



COMMUNITY REINVESTMENT AREA TAX ABATEMENT PROGRAM

What is the “Community Reinvestment Area” (CRA) Tax Exemption Program?

The City of Painesville provides a unique tax incentive plan to owners and developers who wish to upgrade their properties by either renovation or new construction, in certain targeted areas of the City.

Who is Eligible for the CRA Tax Exemption?

Owners of property within the five (5) designated “Community Reinvestment Areas (CRAs)” of the City of Painesville (*see attached map*) may be granted real property tax abatement on any increase in property valuation resulting from new construction or remodeling of existing structures. This includes residential, commercial, or industrial facilities.

If, after viewing the map, you are uncertain as to whether or not your property is within one of the five (5) CRAs, please call the City of Painesville Economic Development Department (440-392-5795), for clarification.

When Can I Apply for a CRA Tax Exemption?

You may apply for CRA tax abatement at the completion of the construction or remodeling project. It is important to keep copies of all documents detailing expenditures associated with your construction or remodeling project, as this information must be submitted with your application.

To receive the full benefit of your abatement, you are encouraged to file for the abatement *before the cost of the improvement or new structure is reflected on the Lake County tax role*. **You must file by October 1 in the year the construction is completed to be exempt for the following year.**

How Do I Apply for a CRA Tax Exemption?

1. Obtain an “Application for Community Reinvestment Area Tax Exemption”. You may pick up an application at Economic Development Department located on the second floor of Painesville City Hall, 7 Richmond St., Painesville, or call (440-392-5795) to request that an application be mailed to you.
2. Determine if your property is located within one of the five (5) Community Reinvestment Areas shown on the map on the back of the CRA tax exemption application.
3. Complete Section “A” of the application and mail it, with a legal description of the property and documentation verifying the costs associated with the project, to:

City of Painesville
Economic Development
PO Box 601
Painesville, OH 44077

When your completed application is received by the City of Painesville, it is reviewed for completeness, and the allowable abatement term is determined.

Then, your application is forwarded to the school districts within the jurisdiction of the CRA for their review. During this time the school district may provide back comments or concerns. After the approved school district review period the application is sent to the Lake County Auditor's Office Real Estate Division for certification. A copy of the abatement-certified application is then returned by the Auditor's office to The City of Painesville. Shortly thereafter, you will receive an official notification from the City that your request for abatement has been approved and certified by the Lake County Auditor, from the City of Painesville Economic Development Department.

When Does the Tax Abatement Begin?

The tax abatement begins in the year following the calendar year in which the certification is made to the Lake County Auditor. *(i.e., if you have applied for, and been awarded, an abatement during the 2020 calendar year, your abatement will be applied to your tax bill in the Year 2021, payable in Year 2022)*

How is My Tax Abatement Calculated and How Long Will It Last?

The amount and length of tax abatements are determined by the property classification, location, and the value and use of the property, taking into account the increase in property value, as determined by appraisal of the Lake County Auditor.

How Much is My Tax Abatement and What Are the Terms of My Tax Abatement?

In CRA areas one, two, three and four (1, 2, 3, 4) the terms of the abatement are defined in Table 1. In CRA area number 5, the terms for residential are defined in Table 2 and the terms for commercial are all negotiable. To better understand the commercial abatement terms please call the Economic Development Department.

What is the Process for a Commercial CRA Area #5 Abatement?

CRA Area # 5 is a post-1994 CRA and therefore the regulations pertaining to this CRA are outlined in City of Painesville Resolution Number 42-18 passed on November 19th, 2018 and City of Painesville passed resolution 22-19 passed on June 17th, 2019.

This process is also outlined in ORC Chapter 725. or 1728., sections 3735.65 to 3735.70 *(including 3735.671)*, 5709.40, 5709.41, 5709.45, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, or 5709.88.

How do I Apply for a CRA Tax Abatement?

For CRA Area 1 through CRA Area 4 use Table 1 and complete **APPLICATION FOR CRA AREA #1 through #4**
For CRA Area 5 use Table 2 and complete **APPLICATION FOR CRA AREA #5**

Submit your applications to:

The City of Painesville
Office of Economic Development
Attn: Director of Economic Development
7 Richmond Street
Painesville, Ohio 44077

Table 1

Terms for Community Reinvestment Areas 1, 2, 3 and 4

Section A. Community Reinvestment Area (CRA)

| Area 1 to Area 4 | | | |
|---|--|--|---|
| <i>Excluding Painesville Industrial Park and Renaissance Parkway (Section B. Below)</i> | | | |
| Type of Structure | Type of Construction or Improvement | Minimum Cost of Qualifying Remodel or New Construction | Abatement Term |
| Existing dwelling for 1 or 2 families (single or duplex) | Remodeling of existing structure* | \$2,500.00 | <p>Area 2 10 years @ 75%</p> <p>Area 3 10 years @100%</p> <p>Area 4 100% for 1st year and 10% declining each year thereafter.</p> |
| Existing dwelling for 3 or more families (commercial multi-family) | Remodeling of existing structure* | \$5,000 | <p>Area 2 10 years @ 75%</p> <p>Area 3 12 years @100%</p> <p>Area 4 not available</p> |
| Existing commercial structure (retail) | Remodeling of existing structure* | \$5,000 | <p>Area 2 10 years @ 75%</p> <p>Area 3 10 years @100%</p> <p>Area 4 not available</p> |
| Existing industrial structure (industrial) | Remodeling of existing structure* | \$5,000 | <p>Area 2 10 years @ 75%</p> <p>Area 3 10 years @100%</p> <p>Area 4 not available</p> |
| New structure (single, duplex, multi-(3+)family dwelling; commercial; industrial) | Construction of previously non-existing structure ** | not applicable | <p>Area 2 10 years @ 75%</p> <p>Area 3 10 years @ 100%</p> |

* **Remodeling of existing structure examples include:** eligible structural improvements certified by the Lake County Auditor's Office including but may not be limited to remodel or construction of new structural components that require building permits. For more information please contact the Office of Economic Development or the Lake County Auditor's Office.

** **Construction of previously non-existing structure includes:** eligible structural improvements certified by the Lake County Auditor's Office including but may not be limited to a dwelling, garage, storage building, store, restaurant, factory, warehouse, or an addition to any of the previous.

***The City of Painesville reserves the right to vary abatement terms and rates on a "per project" basis. Table 1 outlines general guidelines. The Economic Development Office will determine the actual abatement term and percentage allowed.

Section B. Community Reinvestment Area (CRA) #1 ONLY

| Area 1 <i>Painesville Industrial Park and Renaissance Parkway</i> | | | |
|---|---|--|----------------------------------|
| Type of Structure | Type of Construction or Improvement | Minimum Cost of Qualifying Remodel or New Construction | Abatement Term |
| All existing or new structures | Construction of previously non-existing structure** or remodeling of existing structure*. | not applicable | Area 1 10 years @ 100% |

* **Remodeling of existing structure examples include:** eligible structural improvements certified by the Lake County Auditor's Office including but may not be limited to remodel or construction of new structural components that require building permits. For more information please contact the Office of Economic Development or the Lake County Auditor's Office.

** **Construction of previously non-existing structure includes:** eligible structural improvements certified by the Lake County Auditor's Office including but may not be limited to a dwelling, garage, storage building, store, restaurant, factory, warehouse, or an addition to any of the previous.

***The City of Painesville reserves the right to vary abatement terms and rates on a "per project" basis. Table 1 outlines general guidelines. The Economic Development Office will determine the actual abatement term and percentage allowed.

Table 2
Terms for Community Reinvestment Area 5

| Type of Structure | Type of Construction/Improvement | Minimum Cost of Remodeling/New Construction Required to Qualify for an Abatement | Abatement Term* |
|--|---|--|--|
| New Residential Not more than (1) one housing unit | New Construction | n/a | 100%, 10 % declining each year thereafter (10 years) |
| Remodeling Residential Not more than (1) one housing unit | Remodel of Residential | \$2,500 | 100%, 10 % declining each year thereafter (10 years) |
| New Residential More than (1) one housing unit but not more than (2) two | New Construction | n/a | 50%, 10 % declining each year thereafter (5 years) |
| Remodeling Residential More than (1) one housing unit but not more than (2) two | Remodel of Residential | \$5,000 | 50%, 10 % declining each year thereafter (5 years) |
| New Residential More than (2) two housing unit but not more than (17) seventeen housing units | New Construction | n/a | 50%, 10 % declining each year thereafter (5 years) |
| Remodeling Residential More than (2) two housing unit but not more than (17) seventeen housing units | Remodel of Residential | \$5,000 | 50%, 10 % declining each year thereafter (5 years) |
| Commercial Projects | | | |
| (All commercial projects are required to comply with the state application fee requirements of ORC Section 3735.672 © and the local annual monitoring fee of Five Hundred Dollars (\$500) unless waived. (See Table 3 below - Annual Report) | | | |
| New Construction / Remodel of Commercial | New Construction / Remodel of Commercial | n/a | Negotiable (not to exceed 100% or 10 years) |

APPLICATION FOR CRA AREA #1 through #4
Community Reinvestment Area Tax Abatement Application

Proposed Agreement for Community Reinvestment Tax Abatement Incentive between the City of Painesville

located in Lake County Ohio and _____.
(Name of Real Property Owner)

Date of Application: _____

Property Owner: _____

Address

City, State Zip

Phone

E-mail

Project Site:

Address

Permanent Parcel #

Tax ID#

Does this site have a previous abatement ___Y ___N
If Yes, year initiated: _____

Is this project a new construction or remodel: ___ New (Previously non-existing structure)
 ___ Remodel (Alternations to existing structure)

Check one that applies: ___ 1 or 2 family dwelling ___ 3+ family dwelling or commercial/retail ___ Industrial

CRA Area #____ (See Attached Map)

Date of Project Completion: _____

Does this project involve a structure of historic or architectural significance (check one)? ___Yes ___No
If yes, attach certification from the Lake County Historical Society, Ohio Historical Society, or National Register of Historic Places.

Total Cost of Construction: \$_____

Please attach a summary of all project costs

Signature of real property owner making application for tax abatement

Name of contact person filling out this application if different from items above.

Address

(____)_____
Telephone

**ADMINISTRATIVE REVIEW FOR
APPLICATION FOR CRA AREA #1 through #4**

Legal description of property location: _____

Verification of CRA: Area 1 Area 2 Area 3 Area 4

Effective date of approved legislation:

Area 1 - Res No. 55-83, Passed: October 19, 1983 Future Revisions: Resolution 24-92, 49-95, 54-00.

Area 2 - Res No. 78-83, Passed: January 4, 1984 Future Revisions: Resolution 7-89, 22-99, 11-11.

Area 3 - Res No. 46-84, Passed: September 19, 1984 Future Revisions: Resolution 8-04, 16-05.

Area 4 - Res No. 52-00, Passed: August 18, 2000 Future Revisions: Resolution 64-00.

Verification of construction: New Structure Remodeling

Project meets requirements for an exemption under ORC 3735.67 (A) _____ (B) _____ (C) _____

Project involves structure of historical significance: Yes No

Written certification of appropriateness of the remodeling has been submitted by the designated agency or authorized agent: Yes No

Period of exemption for this improvement: _____

I hereby certify that the project description hereon meets the necessary requirements of the Office of Economic Development Department, The City of Painesville, for a Community Reinvestment Area tax exemption. For the City of Painesville:

Name and Title

Date

This application is to be filled with the Lake County Auditor

APPLICATION FOR CRA AREA #5
Community Reinvestment Area Tax Abatement Application

Note: This information entering into this application must be in accordance with the information required in the ORC Section 3735.671 referenced here in Table 3.

Proposed Agreement for Community Reinvestment Tax Abatement Incentive between the City of Painesville

located in Lake County Ohio and _____
(Property Owner)

Name of the property owner, mailing address, contact person, telephone number and e-mail (attach additional pages if multiple business participants)

Property Owner

Contact Person

Address

City, State Zip

Phone

E-mail

Project Site

Address

Permanent Parcel # or Tax ID #

Describe the name of the proposed commercial activity to be conducted at the site.

A description of the remodeling or construction (See Table 3, Section B2 for information necessary to include):

Scheduled Starting and Completion Dates (See Table 3, Section B3 for information necessary to include):

Start: _____ Complete: _____

List primary 6-digit North American Industry Classification System (NAICS Code): _____

List other relevant NAICS numbers: _____

Form of business of enterprise (corporation, partnership, proprietorship or other): _____

Name principal owner(s) (25% or more) or officers of the business: _____

Businesses current employment level at the project site (as of date of the application): _____

Will the project involve the rejection of employees or assets from another Ohio location to this site? ___Y ___ N

If yes, identify the location from which employees or assets will be relocated: _____

Business current employment level at site or site(s) to be relocated (itemized for full and part-time and permanent and temporary employees): _____

Business's current assets at site or site(s) to be relocated: _____

What is the project impact of the relocation in terms of income and property tax loss? _____

Does the property owner owe:

- 1) Any delinquent taxes to the State of Ohio of political subdivision of the state?
a. ___Y ___ N
- 2) Any moneys to the State or a state agency for the administration enforcement of any environmental laws of the State?
a. ___Y ___ N
- 3) Any other moneys to the State, a state agency or political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?
a. ___Y ___ N
- 4) If any of the above, please provide detail of each instance including but not limited to the location, amounts, and/or case identification numbers (add additional sheets).

Project Description: _____

Estimate the number of new employees that will be created at the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary) (See Table 3, Section B4 for information necessary to include):

Projected time frame for project hiring: _____

Projected schedule for hiring (itemize by full and part-time and permanent and temporary employees):

Estimate the annual payroll for new employees at project completion \$_____ (new annual payroll must be itemized by full and part-time and permanent and temporary new employees) (See Table 3, Section B5 for information necessary to include.)

Estimate the amount of existing annual payroll that will be retained from the project: \$ _____
(See Table 3, Section B5 for information necessary to include.)

An estimate of the amount to be invested by the enterprise to establish expands, renovate or occupy a facility:

- A. Acquisition of Land/Building: \$ _____
- B. Addition/New Construction: \$ _____
- C. Improvements to Existing Building \$ _____
- D. Machinery and Equipment: \$ _____
- E. Furniture & Fixtures: \$ _____
- F. Inventory: \$ _____
- Total New Project Investment: \$ _____

Most recent real estate tax bill (attach copy with proof of payment).

Business reason for requesting tax incentives (be quantitatively specific as possible)

Does this project involve a structure of historic and/or architectural significance? ___Y ___N

If yes, attach certification from the Lake County Historical Society, Ohio Historical Society, or National Register of Historic Places.

Submission of this application expressly authorizes the City of Painesville to contact the Ohio Environmental Protection Agency to confirm statement contained within this application to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver from allowing the Department of Taxation to release specific tax records to the local jurisdiction considering the request. The applicant agrees to supply additional information upon request.

The applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66 and 2921.13 penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six (6) months.

Name of Property Owner

Date

Signature

Print Name and Title

A copy of this application will be forwarded to the City of Painesville Finance Department and Painesville City School Board along with a 45 day review period and notification will be given fourteen (14) days prior to any City Council Meeting.

The final agreements will be attached as Exhibit A

Please note that copies of this agreement must be included in the finalized community reinvestment area agreement and be forwarded to the Ohio Department of Taxation and the Ohio Department of Development Services within (15) days of final approval.

Table 3
ORC Code Section 3735.671

3735.671 Written agreement where commercial or industrial property is to be exempted.

(A) If construction or remodeling of commercial or industrial property is to be exempted from taxation pursuant to section [3735.67](#) of the Revised Code, the legislative authority and the owner of the property, prior to the commencement of construction or remodeling, shall enter into a written agreement, binding on both parties for a period of time that does not end prior to the end of the period of the exemption, that includes all of the information and statements prescribed by this section. Agreements may include terms not prescribed by this section, but such terms shall in no way derogate from the information and statements prescribed by this section.

(1) Except as otherwise provided in division (A)(2) or (3) of this section, an agreement entered into under this section shall not be approved by the legislative authority unless the board of education of the city, local, or exempted village school district within the territory of which the property is or will be located approves the agreement. For the purpose of obtaining such approval, the legislative authority shall certify a copy of the agreement to the board of education not later than forty-five days prior to approving the agreement, excluding Saturday, Sunday, and a legal holiday as defined in section [1.14](#) of the Revised Code. The board of education, by resolution adopted by a majority of the board, shall approve or disapprove the agreement and certify a copy of the resolution to the legislative authority not later than fourteen days prior to the date stipulated by the legislative authority as the date upon which approval of the agreement is to be formally considered by the legislative authority. The board of education may include in the resolution conditions under which the board would approve the agreement. The legislative authority may approve an agreement at any time after the board of education certifies its resolution approving the agreement to the legislative authority, or, if the board approves the agreement conditionally, at any time after the conditions are agreed to by the board and the legislative authority.

(2) Approval of an agreement by the board of education is not required under division (A)(1) of this section if, for each tax year the real property is exempted from taxation, the sum of the following quantities, as estimated at or prior to the time the agreement is formally approved by the legislative authority, equals or exceeds fifty per cent of the amount of taxes, as estimated at or prior to that time, that would have been charged and payable that year upon the real property had that property not been exempted from taxation:

(a) The amount of taxes charged and payable on any portion of the assessed valuation of the new structure or of the increased assessed valuation of an existing structure after remodeling began that will not be exempted from taxation under the agreement;

(b) The amount of taxes charged and payable on tangible personal property located on the premises of the new structure or of the structure to be remodeled under the agreement, whether payable by the owner of the structure or by a related member, as defined in section [5733.042](#) of the Revised Code without regard to division (B) of that section.

(c) The amount of any cash payment by the owner of the new structure or structure to be remodeled to the school district, the dollar value, as mutually agreed to by the owner and the board of education, of any property or services provided by the owner of the property to the school district, whether by gift, loan, or otherwise, and any payment by the legislative authority to the school district pursuant to section [5709.82](#) of the Revised Code.

The estimates of quantities used for purposes of division (A)(2) of this section shall be estimated by the legislative authority. The legislative authority shall certify to the board of education that the estimates have been made in good faith. Departures

of the actual quantities from the estimates subsequent to approval of the agreement by the board of education do not invalidate the agreement.

(3) If a board of education has adopted a resolution waiving its right to approve agreements and the resolution remains in effect, approval of an agreement 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 agreements 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.

(B) Each agreement shall include the following information:

(1) The names of all parties to the agreement;

(2) A description of the remodeling or construction, whether or not to be exempted from taxation, including existing or new structure size and cost thereof; the value of machinery, equipment, furniture, and fixtures, including an itemization of the value of machinery, equipment, furniture, and fixtures used at another location in this state prior to the agreement and relocated or to be relocated from that location to the property, and the value of machinery, equipment, furniture, and fixtures at the facility prior to the execution of the agreement; the value of inventory at the property, including an itemization of the value of inventory held at another location in this state prior to the agreement and relocated or to be relocated from that location to the property, and the value of inventory held at the property prior to the execution of the agreement;

(3) The scheduled starting and completion dates of remodeling or construction of real property or of investments made in machinery, equipment, furniture, fixtures, and inventory;

(4) Estimates of the number of employee positions to be created each year of the agreement and of the number of employee positions retained by the owner due to the remodeling or construction, itemized as to the number of full-time, part-time, permanent, and temporary positions;

(5) Estimates of the dollar amount of payroll attributable to the positions set forth in division (B)(4) of this section, similarly itemized;

(6) The number of employee positions, if any, at the property and at any other location in this state at the time the agreement is executed, itemized as to the number of full-time, part-time, permanent, and temporary positions.

Table 3 – CONTINUED

ORC Code Section 3735.671

For Internal Purposes:

(C) Each agreement shall set forth the following information and incorporate the following statements:

(1) A description of real property to be exempted from taxation under the agreement, the percentage of the assessed valuation of the real property exempted from taxation, and the period for which the exemption is granted, accompanied by the statement: "The exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after..... (insert date) nor extend beyond..... (insert date).

(2) "..... (insert name of owner) shall pay such real property taxes as are not exempted under this agreement and are charged against such property and shall file all tax reports and returns as required by law. If..... (insert name of owner) fails to pay such taxes or file such returns and reports, exemptions from taxation granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

(3) "..... (insert name of owner) hereby certifies that at the time this agreement is executed, (insert name of owner) does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio, and does not owe delinquent taxes for which..... (insert name of owner) is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed,..... (insert name of owner) currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against..... (insert name of owner). For the purposes of this certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.

(4) "..... (insert name of municipal corporation or county) shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.

(5) "If for any reason..... (insert name of municipal corporation or county) revokes the designation of the area, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless..... (insert name of owner) materially fails to fulfill its obligations under this agreement and..... (insert name of municipal corporation or county) terminates or modifies the exemptions from taxation pursuant to this agreement.

(6) "If..... (insert name of owner) materially fails to fulfill its obligations under this agreement, or if..... (insert name of municipal corporation or county) determines that the certification as to delinquent taxes required by this agreement is fraudulent,..... (insert name of municipal corporation or county) may terminate or modify the exemptions from taxation granted under this agreement.

(7) "..... (insert name of owner) shall provide to the proper tax incentive review council any information reasonably required by the council to evaluate the applicant's compliance with the agreement, including returns filed pursuant to section [5711.02](#) of the Ohio Revised Code if requested by the council.

(8) "This agreement is not transferable or assignable without the express, written approval of..... (insert name of municipal corporation or county).

(9) "Exemptions from taxation granted under this agreement shall be revoked if it is determined that..... (insert name of owner), any successor to that person, or any related member (as those terms are defined in division (E) of section [3735.671](#) of the Ohio Revised Code) has violated the prohibition against entering into this agreement under division (E) of section [3735.671](#) or section [5709.62](#) or [5709.63](#) of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.

(10) "..... (insert name of owner) and..... (insert name of municipal corporation or county) acknowledge that this agreement must be approved by formal action of the legislative authority of..... (insert name of municipal corporation or county) as a condition for the agreement to take effect. This agreement takes effect upon such approval.

The statement described in division (C)(6) of this section may include the following statement, appended at the end of the statement: ", and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this agreement." If the agreement includes a statement requiring repayment of exempted taxes, it also may authorize the legislative authority to secure repayment of such taxes by a lien on the exempted property in the amount required to be repaid. Such a lien shall attach, and may be perfected, collected, and enforced, in the same manner as a mortgage lien on real property, and shall otherwise have the same force and effect as a mortgage lien on real property.

(D) Except as otherwise provided in this division, an agreement entered into under this section shall require that the owner pay an annual fee equal to the greater of one per cent of the amount of taxes exempted under the agreement or five hundred dollars; provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars, the fee shall not exceed two thousand five hundred dollars. The fee shall be payable to the legislative authority once per year for each year the agreement is effective on the days and in the form specified in the agreement. Fees paid shall be deposited in a special fund created for such purpose by the legislative authority and shall be used by the legislative authority exclusively for the purpose of complying with section [3735.672](#) of the Revised Code and by the tax incentive review council created under section [5709.85](#) of the Revised Code exclusively for the purposes of performing the duties prescribed under that section. The legislative authority may waive or reduce the amount of the fee, but such waiver or reduction does not affect the obligations of the legislative authority or the tax incentive review council to comply with section [3735.672](#) or [5709.85](#) of the Revised Code.

(E) If any person that is party to an agreement granting an exemption from taxation discontinues operations at the structure to which that exemption applies prior to the expiration of the term of the agreement, that person, any successor to that person, and any related member shall not enter into an agreement under this section or section [5709.62](#), [5709.63](#), or [5709.632](#) of the Revised Code, and no legislative authority shall enter into such an agreement with such a person, successor, or related member, prior to the expiration of five years after the discontinuation of operations. As used in this division, "successor" means a person to which the assets or equity of another person has been transferred, which transfer resulted in the full or partial nonrecognition of gain or loss, or resulted in a carryover basis, both as determined by rule adopted by the tax commissioner. "Related member" has the same meaning as defined in section [5733.042](#) of the Revised Code without regard to division (B) of that section.

The director of development services shall review all agreements submitted to the director under division (F) of this section for the purpose of enforcing this division. If the director determines there has been a violation of this division, the director shall notify the legislative authority of such violation, and the legislative authority immediately shall revoke the exemption granted under the agreement.

(F) When an agreement is entered into under this section, the legislative authority authorizing the agreement shall forward a copy of the agreement to the director of development services within fifteen days after the agreement is entered into.

3735.672 Annual report.

(A) On or before the thirty-first day of March each year, a legislative authority that has entered into an agreement with a party under section [3735.671](#) of the Revised Code shall submit to the director of development services and the board of education of each school district of which a municipal corporation or township to which such an agreement applies is a part a report on all such agreements in effect during the preceding calendar year. The report shall include the following information:

(1) The designation, assigned by the director of development services, of each community reinvestment area within the municipal corporation or county, and the total population of each area according to the most recent data available;

(2) The number of agreements and the number of full-time employees subject to those agreements within each area, each according to the most recent data available and identified and categorized by the appropriate standard industrial code, and the rate of unemployment in the municipal corporation or county in which the area is located for each year since the area was certified;

(3) The number of agreements approved and executed during the calendar year for which the report is submitted, the total number of agreements in effect on the thirty-first day of December of the preceding calendar year, the number of agreements that expired during the calendar year for which the report is submitted, and the number of agreements scheduled to expire during the calendar year in which the report is submitted. For each agreement that expired during the calendar year for which the report is submitted, the legislative authority shall include the amount of taxes exempted under the agreement.

(4) The number of agreements receiving compliance reviews by the tax incentive review council in the municipal corporation or county during the calendar year for which the report is submitted, including all of the following information:

(a) The number of agreements the terms of which the party has complied with, indicating separately for each such agreement the value of the real property exempted pursuant to the agreement and a comparison of the stipulated and actual schedules for hiring new employees, for retaining existing employees, and for the amount of payroll of the party attributable to these employees;

(b) The number of agreements the terms of which a party has failed to comply with, indicating separately for each such agreement the value of the real and personal property exempted pursuant to the agreement and a comparison of the stipulated and actual schedules for hiring new employees, for retaining existing employees, and for the amount of payroll of the enterprise attributable to these employees;

(c) The number of agreements about which the tax incentive review council made recommendations to the legislative authority, and the number of such recommendations that have not been followed;

(d) The number of agreements rescinded during the calendar year for which the report is submitted.

(5) The number of parties subject to agreements that expanded within each area, including the number of new employees hired and existing employees retained by that party, and the number of new parties subject to agreements that established within each area, including the number of new employees hired by each party;

(6) For each agreement in effect during any part of the preceding year, the number of employees employed by the party at the property that is the subject of the agreement immediately prior to formal approval of the agreement, the number of

employees employed by the party at that property on the thirty-first day of December of the preceding year, the payroll of the party for the preceding year, the amount of taxes paid on real property that was exempted under the agreement, and the amount of such taxes that were not paid because of the exemption.

(B) Upon the failure of a municipal corporation or county to comply with division (A) of this section:

(1) Beginning on the first day of April of the calendar year in which the municipal corporation or county fails to comply with that division, the municipal corporation or county shall not enter into any agreements under section [3735.671](#) of the Revised Code until the municipal corporation or county has complied with division (A) of this section.

(2) On the first day of each ensuing calendar month until the municipal corporation or county complies with that division, the director of development services shall either order the proper county auditor to deduct from the next succeeding payment of taxes to the municipal corporation or county under section [321.31](#), [321.32](#), [321.33](#), or [321.34](#) of the Revised Code an amount equal to five hundred dollars for each calendar month the municipal corporation or county fails to comply with that division, or order the county auditor to deduct such an amount from the next succeeding payment to the municipal corporation or county from the undivided local government fund under section [5747.51](#) of the Revised Code. At the time such a payment is made, the county auditor shall comply with the director's order by issuing a warrant, drawn on the fund from which such money would have been paid, to the director of development services, who shall deposit the warrant into the state community reinvestment area program administration fund created in division (C) of this section.

(C) The director, by rule, shall establish the state's application fee for applications submitted to a municipal corporation or county to enter into an agreement under section [3735.671](#) of the Revised Code. In establishing the amount of the fee, the director shall consider the state's cost of administering the community reinvestment area program, including the cost of reviewing the reports required under division (A) of this section. The director may change the amount of the fee at such times and in such increments as the director considers necessary. Any municipal corporation or county that receives an application shall collect the application fee and remit the fee for deposit in the state treasury to the credit of the tax incentives operating fund created in section [122.174](#) of the Revised Code.

Amended by 132nd General Assembly File No. TBD, HB 49, §101.01, eff. 9/29/2017. Amended by 129th General Assembly File No. 129, SB 314, §1, eff. 9/28/2012. Effective Date: 07-22-1994; 2007 HB119 06-30-2007