

As Introduced

**136th General Assembly
Regular Session
2025-2026**

S. B. No. 307

Senator Timken

To amend section 5709.40 of the Revised Code to	1
allow funding for police and firefighting	2
facilities in tax increment financing	3
arrangements.	4

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

Section 1. That section 5709.40 of the Revised Code be	5
amended to read as follows:	6

Sec. 5709.40. (A) As used in this section:	7
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(1) "Blighted area" and "impacted city" have the same	8
meanings as in section 1728.01 of the Revised Code.	9

(2) "Business day" means a day of the week excluding	10
Saturday, Sunday, and a legal holiday as defined under section	11
1.14 of the Revised Code.	12

(3) "Housing renovation" means a project carried out for	13
residential purposes.	14

(4) "Improvement" means the increase in the assessed value	15
of any real property that would first appear on the tax list and	16
duplicate of real and public utility property after the	17
effective date of an ordinance adopted under this section were	18
it not for the exemption granted by that ordinance.	19

(5) "Incentive district" means an area not more than three hundred acres in size enclosed by a continuous boundary in which a project is being, or will be, undertaken and having one or more of the following distress characteristics:

(a) At least fifty-one per cent of the residents of the district have incomes of less than eighty per cent of the median income of residents of the political subdivision in which the district is located, as determined in the same manner specified under section 119(b) of the "Housing and Community Development Act of 1974," 88 Stat. 633, 42 U.S.C. 5318, as amended;

(b) The average rate of unemployment in the district during the most recent twelve-month period for which data are available is equal to at least one hundred fifty per cent of the average rate of unemployment for this state for the same period.

(c) At least twenty per cent of the people residing in the district live at or below the poverty level as defined in the federal Housing and Community Development Act of 1974, 42 U.S.C. 5301, as amended, and regulations adopted pursuant to that act.

(d) The district is a blighted area.

(e) The district is in a situational distress area as designated by the director of development under division (F) of section 122.23 of the Revised Code.

(f) As certified by the engineer for the political subdivision, the public infrastructure serving the district is inadequate to meet the development needs of the district as evidenced by a written economic development plan or urban renewal plan for the district that has been adopted by the legislative authority of the subdivision.

(g) The district is comprised entirely of unimproved land

that is located in a distressed area as defined in section 49
122.23 of the Revised Code. 50

(6) "Overlay" means an area of not more than three hundred 51
acres that is a square, or that is a rectangle having two longer 52
sides that are not more than twice the length of the two shorter 53
sides, that the legislative authority of a municipal corporation 54
delineates on a map of a proposed incentive district. 55

(7) "Project" means development activities undertaken on 56
one or more parcels, including, but not limited to, 57
construction, expansion, and alteration of buildings or 58
structures, demolition, remediation, and site development, and 59
any building or structure that results from those activities. 60

(8) "Public infrastructure improvement" includes, but is 61
not limited to, public roads and highways; buildings for police 62
or firefighting; water and sewer lines; the continued 63
maintenance of those public roads and highways and water and 64
sewer lines; environmental remediation; land acquisition, 65
including acquisition in aid of industry, commerce, 66
distribution, or research; demolition, including demolition on 67
private property when determined to be necessary for economic 68
development purposes; stormwater and flood remediation projects, 69
including such projects on private property when determined to 70
be necessary for public health, safety, and welfare; the 71
provision of gas, electric, and communications service 72
facilities, including the provision of gas or electric service 73
facilities owned by nongovernmental entities when such 74
improvements are determined to be necessary for economic 75
development purposes; the enhancement of public waterways 76
through improvements that allow for greater public access; and 77
off-street parking facilities, including those in which all or a 78

portion of the parking spaces are reserved for specific uses 79
when determined to be necessary for economic development 80
purposes. 81

(9) "Nonperforming parcel" means a parcel to which all of 82
the following apply: 83

(a) The parcel is exempted from taxation under division 84
(B) of this section or has been included in a district created 85
under division (C) of this section. 86

(b) The parcel's owner is required to make payments in 87
lieu of taxes in accordance with section 5709.42 of the Revised 88
Code. 89

(c) No such payments have been remitted to the county 90
treasurer since the inception of the exemption or district. 91

(B) The legislative authority of a municipal corporation, 92
by ordinance, may declare improvements to certain parcels of 93
real property located in the municipal corporation to be a 94
public purpose. Improvements with respect to a parcel that is 95
used or to be used for residential purposes may be declared a 96
public purpose under this division only if the parcel is located 97
in a blighted area of an impacted city. For this purpose, 98
"parcel that is used or to be used for residential purposes" 99
means a parcel that, as improved, is used or to be used for 100
purposes that would cause the tax commissioner to classify the 101
parcel as residential property in accordance with rules adopted 102
by the commissioner under section 5713.041 of the Revised Code. 103
Except as otherwise provided under division (D) of this section 104
or section 5709.51 of the Revised Code, not more than seventy- 105
five per cent of an improvement thus declared to be a public 106
purpose may be exempted from real property taxation for a period 107

of not more than ten years. The ordinance shall specify the 108
percentage of the improvement to be exempted from taxation and 109
the life of the exemption. 110

An ordinance adopted or amended under this division shall 111
designate the specific public infrastructure improvements made, 112
to be made, or in the process of being made by the municipal 113
corporation that directly benefit, or that once made will 114
directly benefit, the parcels for which improvements are 115
declared to be a public purpose. The service payments provided 116
for in section 5709.42 of the Revised Code shall be used to 117
finance the public infrastructure improvements designated in the 118
ordinance, for the purpose described in division (D) (1) of this 119
section or as provided in section 5709.43 of the Revised Code. 120

(C) (1) The legislative authority of a municipal 121
corporation may adopt an ordinance creating an incentive 122
district and declaring improvements to parcels within the 123
district to be a public purpose and, except as provided in 124
division (C) (2) of this section, exempt from taxation as 125
provided in this section, but no legislative authority of a 126
municipal corporation that has a population that exceeds twenty- 127
five thousand, as shown by the most recent federal decennial 128
census, shall adopt an ordinance that creates an incentive 129
district if the sum of the taxable value of real property in the 130
proposed district for the preceding tax year and the taxable 131
value of all real property in the municipal corporation that 132
would have been taxable in the preceding year were it not for 133
the fact that the property was in an existing incentive district 134
and therefore exempt from taxation exceeds twenty-five per cent 135
of the taxable value of real property in the municipal 136
corporation for the preceding tax year. The ordinance shall 137
delineate the boundary of the proposed district and specifically 138

identify each parcel within the district. A proposed district 139
may not include any parcel, other than a nonperforming parcel, 140
that is or has been exempted from taxation under division (B) of 141
this section or that is or has been within another district 142
created under this division. On and after the effective date of 143
the district, a nonperforming parcel within the district is no 144
longer exempted from taxation under division (B) of this section 145
or included within an incentive district under any previous 146
ordinance, and the parcel's owner is no longer required to make 147
payments in lieu of taxes under such a previous ordinance in 148
accordance with section 5709.42 of the Revised Code. Any 149
exemption application filed with the tax commissioner under 150
section 5715.27 of the Revised Code under the second ordinance 151
shall identify the nonperforming parcels included in the second 152
district, the original ordinance under which the nonperforming 153
parcels were originally exempted, and the value history of each 154
nonperforming parcel since the enactment of the original 155
ordinance. An ordinance may create more than one such district, 156
and more than one ordinance may be adopted under division (C) (1) 157
of this section. 158

(2) (a) Not later than thirty days prior to adopting an 159
ordinance under division (C) (1) of this section, if the 160
municipal corporation intends to apply for exemptions from 161
taxation under section 5709.911 of the Revised Code on behalf of 162
owners of real property located within the proposed incentive 163
district, the legislative authority of the municipal corporation 164
shall conduct a public hearing on the proposed ordinance. Not 165
later than thirty days prior to the public hearing, the 166
legislative authority shall give notice of the public hearing 167
and the proposed ordinance by first class mail to every real 168
property owner whose property is located within the boundaries 169

of the proposed incentive district that is the subject of the 170
proposed ordinance. The notice shall include a map of the 171
proposed incentive district on which the legislative authority 172
of the municipal corporation shall have delineated an overlay. 173
The notice shall inform the property owner of the owner's right 174
to exclude the owner's property from the incentive district if 175
the owner's entire parcel of property will not be located within 176
the overlay, by submitting a written response in accordance with 177
division (C) (2) (b) of this section. The notice also shall 178
include information detailing the required contents of the 179
response, the address to which the response may be mailed, and 180
the deadline for submitting the response. 181

(b) Any owner of real property located within the 182
boundaries of an incentive district proposed under division (C) 183
(1) of this section whose entire parcel of property is not 184
located within the overlay may exclude the property from the 185
proposed incentive district by submitting a written response to 186
the legislative authority of the municipal corporation not later 187
than forty-five days after the postmark date on the notice 188
required under division (C) (2) (a) of this section. The response 189
shall be sent by first class mail or delivered in person at a 190
public hearing held by the legislative authority under division 191
(C) (2) (a) of this section. The response shall conform to any 192
content requirements that may be established by the municipal 193
corporation and included in the notice provided under division 194
(C) (2) (a) of this section. In the response, property owners may 195
identify a parcel by street address, by the manner in which it 196
is identified in the ordinance, or by other means allowing the 197
identity of the parcel to be ascertained. 198

(c) Before adopting an ordinance under division (C) (1) of 199
this section, the legislative authority of a municipal 200

corporation shall amend the ordinance to exclude any parcel 201
located wholly or partly outside the overlay for which a written 202
response has been submitted under division (C) (2) (b) of this 203
section. A municipal corporation shall not apply for exemptions 204
from taxation under section 5709.911 of the Revised Code for any 205
such parcel, and service payments may not be required from the 206
owner of the parcel. Improvements to a parcel excluded from an 207
incentive district under this division may be exempted from 208
taxation under division (B) of this section pursuant to an 209
ordinance adopted under that division or under any other section 210
of the Revised Code under which the parcel qualifies. 211

(3) (a) An ordinance adopted under division (C) (1) of this 212
section shall specify the life of the incentive district and the 213
percentage of the improvements to be exempted, shall designate 214
the public infrastructure improvements made, to be made, or in 215
the process of being made, that benefit or serve, or, once made, 216
will benefit or serve parcels in the district. The ordinance 217
also shall identify one or more specific projects being, or to 218
be, undertaken in the district that place additional demand on 219
the public infrastructure improvements designated in the 220
ordinance. The project identified may, but need not be, the 221
project under division (C) (3) (b) of this section that places 222
real property in use for commercial or industrial purposes. 223
Except as otherwise permitted under that division, the service 224
payments provided for in section 5709.42 of the Revised Code 225
shall be used to finance the designated public infrastructure 226
improvements, for the purpose described in division (D) (1), (E), 227
or (F) of this section, or as provided in section 5709.43 of the 228
Revised Code. 229

An ordinance adopted under division (C) (1) of this section 230
on or after March 30, 2006, shall not designate police or fire 231

equipment as public infrastructure improvements, and no service 232
payment provided for in section 5709.42 of the Revised Code and 233
received by the municipal corporation under the ordinance shall 234
be used for police or fire equipment. 235

(b) An ordinance adopted under division (C) (1) of this 236
section may authorize the use of service payments provided for 237
in section 5709.42 of the Revised Code for the purpose of 238
housing renovations within the incentive district, provided that 239
the ordinance also designates public infrastructure improvements 240
that benefit or serve the district, and that a project within 241
the district places real property in use for commercial or 242
industrial purposes. Service payments may be used to finance or 243
support loans, deferred loans, and grants to persons for the 244
purpose of housing renovations within the district. The 245
ordinance shall designate the parcels within the district that 246
are eligible for housing renovation. The ordinance shall state 247
separately the amounts or the percentages of the expected 248
aggregate service payments that are designated for each public 249
infrastructure improvement and for the general purpose of 250
housing renovations. 251

(4) Except with the approval of the board of education of 252
each city, local, or exempted village school district within the 253
territory of which the incentive district is or will be located, 254
and subject to division (E) of this section, the life of an 255
incentive district shall not exceed ten years, and the 256
percentage of improvements to be exempted shall not exceed 257
seventy-five per cent. With approval of the board of education, 258
the life of a district may be not more than thirty years, and 259
the percentage of improvements to be exempted may be not more 260
than one hundred per cent. The approval of a board of education 261
shall be obtained in the manner provided in division (D) of this 262

section. 263

(D) (1) If the ordinance declaring improvements to a parcel 264
to be a public purpose or creating an incentive district 265
specifies that payments in lieu of taxes provided for in section 266
5709.42 of the Revised Code shall be paid to the city, local, or 267
exempted village, and joint vocational school district in which 268
the parcel or incentive district is located in the amount of the 269
taxes that would have been payable to the school district if the 270
improvements had not been exempted from taxation, the percentage 271
of the improvement that may be exempted from taxation may exceed 272
seventy-five per cent, and the exemption may be granted for up 273
to thirty years, without the approval of the board of education 274
as otherwise required under division (D) (2) of this section. 275

(2) Improvements with respect to a parcel may be exempted 276
from taxation under division (B) of this section, and 277
improvements to parcels within an incentive district may be 278
exempted from taxation under division (C) of this section, for 279
up to ten years or, with the approval under this paragraph of 280
the board of education of the city, local, or exempted village 281
school district within which the parcel or district is located, 282
for up to thirty years. The percentage of the improvement 283
exempted from taxation may, with such approval, exceed seventy- 284
five per cent, but shall not exceed one hundred per cent. Not 285
later than forty-five business days prior to adopting an 286
ordinance under this section declaring improvements to be a 287
public purpose that is subject to approval by a board of 288
education under this division, the legislative authority shall 289
deliver to the board of education a notice stating its intent to 290
adopt an ordinance making that declaration. The notice regarding 291
improvements with respect to a parcel under division (B) of this 292
section shall identify the parcels for which improvements are to 293

be exempted from taxation, provide an estimate of the true value 294
in money of the improvements, specify the period for which the 295
improvements would be exempted from taxation and the percentage 296
of the improvement that would be exempted, and indicate the date 297
on which the legislative authority intends to adopt the 298
ordinance. The notice regarding improvements to parcels within 299
an incentive district under division (C) of this section shall 300
delineate the boundaries of the district, specifically identify 301
each parcel within the district, identify each anticipated 302
improvement in the district, provide an estimate of the true 303
value in money of each such improvement, specify the life of the 304
district and the percentage of improvements that would be 305
exempted, and indicate the date on which the legislative 306
authority intends to adopt the ordinance. The board of 307
education, by resolution adopted by a majority of the board, may 308
approve the exemption for the period or for the exemption 309
percentage specified in the notice; may disapprove the exemption 310
for the number of years in excess of ten, may disapprove the 311
exemption for the percentage of the improvement to be exempted 312
in excess of seventy-five per cent, or both; or may approve the 313
exemption on the condition that the legislative authority and 314
the board negotiate an agreement providing for compensation to 315
the school district equal in value to a percentage of the amount 316
of taxes exempted in the eleventh and subsequent years of the 317
exemption period or, in the case of exemption percentages in 318
excess of seventy-five per cent, compensation equal in value to 319
a percentage of the taxes that would be payable on the portion 320
of the improvement in excess of seventy-five per cent were that 321
portion to be subject to taxation, or other mutually agreeable 322
compensation. If an agreement is negotiated between the 323
legislative authority and the board to compensate the school 324
district for all or part of the taxes exempted, including 325

agreements for payments in lieu of taxes under section 5709.42 326
of the Revised Code, the legislative authority shall compensate 327
the joint vocational school district within which the parcel or 328
district is located at the same rate and under the same terms 329
received by the city, local, or exempted village school 330
district. 331

(3) The board of education shall certify its resolution to 332
the legislative authority not later than fourteen days prior to 333
the date the legislative authority intends to adopt the 334
ordinance as indicated in the notice. If the board of education 335
and the legislative authority negotiate a mutually acceptable 336
compensation agreement, the ordinance may declare the 337
improvements a public purpose for the number of years specified 338
in the ordinance or, in the case of exemption percentages in 339
excess of seventy-five per cent, for the exemption percentage 340
specified in the ordinance. In either case, if the board and the 341
legislative authority fail to negotiate a mutually acceptable 342
compensation agreement, the ordinance may declare the 343
improvements a public purpose for not more than ten years, and 344
shall not exempt more than seventy-five per cent of the 345
improvements from taxation. If the board fails to certify a 346
resolution to the legislative authority within the time 347
prescribed by this division, the legislative authority thereupon 348
may adopt the ordinance and may declare the improvements a 349
public purpose for up to thirty years, or, in the case of 350
exemption percentages proposed in excess of seventy-five per 351
cent, for the exemption percentage specified in the ordinance. 352
The legislative authority may adopt the ordinance at any time 353
after the board of education certifies its resolution approving 354
the exemption to the legislative authority, or, if the board 355
approves the exemption on the condition that a mutually 356

acceptable compensation agreement be negotiated, at any time 357
after the compensation agreement is agreed to by the board and 358
the legislative authority. 359

(4) If a board of education has adopted a resolution 360
waiving its right to approve exemptions from taxation under this 361
section and the resolution remains in effect, approval of 362
exemptions by the board is not required under division (D) of 363
this section. If a board of education has adopted a resolution 364
allowing a legislative authority to deliver the notice required 365
under division (D) of this section fewer than forty-five 366
business days prior to the legislative authority's adoption of 367
the ordinance, the legislative authority shall deliver the 368
notice to the board not later than the number of days prior to 369
such adoption as prescribed by the board in its resolution. If a 370
board of education adopts a resolution waiving its right to 371
approve agreements or shortening the notification period, the 372
board shall certify a copy of the resolution to the legislative 373
authority. If the board of education rescinds such a resolution, 374
it shall certify notice of the rescission to the legislative 375
authority. 376

(5) If the legislative authority is not required by 377
division (D) of this section to notify the board of education of 378
the legislative authority's intent to declare improvements to be 379
a public purpose, the legislative authority shall comply with 380
the notice requirements imposed under section 5709.83 of the 381
Revised Code, unless the board has adopted a resolution under 382
that section waiving its right to receive such a notice. 383

(6) Nothing in division (D) of this section prohibits the 384
legislative authority of a municipal corporation from amending 385
the ordinance or resolution under section 5709.51 of the Revised 386

Code to extend the term of the exemption. 387

(E) (1) If a proposed ordinance under division (C) (1) of 388
this section exempts improvements with respect to a parcel 389
within an incentive district for more than ten years, or the 390
percentage of the improvement exempted from taxation exceeds 391
seventy-five per cent, not later than forty-five business days 392
prior to adopting the ordinance the legislative authority of the 393
municipal corporation shall deliver to the board of county 394
commissioners of the county within which the incentive district 395
will be located a notice that states its intent to adopt an 396
ordinance creating an incentive district. The notice shall 397
include a copy of the proposed ordinance, identify the parcels 398
for which improvements are to be exempted from taxation, provide 399
an estimate of the true value in money of the improvements, 400
specify the period of time for which the improvements would be 401
exempted from taxation, specify the percentage of the 402
improvements that would be exempted from taxation, and indicate 403
the date on which the legislative authority intends to adopt the 404
ordinance. 405

(2) The board of county commissioners, by resolution 406
adopted by a majority of the board, may object to the exemption 407
for the number of years in excess of ten, may object to the 408
exemption for the percentage of the improvement to be exempted 409
in excess of seventy-five per cent, or both. If the board of 410
county commissioners objects, the board may negotiate a mutually 411
acceptable compensation agreement with the legislative 412
authority. In no case shall the compensation provided to the 413
board exceed the property taxes forgone due to the exemption. If 414
the board of county commissioners objects, and the board and 415
legislative authority fail to negotiate a mutually acceptable 416
compensation agreement, the ordinance adopted under division (C) 417

(1) of this section shall provide to the board compensation in 418
the eleventh and subsequent years of the exemption period equal 419
in value to not more than fifty per cent of the taxes that would 420
be payable to the county or, if the board's objection includes 421
an objection to an exemption percentage in excess of seventy- 422
five per cent, compensation equal in value to not more than 423
fifty per cent of the taxes that would be payable to the county, 424
on the portion of the improvement in excess of seventy-five per 425
cent, were that portion to be subject to taxation. The board of 426
county commissioners shall certify its resolution to the 427
legislative authority not later than thirty days after receipt 428
of the notice. 429

(3) If the board of county commissioners does not object 430
or fails to certify its resolution objecting to an exemption 431
within thirty days after receipt of the notice, the legislative 432
authority may adopt the ordinance, and no compensation shall be 433
provided to the board of county commissioners. If the board 434
timely certifies its resolution objecting to the ordinance, the 435
legislative authority may adopt the ordinance at any time after 436
a mutually acceptable compensation agreement is agreed to by the 437
board and the legislative authority, or, if no compensation 438
agreement is negotiated, at any time after the legislative 439
authority agrees in the proposed ordinance to provide 440
compensation to the board of fifty per cent of the taxes that 441
would be payable to the county in the eleventh and subsequent 442
years of the exemption period or on the portion of the 443
improvement in excess of seventy-five per cent, were that 444
portion to be subject to taxation. 445

(F) Service payments in lieu of taxes that are 446
attributable to any amount by which the effective tax rate of 447
either a renewal levy with an increase or a replacement levy 448

exceeds the effective tax rate of the levy renewed or replaced, 449
or that are attributable to an additional levy, for a levy 450
authorized by the voters for any of the following purposes on or 451
after January 1, 2006, and which are provided pursuant to an 452
ordinance creating an incentive district under division (C) (1) 453
of this section that is adopted on or after January 1, 2006, or 454
a later date as specified in this division, shall be distributed 455
to the appropriate taxing authority as required under division 456
(C) of section 5709.42 of the Revised Code in an amount equal to 457
the amount of taxes from that additional levy or from the 458
increase in the effective tax rate of such renewal or 459
replacement levy that would have been payable to that taxing 460
authority from the following levies were it not for the 461
exemption authorized under division (C) of this section: 462

(1) A tax levied under division (L) of section 5705.19 or 463
section 5705.191 or 5705.222 of the Revised Code for community 464
developmental disabilities programs and services pursuant to 465
Chapter 5126. of the Revised Code; 466

(2) A tax levied under division (Y) of section 5705.19 of 467
the Revised Code for providing or maintaining senior citizens 468
services or facilities; 469

(3) A tax levied under section 5705.22 of the Revised Code 470
for county hospitals; 471

(4) A tax levied by a joint-county district or by a county 472
under section 5705.19, 5705.191, or 5705.221 of the Revised Code 473
for alcohol, drug addiction, and mental health services or 474
facilities; 475

(5) A tax levied under section 5705.23 of the Revised Code 476
for library purposes; 477

(6) A tax levied under section 5705.24 of the Revised Code 478
for the support of children services and the placement and care 479
of children; 480

(7) A tax levied under division (Z) of section 5705.19 of 481
the Revised Code for the provision and maintenance of zoological 482
park services and facilities under section 307.76 of the Revised 483
Code; 484

(8) A tax levied under section 511.27 or division (H) of 485
section 5705.19 of the Revised Code for the support of township 486
park districts; 487

(9) A tax levied under division (A), (F), or (H) of 488
section 5705.19 of the Revised Code for parks and recreational 489
purposes of a joint recreation district organized pursuant to 490
division (B) of section 755.14 of the Revised Code; 491

(10) A tax levied under section 1545.20 or 1545.21 of the 492
Revised Code for park district purposes; 493

(11) A tax levied under section 5705.191 of the Revised 494
Code for the purpose of making appropriations for public 495
assistance; human or social services; public relief; public 496
welfare; public health and hospitalization; and support of 497
general hospitals; 498

(12) A tax levied under section 3709.29 of the Revised 499
Code for a general health district program. 500

(13) A tax levied by a township under section 505.39, 501
division (I) of section 5705.19, or division (JJ) of section 502
5705.19 of the Revised Code to the extent the proceeds are used 503
for the purposes described in division (I) of that section, for 504
the purpose of funding fire, emergency medical, and ambulance 505
services as described in that section and those divisions. 506

Division (F) (13) of this section applies only if the township 507
levying the tax provides fire, emergency medical, or ambulance 508
services in the incentive district, and only to incentive 509
districts created by an ordinance adopted on or after the 510
effective date of the amendment of this section by H.B. 69 of 511
the 132nd general assembly, March 23, 2018. The board of 512
township trustees may, by resolution, waive the application of 513
this division or negotiate with the municipal corporation that 514
created the district for a lesser amount of payments in lieu of 515
taxes. 516

(G) An exemption from taxation granted under this section 517
commences with the tax year specified in the ordinance so long 518
as the year specified in the ordinance commences after the 519
effective date of the ordinance. If the ordinance specifies a 520
year commencing before the effective date of the resolution or 521
specifies no year whatsoever, the exemption commences with the 522
tax year in which an exempted improvement first appears on the 523
tax list and duplicate of real and public utility property and 524
that commences after the effective date of the ordinance. In 525
lieu of stating a specific year, the ordinance may provide that 526
the exemption commences in the tax year in which the value of an 527
improvement exceeds a specified amount or in which the 528
construction of one or more improvements is completed, provided 529
that such tax year commences after the effective date of the 530
ordinance. With respect to the exemption of improvements to 531
parcels under division (B) of this section, the ordinance may 532
allow for the exemption to commence in different tax years on a 533
parcel-by-parcel basis, with a separate exemption term specified 534
for each parcel. 535

Except as otherwise provided in this division or section 536
5709.51 of the Revised Code, the exemption ends on the date 537

specified in the ordinance as the date the improvement ceases to 538
be a public purpose or the incentive district expires, or ends 539
on the date on which the public infrastructure improvements and 540
housing renovations are paid in full from the municipal public 541
improvement tax increment equivalent fund established under 542
division (A) of section 5709.43 of the Revised Code, whichever 543
occurs first. The exemption of an improvement with respect to a 544
parcel or within an incentive district may end on a later date, 545
as specified in the ordinance, if the legislative authority and 546
the board of education of the city, local, or exempted village 547
school district within which the parcel or district is located 548
have entered into a compensation agreement under section 5709.82 549
of the Revised Code with respect to the improvement, and the 550
board of education has approved the term of the exemption under 551
division (D) (2) of this section, but in no case shall the 552
improvement be exempted from taxation for more than thirty 553
years. Exemptions shall be claimed and allowed in the same 554
manner as in the case of other real property exemptions. If an 555
exemption status changes during a year, the procedure for the 556
apportionment of the taxes for that year is the same as in the 557
case of other changes in tax exemption status during the year. 558

(H) Additional municipal financing of public 559
infrastructure improvements and housing renovations may be 560
provided by any methods that the municipal corporation may 561
otherwise use for financing such improvements or renovations. If 562
the municipal corporation issues bonds or notes to finance the 563
public infrastructure improvements and housing renovations and 564
pledges money from the municipal public improvement tax 565
increment equivalent fund to pay the interest on and principal 566
of the bonds or notes, the bonds or notes are not subject to 567
Chapter 133. of the Revised Code. 568

(I) The municipal corporation, not later than fifteen days 569
after the adoption of an ordinance under this section, shall 570
submit to the director of development a copy of the ordinance. 571
On or before the thirty-first day of March of each year, the 572
municipal corporation shall submit a status report to the 573
director. The report shall indicate, in the manner prescribed by 574
the director, the progress of the project during each year that 575
an exemption remains in effect, including a summary of the 576
receipts from service payments in lieu of taxes; expenditures of 577
money from the funds created under section 5709.43 of the 578
Revised Code; a description of the public infrastructure 579
improvements and housing renovations financed with such 580
expenditures; and a quantitative summary of changes in 581
employment and private investment resulting from each project. 582

(J) Nothing in this section shall be construed to prohibit 583
a legislative authority from declaring to be a public purpose 584
improvements with respect to more than one parcel. 585

(K) If a parcel is located in a new community district in 586
which the new community authority imposes a community 587
development charge on the basis of rentals received from leases 588
of real property as described in division (L) (2) of section 589
349.01 of the Revised Code, the parcel may not be exempted from 590
taxation under this section. 591

(L) (1) Notwithstanding the limitations on the life of an 592
incentive district and the number of years that improvements to 593
a parcel or parcels within an incentive district may be exempted 594
from taxation prescribed by divisions (C) and (D) of this 595
section, the legislative authority of a municipal corporation 596
may amend an ordinance originally adopted under division (C) of 597
this section before January 1, 2006, to extend the life of an 598

incentive district created by that ordinance. The extension 599
shall be for a period not to exceed fifteen years and shall not 600
increase the percentage of the value of improvements exempted 601
from taxation. 602

(2) Before adopting an amendment authorized by division 603
(L) (1) of this section, the legislative authority of the 604
municipal corporation shall provide notice of the amendment to 605
each board of education of the city, local, or exempted village 606
school district in which the incentive district is located, in 607
the same manner as provided under division (D) of this section, 608
and shall obtain the approval of each such board in the manner 609
required under that division, except both of the following 610
apply: 611

(a) The board of education may approve the exemption on 612
the condition that the legislative authority and the board 613
negotiate an agreement providing for mutually agreeable 614
compensation to the school district. 615

(b) If the board of education fails to certify a 616
resolution approving the amendment to the legislative authority 617
within the time prescribed by division (D) of this section, the 618
legislative authority shall not adopt the amendment authorized 619
under division (L) of this section. 620

(3) No approval otherwise required by division (L) (2) of 621
this section shall be required from a board of education if 622
either of the following apply: 623

(a) The amendment provides for compensation to the city, 624
local, or exempted village school district in which the 625
incentive district is located equal in value to the amount of 626
taxes that would be payable to the school district if the 627

improvements exempted from taxation had not been exempted for 628
the additional period. 629

(b) The board of education has adopted a resolution 630
waiving its right to approve exemptions from taxation pursuant 631
to division (D)(4) of this section. If the board has adopted 632
such a resolution, the municipal corporation shall comply with 633
the notice requirements imposed by section 5709.83 of the 634
Revised Code before taking formal action to adopt an amendment 635
authorized under division (L)(1) of this section unless the 636
board has adopted a resolution under that section waiving its 637
right to receive that notice. 638

(4) Not later than fourteen days before adopting an 639
amendment authorized by division (L)(1) of this section, the 640
legislative authority of the municipal corporation shall deliver 641
a notice identical to a notice required under section 5709.83 of 642
the Revised Code to the board of county commissioners of each 643
county in which the incentive district is located. 644

Section 2. That existing section 5709.40 of the Revised 645
Code is hereby repealed. 646