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H.B. 778
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. K. Miller and D. Thomas

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SUMMARY

- Excludes certain fire and emergency medical services property tax levies from being reduced by a community reinvestment area (CRA) or tax increment financing (TIF) tax exemption.

DETAILED ANALYSIS

Fire and EMS tax levy exclusion from CRAs and TIFs

The bill excludes certain fire and emergency medical services (EMS) levies from being reduced by a community reinvestment area (CRA) or tax increment financing (TIF) property tax exemption. Under continuing law, CRAs and TIFs are economic development incentives that provide a reduction in property taxes for selected property.

TIF and CRA background

Continuing law allows a county, municipality, or limited home rule township to designate CRAs where increased property values from residential, commercial, or industrial development projects may be exempted from property tax for a certain amount of time. The exemption percentage for commercial and industrial projects is set by agreement between the project owner and the local government that approved the CRA. Residential projects receive a uniform exemption percentage, set in the resolution or ordinance approving the CRA.

TIFs are a mechanism available to municipalities, townships, and counties to finance public infrastructure projects. Under a TIF, the local government grants a property tax exemption for the incremental increase in the value of the designated parcels. Any value increase resulting from improvements to the property will be exempt from property taxes for a period of time. The amount of property tax that would have been collected on that increased value is instead paid directly by the property owner in the form of “payments-in-lieu-of-taxes” (PILOTs) to the local government to fund infrastructure projects connected with the TIF project. TIFs may be created for a single parcel of property (a “parcel” TIF) or for multiple parcels (an “incentive district TIF”).

The bill

Under the bill, a CRA or TIF could not reduce the revenue collected from certain fire and EMS property tax levies. In the case of a CRA or parcel TIF, the levies would not be subject to the tax exemption at all. In the case of an incentive district TIF, the exemption would apply to the fire or EMS levy, but a portion of the PILOTs collected would be paid to the taxing authorities levying the tax to reimburse them for their lost revenue.

In both cases, the effect is that the taxing authority that levies the fire or EMS tax will not lose revenue from that tax because of the TIF or CRA.

Qualifying levies

The bill applies to any tax levied by a township fire district, joint fire district, fire and ambulance district, joint ambulance district, or joint emergency medical services district. It also applies to any tax levied by a township specifically for fire services, EMS services, or both, unless the township is the local government creating the CRA or TIF and agrees to forgo the revenue from that tax.

Current levy exceptions for incentive district TIFs

Continuing law protects the revenue from certain special purpose levies from being reduced by certain incentive district TIFs. Generally, the TIF must have been created on or after January 1, 2006, and the reimbursed levy must have been approved at an election held on or after that date. If the levy is a renewal or replacement of a levy originally imposed before that date, only an increase in effective millage is reimbursed. The levy must be for one of the following purposes:

1. Community mental retardation and developmental disabilities programs and services;
2. Senior citizens services or facilities;
3. County hospitals;
4. Alcohol, drug addiction, and mental health services;
5. Libraries;
6. Children services;
7. Zoological park services and facilities;
8. Township park districts;
9. Joint recreation district parks and recreational purposes;
10. Park district purposes;
11. Making appropriations for public assistance, human or social services, public relief, public welfare, public health and hospitalization, or support of general hospitals;
12. General health district programs;

13. Fire and emergency medical services when a township provides such services in a municipal incentive district TIF created after March 22, 2018, or in a township incentive district TIF after March 22, 2019.

The bill essentially expands this last exception in two ways. First, it applies the exception to all types of TIFs, as well as CRAs. Second, it applies the exception to taxes levied by the various types of special fire, EMS, and ambulance taxing districts, rather than just taxes levied by a township.¹

Application

The bill would apply to any TIF or CRA tax exemption authorized on or after the bill's 90-day effective date. In the case of a CRA or parcel TIF, the bill will apply to any eligible levy. In the case of an incentive district TIF, the levy must have been adopted, renewed, or replaced on or after January 1, 2006.²

HISTORY

Action	Date
Introduced	03-24-26

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¹ R.C. 3735.67, 5709.40, 5709.41, 5709.73, and 5709.78.

² R.C. 3735.67(G); Section 3.