



**House Finance Committee  
Interested Party Testimony, House Bill 166 (Oelslager)  
Jason Warner, Greater Ohio Policy Center  
May 3, 2019**

Chairman Oelslager, Vice Chairman Scherer, Ranking Member Cera, and members of the House Finance Committee, thank you for the opportunity to provide written interested party testimony on House Bill 166, the main operating budget for FY2020-2021.

Greater Ohio Policy Center (GOPC) is a statewide non-profit organization that champions revitalization and sustainable growth in Ohio's cities and metros. GOPC is highly respected for its data-driven, nonpartisan policy analysis, research expertise, and policy development, and regularly provides expert analyses to public, private and nonprofit leaders at the local, state and national level. Our vision is a revitalized Ohio.

With that goal in mind, I wish to draw the committees attention to two issues which GOPC raised during the subcommittee phase of budget consideration. We appreciate the opportunities Chairman Greenspan and the members of the Transportation Subcommittee, and Chairman Hoops and the Agriculture, Development & Natural Resources Subcommittee provided us in presenting our recommendations to the budget. We believe that these recommendations for build on Ohio's recent success by recognizing potential, leveraging momentum, connecting people to places, and reviving our most important assets to ensure a Greater Ohio.

## **Public Transportation Funding**

GOPC wishes to commend the legislature for the work that has been done to this point through the state transportation budget, which included a recommendation that funding for public transportation be substantially increased through the main operating budget. Specifically, House Bill 62 committed to funding public transportation to the tune of \$70 million per year – the largest commitment to public transit through state funding in a generation.

As in all things however, the devil is in the details. While the transportation budget commits Ohio to investing \$70 million in GRF funds to public transit, it is up to this committee and your legislative colleagues to live-up to that commitment and maintain that funding level through House Bill 166. Today, we ask you to do just that.

More importantly, GOPC also wish to address the language which was approved in House Bill 62 which commits to how that record funding is to be allocated. The transportation budget states that \$63.5 million of the funds approved through the state GRF are to be spent "for the same purpose as funding allocated under the FHWA flexible funding program in the FY2018-FY2019 biennium" with the remaining \$6.5 million being allocated for the same purpose as GRF funding in the FY2018-FY2019 biennium. While this allocation does promise more investment in transit for capital funding needs, this proposal does not move the needle in terms to operational funding.

The \$6.5 million in operational funding supports three initiatives, (1) a supplement for federal funding for the Public Transit Assistance Program, (2) support for the Elderly and Disabled Fare Assistance Program, and (3) operating costs for the ODOT Office of Transit. Since the early 2000's, the transit line item within the budget has been cut by more than 80 percent, which has resulted in a major scaling back of the allocations for these critical programs.

Many systems across the state recognize the need to update their service routes and innovate how they do business. Yet, Ohio's transit systems are so stretched that many simply cannot find the resources to make these needed transitions, even though such transitions will result in more timely, relevant service, which would lead to more riders and farebox income. Increasing operational dollars available to Ohio's public transportation systems would enable these needed evolutions to occur. Furthermore, without investment, Ohioans who rely on public transit as a means of accessing work and critical services will continue to suffer.

A recent study published by Cleveland State University found that further cuts in funding to the Greater Cleveland Regional Transit Authority (GCRTA) would put 16,500 jobs at risk. Outside of urban Ohio, a recent survey found that 45 percent of residents in rural Northern Kentucky and Southeast Ohio rely on methods of transportation other than a personal automobile as their primary means of travel – yet nearly a third of those surveyed indicated they had difficulty at times finding transportation.

With Ohio's senior population expected to increase 66 percent by 2030, most significantly in rural communities, it is imperative that we begin to make the important system improvements now that will help institute innovations that result in reduced costs and greater access to mobility options for all Ohioans.

**Greater Ohio Policy Center recommends that the legislature provide ODOT with greater flexibility in determining how to allocate the previously recommended \$70 million approved in the transportation budget through GRF funding.** Providing ODOT with greater flexibility in funding allocations will ensure that the department addresses the most critical of needs statewide. As an urban and rural state, Ohio requires a range of transportation options to facilitate the safe and efficient movement of people, good and services.

### **Brownfield Funding**

Ohio was once a national model for brownfield redevelopment. Through the Clean Ohio Revitalization Fund (CORF), Ohio was able to provide funding for the revitalization of these former industrial and commercial sites which were unusable in their condition due to environmental contamination. Found in every county of the state – in both rural and urban communities, these blighted properties discourage investment and create barriers to job creation across the state.

Unfortunately, brownfield redevelopment is down in Ohio after the sunset of the CORF program. Current brownfield programs in Ohio often target specific site types or only offer loans, both of which have limited redevelopment possibilities and are not community-responsive. As a result, private development continues to pass over brownfields for less costly sites that do not include an environmental component. Without state investment, Ohio's older communities remain at an economic disadvantage to tackle blight and cannot access the economic potential locked in these sites which are often located in prime locations. Communities are unable to reactivate their downtowns, provide housing for their residents, and attract economic activity through industry and job growth.

The average cost of remediating one brownfield acre can be between \$15,000 and \$35,000. Research by GOPC and others shows that the high cost of brownfield remediation is more than paid back through the economic output of the cleanup itself. GOPC found that for every one dollar invested by the state, CORF generated an additional \$4.67 in new economic activity. In cleanup alone, CORF contributed an annual \$1.4 billion to Ohio's GDP. Additionally, new construction and ongoing tax revenues from the new businesses or homes on the remediated site contribute to the state's economy.

Ohio has the potential to bring in millions of dollars in additional tax revenue, provide jobs, and spur economic activity in Ohio's communities if we seize the opportunity to redevelop the thousands of environmentally brownfields sites throughout Ohio. **GOPC recommends a funding allocation of up to \$50 million annually for a statewide brownfield grant program, which would be flexible, sustainable, and complementary to existing environmental remediation programs.**

Today I would like to share with you our recommendation for how this money could potentially be generated.

GOPC has worked with public and private sector stakeholders to solicit feedback on potential funding sources for our recommended \$50 million program. I am attaching a white paper GOPC has produced with potential funding sources. Today, I would like to highlight one recommendation in the white paper: the allocation of returned liquor profits from JobsOhio to the CORF program.

The CORF program was originally funded by bonds backed by the state liquor sales. When JobsOhio was established, the state transferred the state-owned liquor agency to provide operating capital for the organization, with profits earned from sales returned to each year to state. In FY2019, the returned profits to the state's GRF were \$36.8 million. Estimates provided in the Governor's Blue Book show this number will continue to rise through FY21. As identified in Ohio law, these returned liquor profits can be used to: pay off bonding debts from the creation of JobsOhio; fund the GRF; or, fund CORF.

The program structure of the CORF program still exists in Ohio law; however, funding has not been allocated since it was last bonded in 2008. **As the original CORF program was funded by the state liquor sales, Greater Ohio recommends the legislature allocate the returned liquor profits to fund the CORF program.** While minor tweaks to the program's structure would be necessary to ensure its sustainability, public and private stakeholders acknowledge CORF as a community-responsive and successful state-operated program that leveraged a more than 4:1 return for every state dollar invested.

## **Conclusion**

Chairman Oelslager and members of the Finance Committee, thank you for your thoughtful consideration of these recommendations for House Bill 166, the main operating budget for Fiscal Years 2020 and 2021.