NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
NAIOP OF OHIO

Chairman Smith, Vice Chair Ryan, Ranking Member Driehaus, and members of the House Finance Committee, thank you for the opportunity to submit testimony in support of Sub Senate Bill 235.

NAIOP of Ohio is the statewide association of the local chapters of NAIOP (National Association of Industrial and Office Properties). NAIOP represent the interests of the commercial real estate industry throughout Ohio. NAIOP Ohio has more than 400 members in Ohio, including owners, officers and employees of most of our State's leading developers and owners of commercial real estate. NAIOP is frequently on the front-line of Ohio job creation efforts, working with economic development officials and other public and private sector leaders to attract and retain companies from around the world to the properties and buildings that we develop, redevelop, sell and lease.

NAIOP Ohio maintains its strong position of support and encourages the passage of Sub Senate Bill 235. Sub Senate Bill 235 will encourage development of site-ready properties, attracting businesses to Ohio. Under this legislation, while the property value is frozen, developers are able to add infrastructure such as sewer and water mains and extensions, electrical and telecommunications services, amongst other site ready infrastructure needs. The presence of basic infrastructure will make the sites more attractive to site selectors and businesses looking to expand or relocate in Ohio. By freezing the taxable value of the property, Sub Senate Bill 235 lowers the initial cost burden placed on private developers, which in turn provides an incentive to take on private development projects.

Encouraging investment on unproductive sites will ultimately increase the value of those sites, and thus their property taxes. Furthermore, the bill limits exemption to any increase in the value of qualifying property for up to six years, after which point the property's value "re-sets." This provision addresses concerns that properties may languish in the pre-development phase, while giving developers an opportunity to address the site's pre-development needs. This provision enables developers to take advantage of the benefit of the freeze of the property's taxable value while the site is thoroughly prepared for its commercial or industrial use.

Sub SB 235 maintains the overall goal of this legislation, which is to add an additional economic development tool in the tool box, while assuring that it is responsibly used in a local setting. Sub Senate Bill 235 will further economic development efforts in the state by removing a disincentive to private development and providing for a new and innovative way to increase private development by lowering the initial cost burden. Additionally, Sub Senate Bill 235 addresses the concerns raised by our local government partners by requiring the property owner to apply to and obtain approval from the local jurisdiction for the exemption. Thank you for your consideration, and we urge the House Finance Committee to favorably report Sub Senate Bill 235.