

**As Reported by the House Economic and Workforce Development
Committee**

131st General Assembly

**Regular Session
2015-2016**

Sub. H. B. No. 182

**Representative Schuring
Cosponsor: Representative Baker**

A BILL

To amend sections 715.72, 715.79, 715.80, 715.81, 1
715.82, 715.83, 5709.61, 5709.82, 5733.06, 2
5733.41, 5747.02, and 5747.41, to enact section 3
5709.634, and to repeal sections 715.73, 715.74, 4
715.75, 715.76, 715.761, 715.77, 715.771, and 5
715.78 of the Revised Code to revise the law 6
governing the creation and operation of joint 7
economic development districts (JEDDs) and 8
enterprise zones. 9

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

Section 1. That sections 715.72, 715.79, 715.80, 715.81, 10
715.82, 715.83, 5709.61, 5709.82, 5733.06, 5733.41, 5747.02, and 11
5747.41 be amended and section 5709.634 of the Revised Code be 12
enacted to read as follows: 13

Sec. 715.72. (A) As used in ~~sections 715.72 to 715.81 of~~ 14
~~the Revised Code~~ this section: 15

(1) "Contracting parties" means one or more municipal 16
corporations, one or more townships, and, under division (D) of 17

this section, one or more counties that have entered into a 18
contract under this section to create a joint economic 19
development district. 20

(2) "District" means a joint economic development district 21
created under ~~sections 715.72 to 715.81 of the Revised Code~~ this 22
section. 23

(3) "Contract for utility services" means a contract under 24
which a municipal corporation agrees to provide to a township or 25
another municipal corporation water, sewer, electric, or other 26
utility services necessary to the public health, safety, and 27
welfare. 28

(4) "Business" means a sole proprietorship, a corporation 29
for profit, a pass-through entity as defined in section 5733.04 30
of the Revised Code, the federal government, the state, the 31
state's political subdivisions, a nonprofit organization, or a 32
school district. 33

(5) "Owner" means a partner of a partnership, a member of 34
a limited liability company, a majority shareholder of an S 35
corporation, a person with a majority ownership interest in a 36
pass-through entity, or any officer, employee, or agent with 37
authority to make decisions legally binding upon a business. 38

(6) "Record owner" means the person or persons in whose 39
name a parcel is listed on the tax list or exempt list compiled 40
by the county auditor under section 319.28 or 5713.08 of the 41
Revised Code. 42

(7) A business "operates within" a district if the net 43
profits of the business or the income of employees of the 44
business would be subject to an income tax levied within the 45
district. 46

(8) An employee is "employed within" a district if any 47
portion of the employee's income would be subject to an income 48
tax levied within the district. 49

~~(B) Sections 715.72 to 715.81 of the Revised Code provide~~ 50
This section provides alternative procedures and requirements to 51
those set forth in sections 715.70 and 715.71 of the Revised 52
Code for creating and operating a joint economic development 53
district. ~~Sections 715.72 to 715.81 of the Revised Code apply~~ 54
This section applies to municipal corporations and townships 55
that are located in the same county or in adjacent counties. 56

(C) One or more municipal corporations, one or more 57
townships, and, under division (D) of this section, one or more 58
counties may enter into a contract pursuant to which they ~~create~~ 59
designate one or more areas as a joint economic development 60
district ~~one or more areas~~ for the purpose of facilitating 61
economic development and redevelopment, to create or preserve 62
jobs and employment opportunities, and to improve the economic 63
welfare of the people in this state and in the area of the 64
contracting parties. 65

(1) Except as otherwise provided in division (C) (2) of 66
this section, the territory of each of the contracting parties 67
shall be contiguous to the territory of at least one other 68
contracting party, or contiguous to the territory of a township, 69
municipal corporation, or county that is contiguous to another 70
contracting party, even if the intervening township or municipal 71
corporation is not a contracting party. 72

(2) Contracting parties that have entered into a contract 73
under section 715.70 or 715.71 of the Revised Code creating a 74
joint economic development district prior to November 15, 1995, 75
may enter into a contract under this section even if the 76

territory of each of the contracting parties is not contiguous 77
to the territory of at least one other contracting party, or 78
contiguous to the territory of a township or municipal 79
corporation that is contiguous to another contracting party as 80
otherwise required under division (C) (1) of this section. The 81
contract and district shall meet the requirements of ~~sections~~ 82
~~715.72 to 715.81 of the Revised Code~~ this section. 83

(D) ~~If, on or after the effective date of this amendment~~ 84
December 30, 2008, but on or before June 30, 2009, one or more 85
municipal corporations and one or more townships enter into a 86
contract or amend an existing contract under this section, one 87
or more counties in which all of those municipal corporations or 88
townships are located also may enter into the contract as a 89
contracting party or parties. 90

(E) (1) The area or areas to be included in a joint 91
economic development district shall meet all of the following 92
criteria: 93

(a) The area or areas shall be located within the 94
territory of one or more of the contracting parties and may 95
consist of all of the territory of any or all of the contracting 96
parties. 97

(b) No electors, except those residing in a mixed-use 98
facility, shall reside within the area or areas on the effective 99
date of the contract creating the district. For the purposes of 100
this division, "mixed-use facility" means a building used 101
concurrently for both residential and commercial or industrial 102
purposes. A building is a "mixed-use facility" even if there are 103
no businesses currently operating within the building if the 104
building is zoned for a commercial or industrial use and the 105
owner or lessee of the building is in the process of preparing 106

the building for such use or seeking a commercial or industrial 107
occupant. 108

(c) The area or areas shall not include any parcel of land 109
owned in fee by or leased to a municipal corporation or 110
township, unless the municipal corporation or township is a 111
contracting party or has given its consent to have the parcel of 112
land included in the district by the adoption of an ordinance or 113
resolution. 114

(2) The contracting parties may designate excluded parcels 115
within the boundaries of the joint economic development 116
district. Excluded parcels are not part of the district and 117
persons employed or residing on such parcels shall not be 118
subject to any income tax imposed within the district under 119
division (F) (5) of this section. 120

(F) (1) The contract creating a joint economic development 121
district shall provide for the amount or nature of the 122
contribution of each contracting party to the development and 123
operation of the district and may provide for the sharing of the 124
costs of the operation of and improvements for the district. The 125
contributions may be in any form to which the contracting 126
parties agree and may include, but are not limited to, the 127
provision of services, money, real or personal property, 128
facilities, or equipment. 129

(2) The contract may provide for the contracting parties 130
to share revenue from taxes levied by one or more of the 131
contracting parties if those revenues may lawfully be applied to 132
that purpose under the legislation by which those taxes are 133
levied. 134

(3) The contract shall include an economic development 135

plan for the district that consists of a schedule for the 136
provision of new, expanded, or additional services, facilities, 137
or improvements. The contract may provide for expanded or 138
additional capacity for or other enhancement of existing 139
services, facilities, or improvements. 140

(4) The contract shall enumerate the specific powers, 141
duties, and functions of the board of directors of the district 142
described under division (P) of this section and shall designate 143
procedures consistent with that division for appointing members 144
to the board. The contract shall enumerate rules to govern the 145
board in carrying out its business under this section. 146

(5) (a) The contract may grant to the board the power to 147
adopt a resolution to levy an income tax within the entire 148
district or within portions of the district designated by the 149
contract. The income tax shall be used to carry out the economic 150
development plan for the district or the portion of the district 151
in which the tax is levied and for any other lawful purpose of 152
the contracting parties pursuant to the contract, including the 153
provision of utility services by one or more of the contracting 154
parties. 155

(b) An income tax levied under this section shall be based 156
on both the income earned by persons employed or residing within 157
the district and the net profit of businesses operating within 158
the district. 159

The income tax levied within the district is subject to 160
Chapter 718. of the Revised Code, except that no vote shall be 161
required. The rate of the income tax shall be no higher than the 162
highest rate being levied by a municipal corporation that is a 163
contracting party. 164

(c) If the board adopts a resolution to levy an income tax, it shall enter into an agreement with a municipal corporation that is a contracting party to administer, collect, and enforce the income tax on behalf of the district. 165
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(d) A resolution levying an income tax under this section shall require the contracting parties to annually set aside a percentage, to be stated in the resolution, of the amount of the income tax collected for the long-term maintenance of the district. 169
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(e) An income tax levied under this section shall apply in the district or the portion of the district in which the contract authorizes an income tax throughout the term of the contract creating the district. The tax shall not apply to any persons employed or residing on a parcel excluded from the district under division (E)(2) of this section. 174
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(6) If there is unincorporated territory in the district, the contract shall specify that restrictions on annexation proceedings under division (R) of this section apply to such unincorporated territory. The contract may prohibit proceedings under Chapter 709. of the Revised Code proposing the annexation to, merger of, or consolidation with a municipal corporation that is a contracting party of any unincorporated territory within a township that is a contracting party during the term of the contract regardless of whether that territory is located within the district. 180
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(G) The contract creating a joint economic development district shall continue in existence throughout its term and shall be binding on the contracting parties and on any parties succeeding to the contracting parties, whether by annexation, merger, or consolidation. Except as provided in division (H) of 190
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this section, the contract may be amended, renewed, or 195
terminated with the approval of the contracting parties or any 196
parties succeeding to the contracting parties. If the contract 197
is amended to add or remove an area to or from an existing 198
district, the amendment shall be adopted in the manner 199
prescribed under division (L) of this section. 200

(H) If two or more contracting parties previously have 201
entered into a separate contract for utility services, then 202
amendment, renewal, or termination of the separate contract for 203
utility services shall not constitute any part of the 204
consideration for the contract creating a joint economic 205
development district. A contract creating a joint economic 206
development district shall be rebuttably presumed to violate 207
this division if it is entered into within two years prior or 208
five years subsequent to the amendment, renewal, or termination 209
of a separate contract for utility services that two or more 210
contracting parties previously have entered into. The 211
presumption stated in this division may be rebutted by clear and 212
convincing evidence of both of the following: 213

(1) That other substantial consideration existed to 214
support the contract creating a joint economic development 215
district; 216

(2) That the contracting parties entered into the contract 217
creating a joint economic development district freely and 218
without duress or coercion related to the amendment, renewal, or 219
termination of the separate contract for utility services. 220

A contract creating a joint economic development district 221
that violates this division is void and unenforceable. 222

(I) (1) Before the legislative authority of any of the 223

contracting parties adopts an ordinance or resolution approving 224
a contract to create a district, the legislative authority of 225
each of the contracting parties shall hold a public hearing 226
concerning the contract and district. Each legislative authority 227
shall provide at least thirty days' public notice of the time 228
and place of the public hearing in a newspaper of general 229
circulation in the municipal corporation, township, or county, 230
as applicable. During the thirty-day period prior to the public 231
hearing and until the date that an ordinance or resolution is 232
adopted under division (K) of this section to approve the joint 233
economic development district contract, all of the following 234
documents shall be available for public inspection in the office 235
of the clerk of the legislative authority of a municipal 236
corporation and county that is a contracting party and in the 237
office of the fiscal officer of a township that is a contracting 238
party: 239

(a) A copy of the contract creating the district, 240
including the economic development plan for the district and the 241
schedule for the provision of new, expanded, or additional 242
services, facilities, or improvements described in division (F) 243
(3) of this section; 244

(b) A description of the area or areas to be included in 245
the district, including a map in sufficient detail to denote the 246
specific boundaries of the area or areas and to indicate any 247
zoning restrictions applicable to the area or areas, and the 248
parcel number, provided for under section 319.28 of the Revised 249
Code, of any parcel located within the boundaries of the joint 250
economic development district and excluded from the district 251
under division (E) (2) of this section; 252

(c) If the contract authorizes the board of directors of 253

the district to adopt a resolution to levy an income tax within 254
the district or within portions of the district, a schedule for 255
the collection of the tax. 256

(2) A public hearing held under this division shall allow 257
for public comment and recommendations on the contract and 258
district. The contracting parties may include in the contract 259
any of those recommendations prior to approval of the contract. 260

(J) Before any of the contracting parties approves a 261
contract under division (K) of this section, the contracting 262
parties shall circulate one or more petitions to record owners 263
of real property located within the proposed joint economic 264
development district and owners of businesses operating within 265
the proposed district. The petitions shall state that all of the 266
documents described in divisions (I) (1) (a) to (c) of this 267
section are available for public inspection in the office of the 268
clerk of the legislative authority of each municipal corporation 269
and county that is a contracting party or the office of the 270
fiscal officer of each township that is a contracting party. The 271
petitions shall clearly indicate that, by signing the petition, 272
the record owner or owner consents to the proposed joint 273
economic development district. 274

A contracting party may send written notice of the 275
petitions by certified mail with return receipt requested to the 276
last known mailing addresses of any or all of the record owners 277
of real property located within the proposed district or the 278
owners of businesses operating within the proposed district. A 279
record owner of real property or an owner of a business that 280
signs to accept delivery of the notice and does not respond to 281
the contracting party within thirty days of the date the notice 282
was sent is deemed to have signed the petitions for the purposes 283

of this section. 284

(K) (1) After the public hearings required under division 285
(I) of this section have been held and the petitions described 286
in division (J) of this section have been signed by the majority 287
of the record owners of real property located within the 288
proposed joint economic development district and by a majority 289
of the owners of businesses, if any, operating within the 290
proposed district, each contracting party may adopt an ordinance 291
or resolution approving the contract to create a joint economic 292
development district. Not later than ten days after all of the 293
contracting parties have adopted ordinances or resolutions 294
approving the district contract, each contracting party shall 295
give notice of the proposed district to all of the following: 296

(a) Each record owner of real property to be included in 297
the district and in the territory of that contracting party who 298
did not sign the petitions described in division (J) of this 299
section and who was not deemed to have signed the petitions 300
pursuant to that division; 301

(b) An owner of each business operating within the 302
district and in the territory of that contracting party no owner 303
of which signed the petitions described in division (J) of this 304
section or was deemed to have signed the petitions under that 305
division. 306

(2) Such notices shall be given by certified mail and 307
shall specify that the property or business is located within an 308
area to be included in the district and that all of the 309
documents described in divisions (I) (1) (a) to (c) of this 310
section are available for public inspection in the office of the 311
clerk of the legislative authority of each municipal corporation 312
and county that is a contracting party or the office of the 313

fiscal officer of each township that is a contracting party. 314

(L) (1) The contracting parties may amend the joint 315
economic development district contract to add any area that was 316
not originally included in the district if the area satisfies 317
the criteria prescribed under division (E) of this section. The 318
contracting parties may also amend the district contract to 319
remove any area originally included in the district or exclude 320
one or more parcels located within the district pursuant to 321
division (E) (2) of this section. 322

(2) An amendment adding an area to a district, removing an 323
area from the district, or excluding one or more parcels from 324
the district may be approved only by a resolution or ordinance 325
adopted by each of the contracting parties. The contracting 326
parties shall conduct public hearings on the amendment and 327
provide notice in the manner required under division (I) of this 328
section for original contracts. The contracting parties shall 329
make available for public inspection a copy of the amendment, a 330
description of the area to be added, removed, or excluded to or 331
from the district, and a map of that area in sufficient detail 332
to denote the specific boundaries of the area and to indicate 333
any zoning restrictions applicable to the area. 334

(3) Before adopting a resolution or ordinance approving 335
the addition of an area to the district, the contracting parties 336
shall circulate petitions to the record owners of real property 337
located within the proposed addition to the district and owners 338
of businesses operating within the proposed addition to the 339
district in the same manner required under division (J) of this 340
section for original contracts. The contracting parties may 341
notify such record owners of real property and owners of 342
businesses that the petitions are available for signing and deem 343

nonresponsive record owners of real property and owners of 344
businesses to have signed the petitions in the same manner 345
provided by that division. 346

(4) The contracting parties to a joint economic 347
development district may vote to approve an amendment to the 348
district contract under this division after the public hearings 349
required under division (L) (2) are completed and, if the 350
amendment adds an area or areas to the district, the petitions 351
required under division (L) (3) of this section have been signed 352
by the majority of record owners of real property located within 353
the area or areas added to the district and by a majority of the 354
owners of businesses, if any, operating within the proposed 355
addition to the district. 356

(5) Not later than ten days after all of the contracting 357
parties have adopted ordinances or resolutions approving an 358
amendment adding one or more areas to the district, each 359
contracting party shall give notice of the addition to all of 360
the following: 361

(a) Each record owner of real property to be included in 362
the addition to the district and in the territory of that 363
contracting party who did not sign the petitions described in 364
division (L) (3) of this section and who was not deemed to have 365
signed the petitions pursuant to that division; 366

(b) An owner of each business operating within the 367
addition to the district and in the territory of that 368
contracting party no owner of which signed the petitions 369
described in division (L) (3) of this section or was deemed to 370
have signed the petitions under that division. 371

(M) (1) A board of township trustees that is a party to a 372

contract creating a joint economic development district may 373
choose not to submit its resolution approving the contract to 374
the electors of the township if all of the following conditions 375
are satisfied: 376

(a) The resolution has been approved by a unanimous vote 377
of the members of the board of township trustees or, if a county 378
is one of the contracting parties under division (D) of this 379
section, the resolution has been approved by a majority vote of 380
the members of the board of township trustees; 381

(b) The contracting parties have circulated petitions as 382
required under division (J) of this section and obtained the 383
signatures required under division (L) of this section; 384

(c) The territory to be included in the proposed district 385
is zoned in a manner appropriate to the function of the 386
district. 387

(2) If the board of township trustees has not invoked its 388
authority under division (M) (1) of this section, the board, at 389
least ninety days before the date of the election, shall file 390
its resolution approving the district contract with the board of 391
elections for submission to the electors of the township for 392
approval at the next succeeding general, primary, or special 393
election. 394

(3) Any contract creating a district in which a board of 395
township trustees is a party shall provide that the contract is 396
not effective before the thirty-first day after its approval, 397
including approval by the electors of the township if required 398
by this section. 399

(4) If the board of township trustees invokes its 400
authority under division (M) (1) of this section and does not 401

submit the district contract to the electors for approval, the 402
resolution of the board of township trustees approving the 403
contract is subject to a referendum of the electors of the 404
township when requested through a petition. When signed by ten 405
per cent of the number of electors in the township who voted for 406
the office of governor at the most recent general election, a 407
referendum petition asking that the resolution be submitted to 408
the electors of the township may be presented to the board of 409
township trustees. Such a petition shall be presented within 410
thirty days after the board of township trustees adopts the 411
resolution approving the district contract. The board of 412
township trustees shall, not later than four p.m. of the tenth 413
day after receipt of the petition, certify the text of the 414
resolution to the board of elections. The board of elections 415
shall submit the resolution to the electors of the township for 416
their approval or rejection at the next general, primary, or 417
special election occurring at least ninety days after 418
certification of the resolution. 419

(N) The ballot respecting a resolution to create a 420
district or a referendum of such a resolution shall be in the 421
following form: 422

"Shall the resolution of the board of township trustees 423
approving the contract with (here insert name of 424
every other contracting party) for the creation of a joint 425
economic development district be approved? 426

FOR THE RESOLUTION AND CONTRACT 427

AGAINST THE RESOLUTION AND CONTRACT 428

If a majority of the electors of the township voting on 429
the issue vote for the resolution and contract, the resolution 430

shall become effective immediately and the contract shall go 431
into effect on the thirty-first day after the election or 432
thereafter in accordance with terms of the contract. 433

(O) Upon the creation of a district under this section, 434
one of the contracting parties shall file a copy of each of the 435
following documents with the director of development services: 436

(1) All of the documents described in divisions (I) (1) (a) 437
to (c) of this section; 438

(2) Certified copies of the ordinances and resolutions of 439
the contracting parties relating to the contract and district; 440

(3) Documentation from each contracting party that the 441
public hearings required by division (I) of this section have 442
been held, the date of the hearings, and evidence that notice of 443
the hearings was published as required by that division; 444

(4) A copy of the signed petitions required under 445
divisions (J) and (K) of this section. 446

(P) A board of directors shall govern each district 447
created under this section. 448

(1) If there are businesses operating and persons employed 449
within the district, the board shall be composed of the 450
following members: 451

(a) One member representing the municipal corporations 452
that are contracting parties; 453

(b) One member representing the townships that are 454
contracting parties; 455

(c) One member representing the owners of businesses 456
operating within the district; 457

(d) One member representing the persons employed within 458
the district; 459

(e) One member representing the counties that are 460
contracting parties, or, if no contracting party is a county, 461
one member selected by the members described in divisions (P)(1) 462
(a) to (d) of this section. 463

The members of the board shall be appointed as provided in 464
the district contract. Of the members initially appointed to the 465
board, the member described in division (P)(1)(a) of this 466
section shall serve a term of one year; the member described in 467
division (P)(1)(b) of this section shall serve a term of two 468
years; the member described in division (P)(1)(c) of this 469
section shall serve a term of three years; and the members 470
described in divisions (P)(1)(d) and (e) of this section shall 471
serve terms of four years. Thereafter, terms for each member 472
shall be for four years, each term ending on the same day of the 473
same month of the year as did the term that it succeeds. A 474
member may be reappointed to the board, but no member shall 475
serve more than two consecutive terms on the board. 476

The member described in division (R)(1)(e) of this section 477
shall serve as chairperson of the board described under division 478
(P)(1) of this section. 479

(2) If there are no businesses operating or persons 480
employed within the district, the board shall be composed of the 481
following members: 482

(a) One member representing the municipal corporations 483
that are contracting parties; 484

(b) One member representing the townships that are 485
contracting parties; 486

(c) One member representing the counties that are 487
contracting parties, or if no contracting party is a county, one 488
member selected by the members described in divisions (P) (2) (a) 489
and (b) of this section. 490

The members of the board shall be appointed as provided in 491
the district contract. Of the members initially appointed to the 492
board, the member described in division (P) (2) (a) of this 493
section shall serve a term of one year; the member described in 494
division (P) (2) (b) of this section shall serve a term of two 495
years; and the member described in division (P) (2) (c) of this 496
section shall serve a term of three years. Thereafter, terms for 497
each member shall be for four years, each term ending on the 498
same day of the same month of the year as did the term that it 499
succeeds. A member may be reappointed to the board, but no 500
member shall serve more than two consecutive terms on the board. 501

The member described in division (P) (2) (c) of this section 502
shall serve as chairperson of a board described under division 503
(P) (2) of this section. 504

(3) A board described under division (P) (1) or (2) of this 505
section has no powers except as described in this section and in 506
the contract creating the district. 507

(4) Membership on the board of directors of a joint 508
economic development district created under this section is not 509
the holding of a public office or employment within the meaning 510
of any section of the Revised Code prohibiting the holding of 511
other public office or employment. Membership on such a board is 512
not a direct or indirect interest in a contract or expenditure 513
of money by a municipal corporation, township, county, or other 514
political subdivision with which a member may be affiliated. 515
Notwithstanding any provision of law to the contrary, no member 516

of a board of directors of a joint economic development district 517
shall forfeit or be disqualified from holding any public office 518
or employment by reason of membership on the board. 519

(5) The board of directors of a joint economic development 520
district is a public body for the purposes of section 121.22 of 521
the Revised Code. Chapter 2744. of the Revised Code applies to 522
such a board and the district. 523

(Q) (1) On or before the date occurring six months after 524
the effective date of the district contract, an owner of a 525
business operating within the district may, on behalf of the 526
business and its employees, apply to the director of development 527
services for exemption from any income tax imposed by the board 528
of directors of the district under division (F) (5) of this 529
section if all of the following apply: 530

(a) The business operated within an unincorporated area of 531
the district before the effective date of the district contract; 532

(b) No owner of the business signed or was deemed to have 533
signed a petition described in division (J) of this section; 534

(c) Neither the business nor its employees has derived or 535
will derive any material benefit from the new, expanded, or 536
additional services, facilities, or improvements described in 537
the economic development plan for the district, or the material 538
benefit that has, or will be, derived is negligible in 539
comparison to the income tax revenue generated from the net 540
profits of the business and the income of employees of the 541
business. 542

The application shall be made in the manner prescribed by 543
the director for that purpose. The owner of the business shall 544
submit to the director, along with the application, 545

documentation sufficient to prove that the owner sent copies of 546
the application to the legislative authority of each contracting 547
party. The director shall not accept any application received 548
more than six months after the effective date of the district 549
contract. 550

(2) Any or all of the contracting parties may submit a 551
written response to the application submitted under division (Q) 552
(1) of this section to the director at any time before the 553
director makes a determination with respect to the application. 554
Such a contracting party shall submit to the director, along 555
with the response, documentation sufficient to prove that the 556
owner sent copies of the response to the owner of the business 557
who submitted the application. 558

(3) The director shall review each application submitted 559
by a business owner under division (Q) (1) of this section and 560
each response submitted by a contracting party under division 561
(Q) (2) of this section. In addition, the director may conduct a 562
hearing on the application and request the presence of the 563
business owner and the contracting parties to present evidence 564
relevant to the application. The director shall make a 565
determination on the application not sooner than thirty days but 566
not later than sixty days after receiving the application from 567
the business owner. The director may make a determination more 568
than sixty days after receiving the application if the business 569
owner and all contracting parties to the district consent. 570

(4) The director shall grant the exemption applied for 571
under division (Q) (1) of this section if all of the criteria 572
described in divisions (Q) (1) (a) through (c) of this section are 573
met. 574

(5) If the criteria described in divisions (Q) (1) (a) 575

through (c) of this section are not met, the director shall deny 576
the application for exemption. 577

(6) The director shall send notice of the determination 578
with respect to the application to the owner of the business and 579
each contracting party. If the director approves the application 580
granting the exemption, the net profits of the business from 581
operations within the district and the income of its employees 582
from employment within the district are exempt from any income 583
tax imposed by the board of directors of the district. If the 584
director denies the application, the net profits of the business 585
and the income of its employees shall be taxed according to the 586
terms of the district contract and no owner of the business may 587
submit another application for exemption under division (Q) (1) 588
of this section for the same district contract. This division 589
does not prohibit the business owner from appealing the 590
director's determination under division (R) of this section. 591

(7) The director shall adopt any rules necessary to 592
implement division (Q) of this section in accordance with 593
Chapter 119. of the Revised Code. 594

(R) (1) The director's determination with respect to an 595
application for exemption under division (Q) of this section may 596
be appealed to the court of common pleas of the county in which 597
the majority of the territory of the joint economic development 598
district is located. The applicant business owner or any of the 599
contracting parties may initiate the appeal by filing a notice 600
of appeal with the court and with the director within thirty 601
days after notice of the director's determination is sent as 602
provided in division (Q) (6) of this section. 603

(2) If the appellant is the business owner, the 604
contracting parties shall be made appellees and notice of the 605

appeal shall be served upon them by certified mail unless 606
waived. If the appellant is a contracting party, the business 607
owner shall be made an appellee and notice of the appeal shall 608
be served upon the business owner and all other contracting 609
parties by certified mail unless waived. 610

(3) Within thirty days after notice of appeal has been 611
filed with the director, the director shall certify to the court 612
the business owner's application for exemption, any responses to 613
the application submitted by contracting parties, and a 614
transcript of the record of any hearing on the application. 615

(4) The court may hear the appeal on the record and the 616
evidence thus submitted, or it may hear and consider additional 617
evidence. The court shall evaluate the appeal based on the 618
reasonableness of the director's determination. If the court 619
determines that the director's determination was reasonable, the 620
court shall uphold it. If the court determines that the 621
director's determination was not reasonable, the court shall 622
reverse it. The court shall send notice of its determination to 623
the director, the appellant, and the appellees. The court's 624
determination on the appeal is final. 625

(S) (1) No proceeding pursuant to Chapter 709. of the 626
Revised Code that proposes the annexation to, merger of, or 627
consolidation with a municipal corporation of any unincorporated 628
territory within a joint economic development district may be 629
commenced at any time between the effective date of the contract 630
creating the district and the date the contract expires, 631
terminates, or is otherwise rendered unenforceable. This 632
division does not apply if each board of township trustees whose 633
territory is included within the district and whose territory is 634
proposed to be annexed, merged, or consolidated adopts a 635

resolution consenting to the commencement of the proceeding. 636
Each such board of township trustees shall file a copy of the 637
resolution with the clerk of the legislative authority of each 638
county within which a contracting party is located. 639

(2) The contract creating a joint economic development 640
district may prohibit any annexation proceeding by a contracting 641
municipal corporation of any unincorporated territory within the 642
district or zone beyond the period described in division (S) (1) 643
of this section. 644

(3) No contracting party is divested or relieved of its 645
rights or obligations under the contract creating a joint 646
economic development district because of annexation, merger, or 647
consolidation. 648

(T) Contracting parties may enter into agreements pursuant 649
to the contract creating a joint economic development district 650
with respect to the substance and administration of zoning and 651
other land use regulations, building codes, permanent public 652
improvements, and other regulatory and proprietary matters 653
determined to be for a public purpose. No contract, however, 654
shall exempt the territory within the district from the 655
procedures of land use regulation applicable pursuant to 656
municipal corporation, township, and county regulations, 657
including, but not limited to, zoning procedures. 658

(U) The powers granted under this section are in addition 659
to and not in the derogation of all other powers possessed by or 660
granted to municipal corporations, townships, and counties 661
pursuant to law. 662

(1) When exercising a power or performing a function or 663
duty under a contract entered into under this section, a 664

municipal corporation may exercise all the powers of a municipal corporation, and may perform all the functions and duties of a municipal corporation, within the district, pursuant to and to the extent consistent with the contract. 665
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(2) When exercising a power or performing a function or duty under a contract entered into under division (D) of this section, a county may exercise all of the powers of a county, and may perform all the functions and duties of a county, within the district pursuant to and to the extent consistent with the contract. 669
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(V) No political subdivision shall grant any tax exemption under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 5709.632 of the Revised Code on any property located within the district without the consent of all the contracting parties. The prohibition against granting a tax exemption under this section does not apply to any exemption filed, pending, or approved before the effective date of the contract entered into under this section. 675
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Sec. 715.79. (A) No annexation proceeding pursuant to Chapter 709. of the Revised Code that proposes the annexation to, merger of, or consolidation with a municipal corporation of any unincorporated territory within a ~~joint economic development district, or~~ joint economic development zone that is subject to division (I)(2) of section 715.691 of the Revised Code, shall be commenced for a period of three years after the contract creating the ~~district or~~ zone is approved by the majority of the electors under section ~~715.77 or~~ 715.691 of the Revised Code. This division does not apply if the contract is terminated during this period or if each board of township trustees whose territory is included within the ~~district or~~ zone and whose 683
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territory is proposed to be annexed, merged, or consolidated 695
adopts a resolution consenting to the commencement of the 696
proceeding. Each such board of township trustees shall file a 697
copy of the resolution with the clerk of the legislative 698
authority of each county within which a contracting party is 699
located. 700

(B) The contract creating a ~~joint economic development~~ 701
~~district, or~~ joint economic development zone that is subject to 702
division (I) (2) of section 715.691 of the Revised Code~~7~~ may 703
prohibit any annexation proceeding by a contracting municipal 704
corporation of any unincorporated territory within ~~the district~~ 705
~~or~~ zone beyond the three-year period described in division (A) 706
of this section. 707

(C) No contracting party is divested or relieved of its 708
rights or obligations under the contract creating a ~~joint~~ 709
~~economic development district, or~~ joint economic development 710
zone that is subject to division (I) (2) of section 715.691 of 711
the Revised Code~~7~~, because of annexation, merger, or 712
consolidation. 713

Sec. 715.80. Contracting parties may enter into binding 714
agreements pursuant to the contract creating a ~~joint economic~~ 715
~~development district, or~~ joint economic development zone that is 716
subject to division (I) (2) of section 715.691 of the Revised 717
Code~~7~~, with respect to the substance and administration of zoning 718
and other land-use regulations, building codes, permanent public 719
improvements, and other regulatory and proprietary matters 720
determined to be for a public purpose. No contract, however, 721
shall exempt the territory within the ~~district or~~ zone from the 722
procedures of land use regulation applicable pursuant to 723
municipal corporation, township, and county regulations, 724

including, but not limited to, zoning procedures. 725

~~Sec. 715.81. The powers granted under sections 715.72 to 726
715.81 of the Revised Code are in addition to and not in the 727
derogation of all other powers granted to municipal 728
corporations, townships, and counties pursuant to law. When 729
exercising a power or performing a function or duty under a 730
contract entered into under section 715.72 of the Revised Code, 731
a municipal corporation may exercise all of the powers of a 732
municipal corporation, and may perform all the functions and 733
duties of a municipal corporation, within the joint economic 734
development district, pursuant to and to the extent consistent 735
with the contract. When exercising a power or performing a 736
function or duty under a contract entered into under either 737
section 715.691 or 715.72 of the Revised Code, a township may 738
exercise all of the powers of a township, and may perform all 739
the functions and duties of a township, within the joint 740
economic development district, or joint economic development 741
zone that is subject to division (I) (2) of section 715.691 of 742
the Revised Code, pursuant to and to the extent consistent with 743
the contract. 744~~

~~When exercising a power or performing a function or duty 745
under a contract entered into under division (D) of section 746
715.72 of the Revised Code, a county may exercise all of the 747
powers of a county, and may perform all the functions and duties 748
of a county, within the joint economic development district, 749
pursuant to and to the extent consistent with the contract. 750~~

No political subdivision shall grant any tax exemption 751
under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 752
5709.632 of the Revised Code on any property located within the 753
district, or zone that is subject to division (I) (2) of section 754

715.691 of the Revised Code, without the consent of the 755
contracting parties. The prohibition against granting a tax 756
exemption under this section does not apply to any exemption 757
filed, pending, or approved before the effective date of the 758
contract entered into under ~~either~~ section 715.691 ~~or 715.72~~ of 759
the Revised Code. 760

Sec. 715.82. A municipal corporation may issue bonds and 761
exercise all other powers under Chapter 165. of the Revised Code 762
for one or more projects or parts thereof located in a joint 763
economic development district created pursuant to a contract 764
entered into under section 715.70, 715.71, or 715.72 ~~to 715.82~~ 765
of the Revised Code to which the municipal corporation is a 766
party, or in a township adjacent to that municipal corporation, 767
if the legislative authority of the municipal corporation 768
determines that the project is in furtherance of the public 769
purposes of the state to create or preserve jobs and employment 770
opportunities and to improve the economic welfare of the people 771
of the municipal corporation and the township. As used in this 772
section, "project" has the same meaning as in division (H) of 773
section 165.01 of the Revised Code, except that a project 774
described in this section is not required to be located within 775
the territorial boundaries of the municipal corporation. 776

Sec. 715.83. If any unincorporated area or township is a 777
party to a joint economic development district created pursuant 778
to a contract entered into under section 715.70, 715.71, or 779
715.72 ~~to 715.82~~ of the Revised Code that also includes as a 780
party a municipal corporation that is an eligible area as 781
defined in division (A) (2) of section 122.16 or division (A) (9) 782
of section 5733.33 of the Revised Code, then any project located 783
anywhere within the unincorporated area or township contained 784
within the joint economic development district is eligible for 785

any state assistance under Chapter 122. or section 5733.33 of 786
the Revised Code for which designation as an eligible area is a 787
criterion. 788

Sec. 5709.61. As used in sections 5709.61 to 5709.69 of 789
the Revised Code: 790

(A) "Enterprise zone" or "zone" means any of the 791
following: 792

(1) An area with a single continuous boundary designated 793
in the manner set forth in section 5709.62 or 5709.63 of the 794
Revised Code and certified by the director of development as 795
having a population of at least four thousand according to the 796
best and most recent data available to the director and having 797
at least two of the following characteristics: 798

(a) It is located in a municipal corporation defined by 799
the United States office of management and budget as a principal 800
city of a metropolitan statistical area; 801

(b) It is located in a county designated as being in the 802
"Appalachian region" under the "Appalachian Regional Development 803
Act of 1965," 79 Stat. 5, 40 App. U.S.C.A. 403, as amended; 804

(c) Its average rate of unemployment, during the most 805
recent twelve-month period for which data are available, is 806
equal to at least one hundred twenty-five per cent of the 807
average rate of unemployment for the state of Ohio for the same 808
period; 809

(d) There is a prevalence of commercial or industrial 810
structures in the area that are vacant or demolished, or are 811
vacant and the taxes charged thereon are delinquent, and 812
certification of the area as an enterprise zone would likely 813
result in the reduction of the rate of vacant or demolished 814

structures or the rate of tax delinquency in the area; 815

(e) The population of all census tracts in the area, 816
according to the federal census of 2000, decreased by at least 817
ten per cent between the years 1980 and 2000; 818

(f) At least fifty-one per cent of the residents of the 819
area have incomes of less than eighty per cent of the median 820
income of residents of the municipal corporation or municipal 821
corporations in which the area is located, as determined in the 822
same manner specified under section 119(b) of the "Housing and 823
Community Development Act of 1974," 88 Stat. 633, 42 U.S.C. 824
5318, as amended; 825

(g) The area contains structures previously used for 826
industrial purposes, but currently not so used due to age, 827
obsolescence, deterioration, relocation of the former occupant's 828
operations, or cessation of operations resulting from 829
unfavorable economic conditions either generally or in a 830
specific economic sector; 831

(h) It is located within one or more adjacent city, local, 832
or exempted village school districts, the income-weighted tax 833
capacity of each of which is less than seventy per cent of the 834
average of the income-weighted tax capacity of all city, local, 835
or exempted village school districts in the state according to 836
the most recent data available to the director from the 837
department of taxation. 838

The director of development shall adopt rules in 839
accordance with Chapter 119. of the Revised Code establishing 840
conditions constituting the characteristics described in 841
divisions (A) (1) (d), (g), and (h) of this section. 842

If an area could not be certified as an enterprise zone 843

unless it satisfied division (A) (1) (g) of this section, the 844
legislative authority may enter into agreements in that zone 845
under section 5709.62, 5709.63, or 5709.632 of the Revised Code 846
only if such agreements result in the development of the 847
facilities described in that division, the parcel of land on 848
which such facilities are situated, or adjacent parcels. The 849
director of development annually shall review all agreements in 850
such zones to determine whether the agreements have resulted in 851
such development; if the director determines that the agreements 852
have not resulted in such development, the director immediately 853
shall revoke certification of the zone and notify the 854
legislative authority of such revocation. Any agreements entered 855
into prior to revocation under this paragraph shall continue in 856
effect for the period provided in the agreement. 857

(2) An area with a single continuous boundary designated 858
in the manner set forth in section 5709.63 of the Revised Code 859
and certified by the director of development as having all of 860
the following characteristics: 861

(a) Being located within a county that contains a 862
population of three hundred thousand or less; 863

(b) Having a population of at least one thousand according 864
to the best and most recent data available to the director; 865

(c) Having at least two of the characteristics described 866
in divisions (A) (1) (b) to (h) of this section. 867

(3) An area with a single continuous boundary designated 868
in the manner set forth under division (A) (1) of section 869
5709.632 of the Revised Code and certified by the director of 870
development as having a population of at least four thousand, or 871
under division (A) (2) of that section and certified as having a 872

population of at least one thousand, according to the best and 873
most recent data available to the director. 874

(B) "Enterprise" means any form of business organization 875
including, but not limited to, any partnership, sole 876
proprietorship, or corporation, including an S corporation as 877
defined in section 1361 of the Internal Revenue Code and any 878
corporation that is majority work-owned either directly through 879
the ownership of stock or indirectly through participation in an 880
employee stock ownership plan. 881

(C) "Facility" means an enterprise's place of business in 882
a zone, including land, buildings, machinery, equipment, and 883
other materials, except inventory, used in business. "Facility" 884
includes land, buildings, machinery, production and station 885
equipment, other equipment, and other materials, except 886
inventory, used in business to generate electricity, provided 887
that, for purposes of sections 5709.61 to 5709.69 of the Revised 888
Code, the value of the property at such a facility shall be 889
reduced by the value, if any, that is not apportioned under 890
section 5727.15 of the Revised Code to the taxing district in 891
which the facility is physically located. In the case of such a 892
facility that is physically located in two adjacent taxing 893
districts, the property located in each taxing district 894
constitutes a separate facility. 895

"Facility" does not include any portion of an enterprise's 896
place of business used primarily for making retail sales, unless 897
the place of business is located in an impacted city as defined 898
in section 1728.01 of the Revised Code or the board of education 899
of the city, local, or exempted village school district within 900
the territory of which the place of business is located adopts a 901
resolution waiving the exclusion of retail facilities under 902

<u>section 5709.634 of the Revised Code.</u>	903
(D) "Vacant facility" means a facility that has been vacant for at least ninety days immediately preceding the date on which an agreement is entered into under section 5709.62 or 5709.63 of the Revised Code.	904 905 906 907
(E) "Expand" means to make expenditures to add land, buildings, machinery, equipment, or other materials, except inventory, to a facility that equal at least ten per cent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.	908 909 910 911 912
(F) "Renovate" means to make expenditures to alter or repair a facility that equal at least fifty per cent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.	913 914 915 916
(G) "Occupy" means to make expenditures to alter or repair a vacant facility equal to at least twenty per cent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.	917 918 919 920
(H) "Project site" means all or any part of a facility that is newly constructed, expanded, renovated, or occupied by an enterprise.	921 922 923
(I) "Project" means any undertaking by an enterprise to establish a facility or to improve a project site by expansion, renovation, or occupancy.	924 925 926
(J) "Position" means the position of one full-time employee performing a particular set of tasks and duties.	927 928
(K) "Full-time employee" means an individual who is employed for consideration by an enterprise for at least thirty-	929 930

five hours a week, or who renders any other standard of service 931
generally accepted by custom or specified by contract as full- 932
time employment. 933

(L) "New employee" means a full-time employee first 934
employed by an enterprise at a facility that is a project site 935
after the enterprise enters an agreement under section 5709.62 936
or 5709.63 of the Revised Code. "New employee" does not include 937
an employee if, immediately prior to being employed by the 938
enterprise, the employee was employed by an enterprise that is a 939
related member or predecessor enterprise of that enterprise. 940

(M) "Unemployed person" means any person who is totally 941
unemployed in this state, as that term is defined in division 942
(M) of section 4141.01 of the Revised Code, for at least ten 943
consecutive weeks immediately preceding that person's employment 944
at a facility that is a project site, or who is so unemployed 945
for at least twenty-six of the fifty-two weeks immediately 946
preceding that person's employment at such a facility. 947

(N) "JTPA eligible employee" means any individual who is 948
eligible for employment or training under the "Job Training 949
Partnership Act," 96 Stat. 1324 (1982), 29 U.S.C. 1501, as 950
amended. 951

(O) "First used in business" means that the property 952
referred to has not been used in business in this state by the 953
enterprise that owns it, or by an enterprise that is a related 954
member or predecessor enterprise of such an enterprise, other 955
than as inventory, prior to being used in business at a facility 956
as the result of a project. 957

(P) "Training program" means any noncredit training 958
program or course of study that is offered by any state college 959

or university; university branch district; community college; 960
technical college; nonprofit college or university certified 961
under section 1713.02 of the Revised Code; school district; 962
joint vocational school district; school registered and 963
authorized to offer programs under section 3332.05 of the 964
Revised Code; an entity administering any federal, state, or 965
local adult education and training program; or any enterprise; 966
and that meets all of the following requirements: 967

(1) It is approved by the director of development; 968

(2) It is established or operated to satisfy the need of a 969
particular industry or enterprise for skilled or semi-skilled 970
employees; 971

(3) An individual is required to complete the course or 972
program before filling a position at a project site. 973

(Q) "Development" means to engage in the process of 974
clearing and grading land, making, installing, or constructing 975
water distribution systems, sewers, sewage collection systems, 976
steam, gas, and electric lines, roads, curbs, gutters, 977
sidewalks, storm drainage facilities, and construction of other 978
facilities or buildings equal to at least fifty per cent of the 979
market value of the facility prior to the expenditures, as 980
determined for the purposes of local property taxation. 981

(R) "Large manufacturing facility" means a single Ohio 982
facility that employed an average of at least one thousand 983
individuals during the five calendar years preceding an 984
agreement authorized under division (C) (3) of section 5709.62 or 985
division (B) (2) of section 5709.63 of the Revised Code. For 986
purposes of this division, both of the following apply: 987

(1) A single Ohio manufacturing facility employed an 988

average of at least one thousand individuals during the five 989
calendar years preceding entering into such an agreement if one- 990
fifth of the sum of the number of employees employed on the 991
highest employment day during each of the five calendar years 992
equals or exceeds one thousand. 993

(2) The highest employment day is the day or days during a 994
calendar year on which the number of employees employed at a 995
single Ohio manufacturing facility was greater than on any other 996
day during the calendar year. 997

(S) "Business cycle" means the cycle of business activity 998
usually regarded as passing through alternating stages of 999
prosperity and depression. 1000

(T) "Making retail sales" means the effecting of point-of- 1001
final-purchase transactions at a facility open to the consuming 1002
public, wherein one party is obligated to pay the price and the 1003
other party is obligated to provide a service or to transfer 1004
title to or possession of the item sold. 1005

(U) "Environmentally contaminated" means that hazardous 1006
substances exist at a facility under conditions that have caused 1007
or would cause the facility to be identified as contaminated by 1008
the state or federal environmental protection agency. These may 1009
include facilities located at sites identified in the master 1010
sites list or similar database maintained by the state 1011
environmental protection agency if the sites have been 1012
investigated by the agency and found to be contaminated. 1013

(V) "Remediate" means to make expenditures to clean up an 1014
environmentally contaminated facility so that it is no longer 1015
environmentally contaminated that equal at least ten per cent of 1016
the real property market value of the facility prior to such 1017

expenditures as determined for the purposes of property 1018
taxation. 1019

(W) "Related member" has the same meaning as defined in 1020
section 5733.042 of the Revised Code without regard to division 1021
(B) of that section, except that it is used with respect to an 1022
enterprise rather than a taxpayer. 1023

(X) "Predecessor enterprise" means an enterprise from 1024
which the assets or equity of another enterprise has been 1025
transferred, which transfer resulted in the full or partial 1026
nonrecognition of gain or loss, or resulted in a carryover 1027
basis, both as determined by rule adopted by the tax 1028
commissioner. 1029

(Y) "Successor enterprise" means an enterprise to which 1030
the assets or equity of another enterprise has been transferred, 1031
which transfer resulted in the full or partial nonrecognition of 1032
gain or loss, or resulted in a carryover basis, both as 1033
determined by rule adopted by the tax commissioner. 1034

Sec. 5709.634. A municipal corporation or county that 1035
seeks to enter an agreement under section 5709.62, 5709.63, or 1036
5709.632 of the Revised Code with an enterprise respecting a 1037
place of business used primarily for making retail sales may 1038
petition the board of education of each city, local, or exempted 1039
village school district within the territory of which that place 1040
of business is located to waive the retail facilities exclusion 1041
under division (C) of section 5709.61 of the Revised Code. The 1042
exclusion shall be waived if each such board of education adopts 1043
a resolution approved by the majority of the board members 1044
approving the petition. Unless otherwise provided in its 1045
resolution, a board of education does not waive its right to 1046
approve agreements or receive notice under section 5709.62, 1047

5709.63, or 5709.632 of the Revised Code by approving a petition 1048
under this section. 1049

Sec. 5709.82. (A) As used in this section: 1050

(1) "New employee" means both of the following: 1051

(a) Persons employed in the construction of real property 1052
exempted from taxation under the chapters or sections of the 1053
Revised Code enumerated in division (B) of this section; 1054

(b) Persons not described by division (A)(1)(a) of this 1055
section who are first employed at the site of such property and 1056
who within the two previous years have not been subject, prior 1057
to being employed at that site, to income taxation by the 1058
municipal corporation within whose territory the site is located 1059
on income derived from employment for the person's current 1060
employer. "New employee" does not include any person who 1061
replaces a person who is not a new employee under division (A) 1062
(1) of this section. 1063

(2) "Infrastructure costs" means costs incurred by a 1064
municipal corporation in a calendar year to acquire, construct, 1065
reconstruct, improve, plan, or equip real or tangible personal 1066
property that directly benefits or will directly benefit the 1067
exempted property. If the municipal corporation finances the 1068
acquisition, construction, reconstruction, improvement, 1069
planning, or equipping of real or tangible personal property 1070
that directly benefits the exempted property by issuing debt, 1071
"infrastructure costs" means the annual debt charges incurred by 1072
the municipal corporation from the issuance of such debt. Real 1073
or tangible personal property directly benefits exempted 1074
property only if the exempted property places or will place 1075
direct, additional demand on the real or tangible personal 1076

property for which such costs were or will be incurred. 1077

(3) "Taxing unit" has the same meaning as in division (H) 1078
of section 5705.01 of the Revised Code. 1079

(B) (1) Except as otherwise provided under division (C) of 1080
this section, the legislative authority of any political 1081
subdivision that has acted under the authority of Chapter 725. 1082
or 1728., sections 3735.65 to 3735.70, or section 5709.40, 1083
5709.41, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, 1084
or 5709.88 of the Revised Code to grant an exemption from 1085
taxation for real or tangible personal property may negotiate 1086
with the board of education of each city, local, exempted 1087
village, or joint vocational school district or other taxing 1088
unit within the territory of which the exempted property is 1089
located, and enter into an agreement whereby the school district 1090
or taxing unit is compensated for tax revenue foregone by the 1091
school district or taxing unit as a result of the exemption. 1092
Except as otherwise provided in division (B) (1) of this section, 1093
if a political subdivision enters into more than one agreement 1094
under this section with respect to a tax exemption, the 1095
political subdivision shall provide to each school district or 1096
taxing unit with which it contracts the same percentage of tax 1097
revenue foregone by the school district or taxing unit, which 1098
may be based on a good faith projection made at the time the 1099
exemption is granted. Such percentage shall be calculated on the 1100
basis of amounts paid by the political subdivision and any 1101
amounts paid by an owner under division (B) (2) of this section. 1102
A political subdivision may provide a school district or other 1103
taxing unit with a smaller percentage of foregone tax revenue 1104
than that provided to other school districts or taxing units 1105
only if the school district or taxing unit expressly consents in 1106
the agreement to receiving a smaller percentage. If a 1107

subdivision has acted under the authority of section 5709.40, 1108
5709.41, 5709.73, or 5709.78 of the Revised Code and enters into 1109
a compensation agreement with a city, local, or exempted village 1110
school district, the subdivision shall provide compensation to 1111
the joint vocational school district within the territory of 1112
which the exempted property is located at the same rate and 1113
under the same terms as received by the city, local, or exempted 1114
village school district. 1115

(2) An owner of property exempted from taxation under the 1116
authority described in division (B) (1) of this section may, by 1117
becoming a party to an agreement described in division (B) (1) of 1118
this section or by entering into a separate agreement with a 1119
school district or other taxing unit, agree to compensate the 1120
school district or taxing unit by paying cash or by providing 1121
property or services by gift, loan, or otherwise. If the owner's 1122
property is exempted under the authority of section 5709.40, 1123
5709.41, 5709.73, or 5709.78 of the Revised Code and the owner 1124
enters into a compensation agreement with a city, local, or 1125
exempted village school district, the owner shall provide 1126
compensation to the joint vocational school district within the 1127
territory of which the owner's property is located at the same 1128
rate and under the same terms as received by the city, local, or 1129
exempted village school district. 1130

(C) This division does not apply to the following: 1131

(1) The legislative authority of a municipal corporation 1132
that has acted under the authority of division (H) of section 1133
715.70 or division (U) of section ~~715.81~~ 715.72 of the Revised 1134
Code to consent to the granting of an exemption from taxation 1135
for real or tangible personal property in a joint economic 1136
development district. 1137

(2) The legislative authority of a municipal corporation 1138
that has specified in an ordinance adopted under section 5709.40 1139
or 5709.41 of the Revised Code that payments in lieu of taxes 1140
provided for under section 5709.42 of the Revised Code shall be 1141
paid to the city, local, or exempted village school district in 1142
which the improvements are located in the amount of taxes that 1143
would have been payable to the school district if the 1144
improvements had not been exempted from taxation, as directed in 1145
the ordinance. 1146

If the legislative authority of any municipal corporation 1147
has acted under the authority of Chapter 725. or 1728. or 1148
section 3735.671, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 1149
or 5709.88, or a housing officer under section 3735.67 of the 1150
Revised Code, to grant or consent to the granting of an 1151
exemption from taxation for real or tangible personal property 1152
on or after July 1, 1994, the municipal corporation imposes a 1153
tax on incomes, and the payroll of new employees resulting from 1154
the exercise of that authority equals or exceeds one million 1155
dollars in any tax year for which such property is exempted, the 1156
legislative authority and the board of education of each city, 1157
local, or exempted village school district within the territory 1158
of which the exempted property is located shall attempt to 1159
negotiate an agreement providing for compensation to the school 1160
district for all or a portion of the tax revenue the school 1161
district would have received had the property not been exempted 1162
from taxation. The agreement may include as a party the owner of 1163
the property exempted or to be exempted from taxation and may 1164
include provisions obligating the owner to compensate the school 1165
district by paying cash or providing property or services by 1166
gift, loan, or otherwise. Such an obligation is enforceable by 1167
the board of education of the school district pursuant to the 1168

terms of the agreement. 1169

If the legislative authority and board of education fail 1170
to negotiate an agreement that is mutually acceptable within six 1171
months of formal approval by the legislative authority of the 1172
instrument granting the exemption, the legislative authority 1173
shall compensate the school district in the amount and manner 1174
prescribed by division (D) of this section. 1175

(D) Annually, the legislative authority of a municipal 1176
corporation subject to this division shall pay to the city, 1177
local, or exempted village school district within the territory 1178
of which the exempted property is located an amount equal to 1179
fifty per cent of the difference between the amount of taxes 1180
levied and collected by the municipal corporation on the incomes 1181
of new employees in the calendar year ending on the day the 1182
payment is required to be made, and the amount of any 1183
infrastructure costs incurred in that calendar year. For 1184
purposes of such computation, the amount of infrastructure costs 1185
shall not exceed thirty-five per cent of the amount of those 1186
taxes unless the board of education of the school district, by 1187
resolution adopted by a majority of the board, approves an 1188
amount in excess of that percentage. If the amount of those 1189
taxes or infrastructure costs must be estimated at the time the 1190
payment is made, payments in subsequent years shall be adjusted 1191
to compensate for any departure of those estimates from the 1192
actual amount of those taxes. 1193

A municipal corporation required to make a payment under 1194
this section shall make the payment from its general fund or a 1195
special fund established for the purpose. The payment is payable 1196
on the thirty-first day of December of the tax year for or in 1197
which the exemption from taxation commences and on that day for 1198

each subsequent tax year property is exempted and the 1199
legislative authority and board fail to negotiate an acceptable 1200
agreement under division (C) of this section. 1201

Sec. 5733.06. For tax years prior to tax year 2014, the 1202
tax hereby charged each corporation subject to this chapter 1203
shall be the greater of the sum of divisions (A) and (B) of this 1204
section, after the reduction, if any, provided by division (J) 1205
of this section, or division (C) of this section, after the 1206
reduction, if any, provided by division (J) of this section, 1207
except that the tax hereby charged each financial institution 1208
subject to this chapter shall be the amount computed under 1209
division (D) of this section: 1210

(A) Except as set forth in division (F) of this section, 1211
five and one-tenth per cent upon the first fifty thousand 1212
dollars of the value of the taxpayer's issued and outstanding 1213
shares of stock as determined under division (B) of section 1214
5733.05 of the Revised Code; 1215

(B) Except as set forth in division (F) of this section, 1216
eight and one-half per cent upon the value so determined in 1217
excess of fifty thousand dollars; or 1218

(C) (1) Except as otherwise provided under division (G) of 1219
this section, four mills times that portion of the value of the 1220
issued and outstanding shares of stock as determined under 1221
division (C) of section 5733.05 of the Revised Code. For the 1222
purposes of division (C) of this section, division (C) (2) of 1223
section 5733.065, and division (C) of section 5733.066 of the 1224
Revised Code, the value of the issued and outstanding shares of 1225
stock of an eligible corporation for tax year 2003 through tax 1226
year 2007, or of a qualifying holding company, is zero. 1227

(2) As used in division (C) of this section, "eligible corporation" means a person treated as a corporation for federal income tax purposes that meets all of the following criteria: 1228
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1230

(a) The corporation conducts business for an entire taxable year as a qualified trade or business as defined by division (C) of section 122.15 of the Revised Code, as that section existed before its repeal by H.B. 59 of the 130th general assembly. 1231
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(b) The corporation uses more than fifty per cent of the corporation's assets, based on net book value, that are located in Ohio solely to conduct activities that constitute a qualified trade or business as defined by section 122.15 of the Revised Code, as that section existed before its repeal by H.B. 59 of the 130th general assembly. 1236
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(c) The corporation has been formed or organized not more than three years before the report required to be filed by section 5733.02 of the Revised Code is due, without regard to any extensions. 1242
1243
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(d) The corporation is not a related member, as defined in section 5733.042 of the Revised Code, at any time during the taxable year with respect to another person treated as a corporation for federal income tax purposes. A corporation is not a related member if during the entire taxable year at least seventy-five per cent of the corporation's stock is owned directly or through a pass-through entity by individuals, estates, and grantor trusts, and the individuals, estates, and grantor trusts do not directly or indirectly own more than twenty per cent of the value of another person treated as a corporation for federal income tax purposes that is conducting a qualified trade or business. 1246
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(D) The tax charged each financial institution subject to 1258
this chapter shall be that portion of the value of the issued 1259
and outstanding shares of stock as determined under division (A) 1260
of section 5733.05 of the Revised Code, multiplied by the 1261
following amounts: 1262

(1) For tax years prior to the 1999 tax year, fifteen 1263
mills; 1264

(2) For the 1999 tax year, fourteen mills; 1265

(3) For tax year 2000 and thereafter, thirteen mills. 1266

(E) No tax shall be charged from any corporation that has 1267
been adjudicated bankrupt, or for which a receiver has been 1268
appointed, or that has made a general assignment for the benefit 1269
of creditors, except for the portion of the then current tax 1270
year during which the tax commissioner finds such corporation 1271
had the power to exercise its corporate franchise unimpaired by 1272
such proceedings or act. The minimum payment for each 1273
corporation shall be as follows: 1274

(1) One thousand dollars in the case of a corporation 1275
having gross receipts for the taxable year equal to at least 1276
five million dollars from activities within or outside this 1277
state or in the case of a corporation employing at least three 1278
hundred employees at some time during the taxable year within or 1279
outside this state; 1280

(2) Fifty dollars in the case of any other corporation. 1281

The tax charged to corporations under this chapter for the 1282
privilege of engaging in business in this state, which is an 1283
excise tax levied on the value of the issued and outstanding 1284
shares of stock, shall in no manner be construed as prohibiting 1285
or otherwise limiting the powers of municipal corporations, 1286

joint economic development zones created under section 715.691 1287
of the Revised Code, and joint economic development districts 1288
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 1289
~~715.81~~ of the Revised Code in this state to impose an income tax 1290
on the income of such corporations. 1291

(F) If two or more taxpayers satisfy the ownership or 1292
control requirements of division (A) of section 5733.052 of the 1293
Revised Code, each such taxpayer shall substitute "the 1294
taxpayer's pro-rata amount" for "fifty thousand dollars" in 1295
divisions (A) and (B) of this section. For purposes of this 1296
division, "the taxpayer's pro-rata amount" is an amount that, 1297
when added to the other such taxpayers' pro-rata amounts, does 1298
not exceed fifty thousand dollars. For the purpose of making 1299
that computation, the taxpayer's pro-rata amount shall not be 1300
less than zero. Nothing in this division derogates from or 1301
eliminates the requirement to make the alternative computation 1302
of tax under division (C) of this section. 1303

(G) The tax liability of any corporation under division 1304
(C) of this section shall not exceed one hundred fifty thousand 1305
dollars. 1306

(H) (1) For the purposes of division (H) of this section, 1307
"exiting corporation" means a corporation that satisfies all of 1308
the following conditions: 1309

(a) The corporation had nexus with or in this state under 1310
the Constitution of the United States during any portion of a 1311
calendar year; 1312

(b) The corporation was not a corporation described in 1313
division (A) of section 5733.01 of the Revised Code on the first 1314
day of January immediately following that calendar year; 1315

(c) The corporation was not a financial institution on the 1316
first day of January immediately following that calendar year; 1317

(d) If the corporation was a transferor as defined in 1318
section 5733.053 of the Revised Code, the corporation's 1319
transferee was not required to add to the transferee's net 1320
income the income of the transferor pursuant to division (B) of 1321
that section; 1322

(e) During any portion of that calendar year, or any 1323
portion of the immediately preceding calendar year, the 1324
corporation had net income that was not included in a report 1325
filed by the corporation or its transferee pursuant to section 1326
5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised 1327
Code; 1328

(f) The corporation would have been subject to the tax 1329
computed under divisions (A), (B), (C), (F), and (G) of this 1330
section if the corporation is assumed to be a corporation 1331
described in division (A) of section 5733.01 of the Revised Code 1332
on the first day of January immediately following the calendar 1333
year to which division (H) (1) (a) of this section refers. 1334

(2) For the purposes of division (H) of this section, 1335
"unreported net income" means net income that was not previously 1336
included in a report filed pursuant to section 5733.02, 1337
5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code and 1338
that was realized or recognized during the calendar year to 1339
which division (H) (1) of this section refers or the immediately 1340
preceding calendar year. 1341

(3) Each exiting corporation shall pay a tax computed by 1342
first allocating and apportioning the unreported net income 1343
pursuant to division (B) of section 5733.05 and section 5733.051 1344

and, if applicable, section 5733.052 of the Revised Code. The 1345
exiting corporation then shall compute the tax due on its 1346
unreported net income allocated and apportioned to this state by 1347
applying divisions (A), (B), and (F) of this section to that 1348
income. 1349

(4) Divisions (C) and (G) of this section, division (D) (2) 1350
of section 5733.065, and division (C) of section 5733.066 of the 1351
Revised Code do not apply to an exiting corporation, but exiting 1352
corporations are subject to every other provision of this 1353
chapter. 1354

(5) Notwithstanding division (B) of section 5733.01 or 1355
sections 5733.02, 5733.021, and 5733.03 of the Revised Code to 1356
the contrary, each exiting corporation shall report and pay the 1357
tax due under division (H) of this section on or before the 1358
thirty-first day of May immediately following the calendar year 1359
to which division (H) (1) (a) of this section refers. The exiting 1360
corporation shall file that report on the form most recently 1361
prescribed by the tax commissioner for the purposes of complying 1362
with sections 5733.02 and 5733.03 of the Revised Code. Upon 1363
request by the corporation, the tax commissioner may extend the 1364
date for filing the report. 1365

(6) If, on account of the application of section 5733.053 1366
of the Revised Code, net income is subject to the tax imposed by 1367
divisions (A) and (B) of this section, such income shall not be 1368
subject to the tax imposed by division (H) (3) of this section. 1369

(7) The amendments made to division (H) of this section by 1370
Am. Sub. S.B. 287 of the 123rd general assembly do not apply to 1371
any transfer, as defined in section 5733.053 of the Revised 1372
Code, for which negotiations began prior to January 1, 2001, and 1373
that was commenced in and completed during calendar year 2001, 1374

unless the taxpayer makes an election prior to December 31, 1375
2001, to apply those amendments. 1376

(8) The tax commissioner may adopt rules governing 1377
division (H) of this section. 1378

(I) Any reference in the Revised Code to "the tax imposed 1379
by section 5733.06 of the Revised Code" or "the tax due under 1380
section 5733.06 of the Revised Code" includes the taxes imposed 1381
under sections 5733.065 and 5733.066 of the Revised Code. 1382

(J) (1) Division (J) of this section applies solely to a 1383
combined company. Section 5733.057 of the Revised Code shall 1384
apply when calculating the adjustments required by division (J) 1385
of this section. 1386

(2) Subject to division (J) (4) of this section, the total 1387
tax calculated in divisions (A) and (B) of this section shall be 1388
reduced by an amount calculated by multiplying such tax by a 1389
fraction, the numerator of which is the total taxable gross 1390
receipts attributed to providing public utility activity other 1391
than as an electric company under section 5727.03 of the Revised 1392
Code for the year upon which the taxable gross receipts are 1393
measured immediately preceding the tax year, and the denominator 1394
of which is the total gross receipts from all sources for the 1395
year upon which the taxable gross receipts are measured 1396
immediately preceding the tax year. Nothing herein shall be 1397
construed to exclude from the denominator any item of income 1398
described in section 5733.051 of the Revised Code. 1399

(3) Subject to division (J) (4) of this section, the total 1400
tax calculated in division (C) of this section shall be reduced 1401
by an amount calculated by multiplying such tax by the fraction 1402
described in division (J) (2) of this section. 1403

(4) In no event shall the reduction provided by division 1404
(J) (2) or (J) (3) of this section exceed the amount of the excise 1405
tax paid in accordance with section 5727.38 of the Revised Code, 1406
for the year upon which the taxable gross receipts are measured 1407
immediately preceding the tax year. 1408

Sec. 5733.41. The purpose of the tax imposed by this 1409
section is to complement and to reinforce the tax imposed under 1410
section 5733.06 of the Revised Code. 1411

For the same purposes for which the tax is levied under 1412
section 5733.06 of the Revised Code, there is hereby levied a 1413
tax on every qualifying pass-through entity having at least one 1414
qualifying investor that is not an individual. The tax imposed 1415
by this section is imposed on the sum of the adjusted qualifying 1416
amounts of the qualifying pass-through entity's qualifying 1417
investors that are not individuals as follows: for qualifying 1418
investors subject to division (G) (2) of section 5733.01 of the 1419
Revised Code, at six and eight-tenths per cent for the entity's 1420
taxable year ending in 2005, at five and one-tenth per cent for 1421
the entity's taxable year ending in 2006, at three and four- 1422
tenths per cent for the entity's taxable year ending in 2007, at 1423
one and seven-tenths per cent for the entity's taxable year 1424
ending in 2008, and at zero per cent for the entity's taxable 1425
year ending in 2009 or in subsequent years; and for all other 1426
qualifying investors that are not individuals, at the rate of 1427
eight and one-half per cent. 1428

The tax imposed by this section applies only if the 1429
qualifying entity has nexus with this state under the 1430
Constitution of the United States for any portion of the 1431
qualifying entity's qualifying taxable year, and the sum of the 1432
qualifying entity's adjusted qualifying amounts exceeds one 1433

thousand dollars for the qualifying entity's qualifying taxable 1434
year. This section does not apply to a pass-through entity if 1435
all of the partners, shareholders, members, or investors of the 1436
pass-through entity are taxpayers for the purposes of section 1437
5733.04 of the Revised Code without regard to section 5733.09 of 1438
the Revised Code for the entire qualifying taxable year of the 1439
pass-through entity. 1440

If, prior to the due date of the return, a qualifying 1441
pass-through entity receives from an investor a written 1442
representation, under penalties of perjury, that the investor is 1443
described in division (I)(1), (2), (6), (7), (8), or (9) of 1444
section 5733.40 of the Revised Code for the qualifying pass- 1445
through entity's entire qualifying taxable year, the qualifying 1446
pass-through entity is not required to withhold or pay the taxes 1447
or estimated taxes imposed under this section or sections 1448
5747.41 to 5747.453 of the Revised Code with respect to that 1449
investor for that qualifying taxable year, and is not subject to 1450
any interest or interest penalties for failure to withhold or 1451
pay those taxes or estimated taxes with respect to that investor 1452
for that qualifying taxable year. 1453

If, prior to the due date of the return, a qualifying 1454
trust receives from a beneficiary of that trust a written 1455
representation, under penalties of perjury, that the beneficiary 1456
is a resident taxpayer for the purposes of Chapter 5747. of the 1457
Revised Code for the qualifying trust's entire qualifying 1458
taxable year, the qualifying trust is not required to withhold 1459
or pay the taxes or estimated taxes imposed under this section 1460
or sections 5747.41 to 5747.453 of the Revised Code with respect 1461
to that beneficiary for that qualifying taxable year, and is not 1462
subject to any interest or interest penalties for failure to 1463
withhold or pay those taxes or estimated taxes with respect to 1464

that beneficiary for that qualifying taxable year. 1465

The tax commissioner may adopt rules for the purpose of 1466
the tax levied by this section or section 5747.41 of the Revised 1467
Code, including a rule defining "qualifying investor" or 1468
"qualifying beneficiary," and a rule requiring or permitting a 1469
qualifying entity to combine its income with related members and 1470
to pay the tax and estimated tax on a combined basis. 1471

Sections 5747.10 to 5747.19 and 5747.42 to 5747.453 of the 1472
Revised Code apply to a qualifying entity subject to the tax 1473
imposed under this section. 1474

The levy of the tax under this section does not prevent a 1475
municipal corporation or a joint economic development district 1476
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 1477
~~715.81~~ of the Revised Code from levying a tax on income. 1478

Sec. 5747.02. (A) For the purpose of providing revenue for 1479
the support of schools and local government functions, to 1480
provide relief to property taxpayers, to provide revenue for the 1481
general revenue fund, and to meet the expenses of administering 1482
the tax levied by this chapter, there is hereby levied on every 1483
individual, trust, and estate residing in or earning or 1484
receiving income in this state, on every individual, trust, and 1485
estate earning or receiving lottery winnings, prizes, or awards 1486
pursuant to Chapter 3770. of the Revised Code, on every 1487
individual, trust, and estate earning or receiving winnings on 1488
casino gaming, and on every individual, trust, and estate 1489
otherwise having nexus with or in this state under the 1490
Constitution of the United States, an annual tax measured as 1491
prescribed in divisions (A) (1) to (4) of this section. 1492

(1) In the case of trusts, the tax imposed by this section 1493

shall be measured by modified Ohio taxable income under division 1494
(D) of this section and levied at the same rates prescribed in 1495
division (A) (3) of this section for individuals. 1496

(2) In the case of estates, the tax imposed by this 1497
section shall be measured by Ohio taxable income and levied at 1498
the same rates prescribed in division (A) (3) of this section for 1499
individuals. 1500

(3) In the case of individuals, for taxable years 1501
beginning in 2015 or thereafter, the tax imposed by this section 1502
on income other than business income shall be measured by Ohio 1503
adjusted gross income less an exemption for the taxpayer, the 1504
taxpayer's spouse, and each dependent as provided in section 1505
5747.025 of the Revised Code. The tax imposed on the balance 1506
thus obtained is hereby levied as follows: 1507

OHIO ADJUSTED GROSS 1508
INCOME LESS EXEMPTIONS 1509
(INDIVIDUALS) 1510
OR 1511
MODIFIED OHIO 1512
TAXABLE INCOME (TRUSTS) 1513
OR 1514

OHIO TAXABLE INCOME (ESTATES) TAX 1515

\$5,000 or less	.495%	1516
More than \$5,000 but	\$24.75 plus .990% of the amount	1517
not more than \$10,000	in excess of \$5,000	1518
More than \$10,000 but	\$74.25 plus 1.980% of the amount	1519
not more than \$15,000	in excess of \$10,000	1520
More than \$15,000 but	\$173.25 plus 2.476% of the amount	1521
not more than \$20,000	in excess of \$15,000	1522
More than \$20,000 but	\$297.05 plus 2.969% of the amount	1523

not more than \$40,000	in excess of \$20,000	1524
More than \$40,000 but	\$890.85 plus 3.465% of the amount	1525
not more than \$80,000	in excess of \$40,000	1526
More than \$80,000 but	\$2,276.85 plus 3.960% of the amount	1527
not more than \$100,000	in excess of \$80,000	1528
More than \$100,000 but	\$3,068.85 plus 4.597% of the amount	1529
not more than \$200,000	in excess of \$100,000	1530
More than \$200,000	\$7,665.85 plus 4.997% of the amount	1531
	in excess of \$200,000	1532

(4) In the case of individuals, for taxable years 1533
beginning in 2015 or thereafter, the tax imposed by this section 1534
on business income shall equal three per cent of the taxpayer's 1535
taxable business income. 1536

Except as otherwise provided in this division, in August 1537
of each year, the tax commissioner shall make a new adjustment 1538
to the income amounts prescribed in division (A) (3) of this 1539
section by multiplying the percentage increase in the gross 1540
domestic product deflator computed that year under section 1541
5747.025 of the Revised Code by each of the income amounts 1542
resulting from the adjustment under this division in the 1543
preceding year, adding the resulting product to the 1544
corresponding income amount resulting from the adjustment in the 1545
preceding year, and rounding the resulting sum to the nearest 1546
multiple of fifty dollars. The tax commissioner also shall 1547
recompute each of the tax dollar amounts to the extent necessary 1548
to reflect the new adjustment of the income amounts. The rates 1549
of taxation shall not be adjusted. 1550

The adjusted amounts apply to taxable years beginning in 1551
the calendar year in which the adjustments are made and to 1552
taxable years beginning in each ensuing calendar year until a 1553

calendar year in which a new adjustment is made pursuant to this 1554
division. The tax commissioner shall not make a new adjustment 1555
in any year in which the amount resulting from the adjustment 1556
would be less than the amount resulting from the adjustment in 1557
the preceding year. The commissioner shall not make a new 1558
adjustment for taxable years beginning in 2013, 2014, or 2015. 1559

(B) If the director of budget and management makes a 1560
certification to the tax commissioner under division (B) of 1561
section 131.44 of the Revised Code, the amount of tax as 1562
determined under divisions (A) (1) to (3) of this section shall 1563
be reduced by the percentage prescribed in that certification 1564
for taxable years beginning in the calendar year in which that 1565
certification is made. 1566

(C) The levy of this tax on income does not prevent a 1567
municipal corporation, a joint economic development zone created 1568
under section 715.691, or a joint economic development district 1569
created under section 715.70 ~~or~~ 715.71, or ~~sections 715.72 to~~ 1570
~~715.81~~ of the Revised Code from levying a tax on income. 1571

(D) This division applies only to taxable years of a trust 1572
beginning in 2002 or thereafter. 1573

(1) The tax imposed by this section on a trust shall be 1574
computed by multiplying the Ohio modified taxable income of the 1575
trust by the rates prescribed by division (A) of this section. 1576

(2) A resident trust may claim a credit against the tax 1577
computed under division (D) of this section equal to the lesser 1578
of (1) the tax paid to another state or the District of Columbia 1579
on the resident trust's modified nonbusiness income, other than 1580
the portion of the resident trust's nonbusiness income that is 1581
qualifying investment income as defined in section 5747.012 of 1582

the Revised Code, or (2) the effective tax rate, based on 1583
modified Ohio taxable income, multiplied by the resident trust's 1584
modified nonbusiness income other than the portion of the 1585
resident trust's nonbusiness income that is qualifying 1586
investment income. The credit applies before any other 1587
applicable credits. 1588

(3) The credits enumerated in division (A) (1) or (2) of 1589
section 5747.98 of the Revised Code do not apply to a trust 1590
subject to division (D) of this section. Any credits enumerated 1591
in division (A) (3) or (4) of section 5747.98 of the Revised Code 1592
apply to a trust subject to division (D) of this section. To the 1593
extent that the trust distributes income for the taxable year 1594
for which a credit is available to the trust, the credit shall 1595
be shared by the trust and its beneficiaries. The tax 1596
commissioner and the trust shall be guided by applicable 1597
regulations of the United States treasury regarding the sharing 1598
of credits. 1599

(E) For the purposes of this section, "trust" means any 1600
trust described in Subchapter J of Chapter 1 of the Internal 1601
Revenue Code, excluding trusts that are not irrevocable as 1602
defined in division (I) (3) (b) of section 5747.01 of the Revised 1603
Code and that have no modified Ohio taxable income for the 1604
taxable year, charitable remainder trusts, qualified funeral 1605
trusts and preneed funeral contract trusts established pursuant 1606
to sections 4717.31 to 4717.38 of the Revised Code that are not 1607
qualified funeral trusts, endowment and perpetual care trusts, 1608
qualified settlement trusts and funds, designated settlement 1609
trusts and funds, and trusts exempted from taxation under 1610
section 501(a) of the Internal Revenue Code. 1611

Sec. 5747.41. For the same purposes for which the tax is 1612

levied under section 5747.02 of the Revised Code, there is 1613
hereby levied a withholding tax on every qualifying pass-through 1614
entity having at least one qualifying investor who is an 1615
individual and on every qualifying trust having at least one 1616
qualifying beneficiary who is an individual. The withholding tax 1617
imposed by this section is imposed on the sum of the adjusted 1618
qualifying amounts of a qualifying pass-through entity's 1619
qualifying investors who are individuals and on the sum of the 1620
adjusted qualifying amounts of a qualifying trust's qualifying 1621
beneficiaries, at the rate of five per cent of that sum. 1622

The tax imposed by this section applies only if the 1623
qualifying entity has nexus with this state under the 1624
Constitution of the United States for any portion of the 1625
qualifying entity's qualifying taxable year, and the sum of the 1626
qualifying entity's adjusted qualifying amounts exceeds one 1627
thousand dollars for the qualifying entity's qualifying taxable 1628
year. 1629

The levy of the tax under this section does not prevent a 1630
municipal corporation or a joint economic development district 1631
created under section 715.70 ~~or~~, 715.71 ~~or~~ sections 715.72 ~~to~~
~~715.81~~ of the Revised Code from levying a tax on income. 1633

Section 2. That existing sections 715.72, 715.79, 715.80, 1634
715.81, 715.82, 715.83, 5709.61, 5709.82, 5733.06, 5733.41, 1635
5747.02, and 5747.41 and sections 715.73, 715.74, 715.75, 1636
715.76, 715.761, 715.77, 715.771, and 715.78 of the Revised Code 1637
are hereby repealed. 1638