



April 30, 2019

The Honorable Rep. Paul Zeltwanger
Ohio House of Representatives, 54th District
77 South High St., 12th Floor
Columbus, OH 43215

Dear Chairman Zeltwanger:

On behalf of the Jackson County Economic Development Partnership (Partnership) I am writing as a proponent for the pending legislation that will reinstate the Rural Industrial Park Loan program (House Bill 98).

The Partnership is a 501 C3 nonprofit, and has been the lead economic development agency in Jackson County since its founding in 1989. The Partnership is a founding member of the Joint Economic Development Initiative of Southern Ohio (JEDISO), and is a proud partner of the Appalachian Partnership for Economic Growth (APEG) within the JobsOhio regional network.

As a rural Appalachian community in southern Ohio Jackson County has historically faced its share of economic challenges. With a population of 33,225 and a March 2019 unemployment rate of 6.5% (10th highest in Ohio) Jackson County is still working to recover from the Great Recession. Since the Meridian Automotive closure in 2007, and the loss of its 400 jobs, Jackson County has experienced more than its share of job losses. With the downturn of the coal mining industry Jackson County has lost nearly 1,000 direct coal mining jobs. In 2010, 350 Jackson County residents lost their jobs due to the closure of Masco's Mills Pride operation in Waverly, and then in 2013 Masco closed the Merillat Cabinetry plant in Jackson sending another 168 workers to the unemployment line.

Southern Ohio and eastern Ohio have not benefitted from the economic growth that Ohio has enjoyed following the Great Recession. This, in large part, is due to a dearth in competitive sites and buildings. The site selection process, which is a major driver of economic growth, identifies sites and buildings that have the necessary utilities and studies in place to minimize risk and maximize speed for industry. Simply put, if communities do not have an inventory of sites and buildings, they do not have a product to market to site selectors and industry.

Rural communities like Jackson County do not have an abundance of private developers constructing spec buildings and developments with private equity. Too often these traditional developers are viewing speculative development in rural counties as too risky rather than seeing the untapped opportunities rural communities have to offer.

Previous state programs, such as the Rural Industrial Park Loan Program, Urban & Rural Initiatives and the Industrial Site Improvement Fund, were utilized with great success to develop speculative sites and buildings in distressed areas of Ohio. Unfortunately, there is no such program in place to fund initiatives. The Facilities Establishment Fund, which has been receiving loan repayments from previous iterations of development programs, is well-capitalized with roughly \$200,000,000 in the fund.

Assistance towards the distressed areas of Ohio will have a strong return on investment for the state. In the short-term, funds will be recouped for the development costs associated with these projects and in long-term the taxes generated through commercial activity, sales and income tax will grow Ohio's General Revenue Fund, while employing Ohioans. This program is a win-win.

With the economic boom Ohio has experienced over the last several years, Jackson County, and many other rural counties like it, have not been able to fully capitalize on these opportunities due to a lack of available sites and buildings for economic development attraction projects. Since the founding of JobsOhio in 2011, Ohio has achieved nationwide notoriety for winning some of the most celebrated job creation projects in not only the United States, but also on the international stage.

I am proud to say it really is a new day for Ohio, but unfortunately not all of Ohio's communities have been able to compete due to what is a dearth of available sites and buildings in our rural communities. To date, the only new company Jackson County has been successful in attracting since JobsOhio's creation has been the highly celebrated Speyside Bourbon Cooperage, which now occupies the same 249,000 square foot manufacturing facility which was previously home to Merillat Cabinetry, became operational in 2016. The European owned company has created over 150 jobs in Jackson County, and is on pace to not only negate the loss of jobs from Masco's closure of the Merillat operation, but also be a net job increase for the community. "Project Cask" as it was known while it was a confidential project has been a fantastic success story of Ohio competitiveness, and Speyside Bourbon Cooperage made efforts to establish itself early on as a good corporate citizen for Jackson County and a wood industry leader in the APEG region. However, this success story would not have occurred if there had not been an available building for Speyside Bourbon Cooperage to lease.

Similarly, JobsOhio and APEG have provided support for Project Exodus. Project Exodus is an active retention project that once completed will retain a local company that was in danger of needing to move its operations to Indianapolis, Indiana. If the company could not find a suitable location to relocate operations within Jackson, key market drivers were going to force its relocation to Indiana. Ultimately the company was retained because of another manufacturing firm's closure. The company purchased the 100,000 square feet plus former Coleman Packaging facility in Jackson. Coleman Packaging was a corrugated cardboard company that was dependent on Meridian Automotive for a significant portion of its business. In similar fashion to Speyside Bourbon Cooperage, over forty Jackson Countians lost their jobs in order to have available space to retain a company with a smaller headcount.

Project Cask and Project Exodus are both terrific wins that we are proud to have in Jackson County. Unfortunately, these projects, while impressive and noteworthy, at best only help offset other losses by locating to buildings vacated by other companies rather than helping to move the economic development needle forward for the Jackson County community. Without new avenues of funding Jackson County is at risk to rely exclusively on expansions of our companies for new industrial job creation. Speculative development is needed if Jackson County is to be competitive in attracting new job creation investment.

Jackson County is currently in the process of capitalizing on an opportunity that could be greatly enhanced with speculative program support. Thanks to an environmental cleanup grant from JobsOhio, the Partnership expects to begin work on environmental remediation of the former Meridian Automotive site for the purpose of industrial redevelopment. If speculative funds were available through a state program, upon completion of the remediation project, the Partnership would diligently seek to access those funds. New program opportunities for speculative development is needed to incentivize previously risk adverse developers to look again at the opportunities available in southern Ohio.

I am supportive of the reinstatement of this important tool for economic development in rural Ohio. If the Committee should have any questions, or require additional testimony, please feel free to contact my office. Thank you for the opportunity to submit my written testimony.

Sincerely,



Samuel L. Brady
Executive Director
Jackson County Economic Development Partnership

CC: Vice Chair Powell
Ranking Member Sobecki
File