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H.B. 154
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 154's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. D. Thomas and Glassburn

Local Impact Statement Procedure Required: No

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Highlights

- The bill's requirement that residential community reinvestment area (CRA) projects be approved by school district boards of education may prevent reductions in property tax revenue in districts that do not approve a tax exemption or allow districts to obtain more favorable payments in lieu of taxes.
- Certain school districts may incur increased administrative costs from the potential increase in CRA applications.

Detailed Analysis

Under continuing law, municipal and county governments administer community reinvestment areas (CRAs), which provide temporary property tax exemptions for property owners who construct or renovate buildings. Exemption percentages for commercial and industrial projects are set by agreement between the project owner and the local government that approved the CRA. Continuing law requires that CRA agreements granting exemptions for over 75% of a commercial or industrial project's value first be approved by the appropriate city, local, or exempted village school district board of education unless certain exceptions are met.

The bill expands school district approval requirements for CRA projects to include residential projects, alongside the current law requirements for commercial and industrial properties. Therefore, under the bill, school boards must review and approve residential CRA applications in which more than 75% of the project's value is exempted from taxation.

Adding the bill's approval requirement for residential CRA projects may make approval for some projects harder, in turn reducing certain districts' property tax losses that result from property tax exemption agreements. It is also possible that school districts secure more favorable

compensatory payments in lieu of tax revenues compared to current law. Finally, some school districts may have increased administrative costs to review more residential CRA project applications.