



Ohio Revised Code

Section 725.02 Value of improvements exempt from real property taxation.

Effective: December 2, 1996

Legislation: House Bill 627 - 121st General Assembly

(A) The portion of the assessed valuation of improvements constructed pursuant to a development agreement, and the portion of the increase in the assessed valuation after the commencement of rehabilitation of improvements rehabilitated pursuant to a development agreement declared to be a public purpose in the development agreement shall be exempt from real property taxation by all political subdivisions and taxing districts. Except as otherwise provided in division (B) of this section, the portion of the assessed valuation of improvements declared to be a public purpose and exempted from taxation shall not exceed seventy-five per cent of the assessed valuation of the improvements for each year of the exemption period.

(B) With the approval under this division of the board of education of the city, local, or exempted village school district within the territory of which the improvements are or will be located, the portion of the assessed valuation of improvements exempted from taxation may exceed seventy-five per cent, but shall not exceed one hundred per cent. The legislative authority of the municipal corporation shall deliver to the board of education a notice stating its intent to declare improvements to be a public purpose under the agreement. The notice shall be delivered not later than forty-five days prior to execution of the agreement by the legislative authority, excluding Saturdays, Sundays, and legal holidays as defined in section 1.14 of the Revised Code. The notice shall describe the parcel and the improvements, provide an estimate of the true value in money of the improvements, specify the period for which the improvements would be exempted from taxation and the percentage of the assessed valuation of the improvements that would be exempted, and indicate the date on which the legislative authority intends to execute the agreement. The board of education, by resolution adopted by a majority of the board, may approve the exemption for the exemption percentage specified in the notice, may disapprove the exemption for the percentage of the improvements to be exempted in excess of seventy-five per cent, or may approve the exemption on the condition that the legislative authority and the board negotiate an agreement providing for compensation to the school district equal in value to a percentage of the taxes that would be payable on the portion of the assessed valuation of the improvements in excess of seventy-five per cent were that portion to be subject to taxation. The board of education shall certify its resolution to the



legislative authority not later than fourteen days prior to the date the legislative authority intends to execute the agreement as indicated in the notice. If the board of education approves the exemption on the condition that a compensation agreement be negotiated, the board in its resolution shall propose a compensation percentage. If the board of education and the legislative authority negotiate a mutually acceptable compensation agreement, the legislative authority may declare up to one hundred per cent of the assessed valuation of the improvements to be a public purpose and exempted from taxation. If the board and the legislative authority fail to negotiate a mutually acceptable compensation agreement, the legislative authority may declare not more than seventy-five per cent of the assessed valuation of the improvements to be a public purpose and exempted from taxation. If the board fails to certify a resolution to the legislative authority within the time prescribed by this division, the legislative authority thereupon may declare up to one hundred per cent of the assessed valuation of the improvements to be a public purpose and exempted from taxation. The legislative authority may execute a development agreement at any time after the board of education certifies its resolution approving the exemption to the legislative authority, or, if the board approves the exemption on the condition that a mutually acceptable compensation agreement be negotiated, at any time after the compensation agreement is agreed to by the board and the legislative authority.

If a board of education has adopted a resolution waiving its right to approve exemptions from taxation granted pursuant to development agreements and the resolution remains in effect, approval of such exemptions by the board is not required under this division. If a board of education has adopted a resolution allowing a legislative authority to deliver the notice required under this division fewer than forty-five business days prior to the legislative authority's execution of the agreement, the legislative authority shall deliver the notice to the board not later than the number of days prior to such execution as prescribed by the board in its resolution. If a board of education adopts a resolution waiving its right to approve exemptions or shortening the notification period, the board shall certify a copy of the resolution to the legislative authority. If the board of education rescinds such a resolution, it shall certify notice of the rescission to the legislative authority.

If the legislative authority is not required by this division to notify the board of education of the legislative authority's intent to declare improvements to be a public purpose, the legislative authority shall comply with the notice requirements imposed under section 5709.83 of the Revised Code, unless the board has adopted a resolution under that section waiving its right to receive such a notice.



(C) The exemption shall commence on the date of the execution of the development agreement therefor and extend for the number of years designated in the development agreement and thereafter for so long as there are outstanding any urban renewal bonds payable from the urban renewal service payments provided for in the development agreement. Any such exemption shall be claimed and allowed in the same or a similar manner as in the case of other real property exemptions and no such claim shall be allowed unless the municipal corporation wherein said property is located certifies that an exemption period has been specified and that a development agreement has been entered into and is in effect. If an exemption status changes during a tax year, the procedure for the apportionment of the taxes for said year shall be the same as in the case of other changes in tax exemption status during the year.

(D) An agreement that satisfies the requirements of either division (C)(1)(a) or (C)(1)(c) of section 725.01 of the Revised Code may be amended to satisfy the requirements of the other two of division (C)(1)(a), (b), or (c) of section 725.01 of the Revised Code and to establish the period of exemption pursuant to this section at any time prior to the completion of the construction or rehabilitation of the improvements of which all or a portion of the assessed valuation is to be exempt from real property taxation pursuant to this section. The execution of the amendment of such agreement shall be the execution of the development agreement for the purpose of this section.