



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 307  
136<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Sen. Timken

Kitty Sorah, Attorney

### SUMMARY

- Specifically allows payments made in lieu of taxes (PILOTs) under tax increment financing (TIF) arrangements to be used for police and fire buildings.

### DETAILED ANALYSIS

#### Usage of TIF PILOTS

The bill specifically allows payments made in lieu of taxes (PILOTs) under tax increment financing (TIF) arrangements to be used for police and fire buildings. The use of TIF PILOTS for police and fire buildings may be allowed under current law, but the bill makes this clear by expressly adding them to the definition of “public infrastructure improvements.” Continuing law specifically excludes the use of PILOTs for police and fire equipment.

#### TIF background

A TIF, is a mechanism available to local governments, i.e., municipalities, townships, and counties, to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. TIFs operate by authorizing a political subdivision to grant a property tax exemption with respect to the incremental increase in assessed valuation of designated parcels after the TIF arrangement is approved. So, 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 directed to the political subdivision to fund public infrastructure projects connected with the TIF project. Typically, the financing is achieved by the issuance of bonds to which the local government pledges the service payments, and the bonds are usually used to fund improvements that benefit the parcels covered by the TIF.<sup>1</sup>

<sup>1</sup> R.C. 5709.40; R.C. 5709.73 and 5709.78, not in the bill.

## Effect on other economic development programs

The bill's clarification of the definition of public infrastructure improvements in the TIF law also applies to the usage of PILOTs in the context of Downtown Redevelopment Districts (DRDs), which are similar in nature to TIFs but may only be designated by municipalities in certain historic commercial areas.<sup>2</sup>

This clarification also applies to improvements that may be funded with revenue raised pursuant to a Regional Transportation Improvement Project (RTIP), which may be created pursuant to a cooperative agreement between two or more counties. The purpose of an RTIP is to allow the participating counties to raise and dedicate revenue to transportation improvements within the counties. The agreement governs the scope of the project and includes a comprehensive plan for its completion.<sup>3</sup>

## HISTORY

Action	Date
Introduced	10-28-25

ANSB0307IN-136/ar

<sup>2</sup> R.C. 5709.48, not in the bill.

<sup>3</sup> R.C. Chapter 5595, not in the bill.