

May 8, 2019

The Honorable Paul Zeltwanger
The Ohio House of Representatives
77 S. High St. 12th Floor
Columbus, OH 43215

Re: Written Testimony Before the House Committee on Workforce and Economic Development

Dear Chairman Zeltwanger,

My name is Mark Wagenbrenner and I am the President of Wagenbrenner Development here in Columbus, Ohio and am writing to offer testimony in support of Senate Bill 8. My company is the third generation of what started with my grandfather building homes, churches and schools here in Central Ohio and my father and uncles developing stores, offices, and apartments along Grandview Avenue.

In 2002, when we started Wagenbrenner Development, we purposely focused on the redevelopment of blighted and under-utilized areas that had been left behind in Central Ohio. Since that time, using tools like the Clean Ohio Fund, low interest loans from the Ohio Water Development Authority, and Tax Increment Financing, we have re-developed former factories, landfills and other brownfield sites, creating more than a thousand new jobs and hundreds of new homes and apartments. Current projects include the redevelopment of the former Jeffrey Mining Company property, the former Dublin Road landfill straddling Columbus and Grandview Heights, and the former Marble Cliff Quarry.

We are presently looking to take on the redevelopment of an area of West Franklinton, which resides in an Ohio Opportunity Zone, that would have the type of transformational effect that was the entire rationale for the Federal and State Opportunity Zone designations. The tax credits provided by Senate Bill 8 will be a significant enhancement to these Opportunity Zone programs.

There are two provisions of Senate Bill 8 that are not currently part of similar language being discussed in House Bill 166, the state biennial budget bill, that I feel are important to the overall Opportunity Zone package. One of those provisions is to allow individuals to transfer the credit one time before use of the credit is exhausted. Individuals and businesses who will be investing in an Opportunity Zone often have complex tax returns with multiple entities involved in their business operations. Allowing this one-time transfer will enable those individuals and businesses to invest in an Opportunity Zone knowing they will be able to have the maximum impact with their dollars. Similarly, Senate Bill 8 also allows the credit to be carried-forward for up to five years. This allows an investor to make a more confident investment with the knowledge that the credit will not be lost due to insufficient tax liability in any given year. I applaud these two provisions of Senate Bill 8 and encourage the Committee to retain this language.

There is one suggestion I would make to the mechanics of the credit. As Senate Bill 8 is currently written, the credit for an investment is not certified until the year following when the investment is made. Because of this, and because there is a cap on the program, it is possible that

an investment in an Opportunity Zone would not receive the credit due to the credits being oversubscribed. This is counter to how most economic development incentives operate. A project would be much more attractive to an investor if the investor knew up front that their investment is guaranteed to receive the credit. Moreover, this will provide the certainty that lenders need in evaluating the economic incentives that are supporting a project.

Thank you for your time and consideration of Senate Bill 8.

Sincerely,

Mark Wagenbrenner
Wagenbrenner Development, Inc.
842 N. Fourth St. #200
Columbus, Ohio 43215