



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Joe McDaniels

H.B. 69

132nd General Assembly
(As Introduced)

Reps. Cupp, Blessing, Dever, Hambley, Hill, Faber, Seitz

BILL SUMMARY

- Requires reimbursement of township fire and emergency medical service levy revenue foregone because of the creation of a municipal tax increment financing (TIF) incentive district.
 - Stipulates that the reimbursement requirement applies only if the township provides fire, emergency medical, or ambulance services in the incentive district.
 - Authorizes the board of trustees of such a township to waive the reimbursement requirement or to negotiate an agreement for partial reimbursement with the municipal corporation creating the 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 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.

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.¹

Special-purpose tax levies

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 TIF property – the property is legally tax-exempt – but the TIF service payments are paid to the taxing unit as if the levy were imposed instead of being diverted to the TIF fund.

Special-purpose levy 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;

¹ 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.²

Township fire and EMS levies

The bill adds township fire, emergency medical, and ambulance levies to those for which reimbursement payments must be made by a municipal incentive district TIF. Reimbursement payments would be required only if the township levying the tax provides fire, emergency medical, or ambulance services in the incentive district. The board of township trustees would be authorized to waive the reimbursement requirement or to negotiate an agreement for partial reimbursement with the municipal corporation creating the incentive district TIF.

Such reimbursement payments would not be required for incentive district TIFs created by counties.³

HISTORY

ACTION	DATE
Introduced	02-15-17

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² R.C. 5709.40(F), 5709.73(F), and 5709.78(E). R.C. 5709.73 and 5709.78, not in the bill.

³ R.C. 5709.40(F)(13).

