

**As Reported by the House Ways and Means Committee**

**134th General Assembly**

**Regular Session**

**2021-2022**

**Sub. H. B. No. 123**

**Representatives Fraizer, Cross**

**Cosponsors: Representatives Carfagna, Riedel, Merrin, Wiggam**

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**A BILL**

To amend sections 3735.65, 3735.66, 3735.671, 1  
3735.672, 3735.68, 3735.69, 5709.631, 5709.82, 2  
and 5709.85 and to repeal section 3735.673 of 3  
the Revised Code to modify the law governing 4  
community reinvestment areas and the terms under 5  
which property may be exempted in such areas. 6

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

**Section 1.** That sections 3735.65, 3735.66, 3735.671, 7  
3735.672, 3735.68, 3735.69, 5709.631, 5709.82, and 5709.85 of 8  
the Revised Code be amended to read as follows: 9

**Sec. 3735.65.** As used in sections 3735.65 to 3735.70 of 10  
the Revised Code: 11

(A) "Housing officer" means an officer or agency of a 12  
~~municipal corporation or county~~ political subdivision designated 13  
by the legislative authority of the ~~municipal corporation or~~ 14  
~~county~~ political subdivision, pursuant to section 3735.66 of the 15  
Revised Code, for each community reinvestment area to administer 16  
sections 3735.65 to 3735.69 of the Revised Code. One officer or 17  
agency may be designated as the housing officer for more than 18

one community reinvestment area. 19

(B) "Community reinvestment area" means an area ~~within a~~ 20  
~~municipal corporation or unincorporated area of a county for~~ 21  
which the legislative authority of ~~the municipal corporation or,~~ 22  
~~for the unincorporated area, of the county,~~a political 23  
subdivision has adopted a resolution under section 3735.66 of 24  
the Revised Code describing the boundaries of the area and 25  
containing a statement of finding that the area included in the 26  
description is one in which housing facilities or structures of 27  
historical significance are located and new housing construction 28  
and repair of existing facilities or structures are discouraged. 29

(C) "Remodeling" means any change made in a structure for 30  
the purpose of making it structurally more sound, more 31  
habitable, or for the purpose of improving its appearance. 32

(D) "Structure of historical or architectural 33  
significance" means those designated as such by resolution of 34  
the legislative authority of a ~~municipal corporation, for those~~ 35  
~~located in a municipal corporation, or the county, for those~~ 36  
~~located in the unincorporated area of the county~~political 37  
subdivision based on age, rarity, architectural quality, or 38  
because of a previous designation by a historical society, 39  
association, or agency. 40

(E) "Political subdivision" means a county, a municipal 41  
corporation, or a limited home rule township. 42

(F) "Legislative authority" means a board of county 43  
commissioners of a county, a legislative authority of a 44  
municipal corporation, or a board of trustees of a limited home 45  
rule township. 46

(G) "Limited home rule township" means a township that has 47

adopted a limited home rule government under Chapter 504. of the 48  
Revised Code. 49

**Sec. 3735.66.** The legislative ~~authorities~~ authority of 50  
~~municipal corporations and counties~~ a political subdivision may 51  
survey the housing within ~~their jurisdictions~~ the municipal 52  
corporation in the case of a municipal corporation, the 53  
unincorporated area of the township in the case of a limited 54  
home rule township, and, after the unincorporated area of the 55  
county in the case of a county. After the survey, the 56  
legislative authority may adopt resolutions a resolution 57  
describing the boundaries of community reinvestment areas which 58  
contain the conditions required for the finding under division 59  
(B) of section 3735.65 of the Revised Code. The findings 60  
resulting from the survey shall be incorporated in the 61  
resolution describing the boundaries of an area. The legislative 62  
authority may stipulate in the resolution that only new 63  
structures or remodeling classified as to use as commercial, 64  
industrial, or residential, or some combination thereof, and 65  
otherwise satisfying the requirements of section 3735.67 of the 66  
Revised Code are eligible for exemption from taxation under that 67  
section. If the resolution does not include such a stipulation, 68  
all new structures and remodeling satisfying the requirements of 69  
section 3735.67 of the Revised Code are eligible for exemption 70  
from taxation regardless of classification. Whether or not the 71  
resolution includes such a stipulation, the classification of 72  
the structures or remodeling eligible for exemption in the area 73  
shall at all times be consistent with zoning restrictions 74  
applicable to the area. For the purposes of sections 3735.65 to 75  
3735.70 of the Revised Code, whether a structure or remodeling 76  
composed of multiple units is classified as commercial or 77  
residential shall be determined by resolution or ordinance of 78

the legislative authority or, in the absence of such a 79  
determination, by the classification of the use of the structure 80  
or remodeling under the applicable zoning regulations. 81

If construction or remodeling classified as residential is 82  
eligible for exemption from taxation, the resolution shall 83  
specify a percentage, not to exceed one hundred per cent, of the 84  
assessed valuation of such property to be exempted. The 85  
percentage specified shall apply to all residential construction 86  
or remodeling for which exemption is granted. 87

Territory of a community reinvestment area designated by a 88  
municipal corporation shall include only territory of the 89  
municipal corporation. Territory of an area designated by a 90  
limited home rule township shall include only unincorporated 91  
territory of the township that is not already included in an 92  
area designated by a county. Territory of an area designated by 93  
a county shall include only unincorporated territory of the 94  
county that is not already included in an area designated by a 95  
limited home rule township. 96

Upon the adoption of the resolution, the legislative 97  
authority shall send, by certified mail, one copy of the 98  
resolution and a map of the community reinvestment area in 99  
sufficient detail to denote the specific boundaries of the area, 100  
to the director of development services. 101

The resolution adopted pursuant to this section shall be 102  
published in a newspaper of general circulation in the ~~municipal-~~ 103  
~~corporation, if the resolution is adopted by the legislative-~~ 104  
~~authority of a municipal corporation, or in a newspaper of-~~ 105  
~~general circulation in the county, if the resolution is adopted-~~ 106  
~~by the legislative authority of the county, political~~ 107  
~~subdivision that adopted the resolution~~ once a week for two 108

consecutive weeks or as provided in section 7.16 of the Revised Code, immediately following its adoption. 109  
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Each legislative authority adopting a resolution pursuant to this section shall designate a housing officer. ~~In addition, each such legislative authority, not later than sixty days after the adoption of the resolution, shall petition the director of development services for the director to confirm the findings described in the resolution. The petition shall be accompanied by a copy of the resolution and by a map of the community reinvestment area in sufficient detail to denote the specific boundaries of the area and to indicate zoning restrictions applicable to the area. The director shall determine whether the findings contained in the resolution are valid, and whether the classification of structures or remodeling eligible for exemption under the resolution is consistent with zoning restrictions applicable to the area as indicated on the map. Within thirty days of receiving the petition, the director shall forward the director's determination to the legislative authority. The legislative authority or housing officer shall not grant any exemption from taxation under section 3735.67 of the Revised Code until the director forwards the director's determination to the legislative authority. The director shall assign assigns to each community reinvestment area a unique designation by which the area shall be identified for purposes of sections 3735.65 to 3735.70 of the Revised Code.~~ 111  
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~~If zoning restrictions in any part of a community reinvestment area are changed at any time after the legislative authority petitions the director under this section, the legislative authority shall notify the director and shall submit a map of the area indicating the new zoning restrictions in the area.~~ 134  
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**Sec. 3735.671.** (A) If construction or remodeling of 140  
commercial or industrial property is to be exempted from 141  
taxation pursuant to section 3735.67 of the Revised Code, the 142  
legislative authority and the owner of the property, prior to 143  
the commencement of construction or remodeling, shall enter into 144  
a written agreement, binding on both parties for a period of 145  
time that does not end prior to the end of the period of the 146  
exemption, that includes all of the information and statements 147  
~~prescribed by~~ described in divisions (B)(1) to (7) of this 148  
section. Agreements may include terms not ~~prescribed by this~~ 149  
~~section~~ described in those divisions or otherwise prescribed by 150  
the model agreement adopted by the director of development 151  
services under division (B) of this section, but such terms 152  
shall in no way derogate from the information and statements 153  
~~prescribed by~~ described in divisions (B)(1) to (7) of this 154  
section. 155

(1) Except as otherwise provided in division (A)(2) or (3) 156  
of this section, an agreement entered into under this section 157  
shall not be approved by the legislative authority unless the 158  
board of education of the city, local, or exempted village 159  
school district within the territory of which the property is or 160  
will be located approves the agreement. For the purpose of 161  
obtaining such approval, the legislative authority shall certify 162  
a copy of the agreement to the board of education not later than 163  
forty-five days prior to approving the agreement, excluding 164  
Saturday, Sunday, and a legal holiday as defined in section 1.14 165  
of the Revised Code. The board of education, by resolution 166  
adopted by a majority of the board, shall approve or disapprove 167  
the agreement and certify a copy of the resolution ~~to the~~ 168  
legislative authority not later than fourteen days prior to the 169  
date stipulated by the legislative authority as the date upon 170

which approval of the agreement is to be formally considered by 171  
the legislative authority. The board of education may include in 172  
the resolution conditions under which the board would approve 173  
the agreement. The legislative authority may approve an 174  
agreement at any time after the board of education certifies its 175  
resolution approving the agreement to the legislative authority, 176  
or, if the board approves the agreement conditionally, at any 177  
time after the conditions are agreed to by the board and the 178  
legislative authority. 179

(2) Approval of an agreement by the board of education is 180  
not required under division (A)(1) of this section if, for each 181  
tax year the real property is exempted from taxation, the sum of 182  
the following quantities, as estimated at or prior to the time 183  
the agreement is formally approved by the legislative authority, 184  
equals or exceeds ~~fifty-twenty-five~~ per cent of the amount of 185  
taxes, as estimated at or prior to that time, that would have 186  
been charged and payable that year upon the real property had 187  
that property not been exempted from taxation: 188

(a) The amount of taxes charged and payable on any portion 189  
of the assessed valuation of the new structure or of the 190  
increased assessed valuation of an existing structure after 191  
remodeling began that will not be exempted from taxation under 192  
the agreement; 193

(b) The amount of taxes charged and payable on tangible 194  
personal property located on the premises of the new structure 195  
or of the structure to be remodeled under the agreement, whether 196  
payable by the owner of the structure or by a related member, as 197  
defined in section 5733.042 of the Revised Code without regard 198  
to division (B) of that section. 199

(c) The amount of any cash payment by the owner of the new 200

structure or structure to be remodeled to the school district, 201  
the dollar value, as mutually agreed to by the owner and the 202  
board of education, of any property or services provided by the 203  
owner of the property to the school district, whether by gift, 204  
loan, or otherwise, and any payment by the legislative authority 205  
to the school district pursuant to section 5709.82 of the 206  
Revised Code. 207

The estimates of quantities used for purposes of division 208  
(A) (2) of this section shall be estimated by the legislative 209  
authority. The legislative authority shall certify to the board 210  
of education that the estimates have been made in good faith. 211  
Departures of the actual quantities from the estimates 212  
subsequent to approval of the agreement by the board of 213  
education do not invalidate the agreement. 214

(3) If a board of education has adopted a resolution 215  
waiving its right to approve agreements and the resolution 216  
remains in effect, approval of an agreement by the board is not 217  
required under ~~this division~~ (A) (1) of this section. If a board 218  
of education has adopted a resolution allowing a legislative 219  
authority to deliver the notice required under this division 220  
fewer than forty-five business days prior to the legislative 221  
authority's execution of the agreement, the legislative 222  
authority shall deliver the notice to the board not later than 223  
the number of days prior to such execution as prescribed by the 224  
board in its resolution. If a board of education adopts a 225  
resolution waiving its right to approve agreements or shortening 226  
the notification period, the board shall certify a copy of the 227  
resolution to the legislative authority. If the board of 228  
education rescinds such a resolution, it shall certify notice of 229  
the rescission to the legislative authority. 230

<del>(B) Each agreement shall include the following</del>	231
<del>information:</del>	232
<del>(1) The names of all parties to the agreement;</del>	233
<del>(2) A description of the remodeling or construction,</del>	234
<del>whether or not to be exempted from taxation, including existing</del>	235
<del>or new structure size and cost thereof; the value of machinery,</del>	236
<del>equipment, furniture, and fixtures, including an itemization of</del>	237
<del>the value of machinery, equipment, furniture, and fixtures used</del>	238
<del>at another location in this state prior to the agreement and</del>	239
<del>relocated or to be relocated from that location to the property,</del>	240
<del>and the value of machinery, equipment, furniture, and fixtures</del>	241
<del>at the facility prior to the execution of the agreement; the</del>	242
<del>value of inventory at the property, including an itemization of</del>	243
<del>the value of inventory held at another location in this state</del>	244
<del>prior to the agreement and relocated or to be relocated from</del>	245
<del>that location to the property, and the value of inventory held</del>	246
<del>at the property prior to the execution of the agreement;</del>	247
<del>(3) The scheduled starting and completion dates of</del>	248
<del>remodeling or construction of real property or of investments</del>	249
<del>made in machinery, equipment, furniture, fixtures, and</del>	250
<del>inventory;</del>	251
<del>(4) Estimates of the number of employee positions to be</del>	252
<del>created each year of the agreement and of the number of employee</del>	253
<del>positions retained by the owner due to the remodeling or</del>	254
<del>construction, itemized as to the number of full time, part time,</del>	255
<del>permanent, and temporary positions;</del>	256
<del>(5) Estimates of the dollar amount of payroll attributable</del>	257
<del>to the positions set forth in division (B)(4) of this section,</del>	258
<del>similarly itemized;</del>	259

~~(6) The number of employee positions, if any, at the property and at any other location in this state at the time the agreement is executed, itemized as to the number of full-time, part-time, permanent, and temporary positions.~~ 260  
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~~(C) Each agreement shall set forth the following information and incorporate the following statements:~~ 264  
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~~(1) A description of real property to be exempted from taxation under the agreement, the percentage of the assessed valuation of the real property exempted from taxation, and the period for which the exemption is granted, accompanied by the statement: "The exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after \_\_\_\_\_ (insert date) nor extend beyond \_\_\_\_\_ (insert date)."~~ 266  
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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."~~ 275  
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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.,~~ 284  
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~~5739., 5741., 5743., 5747., or 5753. of the Ohio Revised Code, 290  
or, if such delinquent taxes are owed, \_\_\_\_\_ (insert name 291  
of owner) currently is paying the delinquent taxes pursuant to 292  
an undertaking enforceable by the State of Ohio or an agent or 293  
instrumentality thereof, has filed a petition in bankruptcy 294  
under 11 U.S.C.A. 101, et seq., or such a petition has been 295  
filed against \_\_\_\_\_ (insert name of owner). For the 296  
purposes of this certification, delinquent taxes are taxes that 297  
remain unpaid on the latest day prescribed for payment without 298  
penalty under the chapter of the Revised Code governing payment 299  
of those taxes." 300~~

~~(4) " \_\_\_\_\_ (insert name of municipal corporation or 301  
county) shall perform such acts as are reasonably necessary or 302  
appropriate to effect, claim, reserve, and maintain exemptions 303  
from taxation granted under this agreement including, without 304  
limitation, joining in the execution of all documentation and 305  
providing any necessary certificates required in connection with 306  
such exemptions." 307~~

~~(5) "If for any reason \_\_\_\_\_ (insert name of 308  
municipal corporation or county) revokes the designation of the 309  
area, entitlements granted under this agreement shall continue 310  
for the number of years specified under this agreement, unless 311  
\_\_\_\_\_ (insert name of owner) materially fails to fulfill 312  
its obligations under this agreement and \_\_\_\_\_ 313  
(insert name of municipal corporation or county) terminates or 314  
modifies the exemptions from taxation pursuant to this 315  
agreement." 316~~

~~(6) "If \_\_\_\_\_ (insert name of owner) materially fails 317  
to fulfill its obligations under this agreement, or if 318  
\_\_\_\_\_ (insert name of municipal corporation or county) 319~~

~~determines that the certification as to delinquent taxes~~ 320  
~~required by this agreement is fraudulent, \_\_\_\_\_ (insert~~ 321  
~~name of municipal corporation or county) may terminate or modify~~ 322  
~~the exemptions from taxation granted under this agreement."~~ 323

~~(7) " \_\_\_\_\_ (insert name of owner) shall provide to~~ 324  
~~the proper tax incentive review council any information~~ 325  
~~reasonably required by the council to evaluate the applicant's~~ 326  
~~compliance with the agreement, including returns filed pursuant~~ 327  
~~to section 5711.02 of the Ohio Revised Code if requested by the~~ 328  
~~council."~~ 329

~~(8) "This agreement is not transferable or assignable~~ 330  
~~without the express, written approval of \_\_\_\_\_ (insert name~~ 331  
~~of municipal corporation or county)."~~ 332

~~(9) "Exemptions from taxation granted under this agreement~~ 333  
~~shall be revoked if it is determined that \_\_\_\_\_ (insert~~ 334  
~~name of owner), any successor to that person, or any related~~ 335  
~~member (as those terms are defined in division (E) of section~~ 336  
~~3735.671 of the Ohio Revised Code) has violated the prohibition~~ 337  
~~against entering into this agreement under division (E) of~~ 338  
~~section 3735.671 or section 5709.62 or 5709.63 of the Ohio~~ 339  
~~Revised Code prior to the time prescribed by that division or~~ 340  
~~either of those sections."~~ 341

~~(10) " \_\_\_\_\_ (insert name of owner) and \_\_\_\_\_~~ 342  
~~(insert name of municipal corporation or county) acknowledge~~ 343  
~~that this agreement must be approved by formal action of the~~ 344  
~~legislative authority of \_\_\_\_\_ (insert name of municipal~~ 345  
~~corporation or county) as a condition for the agreement to take~~ 346  
~~effect. This agreement takes effect upon such approval."~~ 347

~~The statement described in division (C)(6) of this section~~ 348

~~may include the following statement, appended at the end of the~~ 349  
~~statement: ", and may require the repayment of the amount of~~ 350  
~~taxes that would have been payable had the property not been~~ 351  
~~exempted from taxation under this agreement." If the agreement~~ 352  
~~includes a statement requiring repayment of exempted taxes, it~~ 353  
~~also may authorize the legislative authority to secure repayment~~ 354  
~~of such taxes by a lien on the exempted property in the amount~~ 355  
~~required to be repaid. Such a lien shall attach, and may be~~ 356  
~~perfected, collected, and enforced, in the same manner as a~~ 357  
~~mortgage lien on real property, and shall otherwise have the~~ 358  
~~same force and effect as a mortgage lien on real property.~~ 359

~~(D) Except as otherwise provided in this division, an~~ 360  
~~agreement entered into under this section shall require that the~~ 361  
~~owner pay an annual fee equal to the greater of one per cent of~~ 362  
~~the amount of taxes exempted under the agreement or five hundred~~ 363  
~~dollars; provided, however, that if the value of the incentives~~ 364  
~~exceeds two hundred fifty thousand dollars, the fee shall not~~ 365  
~~exceed two thousand five hundred dollars. The fee shall be~~ 366  
~~payable to the legislative authority once per year for each year~~ 367  
~~the agreement is effective on the days and in the form specified~~ 368  
~~in the agreement. Fees paid shall be deposited in a special fund~~ 369  
~~created for such purpose by the legislative authority and shall~~ 370  
~~be used by the legislative authority exclusively for the purpose~~ 371  
~~of complying with section 3735.672 of the Revised Code and by~~ 372  
~~the tax incentive review council created under section 5709.85~~ 373  
~~of the Revised Code exclusively for the purposes of performing~~ 374  
~~the duties prescribed under that section. The legislative~~ 375  
~~authority may waive or reduce the amount of the fee, but such~~ 376  
~~waiver or reduction does not affect the obligations of the~~ 377  
~~legislative authority or the tax incentive review council to~~ 378  
~~comply with section 3735.672 or 5709.85 of the Revised Code.~~ 379

~~(E)~~ The director of development services shall adopt rules 380  
in accordance with Chapter 119. of the Revised Code prescribing 381  
the form of a model agreement that a legislative authority may, 382  
in its discretion, use as the basis for an agreement to be 383  
executed under this section. The model agreement may include any 384  
term necessary for the administration and enforcement of such 385  
agreements by the director and legislative authority, but must 386  
include all of the following: 387

(1) A space to include the description of real property to 388  
be exempted from taxation under the agreement and to identify 389  
the property's owners; 390

(2) A space to denote the percentage of the assessed 391  
valuation of real property exempted from taxation and the period 392  
for which the exemption is granted; 393

(3) A statement requiring the owner to pay real property 394  
taxes not exempted under the agreement, as required by law, and 395  
requiring rescission of the agreement if the owner fails to pay 396  
those taxes beginning in and after the year any such taxes are 397  
charged; 398

(4) A statement that the owner certifies, at the time the 399  
agreement is executed, that the owner does not owe any 400  
delinquent property taxes or taxes for which the owner is liable 401  
under Chapter 5735., 5739., 5741., 5743., 5747., or 5753. of the 402  
Revised Code, or, if such delinquent taxes are owed, that the 403  
owner is paying the delinquent taxes pursuant to an undertaking 404  
enforceable by the state or an agent or instrumentality thereof, 405  
has filed a petition in bankruptcy, or has had a bankruptcy 406  
petition filed against the owner; 407

(5) A statement requiring the owner to provide to the 408

property tax incentive review council any information reasonably 409  
required by the council to evaluate the applicant's compliance 410  
with the agreement; 411

(6) A statement that the agreement is not transferable or 412  
assignable without the approval of the local authority; 413

(7) A statement describing the circumstances under which 414  
an agreement may be revoked by the local authority for 415  
noncompliance and the manner by which already-received benefits 416  
may be recovered. 417

Once the director adopts rules prescribing a model 418  
agreement under this division, the model agreement may not be 419  
changed unless the director adopts, amends, or rescinds those 420  
rules in accordance with Chapter 119. of the Revised Code. 421

(C) If any person that is party to an agreement granting 422  
an exemption from taxation discontinues operations at the 423  
structure to which that exemption applies prior to the 424  
expiration of the term of the agreement, that person, any 425  
successor to that person, and any related member shall not enter 426  
into an agreement under this section or section 5709.62, 427  
5709.63, or 5709.632 of the Revised Code, and no legislative 428  
authority shall enter into such an agreement with such a person, 429  
successor, or related member, prior to the expiration of ~~five~~ 430  
two years after the person's discontinuation of operations. As 431  
used in this division, "successor" means a person to which the 432  
assets or equity of another person has been transferred, which 433  
transfer resulted in the full or partial nonrecognition of gain 434  
or loss, or resulted in a carryover basis, both as determined by 435  
rule adopted by the tax commissioner. "Related member" has the 436  
same meaning as defined in section 5733.042 of the Revised Code 437  
without regard to division (B) of that section. 438

The director of development services shall review all 439  
agreements submitted to the director ~~under division (F) of this~~ 440  
~~section under section 3735.672 of the Revised Code~~ for the 441  
purpose of enforcing this division. If the director determines 442  
there has been a violation of this division, the director shall 443  
notify the legislative authority of such violation, and the 444  
legislative authority immediately shall revoke the exemption 445  
granted under the agreement. 446

~~(F) When an agreement is entered into under this section,~~ 447  
~~the legislative authority authorizing the agreement shall~~ 448  
~~forward a copy of the agreement to the director of development~~ 449  
~~services within fifteen days after the agreement is entered~~ 450  
~~into.~~ 451

**Sec. 3735.672.** (A) On or before the thirty-first day of 452  
March each year, a legislative authority that has entered into 453  
an agreement with a party under section 3735.671 of the Revised 454  
Code shall submit to the director of development services ~~and~~ 455  
~~the board of education of each school district of which a~~ 456  
~~municipal corporation or township to which such an agreement~~ 457  
~~applies is a part~~ a report on all such agreements in effect 458  
during the preceding calendar year. The report shall include the 459  
following ~~information:~~ 460

(1) The ~~designation, assigned by the director of~~ 461  
~~development services, of each total number of community~~ 462  
~~reinvestment area within areas designated by the municipal~~ 463  
~~corporation or county political subdivision,~~ and the total 464  
population of each area according to the most recent data 465  
available; 466

(2) The total number of agreements ~~and the number of full-~~ 467  
~~time employees subject to those agreements within each area,~~ 468

~~each according to the most recent data available and identified~~ 469  
~~and categorized by the appropriate standard industrial code, and~~ 470  
~~the rate of unemployment in the municipal corporation or county~~ 471  
~~in which the area is located for each year since the area was~~ 472  
~~certified;~~ 473

(3) The number of agreements approved and executed during 474  
the calendar year for which the report is submitted, the total 475  
number of agreements in effect on the thirty-first day of 476  
December of the preceding calendar year, the number of 477  
agreements that expired during the calendar year for which the 478  
report is submitted, and the number of agreements scheduled to 479  
expire during the calendar year in which the report is 480  
submitted. For each agreement that expired during the calendar 481  
year for which the report is submitted, the legislative 482  
authority shall include the amount of taxes exempted under the 483  
agreement. 484

~~(4) The number of agreements receiving compliance reviews~~ 485  
~~by the tax incentive review council in the municipal corporation~~ 486  
~~or county during the calendar year for which the report is~~ 487  
~~submitted, including all of the following information:~~ 488

~~(a) The number of agreements the terms of which the party~~ 489  
~~has complied with, indicating separately for each such agreement~~ 490  
~~the value of the real property exempted pursuant to the~~ 491  
~~agreement and a comparison of the stipulated and actual~~ 492  
~~schedules for hiring new employees, for retaining existing~~ 493  
~~employees, and for the amount of payroll of the party~~ 494  
~~attributable to these employees;~~ 495

~~(b) The number of agreements the terms of which a party~~ 496  
~~has failed to comply with, indicating separately for each such~~ 497  
~~agreement the value of the real and personal property exempted~~ 498

pursuant to the agreement and, as may be applicable to the 499  
agreement's terms, a comparison of the stipulated and actual 500  
schedules for hiring new employees, for retaining existing 501  
employees, and for the amount of payroll of the enterprise 502  
attributable to these employees; 503

~~(c) The number of agreements about which the tax incentive~~ 504  
~~review council made recommendations to the legislative~~ 505  
~~authority, and the number of such recommendations that have not~~ 506  
~~been followed;~~ 507

~~(d) The number of agreements rescinded during the calendar~~ 508  
~~year for which the report is submitted.~~ 509

~~(5) The number of parties subject to agreements that~~ 510  
~~expanded within each area, including the number of new employees~~ 511  
~~hired and existing employees retained by that party, and the~~ 512  
~~number of new parties subject to agreements that established~~ 513  
~~within each area, including the number of new employees hired by~~ 514  
~~each party;~~ 515

~~(6) For each agreement in effect during any part of the~~ 516  
~~preceding year, the number of employees employed by the party at~~ 517  
~~the property that is the subject of the agreement immediately~~ 518  
~~prior to formal approval of the agreement, the number of~~ 519  
~~employees employed by the party at that property on the thirty-~~ 520  
~~first day of December of the preceding year, the payroll of the~~ 521  
~~party for the preceding year, the amount of taxes paid on real-~~ 522  
~~property that was exempted under the agreement, and the amount~~ 523  
~~of such taxes that were not paid because of the exemption~~ 524  
Any 524  
changes to zoning restrictions in any part of a community 525  
reinvestment area, including a map of the area indicating the 526  
new zoning restrictions in the area; 527

(6) A copy of any agreement approved and executed or 528  
amended during the calendar year for which the report is 529  
submitted. 530

(B) Upon the failure of a ~~municipal corporation or county~~ 531  
political subdivision to comply with division (A) of this 532  
section: 533

(1) Beginning on the first day of April of the calendar 534  
year in which the ~~municipal corporation or county~~ political 535  
subdivision fails to comply with that division, the ~~municipal-~~ 536  
~~corporation or county~~ political subdivision shall not enter into 537  
any agreements under section 3735.671 of the Revised Code until 538  
the ~~municipal corporation or county~~ political subdivision has 539  
complied with division (A) of this section. 540

(2) On the first day of each ensuing calendar month until 541  
the ~~municipal corporation or county~~ political subdivision 542  
complies with that division, the director of development 543  
services shall either order the proper county auditor to deduct 544  
from the next succeeding payment of taxes to the ~~municipal-~~ 545  
~~corporation or county~~ political subdivision under section 546  
321.31, 321.32, 321.33, or 321.34 of the Revised Code an amount 547  
equal to five hundred dollars for each calendar month the 548  
~~municipal corporation or county~~ political subdivision fails to 549  
comply with that division, or order the county auditor to deduct 550  
such an amount from the next succeeding payment to the ~~municipal-~~ 551  
~~corporation or county~~ political subdivision from the undivided 552  
local government fund under section 5747.51 of the Revised Code. 553  
At the time such a payment is made, the county auditor shall 554  
comply with the director's order by issuing a warrant, drawn on 555  
the fund from which such money would have been paid, to the 556  
director of development services, who shall deposit the warrant 557

into the ~~state community reinvestment area program~~ 558  
~~administration tax incentives operating fund created in division~~ 559  
~~(C) of this by section 122.174 of the Revised Code.~~ 560

(C) ~~The director, by rule, shall establish the state's~~ 561  
~~application fee for applications submitted to a municipal~~ 562  
~~corporation or county to enter into an agreement under section~~ 563  
~~3735.671 of the Revised Code. In establishing the amount of the~~ 564  
~~fee, the director shall consider the state's cost of~~ 565  
~~administering the community reinvestment area program, including~~ 566  
~~the cost of reviewing the reports required under division (A) of~~ 567  
~~this section. The director may change the amount of the fee at~~ 568  
~~such times and in such increments as the director considers~~ 569  
~~necessary. Any municipal corporation or county that receives an~~ 570  
~~application shall collect the application fee and remit the fee~~ 571  
~~for deposit in the state treasury to the credit of the tax~~ 572  
~~incentives operating fund created in section 122.174 of the~~ 573  
~~Revised Code.~~ The development services agency shall publish on 574  
its web site a list of all community reinvestment areas within 575  
the state, with an accompanying display of their geographical 576  
boundaries within each political subdivision. The list shall 577  
also include, for each community reinvestment area, a copy of 578  
the resolution governing that area and any agreement entered 579  
into under section 3735.671 of the Revised Code for any 580  
commercial or industrial property within the area. This list 581  
shall be updated annually. 582

**Sec. 3735.68.** The housing officer shall make annual 583  
inspections of the properties within the community reinvestment 584  
area upon which are located structures or remodeling for which 585  
an exemption has been granted under section 3735.67 of the 586  
Revised Code. If the housing officer finds that the property has 587  
not been properly maintained or repaired due to the neglect of 588

the owner, the housing officer may revoke the exemption at any 589  
time after the first year of exemption. If the owner of 590  
commercial or industrial property exempted from taxation under 591  
section 3735.67 of the Revised Code has materially failed to 592  
fulfill its obligations under the written agreement entered into 593  
under section 3735.671 of the Revised Code, or if the owner is 594  
determined to have violated division ~~(E)~~ (C) of that section, 595  
the legislative authority, subject to the terms of the 596  
agreement, may revoke the exemption at any time after the first 597  
year of exemption. The housing officer or legislative authority 598  
shall notify the county auditor and the owner of the property 599  
that the tax exemption no longer applies. If the housing officer 600  
or legislative authority revokes a tax exemption, the housing 601  
officer shall send a report of the revocation to the community 602  
reinvestment area housing council and to the tax incentive 603  
review council established pursuant to section 3735.69 or 604  
5709.85 of the Revised Code, containing a statement of the 605  
findings as to the maintenance and repair of the property, 606  
failure to fulfill obligations under the written agreement, or 607  
violation of division ~~(E)~~ (C) of section 3735.671 of the Revised 608  
Code, and the reason for revoking the exemption. 609

If the agreement entered into under section 3735.671 of 610  
the Revised Code so provides, the legislative authority of a 611  
~~municipal corporation or county~~ political subdivision may 612  
require the owner of property whose exemption has been revoked 613  
to reimburse the taxing authorities within whose taxing 614  
jurisdiction the exempted property is located for the amount of 615  
real property taxes that would have been payable to those 616  
authorities had the property not been exempted from taxation. 617

**Sec. 3735.69.** (A) A community reinvestment area housing 618  
council shall be appointed for each community reinvestment 619

area, ~~as follows:~~ 620

(1) When the area is located within a designated by a 621  
municipal corporation, the council shall be composed of two 622  
members appointed by the mayor of the municipal corporation, two 623  
members appointed by the legislative authority of the municipal 624  
corporation, and one member appointed by the planning commission 625  
of the municipal corporation. The majority of the foregoing 626  
members shall then appoint two additional members who shall be 627  
residents of the ~~political subdivision~~ municipal corporation. 628  
~~When~~ 629

(2) When the area is designated by a limited home rule 630  
township, the council shall be composed of two members appointed 631  
by the board of trustees of the township, one member appointed 632  
by the township law director, one member appointed by the 633  
township zoning commission or, if the township has not 634  
established such a commission, the county planning commission, 635  
and one member appointed by the board of county commissioners of 636  
the county where the area is located. 637

(3) When the area is located within an unincorporated area 638  
of designated by a county, the council shall be composed of one 639  
member appointed by each member of the board of county 640  
commissioners of the county where the area is located and two 641  
members appointed by the county planning commission. The 642  
majority of the foregoing members shall then appoint two 643  
additional members who shall be residents of the ~~political~~ 644  
~~subdivision~~ county. Terms of the members of the council shall be 645  
for three years. ~~An~~ 646

An unexpired term resulting from a vacancy in the council 647  
shall be filled in the same manner as the initial appointment 648  
was made. 649

The council shall make an annual inspection of the 650  
properties within the community reinvestment area for which an 651  
exemption has been granted under section 3735.67 of the Revised 652  
Code. The council shall also hear appeals under section 3735.70 653  
of the Revised Code. 654

(B) On or before the thirty-first day of March each year, 655  
any ~~municipal corporation or county political subdivision~~ that 656  
has created a community reinvestment area under section 3735.66 657  
of the Revised Code shall submit to the director of development 658  
a status report summarizing the activities and projects for 659  
which an exemption has been granted in that area. 660

**Sec. 5709.631.** Each agreement entered into under sections 661  
5709.62, 5709.63, and 5709.632 of the Revised Code on or after 662  
April 1, 1994, shall be in writing and shall include all of the 663  
information and statements prescribed by this section. 664  
Agreements may include terms not prescribed by this section, but 665  
such terms shall in no way derogate from the information and 666  
statements prescribed by this section. 667

(A) Each agreement shall include the following 668  
information: 669

(1) The names of all parties to the agreement; 670

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

the facility and the value of machinery, equipment, furniture, 679  
and fixtures at the facility prior to the execution of the 680  
agreement that will not be exempted from taxation; the value of 681  
inventory at the facility, including an itemization of the value 682  
of inventory held at another location in this state prior to the 683  
agreement and relocated or to be relocated from that location to 684  
the facility, and the value of inventory held at the facility 685  
prior to the execution of the agreement that will not be 686  
exempted from taxation; 687

(3) The scheduled starting and completion dates of 688  
investments made in building, machinery, equipment, furniture, 689  
fixtures, and inventory; 690

(4) Estimates of the number of employee positions to be 691  
created each year of the agreement and of the number of employee 692  
positions retained by the applicant enterprise due to the 693  
project, itemized as to the number of full-time, part-time, 694  
permanent, and temporary positions; 695

(5) Estimates of the dollar amount of payroll attributable 696  
to the positions set forth in division (A) (4) of this section, 697  
similarly itemized; 698

(6) The number of employee positions, if any, at the 699  
project site and at any other location in the state at the time 700  
the agreement is executed, itemized as to the number of full- 701  
time, part-time, permanent, and temporary positions. 702

(B) Each agreement shall set forth the following 703  
information and incorporate the following statements: 704

(1) A description of real property to be exempted from 705  
taxation under the agreement, the percentage of the assessed 706  
valuation of the real property exempted from taxation, and the 707

period for which the exemption is granted, accompanied by the 708  
statement: "The exemption commences the first year for which the 709  
real property would first be taxable were that property not 710  
exempted from taxation. No exemption shall commence after 711  
\_\_\_\_\_ (insert date) nor extend beyond \_\_\_\_\_ (insert 712  
date)." The tax commissioner shall adopt rules prescribing the 713  
form the description of such property shall assume to ensure 714  
that the property to be exempted from taxation under the 715  
agreement is distinguishable from property that is not to be 716  
exempted under that agreement. 717

(2) A description of tangible personal property to be 718  
exempted from taxation under the agreement, the percentage of 719  
the assessed value of the tangible personal property exempted 720  
from taxation, and the period for which the exemption is 721  
granted, accompanied by the statement: "The minimum investment 722  
for tangible personal property to qualify for the exemption is 723  
\$\_\_\_\_\_ (insert dollar amount) to purchase machinery and 724  
equipment first used in business at the facility as a result of 725  
the project, \$\_\_\_\_\_ (insert dollar amount) for furniture 726  
and fixtures and other noninventory personal property first used 727  
in business at the facility as a result of the project, and 728  
\$\_\_\_\_\_ (insert dollar amount) for new inventory. The 729  
maximum investment for tangible personal property to qualify for 730  
the exemption is \$\_\_\_\_\_ (insert dollar amount) to purchase 731  
machinery and equipment first used in business at the facility 732  
as a result of the project, \$\_\_\_\_\_ (insert dollar amount) 733  
for furniture and fixtures and other noninventory personal 734  
property first used in business at the facility as a result of 735  
the project, and \$\_\_\_\_\_ (insert dollar amount) for new 736  
inventory. The exemption commences the first year for which the 737  
tangible personal property would first be taxable were that 738

property not exempted from taxation. No exemption shall commence 739  
after tax return year \_\_\_\_\_ (insert year) nor extend beyond 740  
tax return year \_\_\_\_\_ (insert year). In no instance shall 741  
any tangible personal property be exempted from taxation for 742  
more than ten return years unless, under division (D) (2) of 743  
section 5709.62 or under division (C) (1) (b) of section 5709.63 744  
of the Revised Code, the board of education approves exemption 745  
for a number of years in excess of ten, in which case the 746  
tangible personal property may be exempted from taxation for 747  
that number of years, not to exceed fifteen return years." No 748  
exemption shall be allowed for any type of tangible personal 749  
property if the total investment is less than the minimum dollar 750  
amount specified for that type of property. If, for a type of 751  
tangible personal property, there are no minimum or maximum 752  
investment dollar amounts specified in the statement or the 753  
dollar amounts are designated in the statement as not 754  
applicable, the exemption shall apply to the total cost of that 755  
type of tangible personal property first used in business at the 756  
facility as a result of the project. The tax commissioner shall 757  
adopt rules prescribing the form the description of such 758  
property shall assume to ensure that the property to be exempted 759  
from taxation under the agreement is distinguishable from 760  
property that is not to be exempted under that agreement. 761

(3) " \_\_\_\_\_ (insert name of enterprise) shall pay such 762  
real and tangible personal property taxes as are not exempted 763  
under this agreement and are charged against such property and 764  
shall file all tax reports and returns as required by law. If 765  
 \_\_\_\_\_ (insert name of enterprise) fails to pay such taxes 766  
or file such returns and reports, all incentives granted under 767  
this agreement are rescinded beginning with the year for which 768  
such taxes are charged or such reports or returns are required 769

to be filed and thereafter." 770

(4) "\_\_\_\_\_ (insert name of enterprise) hereby 771  
certifies that at the time this agreement is executed, 772  
\_\_\_\_\_ (insert name of enterprise) does not owe any 773  
delinquent real or tangible personal property taxes to any 774  
taxing authority of the State of Ohio, and does not owe 775  
delinquent taxes for which \_\_\_\_\_ (insert name of 776  
enterprise) is liable under Chapter 5727., 5733., 5735., 5739., 777  
5741., 5743., 5747., or 5753. of the Revised Code, or, if such 778  
delinquent taxes are owed, \_\_\_\_\_ (insert name of 779  
enterprise) currently is paying the delinquent taxes pursuant to 780  
a delinquent tax contract enforceable by the State of Ohio or an 781  
agent or instrumentality thereof, has filed a petition in 782  
bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition 783  
has been filed against \_\_\_\_\_ (insert name of enterprise). 784  
For the purposes of the certification, delinquent taxes are 785  
taxes that remain unpaid on the latest day prescribed for 786  
payment without penalty under the chapter of the Revised Code 787  
governing payment of those taxes." 788

(5) "\_\_\_\_\_ (insert name of municipal corporation or 789  
county) shall perform such acts as are reasonably necessary or 790  
appropriate to effect, claim, reserve, and maintain exemptions 791  
from taxation granted under this agreement including, without 792  
limitation, joining in the execution of all documentation and 793  
providing any necessary certificates required in connection with 794  
such exemptions." 795

(6) "If for any reason the enterprise zone designation 796  
expires, the Director of the Ohio ~~Department of Development~~ 797  
Services Agency revokes certification of the zone, or \_\_\_\_\_ 798  
(insert name of municipal corporation or county) revokes the 799

designation of the zone, entitlements granted under this 800  
agreement shall continue for the number of years specified under 801  
this agreement, unless \_\_\_\_\_ (insert name of enterprise) 802  
materially fails to fulfill its obligations under this agreement 803  
and \_\_\_\_\_ (insert name of municipal corporation or county) 804  
terminates or modifies the exemptions from taxation granted 805  
under this agreement." 806

(7) "If \_\_\_\_\_ (insert name of enterprise) materially 807  
fails to fulfill its obligations under this agreement, other 808  
than with respect to the number of employee positions estimated 809  
to be created or retained under this agreement, or if \_\_\_\_\_ 810  
(insert name of municipal corporation or county) determines that 811  
the certification as to delinquent taxes required by this 812  
agreement is fraudulent, \_\_\_\_\_ (insert name of municipal 813  
corporation or county) may terminate or modify the exemptions 814  
from taxation granted under this agreement." 815

(8) " \_\_\_\_\_ (insert name of enterprise) shall provide 816  
to the proper tax incentive review council any information 817  
reasonably required by the council to evaluate the enterprise's 818  
compliance with the agreement, including returns or annual 819  
reports filed pursuant to section 5711.02 or 5727.08 of the Ohio 820  
Revised Code if requested by the council." 821

(9) " \_\_\_\_\_ (insert name of enterprise) and \_\_\_\_\_ 822  
(insert name of municipal corporation or county) acknowledge 823  
that this agreement must be approved by formal action of the 824  
legislative authority of \_\_\_\_\_ (insert name of municipal 825  
corporation or county) as a condition for the agreement to take 826  
effect. This agreement takes effect upon such approval." 827

(10) "This agreement is not transferable or assignable 828  
without the express, written approval of \_\_\_\_\_ (insert name 829

of municipal corporation or county)." 830

(11) "Exemptions from taxation granted under this 831  
agreement shall be revoked if it is determined that 832  
\_\_\_\_\_ (insert name of enterprise), any successor 833  
enterprise, or any related member (as those terms are defined in 834  
section 5709.61 of the Ohio Revised Code) has violated the 835  
prohibition against entering into this agreement under division 836  
~~(E)~~-(C) of section 3735.671 or section 5709.62, 5709.63, or 837  
5709.632 of the Ohio Revised Code prior to the time prescribed 838  
by that division or either of those sections." 839

(12) "In any three-year period during which this agreement 840  
is in effect, if the actual number of employee positions created 841  
or retained by . . . . . (insert name of enterprise) is 842  
not equal to or greater than seventy-five per cent of the number 843  
of employee positions estimated to be created or retained under 844  
this agreement during that three-year period, . . . . . 845  
(insert name of enterprise) shall repay the amount of taxes on 846  
property that would have been payable had the property not been 847  
exempted from taxation under this agreement during that three- 848  
year period. In addition, the . . . . . (insert name of 849  
municipal corporation or county) may terminate or modify the 850  
exemptions from taxation granted under this agreement." 851

The statement described in division (B) (7) of this section 852  
may include the following statement, appended at the end of the 853  
statement: "and may require the repayment of the amount of taxes 854  
that would have been payable had the property not been exempted 855  
from taxation under this agreement." If the agreement includes a 856  
statement requiring repayment of exempted taxes, it also may 857  
authorize the legislative authority to secure repayment of such 858  
taxes by a lien on the exempted property in the amount required 859

to be repaid. Such a lien on exempted real property shall 860  
attach, and may be perfected, collected, and enforced, in the 861  
same manner as a mortgage lien on real property, and shall 862  
otherwise have the same force and effect as a mortgage lien on 863  
real property. Notwithstanding section 5719.01 of the Revised 864  
Code, such a lien on exempted tangible personal property shall 865  
attach, and may be perfected, collected, and enforced, in the 866  
same manner as a security interest in goods under Chapter 1309. 867  
of the Revised Code, and shall otherwise have the same force and 868  
effect as such a security interest. 869

(C) If the director of development services had to issue a 870  
waiver under section 5709.633 of the Revised Code as a condition 871  
for the agreement to be executed, the agreement shall include 872  
the following statement: 873

"Continuation of this agreement is subject to the validity 874  
of the circumstance upon which \_\_\_\_\_ (insert name of 875  
enterprise) applied for, and the Director of the Ohio ~~Department~~ 876  
~~of Development~~ Services Agency issued, the waiver pursuant to 877  
section 5709.633 of the Ohio Revised Code. If, after formal 878  
approval of this agreement by \_\_\_\_\_ (insert name of 879  
municipal corporation or county), the Director or \_\_\_\_\_ 880  
(insert name of municipal corporation or county) discovers that 881  
such a circumstance did not exist, \_\_\_\_\_ (insert name of 882  
enterprise) shall be deemed to have materially failed to comply 883  
with this agreement." 884

If the director issued a waiver on the basis of the 885  
circumstance described in division (B) (3) of section 5709.633 of 886  
the Ohio Revised Code, the conditions enumerated in divisions 887  
(B) (3) (a) (i) and (ii) or divisions (B) (3) (b) (i) and (ii) of that 888  
section shall be incorporated in the information described in 889

divisions (A) (2), (3), and (4) of this section.	890
<b>Sec. 5709.82.</b> (A) As used in this section:	891
(1) "New employee" means both of the following:	892
(a) Persons employed in the construction of real property	893
exempted from taxation under the chapters or sections of the	894
Revised Code enumerated in division (B) of this section;	895
(b) Persons not described by division (A) (1) (a) of this	896
section who are first employed at the site of such property and	897
who within the two previous years have not been subject, prior	898
to being employed at that site, to income taxation by the	899
municipal corporation within whose territory the site is located	900
on income derived from employment for the person's current	901
employer. "New employee" does not include any person who	902
replaces a person who is not a new employee under division (A)	903
(1) of this section.	904
(2) "Infrastructure costs" means costs incurred by a	905
municipal corporation in a calendar year to acquire, construct,	906
reconstruct, improve, plan, or equip real or tangible personal	907
property that directly benefits or will directly benefit the	908
exempted property. If the municipal corporation finances the	909
acquisition, construction, reconstruction, improvement,	910
planning, or equipping of real or tangible personal property	911
that directly benefits the exempted property by issuing debt,	912
"infrastructure costs" means the annual debt charges incurred by	913
the municipal corporation from the issuance of such debt. Real	914
or tangible personal property directly benefits exempted	915
property only if the exempted property places or will place	916
direct, additional demand on the real or tangible personal	917
property for which such costs were or will be incurred.	918

(3) "Taxing unit" has the same meaning as in division (H)	919
of section 5705.01 of the Revised Code.	920
(B)(1) Except as otherwise provided under division (C) of	921
this section, the legislative authority of any political	922
subdivision that has acted under the authority of Chapter 725.	923
or 1728., sections 3735.65 to 3735.70, or section 5709.40,	924
5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78,	925
5709.84, or 5709.88 of the Revised Code to grant an exemption	926
from taxation for real or tangible personal property may	927
negotiate with the board of education of each city, local,	928
exempted village, or joint vocational school district or other	929
taxing unit within the territory of which the exempted property	930
is located, and enter into an agreement whereby the school	931
district or taxing unit is compensated for tax revenue foregone	932
by the school district or taxing unit as a result of the	933
exemption. Except as otherwise provided in division (B)(1) of	934
this section, if a political subdivision enters into more than	935
one agreement under this section with respect to a tax	936
exemption, the political subdivision shall provide to each	937
school district or taxing unit with which it contracts the same	938
percentage of tax revenue foregone by the school district or	939
taxing unit, which may be based on a good faith projection made	940
at the time the exemption is granted. Such percentage shall be	941
calculated on the basis of amounts paid by the political	942
subdivision and any amounts paid by an owner under division (B)	943
(2) of this section. A political subdivision may provide a	944
school district or other taxing unit with a smaller percentage	945
of foregone tax revenue than that provided to other school	946
districts or taxing units only if the school district or taxing	947
unit expressly consents in the agreement to receiving a smaller	948
percentage. If a subdivision has acted under the authority of	949

section 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 950  
5709.73, or 5709.78 of the Revised Code and enters into a 951  
compensation agreement with a city, local, or exempted village 952  
school district, the subdivision shall provide compensation to 953  
the joint vocational school district within the territory of 954  
which the exempted property is located at the same rate and 955  
under the same terms as received by the city, local, or exempted 956  
village school district. 957

(2) An owner of property exempted from taxation under the 958  
authority described in division (B) (1) of this section may, by 959  
becoming a party to an agreement described in division (B) (1) of 960  
this section or by entering into a separate agreement with a 961  
school district or other taxing unit, agree to compensate the 962  
school district or taxing unit by paying cash or by providing 963  
property or services by gift, loan, or otherwise. If the owner's 964  
property is exempted under the authority of section 5709.40, 965  
5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, or 966  
5709.78 of the Revised Code and the owner enters into a 967  
compensation agreement with a city, local, or exempted village 968  
school district, the owner shall provide compensation to the 969  
joint vocational school district within the territory of which 970  
the owner's property is located at the same rate and under the 971  
same terms as received by the city, local, or exempted village 972  
school district. 973

(C) This division does not apply to the following: 974

(1) The legislative authority of a municipal corporation 975  
that has acted under the authority of division (H) of section 976  
715.70 or division (U) of section 715.72 of the Revised Code to 977  
consent to the granting of an exemption from taxation for real 978  
or tangible personal property in a joint economic development 979

district. 980

(2) The legislative authority of a municipal corporation 981  
that has specified in an ordinance adopted under section 982  
5709.40, 5709.41, or 5709.45 of the Revised Code that payments 983  
in lieu of taxes provided for under section 5709.42 or 5709.46 984  
of the Revised Code shall be paid to the city, local, or 985  
exempted village school district in which the improvements are 986  
located in the amount of taxes that would have been payable to 987  
the school district if the improvements had not been exempted 988  
from taxation, as directed in the ordinance. 989

If the legislative authority of any municipal corporation 990  
has acted under the authority of Chapter 725. or 1728. or 991  
section 3735.671, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 992  
5709.632, or 5709.88, or a housing officer under section 3735.67 993  
of the Revised Code, to grant or consent to the granting of an 994  
exemption from taxation for real or tangible personal property 995  
on or after July 1, 1994, the municipal corporation imposes a 996  
tax on incomes, and the payroll of new employees resulting from 997  
the exercise of that authority equals or exceeds one million 998  
dollars, or three million dollars, as adjusted under division 999  
(E) of this section, in the case of the authority exercised 1000  
under section 3735.67 or 3735.671 of the Revised Code, in any 1001  
tax year for which such property is exempted, the legislative 1002  
authority and the board of education of each city, local, or 1003  
exempted village school district within the territory of which 1004  
the exempted property is located shall attempt to negotiate an 1005  
agreement providing for compensation to the school district for 1006  
all or a portion of the tax revenue the school district would 1007  
have received had the property not been exempted from taxation. 1008  
The agreement may include as a party the owner of the property 1009  
exempted or to be exempted from taxation and may include 1010

provisions obligating the owner to compensate the school 1011  
district by paying cash or providing property or services by 1012  
gift, loan, or otherwise. Such an obligation is enforceable by 1013  
the board of education of the school district pursuant to the 1014  
terms of the agreement. 1015

If the legislative authority and board of education fail 1016  
to negotiate an agreement that is mutually acceptable within six 1017  
months of formal approval by the legislative authority of the 1018  
instrument granting the exemption, the legislative authority 1019  
shall compensate the school district in the amount and manner 1020  
prescribed by division (D) of this section. 1021

(D) Annually, the legislative authority of a municipal 1022  
corporation subject to this division shall pay to the city, 1023  
local, or exempted village school district within the territory 1024  
of which the exempted property is located an amount equal to 1025  
fifty per cent of the difference between the amount of taxes 1026  
levied and collected by the municipal corporation on the incomes 1027  
of new employees in the calendar year ending on the day the 1028  
payment is required to be made, and the amount of any 1029  
infrastructure costs incurred in that calendar year. For 1030  
purposes of such computation, the amount of infrastructure costs 1031  
shall not exceed thirty-five per cent of the amount of those 1032  
taxes unless the board of education of the school district, by 1033  
resolution adopted by a majority of the board, approves an 1034  
amount in excess of that percentage. If the amount of those 1035  
taxes or infrastructure costs must be estimated at the time the 1036  
payment is made, payments in subsequent years shall be adjusted 1037  
to compensate for any departure of those estimates from the 1038  
actual amount of those taxes. 1039

A municipal corporation required to make a payment under 1040

this section shall make the payment from its general fund or a 1041  
special fund established for the purpose. The payment is payable 1042  
on the thirty-first day of December of the tax year for or in 1043  
which the exemption from taxation commences and on that day for 1044  
each subsequent tax year property is exempted and the 1045  
legislative authority and board fail to negotiate an acceptable 1046  
agreement under division (C) of this section. 1047

(E) (1) The director of development services shall adjust, 1048  
in September of each year, the payroll threshold described in 1049  
division (C) (2) of this section applicable to the exercise of 1050  
authority under section 3735.67 or 3735.671 of the Revised Code 1051  
by completing the following computations: 1052

(a) Determine the percentage increase in the gross 1053  
domestic product deflator determined by the bureau of economic 1054  
analysis of the United States department of commerce from the 1055  
first day of January of the preceding calendar year to the last 1056  
day of December of the preceding calendar year; 1057

(b) Multiply that percentage increase by the threshold 1058  
applicable for the current year; 1059

(c) Add the resulting product to the threshold applicable 1060  
for the current year; 1061

(d) Round the resulting sum to the nearest one thousand 1062  
dollars. 1063

(2) The director shall certify the amount of the 1064  
adjustment under division (E) (1) of this section to each 1065  
legislative authority and housing officer exercising authority 1066  
under section 3735.67 or 3735.671 of the Revised Code not later 1067  
than the first day of December of the year the director computes 1068  
the adjustment. The certified amount applies to the ensuing 1069

calendar year and each calendar year thereafter until the 1070  
director makes a new adjustment. The director shall not 1071  
calculate a new adjustment in any year in which the resulting 1072  
threshold amount from the adjustment would be less than the 1073  
threshold for the current year. 1074

**Sec. 5709.85.** (A) The legislative authority of a county, 1075  
township, or municipal corporation that grants an exemption from 1076  
taxation under Chapter 725. or 1728. or under section 3735.67, 1077  
5709.28, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 1078  
5709.73, or 5709.78 of the Revised Code shall create a tax 1079  
incentive review council. The council shall consist of the 1080  
following members: 1081

(1) In the case of a municipal corporation eligible to 1082  
designate a zone under section 5709.62 or 5709.632 of the 1083  
Revised Code, the chief executive officer or that officer's 1084  
designee; a member of the legislative authority of the municipal 1085  
corporation, appointed by the president of the legislative 1086  
authority or, if the chief executive officer of the municipal 1087  
corporation is the president, appointed by the president pro 1088  
tempore of the legislative authority; the county auditor or the 1089  
county auditor's designee; the chief financial officer of the 1090  
municipal corporation or that officer's designee; an individual 1091  
appointed by the board of education of each city, local, 1092  
exempted village, and joint vocational school district to which 1093  
the instrument granting the exemption applies; and two members 1094  
of the public appointed by the chief executive officer of the 1095  
municipal corporation with the concurrence of the legislative 1096  
authority. At least four members of the council shall be 1097  
residents of the municipal corporation, and at least one of the 1098  
two public members appointed by the chief executive officer 1099  
shall be a minority. As used in division (A) (1) of this section, 1100

a "minority" is an individual who is African-American, Hispanic,  
or Native American. 1101  
1102

(2) In the case of a county or a municipal corporation 1103  
that is not eligible to designate a zone under section 5709.62 1104  
or 5709.632 of the Revised Code, three members appointed by the 1105  
board of county commissioners; two members from each municipal 1106  
corporation to which the instrument granting the tax exemption 1107  
applies, appointed by the chief executive officer with the 1108  
concurrence of the legislative authority of the respective 1109  
municipal corporations; two members of each township to which 1110  
the instrument or agreement granting the tax exemption applies, 1111  
appointed by the board of township trustees of the respective 1112  
townships; the county auditor or the county auditor's designee; 1113  
and an individual appointed by the board of education of each 1114  
city, local, exempted village, and joint vocational school 1115  
district to which the instrument or agreement granting the tax 1116  
exemption applies. At least two members of the council shall be 1117  
residents of the municipal corporations or townships to which 1118  
the instrument or agreement granting the tax exemption applies. 1119

(3) In the case of a township ~~in which improvements are~~ 1120  
~~declared a public purpose under section 5709.73 of the Revised~~ 1121  
~~Code,~~ the board of township trustees; the county auditor or the 1122  
county auditor's designee; and an individual appointed by the 1123  
board of education of each city, local, exempted village, and 1124  
joint vocational school district to which the instrument or 1125  
agreement granting the exemption applies. 1126

(B) The county auditor or the county auditor's designee 1127  
shall serve as the chairperson of the council. The council shall 1128  
meet at the call of the chairperson. At the first meeting of the 1129  
council, the council shall select a vice-chairperson. Attendance 1130

by a majority of the members of the council constitutes a quorum 1131  
to conduct the business of the council. 1132

(C) (1) Annually, the tax incentive review council shall 1133  
review all agreements granting exemptions from property taxation 1134  
under Chapter 725. or 1728. or under section 3735.671, 5709.28, 1135  
5709.62, 5709.63, or 5709.632 of the Revised Code, and any 1136  
performance or audit reports required to be submitted pursuant 1137  
to those agreements. The review shall include agreements 1138  
granting such exemptions that were entered into prior to July 1139  
22, 1994, that continue to be in force and applicable to the 1140  
current year's property taxes. 1141

With respect to each agreement, other than an agreement 1142  
entered into under section 5709.28 of the Revised Code, the 1143  
council shall determine whether the owner of the exempted 1144  
property has complied with the agreement, and may take into 1145  
consideration any fluctuations in the business cycle unique to 1146  
the owner's business. 1147

With respect to an agreement entered into under section 1148  
5709.28 of the Revised Code, the council shall consist of the 1149  
members described in division (A) (2) of this section and shall 1150  
determine whether the agreement complies with the requirements 1151  
of section 5709.28 of the Revised Code and whether a withdrawal, 1152  
removal, or conversion of land from an agricultural security 1153  
area established under Chapter 931. of the Revised Code has 1154  
occurred in a manner that makes the exempted property no longer 1155  
eligible for the exemption. 1156

On the basis of the determinations, on or before the first 1157  
day of September of each year, the council shall submit to the 1158  
legislative authority written recommendations for continuation, 1159  
modification, or cancellation of each agreement. 1160

(2) Annually, the tax incentive review council shall 1161  
review all exemptions from property taxation resulting from the 1162  
declaration of public purpose improvements pursuant to section 1163  
5709.40, 5709.41, 5709.45, 5709.73, or 5709.78 of the Revised 1164  
Code. The review shall include such exemptions that were granted 1165  
prior to July 22, 1994, that continue to be in force and 1166  
applicable to the current year's property taxes. With respect to 1167  
each improvement for which an exemption is granted, the council 1168  
shall determine the increase in the true value of parcels of 1169  
real property on which improvements have been undertaken as a 1170  
result of the exemption; the value of improvements exempted from 1171  
taxation as a result of the exemption; and the number of new 1172  
employees or employees retained on the site of the improvement 1173  
as a result of the exemption. 1174

Upon the request of a tax incentive review council, the 1175  
county auditor, the housing officer appointed pursuant to 1176  
section 3735.66 of the Revised Code, the owner of a new or 1177  
remodeled structure or improvement, and the legislative 1178  
authority of the county, township, or municipal corporation 1179  
granting the exemption shall supply the council with any 1180  
information reasonably necessary for the council to make the 1181  
determinations required under division (C) of this section, 1182  
including returns or reports filed pursuant to sections 5711.02, 1183  
5711.13, and 5727.08 of the Revised Code. 1184

(D) Annually, the tax incentive review council shall 1185  
review the compliance of each recipient of a tax exemption under 1186  
Chapter 725. or 1728. or section 3735.67, 5709.40, 5709.41, 1187  
5709.45, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 of the 1188  
Revised Code with the nondiscriminatory hiring policies 1189  
developed by the county, township, or municipal corporation 1190  
under section 5709.832 of the Revised Code. Upon the request of 1191

the council, the recipient shall provide the council any 1192  
information necessary to perform its review. On the basis of its 1193  
review, the council may submit to the legislative authority 1194  
written recommendations for enhancing compliance with the 1195  
nondiscriminatory hiring policies. 1196

(E) A legislative authority that receives from a tax 1197  
incentive review council written recommendations under division 1198  
(C) (1) or (D) of this section shall, within sixty days after 1199  
receipt, hold a meeting and vote to accept, reject, or modify 1200  
all or any portion of the recommendations. 1201

(F) A tax incentive review council may request from the 1202  
recipient of a tax exemption under Chapter 725. or 1728. or 1203  
section 3735.67, 5709.28, 5709.40, 5709.41, 5709.45, 5709.62, 1204  
5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code any 1205  
information reasonably necessary for the council to perform its 1206  
review under this section. The request shall be in writing and 1207  
shall be sent to the recipient by certified mail. Within ten 1208  
days after receipt of the request, the recipient shall provide 1209  
to the council the information requested. 1210

**Section 2.** That existing sections 3735.65, 3735.66, 1211  
3735.671, 3735.672, 3735.68, 3735.69, 5709.631, 5709.82, and 1212  
5709.85 of the Revised Code are hereby repealed. 1213

**Section 3.** That section 3735.673 of the Revised Code is 1214  
hereby repealed. 1215