Testimony to the Ohio House Finance Committee
Gary Lee, Union County Commissioner
November 16, 2016

Good morning to each of you. I would like to thank you for the opportunity to speak before you concerning Am. Sub. SB 235.

My name is Gary Lee and I am here representing the Union County Board of Commissioners as one of the County Commissioners. I have been honored to serve the residents and businesses of Union County since 2003. Currently, I serve on the Board of Directors for the County Commissioners Association of Ohio serving as CCAO's President in 2013. I have also farmed our family farm which has been in our family since 1843. I also was honored to serve both as the National Secretary of the American Soybean Association and as Past President of the Ohio Soybean Association.

Over the past 13 years as a County Commissioner, I have served in various capacities to insure the economic development of our county including the most recent effort to promote the economic development of the US 33 Corridor between Dublin and Honda. Union County has been blessed over the last couple of decades realizing 75% population growth since 1990 and becoming one of the fastest growing counties in the State of Ohio. At the same time we have been blessed to be the home to world class corporations such as Honda, Scotts, Nestle, Continental, Parker Hannifin and Select Sires.

With this business growth and development that we have experienced, Union County remains concerned with the provisions in Am. Sub. SB 235 that would freeze undeveloped commercially zoned property values for up to 10 years with the opportunity of renewal. Although we appreciate the work of the General Assembly to promote economic development, I feel that Am. Sub. SB 235 has some unintended negative consequences that will impact our community directly. The concerns that I would ask the committee to consider are as follows:

1. Impacts on Tax Increment Financing Districts – Am. Sub. SB 235 will have negative impacts on existing and future TIFs throughout the state of Ohio. Existing TIFs were based on receiving property taxes from developed properties and from undeveloped commercial properties that grow in valuation. If you freeze the taxes on the undeveloped properties that were part of the original TIF, it will reduce funds that were intended to support infrastructure to realize the economic development of the TIF district. A current example is a recent development in Southern

Union County known as Dublin Green. It involves the development of a Costco along with a number of retail buildings in the development. Last year, Union County created a TIF district that includes all of Dublin Green. Union County partnered with the City of Dublin, Franklin County and the developer to cover the road improvements totaling $4.2M. The TIF and contributions were all based on receiving property tax dollars from (1) the Costco property; and (2) the undeveloped property that surrounds Costco that makes up the remainder of Dublin Green. If the economy would falter and the Costco is the only building developed in Dublin Green, the remaining undeveloped commercial property in the TIF will not produce enough in taxes to support debt service payments for the infrastructure improvements. Accordingly, this will place the burden to cover the debt service payments on Union County, City of Dublin, Franklin County, and/or the developer. The TIF was an important tool to encourage three political subdivisions and a private developer to work together. Necessary improvements were expensive, and no one party was willing to pay for them. If we had not been able to use a TIF, I do not believe we would have found another way to pay for the traffic improvements and other infrastructure needed for this development. I am very concerned that one of the unintended consequences of this bill will be to decrease our ability to use TIFs, which has been very effective in many of our communities.

2. Freeze on All Valuation - Moreover, the legislation does not just delay the increase on improvements but freezes the valuation on the property, thus not allowing natural growth in valuation to occur. And, one wonders if this could reward individuals to seek the favorable tax treatment and simply hold onto property.
3. Burden of Local Property Taxes - Since levies are based on a fixed dollar amount that are then divided up among all the property owners within a county and/or taxing district, Am. Sub SB 235 will freeze the taxes on undeveloped commercially zoned properties. This could cause a proportional shift in tax burden for all other property owners within the county and/or taxing district.
4. Local Approval of Incentives – As we understand, Am. Sub. SB 235 does not provide for review and consideration by the local governments. Property taxes provide the taxes that support local schools, local social services, police and fire throughout the great state of Ohio. Historically, programs that reduce local property taxes have been left to the local governments to consider for approval. These incentives are typically used by local governments to spur investment and job growth. In addition, AM. Sub. SB 235 does not require applicants seeking this favorable tax treatment to share a development plan and only requires a statement of declaration be made.

5. Current Agricultural Use Value (CAUV) – In rural and suburban areas of Ohio, a number of undeveloped commercially zoned properties are currently being farmed and are currently under CAUV. This means that numerous properties are already realizing tax reductions and that this proposed legislation could complicate the CAUV requirements. I understand that one of the sponsors shared in his testimony that he does not believe the bill would allow individuals to seek the tax freeze provided AM Sub. SB 235, though additional clarity in the legislation would be helpful.

Again, I would to thank the committee for allowing me to speak. I welcome any questions or comments. Thank you for your consideration.