



**House Economic and Workforce Development Committee
Testimony on Senate Bill 8
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Chairman Zeltwanger, Vice Chair Powell, Ranking Member Sobecki, and members of the committee, my name is Alesha Washington and I am the Vice President of Government Advocacy for the Greater Cleveland Partnership (GCP). We would like to offer our support of Senate Bill 8, that would create a 10% income tax credit for taxpayers that invest in Ohio Opportunity Zone funds.

GCP is one of the largest chambers of commerce in the country with more than 11,000 small, mid-market and large member companies. We actively engage in economic development and revitalization projects in our region; notably through Cleveland Development Advisors (CDA), a well-known and respected real estate and business finance organization that is a part of GCP. CDA has a 30-year track record of leveraging the New Markets Tax Credit program and private financing to invest in targeted, catalytic economic development projects that create jobs and improve neighborhoods throughout Greater Cleveland.

It is through this lens that we offer support for Senate Bill 8. We also want to recommend an addition to the legislation that will encourage impact investments and equalize the playing field for development in higher distressed communities. But first, allow me to briefly provide context on the federal Opportunity Zone program and GCP's strategy at the local level.

Transformational Impact, Maximize Investments

The legislative intent behind the federal Opportunity Zone program is to “... *deliver transformational impact, including new jobs and higher wages, in low-income areas throughout the country, many of which have been left behind by the national recovery after the Great Recession.*” This quote is from a letter signed by the bi-partisan group of U.S. senators that co-sponsored the standalone federal Opportunity Zone legislation before it became law with the passage of the 2017 Tax Cuts and Jobs Act.

A state incentive to support the federal program allows Ohio to be well positioned to attract investment and engage investors who are already here. We know that many of our major business districts and strong

neighborhoods – like Tremont in Cleveland or Over the Rhine in Cincinnati – will quickly benefit from this new tool because of the exciting development efforts already underway. Our collective efforts in the public, private and civic sectors must be focused on equalizing the playing field for developments in rural Ohio and less developed neighborhoods that are designated as Opportunity Zones, to ensure they can benefit from this new tool.

Opportunity CLE

GCP has taken an active role in preparing for Opportunity Zones since 2017. We convened public and private partners in Cuyahoga County to recommend to the previous Administration census tracts from our community to be designated as Opportunity Zones; the majority of those recommendations were accepted. We have launched Opportunity CLE, which is an active website and portal to showcase potential Opportunity Zone projects in Cuyahoga County and match investors to those projects. We also recently hosted a tour and briefing for the top White House team overseeing the implementation of the Opportunity Zone program across the country to highlight for them efforts underway in Cuyahoga County and Ohio.

Recommendation for Senate Bill 8

We believe that the federal Opportunity Zone program, coupled with Senate Bill 8, creates strong leverage to draw investment activity into local economic development efforts in our rural and urban communities in Ohio. We want to ensure that Senate Bill 8 is well aligned with the federal law but also increases the incentive for development in higher distressed communities. **GCP believes a tiered tax credit could support this goal and recommends the following for inclusion in Senate Bill 8:**

- (1) Provide a **5% tax credit** to an eligible investor if they invest their assets in an Opportunity Zone Fund. This follows the current framework laid out in Senate Bill 8 but reduces the incentive from 10% to 5%.
- (2) Provide a **10% tax credit** to an eligible investor if they invest their assets in an Opportunity Zone Fund and, at the time of application, the fund demonstrates how it will invest in project(s) that meet **two** of the following six criteria.
 1. The project creates affordable, multi-family housing
 2. The project addresses health issues such as access to fresh foods (grocery stores) or greenspace (parks)
 3. The project address mobility access by creating jobs closer to where residents live
 4. The project supports small business development and entrepreneurship
 5. The project addresses broadband and connectivity for residents and businesses
 6. The project includes a community benefits agreement with the local municipality or township

The investor or fund manager could also provide a resolution from the Mayor or County Executive of the municipality or township in which the project is located to demonstrate local support.

This amendment is based on recent legislation passed by the State of Maryland to create a state incentive for Opportunity Zone investments; recommendations from work GCP is doing with the Urban Institute, which will create an impact framework for our local efforts through Opportunity CLE; and ongoing conversations with key stakeholders on how to best leverage a state incentive for Opportunity Zone investments in a way that is 1) still a streamlined and accessible tool for potential investors but 2) helps to maximize local community and economic development goals.

I'll close with this – as a part of his campaign, Governor DeWine said this about Opportunity Zones: *“Ohioans have the opportunity to bring billions of dollars in private investment to help revitalize communities that need it the most. By conforming Ohio tax law to include the Opportunity Zones established in the Tax Cuts and Jobs Act of 2017, we can provide a brighter future for thousands of Ohioans with better jobs.”*

GCP does believe that the Opportunity Zone program, when coupled with proven development tools like the New Markets Tax Credit, has the potential to bolster transformational investment and development in low-income communities. Senate Bill 8 provides an incentive to ensure we can capture and draw critical investments to our state; this is why we are supportive of the legislation. With a tiered approach to the tax incentive, we believe we can help create greater opportunity for our most distressed communities.

Thank you for the opportunity to provide testimony and for your support of this legislation.