



HOUSE GOVERNMENT OVERSIGHT AND ACCOUNTABILITY COMMITTEE

Proponent Testimony

HB 469

Kent Scarrett

Executive Director

Ohio Municipal League

February 27, 2018

Chair Blessing, Vice Chair Reineke, Ranking Member Clyde, and members of the House Government Accountability and Oversight Committee, my name is Kent Scarrett and I am the Executive Director of the Ohio Municipal League and I thank you for the opportunity to testify in support of HB 469.

HB 469 would make available a nonrefundable insurance company tax credit for contributing capital for the construction of what are known as “transformational mixed-use developments”, or TMUDs. TMUDs are multiple-purpose developments that, among other criteria, include at least one building that is 20 or more stories high; have estimated development costs exceeding \$400 million; the proposed land for development is seven acres or less; and – as the name implies – the project site has more than one intended “use” such as retail, residential, recreational, parking or office use.

The construction and use of TMUDs within municipalities can have a substantial impact in the way of economic development. The potential economic development in a project such as this is described in one of the final criterion for tax credit eligibility within the bill: regarding “retail entertainment and dining sales, job creation, property values, connectivity, and revenue from sales, income, lodging and property taxes.”

Mixed-use buildings are playing a crucial role in revitalizing municipal downtowns across the country and in some municipalities across our state. An entire workforce of young talent looks for benefits like walkability and access to local amenities when they decide where to live. For the millennial workforce, which last year became the largest component of the American workforce, they no longer follow the jobs: the jobs come to where they are. Corporations like GE who moved their corporate headquarters from Fairfield Connecticut to the center of downtown Boston are making these decisions for several reasons.

First there is a strategic desire to be located near venture capital firms and tech start-ups located in downtowns so to have the best opportunity to attract talented employees with technology skills the evolving markets demand. Second, these organizations know being located in an environment with sidewalks, ample transit, easy access to entertainment and leisure spots attract young professionals so that's where their corporate futures are located. Municipalities too are learning that "placemaking" is vital: create downtowns that attract young talent, and the workforce and job creators will follow. If Ohio wants to stay competitive with the rest of the nation, investing in the kinds of development that attract millennial workers the way mixed-use buildings are proven to do will be increasingly important.

The Ohio Municipal League supports the creation of this tax credit, as it will significantly incentivize developers to select Ohio communities to build their mixed-use development buildings. This new incentive compliments the success of the Historic Preservation Tax Credit, which continues to make Ohio municipalities more competitive by breathing new life into existing structures. These types of buildings not only create jobs and generate revenue, but they also attract a workforce and a residential community that desires greater access to resources and services.

The League would greatly appreciate the consideration of expanding the legislation to include tiered funding for smaller and mid-sized municipalities who may not see buildings of the size and cost outlined in the bill constructed within their downtowns. As our larger cities develop resources to provide more amenities to attract the workforce of tomorrow, suburban communities worried about long-term trends are looking for ways to adapt and become more competitive with urban downtowns. One solution to these concerns is for suburbs to provide enough urban-style amenities to be able to compete for city-minded millennials and would benefit by having access to the tax incentive program being proposed in HB 469 to encourage the development of more multi-use projects.

We appreciate the foresight of this proposal and for Rep. Schuring and Rep. Patton's recognition of the benefit of such a tax credit would have in both municipalities and the state as a whole, and we urge your support of this legislation.

Mr. Chairman and committee members, thank you for your attention to this important piece of legislation and I would be happy to answer any questions you may have.