Testimony for the House Finance Committee Regarding SB 235, November 16, 2016

Good morning, Chairman Smith, Vice-Chairman Ryan, Ranking Minority Member Driehaus and honorable members of the House Finance Committee,

Thank you for the opportunity to speak to you today.

My name is Julie Ehemann, one of the Commissioners currently serving Shelby County. I have served in an elected position in local government for over 20 years, and while I do not consider myself an expert in economic development, I serve Shelby County on several Boards and Committees related to Economic Development.

Today, I would like to speak to you regarding SB 235 and why I am opposed to the proposed legislation. As you know SB 235 would "exempt from property tax the increased value of property on which industrial or commercial development is planned until" its "completion."

My first issue is that the proposal treats all projects the same and removes local control. No two communities are alike. We are all unique in some way, either through our mix of industry and business, through our educational opportunities, or through our population and infrastructure. SB 235 proposes to remove any local control and would provide any commercial or industrial property owner with tax relief if they file for a tax exemption with the county auditor. Local communities need some assurances that a viable business will be joining their community and have been able to use local incentives to help assure them that investments will be made and jobs will be created.

My second issue is with the vagueness of the exemption. There are numerous scenarios that could occur causing unintended consequences with no means of correcting outstanding issues. There are multiple ways someone could avoid a full "occupancy permit" and skirt the intentions of this law such as building a large spec building, holding it for multiple years until they found an end user and yet never pay property tax on the building. What if they only leased part of the building? Would the exemption remain in place? What if someone spent thousands of dollars on concrete and set up an outside storage or exterior operations site claiming a building was going to be built? How would the community be able to react?

My third issue is the length of time a property that is supposed to be in the process of improving is allowed to remain exempt. Ten years is a life-time for a property to be on hold. Our communities go through the re-valuation process every three years. Municipalities revalue property to capture changes in fair market value, thus ensuring

that an owner pays his or her fair share of property taxes. To leave a property exempted for 10 years unfairly assumes the market will remain static.

I would like you to consider current tax incentives such as CRA's (Community Re-investment Areas) that communities may or may not utilize. A CRA allows for an exemption in the improved portion of a property much as the proposed SB 235 does. However, certain time frames and the amount of the exemption are negotiated. In return the business or industry commits to certain investments and job creations. The agreement is reviewed yearly and the community can make adjustments if needed. SB 235 appears to be, in my opinion, a means to avoid the local scrutiny. I would ask why?

Certainly we can all agree that some issues are local issues. I would hope that you will agree there are too many local factors that come into play to use such a broad brush on property tax exemptions, and urge you to not move SB 235 forward.

I and my fellow Commissioners appreciate all of the members of the Ohio General Assembly and your efforts to make and keep Ohio competitive economically. We do however, believe this legislation would cause harm to our communities and not be economically beneficial.

Thank you again for the opportunity to speak. I look forward to answering any questions you may have.