

**As Introduced**

**131st General Assembly  
Regular Session  
2015-2016**

**H. B. No. 13**

**Representatives Butler, Burkley**

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**A BILL**

To amend sections 5709.40, 5709.73, and 5709.78 of  
the Revised Code to require reimbursement of  
police and fire levy revenue foregone because of  
the creation of a tax increment financing  
incentive district.

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

**Section 1.** That sections 5709.40, 5709.73, and 5709.78 of  
the Revised Code be amended to read as follows:

**Sec. 5709.40.** (A) As used in this section:

(1) "Blighted area" and "impacted city" have the same  
meanings as in section 1728.01 of the Revised Code.

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

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

(4) "Improvement" means the increase in the assessed value  
of any real property that would first appear on the tax list and  
duplicate of real and public utility property after the

effective date of an ordinance adopted under this section were 19  
it not for the exemption granted by that ordinance. 20

(5) "Incentive district" means an area not more than three 21  
hundred acres in size enclosed by a continuous boundary in which 22  
a project is being, or will be, undertaken and having one or 23  
more of the following distress characteristics: 24

(a) At least fifty-one per cent of the residents of the 25  
district have incomes of less than eighty per cent of the median 26  
income of residents of the political subdivision in which the 27  
district is located, as determined in the same manner specified 28  
under section 119(b) of the "Housing and Community Development 29  
Act of 1974," 88 Stat. 633, 42 U.S.C. 5318, as amended; 30

(b) The average rate of unemployment in the district 31  
during the most recent twelve-month period for which data are 32  
available is equal to at least one hundred fifty per cent of the 33  
average rate of unemployment for this state for the same period. 34

(c) At least twenty per cent of the people residing in the 35  
district live at or below the poverty level as defined in the 36  
federal Housing and Community Development Act of 1974, 42 U.S.C. 37  
5301, as amended, and regulations adopted pursuant to that act. 38

(d) The district is a blighted area. 39

(e) The district is in a situational distress area as 40  
designated by the director of development services under 41  
division (F) of section 122.23 of the Revised Code. 42

(f) As certified by the engineer for the political 43  
subdivision, the public infrastructure serving the district is 44  
inadequate to meet the development needs of the district as 45  
evidenced by a written economic development plan or urban 46  
renewal plan for the district that has been adopted by the 47

legislative authority of the subdivision. 48

(g) The district is comprised entirely of unimproved land 49  
that is located in a distressed area as defined in section 50  
122.23 of the Revised Code. 51

(6) "Project" means development activities undertaken on 52  
one or more parcels, including, but not limited to, 53  
construction, expansion, and alteration of buildings or 54  
structures, demolition, remediation, and site development, and 55  
any building or structure that results from those activities. 56

(7) "Public infrastructure improvement" includes, but is 57  
not limited to, public roads and highways; water and sewer 58  
lines; environmental remediation; land acquisition, including 59  
acquisition in aid of industry, commerce, distribution, or 60  
research; demolition, including demolition on private property 61  
when determined to be necessary for economic development 62  
purposes; stormwater and flood remediation projects, including 63  
such projects on private property when determined to be 64  
necessary for public health, safety, and welfare; the provision 65  
of gas, electric, and communications service facilities, 66  
including the provision of gas or electric service facilities 67  
owned by nongovernmental entities when such improvements are 68  
determined to be necessary for economic development purposes; 69  
and the enhancement of public waterways through improvements 70  
that allow for greater public access. 71

(B) The legislative authority of a municipal corporation, 72  
by ordinance, may declare improvements to certain parcels of 73  
real property located in the municipal corporation to be a 74  
public purpose. Improvements with respect to a parcel that is 75  
used or to be used for residential purposes may be declared a 76  
public purpose under this division only if the parcel is located 77

in a blighted area of an impacted city. For this purpose, 78  
"parcel that is used or to be used for residential purposes" 79  
means a parcel that, as improved, is used or to be used for 80  
purposes that would cause the tax commissioner to classify the 81  
parcel as residential property in accordance with rules adopted 82  
by the commissioner under section 5713.041 of the Revised Code. 83  
Except with the approval under division (D) of this section of 84  
the board of education of each city, local, or exempted village 85  
school district within which the improvements are located, not 86  
more than seventy-five per cent of an improvement thus declared 87  
to be a public purpose may be exempted from real property 88  
taxation for a period of not more than ten years. The ordinance 89  
shall specify the percentage of the improvement to be exempted 90  
from taxation and the life of the exemption. 91

An ordinance adopted or amended under this division shall 92  
designate the specific public infrastructure improvements made, 93  
to be made, or in the process of being made by the municipal 94  
corporation that directly benefit, or that once made will 95  
directly benefit, the parcels for which improvements are 96  
declared to be a public purpose. The service payments provided 97  
for in section 5709.42 of the Revised Code shall be used to 98  
finance the public infrastructure improvements designated in the 99  
ordinance, for the purpose described in division (D)(1) of this 100  
section or as provided in section 5709.43 of the Revised Code. 101

(C)(1) The legislative authority of a municipal 102  
corporation may adopt an ordinance creating an incentive 103  
district and declaring improvements to parcels within the 104  
district to be a public purpose and, ~~except as provided in~~ 105  
~~division (F) of this section,~~ exempt from taxation as provided 106  
in this section, but no legislative authority of a municipal 107  
corporation that has a population that exceeds twenty-five 108

thousand, as shown by the most recent federal decennial census, 109  
shall adopt an ordinance that creates an incentive district if 110  
the sum of the taxable value of real property in the proposed 111  
district for the preceding tax year and the taxable value of all 112  
real property in the municipal corporation that would have been 113  
taxable in the preceding year were it not for the fact that the 114  
property was in an existing incentive district and therefore 115  
exempt from taxation exceeds twenty-five per cent of the taxable 116  
value of real property in the municipal corporation for the 117  
preceding tax year. The ordinance shall delineate the boundary 118  
of the district and specifically identify each parcel within the 119  
district. A district may not include any parcel that is or has 120  
been exempted from taxation under division (B) of this section 121  
or that is or has been within another district created under 122  
this division. An ordinance may create more than one such 123  
district, and more than one ordinance may be adopted under 124  
division (C) (1) of this section. 125

(2) Not later than thirty days prior to adopting an 126  
ordinance under division (C) (1) of this section, if the 127  
municipal corporation intends to apply for exemptions from 128  
taxation under section 5709.911 of the Revised Code on behalf of 129  
owners of real property located within the proposed incentive 130  
district, the legislative authority of a municipal corporation 131  
shall conduct a public hearing on the proposed ordinance. Not 132  
later than thirty days prior to the public hearing, the 133  
legislative authority shall give notice of the public hearing 134  
and the proposed ordinance by first class mail to every real 135  
property owner whose property is located within the boundaries 136  
of the proposed incentive district that is the subject of the 137  
proposed ordinance. 138

(3) (a) An ordinance adopted under division (C) (1) of this 139

section shall specify the life of the incentive district and the 140  
percentage of the improvements to be exempted, shall designate 141  
the public infrastructure improvements made, to be made, or in 142  
the process of being made, that benefit or serve, or, once made, 143  
will benefit or serve parcels in the district. The ordinance 144  
also shall identify one or more specific projects being, or to 145  
be, undertaken in the district that place additional demand on 146  
the public infrastructure improvements designated in the 147  
ordinance. The project identified may, but need not be, the 148  
project under division (C) (3) (b) of this section that places 149  
real property in use for commercial or industrial purposes. 150  
Except as otherwise permitted under that division, the service 151  
payments provided for in section 5709.42 of the Revised Code 152  
shall be used to finance the designated public infrastructure 153  
improvements, for the purpose described in division (D) (1) ~~or~~ 154  
(E), or (F) of this section, or as provided in section 5709.43 155  
of the Revised Code. 156

An ordinance adopted under division (C) (1) of this section 157  
on or after March 30, 2006, shall not designate police or fire 158  
equipment as public infrastructure improvements, and no service 159  
payment provided for in section 5709.42 of the Revised Code and 160  
received by the municipal corporation under the ordinance shall 161  
be used for police or fire equipment. 162

(b) An ordinance adopted under division (C) (1) of this 163  
section may authorize the use of service payments provided for 164  
in section 5709.42 of the Revised Code for the purpose of 165  
housing renovations within the incentive district, provided that 166  
the ordinance also designates public infrastructure improvements 167  
that benefit or serve the district, and that a project within 168  
the district places real property in use for commercial or 169  
industrial purposes. Service payments may be used to finance or 170

support loans, deferred loans, and grants to persons for the 171  
purpose of housing renovations within the district. The 172  
ordinance shall designate the parcels within the district that 173  
are eligible for housing renovation. The ordinance shall state 174  
separately the amounts or the percentages of the expected 175  
aggregate service payments that are designated for each public 176  
infrastructure improvement and for the general purpose of 177  
housing renovations. 178

(4) Except with the approval of the board of education of 179  
each city, local, or exempted village school district within the 180  
territory of which the incentive district is or will be located, 181  
and subject to division (E) of this section, the life of an 182  
incentive district shall not exceed ten years, and the 183  
percentage of improvements to be exempted shall not exceed 184  
seventy-five per cent. With approval of the board of education, 185  
the life of a district may be not more than thirty years, and 186  
the percentage of improvements to be exempted may be not more 187  
than one hundred per cent. The approval of a board of education 188  
shall be obtained in the manner provided in division (D) of this 189  
section. 190

(D) (1) If the ordinance declaring improvements to a parcel 191  
to be a public purpose or creating an incentive district 192  
specifies that payments in lieu of taxes provided for in section 193  
5709.42 of the Revised Code shall be paid to the city, local, or 194  
exempted village, and joint vocational school district in which 195  
the parcel or incentive district is located in the amount of the 196  
taxes that would have been payable to the school district if the 197  
improvements had not been exempted from taxation, the percentage 198  
of the improvement that may be exempted from taxation may exceed 199  
seventy-five per cent, and the exemption may be granted for up 200  
to thirty years, without the approval of the board of education 201

as otherwise required under division (D) (2) of this section. 202

(2) Improvements with respect to a parcel may be exempted 203  
from taxation under division (B) of this section, and 204  
improvements to parcels within an incentive district may be 205  
exempted from taxation under division (C) of this section, for 206  
up to ten years or, with the approval under this paragraph of 207  
the board of education of the city, local, or exempted village 208  
school district within which the parcel or district is located, 209  
for up to thirty years. The percentage of the improvement 210  
exempted from taxation may, with such approval, exceed seventy- 211  
five per cent, but shall not exceed one hundred per cent. Not 212  
later than forty-five business days prior to adopting an 213  
ordinance under this section declaring improvements to be a 214  
public purpose that is subject to approval by a board of 215  
education under this division, the legislative authority shall 216  
deliver to the board of education a notice stating its intent to 217  
adopt an ordinance making that declaration. The notice regarding 218  
improvements with respect to a parcel under division (B) of this 219  
section shall identify the parcels for which improvements are to 220  
be exempted from taxation, provide an estimate of the true value 221  
in money of the improvements, specify the period for which the 222  
improvements would be exempted from taxation and the percentage 223  
of the improvement that would be exempted, and indicate the date 224  
on which the legislative authority intends to adopt the 225  
ordinance. The notice regarding improvements to parcels within 226  
an incentive district under division (C) of this section shall 227  
delineate the boundaries of the district, specifically identify 228  
each parcel within the district, identify each anticipated 229  
improvement in the district, provide an estimate of the true 230  
value in money of each such improvement, specify the life of the 231  
district and the percentage of improvements that would be 232

exempted, and indicate the date on which the legislative 233  
authority intends to adopt the ordinance. The board of 234  
education, by resolution adopted by a majority of the board, may 235  
approve the exemption for the period or for the exemption 236  
percentage specified in the notice; may disapprove the exemption 237  
for the number of years in excess of ten, may disapprove the 238  
exemption for the percentage of the improvement to be exempted 239  
in excess of seventy-five per cent, or both; or may approve the 240  
exemption on the condition that the legislative authority and 241  
the board negotiate an agreement providing for compensation to 242  
the school district equal in value to a percentage of the amount 243  
of taxes exempted in the eleventh and subsequent years of the 244  
exemption period or, in the case of exemption percentages in 245  
excess of seventy-five per cent, compensation equal in value to 246  
a percentage of the taxes that would be payable on the portion 247  
of the improvement in excess of seventy-five per cent were that 248  
portion to be subject to taxation, or other mutually agreeable 249  
compensation. If an agreement is negotiated between the 250  
legislative authority and the board to compensate the school 251  
district for all or part of the taxes exempted, including 252  
agreements for payments in lieu of taxes under section 5709.42 253  
of the Revised Code, the legislative authority shall compensate 254  
the joint vocational school district within which the parcel or 255  
district is located at the same rate and under the same terms 256  
received by the city, local, or exempted village school 257  
district. 258

(3) The board of education shall certify its resolution to 259  
the legislative authority not later than fourteen days prior to 260  
the date the legislative authority intends to adopt the 261  
ordinance as indicated in the notice. If the board of education 262  
and the legislative authority negotiate a mutually acceptable 263

compensation agreement, the ordinance may declare the 264  
improvements a public purpose for the number of years specified 265  
in the ordinance or, in the case of exemption percentages in 266  
excess of seventy-five per cent, for the exemption percentage 267  
specified in the ordinance. In either case, if the board and the 268  
legislative authority fail to negotiate a mutually acceptable 269  
compensation agreement, the ordinance may declare the 270  
improvements a public purpose for not more than ten years, and 271  
shall not exempt more than seventy-five per cent of the 272  
improvements from taxation. If the board fails to certify a 273  
resolution to the legislative authority within the time 274  
prescribed by this division, the legislative authority thereupon 275  
may adopt the ordinance and may declare the improvements a 276  
public purpose for up to thirty years, or, in the case of 277  
exemption percentages proposed in excess of seventy-five per 278  
cent, for the exemption percentage specified in the ordinance. 279  
The legislative authority may adopt the ordinance at any time 280  
after the board of education certifies its resolution approving 281  
the exemption to the legislative authority, or, if the board 282  
approves the exemption on the condition that a mutually 283  
acceptable compensation agreement be negotiated, at any time 284  
after the compensation agreement is agreed to by the board and 285  
the legislative authority. 286

(4) If a board of education has adopted a resolution 287  
waiving its right to approve exemptions from taxation under this 288  
section and the resolution remains in effect, approval of 289  
exemptions by the board is not required under division (D) of 290  
this section. If a board of education has adopted a resolution 291  
allowing a legislative authority to deliver the notice required 292  
under division (D) of this section fewer than forty-five 293  
business days prior to the legislative authority's adoption of 294

the ordinance, the legislative authority shall deliver the 295  
notice to the board not later than the number of days prior to 296  
such adoption as prescribed by the board in its resolution. If a 297  
board of education adopts a resolution waiving its right to 298  
approve agreements or shortening the notification period, the 299  
board shall certify a copy of the resolution to the legislative 300  
authority. If the board of education rescinds such a resolution, 301  
it shall certify notice of the rescission to the legislative 302  
authority. 303

(5) If the legislative authority is not required by 304  
division (D) of this section to notify the board of education of 305  
the legislative authority's intent to declare improvements to be 306  
a public purpose, the legislative authority shall comply with 307  
the notice requirements imposed under section 5709.83 of the 308  
Revised Code, unless the board has adopted a resolution under 309  
that section waiving its right to receive such a notice. 310

(E) (1) If a proposed ordinance under division (C) (1) of 311  
this section exempts improvements with respect to a parcel 312  
within an incentive district for more than ten years, or the 313  
percentage of the improvement exempted from taxation exceeds 314  
seventy-five per cent, not later than forty-five business days 315  
prior to adopting the ordinance the legislative authority of the 316  
municipal corporation shall deliver to the board of county 317  
commissioners of the county within which the incentive district 318  
will be located a notice that states its intent to adopt an 319  
ordinance creating an incentive district. The notice shall 320  
include a copy of the proposed ordinance, identify the parcels 321  
for which improvements are to be exempted from taxation, provide 322  
an estimate of the true value in money of the improvements, 323  
specify the period of time for which the improvements would be 324  
exempted from taxation, specify the percentage of the 325

improvements that would be exempted from taxation, and indicate 326  
the date on which the legislative authority intends to adopt the 327  
ordinance. 328

(2) The board of county commissioners, by resolution 329  
adopted by a majority of the board, may object to the exemption 330  
for the number of years in excess of ten, may object to the 331  
exemption for the percentage of the improvement to be exempted 332  
in excess of seventy-five per cent, or both. If the board of 333  
county commissioners objects, the board may negotiate a mutually 334  
acceptable compensation agreement with the legislative 335  
authority. In no case shall the compensation provided to the 336  
board exceed the property taxes forgone due to the exemption. If 337  
the board of county commissioners objects, and the board and 338  
legislative authority fail to negotiate a mutually acceptable 339  
compensation agreement, the ordinance adopted under division (C) 340  
(1) of this section shall provide to the board compensation in 341  
the eleventh and subsequent years of the exemption period equal 342  
in value to not more than fifty per cent of the taxes that would 343  
be payable to the county or, if the board's objection includes 344  
an objection to an exemption percentage in excess of seventy- 345  
five per cent, compensation equal in value to not more than 346  
fifty per cent of the taxes that would be payable to the county, 347  
on the portion of the improvement in excess of seventy-five per 348  
cent, were that portion to be subject to taxation. The board of 349  
county commissioners shall certify its resolution to the 350  
legislative authority not later than thirty days after receipt 351  
of the notice. 352

(3) If the board of county commissioners does not object 353  
or fails to certify its resolution objecting to an exemption 354  
within thirty days after receipt of the notice, the legislative 355  
authority may adopt the ordinance, and no compensation shall be 356

provided to the board of county commissioners. If the board 357  
timely certifies its resolution objecting to the ordinance, the 358  
legislative authority may adopt the ordinance at any time after 359  
a mutually acceptable compensation agreement is agreed to by the 360  
board and the legislative authority, or, if no compensation 361  
agreement is negotiated, at any time after the legislative 362  
authority agrees in the proposed ordinance to provide 363  
compensation to the board of fifty per cent of the taxes that 364  
would be payable to the county in the eleventh and subsequent 365  
years of the exemption period or on the portion of the 366  
improvement in excess of seventy-five per cent, were that 367  
portion to be subject to taxation. 368

(F) Service payments in lieu of taxes that are 369  
attributable to any amount by which the effective tax rate of 370  
either a renewal levy with an increase or a replacement levy 371  
exceeds the effective tax rate of the levy renewed or replaced, 372  
or that are attributable to an additional levy, for a levy 373  
authorized by the voters for any of the following purposes on or 374  
after January 1, 2006, and which are provided pursuant to an 375  
ordinance creating an incentive district under division (C) (1) 376  
of this section that is adopted on or after January 1, 2006, 377  
shall be distributed to the appropriate taxing authority as 378  
required under division (C) of section 5709.42 of the Revised 379  
Code in an amount equal to the amount of taxes from that 380  
additional levy or from the increase in the effective tax rate 381  
of such renewal or replacement levy that would have been payable 382  
to that taxing authority from the following levies were it not 383  
for the exemption authorized under division (C) of this section: 384

(1) A tax levied under division (L) of section 5705.19 or 385  
section 5705.191 of the Revised Code for community mental 386  
retardation and developmental disabilities programs and services 387

pursuant to Chapter 5126. of the Revised Code;	388
(2) A tax levied under division (Y) of section 5705.19 of the Revised Code for providing or maintaining senior citizens services or facilities;	389 390 391
(3) A tax levied under section 5705.22 of the Revised Code for county hospitals;	392 393
(4) A tax levied by a joint-county district or by a county under section 5705.19, 5705.191, or 5705.221 of the Revised Code for alcohol, drug addiction, and mental health services or facilities;	394 395 396 397
(5) A tax levied under section 5705.23 of the Revised Code for library purposes;	398 399
(6) A tax levied under section 5705.24 of the Revised Code for the support of children services and the placement and care of children;	400 401 402
(7) A tax levied under division (Z) of section 5705.19 of the Revised Code for the provision and maintenance of zoological park services and facilities under section 307.76 of the Revised Code;	403 404 405 406
(8) A tax levied under section 511.27 or division (H) of section 5705.19 of the Revised Code for the support of township park districts;	407 408 409
(9) A tax levied under division (A), (F), or (H) of section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;	410 411 412 413
(10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;	414 415

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

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

(13) A tax levied under section 505.39 or division (I) of section 5705.19 of the Revised Code for the purpose of funding fire, emergency medical, and ambulance services as described in that section and division;

(14) A tax levied under division (J) of section 5705.19 of the Revised Code for the purpose of police protection, emergency medical, and ambulance services as described in that division.

(G) An exemption from taxation granted under this section commences with the tax year specified in the ordinance so long as the year specified in the ordinance commences after the effective date of the ordinance. If the ordinance specifies a year commencing before the effective date of the resolution or specifies no year whatsoever, the exemption commences with the tax year in which an exempted improvement first appears on the tax list and duplicate of real and public utility property and that commences after the effective date of the ordinance. In lieu of stating a specific year, the ordinance may provide that the exemption commences in the tax year in which the value of an improvement exceeds a specified amount or in which the construction of one or more improvements is completed, provided that such tax year commences after the effective date of the ordinance. With respect to the exemption of improvements to parcels under division (B) of this section, the ordinance may

allow for the exemption to commence in different tax years on a 446  
parcel-by-parcel basis, with a separate exemption term specified 447  
for each parcel. 448

Except as otherwise provided in this division, the 449  
exemption ends on the date specified in the ordinance as the 450  
date the improvement ceases to be a public purpose or the 451  
incentive district expires, or ends on the date on which the 452  
public infrastructure improvements and housing renovations are 453  
paid in full from the municipal public improvement tax increment 454  
equivalent fund established under division (A) of section 455  
5709.43 of the Revised Code, whichever occurs first. The 456  
exemption of an improvement with respect to a parcel or within 457  
an incentive district may end on a later date, as specified in 458  
the ordinance, if the legislative authority and the board of 459  
education of the city, local, or exempted village school 460  
district within which the parcel or district is located have 461  
entered into a compensation agreement under section 5709.82 of 462  
the Revised Code with respect to the improvement, and the board 463  
of education has approved the term of the exemption under 464  
division (D)(2) of this section, but in no case shall the 465  
improvement be exempted from taxation for more than thirty 466  
years. Exemptions shall be claimed and allowed in the same 467  
manner as in the case of other real property exemptions. If an 468  
exemption status changes during a year, the procedure for the 469  
apportionment of the taxes for that year is the same as in the 470  
case of other changes in tax exemption status during the year. 471

(H) Additional municipal financing of public 472  
infrastructure improvements and housing renovations may be 473  
provided by any methods that the municipal corporation may 474  
otherwise use for financing such improvements or renovations. If 475  
the municipal corporation issues bonds or notes to finance the 476

public infrastructure improvements and housing renovations and 477  
pledges money from the municipal public improvement tax 478  
increment equivalent fund to pay the interest on and principal 479  
of the bonds or notes, the bonds or notes are not subject to 480  
Chapter 133. of the Revised Code. 481

(I) The municipal corporation, not later than fifteen days 482  
after the adoption of an ordinance under this section, shall 483  
submit to the director of development services a copy of the 484  
ordinance. On or before the thirty-first day of March of each 485  
year, the municipal corporation shall submit a status report to 486  
the director of development services. The report shall indicate, 487  
in the manner prescribed by the director, the progress of the 488  
project during each year that an exemption remains in effect, 489  
including a summary of the receipts from service payments in 490  
lieu of taxes; expenditures of money from the funds created 491  
under section 5709.43 of the Revised Code; a description of the 492  
public infrastructure improvements and housing renovations 493  
financed with such expenditures; and a quantitative summary of 494  
changes in employment and private investment resulting from each 495  
project. 496

(J) Nothing in this section shall be construed to prohibit 497  
a legislative authority from declaring to be a public purpose 498  
improvements with respect to more than one parcel. 499

(K) If a parcel is located in a new community district in 500  
which the new community authority imposes a community 501  
development charge on the basis of rentals received from leases 502  
of real property as described in division (L) (2) of section 503  
349.01 of the Revised Code, the parcel may not be exempted from 504  
taxation under this section. 505

**Sec. 5709.73.** (A) As used in this section and section 506

5709.74 of the Revised Code: 507

(1) "Business day" means a day of the week excluding 508  
Saturday, Sunday, and a legal holiday as defined in section 1.14 509  
of the Revised Code. 510

(2) "Further improvements" or "improvements" means the 511  
increase in the assessed value of real property that would first 512  
appear on the tax list and duplicate of real and public utility 513  
property after the effective date of a resolution adopted under 514  
this section were it not for the exemption granted by that 515  
resolution. For purposes of division (B) of this section, 516  
"improvements" do not include any property used or to be used 517  
for residential purposes. For this purpose, "property that is 518  
used or to be used for residential purposes" means property 519  
that, as improved, is used or to be used for purposes that would 520  
cause the tax commissioner to classify the property as 521  
residential property in accordance with rules adopted by the 522  
commissioner under section 5713.041 of the Revised Code. 523

(3) "Housing renovation" means a project carried out for 524  
residential purposes. 525

(4) "Incentive district" has the same meaning as in 526  
section 5709.40 of the Revised Code, except that a blighted area 527  
is in the unincorporated area of a township. 528

(5) "Project" and "public infrastructure improvement" have 529  
the same meanings as in section 5709.40 of the Revised Code. 530

(B) A board of township trustees may, by unanimous vote, 531  
adopt a resolution that declares to be a public purpose any 532  
public infrastructure improvements made that are necessary for 533  
the development of certain parcels of land located in the 534  
unincorporated area of the township. Except with the approval 535

under division (D) of this section of the board of education of 536  
each city, local, or exempted village school district within 537  
which the improvements are located, the resolution may exempt 538  
from real property taxation not more than seventy-five per cent 539  
of further improvements to a parcel of land that directly 540  
benefits from the public infrastructure improvements, for a 541  
period of not more than ten years. The resolution shall specify 542  
the percentage of the further improvements to be exempted and 543  
the life of the exemption. 544

(C) (1) A board of township trustees may adopt, by 545  
unanimous vote, a resolution creating an incentive district and 546  
declaring improvements to parcels within the district to be a 547  
public purpose and, ~~except as provided in division (F) of this~~ 548  
~~section,~~ exempt from taxation as provided in this section, but 549  
no board of township trustees of a township that has a 550  
population that exceeds twenty-five thousand, as shown by the 551  
most recent federal decennial census, shall adopt a resolution 552  
that creates an incentive district if the sum of the taxable 553  
value of real property in the proposed district for the 554  
preceding tax year and the taxable value of all real property in 555  
the township that would have been taxable in the preceding year 556  
were it not for the fact that the property was in an existing 557  
incentive district and therefore exempt from taxation exceeds 558  
twenty-five per cent of the taxable value of real property in 559  
the township for the preceding tax year. The district shall be 560  
located within the unincorporated area of the township and shall 561  
not include any territory that is included within a district 562  
created under division (B) of section 5709.78 of the Revised 563  
Code. The resolution shall delineate the boundary of the 564  
district and specifically identify each parcel within the 565  
district. A district may not include any parcel that is or has 566

been exempted from taxation under division (B) of this section 567  
or that is or has been within another district created under 568  
this division. A resolution may create more than one district, 569  
and more than one resolution may be adopted under division (C) 570  
(1) of this section. 571

(2) Not later than thirty days prior to adopting a 572  
resolution under division (C) (1) of this section, if the 573  
township intends to apply for exemptions from taxation under 574  
section 5709.911 of the Revised Code on behalf of owners of real 575  
property located within the proposed incentive district, the 576  
board shall conduct a public hearing on the proposed resolution. 577  
Not later than thirty days prior to the public hearing, the 578  
board shall give notice of the public hearing and the proposed 579  
resolution by first class mail to every real property owner 580  
whose property is located within the boundaries of the proposed 581  
incentive district that is the subject of the proposed 582  
resolution. 583

(3) (a) A resolution adopted under division (C) (1) of this 584  
section shall specify the life of the incentive district and the 585  
percentage of the improvements to be exempted, shall designate 586  
the public infrastructure improvements made, to be made, or in 587  
the process of being made, that benefit or serve, or, once made, 588  
will benefit or serve parcels in the district. The resolution 589  
also shall identify one or more specific projects being, or to 590  
be, undertaken in the district that place additional demand on 591  
the public infrastructure improvements designated in the 592  
resolution. The project identified may, but need not be, the 593  
project under division (C) (3) (b) of this section that places 594  
real property in use for commercial or industrial purposes. 595

A resolution adopted under division (C) (1) of this section 596

on or after March 30, 2006, shall not designate police or fire 597  
equipment as public infrastructure improvements, and no service 598  
payment provided for in section 5709.74 of the Revised Code and 599  
received by the township under the resolution shall be used for 600  
police or fire equipment. 601

(b) A resolution adopted under division (C)(1) of this 602  
section may authorize the use of service payments provided for 603  
in section 5709.74 of the Revised Code for the purpose of 604  
housing renovations within the incentive district, provided that 605  
the resolution also designates public infrastructure 606  
improvements that benefit or serve the district, and that a 607  
project within the district places real property in use for 608  
commercial or industrial purposes. Service payments may be used 609  
to finance or support loans, deferred loans, and grants to 610  
persons for the purpose of housing renovations within the 611  
district. The resolution shall designate the parcels within the 612  
district that are eligible for housing renovations. The 613  
resolution shall state separately the amount or the percentages 614  
of the expected aggregate service payments that are designated 615  
for each public infrastructure improvement and for the purpose 616  
of housing renovations. 617

(4) Except with the approval of the board of education of 618  
each city, local, or exempted village school district within the 619  
territory of which the incentive district is or will be located, 620  
and subject to division (E) of this section, the life of an 621  
incentive district shall not exceed ten years, and the 622  
percentage of improvements to be exempted shall not exceed 623  
seventy-five per cent. With approval of the board of education, 624  
the life of a district may be not more than thirty years, and 625  
the percentage of improvements to be exempted may be not more 626  
than one hundred per cent. The approval of a board of education 627

shall be obtained in the manner provided in division (D) of this section. 628  
629

(D) Improvements with respect to a parcel may be exempted 630  
from taxation under division (B) of this section, and 631  
improvements to parcels within an incentive district may be 632  
exempted from taxation under division (C) of this section, for 633  
up to ten years or, with the approval of the board of education 634  
of the city, local, or exempted village school district within 635  
which the parcel or district is located, for up to thirty years. 636  
The percentage of the improvements exempted from taxation may, 637  
with such approval, exceed seventy-five per cent, but shall not 638  
exceed one hundred per cent. Not later than forty-five business 639  
days prior to adopting a resolution under this section declaring 640  
improvements to be a public purpose that is subject to approval 641  
by a board of education under this division, the board of 642  
township trustees shall deliver to the board of education a 643  
notice stating its intent to adopt a resolution making that 644  
declaration. The notice regarding improvements with respect to a 645  
parcel under division (B) of this section shall identify the 646  
parcels for which improvements are to be exempted from taxation, 647  
provide an estimate of the true value in money of the 648  
improvements, specify the period for which the improvements 649  
would be exempted from taxation and the percentage of the 650  
improvements that would be exempted, and indicate the date on 651  
which the board of township trustees intends to adopt the 652  
resolution. The notice regarding improvements made under 653  
division (C) of this section to parcels within an incentive 654  
district shall delineate the boundaries of the district, 655  
specifically identify each parcel within the district, identify 656  
each anticipated improvement in the district, provide an 657  
estimate of the true value in money of each such improvement, 658

specify the life of the district and the percentage of 659  
improvements that would be exempted, and indicate the date on 660  
which the board of township trustees intends to adopt the 661  
resolution. The board of education, by resolution adopted by a 662  
majority of the board, may approve the exemption for the period 663  
or for the exemption percentage specified in the notice; may 664  
disapprove the exemption for the number of years in excess of 665  
ten, may disapprove the exemption for the percentage of the 666  
improvements to be exempted in excess of seventy-five per cent, 667  
or both; or may approve the exemption on the condition that the 668  
board of township trustees and the board of education negotiate 669  
an agreement providing for compensation to the school district 670  
equal in value to a percentage of the amount of taxes exempted 671  
in the eleventh and subsequent years of the exemption period or, 672  
in the case of exemption percentages in excess of seventy-five 673  
per cent, compensation equal in value to a percentage of the 674  
taxes that would be payable on the portion of the improvements 675  
in excess of seventy-five per cent were that portion to be 676  
subject to taxation, or other mutually agreeable compensation. 677

The board of education shall certify its resolution to the 678  
board of township trustees not later than fourteen days prior to 679  
the date the board of township trustees intends to adopt the 680  
resolution as indicated in the notice. If the board of education 681  
and the board of township trustees negotiate a mutually 682  
acceptable compensation agreement, the resolution may declare 683  
the improvements a public purpose for the number of years 684  
specified in the resolution or, in the case of exemption 685  
percentages in excess of seventy-five per cent, for the 686  
exemption percentage specified in the resolution. In either 687  
case, if the board of education and the board of township 688  
trustees fail to negotiate a mutually acceptable compensation 689

agreement, the resolution may declare the improvements a public 690  
purpose for not more than ten years, and shall not exempt more 691  
than seventy-five per cent of the improvements from taxation. If 692  
the board of education fails to certify a resolution to the 693  
board of township trustees within the time prescribed by this 694  
section, the board of township trustees thereupon may adopt the 695  
resolution and may declare the improvements a public purpose for 696  
up to thirty years or, in the case of exemption percentages 697  
proposed in excess of seventy-five per cent, for the exemption 698  
percentage specified in the resolution. The board of township 699  
trustees may adopt the resolution at any time after the board of 700  
education certifies its resolution approving the exemption to 701  
the board of township trustees, or, if the board of education 702  
approves the exemption on the condition that a mutually 703  
acceptable compensation agreement be negotiated, at any time 704  
after the compensation agreement is agreed to by the board of 705  
education and the board of township trustees. If a mutually 706  
acceptable compensation agreement is negotiated between the 707  
board of township trustees and the board of education, including 708  
agreements for payments in lieu of taxes under section 5709.74 709  
of the Revised Code, the board of township trustees shall 710  
compensate the joint vocational school district within which the 711  
parcel or district is located at the same rate and under the 712  
same terms received by the city, local, or exempted village 713  
school district. 714

If a board of education has adopted a resolution waiving 715  
its right to approve exemptions from taxation under this section 716  
and the resolution remains in effect, approval of such 717  
exemptions by the board of education is not required under 718  
division (D) of this section. If a board of education has 719  
adopted a resolution allowing a board of township trustees to 720

deliver the notice required under division (D) of this section 721  
fewer than forty-five business days prior to adoption of the 722  
resolution by the board of township trustees, the board of 723  
township trustees shall deliver the notice to the board of 724  
education not later than the number of days prior to the 725  
adoption as prescribed by the board of education in its 726  
resolution. If a board of education adopts a resolution waiving 727  
its right to approve exemptions or shortening the notification 728  
period, the board of education shall certify a copy of the 729  
resolution to the board of township trustees. If the board of 730  
education rescinds the resolution, it shall certify notice of 731  
the rescission to the board of township trustees. 732

If the board of township trustees is not required by 733  
division (D) of this section to notify the board of education of 734  
the board of township trustees' intent to declare improvements 735  
to be a public purpose, the board of township trustees shall 736  
comply with the notice requirements imposed under section 737  
5709.83 of the Revised Code before taking formal action to adopt 738  
the resolution making that declaration, unless the board of 739  
education has adopted a resolution under that section waiving 740  
its right to receive the notice. 741

(E) (1) If a proposed resolution under division (C) (1) of 742  
this section exempts improvements with respect to a parcel 743  
within an incentive district for more than ten years, or the 744  
percentage of the improvement exempted from taxation exceeds 745  
seventy-five per cent, not later than forty-five business days 746  
prior to adopting the resolution the board of township trustees 747  
shall deliver to the board of county commissioners of the county 748  
within which the incentive district is or will be located a 749  
notice that states its intent to adopt a resolution creating an 750  
incentive district. The notice shall include a copy of the 751

proposed resolution, identify the parcels for which improvements 752  
are to be exempted from taxation, provide an estimate of the 753  
true value in money of the improvements, specify the period of 754  
time for which the improvements would be exempted from taxation, 755  
specify the percentage of the improvements that would be 756  
exempted from taxation, and indicate the date on which the board 757  
of township trustees intends to adopt the resolution. 758

(2) The board of county commissioners, by resolution 759  
adopted by a majority of the board, may object to the exemption 760  
for the number of years in excess of ten, may object to the 761  
exemption for the percentage of the improvement to be exempted 762  
in excess of seventy-five per cent, or both. If the board of 763  
county commissioners objects, the board may negotiate a mutually 764  
acceptable compensation agreement with the board of township 765  
trustees. In no case shall the compensation provided to the 766  
board of county commissioners exceed the property taxes foregone 767  
due to the exemption. If the board of county commissioners 768  
objects, and the board of county commissioners and board of 769  
township trustees fail to negotiate a mutually acceptable 770  
compensation agreement, the resolution adopted under division 771  
(C) (1) of this section shall provide to the board of county 772  
commissioners compensation in the eleventh and subsequent years 773  
of the exemption period equal in value to not more than fifty 774  
per cent of the taxes that would be payable to the county or, if 775  
the board of county commissioner's objection includes an 776  
objection to an exemption percentage in excess of seventy-five 777  
per cent, compensation equal in value to not more than fifty per 778  
cent of the taxes that would be payable to the county, on the 779  
portion of the improvement in excess of seventy-five per cent, 780  
were that portion to be subject to taxation. The board of county 781  
commissioners shall certify its resolution to the board of 782

township trustees not later than thirty days after receipt of 783  
the notice. 784

(3) If the board of county commissioners does not object 785  
or fails to certify its resolution objecting to an exemption 786  
within thirty days after receipt of the notice, the board of 787  
township trustees may adopt its resolution, and no compensation 788  
shall be provided to the board of county commissioners. If the 789  
board of county commissioners timely certifies its resolution 790  
objecting to the trustees' resolution, the board of township 791  
trustees may adopt its resolution at any time after a mutually 792  
acceptable compensation agreement is agreed to by the board of 793  
county commissioners and the board of township trustees, or, if 794  
no compensation agreement is negotiated, at any time after the 795  
board of township trustees agrees in the proposed resolution to 796  
provide compensation to the board of county commissioners of 797  
fifty per cent of the taxes that would be payable to the county 798  
in the eleventh and subsequent years of the exemption period or 799  
on the portion of the improvement in excess of seventy-five per 800  
cent, were that portion to be subject to taxation. 801

(F) Service payments in lieu of taxes that are 802  
attributable to any amount by which the effective tax rate of 803  
either a renewal levy with an increase or a replacement levy 804  
exceeds the effective tax rate of the levy renewed or replaced, 805  
or that are attributable to an additional levy, for a levy 806  
authorized by the voters for any of the following purposes on or 807  
after January 1, 2006, and which are provided pursuant to a 808  
resolution creating an incentive district under division (C)(1) 809  
of this section that is adopted on or after January 1, 2006, 810  
shall be distributed to the appropriate taxing authority as 811  
required under division (C) of section 5709.74 of the Revised 812  
Code in an amount equal to the amount of taxes from that 813

additional levy or from the increase in the effective tax rate	814
of such renewal or replacement levy that would have been payable	815
to that taxing authority from the following levies were it not	816
for the exemption authorized under division (C) of this section:	817
(1) A tax levied under division (L) of section 5705.19 or	818
section 5705.191 of the Revised Code for community mental	819
retardation and developmental disabilities programs and services	820
pursuant to Chapter 5126. of the Revised Code;	821
(2) A tax levied under division (Y) of section 5705.19 of	822
the Revised Code for providing or maintaining senior citizens	823
services or facilities;	824
(3) A tax levied under section 5705.22 of the Revised Code	825
for county hospitals;	826
(4) A tax levied by a joint-county district or by a county	827
under section 5705.19, 5705.191, or 5705.221 of the Revised Code	828
for alcohol, drug addiction, and mental health services or	829
families;	830
(5) A tax levied under section 5705.23 of the Revised Code	831
for library purposes;	832
(6) A tax levied under section 5705.24 of the Revised Code	833
for the support of children services and the placement and care	834
of children;	835
(7) A tax levied under division (Z) of section 5705.19 of	836
the Revised Code for the provision and maintenance of zoological	837
park services and facilities under section 307.76 of the Revised	838
Code;	839
(8) A tax levied under section 511.27 or division (H) of	840
section 5705.19 of the Revised Code for the support of township	841

park districts;	842
(9) A tax levied under division (A), (F), or (H) of section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;	843 844 845 846
(10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;	847 848
(11) A tax levied under section 5705.191 of the Revised Code for the purpose of making appropriations for public assistance; human or social services; public relief; public welfare; public health and hospitalization; and support of general hospitals;	849 850 851 852 853
(12) A tax levied under section 3709.29 of the Revised Code for a general health district program;	854 855
<u>(13) A tax levied under section 505.39 or division (I) of section 5705.19 of the Revised Code for the purpose of funding fire, emergency medical, and ambulance services as described in that section and division;</u>	856 857 858 859
<u>(14) A tax levied under division (J) of section 5705.19 of the Revised Code for the purpose of police protection, emergency medical, and ambulance services as described in that division.</u>	860 861 862
(G) An exemption from taxation granted under this section commences with the tax year specified in the resolution so long as the year specified in the resolution commences after the effective date of the resolution. If the resolution specifies a year commencing before the effective date of the resolution or specifies no year whatsoever, the exemption commences with the tax year in which an exempted improvement first appears on the tax list and duplicate of real and public utility property and	863 864 865 866 867 868 869 870

that commences after the effective date of the resolution. In 871  
lieu of stating a specific year, the resolution may provide that 872  
the exemption commences in the tax year in which the value of an 873  
improvement exceeds a specified amount or in which the 874  
construction of one or more improvements is completed, provided 875  
that such tax year commences after the effective date of the 876  
resolution. With respect to the exemption of improvements to 877  
parcels under division (B) of this section, the resolution may 878  
allow for the exemption to commence in different tax years on a 879  
parcel-by-parcel basis, with a separate exemption term specified 880  
for each parcel. 881

Except as otherwise provided in this division, the 882  
exemption ends on the date specified in the resolution as the 883  
date the improvement ceases to be a public purpose or the 884  
incentive district expires, or ends on the date on which the 885  
public infrastructure improvements and housing renovations are 886  
paid in full from the township public improvement tax increment 887  
equivalent fund established under section 5709.75 of the Revised 888  
Code, whichever occurs first. The exemption of an improvement 889  
with respect to a parcel or within an incentive district may end 890  
on a later date, as specified in the resolution, if the board of 891  
township trustees and the board of education of the city, local, 892  
or exempted village school district within which the parcel or 893  
district is located have entered into a compensation agreement 894  
under section 5709.82 of the Revised Code with respect to the 895  
improvement and the board of education has approved the term of 896  
the exemption under division (D) of this section, but in no case 897  
shall the improvement be exempted from taxation for more than 898  
thirty years. The board of township trustees may, by majority 899  
vote, adopt a resolution permitting the township to enter into 900  
such agreements as the board finds necessary or appropriate to 901

provide for the construction or undertaking of public 902  
infrastructure improvements and housing renovations. Any 903  
exemption shall be claimed and allowed in the same or a similar 904  
manner as in the case of other real property exemptions. If an 905  
exemption status changes during a tax year, the procedure for 906  
the apportionment of the taxes for that year is the same as in 907  
the case of other changes in tax exemption status during the 908  
year. 909

(H) The board of township trustees may issue the notes of 910  
the township to finance all costs pertaining to the construction 911  
or undertaking of public infrastructure improvements and housing 912  
renovations made pursuant to this section. The notes shall be 913  
signed by the board and attested by the signature of the 914  
township fiscal officer, shall bear interest not to exceed the 915  
rate provided in section 9.95 of the Revised Code, and are not 916  
subject to Chapter 133. of the Revised Code. The resolution 917  
authorizing the issuance of the notes shall pledge the funds of 918  
the township public improvement tax increment equivalent fund 919  
established pursuant to section 5709.75 of the Revised Code to 920  
pay the interest on and principal of the notes. The notes, which 921  
may contain a clause permitting prepayment at the option of the 922  
board, shall be offered for sale on the open market or given to 923  
the vendor or contractor if no sale is made. 924

(I) The township, not later than fifteen days after the 925  
adoption of a resolution under this section, shall submit to the 926  
director of development services a copy of the resolution. On or 927  
before the thirty-first day of March of each year, the township 928  
shall submit a status report to the director of development 929  
services. The report shall indicate, in the manner prescribed by 930  
the director, the progress of the project during each year that 931  
the exemption remains in effect, including a summary of the 932

receipts from service payments in lieu of taxes; expenditures of 933  
money from the fund created under section 5709.75 of the Revised 934  
Code; a description of the public infrastructure improvements 935  
and housing renovations financed with the expenditures; and a 936  
quantitative summary of changes in private investment resulting 937  
from each project. 938

(J) Nothing in this section shall be construed to prohibit 939  
a board of township trustees from declaring to be a public 940  
purpose improvements with respect to more than one parcel. 941

If a parcel is located in a new community district in 942  
which the new community authority imposes a community 943  
development charge on the basis of rentals received from leases 944  
of real property as described in division (L) (2) of section 945  
349.01 of the Revised Code, the parcel may not be exempted from 946  
taxation under this section. 947

(K) A board of township trustees that adopted a resolution 948  
under this section prior to July 21, 1994, may amend that 949  
resolution to include any additional public infrastructure 950  
improvement. A board of township trustees that seeks by the 951  
amendment to utilize money from its township public improvement 952  
tax increment equivalent fund for land acquisition in aid of 953  
industry, commerce, distribution, or research, demolition on 954  
private property, or stormwater and flood remediation projects 955  
may do so provided that the board currently is a party to a 956  
hold-harmless agreement with the board of education of the city, 957  
local, or exempted village school district within the territory 958  
of which are located the parcels that are subject to an 959  
exemption. For the purposes of this division, a "hold-harmless 960  
agreement" means an agreement under which the board of township 961  
trustees agrees to compensate the school district for one 962

hundred per cent of the tax revenue that the school district 963  
would have received from further improvements to parcels 964  
designated in the resolution were it not for the exemption 965  
granted by the resolution. 966

**Sec. 5709.78.** (A) A board of county commissioners may, by 967  
resolution, declare improvements to certain parcels of real 968  
property located in the unincorporated territory of the county 969  
to be a public purpose. Except with the approval under division 970  
(C) of this section of the board of education of each city, 971  
local, or exempted village school district within which the 972  
improvements are located, not more than seventy-five per cent of 973  
an improvement thus declared to be a public purpose may be 974  
exempted from real property taxation, for a period of not more 975  
than ten years. The resolution shall specify the percentage of 976  
the improvement to be exempted and the life of the exemption. 977

A resolution adopted under this division shall designate 978  
the specific public infrastructure improvements made, to be 979  
made, or in the process of being made by the county that 980  
directly benefit, or that once made will directly benefit, the 981  
parcels for which improvements are declared to be a public 982  
purpose. The service payments provided for in section 5709.79 of 983  
the Revised Code shall be used to finance the public 984  
infrastructure improvements designated in the resolution, or as 985  
provided in section 5709.80 of the Revised Code. 986

(B) (1) A board of county commissioners may adopt a 987  
resolution creating an incentive district and declaring 988  
improvements to parcels within the district to be a public 989  
purpose and, ~~except as provided in division (E) of this section,~~ 990  
exempt from taxation as provided in this section, but no board 991  
of county commissioners of a county that has a population that 992

exceeds twenty-five thousand, as shown by the most recent 993  
federal decennial census, shall adopt a resolution that creates 994  
an incentive district if the sum of the taxable value of real 995  
property in the proposed district for the preceding tax year and 996  
the taxable value of all real property in the county that would 997  
have been taxable in the preceding year were it not for the fact 998  
that the property was in an existing incentive district and 999  
therefore exempt from taxation exceeds twenty-five per cent of 1000  
the taxable value of real property in the county for the 1001  
preceding tax year. The district shall be located within the 1002  
unincorporated territory of the county and shall not include any 1003  
territory that is included within a district created under 1004  
division (C) of section 5709.73 of the Revised Code. The 1005  
resolution shall delineate the boundary of the district and 1006  
specifically identify each parcel within the district. A 1007  
district may not include any parcel that is or has been exempted 1008  
from taxation under division (A) of this section or that is or 1009  
has been within another district created under this division. A 1010  
resolution may create more than one such district, and more than 1011  
one resolution may be adopted under division (B)(1) of this 1012  
section. 1013

(2) Not later than thirty days prior to adopting a 1014  
resolution under division (B)(1) of this section, if the county 1015  
intends to apply for exemptions from taxation under section 1016  
5709.911 of the Revised Code on behalf of owners of real 1017  
property located within the proposed incentive district, the 1018  
board of county commissioners shall conduct a public hearing on 1019  
the proposed resolution. Not later than thirty days prior to the 1020  
public hearing, the board shall give notice of the public 1021  
hearing and the proposed resolution by first class mail to every 1022  
real property owner whose property is located within the 1023

boundaries of the proposed incentive district that is the 1024  
subject of the proposed resolution. The board also shall provide 1025  
the notice by first class mail to the clerk of each township in 1026  
which the proposed incentive district will be located. 1027

(3) (a) A resolution adopted under division (B) (1) of this 1028  
section shall specify the life of the incentive district and the 1029  
percentage of the improvements to be exempted, shall designate 1030  
the public infrastructure improvements made, to be made, or in 1031  
the process of being made, that benefit or serve, or, once made, 1032  
will benefit or serve parcels in the district. The resolution 1033  
also shall identify one or more specific projects being, or to 1034  
be, undertaken in the district that place additional demand on 1035  
the public infrastructure improvements designated in the 1036  
resolution. The project identified may, but need not be, the 1037  
project under division (B) (3) (b) of this section that places 1038  
real property in use for commercial or industrial purposes. 1039

A resolution adopted under division (B) (1) of this section 1040  
on or after March 30, 2006, shall not designate police or fire 1041  
equipment as public infrastructure improvements, and no service 1042  
payment provided for in section 5709.79 of the Revised Code and 1043  
received by the county under the resolution shall be used for 1044  
police or fire equipment. 1045

(b) A resolution adopted under division (B) (1) of this 1046  
section may authorize the use of service payments provided for 1047  
in section 5709.79 of the Revised Code for the purpose of 1048  
housing renovations within the incentive district, provided that 1049  
the resolution also designates public infrastructure 1050  
improvements that benefit or serve the district, and that a 1051  
project within the district places real property in use for 1052  
commercial or industrial purposes. Service payments may be used 1053

to finance or support loans, deferred loans, and grants to 1054  
persons for the purpose of housing renovations within the 1055  
district. The resolution shall designate the parcels within the 1056  
district that are eligible for housing renovations. The 1057  
resolution shall state separately the amount or the percentages 1058  
of the expected aggregate service payments that are designated 1059  
for each public infrastructure improvement and for the purpose 1060  
of housing renovations. 1061

(4) Except with the approval of the board of education of 1062  
each city, local, or exempted village school district within the 1063  
territory of which the incentive district is or will be located, 1064  
and subject to division (D) of this section, the life of an 1065  
incentive district shall not exceed ten years, and the 1066  
percentage of improvements to be exempted shall not exceed 1067  
seventy-five per cent. With approval of the board of education, 1068  
the life of a district may be not more than thirty years, and 1069  
the percentage of improvements to be exempted may be not more 1070  
than one hundred per cent. The approval of a board of education 1071  
shall be obtained in the manner provided in division (C) of this 1072  
section. 1073

(C) (1) Improvements with respect to a parcel may be 1074  
exempted from taxation under division (A) of this section, and 1075  
improvements to parcels within an incentive district may be 1076  
exempted from taxation under division (B) of this section, for 1077  
up to ten years or, with the approval of the board of education 1078  
of each city, local, or exempted village school district within 1079  
which the parcel or district is located, for up to thirty years. 1080  
The percentage of the improvements exempted from taxation may, 1081  
with such approval, exceed seventy-five per cent, but shall not 1082  
exceed one hundred per cent. Not later than forty-five business 1083  
days prior to adopting a resolution under this section declaring 1084

improvements to be a public purpose that is subject to the 1085  
approval of a board of education under this division, the board 1086  
of county commissioners shall deliver to the board of education 1087  
a notice stating its intent to adopt a resolution making that 1088  
declaration. The notice regarding improvements with respect to a 1089  
parcel under division (A) of this section shall identify the 1090  
parcels for which improvements are to be exempted from taxation, 1091  
provide an estimate of the true value in money of the 1092  
improvements, specify the period for which the improvements 1093  
would be exempted from taxation and the percentage of the 1094  
improvements that would be exempted, and indicate the date on 1095  
which the board of county commissioners intends to adopt the 1096  
resolution. The notice regarding improvements to parcels within 1097  
an incentive district under division (B) of this section shall 1098  
delineate the boundaries of the district, specifically identify 1099  
each parcel within the district, identify each anticipated 1100  
improvement in the district, provide an estimate of the true 1101  
value in money of each such improvement, specify the life of the 1102  
district and the percentage of improvements that would be 1103  
exempted, and indicate the date on which the board of county 1104  
commissioners intends to adopt the resolution. The board of 1105  
education, by resolution adopted by a majority of the board, may 1106  
approve the exemption for the period or for the exemption 1107  
percentage specified in the notice; may disapprove the exemption 1108  
for the number of years in excess of ten, may disapprove the 1109  
exemption for the percentage of the improvements to be exempted 1110  
in excess of seventy-five per cent, or both; or may approve the 1111  
exemption on the condition that the board of county 1112  
commissioners and the board of education negotiate an agreement 1113  
providing for compensation to the school district equal in value 1114  
to a percentage of the amount of taxes exempted in the eleventh 1115  
and subsequent years of the exemption period or, in the case of 1116

exemption percentages in excess of seventy-five per cent, 1117  
compensation equal in value to a percentage of the taxes that 1118  
would be payable on the portion of the improvements in excess of 1119  
seventy-five per cent were that portion to be subject to 1120  
taxation, or other mutually agreeable compensation. 1121

(2) The board of education shall certify its resolution to 1122  
the board of county commissioners not later than fourteen days 1123  
prior to the date the board of county commissioners intends to 1124  
adopt its resolution as indicated in the notice. If the board of 1125  
education and the board of county commissioners negotiate a 1126  
mutually acceptable compensation agreement, the resolution of 1127  
the board of county commissioners may declare the improvements a 1128  
public purpose for the number of years specified in that 1129  
resolution or, in the case of exemption percentages in excess of 1130  
seventy-five per cent, for the exemption percentage specified in 1131  
the resolution. In either case, if the board of education and 1132  
the board of county commissioners fail to negotiate a mutually 1133  
acceptable compensation agreement, the resolution may declare 1134  
the improvements a public purpose for not more than ten years, 1135  
and shall not exempt more than seventy-five per cent of the 1136  
improvements from taxation. If the board of education fails to 1137  
certify a resolution to the board of county commissioners within 1138  
the time prescribed by this section, the board of county 1139  
commissioners thereupon may adopt the resolution and may declare 1140  
the improvements a public purpose for up to thirty years or, in 1141  
the case of exemption percentages proposed in excess of seventy- 1142  
five per cent, for the exemption percentage specified in the 1143  
resolution. The board of county commissioners may adopt the 1144  
resolution at any time after the board of education certifies 1145  
its resolution approving the exemption to the board of county 1146  
commissioners, or, if the board of education approves the 1147

exemption on the condition that a mutually acceptable 1148  
compensation agreement be negotiated, at any time after the 1149  
compensation agreement is agreed to by the board of education 1150  
and the board of county commissioners. If a mutually acceptable 1151  
compensation agreement is negotiated between the board of county 1152  
commissioners and the board of education, including agreements 1153  
for payments in lieu of taxes under section 5709.79 of the 1154  
Revised Code, the board of county commissioners shall compensate 1155  
the joint vocational school district within which the parcel or 1156  
district is located at the same rate and under the same terms 1157  
received by the city, local, or exempted village school 1158  
district. 1159

(3) If a board of education has adopted a resolution 1160  
waiving its right to approve exemptions from taxation under this 1161  
section and the resolution remains in effect, approval of such 1162  
exemptions by the board of education is not required under 1163  
division (C) of this section. If a board of education has 1164  
adopted a resolution allowing a board of county commissioners to 1165  
deliver the notice required under division (C) of this section 1166  
fewer than forty-five business days prior to approval of the 1167  
resolution by the board of county commissioners, the board of 1168  
county commissioners shall deliver the notice to the board of 1169  
education not later than the number of days prior to such 1170  
approval as prescribed by the board of education in its 1171  
resolution. If a board of education adopts a resolution waiving 1172  
its right to approve exemptions or shortening the notification 1173  
period, the board of education shall certify a copy of the 1174  
resolution to the board of county commissioners. If the board of 1175  
education rescinds such a resolution, it shall certify notice of 1176  
the rescission to the board of county commissioners. 1177

(D) (1) If a proposed resolution under division (B) (1) of 1178

this section exempts improvements with respect to a parcel 1179  
within an incentive district for more than ten years, or the 1180  
percentage of the improvement exempted from taxation exceeds 1181  
seventy-five per cent, not later than forty-five business days 1182  
prior to adopting the resolution the board of county 1183  
commissioners shall deliver to the board of township trustees of 1184  
any township within which the incentive district is or will be 1185  
located a notice that states its intent to adopt a resolution 1186  
creating an incentive district. The notice shall include a copy 1187  
of the proposed resolution, identify the parcels for which 1188  
improvements are to be exempted from taxation, provide an 1189  
estimate of the true value in money of the improvements, specify 1190  
the period of time for which the improvements would be exempted 1191  
from taxation, specify the percentage of the improvements that 1192  
would be exempted from taxation, and indicate the date on which 1193  
the board intends to adopt the resolution. 1194

(2) The board of township trustees, by resolution adopted 1195  
by a majority of the board, may object to the exemption for the 1196  
number of years in excess of ten, may object to the exemption 1197  
for the percentage of the improvement to be exempted in excess 1198  
of seventy-five per cent, or both. If the board of township 1199  
trustees objects, the board of township trustees may negotiate a 1200  
mutually acceptable compensation agreement with the board of 1201  
county commissioners. In no case shall the compensation provided 1202  
to the board of township trustees exceed the property taxes 1203  
forgone due to the exemption. If the board of township trustees 1204  
objects, and the board of township trustees and the board of 1205  
county commissioners fail to negotiate a mutually acceptable 1206  
compensation agreement, the resolution adopted under division 1207  
(B) (1) of this section shall provide to the board of township 1208  
trustees compensation in the eleventh and subsequent years of 1209

the exemption period equal in value to not more than fifty per 1210  
cent of the taxes that would be payable to the township or, if 1211  
the board of township trustee's objection includes an objection 1212  
to an exemption percentage in excess of seventy-five per cent, 1213  
compensation equal in value to not more than fifty per cent of 1214  
the taxes that would be payable to the township on the portion 1215  
of the improvement in excess of seventy-five per cent, were that 1216  
portion to be subject to taxation. The board of township 1217  
trustees shall certify its resolution to the board of county 1218  
commissioners not later than thirty days after receipt of the 1219  
notice. 1220

(3) If the board of township trustees does not object or 1221  
fails to certify a resolution objecting to an exemption within 1222  
thirty days after receipt of the notice, the board of county 1223  
commissioners may adopt its resolution, and no compensation 1224  
shall be provided to the board of township trustees. If the 1225  
board of township trustees certifies its resolution objecting to 1226  
the commissioners' resolution, the board of county commissioners 1227  
may adopt its resolution at any time after a mutually acceptable 1228  
compensation agreement is agreed to by the board of county 1229  
commissioners and the board of township trustees. If the board 1230  
of township trustees certifies a resolution objecting to the 1231  
commissioners' resolution, the board of county commissioners may 1232  
adopt its resolution at any time after a mutually acceptable 1233  
compensation agreement is agreed to by the board of county 1234  
commissioners and the board of township trustees, or, if no 1235  
compensation agreement is negotiated, at any time after the 1236  
board of county commissioners in the proposed resolution to 1237  
provide compensation to the board of township trustees of fifty 1238  
per cent of the taxes that would be payable to the township in 1239  
the eleventh and subsequent years of the exemption period or on 1240

the portion of the improvement in excess of seventy-five per 1241  
cent, were that portion to be subject to taxation. 1242

(E) Service payments in lieu of taxes that are 1243  
attributable to any amount by which the effective tax rate of 1244  
either a renewal levy with an increase or a replacement levy 1245  
exceeds the effective tax rate of the levy renewed or replaced, 1246  
or that are attributable to an additional levy, for a levy 1247  
authorized by the voters for any of the following purposes on or 1248  
after January 1, 2006, and which are provided pursuant to a 1249  
resolution creating an incentive district under division (B)(1) 1250  
of this section that is adopted on or after January 1, 2006, 1251  
shall be distributed to the appropriate taxing authority as 1252  
required under division (D) of section 5709.79 of the Revised 1253  
Code in an amount equal to the amount of taxes from that 1254  
additional levy or from the increase in the effective tax rate 1255  
of such renewal or replacement levy that would have been payable 1256  
to that taxing authority from the following levies were it not 1257  
for the exemption authorized under division (B) of this section: 1258

(1) A tax levied under division (L) of section 5705.19 or 1259  
section 5705.191 of the Revised Code for community mental 1260  
retardation and developmental disabilities programs and services 1261  
pursuant to Chapter 5126. of the Revised Code; 1262

(2) A tax levied under division (Y) of section 5705.19 of 1263  
the Revised Code for providing or maintaining senior citizens 1264  
services or facilities; 1265

(3) A tax levied under section 5705.22 of the Revised Code 1266  
for county hospitals; 1267

(4) A tax levied by a joint-county district or by a county 1268  
under section 5705.19, 5705.191, or 5705.221 of the Revised Code 1269

for alcohol, drug addiction, and mental health services or facilities;	1270 1271
(5) A tax levied under section 5705.23 of the Revised Code for library purposes;	1272 1273
(6) A tax levied under section 5705.24 of the Revised Code for the support of children services and the placement and care of children;	1274 1275 1276
(7) A tax levied under division (Z) of section 5705.19 of the Revised Code for the provision and maintenance of zoological park services and facilities under section 307.76 of the Revised Code;	1277 1278 1279 1280
(8) A tax levied under section 511.27 or division (H) of section 5705.19 of the Revised Code for the support of township park districts;	1281 1282 1283
(9) A tax levied under division (A), (F), or (H) of section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;	1284 1285 1286 1287
(10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;	1288 1289
(11) A tax levied under section 5705.191 of the Revised Code for the purpose of making appropriations for public assistance; human or social services; public relief; public welfare; public health and hospitalization; and support of general hospitals;	1290 1291 1292 1293 1294
(12) A tax levied under section 3709.29 of the Revised Code for a general health district program;	1295 1296
<u>(13) A tax levied under section 505.39 or division (I) of</u>	1297

section 5705.19 of the Revised Code for the purpose of funding 1298  
fire, emergency medical, and ambulance services as described in 1299  
that section and division; 1300

(14) A tax levied under division (J) of section 5705.19 of 1301  
the Revised Code for the purpose of police protection, emergency 1302  
medical, and ambulance services as described in that division. 1303

(F) An exemption from taxation granted under this section 1304  
commences with the tax year specified in the resolution so long 1305  
as the year specified in the resolution commences after the 1306  
effective date of the resolution. If the resolution specifies a 1307  
year commencing before the effective date of the resolution or 1308  
specifies no year whatsoever, the exemption commences with the 1309  
tax year in which an exempted improvement first appears on the 1310  
tax list and duplicate of real and public utility property and 1311  
that commences after the effective date of the resolution. In 1312  
lieu of stating a specific year, the resolution may provide that 1313  
the exemption commences in the tax year in which the value of an 1314  
improvement exceeds a specified amount or in which the 1315  
construction of one or more improvements is completed, provided 1316  
that such tax year commences after the effective date of the 1317  
resolution. With respect to the exemption of improvements to 1318  
parcels under division (A) of this section, the resolution may 1319  
allow for the exemption to commence in different tax years on a 1320  
parcel-by-parcel basis, with a separate exemption term specified 1321  
for each parcel. 1322

Except as otherwise provided in this division, the 1323  
exemption ends on the date specified in the resolution as the 1324  
date the improvement ceases to be a public purpose or the 1325  
incentive district expires, or ends on the date on which the 1326  
county can no longer require annual service payments in lieu of 1327

taxes under section 5709.79 of the Revised Code, whichever 1328  
occurs first. The exemption of an improvement with respect to a 1329  
parcel or within an incentive district may end on a later date, 1330  
as specified in the resolution, if the board of commissioners 1331  
and the board of education of the city, local, or exempted 1332  
village school district within which the parcel or district is 1333  
located have entered into a compensation agreement under section 1334  
5709.82 of the Revised Code with respect to the improvement, and 1335  
the board of education has approved the term of the exemption 1336  
under division (C)(1) of this section, but in no case shall the 1337  
improvement be exempted from taxation for more than thirty 1338  
years. Exemptions shall be claimed and allowed in the same or a 1339  
similar manner as in the case of other real property exemptions. 1340  
If an exemption status changes during a tax year, the procedure 1341  
for the apportionment of the taxes for that year is the same as 1342  
in the case of other changes in tax exemption status during the 1343  
year. 1344

(G) If the board of county commissioners is not required 1345  
by this section to notify the board of education of the board of 1346  
county commissioners' intent to declare improvements to be a 1347  
public purpose, the board of county commissioners shall comply 1348  
with the notice requirements imposed under section 5709.83 of 1349  
the Revised Code before taking formal action to adopt the 1350  
resolution making that declaration, unless the board of 1351  
education has adopted a resolution under that section waiving 1352  
its right to receive such a notice. 1353

(H) The county, not later than fifteen days after the 1354  
adoption of a resolution under this section, shall submit to the 1355  
director of development services a copy of the resolution. On or 1356  
before the thirty-first day of March of each year, the county 1357  
shall submit a status report to the director of development 1358

services. The report shall indicate, in the manner prescribed by 1359  
the director, the progress of the project during each year that 1360  
an exemption remains in effect, including a summary of the 1361  
receipts from service payments in lieu of taxes; expenditures of 1362  
money from the fund created under section 5709.80 of the Revised 1363  
Code; a description of the public infrastructure improvements 1364  
and housing renovations financed with such expenditures; and a 1365  
quantitative summary of changes in employment and private 1366  
investment resulting from each project. 1367

(I) Nothing in this section shall be construed to prohibit 1368  
a board of county commissioners from declaring to be a public 1369  
purpose improvements with respect to more than one parcel. 1370

(J) If a parcel is located in a new community district in 1371  
which the new community authority imposes a community 1372  
development charge on the basis of rentals received from leases 1373  
of real property as described in division (L) (2) of section 1374  
349.01 of the Revised Code, the parcel may not be exempted from 1375  
taxation under this section. 1376

**Section 2.** That existing sections 5709.40, 5709.73, and 1377  
5709.78 of the Revised Code are hereby repealed. 1378

**Section 3.** The amendment by this act of sections 5709.40, 1379  
5709.73, and 5709.78 of the Revised Code applies to service 1380  
payments in lieu of taxes charged and payable for tax year 2015 1381  
and thereafter. 1382