

As Introduced

**131st General Assembly
Regular Session
2015-2016**

H. B. No. 182

Representative Schuring

A BILL

To amend sections 715.72, 715.79, 715.80, 715.81, 1
715.82, 715.83, 5709.61, 5709.62, 5709.63, 2
5709.632, 5709.82, 5733.06, 5733.41, 5747.02, 3
and 5747.41 and to repeal sections 715.73, 4
715.74, 715.75, 715.76, 715.761, 715.77, 5
715.771, and 715.78 of the Revised Code to 6
revise the law governing the creation and 7
operation of joint economic development 8
districts (JEDDs) and enterprise zones. 9

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

Section 1. That sections 715.72, 715.79, 715.80, 715.81, 10
715.82, 715.83, 5709.61, 5709.62, 5709.63, 5709.632, 5709.82, 11
5733.06, 5733.41, 5747.02, and 5747.41 of the Revised Code be 12
amended to read as follows: 13

Sec. 715.72. (A) As used in ~~sections 715.72 to 715.81 of~~ 14
~~the Revised Code~~ this section: 15

(1) "Contracting parties" means one or more municipal 16
corporations, one or more townships, and, under division (D) of 17
this section, one or more counties that have entered into a 18
contract under this section to create a joint economic 19

development district. 20

(2) "District" means a joint economic development district 21
created under ~~sections 715.72 to 715.81 of the Revised Code~~this 22
section. 23

(3) "Contract for utility services" means a contract under 24
which a municipal corporation agrees to provide to a township or 25
another municipal corporation water, sewer, electric, or other 26
utility services necessary to the public health, safety, and 27
welfare. 28

(4) "Business" means a sole proprietorship, a corporation 29
for profit, a pass-through entity as defined in section 5733.04 30
of the Revised Code, the federal government, the state, the 31
state's political subdivisions, a nonprofit organization, or a 32
school district. 33

(5) "Owner" means a partner of a partnership, a member of 34
a limited liability company, a majority shareholder of an S 35
corporation, a person with a majority ownership interest in a 36
pass-through entity, or any officer, employee, or agent with 37
authority to make decisions legally binding upon a business. 38

(6) "Record owner" means the person or persons in whose 39
name a parcel is listed on the tax list or exempt list compiled 40
by the county auditor under section 319.28 or 5713.08 of the 41
Revised Code. 42

(7) A business "operates within" a district if the net 43
profits of the business or the income of employees of the 44
business would be subject to an income tax levied within the 45
district. 46

(8) An employee is "employed within" a district if any 47
portion of the employee's income would be subject to an income 48

tax levied within the district. 49

~~(B) Sections 715.72 to 715.81 of the Revised Code provide~~ 50
This section provides alternative procedures and requirements to 51
those set forth in sections 715.70 and 715.71 of the Revised 52
Code for creating and operating a joint economic development 53
district. ~~Sections 715.72 to 715.81 of the Revised Code apply~~ 54
This section applies to municipal corporations and townships 55
that are located in the same county or in adjacent counties. 56

(C) One or more municipal corporations, one or more 57
townships, and, under division (D) of this section, one or more 58
counties may enter into a contract pursuant to which they ~~create~~ 59
designate one or more areas as a joint economic development 60
district ~~one or more areas~~ for the purpose of facilitating 61
economic development and redevelopment, to create or preserve 62
jobs and employment opportunities, and to improve the economic 63
welfare of the people in this state and in the area of the 64
contracting parties. 65

(1) Except as otherwise provided in division (C) (2) of 66
this section, the territory of each of the contracting parties 67
shall be contiguous to the territory of at least one other 68
contracting party, or contiguous to the territory of a township, 69
municipal corporation, or county that is contiguous to another 70
contracting party, even if the intervening township or municipal 71
corporation is not a contracting party. 72

(2) Contracting parties that have entered into a contract 73
under section 715.70 or 715.71 of the Revised Code creating a 74
joint economic development district prior to November 15, 1995, 75
may enter into a contract under this section even if the 76
territory of each of the contracting parties is not contiguous 77
to the territory of at least one other contracting party, or 78

contiguous to the territory of a township or municipal 79
corporation that is contiguous to another contracting party as 80
otherwise required under division (C) (1) of this section. The 81
contract and district shall meet the requirements of ~~sections~~ 82
~~715.72 to 715.81 of the Revised Code~~ this section. 83

(D) If, on or after ~~the effective date of this amendment~~ 84
December 30, 2008, but on or before June 30, 2009, one or more 85
municipal corporations and one or more townships enter into a 86
contract or amend an existing contract under this section, one 87
or more counties in which all of those municipal corporations or 88
townships are located also may enter into the contract as a 89
contracting party or parties. 90

(E) (1) The area or areas to be included in a joint 91
economic development district shall meet all of the following 92
criteria: 93

(a) The area or areas shall be located within the 94
territory of one or more of the contracting parties and may 95
consist of all of the territory of any or all of the contracting 96
parties. 97

(b) No electors, except those residing in a mixed-use 98
facility, shall reside within the area or areas on the effective 99
date of the contract creating the district. For the purposes of 100
this division, "mixed-use facility" means a building used 101
concurrently for both residential and commercial or industrial 102
purposes. A building is a "mixed-use facility" even if there are 103
no businesses currently operating within the building if the 104
building is zoned for a commercial or industrial use and the 105
owner or lessee of the building is in the process of preparing 106
the building for such use or seeking a commercial or industrial 107
occupant. 108

(c) The area or areas shall not include any parcel of land 109
owned in fee by or leased to a municipal corporation or 110
township, unless the municipal corporation or township is a 111
contracting party or has given its consent to have the parcel of 112
land included in the district by the adoption of an ordinance or 113
resolution. 114

(2) The contracting parties may designate excluded parcels 115
within the boundaries of the joint economic development 116
district. Excluded parcels are not part of the district and 117
persons employed or residing on such parcels shall not be 118
subject to any income tax imposed within the district under 119
division (F) (5) of this section. 120

(F) (1) The contract creating a joint economic development 121
district shall provide for the amount or nature of the 122
contribution of each contracting party to the development and 123
operation of the district and may provide for the sharing of the 124
costs of the operation of and improvements for the district. The 125
contributions may be in any form to which the contracting 126
parties agree and may include, but are not limited to, the 127
provision of services, money, real or personal property, 128
facilities, or equipment. 129

(2) The contract may provide for the contracting parties 130
to share revenue from taxes levied by one or more of the 131
contracting parties if those revenues may lawfully be applied to 132
that purpose under the legislation by which those taxes are 133
levied. 134

(3) The contract shall include an economic development 135
plan for the district that consists of a schedule for the 136
provision of new, expanded, or additional services, facilities, 137
or improvements. The contract may provide for expanded or 138

additional capacity for or other enhancement of existing 139
services, facilities, or improvements. 140

(4) The contract shall enumerate the specific powers, 141
duties, and functions of the board of directors of the district 142
described under division (P) of this section and shall designate 143
procedures consistent with that division for appointing members 144
to the board. The contract shall enumerate rules to govern the 145
board in carrying out its business under this section. 146

(5) (a) The contract may grant to the board the power to 147
adopt a resolution to levy an income tax within the entire 148
district or within portions of the district designated by the 149
contract. The income tax shall be used to carry out the economic 150
development plan for the district or the portion of the district 151
in which the tax is levied and for any other lawful purpose of 152
the contracting parties pursuant to the contract, including the 153
provision of utility services by one or more of the contracting 154
parties. 155

(b) A contract that authorizes an income tax shall specify 156
that the tax is based on income earned by persons employed or 157
residing within the district, based on the net profits of 158
businesses operating within the district, or based on both the 159
income earned by persons employed or residing within the 160
district and the net profit of businesses operating within the 161
district. The income tax base shall be the same for the entire 162
district or the portions of the district in which the tax is 163
imposed. 164

(c) The income tax levied within the district is subject 165
to Chapter 718. of the Revised Code, except that no vote shall 166
be required. The rate of the income tax shall be no higher than 167
the highest rate being levied by a municipal corporation that is 168

a contracting party. 169

(d) If the board adopts a resolution to levy an income 170
tax, it shall enter into an agreement with a municipal 171
corporation that is a contracting party to administer, collect, 172
and enforce the income tax on behalf of the district. 173

(e) A resolution levying an income tax under this section 174
shall require the contracting parties to annually set aside a 175
percentage, to be stated in the resolution, of the amount of the 176
income tax collected for the long-term maintenance of the 177
district. 178

(f) An income tax levied under this section shall apply in 179
the district or the portion of the district in which the 180
contract authorizes an income tax throughout the term of the 181
contract creating the district. The tax shall not apply to any 182
persons employed or residing on a parcel excluded from the 183
district under division (E)(2) of this section. 184

(6) If there is unincorporated territory in the district, 185
the contract shall specify that restrictions on annexation 186
proceedings under division (R) of this section apply to such 187
unincorporated territory. The contract may prohibit proceedings 188
under Chapter 709. of the Revised Code proposing the annexation 189
to, merger of, or consolidation with a municipal corporation 190
that is a contracting party of any unincorporated territory 191
within a township that is a contracting party during the term of 192
the contract regardless of whether that territory is located 193
within the district. 194

(G) The contract creating a joint economic development 195
district shall continue in existence throughout its term and 196
shall be binding on the contracting parties and on any parties 197

succeeding to the contracting parties, whether by annexation, 198
merger, or consolidation. Except as provided in division (H) of 199
this section, the contract may be amended, renewed, or 200
terminated with the approval of the contracting parties or any 201
parties succeeding to the contracting parties. If the contract 202
is amended to add or remove an area to or from an existing 203
district, the amendment shall be adopted in the manner 204
prescribed under division (L) of this section. 205

(H) If two or more contracting parties previously have 206
entered into a separate contract for utility services, then 207
amendment, renewal, or termination of the separate contract for 208
utility services shall not constitute any part of the 209
consideration for the contract creating a joint economic 210
development district. A contract creating a joint economic 211
development district shall be rebuttably presumed to violate 212
this division if it is entered into within two years prior or 213
five years subsequent to the amendment, renewal, or termination 214
of a separate contract for utility services that two or more 215
contracting parties previously have entered into. The 216
presumption stated in this division may be rebutted by clear and 217
convincing evidence of both of the following: 218

(1) That other substantial consideration existed to 219
support the contract creating a joint economic development 220
district; 221

(2) That the contracting parties entered into the contract 222
creating a joint economic development district freely and 223
without duress or coercion related to the amendment, renewal, or 224
termination of the separate contract for utility services. 225

A contract creating a joint economic development district 226
that violates this division is void and unenforceable. 227

(I) (1) Before the legislative authority of any of the 228
contracting parties adopts an ordinance or resolution approving 229
a contract to create a district, the legislative authority of 230
each of the contracting parties shall hold a public hearing 231
concerning the contract and district. Each legislative authority 232
shall provide at least thirty days' public notice of the time 233
and place of the public hearing in a newspaper of general 234
circulation in the municipal corporation, township, or county, 235
as applicable. During the thirty-day period prior to the public 236
hearing and until the date that an ordinance or resolution is 237
adopted under division (K) of this section to approve the joint 238
economic development district contract, all of the following 239
documents shall be available for public inspection in the office 240
of the clerk of the legislative authority of a municipal 241
corporation and county that is a contracting party and in the 242
office of the fiscal officer of a township that is a contracting 243
party: 244

(a) A copy of the contract creating the district, 245
including the economic development plan for the district and the 246
schedule for the provision of new, expanded, or additional 247
services, facilities, or improvements described in division (F) 248
(3) of this section; 249

(b) A description of the area or areas to be included in 250
the district, including a map in sufficient detail to denote the 251
specific boundaries of the area or areas and to indicate any 252
zoning restrictions applicable to the area or areas, and the 253
parcel number, provided for under section 319.28 of the Revised 254
Code, of any parcel located within the boundaries of the joint 255
economic development district and excluded from the district 256
under division (E) (2) of this section; 257

(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. 258
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(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. 262
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(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. 266
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A contracting party may send written notice that the petitions are available for signing. The notice shall be sent by certified mail 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 to which the notice is sent that does not respond to the contracting party within thirty days of the date 280
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the notice was sent is deemed to have signed the petitions for 288
the purposes of this section. 289

(K) (1) After the public hearings required under division 290
(I) of this section have been held and the petitions described 291
in division (J) of this section have been signed by one or more 292
record owners of real property comprising the majority of 293
acreage in the area or areas to be included in the proposed 294
joint economic development district and by a majority of the 295
owners of businesses, if any, operating within the proposed 296
district, each contracting party may adopt an ordinance or 297
resolution approving the contract to create a joint economic 298
development district. Not later than ten days after all of the 299
contracting parties have adopted ordinances or resolutions 300
approving the district contract, each contracting party shall 301
give notice of the proposed district to all of the following: 302

(a) Each record owner of real property to be included in 303
the district and in the territory of that contracting party who 304
did not sign the petitions described in division (J) of this 305
section and who was not deemed to have signed the petitions 306
pursuant to that division; 307

(b) An owner of each business operating within the 308
district and in the territory of that contracting party no owner 309
of which signed the petitions described in division (J) of this 310
section or was deemed to have signed the petitions under that 311
division. 312

(2) Such notices shall be given by certified mail and 313
shall specify that the property or business is located within an 314
area to be included in the district and that all of the 315
documents described in divisions (I) (1) (a) to (c) of this 316
section are available for public inspection in the office of the 317

clerk of the legislative authority of each municipal corporation 318
and county that is a contracting party or the office of the 319
fiscal officer of each township that is a contracting party. 320

(L) (1) The contracting parties may amend the joint 321
economic development district contract to add any area that was 322
not originally included in the district if the area satisfies 323
the criteria prescribed under division (E) of this section. The 324
contracting parties may also amend the district contract to 325
remove any area originally included in the district or exclude 326
one or more parcels located within the district pursuant to 327
division (E) (2) of this section. 328

(2) An amendment adding an area to a district, removing an 329
area from the district, or excluding one or more parcels from 330
the district may be approved only by a resolution or ordinance 331
adopted by each of the contracting parties. The contracting 332
parties shall conduct public hearings on the amendment and 333
provide notice in the manner required under division (I) of this 334
section for original contracts. The contracting parties shall 335
make available for public inspection a copy of the amendment, a 336
description of the area to be added, removed, or excluded to or 337
from the district, and a map of that area in sufficient detail 338
to denote the specific boundaries of the area and to indicate 339
any zoning restrictions applicable to the area. 340

(3) Before adopting a resolution or ordinance approving 341
the addition of an area to the district, the contracting parties 342
shall circulate petitions to the record owners of real property 343
located within the proposed addition to the district and owners 344
of businesses operating within the proposed addition to the 345
district in the same manner required under division (J) of this 346
section for original contracts. The contracting parties may 347

notify such record owners of real property and owners of 348
businesses that the petitions are available for signing and deem 349
nonresponsive record owners of real property and owners of 350
businesses to have signed the petitions in the same manner 351
provided by that division. 352

(4) The contracting parties to a joint economic 353
development district may vote to approve an amendment to the 354
district contract under this division after the public hearings 355
required under division (L)(2) are completed and, if the 356
amendment adds an area or areas to the district, the petitions 357
required under division (L)(3) of this section have been signed 358
by one or more record owners of real property comprising the 359
majority of acreage in the area or areas added to the district 360
and by a majority of the owners of businesses, if any, operating 361
within the proposed addition to the district. 362

(5) Not later than ten days after all of the contracting 363
parties have adopted ordinances or resolutions approving an 364
amendment adding one or more areas to the district, each 365
contracting party shall give notice of the addition to all of 366
the following: 367

(a) Each record owner of real property to be included in 368
the addition to the district and in the territory of that 369
contracting party who did not sign the petitions described in 370
division (L)(3) of this section and who was not deemed to have 371
signed the petitions pursuant to that division; 372

(b) An owner of each business operating within the 373
addition to the district and in the territory of that 374
contracting party no owner of which signed the petitions 375
described in division (L)(3) of this section or was deemed to 376
have signed the petitions under that division. 377

(M) (1) A board of township trustees that is a party to a 378
contract creating a joint economic development district may 379
choose not to submit its resolution approving the contract to 380
the electors of the township if all of the following conditions 381
are satisfied: 382

(a) The resolution has been approved by a unanimous vote 383
of the members of the board of township trustees or, if a county 384
is one of the contracting parties under division (D) of this 385
section, the resolution has been approved by a majority vote of 386
the members of the board of township trustees; 387

(b) The contracting parties have circulated petitions as 388
required under division (J) of this section and obtained the 389
signatures required under division (L) of this section; 390

(c) The territory to be included in the proposed district 391
is zoned in a manner appropriate to the function of the 392
district. 393

(2) If the board of township trustees has not invoked its 394
authority under division (M) (1) of this section, the board, at 395
least ninety days before the date of the election, shall file 396
its resolution approving the district contract with the board of 397
elections for submission to the electors of the township for 398
approval at the next succeeding general, primary, or special 399
election. 400

(3) Any contract creating a district in which a board of 401
township trustees is a party shall provide that the contract is 402
not effective before the thirty-first day after its approval, 403
including approval by the electors of the township if required 404
by this section. 405

(4) If the board of township trustees invokes its 406

authority under division (M) (1) of this section and does not 407
submit the district contract to the electors for approval, the 408
resolution of the board of township trustees approving the 409
contract is subject to a referendum of the electors of the 410
township when requested through a petition. When signed by ten 411
per cent of the number of electors in the township who voted for 412
the office of governor at the most recent general election, a 413
referendum petition asking that the resolution be submitted to 414
the electors of the township may be presented to the board of 415
township trustees. Such a petition shall be presented within 416
thirty days after the board of township trustees adopts the 417
resolution approving the district contract. The board of 418
township trustees shall, not later than four p.m. of the tenth 419
day after receipt of the petition, certify the text of the 420
resolution to the board of elections. The board of elections 421
shall submit the resolution to the electors of the township for 422
their approval or rejection at the next general, primary, or 423
special election occurring at least ninety days after 424
certification of the resolution. 425

(N) The ballot respecting a resolution to create a 426
district or a referendum of such a resolution shall be in the 427
following form: 428

"Shall the resolution of the board of township trustees 429
approving the contract with (here insert name of 430
every other contracting party) for the creation of a joint 431
economic development district be approved? 432

FOR THE RESOLUTION AND CONTRACT 433

AGAINST THE RESOLUTION AND CONTRACT 434

If a majority of the electors of the township voting on 435

the issue vote for the resolution and contract, the resolution 436
shall become effective immediately and the contract shall go 437
into effect on the thirty-first day after the election or 438
thereafter in accordance with terms of the contract. 439

(O) Upon the creation of a district under this section, 440
one of the contracting parties shall file a copy of each of the 441
following documents with the director of development services: 442

(1) All of the documents described in divisions (I) (1) (a) 443
to (c) of this section; 444

(2) Certified copies of the ordinances and resolutions of 445
the contracting parties relating to the contract and district; 446

(3) Documentation from each contracting party that the 447
public hearings required by division (I) of this section have 448
been held, the date of the hearings, and evidence that notice of 449
the hearings was published as required by that division; 450

(4) A copy of the signed petitions required under 451
divisions (J) and (K) of this section. 452

(P) A board of directors shall govern each district 453
created under this section. 454

(1) If there are businesses operating and persons employed 455
within the district, the board shall be composed of the 456
following members: 457

(a) One member representing the municipal corporations 458
that are contracting parties; 459

(b) One member representing the townships that are 460
contracting parties; 461

(c) One member representing the owners of businesses 462

operating within the district; 463

(d) One member representing the persons employed within 464
the district; 465

(e) One member representing the counties that are 466
contracting parties, or, if no contracting party is a county, 467
one member selected by the members described in divisions (P) (1) 468
(a) to (d) of this section. 469

The members of the board shall be appointed as provided in 470
the district contract. Of the members initially appointed to the 471
board, the member described in division (P) (1) (a) of this 472
section shall serve a term of one year; the member described in 473
division (P) (1) (b) of this section shall serve a term of two 474
years; the member described in division (P) (1) (c) of this 475
section shall serve a term of three years; and the members 476
described in divisions (P) (1) (d) and (e) of this section shall 477
serve terms of four years. Thereafter, terms for each member 478
shall be for four years, each term ending on the same day of the 479
same month of the year as did the term that it succeeds. A 480
member may be reappointed to the board, but no member shall 481
serve more than two consecutive terms on the board. 482

The member described in division (R) (1) (e) of this section 483
shall serve as chairperson of the board described under division 484
(P) (1) of this section. 485

(2) If there are no businesses operating or persons 486
employed within the district, the board shall be composed of the 487
following members: 488

(a) One member representing the municipal corporations 489
that are contracting parties; 490

(b) One member representing the townships that are 491

contracting parties; 492

(c) One member representing the counties that are 493
contracting parties, or if no contracting party is a county, one 494
member selected by the members described in divisions (P) (2) (a) 495
and (b) of this section. 496

The members of the board shall be appointed as provided in 497
the district contract. Of the members initially appointed to the 498
board, the member described in division (P) (2) (a) of this 499
section shall serve a term of one year; the member described in 500
division (P) (2) (b) of this section shall serve a term of two 501
years; and the member described in division (P) (2) (c) of this 502
section shall serve a term of three years. Thereafter, terms for 503
each member shall be for four years, each term ending on the 504
same day of the same month of the year as did the term that it 505
succeeds. A member may be reappointed to the board, but no 506
member shall serve more than two consecutive terms on the board. 507

The member described in division (P) (2) (c) of this section 508
shall serve as chairperson of a board described under division 509
(P) (2) of this section. 510

(3) A board described under division (P) (1) or (2) of this 511
section has no powers except as described in this section and in 512
the contract creating the district. 513

(4) Membership on the board of directors of a joint 514
economic development district created under this section is not 515
the holding of a public office or employment within the meaning 516
of any section of the Revised Code prohibiting the holding of 517
other public office or employment. Membership on such a board is 518
not a direct or indirect interest in a contract or expenditure 519
of money by a municipal corporation, township, county, or other 520

political subdivision with which a member may be affiliated. 521
Notwithstanding any provision of law to the contrary, no member 522
of a board of directors of a joint economic development district 523
shall forfeit or be disqualified from holding any public office 524
or employment by reason of membership on the board. 525

(5) The board of directors of a joint economic development 526
district is a public body for the purposes of section 121.22 of 527
the Revised Code, Chapter 2744. of the Revised Code applies to 528
such a board and the district. 529

(Q) (1) An owner of a business that operated within an 530
unincorporated area of a joint economic development district 531
before the effective date of the district contract may, on 532
behalf of the business and its employees, apply to the director 533
of development services for exemption from any income tax 534
imposed by the board of directors of the district under division 535
(F) (5) of this section if either of the following apply: 536

(a) Neither the business nor its employees has derived or 537
will derive any material benefit from the new, expanded, or 538
additional services, facilities, or improvements described in 539
the economic development plan for the district; 540

(b) The material benefit that has, or will be, derived 541
from the new, expanded, or additional services, facilities, or 542
improvements described in the economic development plan is 543
negligible in comparison to the income tax revenue generated 544
from the net profits of the business and the income of employees 545
of the business. 546

The application shall be made in the manner prescribed by 547
the director for that purpose. The owner of the business shall 548
submit to the director, along with the application, 549

documentation sufficient to prove that the owner sent copies of 550
the application to the legislative authority of each contracting 551
party. 552

(2) Any or all of the contracting parties may submit a 553
written response to the application submitted under division (Q) 554
(1) of this section to the director at any time before the 555
director makes a determination with respect to the application. 556
Such a contracting party shall submit to the director, along 557
with the response, documentation sufficient to prove that the 558
owner sent copies of the response to the owner of the business 559
who submitted the application. 560

(3) The director shall review each application submitted 561
by a business owner under division (Q) (1) of this section and 562
each response submitted by a contracting party under division 563
(Q) (2) of this section. In addition, the director may conduct a 564
hearing on the application and request the presence of the 565
business owner and the contracting parties to present evidence 566
relevant to the application. The director shall make a 567
determination on the application not sooner than thirty days but 568
not later than sixty days after receiving the application from 569
the business owner. The director may make a determination more 570
than sixty days after receiving the application if the business 571
owner and all contracting parties to the district consent. 572

(4) The director shall grant the exemption applied for 573
under division (Q) (1) of this section if the business was 574
operating within the district on or before the effective date of 575
the district contract and at least one of the criteria described 576
in division (Q) (1) (a) and (b) of this section applies. 577

(5) If neither of the conditions described in divisions 578
(Q) (1) (a) and (b) of this section are met, the director shall 579

deny the application for exemption. 580

(6) The director's determination with respect to the 581
application is final. The director shall send notice of the 582
determination to the owner of the business and each contracting 583
party. If the director approves the application granting the 584
exemption, the net profit of the business from operating within 585
the district and the income of its employees from employment 586
within the district are exempt from any income tax imposed by 587
the board of directors of the district. If the director denies 588
the application, no owner of the business may submit another 589
application for exemption under division (Q) (1) of this section 590
for the term of the district contract. 591

(7) The director shall adopt any rules necessary to 592
implement division (Q) of this section in accordance with 593
Chapter 119. of the Revised Code. 594

(R) (1) No proceeding pursuant to Chapter 709. of the 595
Revised Code that proposes the annexation to, merger of, or 596
consolidation with a municipal corporation of any unincorporated 597
territory within a joint economic development district may be 598
commenced at any time between the effective date of the contract 599
creating the district and the date the contract expires, 600
terminates, or is otherwise rendered unenforceable. This 601
division does not apply if each board of township trustees whose 602
territory is included within the district and whose territory is 603
proposed to be annexed, merged, or consolidated adopts a 604
resolution consenting to the commencement of the proceeding. 605
Each such board of township trustees shall file a copy of the 606
resolution with the clerk of the legislative authority of each 607
county within which a contracting party is located. 608

(2) The contract creating a joint economic development 609

district may prohibit any annexation proceeding by a contracting 610
municipal corporation of any unincorporated territory within the 611
district or zone beyond the period described in division (R) (1) 612
of this section. 613

(3) No contracting party is divested or relieved of its 614
rights or obligations under the contract creating a joint 615
economic development district because of annexation, merger, or 616
consolidation. 617

(S) Contracting parties may enter into agreements pursuant 618
to the contract creating a joint economic development district 619
with respect to the substance and administration of zoning and 620
other land use regulations, building codes, permanent public 621
improvements, and other regulatory and proprietary matters 622
determined to be for a public purpose. No contract, however, 623
shall exempt the territory within the district from the 624
procedures of land use regulation applicable pursuant to 625
municipal corporation, township, and county regulations, 626
including, but not limited to, zoning procedures. 627

(T) The powers granted under this section are in addition 628
to and not in the derogation of all other powers possessed by or 629
granted to municipal corporations, townships, and counties 630
pursuant to law. 631

(1) When exercising a power or performing a function or 632
duty under a contract entered into under this section, a 633
municipal corporation may exercise all the powers of a municipal 634
corporation, and may perform all the functions and duties of a 635
municipal corporation, within the district, pursuant to and to 636
the extent consistent with the contract. 637

(2) When exercising a power or performing a function or 638

duty under a contract entered into under division (D) of this 639
section, a county may exercise all of the powers of a county, 640
and may perform all the functions and duties of a county, within 641
the district pursuant to and to the extent consistent with the 642
contract. 643

(U) No political subdivision shall grant any tax exemption 644
under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 645
5709.632 of the Revised Code on any property located within the 646
district without the consent of all the contracting parties. The 647
prohibition against granting a tax exemption under this section 648
does not apply to any exemption filed, pending, or approved 649
before the effective date of the contract entered into under 650
this section. 651

Sec. 715.79. (A) No annexation proceeding pursuant to 652
Chapter 709. of the Revised Code that proposes the annexation 653
to, merger of, or consolidation with a municipal corporation of 654
any unincorporated territory within a ~~joint economic development~~ 655
~~district, or~~ joint economic development zone that is subject to 656
division (I)(2) of section 715.691 of the Revised Code, shall be 657
commenced for a period of three years after the contract 658
creating the ~~district or~~ zone is approved by the majority of the 659
electors under section ~~715.77 or~~ 715.691 of the Revised Code. 660
This division does not apply if the contract is terminated 661
during this period or if each board of township trustees whose 662
territory is included within the ~~district or~~ zone and whose 663
territory is proposed to be annexed, merged, or consolidated 664
adopts a resolution consenting to the commencement of the 665
proceeding. Each such board of township trustees shall file a 666
copy of the resolution with the clerk of the legislative 667
authority of each county within which a contracting party is 668
located. 669

(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,~~ 700
~~a municipal corporation may exercise all of the powers of a~~ 701
~~municipal corporation, and may perform all the functions and~~ 702
~~duties of a municipal corporation, within the joint economic~~ 703
~~development district, pursuant to and to the extent consistent~~ 704
~~with the contract. When exercising a power or performing a~~ 705
~~function or duty under a contract entered into under either~~ 706
~~section 715.691 or 715.72 of the Revised Code, a township may~~ 707
~~exercise all of the powers of a township, and may perform all~~ 708
~~the functions and duties of a township, within the joint~~ 709
~~economic development district, or joint economic development~~ 710
~~zone that is subject to division (I) (2) of section 715.691 of~~ 711
~~the Revised Code, pursuant to and to the extent consistent with~~ 712
~~the contract.~~ 713

~~When exercising a power or performing a function or duty~~ 714
~~under a contract entered into under division (D) of section~~ 715
~~715.72 of the Revised Code, a county may exercise all of the~~ 716
~~powers of a county, and may perform all the functions and duties~~ 717
~~of a county, within the joint economic development district,~~ 718
~~pursuant to and to the extent consistent with the contract.~~ 719

No political subdivision shall grant any tax exemption 720
under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 721
5709.632 of the Revised Code on any property located within the 722
~~district, or zone that is subject to division (I) (2) of section~~ 723
715.691 of the Revised Code, without the consent of the 724
contracting parties. The prohibition against granting a tax 725
exemption under this section does not apply to any exemption 726
filed, pending, or approved before the effective date of the 727
contract entered into under ~~either~~ section 715.691 ~~or 715.72~~ of 728
the Revised Code. 729

Sec. 715.82. A municipal corporation may issue bonds and 730
exercise all other powers under Chapter 165. of the Revised Code 731
for one or more projects or parts thereof located in a joint 732
economic development district created pursuant to a contract 733
entered into under section 715.70, 715.71, or 715.72 ~~to 715.82~~ 734
of the Revised Code to which the municipal corporation is a 735
party, or in a township adjacent to that municipal corporation, 736
if the legislative authority of the municipal corporation 737
determines that the project is in furtherance of the public 738
purposes of the state to create or preserve jobs and employment 739
opportunities and to improve the economic welfare of the people 740
of the municipal corporation and the township. As used in this 741
section, "project" has the same meaning as in division (H) of 742
section 165.01 of the Revised Code, except that a project 743
described in this section is not required to be located within 744
the territorial boundaries of the municipal corporation. 745

Sec. 715.83. If any unincorporated area or township is a 746
party to a joint economic development district created pursuant 747
to a contract entered into under section 715.70, 715.71, or 748
715.72 ~~to 715.82~~ of the Revised Code that also includes as a 749
party a municipal corporation that is an eligible area as 750
defined in division (A) (2) of section 122.16 or division (A) (9) 751
of section 5733.33 of the Revised Code, then any project located 752
anywhere within the unincorporated area or township contained 753
within the joint economic development district is eligible for 754
any state assistance under Chapter 122. or section 5733.33 of 755
the Revised Code for which designation as an eligible area is a 756
criterion. 757

Sec. 5709.61. As used in sections 5709.61 to 5709.69 of 758
the Revised Code: 759

(A) "Enterprise zone" or "zone" means any of the 760
following: 761

(1) An area with a single continuous boundary designated 762
in the manner set forth in section 5709.62 or 5709.63 of the 763
Revised Code ~~and certified by the director of development as,~~ 764
having a population of at least four thousand according to the 765
best and most recent data available ~~to the director,~~ and having 766
at least two of the following characteristics: 767

(a) It is located in a municipal corporation defined by 768
the United States office of management and budget as a principal 769
city of a metropolitan statistical area; 770

(b) It is located in a county designated as being in the 771
"Appalachian region" under the "Appalachian Regional Development 772
Act of 1965," 79 Stat. 5, 40 App. U.S.C.A. 403, as amended; 773

(c) Its average rate of unemployment, during the most 774
recent twelve-month period for which data are available, is 775
equal to at least one hundred twenty-five per cent of the 776
average rate of unemployment for the state of Ohio for the same 777
period; 778

(d) There is a prevalence of commercial or industrial 779
structures in the area that are vacant or demolished, or are 780
vacant and the taxes charged thereon are delinquent, and 781
certification of the area as an enterprise zone would likely 782
result in the reduction of the rate of vacant or demolished 783
structures or the rate of tax delinquency in the area; 784

(e) The population of all census tracts in the area, 785
according to the federal census of 2000, decreased by at least 786
ten per cent between the years 1980 and 2000; 787

(f) At least fifty-one per cent of the residents of the 788

area have incomes of less than eighty per cent of the median 789
income of residents of the municipal corporation or municipal 790
corporations in which the area is located, as determined in the 791
same manner specified under section 119(b) of the "Housing and 792
Community Development Act of 1974," 88 Stat. 633, 42 U.S.C. 793
5318, as amended; 794

(g) The area contains structures previously used for 795
industrial purposes, but currently not so used due to age, 796
obsolescence, deterioration, relocation of the former occupant's 797
operations, or cessation of operations resulting from 798
unfavorable economic conditions either generally or in a 799
specific economic sector; 800

(h) It is located within one or more adjacent city, local, 801
or exempted village school districts, the income-weighted tax 802
capacity of each of which is less than seventy per cent of the 803
average of the income-weighted tax capacity of all city, local, 804
or exempted village school districts in the state according to 805
the most recent data available ~~to the director~~ from the 806
department of taxation. 807

The director of development shall adopt rules in 808
accordance with Chapter 119. of the Revised Code establishing 809
conditions constituting the characteristics described in 810
divisions (A) (1) (d), (g), and (h) of this section. 811

If an area could not be certified as an enterprise zone 812
unless it satisfied division (A) (1) (g) of this section, the 813
legislative authority may enter into agreements in that zone 814
under section 5709.62, 5709.63, or 5709.632 of the Revised Code 815
only if such agreements result in the development of the 816
facilities described in that division, the parcel of land on 817
which such facilities are situated, or adjacent parcels. The 818

director of development annually shall review all agreements in 819
such zones to determine whether the agreements have resulted in 820
such development; if the director determines that the agreements 821
have not resulted in such development, the director immediately 822
shall revoke certification of the zone and notify the 823
legislative authority of such revocation. Any agreements entered 824
into prior to revocation under this paragraph shall continue in 825
effect for the period provided in the agreement. 826

(2) An area with a single continuous boundary designated 827
in the manner set forth in section 5709.63 of the Revised Code 828
and ~~certified by the director of development as~~having all of the 829
following characteristics: 830

(a) Being located within a county that contains a 831
population of three hundred thousand or less; 832

(b) Having a population of at least one thousand according 833
to the best and most recent data available ~~to the director;~~ 834

(c) Having at least two of the characteristics described 835
in divisions (A) (1) (b) to (h) of this section. 836

(3) An area with a single continuous boundary designated 837
in the manner set forth under division (A) (1) of section 838
5709.632 of the Revised Code and ~~certified by the director of~~ 839
~~development as~~ having a population of at least four thousand, or 840
under division (A) (2) of that section and ~~certified as~~ having a 841
population of at least one thousand, according to the best and 842
most recent data available ~~to the director.~~ 843

(B) "Enterprise" means any form of business organization 844
including, but not limited to, any partnership, sole 845
proprietorship, or corporation, including an S corporation as 846
defined in section 1361 of the Internal Revenue Code and any 847

corporation that is majority work-owned either directly through 848
the ownership of stock or indirectly through participation in an 849
employee stock ownership plan. 850

(C) "Facility" means an enterprise's place of business in 851
a zone, including land, buildings, machinery, equipment, and 852
other materials, except inventory, used in business. "Facility" 853
includes land, buildings, machinery, production and station 854
equipment, other equipment, and other materials, except 855
inventory, used in business to generate electricity, provided 856
that, for purposes of sections 5709.61 to 5709.69 of the Revised 857
Code, the value of the property at such a facility shall be 858
reduced by the value, if any, that is not apportioned under 859
section 5727.15 of the Revised Code to the taxing district in 860
which the facility is physically located. In the case of such a 861
facility that is physically located in two adjacent taxing 862
districts, the property located in each taxing district 863
constitutes a separate facility. 864

"Facility" does not include any portion of an enterprise's 865
place of business used primarily for making retail sales, unless 866
the place of business is located in an impacted city as defined 867
in section 1728.01 of the Revised Code. 868

(D) "Vacant facility" means a facility that has been 869
vacant for at least ninety days immediately preceding the date 870
on which an agreement is entered into under section 5709.62 or 871
5709.63 of the Revised Code. 872

(E) "Expand" means to make expenditures to add land, 873
buildings, machinery, equipment, or other materials, except 874
inventory, to a facility that equal at least ten per cent of the 875
market value of the facility prior to such expenditures, as 876
determined for the purposes of local property taxation. 877

(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 907
(M) of section 4141.01 of the Revised Code, for at least ten 908
consecutive weeks immediately preceding that person's employment 909
at a facility that is a project site, or who is so unemployed 910
for at least twenty-six of the fifty-two weeks immediately 911
preceding that person's employment at such a facility. 912

(N) "JTPA eligible employee" means any individual who is 913
eligible for employment or training under the "Job Training 914
Partnership Act," 96 Stat. 1324 (1982), 29 U.S.C. 1501, as 915
amended. 916

(O) "First used in business" means that the property 917
referred to has not been used in business in this state by the 918
enterprise that owns it, or by an enterprise that is a related 919
member or predecessor enterprise of such an enterprise, other 920
than as inventory, prior to being used in business at a facility 921
as the result of a project. 922

(P) "Training program" means any noncredit training 923
program or course of study that is offered by any state college 924
or university; university branch district; community college; 925
technical college; nonprofit college or university certified 926
under section 1713.02 of the Revised Code; school district; 927
joint vocational school district; school registered and 928
authorized to offer programs under section 3332.05 of the 929
Revised Code; an entity administering any federal, state, or 930
local adult education and training program; or any enterprise; 931
and that meets all of the following requirements: 932

(1) It is approved by the director of development; 933

(2) It is established or operated to satisfy the need of a 934
particular industry or enterprise for skilled or semi-skilled 935

employees;	936
(3) An individual is required to complete the course or program before filling a position at a project site.	937 938
(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.	939 940 941 942 943 944 945 946
(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:	947 948 949 950 951 952
(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.	953 954 955 956 957 958
(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.	959 960 961 962
(S) "Business cycle" means the cycle of business activity usually regarded as passing through alternating stages of	963 964

prosperity and depression. 965

(T) "Making retail sales" means the effecting of point-of- 966
final-purchase transactions at a facility open to the consuming 967
public, wherein one party is obligated to pay the price and the 968
other party is obligated to provide a service or to transfer 969
title to or possession of the item sold. 970

(U) "Environmentally contaminated" means that hazardous 971
substances exist at a facility under conditions that have caused 972
or would cause the facility to be identified as contaminated by 973
the state or federal environmental protection agency. These may 974
include facilities located at sites identified in the master 975
sites list or similar database maintained by the state 976
environmental protection agency if the sites have been 977
investigated by the agency and found to be contaminated. 978

(V) "Remediate" means to make expenditures to clean up an 979
environmentally contaminated facility so that it is no longer 980
environmentally contaminated that equal at least ten per cent of 981
the real property market value of the facility prior to such 982
expenditures as determined for the purposes of property 983
taxation. 984

(W) "Related member" has the same meaning as defined in 985
section 5733.042 of the Revised Code without regard to division 986
(B) of that section, except that it is used with respect to an 987
enterprise rather than a taxpayer. 988

(X) "Predecessor enterprise" means an enterprise from 989
which the assets or equity of another enterprise has been 990
transferred, which transfer resulted in the full or partial 991
nonrecognition of gain or loss, or resulted in a carryover 992
basis, both as determined by rule adopted by the tax 993

commissioner. 994

(Y) "Successor enterprise" means an enterprise to which 995
the assets or equity of another enterprise has been transferred, 996
which transfer resulted in the full or partial nonrecognition of 997
gain or loss, or resulted in a carryover basis, both as 998
determined by rule adopted by the tax commissioner. 999

Sec. 5709.62. (A) In any municipal corporation that is 1000
defined by the United States office of management and budget as 1001
a principal city of a metropolitan statistical area, the 1002
legislative authority of the municipal corporation may designate 1003
one or more areas within its municipal corporation as proposed 1004
enterprise zones. Upon designating an area, the legislative 1005
authority shall ~~petition~~ do one of the following: 1006

(1) Petition the director of development services for 1007
certification of the area as having the characteristics set 1008
forth in division (A)(1) of section 5709.61 of the Revised Code 1009
as amended by Substitute Senate Bill No. 19 of the 120th general 1010
assembly. ~~Except as otherwise provided in division (E) of this~~ 1011
~~section, on and after July 1, 1994, legislative authorities~~ 1012
~~shall not enter into agreements under this section unless the~~ 1013
~~legislative authority has petitioned the director and the~~ 1014
~~director has certified the zone under this section as amended by~~ 1015
~~that act; however, all agreements entered into under this~~ 1016
~~section as it existed prior to July 1, 1994, and the incentives~~ 1017
~~granted under those agreements shall remain in effect for the~~ 1018
~~period agreed to under those agreements.~~ Within sixty days after 1019
receiving such a petition, the director shall determine whether 1020
the area has the characteristics set forth in division (A)(1) of 1021
section 5709.61 of the Revised Code, and shall forward the 1022
findings to the legislative authority of the municipal 1023

corporation. If the director certifies the area as having those 1024
characteristics, and thereby certifies it as a zone, the 1025
legislative authority may enter into an agreement with an 1026
enterprise under division (C) of this section. 1027

(2) Petition the board of education of each city, local, 1028
or exempted village school district within the territory of 1029
which the proposed enterprise zone is located. If each board of 1030
education verifies that the proposed zone has the 1031
characteristics set forth in division (A) (1) of section 5709.61 1032
of the Revised Code, the board, by resolution adopted by the 1033
majority of the board, may approve the proposed enterprise zone. 1034
Approval by each affected board of education constitutes 1035
certification of a zone under this section for the purposes of 1036
sections 5709.61 to 5709.69 of the Revised Code. Unless 1037
otherwise provided in the resolution, a board of education does 1038
not waive its right to approve agreements or receive notice 1039
under division (D) of this section by approving an enterprise 1040
zone proposal under this division. Upon approval by the board of 1041
education of each affected school district, the legislative 1042
authority of the municipal corporation may enter into an 1043
agreement with an enterprise under division (C) of this section. 1044

Except as otherwise provided in division (E) of this 1045
section, a legislative authority may not enter into agreements 1046
under this section unless the legislative authority has 1047
petitioned the director or board of education under division (A) 1048
(1) or (2) of this section and the director or board has 1049
certified the zone as having the characteristics set forth in 1050
division (A) (1) of section 5709.61 of the Revised Code. 1051

(B) Any enterprise that wishes to enter into an agreement 1052
with a municipal corporation under division (C) of this section 1053

shall submit a proposal to the legislative authority of the 1054
municipal corporation on a form prescribed by the director of 1055
development services, together with the application fee 1056
established under section 5709.68 of the Revised Code. The form 1057
shall require the following information: 1058

(1) An estimate of the number of new employees whom the 1059
enterprise intends to hire, or of the number of employees whom 1060
the enterprise intends to retain, within the zone at a facility 1061
that is a project site, and an estimate of the amount of payroll 1062
of the enterprise attributable to these employees; 1063

(2) An estimate of the amount to be invested by the 1064
enterprise to establish, expand, renovate, or occupy a facility, 1065
including investment in new buildings, additions or improvements 1066
to existing buildings, machinery, equipment, furniture, 1067
fixtures, and inventory; 1068

(3) A listing of the enterprise's current investment, if 1069
any, in a facility as of the date of the proposal's submission. 1070

The enterprise shall review and update the listings 1071
required under this division to reflect material changes, and 1072
any agreement entered into under division (C) of this section 1073
shall set forth final estimates and listings as of the time the 1074
agreement is entered into. The legislative authority may, on a 1075
separate form and at any time, require any additional 1076
information necessary to determine whether an enterprise is in 1077
compliance with an agreement and to collect the information 1078
required to be reported under section 5709.68 of the Revised 1079
Code. 1080

(C) Upon receipt and investigation of a proposal under 1081
division (B) of this section, if the legislative authority finds 1082

that the enterprise submitting the proposal is qualified by 1083
financial responsibility and business experience to create and 1084
preserve employment opportunities in the zone and improve the 1085
economic climate of the municipal corporation, the legislative 1086
authority, on or before October 15, 2015, may do one of the 1087
following: 1088

(1) Enter into an agreement with the enterprise under 1089
which the enterprise agrees to establish, expand, renovate, or 1090
occupy a facility and hire new employees, or preserve employment 1091
opportunities for existing employees, in return for one or more 1092
of the following incentives: 1093

(a) Exemption for a specified number of years, not to 1094
exceed fifteen, of a specified portion, up to seventy-five per 1095
cent, of the assessed value of tangible personal property first 1096
used in business at the project site as a result of the 1097
agreement. If an exemption for inventory is specifically granted 1098
in the agreement pursuant to this division, the exemption 1099
applies to inventory required to be listed pursuant to sections 1100
5711.15 and 5711.16 of the Revised Code, except that, in the 1101
instance of an expansion or other situations in which an 1102
enterprise was in business at the facility prior to the 1103
establishment of the zone, the inventory that is exempt is that 1104
amount or value of inventory in excess of the amount or value of 1105
inventory required to be listed in the personal property tax 1106
return of the enterprise in the return for the tax year in which 1107
the agreement is entered into. 1108

(b) Exemption for a specified number of years, not to 1109
exceed fifteen, of a specified portion, up to seventy-five per 1110
cent, of the increase in the assessed valuation of real property 1111
constituting the project site subsequent to formal approval of 1112

the agreement by the legislative authority; 1113

(c) Provision for a specified number of years, not to 1114
exceed fifteen, of any optional services or assistance that the 1115
municipal corporation is authorized to provide with regard to 1116
the project site. 1117

(2) Enter into an agreement under which the enterprise 1118
agrees to remediate an environmentally contaminated facility, to 1119
spend an amount equal to at least two hundred fifty per cent of 1120
the true value in money of the real property of the facility 1121
prior to remediation as determined for the purposes of property 1122
taxation to establish, expand, renovate, or occupy the 1123
remediated facility, and to hire new employees or preserve 1124
employment opportunities for existing employees at the 1125
remediated facility, in return for one or more of the following 1126
incentives: 1127

(a) Exemption for a specified number of years, not to 1128
exceed fifteen, of a specified portion, not to exceed fifty per 1129
cent, of the assessed valuation of the real property of the 1130
facility prior to remediation; 1131

(b) Exemption for a specified number of years, not to 1132
exceed fifteen, of a specified portion, not to exceed one 1133
hundred per cent, of the increase in the assessed valuation of 1134
the real property of the facility during or after remediation; 1135

(c) The incentive under division (C) (1) (a) of this 1136
section, except that the percentage of the assessed value of 1137
such property exempted from taxation shall not exceed one 1138
hundred per cent; 1139

(d) The incentive under division (C) (1) (c) of this 1140
section. 1141

(3) Enter into an agreement with an enterprise that plans 1142
to purchase and operate a large manufacturing facility that has 1143
ceased operation or announced its intention to cease operation, 1144
in return for exemption for a specified number of years, not to 1145
exceed fifteen, of a specified portion, up to one hundred per 1146
cent, of the assessed value of tangible personal property used 1147
in business at the project site as a result of the agreement, or 1148
of the assessed valuation of real property constituting the 1149
project site, or both. 1150

(D) (1) Notwithstanding divisions (C) (1) (a) and (b) of this 1151
section, the portion of the assessed value of tangible personal 1152
property or of the increase in the assessed valuation of real 1153
property exempted from taxation under those divisions may exceed 1154
seventy-five per cent in any year for which that portion is 1155
exempted if the average percentage exempted for all years in 1156
which the agreement is in effect does not exceed sixty per cent, 1157
or if the board of education of the city, local, or exempted 1158
village school district within the territory of which the 1159
property is or will be located approves a percentage in excess 1160
of seventy-five per cent. 1161

(2) Notwithstanding any provision of the Revised Code to 1162
the contrary, the exemptions described in divisions (C) (1) (a), 1163
(b), and (c), (C) (2) (a), (b), and (c), and (C) (3) of this 1164
section may be for up to fifteen years if the board of education 1165
of the city, local, or exempted village school district within 1166
the territory of which the property is or will be located 1167
approves a number of years in excess of ten. 1168

(3) For the purpose of obtaining the approval of a city, 1169
local, or exempted village school district under division (D) (1) 1170
or (2) of this section, the legislative authority shall deliver 1171

to the board of education a notice not later than forty-five 1172
days prior to approving the agreement, excluding Saturdays, 1173
Sundays, and legal holidays as defined in section 1.14 of the 1174
Revised Code. The notice shall state the percentage to be 1175
exempted, an estimate of the true value of the property to be 1176
exempted, and the number of years the property is to be 1177
exempted. The board of education, by resolution adopted by a 1178
majority of the board, shall approve or disapprove the agreement 1179
and certify a copy of the resolution to the legislative 1180
authority not later than fourteen days prior to the date 1181
stipulated by the legislative authority as the date upon which 1182
approval of the agreement is to be formally considered by the 1183
legislative authority. The board of education may include in the 1184
resolution conditions under which the board would approve the 1185
agreement, including the execution of an agreement to compensate 1186
the school district under division (B) of section 5709.82 of the 1187
Revised Code. The legislative authority may approve the 1188
agreement at any time after the board of education certifies its 1189
resolution approving the agreement to the legislative authority, 1190
or, if the board approves the agreement conditionally, at any 1191
time after the conditions are agreed to by the board and the 1192
legislative authority. 1193

If a board of education has adopted a resolution waiving 1194
its right to approve agreements and the resolution remains in 1195
effect, approval of an agreement by the board is not required 1196
under this division. If a board of education has adopted a 1197
resolution allowing a legislative authority to deliver the 1198
notice required under this division fewer than forty-five 1199
business days prior to the legislative authority's approval of 1200
the agreement, the legislative authority shall deliver the 1201
notice to the board not later than the number of days prior to 1202

such approval as prescribed by the board in its resolution. If a board of education adopts a resolution waiving its right to approve agreements or shortening the notification period, the board shall certify a copy of the resolution to the legislative authority. If the board of education rescinds such a resolution, it shall certify notice of the rescission to the legislative authority.

(4) The legislative authority shall comply with section 5709.83 of the Revised Code unless the board of education has adopted a resolution under that section waiving its right to receive such notice.

(E) This division applies to zones certified by the director of development services under this section prior to July 22, 1994.

On or before October 15, 2015, the legislative authority that designated a zone to which this division applies may enter into an agreement with an enterprise if the legislative authority finds that the enterprise satisfies one of the criteria described in divisions (E) (1) to (5) of this section:

(1) The enterprise currently has no operations in this state and, subject to approval of the agreement, intends to establish operations in the zone;

(2) The enterprise currently has operations in this state and, subject to approval of the agreement, intends to establish operations at a new location in the zone that would not result in a reduction in the number of employee positions at any of the enterprise's other locations in this state;

(3) The enterprise, subject to approval of the agreement, intends to relocate operations, currently located in another

state, to the zone; 1232

(4) The enterprise, subject to approval of the agreement, 1233
intends to expand operations at an existing site in the zone 1234
that the enterprise currently operates; 1235

(5) The enterprise, subject to approval of the agreement, 1236
intends to relocate operations, currently located in this state, 1237
to the zone, and the director of development services has issued 1238
a waiver for the enterprise under division (B) of section 1239
5709.633 of the Revised Code. 1240

The agreement shall require the enterprise to agree to 1241
establish, expand, renovate, or occupy a facility in the zone 1242
and hire new employees, or preserve employment opportunities for 1243
existing employees, in return for one or more of the incentives 1244
described in division (C) of this section. 1245

(F) All agreements entered into under this section shall 1246
be in the form prescribed under section 5709.631 of the Revised 1247
Code. After an agreement is entered into under this section, if 1248
the legislative authority revokes its designation of a zone, or 1249
if the director of development services revokes a zone's 1250
certification, any entitlements granted under the agreement 1251
shall continue for the number of years specified in the 1252
agreement. 1253

(G) Except as otherwise provided in this division, an 1254
agreement entered into under this section shall require that the 1255
enterprise pay an annual fee equal to the greater of one per 1256
cent of the dollar value of incentives offered under the 1257
agreement or five hundred dollars; provided, however, that if 1258
the value of the incentives exceeds two hundred fifty thousand 1259
dollars, the fee shall not exceed two thousand five hundred 1260

dollars. The fee shall be payable to the legislative authority 1261
once per year for each year the agreement is effective on the 1262
days and in the form specified in the agreement. Fees paid shall 1263
be deposited in a special fund created for such purpose by the 1264
legislative authority and shall be used by the legislative 1265
authority exclusively for the purpose of complying with section 1266
5709.68 of the Revised Code and by the tax incentive review 1267
council created under section 5709.85 of the Revised Code 1268
exclusively for the purposes of performing the duties prescribed 1269
under that section. The legislative authority may waive or 1270
reduce the amount of the fee charged against an enterprise, but 1271
such a waiver or reduction does not affect the obligations of 1272
the legislative authority or the tax incentive review council to 1273
comply with section 5709.68 or 5709.85 of the Revised Code. 1274

(H) When an agreement is entered into pursuant to this 1275
section, the legislative authority authorizing the agreement 1276
shall forward a copy of the agreement to the director of 1277
development services and to the tax commissioner within fifteen 1278
days after the agreement is entered into. If any agreement 1279
includes terms not provided for in section 5709.631 of the 1280
Revised Code affecting the revenue of a city, local, or exempted 1281
village school district or causing revenue to be forgone by the 1282
district, including any compensation to be paid to the school 1283
district pursuant to section 5709.82 of the Revised Code, those 1284
terms also shall be forwarded in writing to the director of 1285
development services along with the copy of the agreement 1286
forwarded under this division. 1287

(I) After an agreement is entered into, the enterprise 1288
shall file with each personal property tax return required to be 1289
filed, or annual report required to be filed under section 1290
5727.08 of the Revised Code, while the agreement is in effect, 1291

an informational return, on a form prescribed by the tax commissioner for that purpose, setting forth separately the property, and related costs and values, exempted from taxation under the agreement.

(J) Enterprises may agree to give preference to residents of the zone within which the agreement applies relative to residents of this state who do not reside in the zone when hiring new employees under the agreement.

(K) An agreement entered into under this section may include a provision requiring the enterprise to create one or more temporary internship positions for students enrolled in a course of study at a school or other educational institution in the vicinity, and to create a scholarship or provide another form of educational financial assistance for students holding such a position in exchange for the student's commitment to work for the enterprise at the completion of the internship.

(L) The tax commissioner's authority in determining the accuracy of any exemption granted by an agreement entered into under this section is limited to divisions (C) (1) (a) and (b), (C) (2) (a), (b), and (c), (C) (3), (D), and (I) of this section and divisions (B) (1) to (10) of section 5709.631 of the Revised Code and, as authorized by law, to enforcing any modification to, or revocation of, that agreement by the legislative authority of a municipal corporation or the director of development services.

Sec. 5709.63. (A) With the consent of the legislative authority of each affected municipal corporation or of a board of township trustees, a board of county commissioners may, in the manner set forth in section 5709.62 of the Revised Code, designate one or more areas in one or more municipal

corporations or in unincorporated areas of the county as 1322
proposed enterprise zones. A board of county commissioners may 1323
designate no more than one area within a township, or within 1324
adjacent townships, as a proposed enterprise zone. The board 1325
shall petition the director of development services for 1326
certification of the area as having the characteristics set 1327
forth in division (A) (1) or (2) of section 5709.61 of the 1328
Revised Code ~~as amended by Substitute Senate Bill No. 19 of the~~ 1329
~~120th general assembly or shall petition the board of education~~ 1330
of each city, local, or exempted village school district within 1331
the territory of which the proposed enterprise zone is located 1332
for approval of the zone. If each board of education verifies 1333
that the area has the characteristics set forth in those 1334
divisions, each board may approve the zone area in the same 1335
manner as provided under section 5709.62 of the Revised Code. 1336
Approval by all affected boards constitutes certification of the 1337
zone under this section for the purposes of sections 5709.61 to 1338
5709.69 of the Revised Code. Except as otherwise provided in 1339
division (D) of this section, on and after July 1, 1994, boards 1340
of county commissioners shall not enter into agreements under 1341
this section unless the board has petitioned the director or 1342
board of education and the director or board of education has 1343
certified the zone under this ~~section as amended by that act;~~ 1344
~~however, all agreements entered into under this section as it~~ 1345
~~existed prior to July 1, 1994, and the incentives granted under~~ 1346
~~those agreements shall remain in effect for the period agreed to~~ 1347
~~under those agreements. The director shall make the~~ 1348
~~determination in the manner provided under section 5709.62 of~~ 1349
~~the Revised Code~~division. 1350

Any enterprise wishing to enter into an agreement with the 1351
board under division (B) or (D) of this section shall submit a 1352

proposal to the board on the form and accompanied by the 1353
application fee prescribed under division (B) of section 5709.62 1354
of the Revised Code. The enterprise shall review and update the 1355
estimates and listings required by the form in the manner 1356
required under that division. The board may, on a separate form 1357
and at any time, require any additional information necessary to 1358
determine whether an enterprise is in compliance with an 1359
agreement and to collect the information required to be reported 1360
under section 5709.68 of the Revised Code. 1361

(B) If the board of county commissioners finds that an 1362
enterprise submitting a proposal is qualified by financial 1363
responsibility and business experience to create and preserve 1364
employment opportunities in the zone and to improve the economic 1365
climate of the municipal corporation or municipal corporations 1366
or the unincorporated areas in which the zone is located and to 1367
which the proposal applies, the board, on or before October 15, 1368
2015, and with the consent of the legislative authority of each 1369
affected municipal corporation or of the board of township 1370
trustees may do either of the following: 1371

(1) Enter into an agreement with the enterprise under 1372
which the enterprise agrees to establish, expand, renovate, or 1373
occupy a facility in the zone and hire new employees, or 1374
preserve employment opportunities for existing employees, in 1375
return for the following incentives: 1376

(a) When the facility is located in a municipal 1377
corporation, the board may enter into an agreement for one or 1378
more of the incentives provided in division (C) of section 1379
5709.62 of the Revised Code, subject to division (D) of that 1380
section; 1381

(b) When the facility is located in an unincorporated 1382

area, the board may enter into an agreement for one or more of 1383
the following incentives: 1384

(i) Exemption for a specified number of years, not to 1385
exceed fifteen, of a specified portion, up to sixty per cent, of 1386
the assessed value of tangible personal property first used in 1387
business at a project site as a result of the agreement. If an 1388
exemption for inventory is specifically granted in the agreement 1389
pursuant to this division, the exemption applies to inventory 1390
required to be listed pursuant to sections 5711.15 and 5711.16 1391
of the Revised Code, except, in the instance of an expansion or 1392
other situations in which an enterprise was in business at the 1393
facility prior to the establishment of the zone, the inventory 1394
that is exempt is that amount or value of inventory in excess of 1395
the amount or value of inventory required to be listed in the 1396
personal property tax return of the enterprise in the return for 1397
the tax year in which the agreement is entered into. 1398

(ii) Exemption for a specified number of years, not to 1399
exceed fifteen, of a specified portion, up to sixty per cent, of 1400
the increase in the assessed valuation of real property 1401
constituting the project site subsequent to formal approval of 1402
the agreement by the board; 1403

(iii) Provision for a specified number of years, not to 1404
exceed fifteen, of any optional services or assistance the board 1405
is authorized to provide with regard to the project site; 1406

(iv) The incentive described in division (C) (2) of section 1407
5709.62 of the Revised Code. 1408

(2) Enter into an agreement with an enterprise that plans 1409
to purchase and operate a large manufacturing facility that has 1410
ceased operation or has announced its intention to cease 1411

operation, in return for exemption for a specified number of 1412
years, not to exceed fifteen, of a specified portion, up to one 1413
hundred per cent, of tangible personal property used in business 1414
at the project site as a result of the agreement, or of real 1415
property constituting the project site, or both. 1416

(C) (1) (a) Notwithstanding divisions (B) (1) (b) (i) and (ii) 1417
of this section, the portion of the assessed value of tangible 1418
personal property or of the increase in the assessed valuation 1419
of real property exempted from taxation under those divisions 1420
may exceed sixty per cent in any year for which that portion is 1421
exempted if the average percentage exempted for all years in 1422
which the agreement is in effect does not exceed fifty per cent, 1423
or if the board of education of the city, local, or exempted 1424
village school district within the territory of which the 1425
property is or will be located approves a percentage in excess 1426
of sixty per cent. 1427

(b) Notwithstanding any provision of the Revised Code to 1428
the contrary, the exemptions described in divisions (B) (1) (b) 1429
(i), (ii), (iii), and (iv) and (B) (2) of this section may be for 1430
up to fifteen years if the board of education of the city, 1431
local, or exempted village school district within the territory 1432
of which the property is or will be located approves a number of 1433
years in excess of ten. 1434

(c) For the purpose of obtaining the approval of a city, 1435
local, or exempted village school district under division (C) (1) 1436
(a) or (b) of this section, the board of county commissioners 1437
shall deliver to the board of education a notice not later than 1438
forty-five days prior to approving the agreement, excluding 1439
Saturdays, Sundays, and legal holidays as defined in section 1440
1.14 of the Revised Code. The notice shall state the percentage 1441

to be exempted, an estimate of the true value of the property to 1442
be exempted, and the number of years the property is to be 1443
exempted. The board of education, by resolution adopted by a 1444
majority of the board, shall approve or disapprove the agreement 1445
and certify a copy of the resolution to the board of county 1446
commissioners not later than fourteen days prior to the date 1447
stipulated by the board of county commissioners as the date upon 1448
which approval of the agreement is to be formally considered by 1449
the board of county commissioners. The board of education may 1450
include in the resolution conditions under which the board would 1451
approve the agreement, including the execution of an agreement 1452
to compensate the school district under division (B) of section 1453
5709.82 of the Revised Code. The board of county commissioners 1454
may approve the agreement at any time after the board of 1455
education certifies its resolution approving the agreement to 1456
the board of county commissioners, or, if the board of education 1457
approves the agreement conditionally, at any time after the 1458
conditions are agreed to by the board of education and the board 1459
of county commissioners. 1460

 If a board of education has adopted a resolution waiving 1461
its right to approve agreements and the resolution remains in 1462
effect, approval of an agreement by the board of education is 1463
not required under division (C) of this section. If a board of 1464
education has adopted a resolution allowing a board of county 1465
commissioners to deliver the notice required under this division 1466
fewer than forty-five business days prior to approval of the 1467
agreement by the board of county commissioners, the board of 1468
county commissioners shall deliver the notice to the board of 1469
education not later than the number of days prior to such 1470
approval as prescribed by the board of education in its 1471
resolution. If a board of education adopts a resolution waiving 1472

its right to approve agreements or shortening the notification 1473
period, the board of education shall certify a copy of the 1474
resolution to the board of county commissioners. If the board of 1475
education rescinds such a resolution, it shall certify notice of 1476
the rescission to the board of county commissioners. 1477

(2) The board of county commissioners shall comply with 1478
section 5709.83 of the Revised Code unless the board of 1479
education has adopted a resolution under that section waiving 1480
its right to receive such notice. 1481

(D) This division applies to zones certified by the 1482
director of development services under this section prior to 1483
July 22, 1994. 1484

On or before October 15, 2015, and with the consent of the 1485
legislative authority of each affected municipal corporation or 1486
board of township trustees of each affected township, the board 1487
of county commissioners that designated a zone to which this 1488
division applies may enter into an agreement with an enterprise 1489
if the board finds that the enterprise satisfies one of the 1490
criteria described in divisions (D)(1) to (5) of this section: 1491

(1) The enterprise currently has no operations in this 1492
state and, subject to approval of the agreement, intends to 1493
establish operations in the zone; 1494

(2) The enterprise currently has operations in this state 1495
and, subject to approval of the agreement, intends to establish 1496
operations at a new location in the zone that would not result 1497
in a reduction in the number of employee positions at any of the 1498
enterprise's other locations in this state; 1499

(3) The enterprise, subject to approval of the agreement, 1500
intends to relocate operations, currently located in another 1501

state, to the zone; 1502

(4) The enterprise, subject to approval of the agreement, 1503
intends to expand operations at an existing site in the zone 1504
that the enterprise currently operates; 1505

(5) The enterprise, subject to approval of the agreement, 1506
intends to relocate operations, currently located in this state, 1507
to the zone, and the director of development services has issued 1508
a waiver for the enterprise under division (B) of section 1509
5709.633 of the Revised Code. 1510

The agreement shall require the enterprise to agree to 1511
establish, expand, renovate, or occupy a facility in the zone 1512
and hire new employees, or preserve employment opportunities for 1513
existing employees, in return for one or more of the incentives 1514
described in division (B) of this section. 1515

(E) All agreements entered into under this section shall 1516
be in the form prescribed under section 5709.631 of the Revised 1517
Code. After an agreement under this section is entered into, if 1518
the board of county commissioners revokes its designation of a 1519
zone, or if the director of development services revokes a 1520
zone's certification, any entitlements granted under the 1521
agreement shall continue for the number of years specified in 1522
the agreement. 1523

(F) Except as otherwise provided in this division, an 1524
agreement entered into under this section shall require that the 1525
enterprise pay an annual fee equal to the greater of one per 1526
cent of the dollar value of incentives offered under the 1527
agreement or five hundred dollars; provided, however, that if 1528
the value of the incentives exceeds two hundred fifty thousand 1529
dollars, the fee shall not exceed two thousand five hundred 1530

dollars. The fee shall be payable to the board of county commissioners once per year for each year the agreement is effective on the days and in the form specified in the agreement. Fees paid shall be deposited in a special fund created for such purpose by the board and shall be used by the board exclusively for the purpose of complying with section 5709.68 of the Revised Code and by the tax incentive review council created under section 5709.85 of the Revised Code exclusively for the purposes of performing the duties prescribed under that section. The board may waive or reduce the amount of the fee charged against an enterprise, but such waiver or reduction does not affect the obligations of the board or the tax incentive review council to comply with section 5709.68 or 5709.85 of the Revised Code, respectively.

(G) With the approval of the legislative authority of a municipal corporation or the board of township trustees of a township in which a zone is designated under division (A) of this section, the board of county commissioners may delegate to that legislative authority or board any powers and duties of the board of county commissioners to negotiate and administer agreements with regard to that zone under this section.

(H) When an agreement is entered into pursuant to this section, the board of county commissioners authorizing the agreement or the legislative authority or board of township trustees that negotiates and administers the agreement shall forward a copy of the agreement to the director of development services and to the tax commissioner within fifteen days after the agreement is entered into. If any agreement includes terms not provided for in section 5709.631 of the Revised Code affecting the revenue of a city, local, or exempted village school district or causing revenue to be foregone by the

district, including any compensation to be paid to the school 1562
district pursuant to section 5709.82 of the Revised Code, those 1563
terms also shall be forwarded in writing to the director of 1564
development services along with the copy of the agreement 1565
forwarded under this division. 1566

(I) After an agreement is entered into, the enterprise 1567
shall file with each personal property tax return required to be 1568
filed, or annual report that is required to be filed under 1569
section 5727.08 of the Revised Code, while the agreement is in 1570
effect, an informational return, on a form prescribed by the tax 1571
commissioner for that purpose, setting forth separately the 1572
property, and related costs and values, exempted from taxation 1573
under the agreement. 1574

(J) Enterprises may agree to give preference to residents 1575
of the zone within which the agreement applies relative to 1576
residents of this state who do not reside in the zone when 1577
hiring new employees under the agreement. 1578

(K) An agreement entered into under this section may 1579
include a provision requiring the enterprise to create one or 1580
more temporary internship positions for students enrolled in a 1581
course of study at a school or other educational institution in 1582
the vicinity, and to create a scholarship or provide another 1583
form of educational financial assistance for students holding 1584
such a position in exchange for the student's commitment to work 1585
for the enterprise at the completion of the internship. 1586

(L) The tax commissioner's authority in determining the 1587
accuracy of any exemption granted by an agreement entered into 1588
under this section is limited to divisions (B) (1) (b) (i) and 1589
(ii), (B) (2), (C), and (I) of this section, division (B) (1) (b) 1590
(iv) of this section as it pertains to divisions (C) (2) (a), (b), 1591

and (c) of section 5709.62 of the Revised Code, and divisions 1592
(B) (1) to (10) of section 5709.631 of the Revised Code and, as 1593
authorized by law, to enforcing any modification to, or 1594
revocation of, that agreement by the board of county 1595
commissioners or the director of development services or, if the 1596
board's powers and duties are delegated under division (G) of 1597
this section, by the legislative authority of a municipal 1598
corporation or board of township trustees. 1599

Sec. 5709.632. (A) (1) The legislative authority of a 1600
municipal corporation defined by the United States office of 1601
management and budget as a principal city of a metropolitan 1602
statistical area may, in the manner set forth in section 5709.62 1603
of the Revised Code, designate one or more areas in the 1604
municipal corporation as a proposed enterprise zone. 1605

(2) With the consent of the legislative authority of each 1606
affected municipal corporation or of a board of township 1607
trustees, a board of county commissioners may, in the manner set 1608
forth in section 5709.62 of the Revised Code, designate one or 1609
more areas in one or more municipal corporations or in 1610
unincorporated areas of the county as proposed urban jobs and 1611
enterprise zones, except that a board of county commissioners 1612
may designate no more than one area within a township, or within 1613
adjacent townships, as a proposed urban jobs and enterprise 1614
zone. 1615

(3) The legislative authority or board of county 1616
commissioners may petition the either of the following for 1617
certification of an enterprise zone: 1618

(a) The director of development services for certification 1619
of, who shall determine if the area as having has the 1620
characteristics set forth in division (A) (3) of section 5709.61 1621

of the Revised Code. Within sixty days after receiving such a 1622
petition, the director shall determine whether the area has the 1623
characteristics set forth in that division and forward the 1624
findings to the legislative authority or board of county 1625
commissioners. If the director certifies the area as having 1626
those characteristics and thereby certifies it as a zone, the 1627
legislative authority or board may enter into agreements with 1628
enterprises under division (B) of this section. 1629

(b) The board of education of each city, local, or 1630
exempted village school district within the territory of which 1631
the proposed enterprise zone is located. If each board of 1632
education verifies that the proposed zone has the 1633
characteristics set forth in division (A) (3) of section 5709.61 1634
of the Revised Code, each board, by resolution adopted by the 1635
majority of the board, may approve the proposed enterprise zone. 1636
Approval by all affected boards of education constitutes 1637
certification of a zone under this section for the purposes of 1638
sections 5709.61 to 5709.69 of the Revised Code. Unless 1639
otherwise provided in the resolution, the board of education 1640
does not waive its right to approve agreements or receive notice 1641
of agreements under this section by approving an enterprise zone 1642
proposal under this division. Upon approval of the board of 1643
education of each affected school district, the legislative 1644
authority or board may enter into agreements with enterprises 1645
under division (B) of this section. 1646

Any enterprise wishing to enter into an agreement with a 1647
legislative authority or board of county commissioners under 1648
this section and satisfying one of the criteria described in 1649
divisions (B) (1) to (5) of this section shall submit a proposal 1650
to the legislative authority or board on the form prescribed 1651
under division (B) of section 5709.62 of the Revised Code and 1652

shall review and update the estimates and listings required by 1653
the form in the manner required under that division. The 1654
legislative authority or board may, on a separate form and at 1655
any time, require any additional information necessary to 1656
determine whether an enterprise is in compliance with an 1657
agreement and to collect the information required to be reported 1658
under section 5709.68 of the Revised Code. 1659

(B) Prior to entering into an agreement with an 1660
enterprise, the legislative authority or board of county 1661
commissioners shall determine whether the enterprise submitting 1662
the proposal is qualified by financial responsibility and 1663
business experience to create and preserve employment 1664
opportunities in the zone and to improve the economic climate of 1665
the municipal corporation or municipal corporations or the 1666
unincorporated areas in which the zone is located and to which 1667
the proposal applies, and whether the enterprise satisfies one 1668
of the following criteria: 1669

(1) The enterprise currently has no operations in this 1670
state and, subject to approval of the agreement, intends to 1671
establish operations in the zone; 1672

(2) The enterprise currently has operations in this state 1673
and, subject to approval of the agreement, intends to establish 1674
operations at a new location in the zone that would not result 1675
in a reduction in the number of employee positions at any of the 1676
enterprise's other locations in this state; 1677

(3) The enterprise, subject to approval of the agreement, 1678
intends to relocate operations, currently located in another 1679
state, to the zone; 1680

(4) The enterprise, subject to approval of the agreement, 1681

intends to expand operations at an existing site in the zone 1682
that the enterprise currently operates; 1683

(5) The enterprise, subject to approval of the agreement, 1684
intends to relocate operations, currently located in this state, 1685
to the zone, and the director of development services has issued 1686
a waiver for the enterprise under division (B) of section 1687
5709.633 of the Revised Code. 1688

(C) If the legislative authority or board determines that 1689
the enterprise is so qualified and satisfies one of the criteria 1690
described in divisions (B)(1) to (5) of this section, the 1691
legislative authority or board may, after complying with section 1692
5709.83 of the Revised Code and on or before October 15, 2015, 1693
and, in the case of a board of commissioners, with the consent 1694
of the legislative authority of each affected municipal 1695
corporation or of the board of township trustees, enter into an 1696
agreement with the enterprise under which the enterprise agrees 1697
to establish, expand, renovate, or occupy a facility in the zone 1698
and hire new employees, or preserve employment opportunities for 1699
existing employees, in return for the following incentives: 1700

(1) When the facility is located in a municipal 1701
corporation, a legislative authority or board of commissioners 1702
may enter into an agreement for one or more of the incentives 1703
provided in division (C) of section 5709.62 of the Revised Code, 1704
subject to division (D) of that section; 1705

(2) When the facility is located in an unincorporated 1706
area, a board of commissioners may enter into an agreement for 1707
one or more of the incentives provided in divisions (B)(1)(b), 1708
(B)(2), and (B)(3) of section 5709.63 of the Revised Code, 1709
subject to division (C) of that section. 1710

(D) All agreements entered into under this section shall 1711
be in the form prescribed under section 5709.631 of the Revised 1712
Code. After an agreement under this section is entered into, if 1713
the legislative authority or board of county commissioners 1714
revokes its designation of the zone, or if the director of 1715
development services revokes the zone's certification, any 1716
entitlements granted under the agreement shall continue for the 1717
number of years specified in the agreement. 1718

(E) Except as otherwise provided in this division, an 1719
agreement entered into under this section shall require that the 1720
enterprise pay an annual fee equal to the greater of one per 1721
cent of the dollar value of incentives offered under the 1722
agreement or five hundred dollars; provided, however, that if 1723
the value of the incentives exceeds two hundred fifty thousand 1724
dollars, the fee shall not exceed two thousand five hundred 1725
dollars. The fee shall be payable to the legislative authority 1726
or board of commissioners once per year for each year the 1727
agreement is effective on the days and in the form specified in 1728
the agreement. Fees paid shall be deposited in a special fund 1729
created for such purpose by the legislative authority or board 1730
and shall be used by the legislative authority or board 1731
exclusively for the purpose of complying with section 5709.68 of 1732
the Revised Code and by the tax incentive review council created 1733
under section 5709.85 of the Revised Code exclusively for the 1734
purposes of performing the duties prescribed under that section. 1735
The legislative authority or board may waive or reduce the 1736
amount of the fee charged against an enterprise, but such waiver 1737
or reduction does not affect the obligations of the legislative 1738
authority or board or the tax incentive review council to comply 1739
with section 5709.68 or 5709.85 of the Revised Code, 1740
respectively. 1741

(F) With the approval of the legislative authority of a 1742
municipal corporation or the board of township trustees of a 1743
township in which a zone is designated under division (A) (2) of 1744
this section, the board of county commissioners may delegate to 1745
that legislative authority or board any powers and duties of the 1746
board to negotiate and administer agreements with regard to that 1747
zone under this section. 1748

(G) When an agreement is entered into pursuant to this 1749
section, the legislative authority or board of commissioners 1750
authorizing the agreement shall forward a copy of the agreement 1751
to the director of development services and to the tax 1752
commissioner within fifteen days after the agreement is entered 1753
into. If any agreement includes terms not provided for in 1754
section 5709.631 of the Revised Code affecting the revenue of a 1755
city, local, or exempted village school district or causing 1756
revenue to be forgone by the district, including any 1757
compensation to be paid to the school district pursuant to 1758
section 5709.82 of the Revised Code, those terms also shall be 1759
forwarded in writing to the director of development services 1760
along with the copy of the agreement forwarded under this 1761
division. 1762

(H) After an agreement is entered into, the enterprise 1763
shall file with each personal property tax return required to be 1764
filed while the agreement is in effect, an informational return, 1765
on a form prescribed by the tax commissioner for that purpose, 1766
setting forth separately the property, and related costs and 1767
values, exempted from taxation under the agreement. 1768

(I) An agreement entered into under this section may 1769
include a provision requiring the enterprise to create one or 1770
more temporary internship positions for students enrolled in a 1771

course of study at a school or other educational institution in 1772
the vicinity, and to create a scholarship or provide another 1773
form of educational financial assistance for students holding 1774
such a position in exchange for the student's commitment to work 1775
for the enterprise at the completion of the internship. 1776

Sec. 5709.82. (A) As used in this section: 1777

(1) "New employee" means both of the following: 1778

(a) Persons employed in the construction of real property 1779
exempted from taxation under the chapters or sections of the 1780
Revised Code enumerated in division (B) of this section; 1781

(b) Persons not described by division (A)(1)(a) of this 1782
section who are first employed at the site of such property and 1783
who within the two previous years have not been subject, prior 1784
to being employed at that site, to income taxation by the 1785
municipal corporation within whose territory the site is located 1786
on income derived from employment for the person's current 1787
employer. "New employee" does not include any person who 1788
replaces a person who is not a new employee under division (A) 1789
(1) of this section. 1790

(2) "Infrastructure costs" means costs incurred by a 1791
municipal corporation in a calendar year to acquire, construct, 1792
reconstruct, improve, plan, or equip real or tangible personal 1793
property that directly benefits or will directly benefit the 1794
exempted property. If the municipal corporation finances the 1795
acquisition, construction, reconstruction, improvement, 1796
planning, or equipping of real or tangible personal property 1797
that directly benefits the exempted property by issuing debt, 1798
"infrastructure costs" means the annual debt charges incurred by 1799
the municipal corporation from the issuance of such debt. Real 1800

or tangible personal property directly benefits exempted 1801
property only if the exempted property places or will place 1802
direct, additional demand on the real or tangible personal 1803
property for which such costs were or will be incurred. 1804

(3) "Taxing unit" has the same meaning as in division (H) 1805
of section 5705.01 of the Revised Code. 1806

(B) (1) Except as otherwise provided under division (C) of 1807
this section, the legislative authority of any political 1808
subdivision that has acted under the authority of Chapter 725. 1809
or 1728., sections 3735.65 to 3735.70, or section 5709.40, 1810
5709.41, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, 1811
or 5709.88 of the Revised Code to grant an exemption from 1812
taxation for real or tangible personal property may negotiate 1813
with the board of education of each city, local, exempted 1814
village, or joint vocational school district or other taxing 1815
unit within the territory of which the exempted property is 1816
located, and enter into an agreement whereby the school district 1817
or taxing unit is compensated for tax revenue foregone by the 1818
school district or taxing unit as a result of the exemption. 1819
Except as otherwise provided in division (B) (1) of this section, 1820
if a political subdivision enters into more than one agreement 1821
under this section with respect to a tax exemption, the 1822
political subdivision shall provide to each school district or 1823
taxing unit with which it contracts the same percentage of tax 1824
revenue foregone by the school district or taxing unit, which 1825
may be based on a good faith projection made at the time the 1826
exemption is granted. Such percentage shall be calculated on the 1827
basis of amounts paid by the political subdivision and any 1828
amounts paid by an owner under division (B) (2) of this section. 1829
A political subdivision may provide a school district or other 1830
taxing unit with a smaller percentage of foregone tax revenue 1831

than that provided to other school districts or taxing units 1832
only if the school district or taxing unit expressly consents in 1833
the agreement to receiving a smaller percentage. If a 1834
subdivision has acted under the authority of section 5709.40, 1835
5709.41, 5709.73, or 5709.78 of the Revised Code and enters into 1836
a compensation agreement with a city, local, or exempted village 1837
school district, the subdivision shall provide compensation to 1838
the joint vocational school district within the territory of 1839
which the exempted property is located at the same rate and 1840
under the same terms as received by the city, local, or exempted 1841
village school district. 1842

(2) An owner of property exempted from taxation under the 1843
authority described in division (B)(1) of this section may, by 1844
becoming a party to an agreement described in division (B)(1) of 1845
this section or by entering into a separate agreement with a 1846
school district or other taxing unit, agree to compensate the 1847
school district or taxing unit by paying cash or by providing 1848
property or services by gift, loan, or otherwise. If the owner's 1849
property is exempted under the authority of section 5709.40, 1850
5709.41, 5709.73, or 5709.78 of the Revised Code and the owner 1851
enters into a compensation agreement with a city, local, or 1852
exempted village school district, the owner shall provide 1853
compensation to the joint vocational school district within the 1854
territory of which the owner's property is located at the same 1855
rate and under the same terms as received by the city, local, or 1856
exempted village school district. 1857

(C) This division does not apply to the following: 1858

(1) The legislative authority of a municipal corporation 1859
that has acted under the authority of division (H) of section 1860
715.70 or division (U) of section ~~715.81~~ 715.72 of the Revised 1861

Code to consent to the granting of an exemption from taxation 1862
for real or tangible personal property in a joint economic 1863
development district. 1864

(2) The legislative authority of a municipal corporation 1865
that has specified in an ordinance adopted under section 5709.40 1866
or 5709.41 of the Revised Code that payments in lieu of taxes 1867
provided for under section 5709.42 of the Revised Code shall be 1868
paid to the city, local, or exempted village school district in 1869
which the improvements are located in the amount of taxes that 1870
would have been payable to the school district if the 1871
improvements had not been exempted from taxation, as directed in 1872
the ordinance. 1873

If the legislative authority of any municipal corporation 1874
has acted under the authority of Chapter 725. or 1728. or 1875
section 3735.671, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 1876
or 5709.88, or a housing officer under section 3735.67 of the 1877
Revised Code, to grant or consent to the granting of an 1878
exemption from taxation for real or tangible personal property 1879
on or after July 1, 1994, the municipal corporation imposes a 1880
tax on incomes, and the payroll of new employees resulting from 1881
the exercise of that authority equals or exceeds one million 1882
dollars in any tax year for which such property is exempted, the 1883
legislative authority and the board of education of each city, 1884
local, or exempted village school district within the territory 1885
of which the exempted property is located shall attempt to 1886
negotiate an agreement providing for compensation to the school 1887
district for all or a portion of the tax revenue the school 1888
district would have received had the property not been exempted 1889
from taxation. The agreement may include as a party the owner of 1890
the property exempted or to be exempted from taxation and may 1891
include provisions obligating the owner to compensate the school 1892

district by paying cash or providing property or services by 1893
gift, loan, or otherwise. Such an obligation is enforceable by 1894
the board of education of the school district pursuant to the 1895
terms of the agreement. 1896

If the legislative authority and board of education fail 1897
to negotiate an agreement that is mutually acceptable within six 1898
months of formal approval by the legislative authority of the 1899
instrument granting the exemption, the legislative authority 1900
shall compensate the school district in the amount and manner 1901
prescribed by division (D) of this section. 1902

(D) Annually, the legislative authority of a municipal 1903
corporation subject to this division shall pay to the city, 1904
local, or exempted village school district within the territory 1905
of which the exempted property is located an amount equal to 1906
fifty per cent of the difference between the amount of taxes 1907
levied and collected by the municipal corporation on the incomes 1908
of new employees in the calendar year ending on the day the 1909
payment is required to be made, and the amount of any 1910
infrastructure costs incurred in that calendar year. For 1911
purposes of such computation, the amount of infrastructure costs 1912
shall not exceed thirty-five per cent of the amount of those 1913
taxes unless the board of education of the school district, by 1914
resolution adopted by a majority of the board, approves an 1915
amount in excess of that percentage. If the amount of those 1916
taxes or infrastructure costs must be estimated at the time the 1917
payment is made, payments in subsequent years shall be adjusted 1918
to compensate for any departure of those estimates from the 1919
actual amount of those taxes. 1920

A municipal corporation required to make a payment under 1921
this section shall make the payment from its general fund or a 1922

special fund established for the purpose. The payment is payable 1923
on the thirty-first day of December of the tax year for or in 1924
which the exemption from taxation commences and on that day for 1925
each subsequent tax year property is exempted and the 1926
legislative authority and board fail to negotiate an acceptable 1927
agreement under division (C) of this section. 1928

Sec. 5733.06. For tax years prior to tax year 2014, the 1929
tax hereby charged each corporation subject to this chapter 1930
shall be the greater of the sum of divisions (A) and (B) of this 1931
section, after the reduction, if any, provided by division (J) 1932
of this section, or division (C) of this section, after the 1933
reduction, if any, provided by division (J) of this section, 1934
except that the tax hereby charged each financial institution 1935
subject to this chapter shall be the amount computed under 1936
division (D) of this section: 1937

(A) Except as set forth in division (F) of this section, 1938
five and one-tenth per cent upon the first fifty thousand 1939
dollars of the value of the taxpayer's issued and outstanding 1940
shares of stock as determined under division (B) of section 1941
5733.05 of the Revised Code; 1942

(B) Except as set forth in division (F) of this section, 1943
eight and one-half per cent upon the value so determined in 1944
excess of fifty thousand dollars; or 1945

(C) (1) Except as otherwise provided under division (G) of 1946
this section, four mills times that portion of the value of the 1947
issued and outstanding shares of stock as determined under 1948
division (C) of section 5733.05 of the Revised Code. For the 1949
purposes of division (C) of this section, division (C) (2) of 1950
section 5733.065, and division (C) of section 5733.066 of the 1951
Revised Code, the value of the issued and outstanding shares of 1952

stock of an eligible corporation for tax year 2003 through tax year 2007, or of a qualifying holding company, is zero. 1953
1954

(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: 1955
1956
1957

(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. 1958
1959
1960
1961
1962

(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. 1963
1964
1965
1966
1967
1968

(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. 1969
1970
1971
1972

(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 1973
1974
1975
1976
1977
1978
1979
1980
1981

twenty per cent of the value of another person treated as a 1982
corporation for federal income tax purposes that is conducting a 1983
qualified trade or business. 1984

(D) The tax charged each financial institution subject to 1985
this chapter shall be that portion of the value of the issued 1986
and outstanding shares of stock as determined under division (A) 1987
of section 5733.05 of the Revised Code, multiplied by the 1988
following amounts: 1989

(1) For tax years prior to the 1999 tax year, fifteen 1990
mills; 1991

(2) For the 1999 tax year, fourteen mills; 1992

(3) For tax year 2000 and thereafter, thirteen mills. 1993

(E) No tax shall be charged from any corporation that has 1994
been adjudicated bankrupt, or for which a receiver has been 1995
appointed, or that has made a general assignment for the benefit 1996
of creditors, except for the portion of the then current tax 1997
year during which the tax commissioner finds such corporation 1998
had the power to exercise its corporate franchise unimpaired by 1999
such proceedings or act. The minimum payment for each 2000
corporation shall be as follows: 2001

(1) One thousand dollars in the case of a corporation 2002
having gross receipts for the taxable year equal to at least 2003
five million dollars from activities within or outside this 2004
state or in the case of a corporation employing at least three 2005
hundred employees at some time during the taxable year within or 2006
outside this state; 2007

(2) Fifty dollars in the case of any other corporation. 2008

The tax charged to corporations under this chapter for the 2009

privilege of engaging in business in this state, which is an 2010
excise tax levied on the value of the issued and outstanding 2011
shares of stock, shall in no manner be construed as prohibiting 2012
or otherwise limiting the powers of municipal corporations, 2013
joint economic development zones created under section 715.691 2014
of the Revised Code, and joint economic development districts 2015
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 2016
~~715.81~~ of the Revised Code in this state to impose an income tax 2017
on the income of such corporations. 2018

(F) If two or more taxpayers satisfy the ownership or 2019
control requirements of division (A) of section 5733.052 of the 2020
Revised Code, each such taxpayer shall substitute "the 2021
taxpayer's pro-rata amount" for "fifty thousand dollars" in 2022
divisions (A) and (B) of this section. For purposes of this 2023
division, "the taxpayer's pro-rata amount" is an amount that, 2024
when added to the other such taxpayers' pro-rata amounts, does 2025
not exceed fifty thousand dollars. For the purpose of making 2026
that computation, the taxpayer's pro-rata amount shall not be 2027
less than zero. Nothing in this division derogates from or 2028
eliminates the requirement to make the alternative computation 2029
of tax under division (C) of this section. 2030

(G) The tax liability of any corporation under division 2031
(C) of this section shall not exceed one hundred fifty thousand 2032
dollars. 2033

(H) (1) For the purposes of division (H) of this section, 2034
"exiting corporation" means a corporation that satisfies all of 2035
the following conditions: 2036

(a) The corporation had nexus with or in this state under 2037
the Constitution of the United States during any portion of a 2038
calendar year; 2039

(b) The corporation was not a corporation described in 2040
division (A) of section 5733.01 of the Revised Code on the first 2041
day of January immediately following that calendar year; 2042

(c) The corporation was not a financial institution on the 2043
first day of January immediately following that calendar year; 2044

(d) If the corporation was a transferor as defined in 2045
section 5733.053 of the Revised Code, the corporation's 2046
transferee was not required to add to the transferee's net 2047
income the income of the transferor pursuant to division (B) of 2048
that section; 2049

(e) During any portion of that calendar year, or any 2050
portion of the immediately preceding calendar year, the 2051
corporation had net income that was not included in a report 2052
filed by the corporation or its transferee pursuant to section 2053
5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised 2054
Code; 2055

(f) The corporation would have been subject to the tax 2056
computed under divisions (A), (B), (C), (F), and (G) of this 2057
section if the corporation is assumed to be a corporation 2058
described in division (A) of section 5733.01 of the Revised Code 2059
on the first day of January immediately following the calendar 2060
year to which division (H)(1)(a) of this section refers. 2061

(2) For the purposes of division (H) of this section, 2062
"unreported net income" means net income that was not previously 2063
included in a report filed pursuant to section 5733.02, 2064
5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code and 2065
that was realized or recognized during the calendar year to 2066
which division (H)(1) of this section refers or the immediately 2067
preceding calendar year. 2068

(3) Each exiting corporation shall pay a tax computed by 2069
first allocating and apportioning the unreported net income 2070
pursuant to division (B) of section 5733.05 and section 5733.051 2071
and, if applicable, section 5733.052 of the Revised Code. The 2072
exiting corporation then shall compute the tax due on its 2073
unreported net income allocated and apportioned to this state by 2074
applying divisions (A), (B), and (F) of this section to that 2075
income. 2076

(4) Divisions (C) and (G) of this section, division (D) (2) 2077
of section 5733.065, and division (C) of section 5733.066 of the 2078
Revised Code do not apply to an exiting corporation, but exiting 2079
corporations are subject to every other provision of this 2080
chapter. 2081

(5) Notwithstanding division (B) of section 5733.01 or 2082
sections 5733.02, 5733.021, and 5733.03 of the Revised Code to 2083
the contrary, each exiting corporation shall report and pay the 2084
tax due under division (H) of this section on or before the 2085
thirty-first day of May immediately following the calendar year 2086
to which division (H) (1) (a) of this section refers. The exiting 2087
corporation shall file that report on the form most recently 2088
prescribed by the tax commissioner for the purposes of complying 2089
with sections 5733.02 and 5733.03 of the Revised Code. Upon 2090
request by the corporation, the tax commissioner may extend the 2091
date for filing the report. 2092

(6) If, on account of the application of section 5733.053 2093
of the Revised Code, net income is subject to the tax imposed by 2094
divisions (A) and (B) of this section, such income shall not be 2095
subject to the tax imposed by division (H) (3) of this section. 2096

(7) The amendments made to division (H) of this section by 2097
Am. Sub. S.B. 287 of the 123rd general assembly do not apply to 2098

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 2128
by an amount calculated by multiplying such tax by the fraction 2129
described in division (J) (2) of this section. 2130

(4) In no event shall the reduction provided by division 2131
(J) (2) or (J) (3) of this section exceed the amount of the excise 2132
tax paid in accordance with section 5727.38 of the Revised Code, 2133
for the year upon which the taxable gross receipts are measured 2134
immediately preceding the tax year. 2135

Sec. 5733.41. The purpose of the tax imposed by this 2136
section is to complement and to reinforce the tax imposed under 2137
section 5733.06 of the Revised Code. 2138

For the same purposes for which the tax is levied under 2139
section 5733.06 of the Revised Code, there is hereby levied a 2140
tax on every qualifying pass-through entity having at least one 2141
qualifying investor that is not an individual. The tax imposed 2142
by this section is imposed on the sum of the adjusted qualifying 2143
amounts of the qualifying pass-through entity's qualifying 2144
investors that are not individuals as follows: for qualifying 2145
investors subject to division (G) (2) of section 5733.01 of the 2146
Revised Code, at six and eight-tenths per cent for the entity's 2147
taxable year ending in 2005, at five and one-tenth per cent for 2148
the entity's taxable year ending in 2006, at three and four- 2149
tenths per cent for the entity's taxable year ending in 2007, at 2150
one and seven-tenths per cent for the entity's taxable year 2151
ending in 2008, and at zero per cent for the entity's taxable 2152
year ending in 2009 or in subsequent years; and for all other 2153
qualifying investors that are not individuals, at the rate of 2154
eight and one-half per cent. 2155

The tax imposed by this section applies only if the 2156
qualifying entity has nexus with this state under the 2157

Constitution of the United States for any portion of the 2158
qualifying entity's qualifying taxable year, and the sum of the 2159
qualifying entity's adjusted qualifying amounts exceeds one 2160
thousand dollars for the qualifying entity's qualifying taxable 2161
year. This section does not apply to a pass-through entity if 2162
all of the partners, shareholders, members, or investors of the 2163
pass-through entity are taxpayers for the purposes of section 2164
5733.04 of the Revised Code without regard to section 5733.09 of 2165
the Revised Code for the entire qualifying taxable year of the 2166
pass-through entity. 2167

If, prior to the due date of the return, a qualifying 2168
pass-through entity receives from an investor a written 2169
representation, under penalties of perjury, that the investor is 2170
described in division (I) (1), (2), (6), (7), (8), or (9) of 2171
section 5733.40 of the Revised Code for the qualifying pass- 2172
through entity's entire qualifying taxable year, the qualifying 2173
pass-through entity is not required to withhold or pay the taxes 2174
or estimated taxes imposed under this section or sections 2175
5747.41 to 5747.453 of the Revised Code with respect to that 2176
investor for that qualifying taxable year, and is not subject to 2177
any interest or interest penalties for failure to withhold or 2178
pay those taxes or estimated taxes with respect to that investor 2179
for that qualifying taxable year. 2180

If, prior to the due date of the return, a qualifying 2181
trust receives from a beneficiary of that trust a written 2182
representation, under penalties of perjury, that the beneficiary 2183
is a resident taxpayer for the purposes of Chapter 5747. of the 2184
Revised Code for the qualifying trust's entire qualifying 2185
taxable year, the qualifying trust is not required to withhold 2186
or pay the taxes or estimated taxes imposed under this section 2187
or sections 5747.41 to 5747.453 of the Revised Code with respect 2188

to that beneficiary for that qualifying taxable year, and is not 2189
subject to any interest or interest penalties for failure to 2190
withhold or pay those taxes or estimated taxes with respect to 2191
that beneficiary for that qualifying taxable year. 2192

The tax commissioner may adopt rules for the purpose of 2193
the tax levied by this section or section 5747.41 of the Revised 2194
Code, including a rule defining "qualifying investor" or 2195
"qualifying beneficiary," and a rule requiring or permitting a 2196
qualifying entity to combine its income with related members and 2197
to pay the tax and estimated tax on a combined basis. 2198

Sections 5747.10 to 5747.19 and 5747.42 to 5747.453 of the 2199
Revised Code apply to a qualifying entity subject to the tax 2200
imposed under this section. 2201

The levy of the tax under this section does not prevent a 2202
municipal corporation or a joint economic development district 2203
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 2204
~~715.81~~ of the Revised Code from levying a tax on income. 2205

Sec. 5747.02. (A) For the purpose of providing revenue for 2206
the support of schools and local government functions, to 2207
provide relief to property taxpayers, to provide revenue for the 2208
general revenue fund, and to meet the expenses of administering 2209
the tax levied by this chapter, there is hereby levied on every 2210
individual, trust, and estate residing in or earning or 2211
receiving income in this state, on every individual, trust, and 2212
estate earning or receiving lottery winnings, prizes, or awards 2213
pursuant to Chapter 3770. of the Revised Code, on every 2214
individual, trust, and estate earning or receiving winnings on 2215
casino gaming, and on every individual, trust, and estate 2216
otherwise having nexus with or in this state under the 2217
Constitution of the United States, an annual tax measured in the 2218

case of individuals by Ohio adjusted gross income less an 2219
exemption for the taxpayer, the taxpayer's spouse, and each 2220
dependent as provided in section 5747.025 of the Revised Code; 2221
measured in the case of trusts by modified Ohio taxable income 2222
under division (D) of this section; and measured in the case of 2223
estates by Ohio taxable income. The tax imposed by this section 2224
on the balance thus obtained is hereby levied as follows: 2225

(1) For taxable years beginning in 2004: 2226

OHIO ADJUSTED GROSS INCOME LESS 2227

EXEMPTIONS (INDIVIDUALS) 2228

OR 2229

MODIFIED OHIO 2230

TAXABLE INCOME (TRUSTS) 2231

OR 2232

OHIO TAXABLE INCOME (ESTATES) TAX 2233

\$5,000 or less .743% 2234

More than \$5,000 but \$37.15 plus 1.486% of the amount 2235

not more than \$10,000 in excess of \$5,000 2236

More than \$10,000 but \$111.45 plus 2.972% of the amount 2237

not more than \$15,000 in excess of \$10,000 2238

More than \$15,000 but \$260.05 plus 3.715% of the amount 2239

not more than \$20,000 in excess of \$15,000 2240

More than \$20,000 but \$445.80 plus 4.457% of the amount 2241

not more than \$40,000 in excess of \$20,000 2242

More than \$40,000 but \$1,337.20 plus 5.201% of the amount 2243

not more than \$80,000 in excess of \$40,000 2244

More than \$80,000 but \$3,417.60 plus 5.943% of the amount 2245

not more than \$100,000 in excess of \$80,000 2246

More than \$100,000 but \$4,606.20 plus 6.9% of the amount 2247

not more than \$200,000 in excess of \$100,000 2248

More than \$200,000	\$11,506.20 plus 7.5% of the amount	2249
	in excess of \$200,000	2250
(2) For taxable years beginning in 2005:		2251
OHIO ADJUSTED GROSS INCOME LESS		2252
EXEMPTIONS (INDIVIDUALS)		2253
OR		2254
MODIFIED OHIO		2255
TAXABLE INCOME (TRUSTS)		2256
OR		2257
OHIO TAXABLE INCOME (ESTATES)	TAX	2258
\$5,000 or less	.712%	2259
More than \$5,000 but	\$35.60 plus 1.424% of the amount	2260
not more than \$10,000	in excess of \$5,000	2261
More than \$10,000 but	\$106.80 plus 2.847% of the amount	2262
not more than \$15,000	in excess of \$10,000	2263
More than \$15,000 but	\$249.15 plus 3.559% of the amount	2264
not more than \$20,000	in excess of \$15,000	2265
More than \$20,000 but	\$427.10 plus 4.27% of the amount	2266
not more than \$40,000	in excess of \$20,000	2267
More than \$40,000 but	\$1,281.10 plus 4.983% of the amount	2268
not more than \$80,000	in excess of \$40,000	2269
More than \$80,000 but	\$3,274.30 plus 5.693% of the amount	2270
not more than \$100,000	in excess of \$80,000	2271
More than \$100,000 but	\$4,412.90 plus 6.61% of the amount	2272
not more than \$200,000	in excess of \$100,000	2273
More than \$200,000	\$11,022.90 plus 7.185% of the	2274
	amount in excess of \$200,000	2275
(3) For taxable years beginning in 2006:		2276
OHIO ADJUSTED GROSS INCOME LESS		2277

EXEMPTIONS (INDIVIDUALS)		2278
OR		2279
MODIFIED OHIO		2280
TAXABLE INCOME (TRUSTS)		2281
OR		2282
OHIO TAXABLE INCOME (ESTATES)	TAX	2283
\$5,000 or less	.681%	2284
More than \$5,000 but	\$34.05 plus 1.361% of the amount	2285
not more than \$10,000	in excess of \$5,000	2286
More than \$10,000 but	\$102.10 plus 2.722% of the amount	2287
not more than \$15,000	in excess of \$10,000	2288
More than \$15,000 but	\$238.20 plus 3.403% of the amount	2289
not more than \$20,000	in excess of \$15,000	2290
More than \$20,000 but	\$408.35 plus 4.083% of the amount	2291
not more than \$40,000	in excess of \$20,000	2292
More than \$40,000 but	\$1,224.95 plus 4.764% of the amount	2293
not more than \$80,000	in excess of \$40,000	2294
More than \$80,000 but	\$3,130.55 plus 5.444% of the amount	2295
not more than \$100,000	in excess of \$80,000	2296
More than \$100,000 but	\$4,219.35 plus 6.32% of the amount	2297
not more than \$200,000	in excess of \$100,000	2298
More than \$200,000	\$10,539.35 plus 6.87% of the amount	2299
	in excess of \$200,000	2300
(4) For taxable years beginning in 2007:		2301
OHIO ADJUSTED GROSS INCOME LESS		2302
EXEMPTIONS (INDIVIDUALS)		2303
OR		2304
MODIFIED OHIO		2305
TAXABLE INCOME (TRUSTS)		2306
OR		2307

OHIO TAXABLE INCOME (ESTATES)	TAX	2308
\$5,000 or less	.649%	2309
More than \$5,000 but not more than \$10,000	\$32.45 plus 1.299% of the amount in excess of \$5,000	2310 2311
More than \$10,000 but not more than \$15,000	\$97.40 plus 2.598% of the amount in excess of \$10,000	2312 2313
More than \$15,000 but not more than \$20,000	\$227.30 plus 3.247% of the amount in excess of \$15,000	2314 2315
More than \$20,000 but not more than \$40,000	\$389.65 plus 3.895% of the amount in excess of \$20,000	2316 2317
More than \$40,000 but not more than \$80,000	\$1,168.65 plus 4.546% of the amount in excess of \$40,000	2318 2319
More than \$80,000 but not more than \$100,000	\$2,987.05 plus 5.194% of the amount in excess of \$80,000	2320 2321
More than \$100,000 but not more than \$200,000	\$4,025.85 plus 6.031% of the amount in excess of \$100,000	2322 2323
More than \$200,000	\$10,056.85 plus 6.555% of the amount in excess of \$200,000	2324 2325
(5) For taxable years beginning in 2008, 2009, or 2010:		2326
OHIO ADJUSTED GROSS INCOME LESS		2327
EXEMPTIONS (INDIVIDUALS)		2328
OR		2329
MODIFIED OHIO		2330
TAXABLE INCOME (TRUSTS)		2331
OR		2332
OHIO TAXABLE INCOME (ESTATES)	TAX	2333
\$5,000 or less	.618%	2334
More than \$5,000 but not more than \$10,000	\$30.90 plus 1.236% of the amount in excess of \$5,000	2335 2336

More than \$10,000 but	\$92.70 plus 2.473% of the amount	2337
not more than \$15,000	in excess of \$10,000	2338
More than \$15,000 but	\$216.35 plus 3.091% of the amount	2339
not more than \$20,000	in excess of \$15,000	2340
More than \$20,000 but	\$370.90 plus 3.708% of the amount	2341
not more than \$40,000	in excess of \$20,000	2342
More than \$40,000 but	\$1,112.50 plus 4.327% of the amount	2343
not more than \$80,000	in excess of \$40,000	2344
More than \$80,000 but	\$2,843.30 plus 4.945% of the amount	2345
not more than \$100,000	in excess of \$80,000	2346
More than \$100,000 but	\$3,832.30 plus 5.741% of the amount	2347
not more than \$200,000	in excess of \$100,000	2348
More than \$200,000	\$9,573.30 plus 6.24% of the amount	2349
	in excess of \$200,000	2350
(6) For taxable years beginning in 2011 or 2012:		2351
OHIO ADJUSTED GROSS INCOME LESS		2352
EXEMPTIONS (INDIVIDUALS)		2353
OR		2354
MODIFIED OHIO		2355
TAXABLE INCOME (TRUSTS)		2356
OR		2357
OHIO TAXABLE INCOME (ESTATES)	TAX	2358
\$5,000 or less	.587%	2359
More than \$5,000 but	\$29.35 plus 1.174% of the amount	2360
not more than \$10,000	in excess of \$5,000	2361
More than \$10,000 but	\$88.05 plus 2.348% of the amount	2362
not more than \$15,000	in excess of \$10,000	2363
More than \$15,000 but	\$205.45 plus 2.935% of the amount	2364
not more than \$20,000	in excess of \$15,000	2365
More than \$20,000 but	\$352.20 plus 3.521% of the amount	2366

not more than \$40,000	in excess of \$20,000	2367
More than \$40,000 but	\$1,056.40 plus 4.109% of the amount	2368
not more than \$80,000	in excess of \$40,000	2369
More than \$80,000 but	\$2,700.00 plus 4.695% of the amount	2370
not more than \$100,000	in excess of \$80,000	2371
More than \$100,000 but	\$3,639.00 plus 5.451% of the amount	2372
not more than \$200,000	in excess of \$100,000	2373
More than \$200,000	\$9,090.00 plus 5.925% of the amount	2374
	in excess of \$200,000	2375
(7) For taxable years beginning in 2013:		2376
OHIO ADJUSTED GROSS INCOME LESS		2377
EXEMPTIONS (INDIVIDUALS)		2378
OR		2379
MODIFIED OHIO		2380
TAXABLE INCOME (TRUSTS)		2381
OR		2382
OHIO TAXABLE INCOME (ESTATES)	TAX	2383
\$5,000 or less	.537%	2384
More than \$5,000 but	\$26.86 plus 1.074% of the amount	2385
not more than \$10,000	in excess of \$5,000	2386
More than \$10,000 but	\$80.57 plus 2.148% of the amount	2387
not more than \$15,000	in excess of \$10,000	2388
More than \$15,000 but	\$187.99 plus 2.686% of the amount	2389
not more than \$20,000	in excess of \$15,000	2390
More than \$20,000 but	\$322.26 plus 3.222% of the amount	2391
not more than \$40,000	in excess of \$20,000	2392
More than \$40,000 but	\$966.61 plus 3.760% of the amount	2393
not more than \$80,000	in excess of \$40,000	2394
More than \$80,000 but	\$2,470.50 plus 4.296% of the amount	2395
not more than \$100,000	in excess of \$80,000	2396

More than \$100,000 but	\$3,329.68 plus 4.988% of the amount	2397
not more than \$200,000	in excess of \$100,000	2398
More than \$200,000	\$8,317.35 plus 5.421% of the amount	2399
	in excess of \$200,000	2400
(8) For taxable years beginning in 2014 or thereafter:		2401
OHIO ADJUSTED GROSS INCOME LESS		2402
EXEMPTIONS (INDIVIDUALS)		2403
OR		2404
MODIFIED OHIO		2405
TAXABLE INCOME (TRUSTS)		2406
OR		2407
OHIO TAXABLE INCOME (ESTATES)	TAX	2408
\$5,000 or less	.528%	2409
More than \$5,000 but	\$26.41 plus 1.057% of the amount	2410
not more than \$10,000	in excess of \$5,000	2411
More than \$10,000 but	\$79.24 plus 2.113% of the amount	2412
not more than \$15,000	in excess of \$10,000	2413
More than \$15,000 but	\$184.90 plus 2.642% of the amount	2414
not more than \$20,000	in excess of \$15,000	2415
More than \$20,000 but	\$316.98 plus 3.169% of the amount	2416
not more than \$40,000	in excess of \$20,000	2417
More than \$40,000 but	\$950.76 plus 3.698% of the amount	2418
not more than \$80,000	in excess of \$40,000	2419
More than \$80,000 but	\$2,430.00 plus 4.226% of the amount	2420
not more than \$100,000	in excess of \$80,000	2421
More than \$100,000 but	\$3,275.10 plus 4.906% of the amount	2422
not more than \$200,000	in excess of \$100,000	2423
More than \$200,000	\$8,181.00 plus 5.333% of the amount	2424
	in excess of \$200,000	2425

Except as otherwise provided in this division, in August 2426
of each year, the tax commissioner shall make a new adjustment 2427
to the income amounts prescribed in this division by multiplying 2428
the percentage increase in the gross domestic product deflator 2429
computed that year under section 5747.025 of the Revised Code by 2430
each of the income amounts resulting from the adjustment under 2431
this division in the preceding year, adding the resulting 2432
product to the corresponding income amount resulting from the 2433
adjustment in the preceding year, and rounding the resulting sum 2434
to the nearest multiple of fifty dollars. The tax commissioner 2435
also shall recompute each of the tax dollar amounts to the 2436
extent necessary to reflect the new adjustment of the income 2437
amounts. The rates of taxation shall not be adjusted. 2438

The adjusted amounts apply to taxable years beginning in 2439
the calendar year in which the adjustments are made and to 2440
taxable years beginning in each ensuing calendar year until a 2441
calendar year in which a new adjustment is made pursuant to this 2442
division. The tax commissioner shall not make a new adjustment 2443
in any year in which the amount resulting from the adjustment 2444
would be less than the amount resulting from the adjustment in 2445
the preceding year. The commissioner shall not make a new 2446
adjustment for taxable years beginning in 2013, 2014, or 2015. 2447

(B) If the director of budget and management makes a 2448
certification to the tax commissioner under division (B) of 2449
section 131.44 of the Revised Code, the amount of tax as 2450
determined under division (A) of this section shall be reduced 2451
by the percentage prescribed in that certification for taxable 2452
years beginning in the calendar year in which that certification 2453
is made. 2454

(C) The levy of this tax on income does not prevent a 2455

municipal corporation, a joint economic development zone created 2456
under section 715.691, or a joint economic development district 2457
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 2458
~~715.81~~ of the Revised Code from levying a tax on income. 2459

(D) This division applies only to taxable years of a trust 2460
beginning in 2002 or thereafter. 2461

(1) The tax imposed by this section on a trust shall be 2462
computed by multiplying the Ohio modified taxable income of the 2463
trust by the rates prescribed by division (A) of this section. 2464

(2) A resident trust may claim a credit against the tax 2465
computed under division (D) of this section equal to the lesser 2466
of (1) the tax paid to another state or the District of Columbia 2467
on the resident trust's modified nonbusiness income, other than 2468
the portion of the resident trust's nonbusiness income that is 2469
qualifying investment income as defined in section 5747.012 of 2470
the Revised Code, or (2) the effective tax rate, based on 2471
modified Ohio taxable income, multiplied by the resident trust's 2472
modified nonbusiness income other than the portion of the 2473
resident trust's nonbusiness income that is qualifying 2474
investment income. The credit applies before any other 2475
applicable credits. 2476

(3) The credits enumerated in divisions (A)(1) to (13) of 2477
section 5747.98 of the Revised Code do not apply to a trust 2478
subject to division (D) of this section. Any credits enumerated 2479
in other divisions of section 5747.98 of the Revised Code apply 2480
to a trust subject to division (D) of this section. To the 2481
extent that the trust distributes income for the taxable year 2482
for which a credit is available to the trust, the credit shall 2483
be shared by the trust and its beneficiaries. The tax 2484
commissioner and the trust shall be guided by applicable 2485

regulations of the United States treasury regarding the sharing 2486
of credits. 2487

(E) For the purposes of this section, "trust" means any 2488
trust described in Subchapter J of Chapter 1 of the Internal 2489
Revenue Code, excluding trusts that are not irrevocable as 2490
defined in division (I) (3) (b) of section 5747.01 of the Revised 2491
Code and that have no modified Ohio taxable income for the 2492
taxable year, charitable remainder trusts, qualified funeral 2493
trusts and preneed funeral contract trusts established pursuant 2494
to sections 4717.31 to 4717.38 of the Revised Code that are not 2495
qualified funeral trusts, endowment and perpetual care trusts, 2496
qualified settlement trusts and funds, designated settlement 2497
trusts and funds, and trusts exempted from taxation under 2498
section 501(a) of the Internal Revenue Code. 2499

Sec. 5747.41. For the same purposes for which the tax is 2500
levied under section 5747.02 of the Revised Code, there is 2501
hereby levied a withholding tax on every qualifying pass-through 2502
entity having at least one qualifying investor who is an 2503
individual and on every qualifying trust having at least one 2504
qualifying beneficiary who is an individual. The withholding tax 2505
imposed by this section is imposed on the sum of the adjusted 2506
qualifying amounts of a qualifying pass-through entity's 2507
qualifying investors who are individuals and on the sum of the 2508
adjusted qualifying amounts of a qualifying trust's qualifying 2509
beneficiaries, at the rate of five per cent of that sum. 2510

The tax imposed by this section applies only if the 2511
qualifying entity has nexus with this state under the 2512
Constitution of the United States for any portion of the 2513
qualifying entity's qualifying taxable year, and the sum of the 2514
qualifying entity's adjusted qualifying amounts exceeds one 2515

thousand dollars for the qualifying entity's qualifying taxable 2516
year. 2517

The levy of the tax under this section does not prevent a 2518
municipal corporation or a joint economic development district 2519
created under section 715.70 ~~or~~, 715.71, or ~~sections 715.72 to~~ 2520
~~715.81~~ of the Revised Code from levying a tax on income. 2521

Section 2. That existing sections 715.72, 715.79, 715.80, 2522
715.81, 715.82, 715.83, 5709.61, 5709.62, 5709.63, 5709.632, 2523
5709.82, 5733.06, 5733.41, 5747.02, and 5747.41 and sections 2524
715.73, 715.74, 715.75, 715.76, 715.761, 715.77, 715.771, and 2525
715.78 of the Revised Code are hereby repealed. 2526