

Publications

Client Alert: Ohio House Bill 225

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On December 21, 2011, Governor Kasich signed Substitute House Bill 225 (the Bill). As enacted, the Bill includes changes to Ohio's New Community Authority (NCA) law, permits the county boards of revision to adopt procedures for the electronic filing of real property tax valuation complaints and makes county auditors responsible for the review and approval of property tax exemption applications for certain types of publicly owned property. A summary of these changes is below:

New Community Authorities

Once effective, the Bill will make several changes to the law governing NCAs.

These amendments include the following:

Current law provides special rules for certain NCAs established on or after July 1, 2010 and before January 1, 2012. In particular:

- Those NCAs may levy a community development charge based on business profits or gross receipts;
- NCA Board of Trustees members for those NCAs may be elected using an alternative method;
- The developer in those NCAs may satisfy the requirement that the developer own or control the property within the NCA through leases of 40 years or more;
- Those NCAs are authorized to provide services to visitors, employees and employers within the NCA in addition to residents of the NCA; and
- Those NCAs may be dissolved using an alternative method specified by resolution of the organizational board of commissioners.

The Bill extends those provisions for an additional three years from the Bill's effective date, meaning that they now apply to NCAs established on or after July 1, 2010 and before March 22, 2015.

Current law requires the NCA petition to be approved by the “proximate city,” which is defined in Ohio Revised Code (“R.C.”) Section 349.01(M) as (i) any city with the greatest population in the county where the proposed new community district (“NCD”) is located, and (ii) the city with the greatest population in an adjoining county if any portion of that city is within five miles of the boundaries of the proposed NCD. The Bill broadens the definition of “proximate city” to also include a municipal corporation in which any portion of the proposed new community district is located, or, if more than one-half of the proposed district is contained within a joint economic development district (“JEDD”) created under R.C. Sections 715.70 – 715.83, the township containing the greatest portion of the territory of the JEDD.

Current law provides for acreage limits for NCDs that are not wholly contained within municipal corporations. Such NCDs shall not be less than 1,000 acres in size. The Bill provides an exception from this acreage requirement for NCAs established within three years after the Bill’s effective date (i.e., by March 22, 2015) if more than one-half of the proposed NCD is contained within a JEDD created under R.C. Sections 715.70 – 715.83.

Electronic Filing of Real Property Tax Complaints

Currently, all real property tax valuation complaints under R.C. Section 5715.19 must be submitted in hard copy on or before March 31 of the year in which taxes are due. Under the Bill, county boards of revision may authorize policies for the electronic filing of real property tax valuation complaints under R.C. Section 5715.19. This change could significantly streamline and simplify the process of filing valuation complaints.

Responsibility for Reviewing and Approving Property Tax Exemption Application for Certain Publicly-Owned Properties

Pursuant to current law, all real property tax exemption applications are reviewed and approved by the Ohio Tax Commissioner. Once the Bill becomes effective, county auditors will have the responsibility, under R.C. Section 5715.27, to review and approve property tax exemption applications for properties that are:

- Public roads or highways;
- Owned by the federal government;
- Additions or other improvements to an existing structure that belongs to the State of Ohio or a political subdivision and that is exempted from taxation as property used exclusively for a public purpose; or
- Property owned by state universities, the northeastern Ohio universities college of medicine, and of the state to be exempted under R.C. Section 3345.17, which provides for a broad tax exemption for property of the board of trustees of such institution that is used for the support of such institution.

If you have any questions about these provisions of the Bill, or you believe that your company or community may be impacted by enactment of the Bill, please contact:

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