



May 1, 2019

The Honorable Chairman Paul Zeltwanger
House Economic & Workforce Development Committee
Ohio House of Representatives
Ohio Statehouse
Columbus, OH 43215

Dear Chairman Zeltwanger, Vice Chair Powell & Ranking Member Sobecki:

My name is Mike Jacoby, and I am president of the Appalachian Partnership for Economic Growth or APEG. I have worked in economic development in Ohio at the local, regional and state level for 25 years. APEG is a non-profit organization born out of the Foundation for Appalachian Ohio. We are the JobsOhio network partner for 25 counties in southern and eastern Ohio. The counties served by APEG are lagging behind other regions of the state in winning economic development projects and job creation. A significant impediment to the APEG region winning more projects is a lack of competitive sites and buildings. Having a move-in-ready building or shovel-ready site is typically a prerequisite for winning new business investment. Sites with all utilities, all due diligence studies and ready-to-build pads as well as modern industrial buildings with few columns and high ceilings are relatively rare for a region with over 1 million people.

In rural communities, speculative development is typically too risky for private developers or local development organizations without some risk mitigation or subsidy. In the past, the Rural Industrial Park Loan Program, Industrial Site Improvement Fund, Urban & Rural Initiative and Job-Ready Sites programs at the Ohio Department of Development could fund speculative site and building development, typically in distressed areas of Ohio. However, no JobsOhio or Ohio Development Services Agency (ODSA) programs currently exist to help communities or developers fund speculative buildings or site development.

ODSA's predecessor, the Ohio Department of Development, managed the Rural Industrial Park Loan Program (RIPL), which was a very effective tool to address the need for speculative greenfield sites and buildings in distressed rural Ohio. The program provided a combination of loan and grant funds for up to 75% of eligible development costs. A related program, the

Industrial Site Improvement Fund (ISIF) also provided grant funds for the same purposes. By polling local economic development professionals in the APEG region, we are aware of at least 12 projects funded by these two programs before the RIPL was repealed in 2015. These projects resulted in the creation of over 600 jobs in the region. If we were to look at all the past programs that funded speculative sites and buildings, the list of successes in our region would be longer. When I ran the Muskingum County Port Authority, we sold our 100-acre building pad, funded by the Job Ready Site program, to Halliburton. Halliburton now has over 1,100 employees based out of that Job Ready Site. "Build it and they will come" does work in the development business.

Importantly, many of the site and building projects undertaken by local development organizations continue to provide cash flow and equity for local economic development organizations to allow them to undertake additional development projects. Muskingum County is now using proceeds from the Halliburton sale to start its next business park.

The RIPL still exists in the Ohio Revised Code, but funding was repealed in 2015 for reasons ODSA never explained. However, the Facilities Establishment Fund, which historically has been the source of ODOD and ODSA loans, continues to receive loan repayments and in recent years has been taking in more funds than it disburses in new loans. Earlier this year, \$307 million was in the fund. A comparatively small appropriation of \$25 dollars from this fund to the RIPL would put these funds to good use without hurting any other current program or requiring any new revenues. In fact, it would use a resource that was designed to be put back out across Ohio to grow our economy.

The economic development professional community from southern and eastern Ohio is seeking General Assembly support to re-activate and re-capitalize the Rural Industrial Park Loan fund. We need your help developing the prerequisites of ready sites and building for growing jobs in this distressed region.

Sincerely,

Mike Jacoby
President