

**As Introduced**

**133rd General Assembly**

**Regular Session**

**2019-2020**

**H. B. No. 704**

**Representatives Cross, Fraizer**

**Cosponsors: Representatives Hambley, Lang**

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**A BILL**

To amend sections 3735.66, 3735.67, 3735.671, 1  
3735.672, 3735.68, 5709.631, 5709.82, 5709.83, 2  
and 5709.85 and to repeal section 3735.673 of 3  
the Revised Code to modify the law governing 4  
Community Redevelopment Areas and the terms 5  
under which property may be exempted in such 6  
areas. 7

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

**Section 1.** That sections 3735.66, 3735.67, 3735.671, 8  
3735.672, 3735.68, 5709.631, 5709.82, 5709.83, and 5709.85 of 9  
the Revised Code be amended to read as follows: 10

**Sec. 3735.66.** The legislative authorities of municipal 11  
corporations and counties may survey the housing within their 12  
jurisdictions and, after the survey, may adopt resolutions 13  
describing the boundaries of community reinvestment areas which 14  
contain the conditions required for the finding under division 15  
(B) of section 3735.65 of the Revised Code. The findings 16  
resulting from the survey shall be incorporated in the 17  
resolution describing the boundaries of an area. The legislative 18

authority may stipulate in the resolution that only new 19  
structures or remodeling classified as to use as commercial, 20  
industrial, or residential, or some combination thereof, and 21  
otherwise satisfying the requirements of section 3735.67 of the 22  
Revised Code are eligible for exemption from taxation under that 23  
section. If the resolution does not include such a stipulation, 24  
all new structures and remodeling satisfying the requirements of 25  
section 3735.67 of the Revised Code are eligible for exemption 26  
from taxation regardless of classification. Whether or not the 27  
resolution includes such a stipulation, the classification of 28  
the structures or remodeling eligible for exemption in the area 29  
shall at all times be consistent with zoning restrictions 30  
applicable to the area. For the purposes of sections 3735.65 to 31  
3735.70 of the Revised Code, whether a structure or remodeling 32  
composed of multiple units is classified as commercial or 33  
residential shall be determined by resolution or ordinance of 34  
the legislative authority or, in the absence of such a 35  
determination, by the classification of the use of the structure 36  
or remodeling under the applicable zoning regulations. 37

If construction or remodeling classified as residential is 38  
eligible for exemption from taxation, the resolution shall 39  
specify a percentage, not to exceed one hundred per cent, of the 40  
assessed valuation of such property to be exempted. The 41  
percentage specified shall apply to all residential construction 42  
or remodeling for which exemption is granted. 43

If construction or remodeling classified as commercial or 44  
industrial is eligible for exemption from taxation, the 45  
resolution shall specify the percentage, not to exceed one 46  
hundred per cent of the assessed valuation of such property to 47  
be exempted. The percentage specified shall apply to all 48  
commercial or industrial construction or remodeling for which 49

exemption is granted unless the legislative authority and the 50  
owner of the property agree to a different percentage. Such an 51  
agreement may include other terms not otherwise in derogation of 52  
sections 3735.65 to 3735.70 of the Revised Code. 53

Upon the adoption of the resolution, the legislative 54  
authority shall send, by certified mail, one copy of the 55  
resolution and a map of the community reinvestment area in 56  
sufficient detail to denote the specific boundaries of the area, 57  
to the director of development services. 58

The resolution adopted pursuant to this section shall be 59  
published in a newspaper of general circulation in the municipal 60  
corporation, if the resolution is adopted by the legislative 61  
authority of a municipal corporation, or in a newspaper of 62  
general circulation in the county, if the resolution is adopted 63  
by the legislative authority of the county, once a week for two 64  
consecutive weeks or as provided in section 7.16 of the Revised 65  
Code, immediately following its adoption. 66

Each legislative authority adopting a resolution pursuant 67  
to this section shall designate a housing officer. ~~In addition,~~ 68  
~~each such legislative authority, not later than sixty days after~~ 69  
~~the adoption of the resolution, shall petition the director of~~ 70  
~~development services for the director to confirm the findings~~ 71  
~~described in the resolution. The petition shall be accompanied~~ 72  
~~by a copy of the resolution and by a map of the community~~ 73  
~~reinvestment area in sufficient detail to denote the specific~~ 74  
~~boundaries of the area and to indicate zoning restrictions~~ 75  
~~applicable to the area. The director shall determine whether the~~ 76  
~~findings contained in the resolution are valid, and whether the~~ 77  
~~classification of structures or remodeling eligible for~~ 78  
~~exemption under the resolution is consistent with zoning~~ 79

~~restrictions applicable to the area as indicated on the map.~~ 80  
~~Within thirty days of receiving the petition, the director shall~~ 81  
~~forward the director's determination to the legislative~~ 82  
~~authority.~~ The legislative authority or housing officer shall 83  
not grant any exemption from taxation under section 3735.67 of 84  
the Revised Code until the director ~~forwards the director's~~ 85  
~~determination to the legislative authority.~~ The director shall 86  
~~assign~~ assigns to each community reinvestment area a unique 87  
designation by which the area shall be identified for purposes 88  
of sections 3735.65 to 3735.70 of the Revised Code. 89

~~If zoning restrictions in any part of a community~~ 90  
~~reinvestment area are changed at any time after the legislative~~ 91  
~~authority petitions the director under this section, the~~ 92  
~~legislative authority shall notify the director and shall submit~~ 93  
~~a map of the area indicating the new zoning restrictions in the~~ 94  
~~area.~~ 95

**Sec. 3735.67.** (A) The owner of real property located in a 96  
community reinvestment area and eligible for exemption from 97  
taxation under a resolution adopted pursuant to section 3735.66 98  
of the Revised Code may file an application for an exemption 99  
from real property taxation of a percentage of the assessed 100  
valuation of a new structure, or of the increased assessed 101  
valuation of an existing structure after remodeling began, if 102  
the new structure or remodeling is completed after the effective 103  
date of the resolution adopted pursuant to section 3735.66 of 104  
the Revised Code. The application shall be filed with the 105  
housing officer designated for the community reinvestment area 106  
in which the property is located. ~~If any part of the new~~ 107  
~~structure or remodeled structure that would be exempted is of~~ 108  
~~real property to be used for commercial or industrial purposes,~~ 109  
~~the legislative authority and the owner of the property shall~~ 110

~~enter into a written agreement pursuant to section 3735.671 of  
the Revised Code prior to commencement of construction or  
remodeling; if such an agreement is subject to approval by the  
board of education of the school district within the territory  
of which the property is or will be located, the agreement shall  
not be formally approved by the legislative authority until the  
board of education approves the agreement in the manner  
prescribed by that section.~~

(B) The housing officer shall verify the construction of  
the new structure or the cost of the remodeling of the existing  
structure and the facts asserted in the application. The housing  
officer shall determine whether the construction or remodeling  
meets the requirements for an exemption under this section. In  
cases involving a structure of historical or architectural  
significance, the housing officer shall not determine whether  
the remodeling meets the requirements for a tax exemption unless  
the appropriateness of the remodeling has been certified, in  
writing, by the society, association, agency, or legislative  
authority that has designated the structure or by any  
organization or person authorized, in writing, by such society,  
association, agency, or legislative authority to certify the  
appropriateness of the remodeling.

(C) If the construction or remodeling meets the  
requirements for exemption, the housing officer shall forward  
the application to the county auditor with a certification as to  
the division of this section under which the exemption is  
granted, and the period and percentage of the exemption as  
determined by the legislative authority pursuant to that  
division. If the construction or remodeling is of commercial or  
industrial property and the legislative authority is not  
required to certify a copy of a resolution under section

3735.671 of the Revised Code, the housing officer shall comply 142  
with the notice requirements prescribed under section 5709.83 of 143  
the Revised Code, unless the board has adopted a resolution 144  
under that section waiving its right to receive such a notice. 145

(D) Except as provided in division (F) of this section, 146  
the tax exemption shall first apply in the year the construction 147  
or remodeling would first be taxable but for this section. In 148  
the case of remodeling that qualifies for exemption, a 149  
percentage, not to exceed one hundred per cent, of the increased 150  
assessed valuation of an existing structure after remodeling 151  
began shall be exempted from real property taxation. In the case 152  
of construction of a structure that qualifies for exemption, a 153  
percentage, not to exceed one hundred per cent, of the assessed 154  
value of the structure shall be exempted from real property 155  
taxation. In either case, the percentage shall be the percentage 156  
set forth in the resolution, or in the agreement if the 157  
structure or remodeling is to be used for commercial or 158  
industrial purposes and an agreement governs the exemption, or 159  
the percentage set forth in the resolution ~~describing the~~ 160  
~~community reinvestment area~~ if the structure or remodeling is to 161  
be used for residential purposes. 162

The construction of new structures and the remodeling of 163  
existing structures are hereby declared to be a public purpose 164  
for which exemptions from real property taxation may be granted 165  
for the following periods: 166

(1) For every dwelling and commercial or industrial 167  
properties, located within the same community reinvestment area, 168  
upon which the cost of remodeling is at least two thousand five 169  
hundred dollars in the case of a dwelling containing not more 170  
than two family units or at least five thousand dollars in the 171

case of all other property, a period to be determined by the 172  
legislative authority adopting the resolution, but not exceeding 173  
fifteen years. The period of exemption for a dwelling described 174  
in division (D) (1) of this section may be extended by a 175  
legislative authority for up to an additional ten years if the 176  
dwelling is a structure of historical or architectural 177  
significance, is a certified historic structure that has been 178  
subject to federal tax treatment under 26 U.S.C. 47 and 170(h), 179  
and units within the structure have been leased to individual 180  
tenants for five consecutive years; 181

(2) Except as provided in division (F) of this section, 182  
for construction of every dwelling, and commercial or industrial 183  
structure located within the same community reinvestment area, a 184  
period to be determined by the legislative authority adopting 185  
the resolution, but not exceeding fifteen years. 186

(E) Any person, board, or officer authorized by section 187  
5715.19 of the Revised Code to file complaints with the county 188  
board of revision may file a complaint with the housing officer 189  
challenging the continued exemption of any property granted an 190  
exemption under this section. A complaint against exemption 191  
shall be filed prior to the thirty-first day of December of the 192  
tax year for which taxation of the property is requested. The 193  
housing officer shall determine whether the property continues 194  
to meet the requirements for exemption and shall certify the 195  
housing officer's findings to the complainant. If the housing 196  
officer determines that the property does not meet the 197  
requirements for exemption, the housing officer shall notify the 198  
county auditor, who shall correct the tax list and duplicate 199  
accordingly. 200

(F) The owner of a dwelling constructed in a community 201

reinvestment area may file an application for an exemption after 202  
the year the construction first became subject to taxation. The 203  
application shall be processed in accordance with the procedures 204  
prescribed under this section and shall be granted if the 205  
construction that is the subject of the application otherwise 206  
meets the requirements for an exemption under this section. If 207  
approved, the exemption sought in the application first applies 208  
in the year the application is filed. An exemption approved 209  
pursuant to this division continues only for those years 210  
remaining in the period described in division (D) (2) of this 211  
section. No exemption may be claimed for any year in that period 212  
that precedes the year in which the application is filed. 213

**Sec. 3735.671.** (A) ~~If construction or remodeling of 214  
commercial or industrial property is to be exempted from 215  
taxation pursuant to section 3735.67 of the Revised Code, the 216  
legislative authority and the owner of the property, prior to 217  
the commencement of construction or remodeling, shall enter into 218  
a written agreement, binding on both parties for a period of 219  
time that does not end prior to the end of the period of the 220  
exemption, that includes all of the information and statements 221  
prescribed by this section. Agreements may include terms not 222  
prescribed by this section, but such terms shall in no way 223  
derogate from the information and statements prescribed by this 224  
section. 225~~

(1) Except as otherwise provided in division (A) (2) or (3) 226  
of this section, ~~an agreement entered into under this section 227  
shall exemption from taxation under section 3735.67 of the 228  
Revised Code for commercial or industrial property may not be 229  
approved granted by the legislative authority unless the board 230  
of education of the city, local, or exempted village school 231  
district within the territory of which the property is or will 232~~



be located approves the ~~agreement~~resolution granting the 233  
exemption or, if the exemption is governed by an agreement with 234  
the property owner, approves the agreement. For the purpose of 235  
obtaining such approval, the legislative authority shall certify 236  
a copy of the resolution or agreement to the board of education 237  
not later than forty-five days prior to approving the resolution 238  
or agreement, excluding Saturday, Sunday, and a legal holiday as 239  
defined in section 1.14 of the Revised Code. The board of 240  
education, by resolution adopted by a majority of the board, 241  
shall approve or disapprove the resolution or agreement and 242  
certify a copy of the board's resolution of approval or 243  
disapproval to the legislative authority not later than fourteen 244  
days prior to the date stipulated by the legislative authority 245  
as the date upon which approval of the ~~agreement~~resolution or 246  
agreement is to be formally considered by the legislative 247  
authority. The board of education may include in ~~the~~its 248  
resolution conditions under which the board would approve the 249  
resolution or agreement. The legislative authority may approve 250  
~~an~~the resolution or agreement at any time after the board of 251  
education certifies its resolution approving the resolution or 252  
agreement to the legislative authority, or, if the board 253  
approves the resolution or agreement conditionally, at any time 254  
after the conditions are agreed to by the board and the 255  
legislative authority. 256

(2) Approval of ~~an~~a resolution or agreement by the board 257  
of education is not required under division (A) (1) of this 258  
section if, for each tax year the real property is exempted from 259  
taxation, the sum of the following quantities, as estimated at 260  
or prior to the time the resolution or agreement is formally 261  
approved by the legislative authority, equals or exceeds ~~fifty~~ 262  
seventy-five per cent of the amount of taxes, as estimated at or 263

prior to that time, that would have been charged and payable 264  
that year upon the real property had that property not been 265  
exempted from taxation: 266

(a) The amount of taxes charged and payable on any portion 267  
of the assessed valuation of the new structure or of the 268  
increased assessed valuation of an existing structure after 269  
remodeling began that will not be exempted from taxation under 270  
the resolution or agreement; 271

(b) The amount of taxes charged and payable on tangible 272  
personal property located on the premises of the new structure 273  
or of the structure to be remodeled under the resolution or 274  
agreement, whether payable by the owner of the structure or by a 275  
related member, as defined in section 5733.042 of the Revised 276  
Code without regard to division (B) of that section. 277

(c) The amount of any cash payment by the owner of the new 278  
structure or structure to be remodeled to the school district, 279  
the dollar value, as mutually agreed to by the owner and the 280  
board of education, of any property or services provided by the 281  
owner of the property to the school district, whether by gift, 282  
loan, or otherwise, and any payment by the legislative authority 283  
to the school district pursuant to section 5709.82 of the 284  
Revised Code. 285

The estimates of quantities used for purposes of division 286  
(A) (2) of this section shall be estimated by the legislative 287  
authority. The legislative authority shall certify to the board 288  
of education that the estimates have been made in good faith. 289  
~~Departures of the actual quantities from the estimates~~ 290  
~~subsequent to approval of the agreement by the board of~~ 291  
~~education do not invalidate the agreement.~~ 292

(3) If a board of education has adopted a resolution 293  
waiving its right to approve ~~agreements~~ such exemptions and the 294  
resolution remains in effect, approval of ~~an agreement~~ an 295  
exemption by the board is not required under ~~this division~~ (A) 296  
(1) of this section. If a board of education has adopted a 297  
resolution allowing a legislative authority to deliver the 298  
notice required under this division fewer than forty-five 299  
business days prior to the legislative authority's ~~execution~~ 300  
adoption of the ~~agreement~~ resolution granting an exemption, the 301  
legislative authority shall deliver the notice to the board not 302  
later than the number of days prior to such ~~execution~~ adoption 303  
as prescribed by the board in its resolution. If a board of 304  
education adopts a resolution waiving its right to approve 305  
~~agreements~~ an exemption, or shortening the notification period, 306  
the board shall certify a copy of the resolution to the 307  
legislative authority. If the board of education rescinds such a 308  
resolution, it shall certify notice of the rescission to the 309  
legislative authority. 310

(B) ~~Each agreement shall include the following~~ 311  
~~information:~~ 312

~~(1) The names of all parties to the agreement;~~ 313

~~(2) A description of the remodeling or construction,~~ 314  
~~whether or not to be exempted from taxation, including existing~~ 315  
~~or new structure size and cost thereof; the value of machinery,~~ 316  
~~equipment, furniture, and fixtures, including an itemization of~~ 317  
~~the value of machinery, equipment, furniture, and fixtures used~~ 318  
~~at another location in this state prior to the agreement and~~ 319  
~~relocated or to be relocated from that location to the property,~~ 320  
~~and the value of machinery, equipment, furniture, and fixtures~~ 321  
~~at the facility prior to the execution of the agreement; the~~ 322

~~value of inventory at the property, including an itemization of 323  
the value of inventory held at another location in this state 324  
prior to the agreement and relocated or to be relocated from 325  
that location to the property, and the value of inventory held 326  
at the property prior to the execution of the agreement; 327~~

~~(3) The scheduled starting and completion dates of 328  
remodeling or construction of real property or of investments 329  
made in machinery, equipment, furniture, fixtures, and 330  
inventory; 331~~

~~(4) Estimates of the number of employee positions to be 332  
created each year of the agreement and of the number of employee 333  
positions retained by the owner due to the remodeling or 334  
construction, itemized as to the number of full-time, part-time, 335  
permanent, and temporary positions; 336~~

~~(5) Estimates of the dollar amount of payroll attributable 337  
to the positions set forth in division (B)(4) of this section, 338  
similarly itemized; 339~~

~~(6) The number of employee positions, if any, at the 340  
property and at any other location in this state at the time the 341  
agreement is executed, itemized as to the number of full-time, 342  
part-time, permanent, and temporary positions. 343~~

~~(C) Each agreement shall set forth the following 344  
information and incorporate the following statements: 345~~

~~(1) A description of real property to be exempted from 346  
taxation under the agreement, the percentage of the assessed 347  
valuation of the real property exempted from taxation, and the 348  
period for which the exemption is granted, accompanied by the 349  
statement: "The exemption commences the first year for which the 350  
real property would first be taxable were that property not 351~~

~~exempted from taxation. No exemption shall commence after \_\_\_\_\_ (insert date) nor extend beyond \_\_\_\_\_ (insert date)."~~ 352  
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~~(2) " \_\_\_\_\_ (insert name of owner) shall pay such real property taxes as are not exempted under this agreement and are charged against such property and shall file all tax reports and returns as required by law. If \_\_\_\_\_ (insert name of owner) fails to pay such taxes or file such returns and reports, exemptions from taxation granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter."~~ 355  
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~~(3) " \_\_\_\_\_ (insert name of owner) hereby certifies that at the time this agreement is executed, \_\_\_\_\_ (insert name of owner) does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio, and does not owe delinquent taxes for which \_\_\_\_\_ (insert name of owner) is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed, \_\_\_\_\_ (insert name of owner) currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against \_\_\_\_\_ (insert name of owner). For the purposes of this certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes."~~ 364  
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~~(4) " \_\_\_\_\_ (insert name of municipal corporation or~~ 381

~~county) shall perform such acts as are reasonably necessary or 382  
appropriate to effect, claim, reserve, and maintain exemptions 383  
from taxation granted under this agreement including, without 384  
limitation, joining in the execution of all documentation and 385  
providing any necessary certificates required in connection with 386  
such exemptions." 387~~

~~(5) "If for any reason \_\_\_\_\_ (insert name of 388  
municipal corporation or county) revokes the designation of the 389  
area, entitlements granted under this agreement shall continue 390  
for the number of years specified under this agreement, unless 391  
\_\_\_\_\_ (insert name of owner) materially fails to fulfill 392  
its obligations under this agreement and \_\_\_\_\_ 393  
(insert name of municipal corporation or county) terminates or 394  
modifies the exemptions from taxation pursuant to this 395  
agreement." 396~~

~~(6) "If \_\_\_\_\_ (insert name of owner) materially fails 397  
to fulfill its obligations under this agreement, or if 398  
\_\_\_\_\_ (insert name of municipal corporation or county) 399  
determines that the certification as to delinquent taxes 400  
required by this agreement is fraudulent, \_\_\_\_\_ (insert 401  
name of municipal corporation or county) may terminate or modify 402  
the exemptions from taxation granted under this agreement." 403~~

~~(7) " \_\_\_\_\_ (insert name of owner) shall provide to 404  
the proper tax incentive review council any information 405  
reasonably required by the council to evaluate the applicant's 406  
compliance with the agreement, including returns filed pursuant 407  
to section 5711.02 of the Ohio Revised Code if requested by the 408  
council." 409~~

~~(8) "This agreement is not transferable or assignable 410  
without the express, written approval of \_\_\_\_\_ (insert name 411~~

~~of municipal corporation or county)."~~ 412

~~(9) "Exemptions from taxation granted under this agreement shall be revoked if it is determined that \_\_\_\_\_ (insert name of owner), any successor to that person, or any related member (as those terms are defined in division (E) of section 3735.671 of the Ohio Revised Code) has violated the prohibition against entering into this agreement under division (E) of section 3735.671 or section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections."~~ 413  
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~~(10) "\_\_\_\_\_ (insert name of owner) and \_\_\_\_\_ (insert name of municipal corporation or county) acknowledge that this agreement must be approved by formal action of the legislative authority of \_\_\_\_\_ (insert name of municipal corporation or county) as a condition for the agreement to take effect. This agreement takes effect upon such approval."~~ 422  
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~~The statement described in division (C)(6) of this section may include the following statement, appended at the end of the statement: ", and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this agreement." If the agreement includes a statement requiring repayment of exempted taxes, it also may authorize the legislative authority to secure repayment of such taxes by a lien on the exempted property in the amount required to be repaid. Such a lien shall attach, and may be perfected, collected, and enforced, in the same manner as a mortgage lien on real property, and shall otherwise have the same force and effect as a mortgage lien on real property.~~ 428  
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~~(D) Except as otherwise provided in this division, an agreement entered into under this section shall require that the~~ 440  
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~~owner pay an annual fee equal to the greater of one per cent of 442  
the amount of taxes exempted under the agreement or five hundred 443  
dollars; provided, however, that if the value of the incentives 444  
exceeds two hundred fifty thousand dollars, the fee shall not 445  
exceed two thousand five hundred dollars. The fee shall be 446  
payable to the legislative authority once per year for each year 447  
the agreement is effective on the days and in the form specified 448  
in the agreement. Fees paid shall be deposited in a special fund 449  
created for such purpose by the legislative authority and shall 450  
be used by the legislative authority exclusively for the purpose 451  
of complying with section 3735.672 of the Revised Code and by 452  
the tax incentive review council created under section 5709.85 453  
of the Revised Code exclusively for the purposes of performing 454  
the duties prescribed under that section. The legislative 455  
authority may waive or reduce the amount of the fee, but such 456  
waiver or reduction does not affect the obligations of the 457  
legislative authority or the tax incentive review council to 458  
comply with section 3735.672 or 5709.85 of the Revised Code. 459~~

~~(E) If any person that is party to an agreement granting 460  
that owns commercial or industrial property subject to an 461  
exemption from taxation under section 3735.67 of the Revised 462  
Code discontinues operations at the structure to which that 463  
exemption applies prior to the expiration of the term of the 464  
agreement exempted property before the exemption expires, that 465  
person, any successor to that person, and any related member 466  
shall not enter into an agreement is not eligible for an 467  
exemption under this that section or for an agreement under 468  
section 5709.62, 5709.63, or 5709.632 of the Revised Code, and 469  
no legislative authority shall grant such an exemption or enter 470  
into such an agreement with such a person, successor, or related 471  
member, prior to the expiration of five two years after the 472~~



person's discontinuation of operations. As used in this 473  
division, "successor" means a person to which the assets or 474  
equity of another person has been transferred, which transfer 475  
resulted in the full or partial nonrecognition of gain or loss, 476  
or resulted in a carryover basis, both as determined by rule 477  
adopted by the tax commissioner. "Related member" has the same 478  
meaning as defined in section 5733.042 of the Revised Code 479  
without regard to division (B) of that section. 480

The director of development services shall review all 481  
~~agreements submitted to the director under division (F) of this~~ 482  
~~section exemptions granted to commercial or industrial property~~ 483  
under section 3735.67 of the Revised Code for the purpose of 484  
enforcing this division. If the director determines there has 485  
been a violation of this division, the director shall notify the 486  
legislative authority of such violation, and the legislative 487  
authority immediately shall revoke the exemption granted ~~under~~ 488  
~~the agreement~~for the property. 489

~~(F) When an agreement is entered into under this section,~~ 490  
~~the legislative authority authorizing the agreement shall~~ 491  
~~forward a copy of the agreement to the director of development~~ 492  
~~services within fifteen days after the agreement is entered~~ 493  
~~into.~~ 494

**Sec. 3735.672.** (A) On or before the thirty-first day of 495  
March each year, a legislative authority that has ~~entered into~~ 496  
~~an agreement with a party~~ granted exemptions from taxation for 497  
commercial or industrial property under section 3735.671-3735.67 498  
of the Revised Code shall submit to the director of development 499  
services ~~and the board of education of each school district of~~ 500  
~~which a municipal corporation or township to which such an~~ 501  
~~agreement applies is a part~~ a report on all such agreements 502

exemptions in effect during the preceding calendar year. The 503  
report shall include the following information: 504

(1) ~~The designation, assigned by the director of~~ 505  
~~development services, of each total number of~~ 506  
~~community reinvestment area~~areas within the municipal corporation or 507  
county, and the total population of each area according to the 508  
most recent data available; 509

(2) The total number of ~~agreements and the number of full-~~ 510  
~~time employees subject to those agreements~~ parcels of such 511  
property exempted within each area, ~~each according to the most-~~ 512  
~~recent data available and identified and categorized by the-~~ 513  
~~appropriate standard industrial code, and the rate of~~ 514  
~~unemployment in the municipal corporation or county in which the~~ 515  
~~area is located for each year since the area was certified;~~ 516

(3) The number of ~~agreements approved and executed~~ parcels 517  
of commercial or industrial property first exempted during the 518  
calendar year for which the report is submitted, the total 519  
number of ~~agreements~~ parcels of commercial or industrial 520  
property for which an exemption is in effect on the thirty-first 521  
day of December of the preceding calendar year, the number of 522  
~~agreements that expired during~~ parcels of such property for 523  
which the exemption expires at the end of the calendar year for 524  
which the report is submitted, and the number of ~~agreements-~~ 525  
parcels of such property for which the exemption is scheduled to 526  
expire during ~~at the end of~~ the calendar year in which the 527  
report is submitted. For each ~~agreement that~~ parcel of such 528  
property for which the exemption expired ~~during~~ ~~at the end of~~ 529  
the calendar year for which the report is submitted, the 530  
legislative authority shall include the amount of taxes exempted 531  
~~under the agreement.~~ 532

~~(4) The number of agreements receiving compliance reviews— 533  
by the tax incentive review council in the municipal corporation— 534  
or county during the calendar year for which the report is— 535  
submitted, including all of the following information: 536~~

~~(a) The number of agreements the terms of which the party— 537  
has complied with, indicating separately for each such agreement— 538  
the value of the real property exempted pursuant to the— 539  
agreement and a comparison of the stipulated and actual— 540  
schedules for hiring new employees, for retaining existing— 541  
employees, and for the amount of payroll of the party— 542  
attributable to these employees; 543~~

~~(b) The If the exemption was granted pursuant to an 544  
agreement between the legislative authority and the property 545  
owner, the number of agreements the terms of which a party has 546  
failed to comply with, indicating separately for each such 547  
agreement the value of the real and personal property exempted 548  
pursuant to the agreement and, as may be applicable to the 549  
agreement's terms, a comparison of the stipulated and actual 550  
schedules for hiring new employees, for retaining existing 551  
employees, and for the amount of payroll of the enterprise 552  
attributable to these employees; 553~~

~~(c) The number of agreements about which the tax incentive— 554  
review council made recommendations to the legislative— 555  
authority, and the number of such recommendations that have not— 556  
been followed; 557~~

~~(d) The number of agreements rescinded during the calendar— 558  
year for which the report is submitted. 559~~

~~(5) The number of parties subject to agreements that— 560  
expanded within each area, including the number of new employees— 561~~

~~hired and existing employees retained by that party, and the~~ 562  
~~number of new parties subject to agreements that established~~ 563  
~~within each area, including the number of new employees hired by~~ 564  
~~each party;~~ 565

~~(6) For each agreement in effect during any part of the~~ 566  
~~preceding year, the number of employees employed by the party at~~ 567  
~~the property that is the subject of the agreement immediately~~ 568  
~~prior to formal approval of the agreement, the number of~~ 569  
~~employees employed by the party at that property on the thirty~~ 570  
~~first day of December of the preceding year, the payroll of the~~ 571  
~~party for the preceding year, the amount of taxes paid on real~~ 572  
~~property that was exempted under the agreement, and the amount~~ 573  
~~of such taxes that were not paid because of the exemption~~ 574  
Any 574  
changes to zoning restrictions in any part of a community 575  
reinvestment area, including a map of the area indicating the 576  
new zoning restrictions in the area. 577

(B) Upon the failure of a municipal corporation or county 578  
to comply with division (A) of this section: 579

(1) Beginning on the first day of April of the calendar 580  
year in which the municipal corporation or county fails to 581  
comply with that division, the municipal corporation or county 582  
~~shall not enter into any agreements~~ may not grant any new 583  
exemption for commercial or industrial property under section 584  
~~3735.671-3735.67~~ of the Revised Code until the municipal 585  
corporation or county has complied with division (A) of this 586  
section. 587

(2) On the first day of each ensuing calendar month until 588  
the municipal corporation or county complies with that division, 589  
the director of development services shall either order the 590  
proper county auditor to deduct from the next succeeding payment 591

of taxes to the municipal corporation or county under section 592  
321.31, 321.32, 321.33, or 321.34 of the Revised Code an amount 593  
equal to five hundred dollars for each calendar month the 594  
municipal corporation or county fails to comply with that 595  
division, or order the county auditor to deduct such an amount 596  
from the next succeeding payment to the municipal corporation or 597  
county from the undivided local government fund under section 598  
5747.51 of the Revised Code. At the time such a payment is made, 599  
the county auditor shall comply with the director's order by 600  
issuing a warrant, drawn on the fund from which such money would 601  
have been paid, to the director of development services, who 602  
shall deposit the warrant into the ~~state community reinvestment-~~ 603  
~~area program administration tax incentives operating fund~~ 604  
created in ~~division (C) of this by~~ section 122.174 of the 605  
Revised Code. 606

~~(C) The director, by rule, shall establish the state's~~ 607  
~~application fee for applications submitted to a municipal~~ 608  
~~corporation or county to enter into an agreement under section~~ 609  
~~3735.671 of the Revised Code. In establishing the amount of the~~ 610  
~~fee, the director shall consider the state's cost of~~ 611  
~~administering the community reinvestment area program, including~~ 612  
~~the cost of reviewing the reports required under division (A) of~~ 613  
~~this section. The director may change the amount of the fee at~~ 614  
~~such times and in such increments as the director considers~~ 615  
~~necessary. Any municipal corporation or county that receives an~~ 616  
~~application shall collect the application fee and remit the fee~~ 617  
~~for deposit in the state treasury to the credit of the tax~~ 618  
~~incentives operating fund created in section 122.174 of the~~ 619  
~~Revised Code.~~ 620

**Sec. 3735.68.** The housing officer shall make annual 621  
inspections of the properties within the community reinvestment 622

area upon which are located structures or remodeling for which 623  
an exemption has been granted under section 3735.67 of the 624  
Revised Code. If the housing officer finds that the property has 625  
not been properly maintained or repaired due to the neglect of 626  
the owner, the housing officer may revoke the exemption at any 627  
time after the first year of exemption. If the owner of 628  
commercial or industrial property exempted from taxation under 629  
section 3735.67 of the Revised Code has materially failed to 630  
fulfill its obligations under ~~the written any~~ agreement entered 631  
into ~~under section 3735.671 of the Revised Code~~ with the 632  
legislative authority, or if the owner is determined to have 633  
violated division ~~(E)~~ (B) of ~~that~~ section 3735.671 of the 634  
Revised Code, the legislative authority, and subject to the 635  
terms of the agreement if applicable, may revoke the exemption 636  
at any time after the first year of exemption. The housing 637  
officer or legislative authority shall notify the county auditor 638  
and the owner of the property that the tax exemption no longer 639  
applies. If the housing officer or legislative authority revokes 640  
a tax exemption, the housing officer shall send a report of the 641  
revocation to the community reinvestment area housing council 642  
and to the tax incentive review council established pursuant to 643  
section 3735.69 or 5709.85 of the Revised Code, containing a 644  
statement of the findings as to the maintenance and repair of 645  
the property, failure to fulfill obligations under the ~~written~~ 646  
resolution or applicable agreement, or violation of division ~~(E)~~ 647  
(B) of section 3735.671 of the Revised Code, and the reason for 648  
revoking the exemption. 649

If the resolution granting an exemption or an agreement 650  
entered into ~~under section 3735.671 of the Revised Code~~ by the 651  
property owner and the legislative authority so provides, the 652  
legislative authority ~~of a municipal corporation or county~~ may 653

require the owner of property whose exemption has been revoked 654  
to reimburse the taxing authorities within whose taxing 655  
jurisdiction the exempted property is located for the amount of 656  
real property taxes that would have been payable to those 657  
authorities had the property not been exempted from taxation. 658

**Sec. 5709.631.** Each agreement entered into under sections 659  
5709.62, 5709.63, and 5709.632 of the Revised Code on or after 660  
April 1, 1994, shall be in writing and shall include all of the 661  
information and statements prescribed by this section. 662  
Agreements may include terms not prescribed by this section, but 663  
such terms shall in no way derogate from the information and 664  
statements prescribed by this section. 665

(A) Each agreement shall include the following 666  
information: 667

(1) The names of all parties to the agreement; 668

(2) A description of the investments to be made by the 669  
applicant enterprise or by another party at the facility whether 670  
or not the investments are exempted from taxation, including 671  
existing or new building size and cost thereof; the value of 672  
machinery, equipment, furniture, and fixtures, including an 673  
itemization of the value of machinery, equipment, furniture, and 674  
fixtures used at another location in this state prior to the 675  
agreement and relocated or to be relocated from that location to 676  
the facility and the value of machinery, equipment, furniture, 677  
and fixtures at the facility prior to the execution of the 678  
agreement that will not be exempted from taxation; the value of 679  
inventory at the facility, including an itemization of the value 680  
of inventory held at another location in this state prior to the 681  
agreement and relocated or to be relocated from that location to 682  
the facility, and the value of inventory held at the facility 683

prior to the execution of the agreement that will not be 684  
exempted from taxation; 685

(3) The scheduled starting and completion dates of 686  
investments made in building, machinery, equipment, furniture, 687  
fixtures, and inventory; 688

(4) Estimates of the number of employee positions to be 689  
created each year of the agreement and of the number of employee 690  
positions retained by the applicant enterprise due to the 691  
project, itemized as to the number of full-time, part-time, 692  
permanent, and temporary positions; 693

(5) Estimates of the dollar amount of payroll attributable 694  
to the positions set forth in division (A) (4) of this section, 695  
similarly itemized; 696

(6) The number of employee positions, if any, at the 697  
project site and at any other location in the state at the time 698  
the agreement is executed, itemized as to the number of full- 699  
time, part-time, permanent, and temporary positions. 700

(B) Each agreement shall set forth the following 701  
information and incorporate the following statements: 702

(1) A description of real property to be exempted from 703  
taxation under the agreement, the percentage of the assessed 704  
valuation of the real property exempted from taxation, and the 705  
period for which the exemption is granted, accompanied by the 706  
statement: "The exemption commences the first year for which the 707  
real property would first be taxable were that property not 708  
exempted from taxation. No exemption shall commence after 709  
\_\_\_\_\_ (insert date) nor extend beyond \_\_\_\_\_ (insert 710  
date)." The tax commissioner shall adopt rules prescribing the 711  
form the description of such property shall assume to ensure 712



that the property to be exempted from taxation under the 713  
agreement is distinguishable from property that is not to be 714  
exempted under that agreement. 715

(2) A description of tangible personal property to be 716  
exempted from taxation under the agreement, the percentage of 717  
the assessed value of the tangible personal property exempted 718  
from taxation, and the period for which the exemption is 719  
granted, accompanied by the statement: "The minimum investment 720  
for tangible personal property to qualify for the exemption is 721  
\$\_\_\_\_\_ (insert dollar amount) to purchase machinery and 722  
equipment first used in business at the facility as a result of 723  
the project, \$\_\_\_\_\_ (insert dollar amount) for furniture 724  
and fixtures and other noninventory personal property first used 725  
in business at the facility as a result of the project, and 726  
\$\_\_\_\_\_ (insert dollar amount) for new inventory. The 727  
maximum investment for tangible personal property to qualify for 728  
the exemption is \$\_\_\_\_\_ (insert dollar amount) to purchase 729  
machinery and equipment first used in business at the facility 730  
as a result of the project, \$\_\_\_\_\_ (insert dollar amount) 731  
for furniture and fixtures and other noninventory personal 732  
property first used in business at the facility as a result of 733  
the project, and \$\_\_\_\_\_ (insert dollar amount) for new 734  
inventory. The exemption commences the first year for which the 735  
tangible personal property would first be taxable were that 736  
property not exempted from taxation. No exemption shall commence 737  
after tax return year \_\_\_\_\_ (insert year) nor extend beyond 738  
tax return year \_\_\_\_\_ (insert year). In no instance shall 739  
any tangible personal property be exempted from taxation for 740  
more than ten return years unless, under division (D) (2) of 741  
section 5709.62 or under division (C) (1) (b) of section 5709.63 742  
of the Revised Code, the board of education approves exemption 743

for a number of years in excess of ten, in which case the 744  
tangible personal property may be exempted from taxation for 745  
that number of years, not to exceed fifteen return years." No 746  
exemption shall be allowed for any type of tangible personal 747  
property if the total investment is less than the minimum dollar 748  
amount specified for that type of property. If, for a type of 749  
tangible personal property, there are no minimum or maximum 750  
investment dollar amounts specified in the statement or the 751  
dollar amounts are designated in the statement as not 752  
applicable, the exemption shall apply to the total cost of that 753  
type of tangible personal property first used in business at the 754  
facility as a result of the project. The tax commissioner shall 755  
adopt rules prescribing the form the description of such 756  
property shall assume to ensure that the property to be exempted 757  
from taxation under the agreement is distinguishable from 758  
property that is not to be exempted under that agreement. 759

(3) "\_\_\_\_\_ (insert name of enterprise) shall pay such 760  
real and tangible personal property taxes as are not exempted 761  
under this agreement and are charged against such property and 762  
shall file all tax reports and returns as required by law. If 763  
\_\_\_\_\_ (insert name of enterprise) fails to pay such taxes 764  
or file such returns and reports, all incentives granted under 765  
this agreement are rescinded beginning with the year for which 766  
such taxes are charged or such reports or returns are required 767  
to be filed and thereafter." 768

(4) "\_\_\_\_\_ (insert name of enterprise) hereby 769  
certifies that at the time this agreement is executed, 770  
\_\_\_\_\_ (insert name of enterprise) does not owe any 771  
delinquent real or tangible personal property taxes to any 772  
taxing authority of the State of Ohio, and does not owe 773  
delinquent taxes for which \_\_\_\_\_ (insert name of 774

enterprise) is liable under Chapter 5727., 5733., 5735., 5739., 775  
5741., 5743., 5747., or 5753. of the Revised Code, or, if such 776  
delinquent taxes are owed, \_\_\_\_\_ (insert name of 777  
enterprise) currently is paying the delinquent taxes pursuant to 778  
a delinquent tax contract enforceable by the State of Ohio or an 779  
agent or instrumentality thereof, has filed a petition in 780  
bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition 781  
has been filed against \_\_\_\_\_ (insert name of enterprise). 782  
For the purposes of the certification, delinquent taxes are 783  
taxes that remain unpaid on the latest day prescribed for 784  
payment without penalty under the chapter of the Revised Code 785  
governing payment of those taxes." 786

(5) " \_\_\_\_\_ (insert name of municipal corporation or 787  
county) shall perform such acts as are reasonably necessary or 788  
appropriate to effect, claim, reserve, and maintain exemptions 789  
from taxation granted under this agreement including, without 790  
limitation, joining in the execution of all documentation and 791  
providing any necessary certificates required in connection with 792  
such exemptions." 793

(6) "If for any reason the enterprise zone designation 794  
expires, the Director of the Ohio Department of Development 795  
revokes certification of the zone, or \_\_\_\_\_ (insert name of 796  
municipal corporation or county) revokes the designation of the 797  
zone, entitlements granted under this agreement shall continue 798  
for the number of years specified under this agreement, unless 799  
\_\_\_\_\_ (insert name of enterprise) materially fails to 800  
fulfill its obligations under this agreement and \_\_\_\_\_ 801  
(insert name of municipal corporation or county) terminates or 802  
modifies the exemptions from taxation granted under this 803  
agreement." 804

(7) "If \_\_\_\_\_ (insert name of enterprise) materially 805  
fails to fulfill its obligations under this agreement, other 806  
than with respect to the number of employee positions estimated 807  
to be created or retained under this agreement, or if \_\_\_\_\_ 808  
(insert name of municipal corporation or county) determines that 809  
the certification as to delinquent taxes required by this 810  
agreement is fraudulent, \_\_\_\_\_ (insert name of municipal 811  
corporation or county) may terminate or modify the exemptions 812  
from taxation granted under this agreement." 813

(8) " \_\_\_\_\_ (insert name of enterprise) shall provide 814  
to the proper tax incentive review council any information 815  
reasonably required by the council to evaluate the enterprise's 816  
compliance with the agreement, including returns or annual 817  
reports filed pursuant to section 5711.02 or 5727.08 of the Ohio 818  
Revised Code if requested by the council." 819

(9) " \_\_\_\_\_ (insert name of enterprise) and \_\_\_\_\_ 820  
(insert name of municipal corporation or county) acknowledge 821  
that this agreement must be approved by formal action of the 822  
legislative authority of \_\_\_\_\_ (insert name of municipal 823  
corporation or county) as a condition for the agreement to take 824  
effect. This agreement takes effect upon such approval." 825

(10) "This agreement is not transferable or assignable 826  
without the express, written approval of \_\_\_\_\_ (insert name 827  
of municipal corporation or county)." 828

(11) "Exemptions from taxation granted under this 829  
agreement shall be revoked if it is determined that 830  
\_\_\_\_\_ (insert name of enterprise), any successor 831  
enterprise, or any related member (as those terms are defined in 832  
section 5709.61 of the Ohio Revised Code) has violated the 833  
prohibition against entering into this agreement under division 834

~~(E)~~ (B) of section 3735.671 or section 5709.62, 5709.63, or 835  
5709.632 of the Ohio Revised Code prior to the time prescribed 836  
by that division or either of those sections." 837

(12) "In any three-year period during which this agreement 838  
is in effect, if the actual number of employee positions created 839  
or retained by . . . . . (insert name of enterprise) is 840  
not equal to or greater than seventy-five per cent of the number 841  
of employee positions estimated to be created or retained under 842  
this agreement during that three-year period, . . . . . 843  
(insert name of enterprise) shall repay the amount of taxes on 844  
property that would have been payable had the property not been 845  
exempted from taxation under this agreement during that three- 846  
year period. In addition, the . . . . . (insert name of 847  
municipal corporation or county) may terminate or modify the 848  
exemptions from taxation granted under this agreement." 849

The statement described in division (B) (7) of this section 850  
may include the following statement, appended at the end of the 851  
statement: "and may require the repayment of the amount of taxes 852  
that would have been payable had the property not been exempted 853  
from taxation under this agreement." If the agreement includes a 854  
statement requiring repayment of exempted taxes, it also may 855  
authorize the legislative authority to secure repayment of such 856  
taxes by a lien on the exempted property in the amount required 857  
to be repaid. Such a lien on exempted real property shall 858  
attach, and may be perfected, collected, and enforced, in the 859  
same manner as a mortgage lien on real property, and shall 860  
otherwise have the same force and effect as a mortgage lien on 861  
real property. Notwithstanding section 5719.01 of the Revised 862  
Code, such a lien on exempted tangible personal property shall 863  
attach, and may be perfected, collected, and enforced, in the 864  
same manner as a security interest in goods under Chapter 1309. 865

of the Revised Code, and shall otherwise have the same force and 866  
effect as such a security interest. 867

(C) If the director of development had to issue a waiver 868  
under section 5709.633 of the Revised Code as a condition for 869  
the agreement to be executed, the agreement shall include the 870  
following statement: 871

"Continuation of this agreement is subject to the validity 872  
of the circumstance upon which \_\_\_\_\_ (insert name of 873  
enterprise) applied for, and the Director of the Ohio Department 874  
of Development issued, the waiver pursuant to section 5709.633 875  
of the Ohio Revised Code. If, after formal approval of this 876  
agreement by \_\_\_\_\_ (insert name of municipal corporation or 877  
county), the Director or \_\_\_\_\_ (insert name of municipal 878  
corporation or county) discovers that such a circumstance did 879  
not exist, \_\_\_\_\_ (insert name of enterprise) shall be 880  
deemed to have materially failed to comply with this agreement." 881

If the director issued a waiver on the basis of the 882  
circumstance described in division (B) (3) of section 5709.633 of 883  
the Ohio Revised Code, the conditions enumerated in divisions 884  
(B) (3) (a) (i) and (ii) or divisions (B) (3) (b) (i) and (ii) of that 885  
section shall be incorporated in the information described in 886  
divisions (A) (2), (3), and (4) of this section. 887

**Sec. 5709.82.** (A) As used in this section: 888

(1) "New employee" means both of the following: 889

(a) Persons employed in the construction of real property 890  
exempted from taxation under the chapters or sections of the 891  
Revised Code enumerated in division (B) of this section; 892

(b) Persons not described by division (A) (1) (a) of this 893  
section who are first employed at the site of such property and 894

who within the two previous years have not been subject, prior 895  
to being employed at that site, to income taxation by the 896  
municipal corporation within whose territory the site is located 897  
on income derived from employment for the person's current 898  
employer. "New employee" does not include any person who 899  
replaces a person who is not a new employee under division (A) 900  
(1) of this section. 901

(2) "Infrastructure costs" means costs incurred by a 902  
municipal corporation in a calendar year to acquire, construct, 903  
reconstruct, improve, plan, or equip real or tangible personal 904  
property that directly benefits or will directly benefit the 905  
exempted property. If the municipal corporation finances the 906  
acquisition, construction, reconstruction, improvement, 907  
planning, or equipping of real or tangible personal property 908  
that directly benefits the exempted property by issuing debt, 909  
"infrastructure costs" means the annual debt charges incurred by 910  
the municipal corporation from the issuance of such debt. Real 911  
or tangible personal property directly benefits exempted 912  
property only if the exempted property places or will place 913  
direct, additional demand on the real or tangible personal 914  
property for which such costs were or will be incurred. 915

(3) "Taxing unit" has the same meaning as in division (H) 916  
of section 5705.01 of the Revised Code. 917

(B) (1) Except as otherwise provided under division (C) of 918  
this section, the legislative authority of any political 919  
subdivision that has acted under the authority of Chapter 725. 920  
or 1728., or sections ~~3735.65 to 3735.70, or section~~ 5709.40, 921  
5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 922  
5709.84, or 5709.88 of the Revised Code to grant an exemption 923  
from taxation for real or tangible personal property may 924

negotiate with the board of education of each city, local, 925  
exempted village, or joint vocational school district or other 926  
taxing unit within the territory of which the exempted property 927  
is located, and enter into an agreement whereby the school 928  
district or taxing unit is compensated for tax revenue foregone 929  
by the school district or taxing unit as a result of the 930  
exemption. Except as otherwise provided in division (B) (1) of 931  
this section, if a political subdivision enters into more than 932  
one agreement under this section with respect to a tax 933  
exemption, the political subdivision shall provide to each 934  
school district or taxing unit with which it contracts the same 935  
percentage of tax revenue foregone by the school district or 936  
taxing unit, which may be based on a good faith projection made 937  
at the time the exemption is granted. Such percentage shall be 938  
calculated on the basis of amounts paid by the political 939  
subdivision and any amounts paid by an owner under division (B) 940  
(2) of this section. A political subdivision may provide a 941  
school district or other taxing unit with a smaller percentage 942  
of foregone tax revenue than that provided to other school 943  
districts or taxing units only if the school district or taxing 944  
unit expressly consents in the agreement to receiving a smaller 945  
percentage. If a subdivision has acted under the authority of 946  
section 5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the 947  
Revised Code and enters into a compensation agreement with a 948  
city, local, or exempted village school district, the 949  
subdivision shall provide compensation to the joint vocational 950  
school district within the territory of which the exempted 951  
property is located at the same rate and under the same terms as 952  
received by the city, local, or exempted village school 953  
district. 954

(2) An owner of property exempted from taxation under the 955



authority described in division (B)(1) of this section may, by 956  
becoming a party to an agreement described in division (B)(1) of 957  
this section or by entering into a separate agreement with a 958  
school district or other taxing unit, agree to compensate the 959  
school district or taxing unit by paying cash or by providing 960  
property or services by gift, loan, or otherwise. If the owner's 961  
property is exempted under the authority of section 5709.40, 962  
5709.41, 5709.45, 5709.73, or 5709.78 of the Revised Code and 963  
the owner enters into a compensation agreement with a city, 964  
local, or exempted village school district, the owner shall 965  
provide compensation to the joint vocational school district 966  
within the territory of which the owner's property is located at 967  
the same rate and under the same terms as received by the city, 968  
local, or exempted village school district. 969

(C) This division does not apply to the following: 970

(1) The legislative authority of a municipal corporation 971  
that has acted under the authority of division (H) of section 972  
715.70 or division (U) of section 715.72 of the Revised Code to 973  
consent to the granting of an exemption from taxation for real 974  
or tangible personal property in a joint economic development 975  
district. 976

(2) The legislative authority of a municipal corporation 977  
that has specified in an ordinance adopted under section 978  
5709.40, 5709.41, or 5709.45 of the Revised Code that payments 979  
in lieu of taxes provided for under section 5709.42 or 5709.46 980  
of the Revised Code shall be paid to the city, local, or 981  
exempted village school district in which the improvements are 982  
located in the amount of taxes that would have been payable to 983  
the school district if the improvements had not been exempted 984  
from taxation, as directed in the ordinance. 985

986

If the legislative authority of any municipal corporation 987  
has acted under the authority of Chapter 725. or 1728. or 988  
section ~~3735.671,~~ 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 989  
5709.632, or 5709.88, ~~or a housing officer under section 3735.67~~ 990  
~~of the Revised Code,~~ to grant or consent to the granting of an 991  
exemption from taxation for real or tangible personal property 992  
on or after July 1, 1994, the municipal corporation imposes a 993  
tax on incomes, and the payroll of new employees resulting from 994  
the exercise of that authority equals or exceeds one million 995  
dollars in any tax year for which such property is exempted, the 996  
legislative authority and the board of education of each city, 997  
local, or exempted village school district within the territory 998  
of which the exempted property is located shall attempt to 999  
negotiate an agreement providing for compensation to the school 1000  
district for all or a portion of the tax revenue the school 1001  
district would have received had the property not been exempted 1002  
from taxation. The agreement may include as a party the owner of 1003  
the property exempted or to be exempted from taxation and may 1004  
include provisions obligating the owner to compensate the school 1005  
district by paying cash or providing property or services by 1006  
gift, loan, or otherwise. Such an obligation is enforceable by 1007  
the board of education of the school district pursuant to the 1008  
terms of the agreement. 1009

If the legislative authority and board of education fail 1010  
to negotiate an agreement that is mutually acceptable within six 1011  
months of formal approval by the legislative authority of the 1012  
instrument granting the exemption, the legislative authority 1013  
shall compensate the school district in the amount and manner 1014  
prescribed by division (D) of this section. 1015

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

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

**Sec. 5709.83.** (A) Except as otherwise provided in division (B) or (C) of this section, prior to taking formal action to adopt or enter into any instrument granting a tax exemption under section 725.02, 1728.06, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, or

5709.88 of the Revised Code or formally approving an ~~agreement~~ 1047  
exemption under section 3735.671 of the Revised Code, or prior 1048  
to forwarding an application for a tax exemption for residential 1049  
property under section 3735.67 of the Revised Code to the county 1050  
auditor, the legislative authority of the political subdivision 1051  
or housing officer shall notify the board of education of each 1052  
city, local, exempted village, or joint vocational school 1053  
district in which the proposed tax-exempted property is located. 1054  
The notice shall include a copy of the instrument or 1055  
application. The notice shall be delivered not later than 1056  
fourteen days prior to the day the legislative authority takes 1057  
formal action to adopt or enter into the instrument, or not 1058  
later than fourteen days prior to the day the housing officer 1059  
forwards the application to the county auditor. If the board of 1060  
education comments on the instrument or application to the 1061  
legislative authority or housing officer, the legislative 1062  
authority or housing officer shall consider the comments. If the 1063  
board of education of the city, local, exempted village, or 1064  
joint vocational school district so requests, the legislative 1065  
authority or the housing officer shall meet in person with a 1066  
representative designated by the board of education to discuss 1067  
the terms of the instrument or application. 1068

(B) The notice otherwise required to be provided to boards 1069  
of education under division (A) of this section is not required 1070  
if the board has adopted a resolution waiving its right to 1071  
receive such notices, and that resolution remains in effect. If 1072  
a board of education adopts such a resolution, the board shall 1073  
cause a copy of the resolution to be certified to the 1074  
legislative authority. If the board of education rescinds such a 1075  
resolution, it shall certify notice of the rescission to the 1076  
legislative authority. A board of education may adopt such a 1077

resolution with respect to any one or more counties, townships, 1078  
or municipal corporations situated in whole or in part within 1079  
the school district. 1080

(C) If a legislative authority is required to provide 1081  
notice to a city, local, or exempted village school district of 1082  
its intent to grant such an exemption as required by section 1083  
5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the Revised 1084  
Code, the legislative authority, before adopting a resolution or 1085  
ordinance under that section, shall notify the board of 1086  
education of each joint vocational school district in which the 1087  
property to be exempted is located using the same time 1088  
requirements for the notice that applies to notices to city, 1089  
local, and exempted village school districts. The content of the 1090  
notice and procedures for responding to the notice are the same 1091  
as required in division (A) of this section. 1092

**Sec. 5709.85.** (A) The legislative authority of a county, 1093  
township, or municipal corporation that grants an exemption from 1094  
taxation under Chapter 725. or 1728. or under section 3735.67, 1095  
5709.28, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 1096  
5709.73, or 5709.78 of the Revised Code shall create a tax 1097  
incentive review council. The council shall consist of the 1098  
following members: 1099

(1) In the case of a municipal corporation eligible to 1100  
designate a zone under section 5709.62 of the Revised Code, the 1101  
chief executive officer or that officer's designee; a member of 1102  
the legislative authority of the municipal corporation, 1103  
appointed by the president of the legislative authority or, if 1104  
the chief executive officer of the municipal corporation is the 1105  
president, appointed by the president pro tempore of the 1106  
legislative authority; the county auditor or the county 1107

auditor's designee; the chief financial officer of the municipal 1108  
corporation or that officer's designee; an individual appointed 1109  
by the board of education of each city, local, exempted village, 1110  
and joint vocational school district to which the instrument 1111  
granting the exemption applies; and two members of the public 1112  
appointed by the chief executive officer of the municipal 1113  
corporation with the concurrence of the legislative authority. 1114  
At least four members of the council shall be residents of the 1115  
municipal corporation, and at least one of the two public 1116  
members appointed by the chief executive officer shall be a 1117  
minority. As used in division (A)(1) of this section, a 1118  
"minority" is an individual who is African-American, Hispanic, 1119  
or Native American. 1120

(2) In the case of a county or a municipal corporation 1121  
that is not eligible to designate a zone under section 5709.62 1122  
or 5709.632 of the Revised Code, three members appointed by the 1123  
board of county commissioners; two members from each municipal 1124  
corporation to which the instrument granting the tax exemption 1125  
applies, appointed by the chief executive officer with the 1126  
concurrence of the legislative authority of the respective 1127  
municipal corporations; two members of each township to which 1128  
the instrument granting the tax exemption applies, appointed by 1129  
the board of township trustees of the respective townships; the 1130  
county auditor or the county auditor's designee; and an 1131  
individual appointed by the board of education of each city, 1132  
local, exempted village, and joint vocational school district to 1133  
which the instrument granting the tax exemption applies. At 1134  
least two members of the council shall be residents of the 1135  
municipal corporations or townships to which the instrument 1136  
granting the tax exemption applies. 1137

(3) In the case of a township in which improvements are 1138

declared a public purpose under section 5709.73 of the Revised Code, the board of township trustees; the county auditor or the county auditor's designee; and an individual appointed by the board of education of each city, local, exempted village, and joint vocational school district to which the instrument granting the exemption applies.

(B) The county auditor or the county auditor's designee shall serve as the chairperson of the council. The council shall meet at the call of the chairperson. At the first meeting of the council, the council shall select a vice-chairperson. Attendance by a majority of the members of the council constitutes a quorum to conduct the business of the council.

(C) (1) Annually, the tax incentive review council shall review all agreements granting exemptions from property taxation under Chapter 725. or 1728. or under section ~~3735.671, 3735.67,~~ 5709.28, 5709.62, 5709.63, or 5709.632 of the Revised Code, and any performance or audit reports required to be submitted pursuant to those agreements. The review shall include agreements granting such exemptions that were entered into prior to July 22, 1994, that continue to be in force and applicable to the current year's property taxes.

With respect to each agreement, other than an agreement entered into under section 5709.28 of the Revised Code, the council shall determine whether the owner of the exempted property has complied with the agreement, and may take into consideration any fluctuations in the business cycle unique to the owner's business.

With respect to an agreement entered into under section 5709.28 of the Revised Code, the council shall consist of the members described in division (A) (2) of this section and shall

determine whether the agreement complies with the requirements 1169  
of section 5709.28 of the Revised Code and whether a withdrawal, 1170  
removal, or conversion of land from an agricultural security 1171  
area established under Chapter 931. of the Revised Code has 1172  
occurred in a manner that makes the exempted property no longer 1173  
eligible for the exemption. 1174

On the basis of the determinations, on or before the first 1175  
day of September of each year, the council shall submit to the 1176  
legislative authority written recommendations for continuation, 1177  
modification, or cancellation of each agreement. 1178

(2) Annually, the tax incentive review council shall 1179  
review all exemptions from property taxation resulting from the 1180  
declaration of public purpose improvements pursuant to section 1181  
5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the Revised 1182  
Code. The review shall include such exemptions that were granted 1183  
prior to July 22, 1994, that continue to be in force and 1184  
applicable to the current year's property taxes. With respect to 1185  
each improvement for which an exemption is granted, the council 1186  
shall determine the increase in the true value of parcels of 1187  
real property on which improvements have been undertaken as a 1188  
result of the exemption; the value of improvements exempted from 1189  
taxation as a result of the exemption; and the number of new 1190  
employees or employees retained on the site of the improvement 1191  
as a result of the exemption. 1192

Upon the request of a tax incentive review council, the 1193  
county auditor, the housing officer appointed pursuant to 1194  
section 3735.66 of the Revised Code, the owner of a new or 1195  
remodeled structure or improvement, and the legislative 1196  
authority of the county, township, or municipal corporation 1197  
granting the exemption shall supply the council with any 1198



information reasonably necessary for the council to make the 1199  
determinations required under division (C) of this section, 1200  
including ~~returns or reports~~ filed pursuant to ~~sections 5711.02,~~ 1201  
~~5711.13,~~ and section 5727.08 of the Revised Code. 1202

(D) Annually, the tax incentive review council shall 1203  
review the compliance of each recipient of a tax exemption under 1204  
Chapter 725. or 1728. or section 3735.67, 5709.40, 5709.41, 1205  
5709.45, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 of the 1206  
Revised Code with the nondiscriminatory hiring policies 1207  
developed by the county, township, or municipal corporation 1208  
under section 5709.832 of the Revised Code. Upon the request of 1209  
the council, the recipient shall provide the council any 1210  
information necessary to perform its review. On the basis of its 1211  
review, the council may submit to the legislative authority 1212  
written recommendations for enhancing compliance with the 1213  
nondiscriminatory hiring policies. 1214

(E) A legislative authority that receives from a tax 1215  
incentive review council written recommendations under division 1216  
(C) (1) or (D) of this section shall, within sixty days after 1217  
receipt, hold a meeting and vote to accept, reject, or modify 1218  
all or any portion of the recommendations. 1219

(F) A tax incentive review council may request from the 1220  
recipient of a tax exemption under Chapter 725. or 1728. or 1221  
section 3735.67, 5709.28, 5709.40, 5709.41, 5709.45, 5709.62, 1222  
5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code any 1223  
information reasonably necessary for the council to perform its 1224  
review under this section. The request shall be in writing and 1225  
shall be sent to the recipient by certified mail. Within ten 1226  
days after receipt of the request, the recipient shall provide 1227  
to the council the information requested. 1228

**Section 2.** That existing sections 3735.66, 3735.67,  
3735.671, 3735.672, 3735.68, 5709.631, 5709.82, 5709.83, and  
5709.85 of the Revised Code are hereby repealed.

**Section 3.** That section 3735.673 of the Revised Code is  
hereby repealed.

**Section 4.** Section 5709.82 of the Revised Code is  
presented in this act as a composite of the section as amended  
by both H.B. 182 and H.B. 233 of the 131st General Assembly. The  
General Assembly, applying the principle stated in division (B)  
of section 1.52 of the Revised Code that amendments are to be  
harmonized if reasonably capable of simultaneous operation,  
finds that the composite is the resulting version of the section  
in effect prior to the effective date of the section as  
presented in this act.