



## Ohio Revised Code

### Section 118.24 Issuing advance tax payment notes.

Effective: September 3, 1996

Legislation: House Bill 462 - 121st General Assembly

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(A) Subject to approvals by the financial planning and supervision commission or, when authorized by the commission, the financial supervisor under section 118.15 of the Revised Code and this section, a municipal corporation, county, or township may issue advance tax payment notes as provided in this section.

(B) As used in this section "advance tax payment" or "payment" means payment by or on behalf of any taxpayer prior to the last day on which such taxes are payable without penalty to the fiscal officer of the municipal corporation, county, or township of an amount of ad valorem taxes levied by the municipal corporation, county, or township upon the taxable property of the taxpayer not exceeding the unpaid amount of such property taxes allocable to the general fund of the municipal corporation, county, or township and payable for the tax year. Moneys received from such advance tax payments are to be treated by the municipal corporation, county, or township as an advance or settlement of such taxes.

(C) Upon receipt and acceptance by the fiscal officer of such advance tax payment, the municipal corporation, county, or township, by the fiscal officer, may issue to such taxpayer advance tax payment notes in the aggregate face amount equaling the amount of the advance tax payment plus the amount of simple interest thereon from the date of advance tax payment to the date or dates upon which such taxes represented by the amount of the payment are last payable without penalty computed by applying the rate prescribed for the interest factor as provided for in division (H) of this section. Such advance tax payment notes shall state that they are issued pursuant to this section and that they may be surrendered to the designated county treasurer for credit against taxes as provided in division (E) of this section, shall be dated their date of issuance, shall be signed by the fiscal officer of the municipal corporation, county, or township, and shall be validated by the county treasurer to whom they may be surrendered under division (E) of this section upon determination by the county treasurer that the amount is consistent with this section and the tax duplicate. Chapter 133. of the Revised Code shall not apply to such notes, and such notes shall not be considered in determining net indebtedness.



(D) The fiscal officer of the municipal corporation, county, or township may solicit subscriptions for the purchase of such advance tax payment notes and prescribe minimum amounts for subscriptions and note denominations, as approved by the county treasurer, and forms, procedures, and time schedules for such subscriptions and for delivery of and payment for such notes. The commission, the financial supervisor, and the county auditors and county treasurers of the counties in which the municipal corporation, county, or township is located, as appropriate, shall cooperate with the fiscal officer in such efforts.

(E) The validating county treasurer to whom taxes represented by such a note are payable shall, upon submission to him of an advance tax payment note, accept it as payment against those property taxes then payable by the presenting taxpayer which are to be allocated to the municipal corporation, county, or township and cancel such note. The amount to be so accepted and credited is the face amount of the note. The county treasurer shall include such amount in the receipt for payment of taxes delivered to such taxpayer. The county treasurer shall deliver the canceled advance tax payment note to the municipal corporation, county, or township in lieu of distribution to the municipal corporation, county, or township of the amount credited for taxes pursuant to this section.

(F) Advance tax payment notes are not negotiable instruments but may be assigned in writing on a form provided thereon, but only if and to the extent therein authorized with the approval of the county treasurer.

(G) The use of advance tax payment notes by the taxpayer as provided in division (E) of this section constitutes a discharge of the obligation of the municipal corporation, county, or township to the taxpayer holding such certificate to the extent of the property taxes credited on them.

(H) As used in this section "interest factor" means the amount calculated based on an interest rate, as determined by the fiscal officer as of the date of such note, that would have been paid by the municipal corporation, county, or township on current tax revenue notes, maturing in six months, issued on that date pursuant to section 133.10 of the Revised Code. The face amount of the note less the amount of the advance tax payment made in the purchase of such note, shall be and shall be deemed to be interest paid and received on such note.



(I) The aggregate principal amount of advance tax payment notes, together with the aggregate principal amount of any current revenue notes issued under section 133.10 of the Revised Code in anticipation of ad valorem property taxes for the same year that are outstanding at the time of issuance, shall not exceed one-half of the amount that the budget commission estimates the municipal corporation, county, or township will receive from all property taxes that are to be distributed to the municipality from all settlements of taxes that are to be made in the remainder of that year, after subtracting from such amount advances thereon and property taxes to be received for the payment of debt service on debt obligations or to be deposited with a fiscal agent as provided in section 118.20 of the Revised Code.

(J) Before any advance tax payment notes of the municipal corporation, county, or township may be authorized, the municipal corporation, county, or township shall submit to the commission an ordinance or resolution of the legislative authority authorizing such notes, a schedule of projected revenues and expenses of the municipal corporation, county, or township during the period while such notes would be outstanding demonstrating that a cash flow deficit would exist during such period, the amount of such anticipated cash flow deficit, the amount and terms of current revenue notes issued or proposed to be issued against property tax receipts, the necessity for the issuance of advance tax payment notes to avoid the occurrence of such a cash flow deficit, and such other information as the commission or the financial supervisor may request. No such notes shall be issued unless the commission or, when authorized by the commission, the financial supervisor shall have reviewed and approved such schedule or modification thereof and the terms of such proposed notes, including the proposed interest rate or rates to be borne by such notes.

(K) This section does not prohibit any advance payment of property taxes otherwise permitted by law.