



Representative Bob Cupp

4th House District

SPONSOR TESTIMONY – HB 69

Good afternoon Chair Anielski, Vice Chair Hambley, Ranking Member Bishoff, and members of the committee.

I appreciate the opportunity to offer sponsor testimony on HB 69. It is really a simple bill but may seem complicated because it involves tax increment financing and real property tax levies.

If enacted, HB 69 will assist townships that provide fire, emergency medical and ambulance services to both the township and to a municipal corporation located within the township that does not provide its own fire, emergency medical, or rescue services. The bill modifies existing Tax Incremental Financing Law to add township fire, emergency medical and ambulance levies to the list of special-special purpose levies from which revenue may not be diverted by a TIF. Under current law, when tax increment financing is authorized, the increased

revenue that results from a development project that would normally obtain to a fire or emergency services levy, is diverted to other purposes authorized by the TIF.

This bill has a focused application. It applies only when: (1) a township provides fire and emergency services to a municipal corporation that is located within the township boundaries, (2) the municipality does not have its own fire department to provide fire, medical emergency, or ambulance services, (3) there exists a fire and/or emergency services levy, (4) the TIF is created after the effective date of the bill, and (5) the township does not waive the reimbursement or negotiate a partial waiver.

Tax increment financing (TIF) is a method used to encourage economic development through infrastructure improvements, which may serve specific parcels or up to 300 acres in a district that meets certain criteria for inadequate infrastructure or economic distress.

When a TIF is used, the creating county, municipal corporation or township exempts property in the designated area from real property tax increases which result from the planned development. Instead, of paying the increased property taxes, the property owners in the TIF make payments in lieu of the taxes, but equal to what would have been paid in taxes, to the political subdivision which created the TIF. The money thus generated is used to install or improve needed infrastructure.

This can work well when the political subdivision creating the TIF district also provides the governmental services that affect the TIF. But this is not always the case. For example, sometimes a municipal corporation will create the TIF, but it is the township within which the municipal corporation is located that provides services to the area.

In recent years, townships have had to find ways to provide the needed increased fire, emergency medical and ambulance services to TIF districts as development occurs. But, the township receives no increase in revenue from their fire, emergency medical, and/or ambulance property tax levies to help fund this increased responsibility. This is because the increase in tax revenue has been directed by the TIF to be used for other purposes. In other words, there are more people and property to protect and serve because of the development . . . but no more money to help finance the cost.

Recognizing situations like this, Ohio law provides for certain special-purpose tax levies where the lost revenue must be reimbursed. Special-purpose tax levies currently include those for one of 11 purposes, including county hospitals, addiction services, libraries, children services, township park districts, and others. For special purpose levies, the money that the levy would have raised but for the TIF must be refunded out of the payments in lieu of taxes to the entity that otherwise would have received the revenue except for the TIF.

Under the bill, townships would have the option of collecting the reimbursement, waiving it, or negotiating a partial reimbursement. This bill would provide a choice.

Again, HB 69 would only apply prospectively; current TIFs would not be affected. Additionally, the bill will apply only to TIFs created by municipal corporations where townships provide the fire, emergency, or rescue services. County TIFs would be unaffected.

The bill is supported by the Ohio Township Association and the Coalition of Large Ohio Urban Townships.

I encourage your support of this bill. Proponent testimony will follow in future hearings and will include some specific examples of why this small change in the law will provide big relief to the township fire departments involved.

I welcome any questions the committee might have.