



Ohio Revised Code

Section 307.699 Annual service payment in lieu of taxes on the exempt property used by major league professional athletic team.

Effective: March 2, 1992

Legislation: House Bill 228 - 119th General Assembly

(A) As used in this section:

(1) "Sports facility" has the same meaning as in section 307.696 of the Revised Code.

(2) "Residual cash" has the same meaning as in division (B)(5) of section 5709.081 of the Revised Code.

(B) Any political subdivision or subdivisions or any corporation that owns a sports facility that is both constructed under section 307.696 of the Revised Code and includes property exempt from taxation under division (B) of section 5709.081 of the Revised Code, shall make an annual service payment in lieu of taxes on the exempt property for each tax year beginning with the first tax year in which the facility or part thereof is used by a major league professional athletic team for its home schedule. The amount of the service payment for a tax year shall be determined by the county auditor under division (D) of this section.

(C) On or before the first day of September each year, the owner of property to which this section applies shall file both of the following with the county auditor:

(1) A return in the same form as under section 5711.02 of the Revised Code listing all its exempt tangible personal property as of the first day of August of that year;

(2) An audited financial statement certified by the owner and reflecting the actual receipts, revenue, expenses, expenditures, net income, and residual cash derived from the property during the most recently ended calendar year.

For the purposes of this section, the county auditor shall determine the true value of the real and tangible personal property owned by the political subdivision or subdivisions or the corporation and



included in the sports facility, including the taxable portion thereof, by capitalizing at an appropriate rate the net income of the owner derived from that property. The auditor shall use the net income as certified in the owner's financial statement, unless he determines that the amount so certified is inaccurate, in which event he shall determine the accurate amount of net income to be capitalized. The county auditor shall compute net income before debt service, and shall not include any revenue from county taxes as defined in division (A)(1) of section 307.696 of the Revised Code. The true value so determined shall be allocated between real and tangible personal property and assessed for the purposes of this section at the appropriate percentages provided by law for determining taxable values.

Using information reported or determined under this division, the county auditor shall determine the amount of putative taxes for the property for that tax year. As used in this section, "putative taxes" means the greater of one million dollars or the amount of property taxes that would have been charged and payable if all the real and tangible personal property owned by the political subdivision or subdivisions or the corporation and included in the sports facility was subject to taxation.

(D) On or before the date that is sixty days before the date that the first payment of real property taxes are due without penalty under Chapter 323. of the Revised Code each tax year, the county auditor shall determine the amount of service payments for that tax year for property to which this section applies in the following manner:

(1) The county auditor shall deduct from the amount of putative taxes under division (C) of this section any taxes assessed against the taxable portion of the sports facility owned by any of the entities in division (B)(1) of section 5709.081 of the Revised Code, any amounts paid by a municipal corporation under section 5709.082 of the Revised Code as a result of the exempt property, and any amounts available in the construction payments account established under division (G)(1) of this section as are required to make the total deductions under this division equal to one million dollars.

(2) The county auditor shall fix the amount of the service payments for a tax year at the amount of the putative taxes minus deductions under division (D)(1) of this section. However, any amount of service payments required because the putative taxes exceed one million dollars shall not exceed the amount of residual cash of the owner of the exempt property as reported in division (C) of this section that would otherwise accrue to the political subdivision or subdivisions pursuant to division



(B)(5) of section 5709.081 of the Revised Code if no service payments were imposed under this section.

(3) If the exempt property is an improvement under division (C)(2) of section 5709.081 of the Revised Code, the county auditor shall determine the percentage which such improvement constitutes of the total sports facility and shall substitute for the one-million-dollar amount, wherever it appears in this section, an amount equal to such percentage multiplied by one million dollars. The percentage shall be determined by dividing the reproduction cost new of the improvement by the reproduction cost new of the total sports facility including the improvement, owned by any of the entities under division (B)(1) of section 5709.081 of the Revised Code.

(E) On or before the date that is sixty days before the date that the first payment of real property taxes are due without penalty under Chapter 323. of the Revised Code each tax year, the county auditor shall certify and send notice by certified mail to the owner of the property of the amount and the calculation of the service payments charged that tax year, including the separate valuations determined for the real and tangible personal property, the capitalization rate used, the separate deductions allowed under division (D) of this section, and any claimed inaccuracies in net income determined under division (C) of this section.

The service payments for a tax year shall be charged and collected in the same manner as real property taxes for that tax year. Revenue collected as service payments shall be distributed to the taxing districts that would have received property tax revenue from the exempt property if it was not exempt, for the tax year for which the payments are made, in the same proportions as property taxes are distributed. However, if the sum of the deductions allowed under division (D) of this section and the service payments exceeds one million dollars, any service payments in excess of one million dollars shall first be paid to the municipal corporation to reimburse it for the payments made under section 5709.082 of the Revised Code from the inception of such payments. Any such payments to the municipal corporation shall be deducted from the municipal payments account established under division (G)(2) of this section.

(F) The owner of property exempt from taxation under section 5709.081 of the Revised Code or persons and political subdivisions entitled to file complaints under section 5715.19 of the Revised Code may appeal the determination of the annual service payments required by this section to the



board of revision in the county in which the exempt property is located within the time period for filing complaints under section 5715.19 of the Revised Code. The appeal shall be taken by filing a complaint with that board which need not be on the form prescribed for other complaints filed under section 5715.19 of the Revised Code but which shall include an identification of the exempt property, a copy of the auditor's certification to the owner, a calculation of the service payments claimed to be correct and a statement of the errors in the auditor's determination. Upon receipt of such complaint the board of revision shall notify the county auditor of the county in which the exempt property is located, who shall, within thirty days of such notice, certify to the board of revision a transcript of the record of the proceedings of the county auditor pertaining to the determination of the annual service payments. Any complaint filed under this section shall be regarded as a complaint for the purposes of divisions (B), (C), (E), (F), (G), and (H) of section 5715.19 of the Revised Code. The board of revision shall order the hearing of evidence and shall determine the amount of service payments due and payable pursuant to this section.

(G) The county auditor of the county in which the exempt property is located shall establish the following two accounts:

(1) A construction payments account to which shall be posted all payments made by a municipal corporation pursuant to section 5709.082 of the Revised Code on account of such property derived from persons employed at the site of the sports facility in the construction of the facility. Deductions shall be made from such account as provided in division (D) of this section until the amounts so posted are exhausted ;

(2) A municipal payments reimbursement account to which shall be posted all payments made by a municipal corporation pursuant to section 5709.082 of the Revised Code on account of such property including those posted under division (G)(1) of this section. Deductions shall be made from the municipal payments reimbursement account for reimbursements to the municipal corporation made under division (E) of this section until the amounts posted are exhausted.