

As Introduced

**135th General Assembly
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S. B. No. 242

Senator O'Brien

A BILL

To amend section 5709.121 of the Revised Code to 1
expand the charitable use property tax 2
exemption. 3

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

Section 1. That section 5709.121 of the Revised Code be 4
amended to read as follows: 5

Sec. 5709.121. (A) Real property and tangible personal 6
property belonging to a charitable, religious, or educational 7
institution or to the state or a political subdivision, shall be 8
considered as used exclusively for charitable or public purposes 9
by such institution, the state, or political subdivision, if it 10
meets one of the following requirements: 11

(1) It is used by such institution, the state, or 12
political subdivision, or by one or more other ~~such charitable,~~ 13
religious, or educational institutions, the state, or political 14
subdivisions under a lease, sublease, or other contractual 15
arrangement: 16

(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 museum that is open to the general public;	20 21
(c) For other charitable, <u>religious</u> , educational, or public purposes.	22 23
(2) It is made available under the direction or control of such institution, the state, or political subdivision for use in furtherance of or incidental to its charitable, <u>religious</u> , educational, or public purposes and not with the view to profit.	24 25 26 27
(3) It is used by an organization described in division (D) of section 5709.12 of the Revised Code. If the organization is a corporation that receives a grant under the Thomas Alva Edison grant program authorized by division (C) of section 122.33 of the Revised Code at any time during the tax year, "used," for the purposes of this division, includes holding property for lease or resale to others.	28 29 30 31 32 33 34
(B) (1) Property described in division (A) (1) (a) or (b) of this section shall continue to be considered as used exclusively for charitable or public purposes even if the property is conveyed through one conveyance or a series of conveyances to an entity that is not a charitable or educational institution and is not the state or a political subdivision, provided that all of the following conditions apply with respect to that property:	35 36 37 38 39 40 41
(a) The property was listed as exempt on the county auditor's tax list and duplicate for the county in which it is located for the tax year immediately preceding the year in which the property is conveyed through one conveyance or a series of conveyances;	42 43 44 45 46
(b) The property is conveyed through one conveyance or a series of conveyances to an entity that does any of the	47 48

following:	49
(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;	50 51 52 53 54
(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.	55 56 57 58 59
(c) The property includes improvements that are at least fifty years old;	60 61
(d) The property is being renovated in connection with a claim for historic preservation tax credits available under federal law;	62 63 64
(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	65 66 67
(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.	68 69 70
(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.	71 72 73 74
(C) For purposes of this section, an institution that meets all of the following requirements is conclusively presumed	75 76

to be a charitable institution:	77
(1) The institution is a nonprofit corporation or	78
association, no part of the net earnings of which inures to the	79
benefit of any private shareholder or individual;	80
(2) The institution is exempt from federal income taxation	81
under section 501(a) of the Internal Revenue Code;	82
(3) The majority of the institution's board of directors	83
are appointed by the mayor or legislative authority of a	84
municipal corporation or a board of county commissioners, or a	85
combination thereof;	86
(4) The primary purpose of the institution is to assist in	87
the development and revitalization of downtown urban areas.	88
(D) For purposes of division (A) (1) (b) of this section,	89
the status of a museum as open to the general public shall be	90
conclusive if the museum is accredited by the American alliance	91
of museums or a successor organization.	92
(E) (1) Qualifying real property owned by an institution	93
that meets the following requirements shall be considered as	94
used exclusively for charitable purposes, and the institution	95
shall be considered a charitable institution for purposes of	96
this section and section 5709.12 of the Revised Code:	97
(a) The institution is an organization described under	98
section 501(c) (3) of the Internal Revenue Code and exempt from	99
federal income taxation under section 501(a) of the Internal	100
Revenue Code.	101
(b) The institution's primary purpose is to acquire,	102
develop, lease, or otherwise provide suitable housing to	103
individuals with developmental disabilities.	104

(c) Unless otherwise provided by division (E) (3) of this section, the institution receives at least a portion of its funding from one or more county boards of developmental disabilities to assist in the institution's primary purpose described in division (E) (1) (b) of this section.

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

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

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

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

(3) The requirement prescribed by division (E) (1) (c) of this section shall be considered to be met if: (a) the institution contracts with an entity that receives at least a portion of its funding from one or more county boards of developmental disabilities; (b) the contracted entity performs services for individuals who lease the property for use as housing; and (c) those services assist in the institution's primary purpose described in division (E) (1) (b) of this section.

If the property owner qualifies as a charitable institution under the alternative requirements prescribed by

division (E) (3) of this section, only the portion of the 134
property that, as of the first day of January of the tax year, 135
is either leased for use as housing by residents who are 136
eligible to receive home and community-based services, as that 137
term is defined in section 5123.01 of the Revised Code, or is a 138
common area used by all residents of the property is qualifying 139
real property and only those portions qualify for exemption from 140
taxation. 141

(F) (1) Qualifying real property owned by an institution 142
that meets all of the following requirements shall be considered 143
as used exclusively for charitable purposes, and the institution 144
shall be considered a charitable institution for purposes of 145
this section and section 5709.12 of the Revised Code: 146

(a) The institution is either (i) an organization 147
described under section 501(c) (3) of the Internal Revenue Code 148
and exempt from federal income taxation under section 501(a) of 149
the Internal Revenue Code that has as a primary purpose to 150
acquire, develop, lease, or otherwise provide suitable 151
supportive housing to individuals diagnosed with mental illness 152
or substance use disorder and to families residing with such 153
individuals or (ii) a limited liability company or limited 154
partnership whose controlling or managing member or partner 155
either is an organization described in division (F) (1) (a) (i) of 156
this section or is wholly owned by one or more such 157
organizations. 158

(b) One or more of the tax-exempt organizations identified 159
in division (F) (1) (a) of this section receives at least a 160
portion of its funding to assist in the organization's primary 161
purpose described in division (F) (1) (a) (i) of this section from 162
the department of mental health and addiction services; one or 163

more county boards of alcohol, drug addiction, and mental health services; or a local continuum of care program governed by 42 U.S.C. 11381, et seq. and 24 C.F.R. part 578.

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

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

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

(c) The property is leased or otherwise provided by that institution to another charitable institution, and that charitable institution uses the property exclusively for charitable purposes.

(G)(1) For tax years 2020 to 2024, a qualifying parking garage shall be considered as used exclusively for charitable purposes for the purpose of section 5709.12 of the Revised Code if all taxes, interest, and penalties levied and assessed against any property owned by the owner and operator of the qualifying parking garage, as described in division (G)(2)(b)(i) or (ii) of this section, have been paid in full for all of the tax years preceding the tax year for which the application for exemption is filed.

(2) As used in division (G) of this section:

(a) "Nonprofit arts institution" means an institution that

is exempt from federal income taxation under section 501(a) of 193
the Internal Revenue Code and whose primary purpose is to host 194
or present performances in music, dramatics, the arts, and 195
related fields in order to foster public interest and education 196
therein. 197

(b) "Qualifying parking garage" means any real property 198
that is used primarily for parking motor vehicles within or on a 199
structure and that is either (i) owned and operated by a 200
nonprofit arts institution or (ii) owned and operated by a 201
limited liability company whose sole member is a nonprofit arts 202
institution. 203

Section 2. That existing section 5709.121 of the Revised 204
Code is hereby repealed. 205

Section 3. The amendment by this act of section 5709.121 206
of the Revised Code applies to tax years ending on or after the 207
effective date of this section. 208