



Ohio Legislative Service Commission

Bill Analysis

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H.B. 302

131st General Assembly
(As Introduced)

Reps. Henne and Butler, Duffey

BILL SUMMARY

- Shields territory annexed by a municipal corporation under an expedited type II annexation procedure from fire, police, or EMS tax levies unless the levies are imposed by the subdivision that provides those services to that territory.
- Applies to a levy in the sixth year after the annexation petition is granted and ensuing years; the levy may be imposed for the first five years if it is in effect when the annexation petition is granted.

CONTENT AND OPERATION

Property tax consequences of expedited type II annexations

The bill permits property tax levies for police, fire, and EMS¹ to be imposed in territory annexed by a municipal corporation under an expedited type II procedure for only five years after the annexation is approved unless the levy is imposed by the subdivision that provides those services to that territory. Under current law, the annexed territory becomes part of a municipal corporation, but also remains part of the township from which it was annexed, so land in the territory is subject to real property taxation by both political subdivisions.²

Expedited type II annexations

Enacted in 2001, the expedited type II annexation procedure is a procedure for annexing no more than 500 acres of land in the unincorporated territory of a township

¹ Under R.C. 5705.19(I), (J), (U), or (JJ).

² R.C. 709.023(H) and (K).

into a municipal corporation. Unless otherwise provided in the annexation agreement or in a cooperative economic development agreement, the land annexed is not excluded from the township from which it is being annexed.

To initiate the expedited type II annexation procedure, 100% of the owners of real estate in the unincorporated territory of the township area proposed for annexation must sign the annexation petition. If the municipal corporation and township legislative bodies do not object to the annexation, the board of county commissioners must approve the petition. The procedure is expedited in that there is no special hearing and no right to appeal, and a municipal corporation or township may base an objection to the proposed petition only on the petition's failure to meet seven conditions specified in continuing law.

Given that the annexed territory becomes part of a municipal corporation, but also remains part of a township, property in the territory is subject to real property taxation by both political subdivisions. The residents of the annexed territory are residents of both the municipal corporation and the township, and are entitled to vote on officers, issues, and tax levies of both subdivisions.³

Application of fire, police, and EMS levies

The bill creates an exception to the general rule that land in territory annexed under the expedited type II procedure is subject to real property taxation by both a township and a municipal corporation with respect to levies for fire, police, or EMS services. The bill permits these levies that are in effect when the annexation petition is approved to be levied for only up to five years⁴ in the annexed territory if they are levied by a township or municipal corporation that does not provide those services in that territory. For all following tax years, the levy no longer applies to property in the annexed territory unless the subdivision imposing the tax begins to provide fire, police, or EMS services in the territory.

A levy will terminate sooner if it is renewed or replaced within that five-year period. If a levy takes effect after the date the annexation petition is approved, it will not apply to the annexed territory.⁵

³ R.C. 709.021, not in the bill, and 709.023. This law maintains consistency with the Ohio Constitution's uniform rule for levying property taxes, ensuring that property is taxed uniformly throughout the territory of each local taxing unit: "Land and improvements thereon shall be taxed by uniform rule according to value . . ." Section 2 of Article XII, Ohio Constitution.

⁴ Five years includes the tax year in which the petition is granted and the four following tax years.

⁵ R.C. 709.023(K).

The bill's provisions apply to taxes levied for tax year 2015 and thereafter.⁶

HISTORY

ACTION	DATE
Introduced	08-17-15

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⁶ Section 3 of the bill.

