

As Reported by the House Ways and Means Committee

133rd General Assembly

Regular Session

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Sub. S. B. No. 212

Senator Schuring

**Cosponsors: Senators Hackett, Antonio, Craig, Gavarone, Huffman, S., Maharath,
Manning, O'Brien, Rulli, Williams Representative Merrin**

A BILL

To amend section 5713.08 and to enact section 1
5709.58 of the Revised Code to authorize 2
townships and municipal corporations to 3
designate areas within which new residential 4
structures and improvements to existing 5
residential structures are wholly or partially 6
exempted from property taxation. 7

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

Section 1. That section 5713.08 be amended and section 8
5709.58 of the Revised Code be enacted to read as follows: 9

Sec. 5709.58. (A) As used in this section: 10

(1) "Residential neighborhood development property" means 11
a parcel of real property that has been subdivided by a 12
residential developer for the purpose of constructing a 13
residential structure thereon. 14

(2) "Residential developer" means a person that owns 15
residential neighborhood development property upon which the 16
person causes, or intends to cause, a residential structure to 17

be constructed that the person does not intend to occupy. 18

(3) "New residential neighborhood" means an area 19
encompassing at least ten adjacent parcels of residential 20
neighborhood development property. 21

(4) "School district" means a city, local, or exempted 22
village school district. 23

(5) "Residential structure" means one of the following: 24

(a) If the legislative authority of a municipal 25
corporation or a board of township trustees includes in an 26
ordinance or resolution adopted under division (B)(1) of this 27
section the limitation statement described in division (B)(2) of 28
this section, a single-family, two-family, or three-family 29
dwelling. 30

(b) In all other cases, any structure comprised entirely 31
of or one or more dwellings. 32

(B)(1) The legislative authority of a municipal 33
corporation or the board of trustees of a township may adopt an 34
ordinance or resolution designating one or more portions of the 35
territory of the municipal corporation, or of the unincorporated 36
territory of the township, respectively, as a neighborhood 37
development area for the public purpose of encouraging 38
development of adequate affordable housing or addressing a 39
housing shortage in the municipal corporation or township. The 40
resolution or ordinance shall include all of the following: 41

(a) A list of all parcels comprising the neighborhood 42
development area; 43

(b) Identification of the municipal or township officer or 44
employee who will accept applications under division (D) of this 45

section; 46

(c) Findings to demonstrate that there is a current lack 47
of adequate affordable housing or that there is a housing 48
shortage within the municipal corporation or township and that 49
the designation of the area will encourage the construction of 50
new residential structures, or the improvement of existing 51
residential structures, that in either case would be unlikely to 52
occur in the absence of such a designation; 53

(d) The number of years during which the area will be 54
designated as a neighborhood development area, which may not 55
exceed ten years; 56

(e) A projection of how the proposed neighborhood 57
development area will enhance property values and thereby 58
generate additional property tax revenue; 59

(f) The percentage of valuation that will be exempt from 60
taxation under division (C) of this section, as determined by 61
the legislative authority or board of trustees, which shall not 62
exceed seventy-five per cent of assessed valuation unless the 63
legislative authority or board of trustees negotiates a mutually 64
acceptable agreement with the board of education of each school 65
district within which parcels in the area are located pursuant 66
to division (B) (3) of this section. 67

A neighborhood development area shall be defined by a 68
continuous boundary that may not exceed three hundred acres in 69
size and that may not encompass all of the territory of a 70
municipal corporation or township. If two or more neighborhood 71
development areas share a common boundary, the total area of all 72
such adjoining areas may not exceed three hundred acres. A 73
legislative authority or board may not have more than three 74

neighborhood development areas designated at any time. The 75
legislative authority or board may not include in a neighborhood 76
development area any parcel that is subject to an exemption 77
authorized under section 3735.67, 5709.40, 5709.41, 5709.73, or 78
5709.78 of the Revised Code. 79

To adopt such a resolution or ordinance, the legislative 80
authority or board shall conduct a hearing on the resolution or 81
ordinance during at least three regularly scheduled public 82
meetings held on three separate days and in accordance with 83
section 121.22 of the Revised Code, notwithstanding any rule or 84
charter provision permitting the legislative authority or board 85
to adopt a resolution or ordinance with fewer hearings. At least 86
seven days before the first meeting, the legislative authority 87
or board shall send notice, by certified mail, to the board of 88
education of each school district and to the taxing authority of 89
each other local taxing unit in which the proposed neighborhood 90
development area is located. The notice shall state the date and 91
time of each public meeting and shall include a copy of the 92
resolution or ordinance or the information described in 93
divisions (B) (1) (a), (d), and (f) of this section. If the date 94
or time of a meeting changes, then a new notice shall be sent by 95
certified mail announcing the new date and time. 96

(2) A legislative authority or board may limit the 97
exemptions authorized under division (C) of this section to 98
apply only to single-family, two-family, and three-family 99
 dwellings in the neighborhood development area by including in 100
the resolution or ordinance adopted under division (B) (1) of 101
this section a statement expressing that limitation. 102

(3) Upon mailing the first notice to a board of education 103
under division (B) (1) of this section, the legislative authority 104

or board of trustees shall attempt in good faith to engage the 105
board of education to explain the resolution or ordinance and, 106
if the percentage designated under division (B)(1)(f) of this 107
section exceeds seventy-five per cent, to reach a mutually 108
acceptable agreement whereby the board of education consents to 109
the percentage of valuation to be exempted from taxation under 110
division (C) of this section. If the legislative authority or 111
board of trustees and a board of education fail to negotiate an 112
agreement that is mutually acceptable within sixty days after 113
that notice is received by the board of education, then the 114
percentage of valuation that may be exempted from taxation under 115
division (C) of this section may not exceed seventy-five per 116
cent. 117

(4) The legislative authority or board shall certify a 118
copy of any resolution or ordinance adopted under division (B) 119
(1) of this section to the tax commissioner within ten days 120
after its adoption. 121

(5) A legislative authority or board may amend a 122
resolution or ordinance adopted under division (B)(1) of this 123
section to extend the designation of a neighborhood development 124
area for up to an additional ten years each time the designation 125
expires. The legislative authority or board shall certify a copy 126
of any amended resolution or ordinance adopted under division 127
(B)(5) of this section to the tax commissioner within ten days 128
after its adoption. 129

(C) Subject to division (D) of this section: 130

(1) The percentage designated under division (B)(1)(f) of 131
this section of the assessed valuation of residential 132
neighborhood development property within a new residential 133
neighborhood located wholly within a neighborhood development 134

area shall be exempt from taxation beginning with the tax year 135
in which the residential neighborhood development property first 136
appears on the tax list following its subdivision and continuing 137
(i) for nine succeeding tax years, or (ii) until and including 138
the tax year in which construction of the residential structure 139
commences, whichever comes first. 140

(2) The percentage designated under division (B) (1) (f) of 141
this section of the assessed valuation of residential 142
neighborhood development property within a new residential 143
neighborhood located wholly within a neighborhood development 144
area shall be exempt from taxation beginning with the tax year 145
after the tax year in which construction of the residential 146
structure commences on such property and continuing (i) for nine 147
succeeding tax years, or (ii) until and including the tax year 148
in which the residential structure is first occupied, whichever 149
comes first. 150

(3) If a residential structure located on residential 151
neighborhood development property that qualifies or would 152
qualify for the exemption authorized in division (C) (1) or (2) 153
of this section is occupied as a home by the owner, the 154
percentage designated under division (B) (1) (f) of this section 155
of the assessed valuation of the parcel upon which the 156
residential structure is situated shall be exempt from taxation 157
beginning with the tax year after the first tax year in which 158
the residential structure is occupied and continuing for nine 159
succeeding tax years, provided that the owner occupies the 160
residential structure on the tax lien date. 161

(4) The percentage designated under division (B) (1) (f) of 162
this section of the increased assessed valuation of a parcel 163
located in a neighborhood development area and on which is 164

situated a residential structure that is occupied as a home by 165
and remodeled by or for the owner shall be exempt from taxation 166
beginning with the tax year in which an increase in value 167
resulting from the remodeling first appears on the tax list and 168
continuing for the succeeding four tax years, provided that the 169
cost of the remodeling is at least five thousand dollars and 170
that the owner occupies the residential structure on the tax 171
lien date. The increased assessed valuation shall equal the 172
assessed valuation of the parcel in the tax year for which the 173
exemption applies minus the assessed valuation of the parcel in 174
the tax year in which the remodeling began. 175

For the purposes of divisions (C) (3) and (4) of this 176
section, "owner" includes any person whose interest in the 177
residential structure is an interest that would qualify the 178
person as the owner of a homestead under section 323.151 of the 179
Revised Code. 180

(D) To obtain an exemption authorized under division (C) 181
(1), (2), (3), or (4) of this section for a tax year, an owner 182
of real property shall file an annual application for the 183
exemption with the officer or employee designated under division 184
(B) (1) (b) of this section. That officer or employee shall verify 185
that all requirements of this section for the exemption are 186
satisfied. If the officer or employee determines that all 187
requirements of this section for the applicable exemption are 188
satisfied, the officer or employee shall, for only the first tax 189
year all requirements for the exemption are satisfied, submit, 190
on behalf of the property owner, an exemption application to the 191
tax commissioner under section 5715.27 of the Revised Code for 192
the applicable exemption authorized under division (C) of this 193
section, notwithstanding the requirement in division (A) of that 194
section that the owner of the property file the application. 195

Property that is the subject of that application shall be exempt 196
from tax as provided in division (C) (1), (2), (3), or (4) of 197
this section for each succeeding tax year until the end of the 198
exemption's term, regardless of whether an application is filed 199
with the commissioner under section 5715.27 of the Revised Code 200
respecting such property for that year. 201

If the officer or employee determines that the property 202
does not qualify for the exemption for any of those succeeding 203
tax years, the officer or employee shall provide written notice 204
to the commissioner that the property does not satisfy all such 205
exemption requirements for that tax year. Upon receiving that 206
notice, the tax commissioner shall order the county auditor to 207
return the property to the tax list. 208

If the term of the designation of the neighborhood 209
development area expires, that officer or employee shall 210
continue to accept applications for an exemption under division 211
(C) (1), (2), (3), or (4) of this section respecting property 212
first eligible for that exemption for a tax year occurring 213
during the period the area was so designated. 214

Sec. 5713.08. (A) The county auditor shall make a list of 215
all real and personal property in the auditor's county that is 216
exempted from taxation. Such list shall show the name of the 217
owner, the value of the property exempted, and a statement in 218
brief form of the ground on which such exemption has been 219
granted. It shall be corrected annually by adding thereto the 220
items of property which have been exempted during the year, and 221
by striking therefrom the items which in the opinion of the 222
auditor have lost their right of exemption and which have been 223
reentered on the taxable list, but no property shall be struck 224
from the exempt property list solely because the property has 225

been conveyed to a single member limited liability company with 226
a nonprofit purpose from its nonprofit member or because the 227
property has been conveyed by a single member limited liability 228
company with a nonprofit purpose to its nonprofit member. No 229
additions shall be made to such exempt lists and no additional 230
items of property shall be exempted from taxation without the 231
consent of the tax commissioner as is provided for in section 232
5715.27 of the Revised Code or without the consent of the 233
housing officer under section 3735.67 of the Revised Code, 234
except for property exempted by the auditor under that section, 235
property owned by a community school and subject to the 236
exemption authorized under division (A) (1) of section 5709.07 of 237
the Revised Code for tax years after the tax year for which the 238
commissioner grants an application under section 5715.27 of the 239
Revised Code, as described in division (I) of that section, 240
property subject to an exemption authorized under section 241
5709.58 of the Revised Code as authorized in division (D) of 242
that section, or qualifying agricultural real property, as 243
defined in section 5709.28 of the Revised Code, that is enrolled 244
in an agriculture security area that is exempt under that 245
section. 246

The commissioner may revise at any time the list in every 247
county so that no property is improperly or illegally exempted 248
from taxation. The auditor shall follow the orders of the 249
commissioner given under this section. An abstract of such list 250
shall be filed annually with the commissioner, on a form 251
approved by the commissioner, and a copy thereof shall be kept 252
on file in the office of each auditor for public inspection. 253

An application for exemption of property shall include a 254
certificate executed by the county treasurer certifying one of 255
the following: 256

(1) That all taxes, interest, and penalties levied and 257
assessed against the property sought to be exempted have been 258
paid in full for all of the tax years preceding the tax year for 259
which the application for exemption is filed, except for such 260
taxes, interest, and penalties that may be remitted under 261
division (C) of this section; 262

(2) That the applicant has entered into a valid delinquent 263
tax contract with the county treasurer pursuant to division (A) 264
of section 323.31 of the Revised Code to pay all of the 265
delinquent taxes, interest, and penalties charged against the 266
property, except for such taxes, interest, and penalties that 267
may be remitted under division (C) of this section. If the 268
auditor receives notice under section 323.31 of the Revised Code 269
that such a written delinquent tax contract has become void, the 270
auditor shall strike such property from the list of exempted 271
property and reenter such property on the taxable list. If 272
property is removed from the exempt list because a written 273
delinquent tax contract has become void, current taxes shall 274
first be extended against that property on the general tax list 275
and duplicate of real and public utility property for the tax 276
year in which the auditor receives the notice required by 277
division (A) of section 323.31 of the Revised Code that the 278
delinquent tax contract has become void or, if that notice is 279
not timely made, for the tax year in which falls the latest date 280
by which the treasurer is required by such section to give such 281
notice. A county auditor shall not remove from any tax list and 282
duplicate the amount of any unpaid delinquent taxes, 283
assessments, interest, or penalties owed on property that is 284
placed on the exempt list pursuant to this division. 285

(3) That a tax certificate has been issued under section 286
5721.32 or 5721.33 of the Revised Code with respect to the 287

property that is the subject of the application, and the tax certificate is outstanding. 288
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(B) If the treasurer's certificate is not included with the application or the certificate reflects unpaid taxes, penalties, and interest that may not be remitted, the tax commissioner or county auditor with whom the application was filed shall notify the property owner of that fact, and the applicant shall be given sixty days from the date that notification was mailed in which to provide the tax commissioner or county auditor with a corrected treasurer's certificate. If a corrected treasurer's certificate is not received within the time permitted, the tax commissioner or county auditor does not have authority to consider the tax exemption application. 290
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(C) Any taxes, interest, and penalties which have become a lien after the property was first used for the exempt purpose, but in no case prior to the date of acquisition of the title to the property by the applicant, may be remitted by the commissioner or county auditor, except as is provided in division (A) of section 5713.081 of the Revised Code. 301
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(D) Real property acquired by the state in fee simple is exempt from taxation from the date of acquisition of title or date of possession, whichever is the earlier date, provided that all taxes, interest, and penalties as provided in the apportionment provisions of section 319.20 of the Revised Code have been paid to the date of acquisition of title or date of possession by the state, whichever is earlier. The proportionate amount of taxes that are a lien but not yet determined, assessed, and levied for the year in which the property is acquired, shall be remitted by the county auditor for the balance of the year from date of acquisition of title or date of 307
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possession, whichever is earlier. This section shall not be 318
construed to authorize the exemption of such property from 319
taxation or the remission of taxes, interest, and penalties 320
thereon until all private use has terminated. 321

Section 2. That existing section 5713.08 of the Revised 322
Code is hereby repealed. 323