

As Passed by the Senate

134th General Assembly

Regular Session

2021-2022

S. B. No. 57

Senators Hackett, Antonio

Cosponsors: Senators Blessing, Craig, Brenner, Fedor, Yuko, Hottinger, Dolan, Williams, Gavarone, Hoagland, Huffman, M., Huffman, S., Johnson, Kunze, Maharath, Manning, O'Brien, Reineke, Schaffer, Schuring, Sykes, Thomas, Wilson

A BILL

To amend section 5709.121 of the Revised Code to
exempt from property taxation qualifying housing
for individuals diagnosed with mental illness or
substance use disorder.

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

Section 1. That section 5709.121 of the Revised Code be
amended to read as follows:

Sec. 5709.121. (A) Real property and tangible personal
property belonging to a charitable or educational institution or
to the state or a political subdivision, shall be considered as
used exclusively for charitable or public purposes by such
institution, the state, or political subdivision, if it meets
one of the following requirements:

(1) It is used by such institution, the state, or
political subdivision, or by one or more other such
institutions, the state, or political subdivisions under a
lease, sublease, or other contractual arrangement:

(a) As a community or area center in which presentations 17
in music, dramatics, the arts, and related fields are made in 18
order to foster public interest and education therein; 19

(b) As a children's, science, history, or natural history 20
museum that is open to the general public; 21

(c) For other charitable, educational, or public purposes. 22

(2) It is made available under the direction or control of 23
such institution, the state, or political subdivision for use in 24
furtherance of or incidental to its charitable, educational, or 25
public purposes and not with the view to profit. 26

(3) It is used by an organization described in division 27
(D) of section 5709.12 of the Revised Code. If the organization 28
is a corporation that receives a grant under the Thomas Alva 29
Edison grant program authorized by division (C) of section 30
122.33 of the Revised Code at any time during the tax year, 31
"used," for the purposes of this division, includes holding 32
property for lease or resale to others. 33

(B) (1) Property described in division (A) (1) (a) or (b) of 34
this section shall continue to be considered as used exclusively 35
for charitable or public purposes even if the property is 36
conveyed through one conveyance or a series of conveyances to an 37
entity that is not a charitable or educational institution and 38
is not the state or a political subdivision, provided that all 39
of the following conditions apply with respect to that property: 40

(a) The property was listed as exempt on the county 41
auditor's tax list and duplicate for the county in which it is 42
located for the tax year immediately preceding the year in which 43
the property is conveyed through one conveyance or a series of 44
conveyances; 45

(b) The property is conveyed through one conveyance or a series of conveyances to an entity that does any of the following:

(i) Leases at least forty-five per cent of the property, through one lease or a series of leases, to the entity that owned or occupied the property for the tax year immediately preceding the year in which the property is conveyed or to an affiliate of that entity;

(ii) Contracts, directly or indirectly to have renovations performed as described in division (B) (1) (d) of this section and is at least partially owned by a nonprofit organization described in section 501(c) (3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of that code.

(c) The property includes improvements that are at least fifty years old;

(d) The property is being renovated in connection with a claim for historic preservation tax credits available under federal law;

(e) All or a portion of the property continues to be used for the purposes described in division (A) (1) (a) or (b) of this section after its conveyance; and

(f) The property is certified by the United States secretary of the interior as a "certified historic structure" or certified as part of a certified historic structure.

(2) Notwithstanding section 5715.27 of the Revised Code, an application for exemption from taxation of property described in division (B) (1) of this section may be filed by either the owner of the property or an occupant.

(C) For purposes of this section, an institution that 74
meets all of the following requirements is conclusively presumed 75
to be a charitable institution: 76

(1) The institution is a nonprofit corporation or 77
association, no part of the net earnings of which inures to the 78
benefit of any private shareholder or individual; 79

(2) The institution is exempt from federal income taxation 80
under section 501(a) of the Internal Revenue Code; 81

(3) The majority of the institution's board of directors 82
are appointed by the mayor or legislative authority of a 83
municipal corporation or a board of county commissioners, or a 84
combination thereof; 85

(4) The primary purpose of the institution is to assist in 86
the development and revitalization of downtown urban areas. 87

(D) For purposes of division (A) (1) (b) of this section, 88
the status of a museum as open to the general public shall be 89
conclusive if the museum is accredited by the American alliance 90
of museums or a successor organization. 91

(E) (1) Qualifying real property owned by an institution 92
that meets all of the following requirements shall be considered 93
as used exclusively for charitable purposes, and the institution 94
shall be considered a charitable institution for purposes of 95
this section and section 5709.12 of the Revised Code: 96

(a) The institution is an organization described under 97
section 501(c) (3) of the Internal Revenue Code and exempt from 98
federal income taxation under section 501(a) of the Internal 99
Revenue Code. 100

(b) The institution's primary purpose is to acquire, 101

develop, lease, or otherwise provide suitable housing to 102
individuals with developmental disabilities. 103

(c) The institution receives at least a portion of its 104
funding from one or more county boards of developmental 105
disabilities to assist in the institution's primary purpose 106
described in division (E) (1) (b) of this section. 107

(2) As used in division (E) of this section, "qualifying 108
real property" means real property that is used primarily in one 109
of the following manners: 110

(a) The property is used by the institution described in 111
division (E) (1) of this section for the purpose described in 112
division (E) (1) (b) of this section. 113

(b) The property is leased or otherwise provided by the 114
institution described in division (E) (1) of this section to 115
individuals with developmental disabilities and used by those 116
individuals as housing. 117

(c) The property is leased or otherwise provided by the 118
institution described in division (E) (1) of this section to 119
another charitable institution, and that charitable institution 120
uses the property exclusively for charitable purposes. 121

(F) (1) Qualifying real property owned by an institution 122
that meets all of the following requirements shall be considered 123
as used exclusively for charitable purposes, and the institution 124
shall be considered a charitable institution for purposes of 125
this section and section 5709.12 of the Revised Code: 126

(a) The institution is either (i) an organization 127
described under section 501(c) (3) of the Internal Revenue Code 128
and exempt from federal income taxation under section 501(a) of 129
the Internal Revenue Code that has as a primary purpose to 130

acquire, develop, lease, or otherwise provide suitable 131
supportive housing to individuals diagnosed with mental illness 132
or substance use disorder and to families residing with such 133
individuals or (ii) a limited liability company or limited 134
partnership whose controlling or managing member or partner 135
either is an organization described in division (F)(1)(a)(i) of 136
this section or is wholly owned by one or more such 137
organizations. 138

(b) One or more of the tax-exempt organizations identified 139
in division (F)(1)(a) of this section receives at least a 140
portion of its funding to assist in the organization's primary 141
purpose described in division (F)(1)(a)(i) of this section from 142
the department of mental health and addiction services; one or 143
more county boards of alcohol, drug addiction, and mental health 144
services; or a local continuum of care program governed by 42 145
U.S.C. 11381, et seq. and 24 C.F.R. part 578. 146

(2) As used in division (F) of this section, "qualifying 147
real property" means real property that is used primarily in one 148
of the following manners: 149

(a) The property is used by the institution described in 150
division (F)(1) of this section for the purpose described in 151
division (F)(1)(a)(i) of this section. 152

(b) The institution (i) leases or otherwise provides the 153
property to individuals diagnosed with mental illness or 154
substance use disorder and to the families residing with such 155
individuals and (ii) makes supportive services available to such 156
individuals and families. 157

(c) The property is leased or otherwise provided by that 158
institution to another charitable institution, and that 159

charitable institution uses the property exclusively for 160
charitable purposes. 161

Section 2. That existing section 5709.121 of the Revised 162
Code is hereby repealed. 163

Section 3. The amendment by this act of section 5709.121 164
of the Revised Code applies to tax year 2021 and every tax year 165
thereafter, as well as to any tax year at issue in an 166
application for exemption from taxation or any appeal from such 167
an application pending before the Tax Commissioner, the Board of 168
Tax Appeals, any court of common pleas or court of appeals, or 169
the Supreme Court on the effective date of that amendment and to 170
the property that is the subject of any such application or 171
appeal. That amendment is remedial in nature and the purpose 172
thereof is to clarify the intent of the General Assembly that 173
real property described in division (F) of section 5709.121 of 174
the Revised Code, as amended by this act, is exempt from 175
taxation. 176