Am. Sub. H.B. 166
As Passed by the Senate

moved to amend as follows:


In line 150 of the title, after "195.02," insert "323.18,"

In line 232, after "317.321," insert "319.302,"; after "323.151, insert "323.155,"

In line 331, after "195.02," insert "323.18,"

After line 10995, insert:

"Sec. 319.302. (A)(1) Real property that is not intended primarily for use in a business activity shall qualify for a partial exemption from real property taxation. For purposes of this partial exemption, "business activity" includes all uses of real property, except farming; leasing property for farming; occupying or holding property improved with single-family, two-family, or three-family dwellings; leasing property improved with single-family, two-family, or three-family dwellings; or holding vacant land that the county auditor determines will be used for farming or to develop single-family, two-family, or three-family dwellings. For purposes of this partial exemption, "farming" does not include land used for the commercial production of timber that is receiving the tax benefit under section 5713.23"
or 5713.31 of the Revised Code and all improvements connected with such commercial production of timber.

(2) Each year, the county auditor shall review each parcel of real property to determine whether it qualifies for the partial exemption provided for by this section as of the first day of January of the current tax year.

(B) After complying with section 319.301 of the Revised Code, the county auditor shall reduce the remaining sums to be levied by qualifying levies against each parcel of real property that is listed on the general tax list and duplicate of real and public utility property for the current tax year and that qualifies for partial exemption under division (A) of this section, and against each manufactured and mobile home that is taxed pursuant to division (D)(2) of section 4503.06 of the Revised Code and that is on the manufactured home tax list for the current tax year, by ten per cent, to provide a partial exemption for that parcel or home. For the purposes of this division:

(1) "Qualifying levy" means a levy approved at an election held before September 29, 2013; a levy within the ten-mill limitation; a levy provided for by the charter of a municipal corporation that was levied on the tax list for tax year 2013; a subsequent renewal of any such levy; or a subsequent substitute for such a levy under section 5705.199 of the Revised Code.

(2) "Qualifying levy" does not include any replacement imposed under section 5705.192 of the Revised Code of any levy described in division (B)(1) of this section.

(C) Except as otherwise provided in sections 323.152, 323.158, 323.18, 505.06, and 715.263 of the Revised Code, the amount of the taxes remaining after any such reduction shall be the real and public utility property taxes charged and payable on
each parcel of real property, including property that does not qualify for partial exemption under division (A) of this section, and the manufactured home tax charged and payable on each manufactured or mobile home, and shall be the amounts certified to the county treasurer for collection. Upon receipt of the real and public utility property tax duplicate, the treasurer shall certify to the tax commissioner the total amount by which the real property taxes were reduced under this section, as shown on the duplicate. Such reduction shall not directly or indirectly affect the determination of the principal amount of notes that may be issued in anticipation of any tax levies or the amount of bonds or notes for any planned improvements. If after application of sections 5705.31 and 5705.32 of the Revised Code and other applicable provisions of law, including divisions (F) and (I) of section 321.24 of the Revised Code, there would be insufficient funds for payment of debt charges on bonds or notes payable from taxes reduced by this section, the reduction of taxes provided for in this section shall be adjusted to the extent necessary to provide funds from such taxes.

(D) The tax commissioner may adopt rules governing the administration of the partial exemption provided for by this section.

(E) The determination of whether property qualifies for partial exemption under division (A) of this section is solely for the purpose of allowing the partial exemption under division (B) of this section."

After line 11283, insert:

"Sec. 323.155. The tax bill prescribed under section 323.131 of the Revised Code shall indicate the net amount of taxes due following the reductions in taxes under sections 319.301, 319.302,
and 323.152, and 323.18 of the Revised Code.

Any reduction in taxes under section 323.152 of the Revised Code shall be disregarded as income or resources in determining eligibility for any program or calculating any payment under Title LI of the Revised Code.

Sec. 323.18. (A) As used in this section:

(1) A school district's "operating expenditure per pupil" means the total amount of revenue from state and federal sources spent by the district for operating expenses during the preceding fiscal year, divided by the district's average daily student enrollment as reported on the most recent report card issued for each district under section 3302.03 of the Revised Code.

(2) "Statewide average operating expenditure per pupil" means the sum of the operating expenditure per pupil of all school districts in the state, divided by the total number of school districts in the state.

(3) "Qualifying area" means any territory within both of the following:

(a) A school district with a formula ADM, as that term is defined in section 3317.02 of the Revised Code, of at least one thousand three hundred students and with an operating expenditure per pupil that is at least six thousand five hundred dollars greater than the statewide average operating expenditure per pupil;

(b) A village.

(4) "School district taxes charged and payable" means the taxes charged and payable from taxes levied by a school district on property located in a qualifying area and extended on the real
and public utility property tax list, after making the reduction
required by section 319.301 of the Revised Code but before the
reductions required by this section or section 319.302 or 323.152
of the Revised Code, and excluding levies charged for the purpose
of paying debt charges.

(5) "School district" means a city, local, or exempted
village school district as defined in sections 3311.02, 3311.03,
and 3311.04 of the Revised Code.

(B) Real property located within a qualifying area qualifies
for a partial exemption from real property taxation under this
section. On or before the first day of August of each year, the
county auditor shall determine the amount of the exemption to be
applied to each parcel of such real property, which shall be
computed as a reduction in taxes as follows:

(1) First, the auditor shall determine the "total qualifying
area reduction," which shall equal the difference obtained by
subtracting the amount described in division (B)(1)(b) of this
section from the amount described in division (B)(1)(a) of this
section:

(a) The total school district taxes charged and payable in
the qualifying area;

(b) The product obtained by multiplying (i) four times the
number of students residing in the qualifying area that are
enrolled in the school district located in the qualifying area by
(ii) the operating expenditure per pupil for the district.

(2) Second, the auditor shall determine the amount of the
reduction to be applied to each parcel, which shall equal the
product obtained by multiplying the amount described in division
(B)(2)(a) of this section by the amount described in division
(B) (2) (b) of this section:

(a) The total qualifying area reduction:

(b) A fraction, the numerator of which is the school district taxes charged and payable on the parcel for the tax year, and the denominator of which is the total school district taxes charged and payable in the qualifying area.

(C) The county auditor shall enter the amount of the reduction for each parcel on the general tax list of real and public utility property.

(D) Upon making the settlement of taxes collected on the general tax list and distributing the proceeds thereof, the county auditor and county treasurer shall apply the reduction authorized in this section only to the taxes distributed to the school district in the qualifying area. All other subdivisions in the qualifying area shall receive the same tax distribution as those subdivisions would have received without regard to the reduction. Upon receipt of tax distributions from the county treasurer, the treasurer of a school district for which taxes are reduced under this section shall reduce the amount of taxes credited to each of the school district's funds, other than bond retirement or other funds established for the payment of debt charges, in proportion to the amount of taxes otherwise payable to each of those funds."

In line 82822, after "317.321," insert "319.302,"; after "323.151," insert "323.155,"

After line 97573, insert:

"Section 757.____. The amendment or enactment by this act of sections 319.302, 323.155, and 323.18 of the Revised Code applies to tax year 2019 and thereafter."
The motion was __________ agreed to.

**SYNOPSIS**

**School district property tax reduction for certain property**

R.C. 319.302, 323.155, and 323.18; Section 757.___

Authorizes a property tax reduction for certain property owners whose taxes comprise a relatively high proportion of a school district's operating expenses. To qualify, the property must be located in both a village and in a school district with an enrollment of at least 1,300 students (a "qualifying area"). The provision caps the amount of school district property taxes paid by the property owners in the qualifying area at four times the operating expenses the district paid in the previous year on account of the students who reside in the qualifying area.