



OHIO LEGISLATIVE SERVICE COMMISSION

Philip A. Cummins

Fiscal Note & Local Impact Statement

Bill: H.B. 69 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Cupp

Local Impact Statement Procedure Required: Yes

Subject: Requires reimbursement of certain township fire and EMS levy revenue forgone due to creation of a municipal TIF district

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- Municipal corporations that created tax increment financing (TIF) incentive districts would be required by the bill to reimburse townships for fire and emergency medical service (EMS) levy revenue foregone because of the districts, but only if the townships provide the services in the districts. The amount of these payments is uncertain.
- Combined levies of townships for fire and EMS under R.C. 5705.19(JJ) would be subject to service payment reimbursements to the extent the proceeds are used for fire and EMS.
- Township trustees could waive these reimbursements or agree to less than full reimbursement.

Detailed Fiscal Analysis

H.B. 69 would require a municipal corporation receiving service payments in lieu of taxes from a tax increment financing (TIF) incentive district to reimburse levy revenue of a township forgone because of the TIF district, for levies to provide fire, emergency medical, and ambulance services. The requirement would apply only if the township provides these services in the incentive district. The change would be applicable in tax year 2017 and thereafter. Because real property taxes are paid a year in arrears, the change would affect revenues of municipal corporations and townships starting in fiscal year 2018.

In current law, such reimbursement is required for various enumerated services. The reimbursements are to be paid from the revenue generated by the service payments. The bill would extend reimbursement to fire protection, emergency medical,

and ambulance services, that are funded by taxes levied under R.C. 505.39 or division (I) of R.C. 5705.19. In addition, a combined levy of a township under R.C. 5705.19(JJ) would be subject to service payment reimbursement, but only to the extent that the proceeds are used for the purposes described in that section's division (I). More precisely, this reimbursement is required for the increase in the rate levied, for renewal, replacement, or additional levies for the specified services approved on or after January 1, 2006, in TIF districts created on or after that date.

The bill allows a board of township trustees to waive this reimbursement requirement or to negotiate with the municipal corporation that created the TIF district for a lesser amount of reimbursement.

Owners of property in a TIF district make service payments in lieu of, and equal in amount to, taxes that would otherwise be due on a portion of the value of improvements to that property for a specified period of years. The service payments are used to finance public infrastructure improvements in the district by the local government that granted the tax exemption. The taxes due on the portion of the value not exempted from taxation, and distributed to the various units of local government that levy taxes in the tax district where the parcel is located, are unaffected by the TIF.

Current law provides for two types of TIFs, parcel or project TIFs and TIF districts. The parcel or project TIFs include specified parcels. The TIF districts include all parcels within a specified area. The changes made by the bill would apply only to TIF districts.

Imposing an additional reimbursement requirement on municipal corporations for TIF agreements already in existence may require them to pay the reimbursements out of funds needed for other purposes. For example, subdivisions issue bonds to pay for improvements, and use service payment revenue to cover debt service and retire the bonds. Subdivisions considering creation of new TIFs could take account of the required additional reimbursement if the bill becomes law.

Levies for township fire, ambulance, and EMS accounted for at least \$482 million of total property tax revenues in tax year 2015, of which the largest share was fire levies, in some cases including EMS. However, the portion of this accounted for by payments in lieu of taxes in TIF districts, or the reimbursements that would be required by the bill, appears uncertain but could be sizable.