing, and maintaining county facilities; and acquiring or improving land.²⁴

Generally, under continuing law, a political subdivision may levy a tax for each of the purposes described above, but the levy must be limited to one such purpose. A subdivision may levy a tax to fund specific improvements, but only if the improvements can be included in a single bond issue.²⁵ In addition, a subdivision may levy a general tax for current expenses and use the proceeds from that tax to pay for infrastructure improvements. Currently, only school districts may levy a tax specifically for general permanent improvements.

Under the act, a subdivision that levies a tax for a combination of purposes must establish a "general capital and infrastructure fund" to receive all the proceeds of the

²² R.C. 3501.021 and Section 9 of the act.

²³ R.C. 5705.19(ZZ).

²⁴ R.C. 5705.19(AAA).

²⁵ R.C. 5705.19(F).



tax. The subdivision may set up separate accounts within the fund for the separate purposes for which the money will be used and may transfer money among those various accounts. Money in the fund cannot be used to pay the salaries or other compensation of subdivision officers or employees.²⁶

HISTORY

ACTION	DATE
Introduced	02-13-18
Reported, H. State & Local Gov't	05-29-18
Passed House (93-0)	06-27-18
Reported, S. Local Gov't, Public Safety & Veterans Affairs	12-04-18
Re-referred, S. Finance	12-12-18
Re-reported, S. Finance	12-13-18
Passed Senate (31-0)	12-13-18
House concurred in Senate amendments (84-1)	12-13-18

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²⁶ R.C. 5705.121.

