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H.B. 501
134th General Assembly

Fiscal Note & Local Impact Statement

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

Version: As Introduced

Primary Sponsor: Rep. Hall

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill may result in additional property tax revenue to municipal corporations, townships, and city, local, exempted village, cooperative education, or joint vocational school districts, to be used to pay the costs of employing school resource officers. These levies would be subject to voter approval.
- Municipal corporations, townships, and school districts, if placing a levy on a ballot, may incur costs from the county board of elections for their share of the cost of an election.
- 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.
- The bill contains provisions related to township governance that, overall, have little fiscal effect. These include expanding a township's authority to impose curfews during emergencies and the ability for a township to create a township preservation commission.

Detailed Analysis

Taxation to pay for school resource officers

A school resource officer is a peace officer with additional training who provides services to a school district including (a) assistance with the comprehensive emergency management plan required under R.C. 5502.262, and (b) any additional assigned responsibilities, which may include (i) providing a safe learning environment, (ii) providing valuable resources to school staff members, (iii) fostering positive relationships with students and staff, and (iv) developing strategies to resolve problems affecting youth and protecting all students.

The following provisions of the bill may result in additional tax revenues to school districts and to cities, villages, or townships, if approved by voters, to be used by schools for expenses of school resource officers. The amount of such revenue and expenditure increases appears indeterminate.

Municipal corporations, townships, and school districts, if placing a levy on a ballot, may incur costs from the county board of elections for their share of the cost of the election, including ballot costs and/or advertising. The share of the cost of elections is indeterminate.

School districts

Continuing law authorizes city, local, exempted village, cooperative education, or joint vocational school boards to levy property taxes, with voter approval, for the purpose of providing for school safety and security. School safety and security includes safety personnel services, which likely includes school resource officer services.

The bill authorizes school boards to levy a property tax, with voter approval, for the specific purpose of providing for school resource officers, as opposed to safety and security in general, if the school board determines the current ten-mill limitation is insufficient to fund school resource officers.

In tax year 2020, three school districts levied a total of \$1.2 million in taxes for school safety and security. The three school districts levying school safety and security taxes were Green Local School District in Summit County (\$858,000), Vermilion Local School District in Erie County (\$313,000), and Millcreek-West Unity Local School District in Williams County (\$60,000).

Municipal corporations and townships

The bill allows a city, village, or township to enact a property tax to pay the costs of contracting for the services of school resource officers. The need for such additional tax revenue must be certified by the board of education to municipal corporations or townships with territory in the school district, and imposition of the tax is subject to approval of voters. If the municipal corporation or township includes in its territory more than one school district, the resolution declaring the need for the tax must specify the apportionment of revenue from the tax to each such school district.

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 contains various other provisions related to township governance that might have some small overall fiscal effects. These include (1) adopting emergency resolutions that allow for conducting township meetings electronically and broadening curfew authority, and (2) allowing for the creation of township preservation commissions. There are two provisions that do not appear to have any fiscal effect. These include an alternative way for the township to cover the cost of removing snow and ice from undedicated roadways, as well as a streamlined process for the township to donate unneeded property to nonprofits.

Electronic meetings

The bill expands a township's authority during an emergency. Specifically, the bill allows township trustees to conduct and attend meetings via electronic means. The township's board of trustees must, however, provide public access to the electronic meeting. Providing the electronic access will likely entail little or no additional costs for units of government. Such authority was created by H.B. 197 of the 133rd General Assembly in 2020, and extended to July 1, 2021, by H.B. 404 of the 133rd General Assembly.

Township curfews during emergencies

The bill allows a township to issue a curfew that applies to all individuals within the unincorporated territory of the township during a declared emergency. Individuals older than

18 years of age who violate the curfew are subject to a fine of up to \$100 as specified in the resolution adopting the curfew. Those younger than 18 would be subject to a charge as an “unruly child” and subject to applicable sanctions under current law. If these curfews are issued, any additional penalty revenue generated from curfew violations would in all likelihood be quite minimal.

Township preservation commissions

A township could incur some new costs if it opted to establish a seven-member township preservation commission as allowed under the bill. The members of the commission would not be compensated. The commission would oversee efforts to protect the unique historical and architectural character of registered properties and advocate for their conservation. If a township preservation commission is created, then any alterations to a registered property would be subject to commission approval and issuance of a certificate allowing for the changes. Consequently, the township could incur some small cost for overseeing a historic preservation program.