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Ohio House Finance Committee
Senate Bill 235
Written Opposition Testimony
William Murdock, Executive Director of MORPC
November 16, 2016

Chairman Smith, Vice Chair Ryan, and Ranking Member Driehaus, and members of the House Finance Committee. Thank you for the opportunity to present this written testimony in opposition to Senate Bill 235.

My name is William Murdock and I am the Executive Director of the Mid-Ohio Regional Planning Commission (MORPC). MORPC is a voluntary association of over 60 Central Ohio local governments providing planning, programs and funding in the areas of transportation, energy, housing, land use, the environment and economic development. Central Ohio's continued job and business growth garners national attention. It is also our high quality of life and collaborative spirit that attracts and retains a talented workforce. This high level of growth depends on the leadership of our local governments; which are creative, assertive, and successful in making Central Ohio a place that companies want to do business and developers want to invest in our communities.

While MORPC appreciates the interest in providing more tools for the redevelopment of property, we write to express our concerns with SB235, which may complicate and delay economic development and hinder local efforts to attract investment and jobs.

Economic development staff from across our region have made their position clear; SB235, as is, will unduly hurt local governments' economic development efforts. As an agency representing a growing more diverse region, we realize that an economic development effort in Worthington may not be as effective in Marysville or Grove City. Rather than SB235's one size fits all approach, let us continue to use economic tools based on the specific needs of a community or business.

We are concerned with the following aspects of SB235:

- **Potential Harm to Existing Economic Development Tools:** This legislation may have the unintended effect of eliminating the incremental increase in value for existing Tax Increment Financing (TIF) projects involving commercial and industrial developments. Many of Ohio's current economic development tools rely on property values and real estate taxes to encourage development. TIF projects rely on the taxes that would be generated from increased property values to fund needed infrastructure developments.

William Murdock, AICP
Executive Director

Matt Greeson
Chair

Rory McGuiness
Vice Chair

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Secretary

Since SB235 would freeze the value of real property slated for commercial development, it appears that it would render TIFs ineffective in the future.

- **Lack of Local Control:** State law already provides several economic incentive programs for local governments to work in partnership with the private sector to redevelop property. Under SB235, developers would be entitled to a tax break as a matter of right. We believe local governments are in the best position to work with their communities and the private sector to promote, evaluate, and execute the development and redevelopment of projects that involve an exemption from local taxes. In short, local government should be provided an opportunity to analyze a project prior to a tax exemption being permitted.

- **The Scope of the Tax Exemption is Too Long**: The bill would allow a developer to enjoy the exemption from taxes on the increased value of the property for a ten year length (even if no improvements are made to the property) after which the property's value re-sets. Such a long exemption is particularly troubling for properties located in vibrant communities with rapidly increasing property values.

- **Lack of an 'Opt Out' Provision**: Typically, the only way a project can be accomplished is to find a unique combination of assistance programs that attract a business to a community or expand at a current site. SB235 takes away local control because its provisions are mandatory. The bill does not allow local jurisdictions to assess whether a freeze on the value of a property is required for a particular project or whether it could, in fact, jeopardize development. **We are concerned that the lack of an "opt out" provision at the local level deprives our local communities of their ability to decide what is right for them.**

We stand in opposition to SB235, as is, with the following partner organizations: the Ohio Association for Career and Technical Education, County Auditor's Association, County Commissioners' Association of Ohio, Buckeye Association of School Administrators, Ohio Association of Area Agencies on Aging, Ohio Association of County Boards of Developmental Disabilities, Ohio Association of Career Technical Superintendents, Ohio Association of School Business Officials, Ohio Coalition for Fair Taxation, Ohio Library Council, Ohio Municipal League, Ohio School Board Association, and Ohio Township Association.

We thank you again for the opportunity to express our concerns about this legislation. Please do not hesitate to contact me, at 614-233- 4101 or at wmurdock@morpc.org, with any questions or concerns.

Kind Regards,

William Murdock