

As Introduced

136th General Assembly

Regular Session

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S. B. No. 173

Senators Schaffer, Brenner

To amend section 3311.06 of the Revised Code
regarding school district territory annexations.

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

Section 1. That section 3311.06 of the Revised Code be
amended to read as follows:

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Sec. 3311.06. (A) As used in this section:

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(1) "Annexation" and "annexed" mean annexation for
municipal purposes under sections 709.02 to 709.37 of the
Revised Code.

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(2) "Annexed territory" means territory that has been
annexed for municipal purposes to a city served by an urban
school district, but on September 24, 1986, has not been
transferred to the urban school district.

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(3) "Urban school district" means a city school district
with an average daily membership for the 1985-1986 school year
in excess of twenty thousand that is the school district of a
city that contains annexed territory.

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(4) "Annexation agreement" means an agreement entered into
under division (F) of this section that has been approved by the
state board of education or an agreement entered into prior to

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September 24, 1986, that meets the requirements of division (F) 20
of this section and has been filed with the state board. 21

(5) "Megaproject" has the same meaning as in section 22
122.17 of the Revised Code. 23

(B) The territory included within the boundaries of a 24
city, local, exempted village, or joint vocational school 25
district shall be contiguous except where a natural island forms 26
an integral part of the district, where the state board of 27
education authorizes a noncontiguous school district, as 28
provided in division (E)(1) of this section, or where a local 29
school district is created pursuant to section 3311.26 of the 30
Revised Code from one or more local school districts, one of 31
which has entered into an agreement under section 3313.42 of the 32
Revised Code. 33

(C) (1) When all of the territory of a school district is 34
annexed to a city or village, such territory thereby becomes a 35
part of the city school district or the school district of which 36
the village is a part, and the legal title to school property in 37
such territory for school purposes shall be vested in the board 38
of education of the city school district or the school district 39
of which the village is a part. 40

(2) When—Except as provided in division (C) (3) of this 41
section, when the territory so annexed to a city or village 42
comprises part but not all of the territory of a school 43
district, the said territory becomes part of the city school 44
district or the school district of which the village is a part 45
only upon approval by the state board of education, unless the 46
district in which the territory is located is a party to an 47
annexation agreement with the city school district. 48

Any urban school district that has not entered into an 49
annexation agreement with any other school district whose 50
territory would be affected by any transfer under this division 51
and that desires to negotiate the terms of transfer with any 52
such district shall conduct any negotiations under division (F) 53
of this section as part of entering into an annexation agreement 54
with such a district. 55

Any school district, except an urban school district, 56
desiring state board approval of a transfer under this division 57
shall make a good faith effort to negotiate the terms of 58
transfer with any other school district whose territory would be 59
affected by the transfer. Before the state board may approve any 60
transfer of territory to a school district, except an urban 61
school district, under this section, it must receive the 62
following: 63

(a) A resolution requesting approval of the transfer, 64
passed by at least one of the school districts whose territory 65
would be affected by the transfer; 66

(b) Evidence determined to be sufficient by the state 67
board to show that good faith negotiations have taken place or 68
that the district requesting the transfer has made a good faith 69
effort to hold such negotiations; 70

(c) If any negotiations took place, a statement signed by 71
all boards that participated in the negotiations, listing the 72
terms agreed on and the points on which no agreement could be 73
reached. 74

(3) Except as provided in division (C) (4) of this section, 75
when the territory so annexed to a city comprises part but not 76
all of the territory of a school district, such territory 77

<u>becomes a part of the city school district serving the annexing</u>	78
<u>city if all of the following apply:</u>	79
<u>(a) A majority of the annexing city's residents live in</u>	80
<u>the city school district serving that city.</u>	81
<u>(b) The annexed territory is located in an unincorporated</u>	82
<u>area in a county in which a megaproject is located.</u>	83
<u>(c) The school district from which the territory is being</u>	84
<u>annexed objects to the acceptance of students for any new homes</u>	85
<u>constructed within the annexed area.</u>	86
<u>Transfers of territory under division (C) (3) of this</u>	87
<u>section occur without the approval of the city school district</u>	88
<u>serving the annexing city or the state board of education and</u>	89
<u>take effect for the school year following the annexation.</u>	90
<u>(4) Division (C) (3) of this section does not apply to</u>	91
<u>annexations of territory that meet both of the following:</u>	92
<u>(a) The annexed territory is fully subdivided and approved</u>	93
<u>by all applicable city and county agencies for residential</u>	94
<u>property.</u>	95
<u>(b) At least twenty per cent of the annexed territory</u>	96
<u>consists of regularly occupied, fully constructed houses that</u>	97
<u>have been transferred from the builder to individuals in arm's</u>	98
<u>length transactions.</u>	99
(D) The state board of education shall adopt rules	100
governing negotiations held by any school district except an	101
urban school district pursuant to division (C) (2) of this	102
section. The rules shall encourage the realization of the	103
following goals:	104
(1) A discussion by the negotiating districts of the	105

present and future educational needs of the pupils in each 106
district; 107

(2) The educational, financial, and territorial stability 108
of each district affected by the transfer; 109

(3) The assurance of appropriate educational programs, 110
services, and opportunities for all the pupils in each 111
participating district, and adequate planning for the facilities 112
needed to provide these programs, services, and opportunities. 113

Districts involved in negotiations under such rules may 114
agree to share revenues from the property included in the 115
territory to be transferred, establish cooperative programs 116
between the participating districts, and establish mechanisms 117
for the settlement of any future boundary disputes. 118

(E) (1) If territory annexed after September 24, 1986, is 119
part of a school district that is a party to an annexation 120
agreement with the urban school district serving the annexing 121
city, the transfer of such territory shall be governed by the 122
agreement. If the agreement does not specify how the territory 123
is to be dealt with, the boards of education of the district in 124
which the territory is located and the urban school district 125
shall negotiate with regard to the transfer of the territory 126
which shall be transferred to the urban school district unless, 127
not later than ninety days after the effective date of municipal 128
annexation, the boards of education of both districts, by 129
resolution adopted by a majority of the members of each board, 130
agree that the territory will not be transferred and so inform 131
the state board of education. 132

If territory is transferred under this division the 133
transfer shall take effect on the first day of July occurring 134

not sooner than ninety-one days after the effective date of the 135
municipal annexation. Territory transferred under this division 136
need not be contiguous to the district to which it is 137
transferred. 138

(2) Territory annexed prior to September 24, 1986, by a 139
city served by an urban school district shall not be subject to 140
transfer under this section if the district in which the 141
territory is located is a party to an annexation agreement or 142
becomes a party to such an agreement not later than ninety days 143
after September 24, 1986. If the district does not become a 144
party to an annexation agreement within the ninety-day period, 145
transfer of territory shall be governed by division (C) (2) of 146
this section. If the district subsequently becomes a party to an 147
agreement, territory annexed prior to September 24, 1986, other 148
than territory annexed under division (C) (2) of this section 149
prior to the effective date of the agreement, shall not be 150
subject to transfer under this section. 151

(F) An urban school district may enter into a 152
comprehensive agreement with one or more school districts under 153
which transfers of territory annexed by the city served by the 154
urban school district after September 24, 1986, shall be 155
governed by the agreement. Such agreement must provide for the 156
establishment of a cooperative education program under section 157
3313.842 of the Revised Code in which all the parties to the 158
agreement are participants and must be approved by resolution of 159
the majority of the members of each of the boards of education 160
of the school districts that are parties to it. An agreement may 161
provide for interdistrict payments based on local revenue growth 162
resulting from development in any territory annexed by the city 163
served by the urban school district. 164

An agreement entered into under this division may be 165
altered, modified, or terminated only by agreement, by 166
resolution approved by the majority of the members of each board 167
of education, of all school districts that are parties to the 168
agreement, except that with regard to any provision that affects 169
only the urban school district and one of the other districts 170
that is a party, that district and the urban district may modify 171
or alter the agreement by resolution approved by the majority of 172
the members of the board of that district and the urban 173
district. Alterations, modifications, terminations, and 174
extensions of an agreement entered into under this division do 175
not require approval of the state board of education, but shall 176
be filed with the board after approval and execution by the 177
parties. 178

If an agreement provides for interdistrict payments, each 179
party to the agreement, except any school district specifically 180
exempted by the agreement, shall agree to make an annual payment 181
to the urban school district with respect to any of its 182
territory that is annexed territory in an amount not to exceed 183
the amount certified for that year under former section 3317.029 184
of the Revised Code as that section existed prior to July 1, 185
1998; except that such limitation of annual payments to amounts 186
certified under former section 3317.029 of the Revised Code does 187
not apply to agreements or extensions of agreements entered into 188
on or after June 1, 1992, unless such limitation is expressly 189
agreed to by the parties. The agreement may provide that all or 190
any part of the payment shall be waived if the urban school 191
district receives its payment with respect to such annexed 192
territory under former section 3317.029 of the Revised Code and 193
that all or any part of such payment may be waived if the urban 194
school district does not receive its payment with respect to 195

such annexed territory under such section. 196

With respect to territory that is transferred to the urban 197
school district after September 24, 1986, the agreement may 198
provide for annual payments by the urban school district to the 199
school district whose territory is transferred to the urban 200
school district subsequent to annexation by the city served by 201
the urban school district. 202

(G) In the event territory is transferred from one school 203
district to another under this section, an equitable division of 204
the funds and indebtedness between the districts involved shall 205
be made under the supervision of the state board of education 206
and that board's decision shall be final. Such division shall 207
not include funds payable to or received by a school district 208
under Chapter 3317. of the Revised Code or payable to or 209
received by a school district from the United States or any 210
department or agency thereof. In the event such transferred 211
territory includes real property owned by a school district, the 212
state board of education, as part of such division of funds and 213
indebtedness, shall determine the true value in money of such 214
real property and all buildings or other improvements thereon. 215
The board of education of the school district receiving such 216
territory shall forthwith pay to the board of education of the 217
school district losing such territory such true value in money 218
of such real property, buildings, and improvements less such 219
percentage of the true value in money of each school building 220
located on such real property as is represented by the ratio of 221
the total enrollment in day classes of the pupils residing in 222
the territory transferred enrolled at such school building in 223
the school year in which such annexation proceedings were 224
commenced to the total enrollment in day classes of all pupils 225
residing in the school district losing such territory enrolled 226

at such school building in such school year. The school district 227
receiving such payment shall place the proceeds thereof in its 228
sinking fund or bond retirement fund. 229

(H) The state board of education, before approving such 230
transfer of territory, shall determine that such payment has 231
been made and shall apportion to the acquiring school district 232
such percentage of the indebtedness of the school district 233
losing the territory as is represented by the ratio that the 234
assessed valuation of the territory transferred bears to the 235
total assessed valuation of the entire school district losing 236
the territory as of the effective date of the transfer, provided 237
that in ascertaining the indebtedness of the school district 238
losing the territory the state board of education shall 239
disregard such percentage of the par value of the outstanding 240
and unpaid bonds and notes of said school district issued for 241
construction or improvement of the school building or buildings 242
for which payment was made by the acquiring district as is equal 243
to the percentage by which the true value in money of such 244
building or buildings was reduced in fixing the amount of said 245
payment. 246

(I) No transfer of school district territory or division 247
of funds and indebtedness incident thereto, pursuant to the 248
annexation of territory to a city or village shall be completed 249
in any other manner than that prescribed by this section 250
regardless of the date of the commencement of such annexation 251
proceedings, and this section applies to all proceedings for 252
such transfers and divisions of funds and indebtedness pending 253
or commenced on or after October 2, 1959. 254

(J) Notwithstanding anything to the contrary in the 255
Revised Code, including section 3311.24 of the Revised Code, and 256

any annexation agreement or any other agreement, beginning on 257
~~the effective date of this amendment~~ September 29, 2017, until 258
October 1, 2021, no school district that is a party to an 259
annexation agreement shall transfer territory that is or will be 260
used for nonresidential purposes to another school district that 261
is a party to the annexation agreement without the approval of 262
the boards of education of each of the school districts after 263
~~the effective date of this amendment~~ September 29, 2017, unless 264
the school district territory of one of those boards of 265
education overlaps with a new community authority created prior 266
to January 1, 1993, under Chapter 349. of the Revised Code. 267

Section 2. That existing section 3311.06 of the Revised 268
Code is hereby repealed. 269