

**As Introduced**

**135th General Assembly  
Regular Session  
2023-2024**

**H. B. No. 596**

**Representative Robinson**

**Cosponsors: Representatives Brent, Brewer, Liston, McNally, Miller, J., Mohamed,  
Somani, Troy, Weinstein**

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**A BILL**

To amend section 5709.40 of the Revised Code to 1  
require school board approval of municipal tax 2  
increment financing incentive district 3  
arrangements. 4

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

**Section 1.** That section 5709.40 of the Revised Code be 5  
amended to read as follows: 6

**Sec. 5709.40.** (A) As used in this section: 7

(1) "Blighted area" and "impacted city" have the same 8  
meanings as in section 1728.01 of the Revised Code. 9

(2) "Business day" means a day of the week excluding 10  
Saturday, Sunday, and a legal holiday as defined under section 11  
1.14 of the Revised Code. 12

(3) "Housing renovation" means a project carried out for 13  
residential purposes. 14

(4) "Improvement" means the increase in the assessed value 15  
of any real property that would first appear on the tax list and 16

duplicate of real and public utility property after the 17  
effective date of an ordinance adopted under this section were 18  
it not for the exemption granted by that ordinance. 19

(5) "Incentive district" means an area not more than three 20  
hundred acres in size enclosed by a continuous boundary in which 21  
a project is being, or will be, undertaken and having one or 22  
more of the following distress characteristics: 23

(a) At least fifty-one per cent of the residents of the 24  
district have incomes of less than eighty per cent of the median 25  
income of residents of the political subdivision in which the 26  
district is located, as determined in the same manner specified 27  
under section 119(b) of the "Housing and Community Development 28  
Act of 1974," 88 Stat. 633, 42 U.S.C. 5318, as amended; 29

(b) The average rate of unemployment in the district 30  
during the most recent twelve-month period for which data are 31  
available is equal to at least one hundred fifty per cent of the 32  
average rate of unemployment for this state for the same period. 33

(c) At least twenty per cent of the people residing in the 34  
district live at or below the poverty level as defined in the 35  
federal Housing and Community Development Act of 1974, 42 U.S.C. 36  
5301, as amended, and regulations adopted pursuant to that act. 37

(d) The district is a blighted area. 38

(e) The district is in a situational distress area as 39  
designated by the director of development under division (F) of 40  
section 122.23 of the Revised Code. 41

(f) As certified by the engineer for the political 42  
subdivision, the public infrastructure serving the district is 43  
inadequate to meet the development needs of the district as 44  
evidenced by a written economic development plan or urban 45

renewal plan for the district that has been adopted by the 46  
legislative authority of the subdivision. 47

(g) The district is comprised entirely of unimproved land 48  
that is located in a distressed area as defined in section 49  
122.23 of the Revised Code. 50

(6) "Overlay" means an area of not more than three hundred 51  
acres that is a square, or that is a rectangle having two longer 52  
sides that are not more than twice the length of the two shorter 53  
sides, that the legislative authority of a municipal corporation 54  
delineates on a map of a proposed incentive district. 55

(7) "Project" means development activities undertaken on 56  
one or more parcels, including, but not limited to, 57  
construction, expansion, and alteration of buildings or 58  
structures, demolition, remediation, and site development, and 59  
any building or structure that results from those activities. 60

(8) "Public infrastructure improvement" includes, but is 61  
not limited to, public roads and highways; water and sewer 62  
lines; the continued maintenance of those public roads and 63  
highways and water and sewer lines; environmental remediation; 64  
land acquisition, including acquisition in aid of industry, 65  
commerce, distribution, or research; demolition, including 66  
demolition on private property when determined to be necessary 67  
for economic development purposes; stormwater and flood 68  
remediation projects, including such projects on private 69  
property when determined to be necessary for public health, 70  
safety, and welfare; the provision of gas, electric, and 71  
communications service facilities, including the provision of 72  
gas or electric service facilities owned by nongovernmental 73  
entities when such improvements are determined to be necessary 74  
for economic development purposes; the enhancement of public 75

waterways through improvements that allow for greater public 76  
access; and off-street parking facilities, including those in 77  
which all or a portion of the parking spaces are reserved for 78  
specific uses when determined to be necessary for economic 79  
development purposes. 80

(9) "Nonperforming parcel" means a parcel to which all of 81  
the following apply: 82

(a) The parcel is exempted from taxation under division 83  
(B) of this section or has been included in a district created 84  
under division (C) of this section. 85

(b) The parcel's owner is required to make payments in 86  
lieu of taxes in accordance with section 5709.42 of the Revised 87  
Code. 88

(c) No such payments have been remitted to the county 89  
treasurer since the inception of the exemption or district. 90

(B) The legislative authority of a municipal corporation, 91  
by ordinance, may declare improvements to certain parcels of 92  
real property located in the municipal corporation to be a 93  
public purpose. Improvements with respect to a parcel that is 94  
used or to be used for residential purposes may be declared a 95  
public purpose under this division only if the parcel is located 96  
in a blighted area of an impacted city. For this purpose, 97  
"parcel that is used or to be used for residential purposes" 98  
means a parcel that, as improved, is used or to be used for 99  
purposes that would cause the tax commissioner to classify the 100  
parcel as residential property in accordance with rules adopted 101  
by the commissioner under section 5713.041 of the Revised Code. 102  
Except as otherwise provided under division (D) of this section 103  
or section 5709.51 of the Revised Code, not more than seventy- 104

five per cent of an improvement thus declared to be a public 105  
purpose may be exempted from real property taxation for a period 106  
of not more than ten years. The ordinance shall specify the 107  
percentage of the improvement to be exempted from taxation and 108  
the life of the exemption. 109

An ordinance adopted or amended under this division shall 110  
designate the specific public infrastructure improvements made, 111  
to be made, or in the process of being made by the municipal 112  
corporation that directly benefit, or that once made will 113  
directly benefit, the parcels for which improvements are 114  
declared to be a public purpose. The service payments provided 115  
for in section 5709.42 of the Revised Code shall be used to 116  
finance the public infrastructure improvements designated in the 117  
ordinance, for the purpose described in division (D) (1) of this 118  
section or as provided in section 5709.43 of the Revised Code. 119

(C) (1) The legislative authority of a municipal 120  
corporation may adopt an ordinance creating an incentive 121  
district and declaring improvements to parcels within the 122  
district to be a public purpose and, except as provided in 123  
division (C) (2) of this section, exempt from taxation as 124  
provided in this section, ~~but no~~. Before adopting such an 125  
ordinance, the legislative authority shall comply with division 126  
(D) of this section and obtain the approval of the board of 127  
education of the affected school district if such approval is 128  
required by that division. The legislative authority of a 129  
municipal corporation that has a population that exceeds twenty- 130  
five thousand, as shown by the most recent federal decennial 131  
census, ~~shall may not adopt such an ordinance that creates an~~ 132  
~~incentive district~~ if the sum of the taxable value of real 133  
property in the proposed district for the preceding tax year and 134  
the taxable value of all real property in the municipal 135

corporation that would have been taxable in the preceding year 136  
were it not for the fact that the property was in an existing 137  
incentive district and therefore exempt from taxation exceeds 138  
twenty-five per cent of the taxable value of real property in 139  
the municipal corporation for the preceding tax year. ~~The~~ 140

The ordinance shall delineate the boundary of the proposed 141  
district and specifically identify each parcel within the 142  
district. A proposed district may not include any parcel, other 143  
than a nonperforming parcel, that is or has been exempted from 144  
taxation under division (B) of this section or that is or has 145  
been within another district created under this division. On and 146  
after the effective date of the district, a nonperforming parcel 147  
within the district is no longer exempted from taxation under 148  
division (B) of this section or included within an incentive 149  
district under any previous ordinance, and the parcel's owner is 150  
no longer required to make payments in lieu of taxes under such 151  
a previous ordinance in accordance with section 5709.42 of the 152  
Revised Code. Any exemption application filed with the tax 153  
commissioner under section 5715.27 of the Revised Code under the 154  
second ordinance shall identify the nonperforming parcels 155  
included in the second district, the original ordinance under 156  
which the nonperforming parcels were originally exempted, and 157  
the value history of each nonperforming parcel since the 158  
enactment of the original ordinance. An ordinance may create 159  
more than one such district, and more than one ordinance may be 160  
adopted under division (C) (1) of this section. 161

(2) (a) Not later than thirty days prior to adopting an 162  
ordinance under division (C) (1) of this section, if the 163  
municipal corporation intends to apply for exemptions from 164  
taxation under section 5709.911 of the Revised Code on behalf of 165  
owners of real property located within the proposed incentive 166

district, the legislative authority of the municipal corporation 167  
shall conduct a public hearing on the proposed ordinance. Not 168  
later than thirty days prior to the public hearing, the 169  
legislative authority shall give notice of the public hearing 170  
and the proposed ordinance by first class mail to every real 171  
property owner whose property is located within the boundaries 172  
of the proposed incentive district that is the subject of the 173  
proposed ordinance. The notice shall include a map of the 174  
proposed incentive district on which the legislative authority 175  
of the municipal corporation shall have delineated an overlay. 176  
The notice shall inform the property owner of the owner's right 177  
to exclude the owner's property from the incentive district if 178  
the owner's entire parcel of property will not be located within 179  
the overlay, by submitting a written response in accordance with 180  
division (C) (2) (b) of this section. The notice also shall 181  
include information detailing the required contents of the 182  
response, the address to which the response may be mailed, and 183  
the deadline for submitting the response. 184

(b) Any owner of real property located within the 185  
boundaries of an incentive district proposed under division (C) 186  
(1) of this section whose entire parcel of property is not 187  
located within the overlay may exclude the property from the 188  
proposed incentive district by submitting a written response to 189  
the legislative authority of the municipal corporation not later 190  
than forty-five days after the postmark date on the notice 191  
required under division (C) (2) (a) of this section. The response 192  
shall be sent by first class mail or delivered in person at a 193  
public hearing held by the legislative authority under division 194  
(C) (2) (a) of this section. The response shall conform to any 195  
content requirements that may be established by the municipal 196  
corporation and included in the notice provided under division 197

(C) (2) (a) of this section. In the response, property owners may 198  
identify a parcel by street address, by the manner in which it 199  
is identified in the ordinance, or by other means allowing the 200  
identity of the parcel to be ascertained. 201

(c) Before adopting an ordinance under division (C) (1) of 202  
this section, the legislative authority of a municipal 203  
corporation shall amend the ordinance to exclude any parcel 204  
located wholly or partly outside the overlay for which a written 205  
response has been submitted under division (C) (2) (b) of this 206  
section. A municipal corporation shall not apply for exemptions 207  
from taxation under section 5709.911 of the Revised Code for any 208  
such parcel, and service payments may not be required from the 209  
owner of the parcel. Improvements to a parcel excluded from an 210  
incentive district under this division may be exempted from 211  
taxation under division (B) of this section pursuant to an 212  
ordinance adopted under that division or under any other section 213  
of the Revised Code under which the parcel qualifies. 214

(3) (a) An ordinance adopted under division (C) (1) of this 215  
section shall specify the life of the incentive district and the 216  
percentage of the improvements to be exempted, shall designate 217  
the public infrastructure improvements made, to be made, or in 218  
the process of being made, that benefit or serve, or, once made, 219  
will benefit or serve parcels in the district. The ordinance 220  
also shall identify one or more specific projects being, or to 221  
be, undertaken in the district that place additional demand on 222  
the public infrastructure improvements designated in the 223  
ordinance. The project identified may, but need not be, the 224  
project under division (C) (3) (b) of this section that places 225  
real property in use for commercial or industrial purposes. 226  
Except as otherwise permitted under that division, the service 227  
payments provided for in section 5709.42 of the Revised Code 228



shall be used to finance the designated public infrastructure 229  
improvements, for the purpose described in division (D) (1), (E), 230  
or (F) of this section, or as provided in section 5709.43 of the 231  
Revised Code. 232

An ordinance adopted under division (C) (1) of this section 233  
on or after March 30, 2006, shall not designate police or fire 234  
equipment as public infrastructure improvements, and no service 235  
payment provided for in section 5709.42 of the Revised Code and 236  
received by the municipal corporation under the ordinance shall 237  
be used for police or fire equipment. 238

(b) An ordinance adopted under division (C) (1) of this 239  
section may authorize the use of service payments provided for 240  
in section 5709.42 of the Revised Code for the purpose of 241  
housing renovations within the incentive district, provided that 242  
the ordinance also designates public infrastructure improvements 243  
that benefit or serve the district, and that a project within 244  
the district places real property in use for commercial or 245  
industrial purposes. Service payments may be used to finance or 246  
support loans, deferred loans, and grants to persons for the 247  
purpose of housing renovations within the district. The 248  
ordinance shall designate the parcels within the district that 249  
are eligible for housing renovation. The ordinance shall state 250  
separately the amounts or the percentages of the expected 251  
aggregate service payments that are designated for each public 252  
infrastructure improvement and for the general purpose of 253  
housing renovations. 254

~~(4) Except with the approval of the board of education of 255  
each city, local, or exempted village school district within the 256  
territory of which the incentive district is or will be located, 257  
and subject Subject to division (E) of this section, the life of 258~~

~~an incentive district shall not exceed ten years, and the~~ 259  
~~percentage of improvements to be exempted shall not exceed~~ 260  
~~seventy five per cent. With approval of the board of education,~~ 261  
the life of a district may be not more than thirty years, and 262  
the percentage of improvements to be exempted may be not more 263  
than one hundred per cent. ~~The approval of a board of education~~ 264  
~~shall be obtained in the manner provided in division (D) of this~~ 265  
~~section.~~ 266

(D) (1) If the ordinance declaring improvements to a parcel 267  
to be a public purpose under division (B) of this section or 268  
creating an incentive district under division (C) of this 269  
section specifies that payments in lieu of taxes provided for in 270  
section 5709.42 of the Revised Code shall be paid to the city, 271  
local, or exempted village, and joint vocational school district 272  
in which the parcel or incentive district is located in the 273  
amount of the taxes that would have been payable to the school 274  
district if the improvements had not been exempted from 275  
taxation, ~~the~~ one of the following shall apply, as applicable: 276

(a) In the case of an ordinance adopted under division (B) 277  
of this section, the percentage of the improvement that may be 278  
exempted from taxation may exceed seventy-five per cent, and the 279  
exemption may be granted for up to thirty years, without the 280  
approval of the board of education as otherwise required under 281  
division (D) (2) of this section. 282

(b) In the case of an ordinance adopted under division (C) 283  
of this section, the approval of the board of education shall 284  
not be required under division (D) (2) of this section. 285

~~(2)~~ (2) (a) Improvements with respect to a parcel may be 286  
exempted from taxation under division (B) of this section, ~~and~~ 287  
~~improvements to parcels within an incentive district may be~~ 288

~~exempted from taxation under division (C) of this section,~~ for 289  
up to ten years or, with the approval under this paragraph of 290  
the board of education of the city, local, or exempted village 291  
school district within which the parcel ~~or district~~ is located, 292  
for up to thirty years. The percentage of the improvement 293  
exempted from taxation may, with such approval, exceed seventy- 294  
five per cent, but shall not exceed one hundred per cent. Not 295  
later than forty-five business days prior to adopting an 296  
ordinance under division (B) of this section declaring 297  
improvements to be a public purpose that is subject to approval 298  
by a board of education under this division, the legislative 299  
authority shall deliver to the board of education a notice 300  
stating its intent to adopt an ordinance making that 301  
declaration. The notice ~~regarding improvements with respect to a~~ 302  
~~parcel under division (B) of this section~~ shall identify the 303  
parcels for which improvements are to be exempted from taxation, 304  
provide an estimate of the true value in money of the 305  
improvements, specify the period for which the improvements 306  
would be exempted from taxation and the percentage of the 307  
improvement that would be exempted, and indicate the date on 308  
which the legislative authority intends to adopt the ordinance. 309  
~~The notice regarding improvements to parcels within an incentive~~ 310  
~~district under division (C) of this section shall delineate the~~ 311  
~~boundaries of the district, specifically identify each parcel~~ 312  
~~within the district, identify each anticipated improvement in~~ 313  
~~the district, provide an estimate of the true value in money of~~ 314  
~~each such improvement, specify the life of the district and the~~ 315  
~~percentage of improvements that would be exempted, and indicate~~ 316  
~~the date on which the legislative authority intends to adopt the~~ 317  
~~ordinance.~~ The board of education, by resolution adopted by a 318  
majority of the board, may approve the exemption for the period 319  
or for the exemption percentage specified in the notice; may 320

disapprove the exemption for the number of years in excess of 321  
ten, may disapprove the exemption for the percentage of the 322  
improvement to be exempted in excess of seventy-five per cent, 323  
or both; or may approve the exemption on the condition that the 324  
legislative authority and the board negotiate an agreement 325  
providing for compensation to the school district equal in value 326  
to a percentage of the amount of taxes exempted in the eleventh 327  
and subsequent years of the exemption period or, in the case of 328  
exemption percentages in excess of seventy-five per cent, 329  
compensation equal in value to a percentage of the taxes that 330  
would be payable on the portion of the improvement in excess of 331  
seventy-five per cent were that portion to be subject to 332  
taxation, or other mutually agreeable compensation. If an 333  
agreement is negotiated between the legislative authority and 334  
the board to compensate the school district for all or part of 335  
the taxes exempted, including agreements for payments in lieu of 336  
taxes under section 5709.42 of the Revised Code, the legislative 337  
authority shall compensate the joint vocational school district 338  
within which the parcel or district is located at the same rate 339  
and under the same terms received by the city, local, or 340  
exempted village school district. 341

(b) Except as otherwise provided in divisions (D)(1) and 342  
(4) of this section, a legislative authority may not exempt 343  
improvements to parcels within an incentive district under 344  
division (C) of this section from taxation unless it obtains the 345  
approval, under division (D)(2)(b) of this section, of the board 346  
of education of the city, local, or exempted village school 347  
district within which the district is located. To obtain this 348  
approval, the legislative authority shall, not later than forty- 349  
five business days before adopting an ordinance under division 350  
(C) of this section declaring improvements to be a public 351

purpose, deliver to the board of education a notice stating its 352  
intent to adopt an ordinance making that declaration. The notice 353  
shall delineate the boundaries of the district, specifically 354  
identify each parcel within the district, identify each 355  
anticipated improvement in the district, provide an estimate of 356  
the true value in money of each such improvement, specify the 357  
life of the district and the percentage of improvements that 358  
would be exempted, and indicate the date on which the 359  
legislative authority intends to adopt the ordinance. 360

The board of education, by resolution adopted by a 361  
majority of the board, may approve the exemption for the period 362  
and for the exemption percentage specified in the notice; may 363  
disapprove the exemption; or may approve the exemption on the 364  
condition that the legislative authority and the board negotiate 365  
an agreement providing for compensation to the school district. 366  
If an agreement is negotiated between the legislative authority 367  
and the board to compensate the school district for all or part 368  
of the taxes exempted, including agreements for payments in lieu 369  
of taxes under section 5709.42 of the Revised Code, the 370  
legislative authority shall compensate the joint vocational 371  
school district within which the parcel or district is located 372  
at the same rate and under the same terms received by the city, 373  
local, or exempted village school district. 374

(3) The board of education shall certify its resolution 375  
adopted under division (D)(2)(a) or (b) of this section to the 376  
legislative authority not later than fourteen days prior to the 377  
date the legislative authority intends to adopt the ordinance as 378  
indicated in the notice. If the board of education and the 379  
legislative authority negotiate a mutually acceptable 380  
compensation agreement, the ordinance may declare the 381  
improvements a public purpose for the number of years and the 382

~~exemption percentage specified in the ordinance or, in the case~~ 383  
~~of exemption percentages in excess of seventy-five per cent, for~~ 384  
~~the exemption percentage specified in the ordinance. In either~~ 385  
the case of an ordinance proposed under division (B) of this 386  
section, if the board and the legislative authority fail to 387  
negotiate a mutually acceptable compensation agreement, the 388  
ordinance may declare the improvements a public purpose for not 389  
more than ten years, and shall not exempt more than seventy-five 390  
per cent of the improvements from taxation. If the board fails 391  
to certify a resolution to the legislative authority within the 392  
time prescribed by this division, the legislative authority 393  
thereupon may adopt the ordinance and may declare the 394  
improvements a public purpose for up to thirty years, ~~or, in the~~ 395  
~~case of exemption percentages proposed in excess of seventy-five~~ 396  
~~per cent~~, for the exemption percentage specified in the 397  
ordinance. The legislative authority may adopt the ordinance at 398  
any time after the board of education certifies its resolution 399  
approving the exemption to the legislative authority, or, if the 400  
board approves the exemption on the condition that a mutually 401  
acceptable compensation agreement be negotiated, at any time 402  
after the compensation agreement is agreed to by the board and 403  
the legislative authority. 404

(4) If a board of education has adopted a resolution 405  
waiving its right to approve exemptions from taxation under this 406  
section and the resolution remains in effect, approval of 407  
exemptions by the board is not required under division ~~(D)~~ (D) 408  
(2) (a) or (b) of this section. If a board of education has 409  
adopted a resolution allowing a legislative authority to deliver 410  
the notice required under division (D) of this section fewer 411  
than forty-five business days prior to the legislative 412  
authority's adoption of the ordinance, the legislative authority 413

shall deliver the notice to the board not later than the number 414  
of days prior to such adoption as prescribed by the board in its 415  
resolution. If a board of education adopts a resolution waiving 416  
its right to approve agreements or shortening the notification 417  
period, the board shall certify a copy of the resolution to the 418  
legislative authority. If the board of education rescinds such a 419  
resolution, it shall certify notice of the rescission to the 420  
legislative authority. 421

(5) If the legislative authority is not required by 422  
division (D) of this section to notify the board of education of 423  
the legislative authority's intent to declare improvements to be 424  
a public purpose, the legislative authority shall comply with 425  
the notice requirements imposed under section 5709.83 of the 426  
Revised Code, unless the board has adopted a resolution under 427  
that section waiving its right to receive such a notice. 428

(6) Nothing in division (D) of this section prohibits the 429  
legislative authority of a municipal corporation from amending 430  
the ordinance or resolution under section 5709.51 of the Revised 431  
Code to extend the term of the exemption. 432

(E) (1) If a proposed ordinance under division (C) (1) of 433  
this section exempts improvements with respect to a parcel 434  
within an incentive district for more than ten years, or the 435  
percentage of the improvement exempted from taxation exceeds 436  
seventy-five per cent, not later than forty-five business days 437  
prior to adopting the ordinance the legislative authority of the 438  
municipal corporation shall deliver to the board of county 439  
commissioners of the county within which the incentive district 440  
will be located a notice that states its intent to adopt an 441  
ordinance creating an incentive district. The notice shall 442  
include a copy of the proposed ordinance, identify the parcels 443

for which improvements are to be exempted from taxation, provide 444  
an estimate of the true value in money of the improvements, 445  
specify the period of time for which the improvements would be 446  
exempted from taxation, specify the percentage of the 447  
improvements that would be exempted from taxation, and indicate 448  
the date on which the legislative authority intends to adopt the 449  
ordinance. 450

(2) The board of county commissioners, by resolution 451  
adopted by a majority of the board, may object to the exemption 452  
for the number of years in excess of ten, may object to the 453  
exemption for the percentage of the improvement to be exempted 454  
in excess of seventy-five per cent, or both. If the board of 455  
county commissioners objects, the board may negotiate a mutually 456  
acceptable compensation agreement with the legislative 457  
authority. In no case shall the compensation provided to the 458  
board exceed the property taxes forgone due to the exemption. If 459  
the board of county commissioners objects, and the board and 460  
legislative authority fail to negotiate a mutually acceptable 461  
compensation agreement, the ordinance adopted under division (C) 462  
(1) of this section shall provide to the board compensation in 463  
the eleventh and subsequent years of the exemption period equal 464  
in value to not more than fifty per cent of the taxes that would 465  
be payable to the county or, if the board's objection includes 466  
an objection to an exemption percentage in excess of seventy- 467  
five per cent, compensation equal in value to not more than 468  
fifty per cent of the taxes that would be payable to the county, 469  
on the portion of the improvement in excess of seventy-five per 470  
cent, were that portion to be subject to taxation. The board of 471  
county commissioners shall certify its resolution to the 472  
legislative authority not later than thirty days after receipt 473  
of the notice. 474



(3) If the board of county commissioners does not object 475  
or fails to certify its resolution objecting to an exemption 476  
within thirty days after receipt of the notice, the legislative 477  
authority may adopt the ordinance, and no compensation shall be 478  
provided to the board of county commissioners. If the board 479  
timely certifies its resolution objecting to the ordinance, the 480  
legislative authority may adopt the ordinance at any time after 481  
a mutually acceptable compensation agreement is agreed to by the 482  
board and the legislative authority, or, if no compensation 483  
agreement is negotiated, at any time after the legislative 484  
authority agrees in the proposed ordinance to provide 485  
compensation to the board of fifty per cent of the taxes that 486  
would be payable to the county in the eleventh and subsequent 487  
years of the exemption period or on the portion of the 488  
improvement in excess of seventy-five per cent, were that 489  
portion to be subject to taxation. 490

(F) Service payments in lieu of taxes that are 491  
attributable to any amount by which the effective tax rate of 492  
either a renewal levy with an increase or a replacement levy 493  
exceeds the effective tax rate of the levy renewed or replaced, 494  
or that are attributable to an additional levy, for a levy 495  
authorized by the voters for any of the following purposes on or 496  
after January 1, 2006, and which are provided pursuant to an 497  
ordinance creating an incentive district under division (C)(1) 498  
of this section that is adopted on or after January 1, 2006, or 499  
a later date as specified in this division, shall be distributed 500  
to the appropriate taxing authority as required under division 501  
(C) of section 5709.42 of the Revised Code in an amount equal to 502  
the amount of taxes from that additional levy or from the 503  
increase in the effective tax rate of such renewal or 504  
replacement levy that would have been payable to that taxing 505

authority from the following levies were it not for the	506
exemption authorized under division (C) of this section:	507
(1) A tax levied under division (L) of section 5705.19 or	508
section 5705.191 or 5705.222 of the Revised Code for community	509
developmental disabilities programs and services pursuant to	510
Chapter 5126. of the Revised Code;	511
(2) A tax levied under division (Y) of section 5705.19 of	512
the Revised Code for providing or maintaining senior citizens	513
services or facilities;	514
(3) A tax levied under section 5705.22 of the Revised Code	515
for county hospitals;	516
(4) A tax levied by a joint-county district or by a county	517
under section 5705.19, 5705.191, or 5705.221 of the Revised Code	518
for alcohol, drug addiction, and mental health services or	519
facilities;	520
(5) A tax levied under section 5705.23 of the Revised Code	521
for library purposes;	522
(6) A tax levied under section 5705.24 of the Revised Code	523
for the support of children services and the placement and care	524
of children;	525
(7) A tax levied under division (Z) of section 5705.19 of	526
the Revised Code for the provision and maintenance of zoological	527
park services and facilities under section 307.76 of the Revised	528
Code;	529
(8) A tax levied under section 511.27 or division (H) of	530
section 5705.19 of the Revised Code for the support of township	531
park districts;	532
(9) A tax levied under division (A), (F), or (H) of	533

section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;	534 535 536
(10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;	537 538
(11) A tax levied under section 5705.191 of the Revised Code for the purpose of making appropriations for public assistance; human or social services; public relief; public welfare; public health and hospitalization; and support of general hospitals;	539 540 541 542 543
(12) A tax levied under section 3709.29 of the Revised Code for a general health district program.	544 545
(13) A tax levied by a township under section 505.39, division (I) of section 5705.19, or division (JJ) of section 5705.19 of the Revised Code to the extent the proceeds are used for the purposes described in division (I) of that section, for the purpose of funding fire, emergency medical, and ambulance services as described in that section and those divisions. Division (F) (13) of this section applies only if the township levying the tax provides fire, emergency medical, or ambulance services in the incentive district, and only to incentive districts created by an ordinance adopted on or after the effective date of the amendment of this section by H.B. 69 of the 132nd general assembly, March 23, 2018. The board of township trustees may, by resolution, waive the application of this division or negotiate with the municipal corporation that created the district for a lesser amount of payments in lieu of taxes.	546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561
(G) An exemption from taxation granted under this section	562

commences with the tax year specified in the ordinance so long 563  
as the year specified in the ordinance commences after the 564  
effective date of the ordinance. If the ordinance specifies a 565  
year commencing before the effective date of the resolution or 566  
specifies no year whatsoever, the exemption commences with the 567  
tax year in which an exempted improvement first appears on the 568  
tax list and duplicate of real and public utility property and 569  
that commences after the effective date of the ordinance. In 570  
lieu of stating a specific year, the ordinance may provide that 571  
the exemption commences in the tax year in which the value of an 572  
improvement exceeds a specified amount or in which the 573  
construction of one or more improvements is completed, provided 574  
that such tax year commences after the effective date of the 575  
ordinance. With respect to the exemption of improvements to 576  
parcels under division (B) of this section, the ordinance may 577  
allow for the exemption to commence in different tax years on a 578  
parcel-by-parcel basis, with a separate exemption term specified 579  
for each parcel. 580

Except as otherwise provided in this division or section 581  
5709.51 of the Revised Code, the exemption ends on the date 582  
specified in the ordinance as the date the improvement ceases to 583  
be a public purpose or the incentive district expires, or ends 584  
on the date on which the public infrastructure improvements and 585  
housing renovations are paid in full from the municipal public 586  
improvement tax increment equivalent fund established under 587  
division (A) of section 5709.43 of the Revised Code, whichever 588  
occurs first. The exemption of an improvement with respect to a 589  
parcel or within an incentive district may end on a later date, 590  
as specified in the ordinance, if the legislative authority and 591  
the board of education of the city, local, or exempted village 592  
school district within which the parcel or district is located 593

have entered into a compensation agreement under section 5709.82 594  
of the Revised Code with respect to the improvement, and the 595  
board of education has approved the term of the exemption under 596  
division (D) (2) of this section, but in no case shall the 597  
improvement be exempted from taxation for more than thirty 598  
years. Exemptions shall be claimed and allowed in the same 599  
manner as in the case of other real property exemptions. If an 600  
exemption status changes during a year, the procedure for the 601  
apportionment of the taxes for that year is the same as in the 602  
case of other changes in tax exemption status during the year. 603

(H) Additional municipal financing of public 604  
infrastructure improvements and housing renovations may be 605  
provided by any methods that the municipal corporation may 606  
otherwise use for financing such improvements or renovations. If 607  
the municipal corporation issues bonds or notes to finance the 608  
public infrastructure improvements and housing renovations and 609  
pledges money from the municipal public improvement tax 610  
increment equivalent fund to pay the interest on and principal 611  
of the bonds or notes, the bonds or notes are not subject to 612  
Chapter 133. of the Revised Code. 613

(I) The municipal corporation, not later than fifteen days 614  
after the adoption of an ordinance under this section, shall 615  
submit to the director of development a copy of the ordinance. 616  
On or before the thirty-first day of March of each year, the 617  
municipal corporation shall submit a status report to the 618  
director. The report shall indicate, in the manner prescribed by 619  
the director, the progress of the project during each year that 620  
an exemption remains in effect, including a summary of the 621  
receipts from service payments in lieu of taxes; expenditures of 622  
money from the funds created under section 5709.43 of the 623  
Revised Code; a description of the public infrastructure 624

improvements and housing renovations financed with such 625  
expenditures; and a quantitative summary of changes in 626  
employment and private investment resulting from each project. 627

(J) Nothing in this section shall be construed to prohibit 628  
a legislative authority from declaring to be a public purpose 629  
improvements with respect to more than one parcel. 630

(K) If a parcel is located in a new community district in 631  
which the new community authority imposes a community 632  
development charge on the basis of rentals received from leases 633  
of real property as described in division (L) (2) of section 634  
349.01 of the Revised Code, the parcel may not be exempted from 635  
taxation under this section. 636

(L) (1) Notwithstanding the limitations on the life of an 637  
incentive district and the number of years that improvements to 638  
a parcel or parcels within an incentive district may be exempted 639  
from taxation prescribed by divisions (C) and (D) of this 640  
section, the legislative authority of a municipal corporation 641  
may amend an ordinance originally adopted under division (C) of 642  
this section before January 1, 2006, to extend the life of an 643  
incentive district created by that ordinance. The extension 644  
shall be for a period not to exceed fifteen years and shall not 645  
increase the percentage of the value of improvements exempted 646  
from taxation. 647

(2) Before adopting an amendment authorized by division 648  
(L) (1) of this section, the legislative authority of the 649  
municipal corporation shall provide notice of the amendment to 650  
each board of education of the city, local, or exempted village 651  
school district in which the incentive district is located, in 652  
the same manner as provided under division (D) of this section, 653  
and shall obtain the approval of each such board in the manner 654

required under that division, except both of the following 655  
apply: 656

(a) The board of education may approve the exemption on 657  
the condition that the legislative authority and the board 658  
negotiate an agreement providing for mutually agreeable 659  
compensation to the school district. 660

(b) If the board of education fails to certify a 661  
resolution approving the amendment to the legislative authority 662  
within the time prescribed by division (D) of this section, the 663  
legislative authority shall not adopt the amendment authorized 664  
under division (L) of this section. 665

(3) No approval otherwise required by division (L) (2) of 666  
this section shall be required from a board of education if 667  
either of the following apply: 668

(a) The amendment provides for compensation to the city, 669  
local, or exempted village school district in which the 670  
incentive district is located equal in value to the amount of 671  
taxes that would be payable to the school district if the 672  
improvements exempted from taxation had not been exempted for 673  
the additional period. 674

(b) The board of education has adopted a resolution 675  
waiving its right to approve exemptions from taxation pursuant 676  
to division (D) (4) of this section. If the board has adopted 677  
such a resolution, the municipal corporation shall comply with 678  
the notice requirements imposed by section 5709.83 of the 679  
Revised Code before taking formal action to adopt an amendment 680  
authorized under division (L) (1) of this section unless the 681  
board has adopted a resolution under that section waiving its 682  
right to receive that notice. 683

(4) Not later than fourteen days before adopting an 684  
amendment authorized by division (L)(1) of this section, the 685  
legislative authority of the municipal corporation shall deliver 686  
a notice identical to a notice required under section 5709.83 of 687  
the Revised Code to the board of county commissioners of each 688  
county in which the incentive district is located. 689

**Section 2.** That existing section 5709.40 of the Revised 690  
Code is hereby repealed. 691

**Section 3.** The amendment by this act of section 5709.40 of 692  
the Revised Code applies to ordinances adopted under division 693  
(C) of that section on or after the forty-fifth day after the 694  
effective date of this section. 695