A BILL

To amend sections 715.72, 715.79, 715.80, 715.81, 715.82, 715.83, 5709.61, 5709.82, 5733.06, 5733.41, 5709.634, 5747.02, and 5747.41, to enact section 5709.634, and to repeal sections 715.73, 715.74, 715.75, 715.76, 715.761, 715.77, 715.771, and 715.78 of the Revised Code to revise the law governing the creation and operation of joint economic development districts (JEDDs) and enterprise zones.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 715.72, 715.79, 715.80, 715.81, 715.82, 715.83, 5709.61, 5709.82, 5733.06, 5733.41, 5747.02, and 5747.41 be amended and section 5709.634 of the Revised Code be enacted to read as follows:

Sec. 715.72. (A) As used in sections 715.72 to 715.81 of the Revised Code this section:

(1) "Contracting parties" means one or more municipal corporations, one or more townships, and, under division (D) of
this section, one or more counties that have entered into a contract under this section to create a joint economic development district.

(2) "District" means a joint economic development district created under sections 715.72 to 715.81 of the Revised Code this section.

(3) "Contract for utility services" means a contract under which a municipal corporation agrees to provide to a township or another municipal corporation water, sewer, electric, or other utility services necessary to the public health, safety, and welfare.

(4) "Business" means a sole proprietorship, a corporation for profit, a pass-through entity as defined in section 5733.04 of the Revised Code, the federal government, the state, the state's political subdivisions, a nonprofit organization, or a school district.

(5) "Owner" means a partner of a partnership, a member of a limited liability company, a majority shareholder of an S corporation, a person with a majority ownership interest in a pass-through entity, or any officer, employee, or agent with authority to make decisions legally binding upon a business.

(6) "Record owner" means the person or persons in whose name a parcel is listed on the tax list or exempt list compiled by the county auditor under section 319.28 or 5713.08 of the Revised Code.

(7) A business "operates within" a district if the net profits of the business or the income of employees of the business would be subject to an income tax levied within the district.
(8) An employee is "employed within" a district if any portion of the employee's income would be subject to an income tax levied within the district.

(B) Sections 715.72 to 715.81 of the Revised Code provide alternative procedures and requirements to those set forth in sections 715.70 and 715.71 of the Revised Code for creating and operating a joint economic development district. Sections 715.72 to 715.81 of the Revised Code apply to municipal corporations and townships that are located in the same county or in adjacent counties.

(C) One or more municipal corporations, one or more townships, and, under division (D) of this section, one or more counties may enter into a contract pursuant to which they create designated one or more areas as a joint economic development district one or more areas for the purpose of facilitating economic development and redevelopment, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in this state and in the area of the contracting parties.

(1) Except as otherwise provided in division (C)(2) of this section, the territory of each of the contracting parties shall be contiguous to the territory of at least one other contracting party, or contiguous to the territory of a township, municipal corporation, or county that is contiguous to another contracting party, even if the intervening township or municipal corporation is not a contracting party.

(2) Contracting parties that have entered into a contract under section 715.70 or 715.71 of the Revised Code creating a joint economic development district prior to November 15, 1995, may enter into a contract under this section even if the
territory of each of the contracting parties is not contiguous to the territory of at least one other contracting party, or contiguous to the territory of a township or municipal corporation that is contiguous to another contracting party as otherwise required under division (C)(1) of this section. The contract and district shall meet the requirements of sections 715.72 to 715.81 of the Revised Code this section.

(D) If, on or after the effective date of this amendment December 30, 2008, but on or before June 30, 2009, one or more municipal corporations and one or more townships enter into a contract or amend an existing contract under this section, one or more counties in which all of those municipal corporations or townships are located also may enter into the contract as a contracting party or parties.

(E)(1) The area or areas to be included in a joint economic development district shall meet all of the following criteria:

(a) The area or areas shall be located within the territory of one or more of the contracting parties and may consist of all of the territory of any or all of the contracting parties.

(b) No electors, except those residing in a mixed-use facility, shall reside within the area or areas on the effective date of the contract creating the district. For the purposes of this division, "mixed-use facility" means a building used concurrently for both residential and commercial or industrial purposes. A building is a "mixed-use facility" even if there are no businesses currently operating within the building if the building is zoned for a commercial or industrial use and the owner or lessee of the building is in the process of preparing
the building for such use or seeking a commercial or industrial occupant.

(c) The area or areas shall not include any parcel of land owned in fee by or leased to a municipal corporation or township, unless the municipal corporation or township is a contracting party or has given its consent to have the parcel of land included in the district by the adoption of an ordinance or resolution.

(2) The contracting parties may designate excluded parcels within the boundaries of the joint economic development district. Excluded parcels are not part of the district and persons employed or residing on such parcels shall not be subject to any income tax imposed within the district under division (F)(5) of this section.

(F)(1) The contract creating a joint economic development district shall provide for the amount or nature of the contribution of each contracting party to the development and operation of the district and may provide for the sharing of the costs of the operation of and improvements for the district. The contributions may be in any form to which the contracting parties agree and may include, but are not limited to, the provision of services, money, real or personal property, facilities, or equipment.

(2) The contract may provide for the contracting parties to share revenue from taxes levied by one or more of the contracting parties if those revenues may lawfully be applied to that purpose under the legislation by which those taxes are levied.

(3) The contract shall include an economic development
plan for the district that consists of a schedule for the provision of new, expanded, or additional services, facilities, or improvements. The contract may provide for expanded or additional capacity for or other enhancement of existing services, facilities, or improvements.

(4) The contract shall enumerate the specific powers, duties, and functions of the board of directors of the district described under division (P) of this section and shall designate procedures consistent with that division for appointing members to the board. The contract shall enumerate rules to govern the board in carrying out its business under this section.

(5)(a) The contract may grant to the board the power to adopt a resolution to levy an income tax within the entire district or within portions of the district designated by the contract. The income tax shall be used to carry out the economic development plan for the district or the portion of the district in which the tax is levied and for any other lawful purpose of the contracting parties pursuant to the contract, including the provision of utility services by one or more of the contracting parties.

(b) An income tax levied under this section shall be based on both the income earned by persons employed or residing within the district and the net profit of businesses operating within the district.

The income tax levied within the district is subject to Chapter 718. of the Revised Code, except that no vote shall be required. The rate of the income tax shall be no higher than the highest rate being levied by a municipal corporation that is a contracting party.
(c) If the board adopts a resolution to levy an income tax, it shall enter into an agreement with a municipal corporation that is a contracting party to administer, collect, and enforce the income tax on behalf of the district.

(d) A resolution levying an income tax under this section shall require the contracting parties to annually set aside a percentage, to be stated in the resolution, of the amount of the income tax collected for the long-term maintenance of the district.

(e) An income tax levied under this section shall apply in the district or the portion of the district in which the contract authorizes an income tax throughout the term of the contract creating the district. The tax shall not apply to any persons employed or residing on a parcel excluded from the district under division (E)(2) of this section.

(f) If there is unincorporated territory in the district, the contract shall specify that restrictions on annexation proceedings under division (R) of this section apply to such unincorporated territory. The contract may prohibit proceedings under Chapter 709. of the Revised Code proposing the annexation to, merger of, or consolidation with a municipal corporation that is a contracting party of any unincorporated territory within a township that is a contracting party during the term of the contract regardless of whether that territory is located within the district.

(G) The contract creating a joint economic development district shall continue in existence throughout its term and shall be binding on the contracting parties and on any parties succeeding to the contracting parties, whether by annexation, merger, or consolidation. Except as provided in division (H) of
this section, the contract may be amended, renewed, or terminated with the approval of the contracting parties or any parties succeeding to the contracting parties. If the contract is amended to add or remove an area to or from an existing district, the amendment shall be adopted in the manner prescribed under division (L) of this section.

(H) If two or more contracting parties previously have entered into a separate contract for utility services, then amendment, renewal, or termination of the separate contract for utility services shall not constitute any part of the consideration for the contract creating a joint economic development district. A contract creating a joint economic development district shall be rebuttably presumed to violate this division if it is entered into within two years prior or five years subsequent to the amendment, renewal, or termination of a separate contract for utility services that two or more contracting parties previously have entered into. The presumption stated in this division may be rebutted by clear and convincing evidence of both of the following:

(1) That other substantial consideration existed to support the contract creating a joint economic development district;

(2) That the contracting parties entered into the contract creating a joint economic development district freely and without duress or coercion related to the amendment, renewal, or termination of the separate contract for utility services.

A contract creating a joint economic development district that violates this division is void and unenforceable.

(I)(1) Before the legislative authority of any of the
contracting parties adopts an ordinance or resolution approving a contract to create a district, the legislative authority of each of the contracting parties shall hold a public hearing concerning the contract and district. Each legislative authority shall provide at least thirty days' public notice of the time and place of the public hearing in a newspaper of general circulation in the municipal corporation, township, or county, as applicable. During the thirty-day period prior to the public hearing and until the date that an ordinance or resolution is adopted under division (K) of this section to approve the joint economic development district contract, all of the following documents shall be available for public inspection in the office of the clerk of the legislative authority of a municipal corporation and county that is a contracting party and in the office of the fiscal officer of a township that is a contracting party:

(a) A copy of the contract creating the district, including the economic development plan for the district and the schedule for the provision of new, expanded, or additional services, facilities, or improvements described in division (F)(3) of this section;

(b) A description of the area or areas to be included in the district, including a map in sufficient detail to denote the specific boundaries of the area or areas and to indicate any zoning restrictions applicable to the area or areas, and the parcel number, provided for under section 319.28 of the Revised Code, of any parcel located within the boundaries of the joint economic development district and excluded from the district under division (E)(2) of this section;

(c) If the contract authorizes the board of directors of
the district to adopt a resolution to levy an income tax within
the district or within portions of the district, a schedule for
the collection of the tax.

(2) A public hearing held under this division shall allow
for public comment and recommendations on the contract and
district. The contracting parties may include in the contract
any of those recommendations prior to approval of the contract.

(J) Before any of the contracting parties approves a
contract under division (K) of this section, the contracting
parties shall circulate one or more petitions to record owners
of real property located within the proposed joint economic
development district and owners of businesses operating within
the proposed district. The petitions shall state that all of the
documents described in divisions (I)(1)(a) to (c) of this
section are available for public inspection in the office of the
clerk of the legislative authority of each municipal corporation
and county that is a contracting party or the office of the
fiscal officer of each township that is a contracting party. The
petitions shall clearly indicate that, by signing the petition,
the record owner or owner consents to the proposed joint
economic development district.

A contracting party may send written notice of the
petitions by certified mail with return receipt requested to the
last known mailing addresses of any or all of the record owners
of real property located within the proposed district or the
owners of businesses operating within the proposed district. A
record owner of real property or an owner of a business that
signs to accept delivery of the notice and does not respond to
the contracting party within thirty days of the date the notice
was sent is deemed to have signed the petitions for the purposes
(K)(1) After the public hearings required under division (I) of this section have been held and the petitions described in division (J) of this section have been signed by the majority of the record owners of real property located within the proposed joint economic development district and by a majority of the owners of businesses, if any, operating within the proposed district, each contracting party may adopt an ordinance or resolution approving the contract to create a joint economic development district. Not later than ten days after all of the contracting parties have adopted ordinances or resolutions approving the district contract, each contracting party shall give notice of the proposed district to all of the following:

(a) Each record owner of real property to be included in the district and in the territory of that contracting party who did not sign the petitions described in division (J) of this section and who was not deemed to have signed the petitions pursuant to that division;

(b) An owner of each business operating within the district and in the territory of that contracting party no owner of which signed the petitions described in division (J) of this section or was deemed to have signed the petitions under that division.

(2) Such notices shall be given by certified mail and shall specify that the property or business is located within an area to be included in the district and that all of the documents described in divisions (I)(1)(a) to (c) of this section are available for public inspection in the office of the clerk of the legislative authority of each municipal corporation and county that is a contracting party or the office of the...
fiscal officer of each township that is a contracting party.

(L)(1) The contracting parties may amend the joint economic development district contract to add any area that was not originally included in the district if the area satisfies the criteria prescribed under division (E) of this section. The contracting parties may also amend the district contract to remove any area originally included in the district or exclude one or more parcels located within the district pursuant to division (E)(2) of this section.

(2) An amendment adding an area to a district, removing an area from the district, or excluding one or more parcels from the district may be approved only by a resolution or ordinance adopted by each of the contracting parties. The contracting parties shall conduct public hearings on the amendment and provide notice in the manner required under division (I) of this section for original contracts. The contracting parties shall make available for public inspection a copy of the amendment, a description of the area to be added, removed, or excluded to or from the district, and a map of that area in sufficient detail to denote the specific boundaries of the area and to indicate any zoning restrictions applicable to the area.

(3) Before adopting a resolution or ordinance approving the addition of an area to the district, the contracting parties shall circulate petitions to the record owners of real property located within the proposed addition to the district and owners of businesses operating within the proposed addition to the district in the same manner required under division (J) of this section for original contracts. The contracting parties may notify such record owners of real property and owners of businesses that the petitions are available for signing and deem...
nonresponsive record owners of real property and owners of businesses to have signed the petitions in the same manner provided by that division.

(4) The contracting parties to a joint economic development district may vote to approve an amendment to the district contract under this division after the public hearings required under division (L)(2) are completed and, if the amendment adds an area or areas to the district, the petitions required under division (L)(3) of this section have been signed by the majority of record owners of real property located within the area or areas added to the district and by a majority of the owners of businesses, if any, operating within the proposed addition to the district.

(5) Not later than ten days after all of the contracting parties have adopted ordinances or resolutions approving an amendment adding one or more areas to the district, each contracting party shall give notice of the addition to all of the following:

(a) Each record owner of real property to be included in the addition to the district and in the territory of that contracting party who did not sign the petitions described in division (L)(3) of this section and who was not deemed to have signed the petitions pursuant to that division;

(b) An owner of each business operating within the addition to the district and in the territory of that contracting party no owner of which signed the petitions described in division (L)(3) of this section or was deemed to have signed the petitions under that division.

(M)(1) A board of township trustees that is a party to a
contract creating a joint economic development district may choose not to submit its resolution approving the contract to the electors of the township if all of the following conditions are satisfied:

(a) The resolution has been approved by a unanimous vote of the members of the board of township trustees or, if a county is one of the contracting parties under division (D) of this section, the resolution has been approved by a majority vote of the members of the board of township trustees;

(b) The contracting parties have circulated petitions as required under division (J) of this section and obtained the signatures required under division (L) of this section;

(c) The territory to be included in the proposed district is zoned in a manner appropriate to the function of the district.

(2) If the board of township trustees has not invoked its authority under division (M)(1) of this section, the board, at least ninety days before the date of the election, shall file its resolution approving the district contract with the board of elections for submission to the electors of the township for approval at the next succeeding general, primary, or special election.

(3) Any contract creating a district in which a board of township trustees is a party shall provide that the contract is not effective before the thirty-first day after its approval, including approval by the electors of the township if required by this section.

(4) If the board of township trustees invokes its authority under division (M)(1) of this section and does not
submit the district contract to the electors for approval, the
resolution of the board of township trustees approving the
ccontract is subject to a referendum of the electors of the
township when requested through a petition. When signed by ten
per cent of the number of electors in the township who voted for
the office of governor at the most recent general election, a
referendum petition asking that the resolution be submitted to
the electors of the township may be presented to the board of
township trustees. Such a petition shall be presented within
thirty days after the board of township trustees adopts the
resolution approving the district contract. The board of
township trustees shall, not later than four p.m. of the tenth
day after receipt of the petition, certify the text of the
resolution to the board of elections. The board of elections
shall submit the resolution to the electors of the township for
their approval or rejection at the next general, primary, or
special election occurring at least ninety days after
certification of the resolution.

(N) The ballot respecting a resolution to create a
district or a referendum of such a resolution shall be in the
following form:

"Shall the resolution of the board of township trustees
approving the contract with ............... (here insert name of
every other contracting party) for the creation of a joint
economic development district be approved?

FOR THE RESOLUTION AND CONTRACT
AGAINST THE RESOLUTION AND CONTRACT

If a majority of the electors of the township voting on
the issue vote for the resolution and contract, the resolution
shall become effective immediately and the contract shall go into effect on the thirty-first day after the election or thereafter in accordance with terms of the contract.

(O) Upon the creation of a district under this section, one of the contracting parties shall file a copy of each of the following documents with the director of development services:

(1) All of the documents described in divisions (I)(1)(a) to (c) of this section;

(2) Certified copies of the ordinances and resolutions of the contracting parties relating to the contract and district;

(3) Documentation from each contracting party that the public hearings required by division (I) of this section have been held, the date of the hearings, and evidence that notice of the hearings was published as required by that division;

(4) A copy of the signed petitions required under divisions (J) and (K) of this section.

(P) A board of directors shall govern each district created under this section.

(1) If there are businesses operating and persons employed within the district, the board shall be composed of the following members:

(a) One member representing the municipal corporations that are contracting parties;

(b) One member representing the townships that are contracting parties;

(c) One member representing the owners of businesses operating within the district;
(d) One member representing the persons employed within the district;

(e) One member representing the counties that are contracting parties, or, if no contracting party is a county, one member selected by the members described in divisions (P)(1)(a) to (d) of this section.

The members of the board shall be appointed as provided in the district contract. Of the members initially appointed to the board, the member described in division (P)(1)(a) of this section shall serve a term of one year; the member described in division (P)(1)(b) of this section shall serve a term of two years; the member described in division (P)(1)(c) of this section shall serve a term of three years; and the members described in divisions (P)(1)(d) and (e) of this section shall serve terms of four years. Thereafter, terms for each member shall be for four years, each term ending on the same day of the same month of the year as did the term that it succeeds. A member may be reappointed to the board, but no member shall serve more than two consecutive terms on the board.

The member described in division (R)(1)(e) of this section shall serve as chairperson of the board described under division (P)(1) of this section.

(2) If there are no businesses operating or persons employed within the district, the board shall be composed of the following members:

(a) One member representing the municipal corporations that are contracting parties;

(b) One member representing the townships that are contracting parties:
(c) One member representing the counties that are contracting parties, or if no contracting party is a county, one member selected by the members described in divisions (P)(2)(a) and (b) of this section.

The members of the board shall be appointed as provided in the district contract. Of the members initially appointed to the board, the member described in division (P)(2)(a) of this section shall serve a term of one year; the member described in division (P)(2)(b) of this section shall serve a term of two years; and the member described in division (P)(2)(c) of this section shall serve a term of three years. Thereafter, terms for each member shall be for four years, each term ending on the same day of the same month of the year as did the term that it succeeds. A member may be reappointed to the board, but no member shall serve more than two consecutive terms on the board.

The member described in division (P)(2)(c) of this section shall serve as chairperson of a board described under division (P)(2) of this section.

(3) A board described under division (P)(1) or (2) of this section has no powers except as described in this section and in the contract creating the district.

(4) Membership on the board of directors of a joint economic development district created under this section is not the holding of a public office or employment within the meaning of any section of the Revised Code prohibiting the holding of other public office or employment. Membership on such a board is not a direct or indirect interest in a contract or expenditure of money by a municipal corporation, township, county, or other political subdivision with which a member may be affiliated. Notwithstanding any provision of law to the contrary, no member...
of a board of directors of a joint economic development district shall forfeit or be disqualified from holding any public office or employment by reason of membership on the board.

(5) The board of directors of a joint economic development district is a public body for the purposes of section 121.22 of the Revised Code. Chapter 2744. of the Revised Code applies to such a board and the district.

(Q)(1) On or before the date occurring six months after the effective date of the district contract, an owner of a business operating within the district may, on behalf of the business and its employees, apply to the director of development services for exemption from any income tax imposed by the board of directors of the district under division (F)(5) of this section if all of the following apply:

(a) The business operated within an unincorporated area of the district before the effective date of the district contract;

(b) No owner of the business signed or was deemed to have signed a petition described in division (J) of this section;

(c) Neither the business nor its employees has derived or will derive any material benefit from the new, expanded, or additional services, facilities, or improvements described in the economic development plan for the district, or the material benefit that has, or will be, derived is negligible in comparison to the income tax revenue generated from the net profits of the business and the income of employees of the business.

The application shall be made in the manner prescribed by the director for that purpose. The owner of the business shall submit to the director, along with the application,
documentation sufficient to prove that the owner sent copies of
the application to the legislative authority of each contracting
party. The director shall not accept any application received
more than six months after the effective date of the district
contract.

(2) Any or all of the contracting parties may submit a
written response to the application submitted under division (Q)
(1) of this section to the director at any time before the
director makes a determination with respect to the application.
Such a contracting party shall submit to the director, along
with the response, documentation sufficient to prove that the
owner sent copies of the response to the owner of the business
who submitted the application.

(3) The director shall review each application submitted
by a business owner under division (Q)(1) of this section and
each response submitted by a contracting party under division
(Q)(2) of this section. In addition, the director may conduct a
hearing on the application and request the presence of the
business owner and the contracting parties to present evidence
relevant to the application. The director shall make a
determination on the application not sooner than thirty days but
not later than sixty days after receiving the application from
the business owner. The director may make a determination more
than sixty days after receiving the application if the business
owner and all contracting parties to the district consent.

(4) The director shall grant the exemption applied for
under division (Q)(1) of this section if all of the criteria
described in divisions (Q)(1)(a) through (c) of this section are
met.

(5) If the criteria described in divisions (Q)(1)(a)
through (c) of this section are not met, the director shall deny the application for exemption.

(6) The director shall send notice of the determination with respect to the application to the owner of the business and each contracting party. If the director approves the application granting the exemption, the net profits of the business from operations within the district and the income of its employees from employment within the district are exempt from any income tax imposed by the board of directors of the district. If the director denies the application, the net profits of the business and the income of its employees shall be taxed according to the terms of the district contract and no owner of the business may submit another application for exemption under division (Q)(1) of this section for the same district contract. This division does not prohibit the business owner from appealing the director's determination under division (R) of this section.

(7) The director shall adopt any rules necessary to implement division (Q) of this section in accordance with Chapter 119. of the Revised Code.

(R)(1) The director's determination with respect to an application for exemption under division (Q) of this section may be appealed to the court of common pleas of the county in which the majority of the territory of the joint economic development district is located. The applicant business owner or any of the contracting parties may initiate the appeal by filing a notice of appeal with the court and with the director within thirty days after notice of the director's determination is sent as provided in division (Q)(6) of this section.

(2) If the appellant is the business owner, the contracting parties shall be made appellees and notice of the
appeal shall be served upon them by certified mail unless waived. If the appellant is a contracting party, the business owner shall be made an appellee and notice of the appeal shall be served upon the business owner and all other contracting parties by certified mail unless waived.

(3) Within thirty days after notice of appeal has been filed with the director, the director shall certify to the court the business owner's application for exemption, any responses to the application submitted by contracting parties, and a transcript of the record of any hearing on the application.

(4) The court may hear the appeal on the record and the evidence thus submitted, or it may hear and consider additional evidence. The court shall evaluate the appeal based on the reasonableness of the director's determination. If the court determines that the director's determination was reasonable, the court shall uphold it. If the court determines that the director's determination was not reasonable, the court shall reverse it. The court shall send notice of its determination to the director, the appellant, and the appellees. The court's determination on the appeal is final.

(S) (1) No proceeding pursuant to Chapter 709 of the Revised Code that proposes the annexation to, merger of, or consolidation with a municipal corporation of any unincorporated territory within a joint economic development district may be commenced at any time between the effective date of the contract creating the district and the date the contract expires, terminates, or is otherwise rendered unenforceable. This division does not apply if each board of township trustees whose territory is included within the district and whose territory is proposed to be annexed, merged, or consolidated adopts a
resolution consenting to the commencement of the proceeding. Each such board of township trustees shall file a copy of the resolution with the clerk of the legislative authority of each county within which a contracting party is located.

(2) The contract creating a joint economic development district may prohibit any annexation proceeding by a contracting municipal corporation of any unincorporated territory within the district or zone beyond the period described in division (S)(1) of this section.

(3) No contracting party is divested or relieved of its rights or obligations under the contract creating a joint economic development district because of annexation, merger, or consolidation.

(T) Contracting parties may enter into agreements pursuant to the contract creating a joint economic development district with respect to the substance and administration of zoning and other land use regulations, building codes, permanent public improvements, and other regulatory and proprietary matters determined to be for a public purpose. No contract, however, shall exempt the territory within the district from the procedures of land use regulation applicable pursuant to municipal corporation, township, and county regulations, including, but not limited to, zoning procedures.

(U) The powers granted under this section are in addition to and not in the derogation of all other powers possessed by or granted to municipal corporations, townships, and counties pursuant to law.

(1) When exercising a power or performing a function or duty under a contract entered into under this section, a
municipal corporation may exercise all the powers of a municipal corporation, and may perform all the functions and duties of a municipal corporation, within the district, pursuant to and to the extent consistent with the contract.

(2) When exercising a power or performing a function or duty under a contract entered into under division (D) of this section, a county may exercise all of the powers of a county, and may perform all the functions and duties of a county, within the district pursuant to and to the extent consistent with the contract.

(V) No political subdivision shall grant any tax exemption under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 5709.632 of the Revised Code on any property located within the district without the consent of all the contracting parties. The prohibition against granting a tax exemption under this section does not apply to any exemption filed, pending, or approved before the effective date of the contract entered into under this section.

Sec. 715.79. (A) No annexation proceeding pursuant to Chapter 709. of the Revised Code that proposes the annexation to, merger of, or consolidation with a municipal corporation of any unincorporated territory within a joint economic development district, or joint economic development zone that is subject to division (I)(2) of section 715.691 of the Revised Code, shall be commenced for a period of three years after the contract creating the district or zone is approved by the majority of the electors under section 715.77 or 715.691 of the Revised Code. This division does not apply if the contract is terminated during this period or if each board of township trustees whose territory is included within the district or zone and whose
territory is proposed to be annexed, merged, or consolidated adopts a resolution consenting to the commencement of the proceeding. Each such board of township trustees shall file a copy of the resolution with the clerk of the legislative authority of each county within which a contracting party is located.

(B) The contract creating a joint economic development district, or joint economic development zone that is subject to division (I)(2) of section 715.691 of the Revised Code may prohibit any annexation proceeding by a contracting municipal corporation of any unincorporated territory within the district or zone beyond the three-year period described in division (A) of this section.

(C) No contracting party is divested or relieved of its rights or obligations under the contract creating a joint economic development district, or joint economic development zone that is subject to division (I)(2) of section 715.691 of the Revised Code because of annexation, merger, or consolidation.

Sec. 715.80. Contracting parties may enter into binding agreements pursuant to the contract creating a joint economic development district, or joint economic development zone that is subject to division (I)(2) of section 715.691 of the Revised Code with respect to the substance and administration of zoning and other land-use regulations, building codes, permanent public improvements, and other regulatory and proprietary matters determined to be for a public purpose. No contract, however, shall exempt the territory within the district or zone from the procedures of land use regulation applicable pursuant to municipal corporation, township, and county regulations,
including, but not limited to, zoning procedures.

Sec. 715.81. The powers granted under sections 715.72 to 715.81 of the Revised Code are in addition to and not in the derogation of all other powers granted to municipal corporations, townships, and counties pursuant to law. When exercising a power or performing a function or duty under a contract entered into under section 715.72 of the Revised Code, a municipal corporation may exercise all of the powers of a municipal corporation, and may perform all the functions and duties of a municipal corporation, within the joint economic development district, pursuant to and to the extent consistent with the contract. When exercising a power or performing a function or duty under a contract entered into under either section 715.691 or 715.72 of the Revised Code, a township may exercise all of the powers of a township, and may perform all the functions and duties of a township, within the joint economic development district, or joint economic development zone that is subject to division (I)(2) of section 715.691 of the Revised Code, pursuant to and to the extent consistent with the contract.

When exercising a power or performing a function or duty under a contract entered into under division (D) of section 715.72 of the Revised Code, a county may exercise all of the powers of a county, and may perform all the functions and duties of a county, within the joint economic development district, pursuant to and to the extent consistent with the contract.

No political subdivision shall grant any tax exemption under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 5709.632 of the Revised Code on any property located within the district, or zone that is subject to division (I)(2) of section 715.691 of the Revised Code, pursuant to and to the extent consistent with the contract.
715.691 of the Revised Code, without the consent of the contracting parties. The prohibition against granting a tax exemption under this section does not apply to any exemption filed, pending, or approved before the effective date of the contract entered into under either section 715.691 or 715.72 of the Revised Code.

Sec. 715.82. A municipal corporation may issue bonds and exercise all other powers under Chapter 165. of the Revised Code for one or more projects or parts thereof located in a joint economic development district created pursuant to a contract entered into under section 715.70, 715.71, or 715.72 to 715.82 of the Revised Code to which the municipal corporation is a party, or in a township adjacent to that municipal corporation, if the legislative authority of the municipal corporation determines that the project is in furtherance of the public purposes of the state to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the municipal corporation and the township. As used in this section, "project" has the same meaning as in division (H) of section 165.01 of the Revised Code, except that a project described in this section is not required to be located within the territorial boundaries of the municipal corporation.

Sec. 715.83. If any unincorporated area or township is a party to a joint economic development district created pursuant to a contract entered into under section 715.70, 715.71, or 715.72 to 715.82 of the Revised Code that also includes as a party a municipal corporation that is an eligible area as defined in division (A)(2) of section 122.16 or division (A)(9) of section 5733.33 of the Revised Code, then any project located anywhere within the unincorporated area or township contained within the joint economic development district is eligible for
any state assistance under Chapter 122. or section 5733.33 of the Revised Code for which designation as an eligible area is a criterion.

Sec. 5709.61. As used in sections 5709.61 to 5709.69 of the Revised Code:

(A) "Enterprise zone" or "zone" means any of the following:

(1) An area with a single continuous boundary designated in the manner set forth in section 5709.62 or 5709.63 of the Revised Code and certified by the director of development as having a population of at least four thousand according to the best and most recent data available to the director and having at least two of the following characteristics:

(a) It is located in a municipal corporation defined by the United States office of management and budget as a principal city of a metropolitan statistical area;

(b) It is located in a county designated as being in the "Appalachian region" under the "Appalachian Regional Development Act of 1965," 79 Stat. 5, 40 App. U.S.C.A. 403, as amended;

(c) Its average rate of unemployment, during the most recent twelve-month period for which data are available, is equal to at least one hundred twenty-five per cent of the average rate of unemployment for the state of Ohio for the same period;

(d) There is a prevalence of commercial or industrial structures in the area that are vacant or demolished, or are vacant and the taxes charged thereon are delinquent, and certification of the area as an enterprise zone would likely result in the reduction of the rate of vacant or demolished
structures or the rate of tax delinquency in the area;

(e) The population of all census tracts in the area, according to the federal census of 2000, decreased by at least ten per cent between the years 1980 and 2000;

(f) At least fifty-one per cent of the residents of the area have incomes of less than eighty per cent of the median income of residents of the municipal corporation or municipal corporations in which the area is located, as determined in the same manner specified under section 119(b) of the "Housing and Community Development Act of 1974," 88 Stat. 633, 42 U.S.C. 5318, as amended;

(g) The area contains structures previously used for industrial purposes, but currently not so used due to age, obsolescence, deterioration, relocation of the former occupant's operations, or cessation of operations resulting from unfavorable economic conditions either generally or in a specific economic sector;

(h) It is located within one or more adjacent city, local, or exempted village school districts, the income-weighted tax capacity of each of which is less than seventy per cent of the average of the income-weighted tax capacity of all city, local, or exempted village school districts in the state according to the most recent data available to the director from the department of taxation.

The director of development shall adopt rules in accordance with Chapter 119. of the Revised Code establishing conditions constituting the characteristics described in divisions (A)(1)(d), (g), and (h) of this section.

If an area could not be certified as an enterprise zone
unless it satisfied division (A)(1)(g) of this section, the legislative authority may enter into agreements in that zone under section 5709.62, 5709.63, or 5709.632 of the Revised Code only if such agreements result in the development of the facilities described in that division, the parcel of land on which such facilities are situated, or adjacent parcels. The director of development annually shall review all agreements in such zones to determine whether the agreements have resulted in such development; if the director determines that the agreements have not resulted in such development, the director immediately shall revoke certification of the zone and notify the legislative authority of such revocation. Any agreements entered into prior to revocation under this paragraph shall continue in effect for the period provided in the agreement.

(2) An area with a single continuous boundary designated in the manner set forth in section 5709.63 of the Revised Code and certified by the director of development as having all of the following characteristics:

(a) Being located within a county that contains a population of three hundred thousand or less;

(b) Having a population of at least one thousand according to the best and most recent data available to the director;

(c) Having at least two of the characteristics described in divisions (A)(1)(b) to (h) of this section.

(3) An area with a single continuous boundary designated in the manner set forth under division (A)(1) of section 5709.632 of the Revised Code and certified by the director of development as having a population of at least four thousand, or under division (A)(2) of that section and certified as having a
population of at least one thousand, according to the best and
most recent data available to the director.

(B) "Enterprise" means any form of business organization
including, but not limited to, any partnership, sole
proprietorship, or corporation, including an S corporation as
defined in section 1361 of the Internal Revenue Code and any
corporation that is majority work-owned either directly through
the ownership of stock or indirectly through participation in an
employee stock ownership plan.

(C) "Facility" means an enterprise's place of business in
a zone, including land, buildings, machinery, equipment, and
other materials, except inventory, used in business. "Facility"
includes land, buildings, machinery, production and station
equipment, other equipment, and other materials, except
inventory, used in business to generate electricity, provided
that, for purposes of sections 5709.61 to 5709.69 of the Revised
Code, the value of the property at such a facility shall be
reduced by the value, if any, that is not apportioned under
section 5727.15 of the Revised Code to the taxing district in
which the facility is physically located. In the case of such a
facility that is physically located in two adjacent taxing
districts, the property located in each taxing district
constitutes a separate facility.

"Facility" does not include any portion of an enterprise's
place of business used primarily for making retail sales unless
the place of business is located in an impacted city as defined
in section 1728.01 of the Revised Code or the board of education
of the city, local, or exempted village school district within
the territory of which the place of business is located adopts a
resolution waiving the exclusion of retail facilities under
section 5709.634 of the Revised Code.

(D) "Vacant facility" means a facility that has been vacant for at least ninety days immediately preceding the date on which an agreement is entered into under section 5709.62 or 5709.63 of the Revised Code.

(E) "Expand" means to make expenditures to add land, buildings, machinery, equipment, or other materials, except inventory, to a facility that equal at least ten per cent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.

(F) "Renovate" means to make expenditures to alter or repair a facility that equal at least fifty per cent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.

(G) "Occupy" means to make expenditures to alter or repair a vacant facility equal to at least twenty per cent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.

(H) "Project site" means all or any part of a facility that is newly constructed, expanded, renovated, or occupied by an enterprise.

(I) "Project" means any undertaking by an enterprise to establish a facility or to improve a project site by expansion, renovation, or occupancy.

(J) "Position" means the position of one full-time employee performing a particular set of tasks and duties.

(K) "Full-time employee" means an individual who is employed for consideration by an enterprise for at least thirty-
five hours a week, or who renders any other standard of service generally accepted by custom or specified by contract as full-time employment.

(L) "New employee" means a full-time employee first employed by an enterprise at a facility that is a project site after the enterprise enters an agreement under section 5709.62 or 5709.63 of the Revised Code. "New employee" does not include an employee if, immediately prior to being employed by the enterprise, the employee was employed by an enterprise that is a related member or predecessor enterprise of that enterprise.

(M) "Unemployed person" means any person who is totally unemployed in this state, as that term is defined in division (M) of section 4141.01 of the Revised Code, for at least ten consecutive weeks immediately preceding that person's employment at a facility that is a project site, or who is so unemployed for at least twenty-six of the fifty-two weeks immediately preceding that person's employment at such a facility.


(O) "First used in business" means that the property referred to has not been used in business in this state by the enterprise that owns it, or by an enterprise that is a related member or predecessor enterprise of such an enterprise, other than as inventory, prior to being used in business at a facility as the result of a project.

(P) "Training program" means any noncredit training program or course of study that is offered by any state college.
or university; university branch district; community college; technical college; nonprofit college or university certified under section 1713.02 of the Revised Code; school district; joint vocational school district; school registered and authorized to offer programs under section 3332.05 of the Revised Code; an entity administering any federal, state, or local adult education and training program; or any enterprise; and that meets all of the following requirements:

   (1) It is approved by the director of development;

   (2) It is established or operated to satisfy the need of a particular industry or enterprise for skilled or semi-skilled employees;

   (3) An individual is required to complete the course or program before filling a position at a project site.

   (Q) "Development" means to engage in the process of clearing and grading land, making, installing, or constructing water distribution systems, sewers, sewage collection systems, steam, gas, and electric lines, roads, curbs, gutters, sidewalks, storm drainage facilities, and construction of other facilities or buildings equal to at least fifty per cent of the market value of the facility prior to the expenditures, as determined for the purposes of local property taxation.

   (R) "Large manufacturing facility" means a single Ohio facility that employed an average of at least one thousand individuals during the five calendar years preceding an agreement authorized under division (C)(3) of section 5709.62 or division (B)(2) of section 5709.63 of the Revised Code. For purposes of this division, both of the following apply:

   (1) A single Ohio manufacturing facility employed an
average of at least one thousand individuals during the five calendar years preceding entering into such an agreement if one-fifth of the sum of the number of employees employed on the highest employment day during each of the five calendar years equals or exceeds one thousand.

(2) The highest employment day is the day or days during a calendar year on which the number of employees employed at a single Ohio manufacturing facility was greater than on any other day during the calendar year.

(S) "Business cycle" means the cycle of business activity usually regarded as passing through alternating stages of prosperity and depression.

(T) "Making retail sales" means the effecting of point-of-final-purchase transactions at a facility open to the consuming public, wherein one party is obligated to pay the price and the other party is obligated to provide a service or to transfer title to or possession of the item sold.

(U) "Environmentally contaminated" means that hazardous substances exist at a facility under conditions that have caused or would cause the facility to be identified as contaminated by the state or federal environmental protection agency. These may include facilities located at sites identified in the master sites list or similar database maintained by the state environmental protection agency if the sites have been investigated by the agency and found to be contaminated.

(V) "Remediate" means to make expenditures to clean up an environmentally contaminated facility so that it is no longer environmentally contaminated that equal at least ten per cent of the real property market value of the facility prior to such
expenditures as determined for the purposes of property
taxation.

(W) "Related member" has the same meaning as defined in
section 5733.042 of the Revised Code without regard to division
(B) of that section, except that it is used with respect to an
enterprise rather than a taxpayer.

(X) "Predecessor enterprise" means an enterprise from
which the assets or equity of another enterprise has been
transferred, which transfer resulted in the full or partial
nonrecognition of gain or loss, or resulted in a carryover
basis, both as determined by rule adopted by the tax
commissioner.

(Y) "Successor enterprise" means an enterprise to which
the assets or equity of another enterprise has been transferred,
which transfer resulted in the full or partial nonrecognition of
gain or loss, or resulted in a carryover basis, both as
determined by rule adopted by the tax commissioner.

Sec. 5709.634. A municipal corporation or county that
seeks to enter an agreement under section 5709.62, 5709.63, or
5709.632 of the Revised Code with an enterprise respecting a
place of business used primarily for making retail sales may
petition the board of education of each city, local, or exempted
village school district within the territory of which that place
of business is located to waive the retail facilities exclusion
under division (C) of section 5709.61 of the Revised Code. The
exclusion shall be waived if each such board of education adopts
a resolution approved by the majority of the board members
approving the petition. Unless otherwise provided in its
resolution, a board of education does not waive its right to
approve agreements or receive notice under section 5709.62,
Sec. 5709.82. (A) As used in this section:

(1) "New employee" means both of the following:

(a) Persons employed in the construction of real property exempted from taxation under the chapters or sections of the Revised Code enumerated in division (B) of this section;

(b) Persons not described by division (A)(1)(a) of this section who are first employed at the site of such property and who within the two previous years have not been subject, prior to being employed at that site, to income taxation by the municipal corporation within whose territory the site is located on income derived from employment for the person's current employer. "New employee" does not include any person who replaces a person who is not a new employee under division (A)(1) of this section.

(2) "Infrastructure costs" means costs incurred by a municipal corporation in a calendar year to acquire, construct, reconstruct, improve, plan, or equip real or tangible personal property that directly benefits or will directly benefit the exempted property. If the municipal corporation finances the acquisition, construction, reconstruction, improvement, planning, or equipping of real or tangible personal property that directly benefits the exempted property by issuing debt, "infrastructure costs" means the annual debt charges incurred by the municipal corporation from the issuance of such debt. Real or tangible personal property directly benefits exempted property only if the exempted property places or will place direct, additional demand on the real or tangible personal

5709.63, or 5709.632 of the Revised Code by approving a petition under this section.
property for which such costs were or will be incurred.

(3) "Taxing unit" has the same meaning as in division (H) of section 5705.01 of the Revised Code.

(B)(1) Except as otherwise provided under division (C) of this section, the legislative authority of any political subdivision that has acted under the authority of Chapter 725. or 1728., sections 3735.65 to 3735.70, or section 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, or 5709.88 of the Revised Code to grant an exemption from taxation for real or tangible personal property may negotiate with the board of education of each city, local, exempted village, or joint vocational school district or other taxing unit within the territory of which the exempted property is located, and enter into an agreement whereby the school district or taxing unit is compensated for tax revenue foregone by the school district or taxing unit as a result of the exemption. Except as otherwise provided in division (B)(1) of this section, if a political subdivision enters into more than one agreement under this section with respect to a tax exemption, the political subdivision shall provide to each school district or taxing unit with which it contracts the same percentage of tax revenue foregone by the school district or taxing unit, which may be based on a good faith projection made at the time the exemption is granted. Such percentage shall be calculated on the basis of amounts paid by the political subdivision and any amounts paid by an owner under division (B)(2) of this section. A political subdivision may provide a school district or other taxing unit with a smaller percentage of foregone tax revenue than that provided to other school districts or taxing units only if the school district or taxing unit expressly consents in the agreement to receiving a smaller percentage. If a
subdivision has acted under the authority of section 5709.40, 5709.41, 5709.73, or 5709.78 of the Revised Code and enters into a compensation agreement with a city, local, or exempted village school district, the subdivision shall provide compensation to the joint vocational school district within the territory of which the exempted property is located at the same rate and under the same terms as received by the city, local, or exempted village school district.

(2) An owner of property exempted from taxation under the authority described in division (B)(1) of this section may, by becoming a party to an agreement described in division (B)(1) of this section or by entering into a separate agreement with a school district or other taxing unit, agree to compensate the school district or taxing unit by paying cash or by providing property or services by gift, loan, or otherwise. If the owner's property is exempted under the authority of section 5709.40, 5709.41, 5709.73, or 5709.78 of the Revised Code and the owner enters into a compensation agreement with a city, local, or exempted village school district, the owner shall provide compensation to the joint vocational school district within the territory of which the owner's property is located at the same rate and under the same terms as received by the city, local, or exempted village school district.

(C) This division does not apply to the following:

(1) The legislative authority of a municipal corporation that has acted under the authority of division (H) of section 715.70 or division (U) of section 715.81–715.72 of the Revised Code to consent to the granting of an exemption from taxation for real or tangible personal property in a joint economic development district.
(2) The legislative authority of a municipal corporation that has specified in an ordinance adopted under section 5709.40 or 5709.41 of the Revised Code that payments in lieu of taxes provided for under section 5709.42 of the Revised Code shall be paid to the city, local, or exempted village school district in which the improvements are located in the amount of taxes that would have been payable to the school district if the improvements had not been exempted from taxation, as directed in the ordinance.

If the legislative authority of any municipal corporation has acted under the authority of Chapter 725. or 1728. or section 3735.671, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, or 5709.88, or a housing officer under section 3735.67 of the Revised Code, to grant or consent to the granting of an exemption from taxation for real or tangible personal property on or after July 1, 1994, the municipal corporation imposes a tax on incomes, and the payroll of new employees resulting from the exercise of that authority equals or exceeds one million dollars in any tax year for which such property is exempted, the legislative authority and the board of education of each city, local, or exempted village school district within the territory of which the exempted property is located shall attempt to negotiate an agreement providing for compensation to the school district for all or a portion of the tax revenue the school district would have received had the property not been exempted from taxation. The agreement may include as a party the owner of the property exempted or to be exempted from taxation and may include provisions obligating the owner to compensate the school district by paying cash or providing property or services by gift, loan, or otherwise. Such an obligation is enforceable by the board of education of the school district pursuant to the
terms of the agreement.

If the legislative authority and board of education fail to negotiate an agreement that is mutually acceptable within six months of formal approval by the legislative authority of the instrument granting the exemption, the legislative authority shall compensate the school district in the amount and manner prescribed by division (D) of this section.

(D) Annually, the legislative authority of a municipal corporation subject to this division shall pay to the city, local, or exempted village school district within the territory of which the exempted property is located an amount equal to fifty per cent of the difference between the amount of taxes levied and collected by the municipal corporation on the incomes of new employees in the calendar year ending on the day the payment is required to be made, and the amount of any infrastructure costs incurred in that calendar year. For purposes of such computation, the amount of infrastructure costs shall not exceed thirty-five per cent of the amount of those taxes unless the board of education of the school district, by resolution adopted by a majority of the board, approves an amount in excess of that percentage. If the amount of those taxes or infrastructure costs must be estimated at the time the payment is made, payments in subsequent years shall be adjusted to compensate for any departure of those estimates from the actual amount of those taxes.

A municipal corporation required to make a payment under this section shall make the payment from its general fund or a special fund established for the purpose. The payment is payable on the thirty-first day of December of the tax year for or in which the exemption from taxation commences and on that day for
each subsequent tax year property is exempted and the
legislative authority and board fail to negotiate an acceptable
agreement under division (C) of this section.

Sec. 5733.06. For tax years prior to tax year 2014, the
tax hereby charged each corporation subject to this chapter
shall be the greater of the sum of divisions (A) and (B) of this
section, after the reduction, if any, provided by division (J)
of this section, or division (C) of this section, after the
reduction, if any, provided by division (J) of this section,
except that the tax hereby charged each financial institution
subject to this chapter shall be the amount computed under
division (D) of this section:

(A) Except as set forth in division (F) of this section,
five and one-tenth per cent upon the first fifty thousand
dollars of the value of the taxpayer's issued and outstanding
shares of stock as determined under division (B) of section
5733.05 of the Revised Code;

(B) Except as set forth in division (F) of this section,
eight and one-half per cent upon the value so determined in
excess of fifty thousand dollars; or

(C)(1) Except as otherwise provided under division (G) of
this section, four mills times that portion of the value of the
issued and outstanding shares of stock as determined under
division (C) of section 5733.05 of the Revised Code. For the
purposes of division (C) of this section, division (C)(2) of
section 5733.065, and division (C) of section 5733.066 of the
Revised Code, the value of the issued and outstanding shares of
stock of an eligible corporation for tax year 2003 through tax
year 2007, or of a qualifying holding company, is zero.
(2) As used in division (C) of this section, "eligible corporation" means a person treated as a corporation for federal income tax purposes that meets all of the following criteria:

(a) The corporation conducts business for an entire taxable year as a qualified trade or business as defined by division (C) of section 122.15 of the Revised Code, as that section existed before its repeal by H.B. 59 of the 130th general assembly.

(b) The corporation uses more than fifty per cent of the corporation's assets, based on net book value, that are located in Ohio solely to conduct activities that constitute a qualified trade or business as defined by section 122.15 of the Revised Code, as that section existed before its repeal by H.B. 59 of the 130th general assembly.

(c) The corporation has been formed or organized not more than three years before the report required to be filed by section 5733.02 of the Revised Code is due, without regard to any extensions.

(d) The corporation is not a related member, as defined in section 5733.042 of the Revised Code, at any time during the taxable year with respect to another person treated as a corporation for federal income tax purposes. A corporation is not a related member if during the entire taxable year at least seventy-five per cent of the corporation's stock is owned directly or through a pass-through entity by individuals, estates, and grantor trusts, and the individuals, estates, and grantor trusts do not directly or indirectly own more than twenty per cent of the value of another person treated as a corporation for federal income tax purposes that is conducting a qualified trade or business.
(D) The tax charged each financial institution subject to this chapter shall be that portion of the value of the issued and outstanding shares of stock as determined under division (A) of section 5733.05 of the Revised Code, multiplied by the following amounts:

1. For tax years prior to the 1999 tax year, fifteen mills;
2. For the 1999 tax year, fourteen mills;
3. For tax year 2000 and thereafter, thirteen mills.

(E) No tax shall be charged from any corporation that has been adjudicated bankrupt, or for which a receiver has been appointed, or that has made a general assignment for the benefit of creditors, except for the portion of the then current tax year during which the tax commissioner finds such corporation had the power to exercise its corporate franchise unimpaired by such proceedings or act. The minimum payment for each corporation shall be as follows:

1. One thousand dollars in the case of a corporation having gross receipts for the taxable year equal to at least five million dollars from activities within or outside this state or in the case of a corporation employing at least three hundred employees at some time during the taxable year within or outside this state;
2. Fifty dollars in the case of any other corporation.

The tax charged to corporations under this chapter for the privilege of engaging in business in this state, which is an excise tax levied on the value of the issued and outstanding shares of stock, shall in no manner be construed as prohibiting or otherwise limiting the powers of municipal corporations,
joint economic development zones created under section 715.691 of the Revised Code, and joint economic development districts created under section 715.70 or 715.71, or sections 715.72 to 715.81 of the Revised Code in this state to impose an income tax on the income of such corporations.

(F) If two or more taxpayers satisfy the ownership or control requirements of division (A) of section 5733.052 of the Revised Code, each such taxpayer shall substitute "the taxpayer's pro-rata amount" for "fifty thousand dollars" in divisions (A) and (B) of this section. For purposes of this division, "the taxpayer's pro-rata amount" is an amount that, when added to the other such taxpayers' pro-rata amounts, does not exceed fifty thousand dollars. For the purpose of making that computation, the taxpayer's pro-rata amount shall not be less than zero. Nothing in this division derogates from or eliminates the requirement to make the alternative computation of tax under division (C) of this section.

(G) The tax liability of any corporation under division (C) of this section shall not exceed one hundred fifty thousand dollars.

(H)(1) For the purposes of division (H) of this section, "exiting corporation" means a corporation that satisfies all of the following conditions:

(a) The corporation had nexus with or in this state under the Constitution of the United States during any portion of a calendar year;

(b) The corporation was not a corporation described in division (A) of section 5733.01 of the Revised Code on the first day of January immediately following that calendar year;
(c) The corporation was not a financial institution on the first day of January immediately following that calendar year;

(d) If the corporation was a transferor as defined in section 5733.053 of the Revised Code, the corporation's transferee was not required to add to the transferee's net income the income of the transferor pursuant to division (B) of that section;

(e) During any portion of that calendar year, or any portion of the immediately preceding calendar year, the corporation had net income that was not included in a report filed by the corporation or its transferee pursuant to section 5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code;

(f) The corporation would have been subject to the tax computed under divisions (A), (B), (C), (F), and (G) of this section if the corporation is assumed to be a corporation described in division (A) of section 5733.01 of the Revised Code on the first day of January immediately following the calendar year to which division (H)(1)(a) of this section refers.

(2) For the purposes of division (H) of this section, "unreported net income" means net income that was not previously included in a report filed pursuant to section 5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code and that was realized or recognized during the calendar year to which division (H)(1) of this section refers or the immediately preceding calendar year.

(3) Each exiting corporation shall pay a tax computed by first allocating and apportioning the unreported net income pursuant to division (B) of section 5733.05 and section 5733.051
and, if applicable, section 5733.052 of the Revised Code. The exiting corporation then shall compute the tax due on its unreported net income allocated and apportioned to this state by applying divisions (A), (B), and (F) of this section to that income.

(4) Divisions (C) and (G) of this section, division (D)(2) of section 5733.065, and division (C) of section 5733.066 of the Revised Code do not apply to an exiting corporation, but exiting corporations are subject to every other provision of this chapter.

(5) Notwithstanding division (B) of section 5733.01 or sections 5733.02, 5733.021, and 5733.03 of the Revised Code to the contrary, each exiting corporation shall report and pay the tax due under division (H) of this section on or before the thirty-first day of May immediately following the calendar year to which division (H)(1)(a) of this section refers. The exiting corporation shall file that report on the form most recently prescribed by the tax commissioner for the purposes of complying with sections 5733.02 and 5733.03 of the Revised Code. Upon request by the corporation, the tax commissioner may extend the date for filing the report.

(6) If, on account of the application of section 5733.053 of the Revised Code, net income is subject to the tax imposed by divisions (A) and (B) of this section, such income shall not be subject to the tax imposed by division (H)(3) of this section.

(7) The amendments made to division (H) of this section by Am. Sub. S.B. 287 of the 123rd general assembly do not apply to any transfer, as defined in section 5733.053 of the Revised Code, for which negotiations began prior to January 1, 2001, and that was commenced in and completed during calendar year 2001,
unless the taxpayer makes an election prior to December 31, 2001, to apply those amendments.

(8) The tax commissioner may adopt rules governing division (H) of this section.

(I) Any reference in the Revised Code to "the tax imposed by section 5733.06 of the Revised Code" or "the tax due under section 5733.06 of the Revised Code" includes the taxes imposed under sections 5733.065 and 5733.066 of the Revised Code.

(J)(1) Division (J) of this section applies solely to a combined company. Section 5733.057 of the Revised Code shall apply when calculating the adjustments required by division (J) of this section.

(2) Subject to division (J)(4) of this section, the total tax calculated in divisions (A) and (B) of this section shall be reduced by an amount calculated by multiplying such tax by a fraction, the numerator of which is the total taxable gross receipts attributed to providing public utility activity other than as an electric company under section 5727.03 of the Revised Code for the year upon which the taxable gross receipts are measured immediately preceding the tax year, and the denominator of which is the total gross receipts from all sources for the year upon which the taxable gross receipts are measured immediately preceding the tax year. Nothing herein shall be construed to exclude from the denominator any item of income described in section 5733.051 of the Revised Code.

(3) Subject to division (J)(4) of this section, the total tax calculated in division (C) of this section shall be reduced by an amount calculated by multiplying such tax by the fraction described in division (J)(2) of this section.
(4) In no event shall the reduction provided by division (J)(2) or (J)(3) of this section exceed the amount of the excise tax paid in accordance with section 5727.38 of the Revised Code, for the year upon which the taxable gross receipts are measured immediately preceding the tax year.

Sec. 5733.41. The purpose of the tax imposed by this section is to complement and to reinforce the tax imposed under section 5733.06 of the Revised Code.

For the same purposes for which the tax is levied under section 5733.06 of the Revised Code, there is hereby levied a tax on every qualifying pass-through entity having at least one qualifying investor that is not an individual. The tax imposed by this section is imposed on the sum of the adjusted qualifying amounts of the qualifying pass-through entity's qualifying investors that are not individuals as follows: for qualifying investors subject to division (G)(2) of section 5733.01 of the Revised Code, at six and eight-tenths per cent for the entity's taxable year ending in 2005, at five and one-tenth per cent for the entity's taxable year ending in 2006, at three and four-tenths per cent for the entity's taxable year ending in 2007, at one and seven-tenths per cent for the entity's taxable year ending in 2008, and at zero per cent for the entity's taxable year ending in 2009 or in subsequent years; and for all other qualifying investors that are not individuals, at the rate of eight and one-half per cent.

The tax imposed by this section applies only if the qualifying entity has nexus with this state under the Constitution of the United States for any portion of the qualifying entity's qualifying taxable year, and the sum of the qualifying entity's adjusted qualifying amounts exceeds one
thousand dollars for the qualifying entity's qualifying taxable year. This section does not apply to a pass-through entity if all of the partners, shareholders, members, or investors of the pass-through entity are taxpayers for the purposes of section 5733.04 of the Revised Code without regard to section 5733.09 of the Revised Code for the entire qualifying taxable year of the pass-through entity.

If, prior to the due date of the return, a qualifying pass-through entity receives from an investor a written representation, under penalties of perjury, that the investor is described in division (I)(1), (2), (6), (7), (8), or (9) of section 5733.40 of the Revised Code for the qualifying pass-through entity's entire qualifying taxable year, the qualifying pass-through entity is not required to withhold or pay the taxes or estimated taxes imposed under this section or sections 5747.41 to 5747.453 of the Revised Code with respect to that investor for that qualifying taxable year, and is not subject to any interest or interest penalties for failure to withhold or pay those taxes or estimated taxes with respect to that investor for that qualifying taxable year.

If, prior to the due date of the return, a qualifying trust receives from a beneficiary of that trust a written representation, under penalties of perjury, that the beneficiary is a resident taxpayer for the purposes of Chapter 5747. of the Revised Code for the qualifying trust's entire qualifying taxable year, the qualifying trust is not required to withhold or pay the taxes or estimated taxes imposed under this section or sections 5747.41 to 5747.453 of the Revised Code with respect to that beneficiary for that qualifying taxable year, and is not subject to any interest or interest penalties for failure to withhold or pay those taxes or estimated taxes with respect to
that beneficiary for that qualifying taxable year.

The tax commissioner may adopt rules for the purpose of
the tax levied by this section or section 5747.41 of the Revised
Code, including a rule defining "qualifying investor" or
"qualifying beneficiary," and a rule requiring or permitting a
qualifying entity to combine its income with related members and
to pay the tax and estimated tax on a combined basis.

Sections 5747.10 to 5747.19 and 5747.42 to 5747.453 of the
Revised Code apply to a qualifying entity subject to the tax
imposed under this section.

The levy of the tax under this section does not prevent a
municipal corporation or a joint economic development district
created under section 715.70 or 715.71 or sections 715.72 to
715.81 of the Revised Code from levying a tax on income.

Sec. 5747.02. (A) For the purpose of providing revenue for
the support of schools and local government functions, to
provide relief to property taxpayers, to provide revenue for the
general revenue fund, and to meet the expenses of administering
the tax levied by this chapter, there is hereby levied on every
individual, trust, and estate residing in or earning or
receiving income in this state, on every individual, trust, and
estate earning or receiving lottery winnings, prizes, or awards
pursuant to Chapter 3770. of the Revised Code, on every
individual, trust, and estate earning or receiving winnings on
casino gaming, and on every individual, trust, and estate
otherwise having nexus with or in this state under the
Constitution of the United States, an annual tax measured as
prescribed in divisions (A)(1) to (4) of this section.

(1) In the case of trusts, the tax imposed by this section
shall be measured by modified Ohio taxable income under division (D) of this section and levied at the same rates prescribed in division (A)(3) of this section for individuals.

(2) In the case of estates, the tax imposed by this section shall be measured by Ohio taxable income and levied at the same rates prescribed in division (A)(3) of this section for individuals.

(3) In the case of individuals, for taxable years beginning in 2015 or thereafter, the tax imposed by this section on income other than business income shall be measured by Ohio adjusted gross income less an exemption for the taxpayer, the taxpayer's spouse, and each dependent as provided in section 5747.025 of the Revised Code. The tax imposed on the balance thus obtained is hereby levied as follows:

<table>
<thead>
<tr>
<th>OHIO ADJUSTED GROSS</th>
<th>TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000 or less</td>
<td>.495%</td>
</tr>
<tr>
<td>More than $5,000 but</td>
<td>$24.75 plus .990% of the amount</td>
</tr>
<tr>
<td>not more than $10,000</td>
<td>in excess of $5,000</td>
</tr>
<tr>
<td>More than $10,000 but</td>
<td>$74.25 plus 1.980% of the amount</td>
</tr>
<tr>
<td>not more than $15,000</td>
<td>in excess of $10,000</td>
</tr>
<tr>
<td>More than $15,000 but</td>
<td>$173.25 plus 2.476% of the amount</td>
</tr>
<tr>
<td>not more than $20,000</td>
<td>in excess of $15,000</td>
</tr>
<tr>
<td>More than $20,000 but</td>
<td>$297.05 plus 2.969% of the amount</td>
</tr>
</tbody>
</table>
not more than $40,000 in excess of $20,000
More than $40,000 but $890.85 plus 3.465% of the amount
not more than $80,000 in excess of $40,000
More than $80,000 but $2,276.85 plus 3.960% of the amount
not more than $100,000 in excess of $80,000
More than $100,000 but $3,068.85 plus 4.597% of the amount
not more than $200,000 in excess of $100,000
More than $200,000 $7,665.85 plus 4.997% of the amount

(4) In the case of individuals, for taxable years beginning in 2015 or thereafter, the tax imposed by this section on business income shall equal three per cent of the taxpayer's taxable business income.

Except as otherwise provided in this division, in August of each year, the tax commissioner shall make a new adjustment to the income amounts prescribed in division (A)(3) of this section by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the preceding year, and rounding the resulting sum to the nearest multiple of fifty dollars. The tax commissioner also shall recompute each of the tax dollar amounts to the extent necessary to reflect the new adjustment of the income amounts. The rates of taxation shall not be adjusted.

The adjusted amounts apply to taxable years beginning in the calendar year in which the adjustments are made and to taxable years beginning in each ensuing calendar year until a
calendar year in which a new adjustment is made pursuant to this division. The tax commissioner shall not make a new adjustment in any year in which the amount resulting from the adjustment would be less than the amount resulting from the adjustment in the preceding year. The commissioner shall not make a new adjustment for taxable years beginning in 2013, 2014, or 2015.

(B) If the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, the amount of tax as determined under divisions (A)(1) to (3) of this section shall be reduced by the percentage prescribed in that certification for taxable years beginning in the calendar year in which that certification is made.

(C) The levy of this tax on income does not prevent a municipal corporation, a joint economic development zone created under section 715.691, or a joint economic development district created under section 715.70 or sections 715.71 or sections 715.72 to 715.81 of the Revised Code from levying a tax on income.

(D) This division applies only to taxable years of a trust beginning in 2002 or thereafter.

(1) The tax imposed by this section on a trust shall be computed by multiplying the Ohio modified taxable income of the trust by the rates prescribed by division (A) of this section.

(2) A resident trust may claim a credit against the tax computed under division (D) of this section equal to the lesser of (1) the tax paid to another state or the District of Columbia on the resident trust's modified nonbusiness income, other than the portion of the resident trust's nonbusiness income that is qualifying investment income as defined in section 5747.012 of
the Revised Code, or (2) the effective tax rate, based on modified Ohio taxable income, multiplied by the resident trust's modified nonbusiness income other than the portion of the resident trust's nonbusiness income that is qualifying investment income. The credit applies before any other applicable credits.

(3) The credits enumerated in division (A)(1) or (2) of section 5747.98 of the Revised Code do not apply to a trust subject to division (D) of this section. Any credits enumerated in division (A)(3) or (4) of section 5747.98 of the Revised Code apply to a trust subject to division (D) of this section. To the extent that the trust distributes income for the taxable year for which a credit is available to the trust, the credit shall be shared by the trust and its beneficiaries. The tax commissioner and the trust shall be guided by applicable regulations of the United States treasury regarding the sharing of credits.

(E) For the purposes of this section, "trust" means any trust described in Subchapter J of Chapter 1 of the Internal Revenue Code, excluding trusts that are not irrevocable as defined in division (I)(3)(b) of section 5747.01 of the Revised Code and that have no modified Ohio taxable income for the taxable year, charitable remainder trusts, qualified funeral trusts and preneed funeral contract trusts established pursuant to sections 4717.31 to 4717.38 of the Revised Code that are not qualified funeral trusts, endowment and perpetual care trusts, qualified settlement trusts and funds, designated settlement trusts and funds, and trusts exempted from taxation under section 501(a) of the Internal Revenue Code.

Sec. 5747.41. For the same purposes for which the tax is
levied under section 5747.02 of the Revised Code, there is
hereby levied a withholding tax on every qualifying pass-through
entity having at least one qualifying investor who is an
individual and on every qualifying trust having at least one
qualifying beneficiary who is an individual. The withholding tax
imposed by this section is imposed on the sum of the adjusted
qualifying amounts of a qualifying pass-through entity's
qualifying investors who are individuals and on the sum of the
adjusted qualifying amounts of a qualifying trust's qualifying
beneficiaries, at the rate of five per cent of that sum.

The tax imposed by this section applies only if the
qualifying entity has nexus with this state under the
Constitution of the United States for any portion of the
qualifying entity's qualifying taxable year, and the sum of the
qualifying entity's adjusted qualifying amounts exceeds one
thousand dollars for the qualifying entity's qualifying taxable
year.

The levy of the tax under this section does not prevent a
municipal corporation or a joint economic development district
created under section 715.70 or sections 715.71 to
section 715.81 of the Revised Code from levying a tax on income.

Section 2. That existing sections 715.72, 715.79, 715.80,
715.81, 715.82, 715.83, 5709.61, 5709.82, 5733.06, 5733.41,
5747.02, and 5747.41 and sections 715.73, 715.74, 715.75,
715.76, 715.761, 715.77, 715.771, and 715.78 of the Revised Code
are hereby repealed.