



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: S.B. 209 of the 132nd G.A.

Status: As Introduced

Sponsor: Sen. Coley

Local Impact Statement Procedure Required: No

Subject: Modifies the relative priority of tax increment financing and other property tax exemptions

State & Local Fiscal Highlights

- No direct fiscal effect on the state.
- By changing the relative priority of tax increment financing (TIF) and other property tax exemptions, the bill may obligate property owners to make payments in lieu of taxes (PILOTs) to the political subdivisions that established the TIFs that would not be required under current law.

Detailed Fiscal Analysis

The bill modifies rules for determining the relative priority of TIF and other types of property tax exemptions, as they affect individual parcels and the property owners.¹ The fiscal effect pertains to the obligation of the owners of property in a TIF or TIF-like agreement to make PILOTs on the exempted portion of the increase in value of the property for a specified term of years. In general, the PILOTs are paid to the municipality, township, or county that established the TIF, and are used to pay for infrastructure and other improvements, often by servicing associated debt.²

The bill makes the following changes. In current law, TIFs are subordinate to property tax exemptions under any other section of the Revised Code, and therefore no PILOTs are required, unless (1) the property owner consents to the TIF and (2) the timing of the exemption under the TIF precedes that of the other exemption.³ Under the bill, the property owner's consent is eliminated as a factor, and only timing governs the

¹ Changes made by the bill apply to the following types of TIFs and TIF-like agreements (with corresponding Revised Code sections in parentheses): municipal TIF (5709.40), township TIF (5709.73), county TIF (5709.78), municipal urban redevelopment TIF (5709.41), downtown redevelopment district (5709.45), urban renewal district (725.02), and community redevelopment district (1728.07).

² For some TIFs or TIF-like agreements, a portion of PILOTs is required to be paid to local government entities providing certain services, replacing taxes that would have been due in the absence of the TIF.

³ The municipality, township, or county that created the TIF may, however, consent in current law to the subsequent exemption, thereby waiving the right to receive PILOTs.

priority of the exemptions. After an application is filed for exemption under a TIF or TIF-like agreement, no other exemption is permitted by the bill to be granted for the part of the property that would be exempted by the TIF, until either the application is denied or the TIF expires.

The change made by the bill may result in PILOTs being required that would not be required under current law because the property owner did not consent to the TIF. Amounts of payments that would be affected by this change are unknown. No PILOTs would be required under either current law or the bill if the exemption under another section of the Revised Code became effective prior to the TIF exemption.

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