M E M O R A N D U M

TO: **ALL MEMBERS OF HOUSE FINANCE COMMITTEE**
DATE: **DECEMBER 6, 2016**
SUBJECT: **SUPPORT FOR SUB. SB 235 PENDING HOUSE FINANCE COMMITTEE**

Chairman Smith, Vice Chair Ryan, and Ranking Minority Member Driehaus, my name is Brad Cole and I am Managing Director of Research for the County Commissioners Association of Ohio (CCAO). I am here representing a coalition of local governments which includes the County Auditors Association of Ohio, CCAO, the Ohio Municipal League, the Ohio Township Association, the Ohio Library Council, the Mid- Ohio Regional Planning Commission, and the Coalition for Fair Taxation/OACTS/Ohio ACTE. The coalition supports Substitute SB 235 as pending before the House Finance Committee.

First, on behalf of the coalition, we would like to thank Chairman Smith, the Finance Committee and the House leadership for the version of SB 235 currently pending before the committee. We recognize that the bill accepted by the House Finance Committee on December 1st goes a long way towards addressing many of the concerns raised by various local governments in earlier testimony.

Issues that have been largely addressed by the bill pending before the committee include the following:

1. Local Control - Applications for a property tax exemption on a parcel would be submitted for approval to the legislative authority of the municipal corporation, county or township in which the parcel is located. This gives local government substantial local control over the approval of property tax exemptions within each community affected by the exemption.
2. Length of Exemption - Reduces from 10 years to 6 years the maximum number of years that an exemption may be in place before the property valuation could be revised to a higher level. It should be noted that if an occupancy permit is issued; the property changes hands; the zoning changes to make commercial/industrial buildings and structures impermissible; or commercial, agricultural or industrial operations commence on the property, the exemption would cease in less than 6 years.
3. County Agricultural Use Valuation - Parcels with agricultural operations would specifically be disqualified from receiving an exemption under this bill. Moreover, the

bill requires recoupment of the last 3 years of a parcel's tax savings if commercial, agricultural or industrial operations are conducted on the parcel prior to the issuance of an occupancy permit.

4. Delinquent payment of taxes and assessments on the parcel disqualify that parcel from an exemption – The bill requires the county treasurer to issue a certificate stating that there are no outstanding real property taxes, assessments, penalties, or charges that are due and unpaid on the property on the date the certificate is issued.
5. Unzoned areas may use the provisions of SB 235 – The bill removes the requirement that only areas with zoning, specifically commercial and industrial zoning, may use SB 235. Roughly 600 of Ohio's 1300 townships are not subject to zoning. This means these areas that are un-zoned may use the provisions of the bill.

While the coalition was very appreciative of the changes made in the substitute bill, there are certain issues that the coalition wished to raise as possible amendments to the bill. We recommend that the bill be amended in the following ways so that this new economic development tool can be more effectively administered by Ohio's local governments:

1. If the parcel is in an existing tax increment financing (TIF) district, the application for an exemption should be filed and considered by the municipality, county or township that established the TIF.
2. Clarify that if a parcel is in the incorporated area, the application for an exemption should be filed with the municipal corporation that contains the parcel.
3. If the parcel is in the unincorporated area of an urban township, the application should be filed with the board of trustees of an urban township.
4. If the parcel is in the unincorporated area of any county other than the situation in item 3 above, the application may be filed with either the board of county commissioners or board of township trustees. Whichever jurisdiction receives and considers the application should be required to receive approval from the other governing body for the unincorporated area before the exemption takes effect.
5. Require any municipal corporation, county or township that receives an application for an exemption to notify other taxing districts whose property taxes would be affected by the exemption including school districts both prior to and after the approval of the exemption, assuming the application is approved. The county auditor also needs to be notified.

We appreciate the opportunity to provide supportive testimony on Substitute SB 235. I would be happy to try to answer any questions from the committee at this time.