Chairman Smith, Vice-Chairman Ryan, Ranking Member Driehaus and members of the House Finance Committee, thank you for the opportunity to testify today. I am submitting this testimony on behalf of Mayor Andrew J. Ginther and the City of Columbus. My name is Quinten Harris, I am a 14 year veteran in the field of Economic Development and I am currently serving as the Deputy Director of Development for the City of Columbus. Today I am submitting this written testimony in regard to Am. Sub. Senate Bill 235. Central Ohio is home to approximately 2.1 million people and is the fastest growing metropolitan area in the Midwest. The City of Columbus is the largest City in the State of Ohio and the 15th largest city in the United States with a population of 850,106 and encompasses 234 square miles. Private sector investment is a key component of the City of Columbus's economic prosperity. New commercial and residential development, neighborhood revitalization and corporate expansion projects often require the support of new or improved public infrastructure. The City of Columbus Department of Development utilizes a variety of funding sources and development tools at its disposal to assist with financing the cost of these public infrastructure improvements. Development tools such as TIFs allow for members of my team to be creative and find solutions to financing challenges in real estate development which allows the City to invest in the development, and redevelopment, of the City's business centers and neighborhoods.

So as we reviewed Am. Sub SB235 we grew very concerned by the provision within it which exempts from property tax the increased value of property on which industrial or commercial development is planned until the completion of new commercial or industrial facilities at the property. Although the intent of the bill was to spur and advance economic development, we believe the current language will create many unintended consequences for us and other municipalities throughout the state and create a chilling effect on development.

I will list a few examples here in my testimony:

Ohio Communities Development Challenges are Not the Same: The City of Columbus understands that Am. Sub. Senate Bill 235 would apply across the state and in every county. My work over the years as a local economic development professional has demonstrated repeatedly that each economic development project is unique in its needs and challenges. Factors vary, depending on the needs of the business involved, the site under evaluation, as well as the local municipality and school district under consideration. After assessing the project, typically the use of multiple development tools are assembled to attract or retain a business to the City of Columbus. As written however, Am. Sub. Senate Bill 235 takes away local control because its provisions are mandatory. This bill does not allow local jurisdictions to assess whether a freeze on the value of a property is required for a particular development project or whether it impedes it. The City of Columbus is concerned that the lack of a true "opt out" provision at the local level deprives communities of structuring the best deal for the company that provides the appropriate return on investment to the City.

Unintended Harm to Development and our Development Financing Tools: A number of the current economic development tools that the City of Columbus rely on utilizes property values and real estate taxes to spur development. One of our key tools, Tax increment financing ("TIF"), relies on the real property taxes that would be generated from increased property values to help fund needed infrastructure development to support private sector development and job creation. Because Am. Sub. Senate Bill 235 would freeze the value of real property slated for commercial development for an undefined period of time (up to 10 years or longer with no defined limit on the number of property value "resets"), it appears that it would render TIF financing virtually ineffective in the future because local communities would lose the ability to forecast property tax revenue. As a result, this legislation would have a profound negative effect on local government's ability to secure financing as many economic development and neighborhood related infrastructure projects are funded through bond financing.

When investors consider investing in bonds issued by local governments, they look for certainty in the revenue stream that will repay the financing. TIF financings are structured on the theory that properties will increase in value. The taxes that would have been paid on the increase in assessed value are utilized as "service payments" that are then used as the repayment stream for bonds issued to fund infrastructure. The reset mechanism in Am. Sub. Senate Bill 235 would create much uncertainty in the funding streams available for TIF which could create a chilling effect on the City's ability to obtain financing for TIF bonds, preventing certain infrastructure developments in the City of Columbus and other communities throughout the state.

The City of Columbus is home to a strong economy, our unemployment rate is low, our home-ownership is growing, and our downtown is beginning to thrive again. However, not all residents in Columbus are sharing in this prosperity. Mayor Ginther has made it very clear to his Cabinet that his first three priorities are Neighborhoods, Neighborhoods, Neighborhoods. Therefore my job is developing policies that work to ensure all of our residents are living in a city in which your zip code does not define how successful you will be or how far you will progress in life. The City of Columbus is aggressively working to achieve this by investing in our neighborhoods and bringing new investors into our city. We believe, however, the provisions in Am. Sub. Senate Bill 235 will impede our work by precluding our ability to redevelop challenged neighborhoods and invest in our under-developed areas by allowing for situations in which key properties could remain undeveloped while they are experiencing the newly created tax freeze. We applaud the work that has been made on behalf of this bill and we understand and support the attempt to find new and innovative ways to attract and retain investment in communities, however we cannot support this legislation. The provisions contained in Sub SB235 will not achieve these ends and will impede the City of Columbus in our efforts of investing in our neighborhoods and our residents.

I would like to thank you for the opportunity to express our concerns regarding this legislation. The City of Columbus stands ready and willing to assist this Committee regarding this or any

other economic development legislation that may come before you. Please do not hesitate to contact me, at 614-645-0772 or at qlharris@columbus.gov, with any questions or concerns.

Best regards,

Quinten L. Harris