

As Introduced

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

S. B. No. 2

Senator Schuring

Cosponsors: Senators Gavarone, Manning, Romanchuk, Antonio, Brenner, Lang

A BILL

To amend sections 3735.66 and 5713.08 and to enact 1
section 5709.58 of the Revised Code to authorize 2
certain subdivisions to designate areas within 3
which certain residential property is wholly or 4
partially exempted from property taxation. 5

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

Section 1. That sections 3735.66 and 5713.08 be amended 6
and section 5709.58 of the Revised Code be enacted to read as 7
follows: 8

Sec. 3735.66. The legislative authorities of municipal 9
corporations and counties may survey the housing within their 10
jurisdictions and, after the survey, may adopt resolutions 11
describing the boundaries of community reinvestment areas which 12
contain the conditions required for the finding under division 13
(B) of section 3735.65 of the Revised Code. The findings 14
resulting from the survey shall be incorporated in the 15
resolution describing the boundaries of an area. The legislative 16
authority may stipulate in the resolution that only new 17
structures or remodeling classified as to use as commercial, 18

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

If construction or remodeling classified as residential is 36
eligible for exemption from taxation, the resolution shall 37
specify a percentage, not to exceed one hundred per cent, of the 38
assessed valuation of such property to be exempted. The 39
percentage specified shall apply to all residential construction 40
or remodeling for which exemption is granted. The resolution may 41
state that the exemption is for the public purpose of 42
encouraging development of adequate affordable housing, 43
workforce housing, or housing addressing a housing shortage. 44

The resolution adopted pursuant to this section shall be 45
published in a newspaper of general circulation in the municipal 46
corporation, if the resolution is adopted by the legislative 47
authority of a municipal corporation, or in a newspaper of 48
general circulation in the county, if the resolution is adopted 49

by the legislative authority of the county, once a week for two 50
consecutive weeks or as provided in section 7.16 of the Revised 51
Code, immediately following its adoption. 52

Each legislative authority adopting a resolution pursuant 53
to this section shall designate a housing officer. In addition, 54
each such legislative authority, not later than sixty days after 55
the adoption of the resolution, shall petition the director of 56
development services for the director to confirm the findings 57
described in the resolution. The petition shall be accompanied 58
by a copy of the resolution and by a map of the community 59
reinvestment area in sufficient detail to denote the specific 60
boundaries of the area and to indicate zoning restrictions 61
applicable to the area. The director shall determine whether the 62
findings contained in the resolution are valid, and whether the 63
classification of structures or remodeling eligible for 64
exemption under the resolution is consistent with zoning 65
restrictions applicable to the area as indicated on the map. 66
Within thirty days of receiving the petition, the director shall 67
forward the director's determination to the legislative 68
authority. The legislative authority or housing officer shall 69
not grant any exemption from taxation under section 3735.67 of 70
the Revised Code until the director forwards the director's 71
determination to the legislative authority. The director shall 72
assign to each community reinvestment area a unique designation 73
by which the area shall be identified for purposes of sections 74
3735.65 to 3735.70 of the Revised Code. 75

If zoning restrictions in any part of a community 76
reinvestment area are changed at any time after the legislative 77
authority petitions the director under this section, the 78
legislative authority shall notify the director and shall submit 79
a map of the area indicating the new zoning restrictions in the 80

area. 81

Sec. 5709.58. (A) As used in this section: 82

(1) "Residential neighborhood development property" means 83
a parcel of real property that has been subdivided by a 84
residential developer for the purpose of constructing a 85
residential structure thereon. 86

(2) "Residential developer" means a person that owns 87
residential neighborhood development property upon which the 88
person causes, or intends to cause, a residential structure to 89
be constructed that the person does not intend to occupy. 90

(3) "New residential neighborhood" means an area 91
encompassing at least ten adjacent parcels of residential 92
neighborhood development property. 93

(4) "School district" means a city, local, or exempted 94
village school district. 95

(5) "Residential structure" means one of the following: 96

(a) If the legislative authority of a municipal 97
corporation or a board of township trustees includes in an 98
ordinance or resolution adopted under division (B)(1) of this 99
section the limitation statement described in division (B)(2) of 100
this section, a single-family, two-family, or three-family 101
dwelling; 102

(b) In all other cases, any structure comprised entirely 103
of or one or more dwellings. 104

(B)(1) The legislative authority of a municipal 105
corporation or the board of trustees of a township may adopt an 106
ordinance or resolution designating one or more portions of the 107
territory of the municipal corporation, or of the unincorporated 108

territory of the township, respectively, as a neighborhood 109
development area for the public purpose of encouraging 110
development of adequate affordable housing, workforce housing, 111
or housing addressing a housing shortage in the municipal 112
corporation or township. The resolution or ordinance shall 113
include all of the following: 114

(a) A list of all parcels comprising the neighborhood 115
development area; 116

(b) Identification of the municipal or township officer or 117
employee who will accept applications under division (D) of this 118
section; 119

(c) Findings to demonstrate that there is a current lack 120
of adequate affordable or workforce housing or that there is a 121
housing shortage within the municipal corporation or township 122
and that the designation of the area will encourage the 123
construction of new residential structures, or the improvement 124
of existing residential structures, that in either case would be 125
unlikely to occur in the absence of such a designation; 126

(d) The number of years during which the area will be 127
designated as a neighborhood development area, which may not 128
exceed ten years; 129

(e) A projection of how the proposed neighborhood 130
development area will enhance property values and thereby 131
generate additional property tax revenue; 132

(f) The percentage of valuation that will be exempt from 133
taxation under division (C) of this section, as determined by 134
the legislative authority or board of trustees, which shall not 135
exceed seventy-five per cent of assessed valuation unless the 136
legislative authority or board of trustees negotiates a mutually 137

acceptable agreement with the board of education of each school 138
district within which parcels in the area are located pursuant 139
to division (B) (3) of this section. 140

A neighborhood development area shall be defined by a 141
continuous boundary that may not exceed three hundred acres in 142
size and that may not encompass all of the territory of a 143
municipal corporation or township. If two or more neighborhood 144
development areas share a common boundary, the total area of all 145
such adjoining areas may not exceed three hundred acres. A 146
legislative authority or board may not have more than three 147
neighborhood development areas designated at anytime. The 148
legislative authority or board may not include in a neighborhood 149
development area any parcel that is subject to an exemption 150
authorized under section 3735.67, 5709.40, 5709.41, 5709.73, or 151
5709.78 of the Revised Code. 152

To adopt such a resolution or ordinance, the legislative 153
authority or board shall conduct a hearing on the resolution or 154
ordinance during at least three regularly scheduled public 155
meetings held on three separate days and in accordance with 156
section 121.22 of the Revised Code, notwithstanding any rule or 157
charter provision permitting the legislative authority or board 158
to adopt a resolution or ordinance with fewer hearings. At least 159
seven days before the first meeting, the legislative authority 160
or board shall send notice, by certified mail, to the board of 161
education of each school district and to the taxing authority of 162
each other local taxing unit in which the proposed neighborhood 163
development area is located. The notice shall state the date and 164
time of each public meeting and shall include a copy of the 165
resolution or ordinance or the information described in 166
divisions (B) (1) (a), (d), and (f) of this section. If the date 167
or time of a meeting changes, then a new notice shall be sent by 168

certified mail announcing the new date and time. 169

(2) A legislative authority or board may limit the 170
exemptions authorized under division (C) of this section to 171
apply only to residential structures in the neighborhood 172
development area that are or are intended to be single-family, 173
two-family, or three-family dwellings by including in the 174
resolution or ordinance adopted under division (B) (1) of this 175
section a statement expressing that limitation. 176

(3) Upon mailing the first notice to a board of education 177
under division (B) (1) of this section, the legislative authority 178
or board of trustees shall attempt in good faith to engage the 179
board of education to explain the resolution or ordinance and, 180
if the percentage designated under division (B) (1) (f) of this 181
section exceeds seventy-five per cent, to reach a mutually 182
acceptable agreement whereby the board of education consents to 183
the percentage of valuation to be exempted from taxation under 184
division (C) of this section. If the legislative authority or 185
board of trustees and a board of education fail to negotiate an 186
agreement that is mutually acceptable within sixty days after 187
that notice is received by the board of education, then the 188
percentage of valuation that may be exempted from taxation under 189
division (C) of this section may not exceed seventy-five per 190
cent. 191

(4) The legislative authority or board shall certify a 192
copy of any resolution or ordinance adopted under division (B) 193
(1) of this section to the tax commissioner within ten days 194
after its adoption. 195

(5) A legislative authority or board may amend a 196
resolution or ordinance adopted under division (B) (1) of this 197
section to extend the designation of a neighborhood development 198

area for up to an additional ten years each time the designation 199
expires. The legislative authority or board shall certify a copy 200
of any amended resolution or ordinance adopted under division 201
(B) (5) of this section to the tax commissioner within ten days 202
after its adoption. 203

(C) Subject to division (D) of this section: 204

(1) The percentage designated under division (B) (1) (f) of 205
this section of the assessed valuation of residential 206
neighborhood development property within a new residential 207
neighborhood located wholly within a neighborhood development 208
area shall be exempt from taxation beginning with the tax year 209
in which the residential neighborhood development property first 210
appears on the tax list following its subdivision and continuing 211
until and including the tax year in which the residential 212
structure is first occupied. 213

(2) If a residential structure located on residential 214
neighborhood development property that qualifies or would 215
qualify for the exemption authorized in division (C) (1) of this 216
section is occupied as a home by the owner, the percentage 217
designated under division (B) (1) (f) of this section of the 218
assessed valuation of the parcel upon which the residential 219
structure is situated shall be exempt from taxation beginning 220
with the tax year after the first tax year in which the 221
residential structure is occupied and for the nine succeeding 222
tax years, provided that the owner occupies the residential 223
structure on the tax lien date. 224

(3) The percentage designated under division (B) (1) (f) of 225
this section of the increased assessed valuation of a parcel 226
located in a neighborhood development area and on which is 227
situated a residential structure that is occupied as a home and 228

remodeled by or for the owner shall be exempt from taxation 229
beginning with the tax year in which an increase in value 230
resulting from the remodeling first appears on the tax list and 231
continuing for the succeeding four tax years, provided that the 232
cost of the remodeling is at least five thousand dollars and 233
that the owner occupies the residential structure on the tax 234
lien date. The increased assessed valuation shall equal the 235
assessed valuation of the parcel in the tax year for which the 236
exemption applies minus the assessed valuation of the parcel in 237
the tax year in which the remodeling began. 238

For the purposes of divisions (C) (2) and (3) of this 239
section, "owner" includes any person whose interest in the 240
residential structure is an interest that would qualify the 241
person as the owner of a homestead under section 323.151 of the 242
Revised Code. 243

(D) To obtain an exemption authorized under division (C) 244
(1), (2), or (3) of this section for a tax year, an owner of 245
real property shall file an annual application for the exemption 246
with the officer or employee designated under division (B) (1) (b) 247
of this section. That officer or employee shall verify that all 248
requirements of this section for the exemption are satisfied. If 249
the officer or employee determines that all requirements of this 250
section for the applicable exemption are satisfied, the officer 251
or employee shall, for only the first tax year all requirements 252
for the exemption are satisfied, submit, on behalf of the 253
property owner, an exemption application to the tax commissioner 254
under section 5715.27 of the Revised Code for the applicable 255
exemption authorized under division (C) of this section, 256
notwithstanding the requirement in division (A) of that section 257
that the owner of the property file the application. Property 258
that is the subject of that application shall be exempt from tax 259

as provided in division (C) (1), (2), or (3) of this section for 260
each succeeding tax year until, if applicable, the end of the 261
exemption's term, regardless of whether an application is filed 262
with the commissioner under section 5715.27 of the Revised Code 263
respecting such property for that year. 264

If the officer or employee determines that the property 265
does not qualify for the exemption for any of those succeeding 266
tax years, the officer or employee shall provide written notice 267
to the commissioner that the property does not satisfy all such 268
exemption requirements for that tax year. Upon receiving that 269
notice, the tax commissioner shall order the county auditor to 270
return the property to the tax list. 271

If the term of the designation of the neighborhood 272
development area expires, that officer or employee shall 273
continue to accept applications for an exemption under division 274
(C) (1), (2), or (3) of this section respecting property first 275
eligible for that exemption for a tax year occurring during the 276
period the area was so designated. 277

Sec. 5713.08. (A) The county auditor shall make a list of 278
all real and personal property in the auditor's county that is 279
exempted from taxation. Such list shall show the name of the 280
owner, the value of the property exempted, and a statement in 281
brief form of the ground on which such exemption has been 282
granted. It shall be corrected annually by adding thereto the 283
items of property which have been exempted during the year, and 284
by striking therefrom the items which in the opinion of the 285
auditor have lost their right of exemption and which have been 286
reentered on the taxable list, but no property shall be struck 287
from the exempt property list solely because the property has 288
been conveyed to a single member limited liability company with 289

a nonprofit purpose from its nonprofit member or because the 290
property has been conveyed by a single member limited liability 291
company with a nonprofit purpose to its nonprofit member. No 292
additions shall be made to such exempt lists and no additional 293
items of property shall be exempted from taxation without the 294
consent of the tax commissioner as is provided for in section 295
5715.27 of the Revised Code or without the consent of the 296
housing officer under section 3735.67 of the Revised Code, 297
except for property exempted by the auditor under that section, 298
property owned by a community school and subject to the 299
exemption authorized under division (A) (1) of section 5709.07 of 300
the Revised Code for tax years after the tax year for which the 301
commissioner grants an application under section 5715.27 of the 302
Revised Code, as described in division (I) of that section, 303
property subject to an exemption authorized under section 304
5709.58 of the Revised Code as authorized in division (D) of 305
that section, or qualifying agricultural real property, as 306
defined in section 5709.28 of the Revised Code, that is enrolled 307
in an agriculture security area that is exempt under that 308
section. 309

The commissioner may revise at any time the list in every 310
county so that no property is improperly or illegally exempted 311
from taxation. The auditor shall follow the orders of the 312
commissioner given under this section. An abstract of such list 313
shall be filed annually with the commissioner, on a form 314
approved by the commissioner, and a copy thereof shall be kept 315
on file in the office of each auditor for public inspection. 316

An application for exemption of property shall include a 317
certificate executed by the county treasurer certifying one of 318
the following: 319

(1) That all taxes, interest, and penalties levied and 320
assessed against the property sought to be exempted have been 321
paid in full for all of the tax years preceding the tax year for 322
which the application for exemption is filed, except for such 323
taxes, interest, and penalties that may be remitted under 324
division (C) of this section; 325

(2) That the applicant has entered into a valid delinquent 326
tax contract with the county treasurer pursuant to division (A) 327
of section 323.31 of the Revised Code to pay all of the 328
delinquent taxes, interest, and penalties charged against the 329
property, except for such taxes, interest, and penalties that 330
may be remitted under division (C) of this section. If the 331
auditor receives notice under section 323.31 of the Revised Code 332
that such a written delinquent tax contract has become void, the 333
auditor shall strike such property from the list of exempted 334
property and reenter such property on the taxable list. If 335
property is removed from the exempt list because a written 336
delinquent tax contract has become void, current taxes shall 337
first be extended against that property on the general tax list 338
and duplicate of real and public utility property for the tax 339
year in which the auditor receives the notice required by 340
division (A) of section 323.31 of the Revised Code that the 341
delinquent tax contract has become void or, if that notice is 342
not timely made, for the tax year in which falls the latest date 343
by which the treasurer is required by such section to give such 344
notice. A county auditor shall not remove from any tax list and 345
duplicate the amount of any unpaid delinquent taxes, 346
assessments, interest, or penalties owed on property that is 347
placed on the exempt list pursuant to this division. 348

(3) That a tax certificate has been issued under section 349
5721.32 or 5721.33 of the Revised Code with respect to the 350

property that is the subject of the application, and the tax certificate is outstanding. 351
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(B) If the treasurer's certificate is not included with the application or the certificate reflects unpaid taxes, penalties, and interest that may not be remitted, the tax commissioner or county auditor with whom the application was filed shall notify the property owner of that fact, and the applicant shall be given sixty days from the date that notification was mailed in which to provide the tax commissioner or county auditor with a corrected treasurer's certificate. If a corrected treasurer's certificate is not received within the time permitted, the tax commissioner or county auditor does not have authority to consider the tax exemption application. 353
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(C) Any taxes, interest, and penalties which have become a lien after the property was first used for the exempt purpose, but in no case prior to the date of acquisition of the title to the property by the applicant, may be remitted by the commissioner or county auditor, except as is provided in division (A) of section 5713.081 of the Revised Code. 364
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(D) Real property acquired by the state in fee simple is exempt from taxation from the date of acquisition of title or date of possession, whichever is the earlier date, provided that all taxes, interest, and penalties as provided in the apportionment provisions of section 319.20 of the Revised Code have been paid to the date of acquisition of title or date of possession by the state, whichever is earlier. The proportionate amount of taxes that are a lien but not yet determined, assessed, and levied for the year in which the property is acquired, shall be remitted by the county auditor for the balance of the year from date of acquisition of title or date of 370
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possession, whichever is earlier. This section shall not be 381
construed to authorize the exemption of such property from 382
taxation or the remission of taxes, interest, and penalties 383
thereon until all private use has terminated. 384

Section 2. That existing sections 3735.66 and 5713.08 of 385
the Revised Code are hereby repealed. 386