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H.B. 369
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Weinstein

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SUMMARY

- Requires community reinvestment area (CRA) property tax exemption applications for residential property to be approved by the school district in which the property is located if the exemption amount equals or exceeds 50% of the property's value.
- Authorizes a school district to permanently or temporarily waive its right to approve CRA exemption applications for residential property.

DETAILED ANALYSIS

Overview of community reinvestment areas

Continuing law allows a county or municipality to designate community reinvestment areas (CRAs) where residential, commercial, or industrial development projects may be exempted from property tax for a certain amount of time. First enacted 50 years ago,¹ this economic development program was significantly updated in 1994, in S.B. 19 of the 120th General Assembly, which set forth much of the current CRA law governing most CRAs today. However, some existing CRAs continue to be governed by law enacted prior to S.B. 19 under an ongoing grandfathering provision. CRA exemptions may apply to the remodeling of at least \$2,500 for single- and double-family housing; to the remodeling of at least \$5,000 for multifamily housing or commercial or industrial structures; and to new construction of residential, commercial, and industrial structures.²

CRA exemption procedures differ depending upon whether the exemption is sought for residential projects or commercial and industrial projects. Specifically, the percentage of the

¹ H.B. 754 of the 108th General Assembly.

² R.C. 3735.67(D).

exemption for residential property, up to 100%, must be uniform and specified in the resolution designating the CRA.³ But an exemption percentage for commercial or industrial property may vary and is set in accordance with a formal agreement entered into between the local government designating the CRA and the property owner.⁴ While residential property owners are able to obtain an exemption from an officer designated by the local government, called the housing officer, commercial and industrial property owners are required first to enter into this formal exemption agreement.

School district approval

Under continuing law, if an agreement granting a CRA exemption to a commercial or industrial project proposes to exempt more than 50% of the project's value, the agreement must first be approved by the board of education of the school district in which the project would be located.⁵ Under current law, no school district approval is required for CRA exemptions for residential property.

The bill, known as the "School Board Fairness Act," extends the school board approval requirement to CRA exemption applications for residential property, but only if the resolution designating the CRA provides that the percentage of the exemption for residential property equals or exceeds 50% of the property's value. This requirement applies to all CRAs, except those subject to pre-S.B. 19 CRA law.

For applications requiring school board approval, the housing officer must forward the application within 14 days after receiving it to the board of education of the school district in which the property is located. Then, within 30 days, the board must adopt a resolution approving or disproving the exemption by majority vote and certify the resolution to the housing officer. If the school board approves the exemption, the housing officer may grant the exemption, as long as the residential property otherwise qualifies.⁶

Approval waiver

Under continuing law, no permission is required for CRA exemptions for commercial or industrial projects if the board of education adopts a resolution waiving its right to approve agreements for those projects or if the district is compensated by the local government or the project owner in an amount that would hold the district harmless for excess revenue forgone as a result of the exemption percentage equaling or exceeding the 50% threshold.⁷

Similarly, the bill does not require school board approval for CRA exemptions for residential property, but only if the school board adopts a resolution waiving its right to

³ R.C. 3735.66, not in the bill.

⁴ R.C. 3735.671, not in the bill.

⁵ R.C. 3735.67(A).

⁶ R.C. 3735.67 and 3735.674.

⁷ R.C. 3735.671(A), not in the bill.

approve those applications. The board may rescind that waiver at any time by notifying the housing officer.⁸

HISTORY

Action	Date
Introduced	07-07-21

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⁸ R.C. 3735.674.