County Auditors' Association of Ohio

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MEMORANDUM

TO: MEMBERS OF THE SENATE WAYS AND MEANS COMMITTEE
FROM: COUNTY AUDITORS' ASSOCIATION OF OHIO
SUBJECT: INTERESTED PARTY TESTIMONY WITH CONCERNS ON SUBSTITUTE SENATE BILL 235

Chairman Peterson, Vice Chairman Beagle, Ranking Member Tavares and members of the Senate Ways and means Committee: thank you for the opportunity to submit written testimony on behalf of the County Auditors' Association of Ohio (CAAO). The CAAO is an interested party with concerns on Substitute Senate Bill 235, at this time.

The CAAO agrees with last week's testimony from the County Commissioners' Association of Ohio (CCAO), specifically regarding local control, limits on the duration of the tax exemption and modifications to the exemptions, a better definition on planned commercial or industrial development, and requirements that the exemption is critical to the project. Across the State of Ohio there are numerous successful local economic development programs which provide similar incentives as SB235: TIFs, CRAs and EZs. These programs have a proven record of encouraging development, including tax incentives and should be used for this statewide development program. Locals can better plan where economic development should take place in their community and the "exemption" of property taxes is a loss of potential local revenue.

The CAAO has specific concerns regarding the authority and responsibility of the County Auditor. Under the Substitute Bill the exemption is triggered by the owner filing a written declaration with the County Auditor attesting to appropriate zoning criteria. Does the County Auditor have a duty to verify the conditions declared in the filing? Does the County Auditor have the ability to reject the exemption if the conditions have not been met? County Auditors believe that prior to the exemption being granted, the property should show evidence of sewer, water, drainage, etc. The owner/developer should also provide a plan with some minimum criteria.

The bill provides that when certain conditions are met, the property would no longer qualify for exemption. However, some of the conditions, that would remove the property from exemption, would not necessarily be brought to the attention of the County Auditor in the normal course of business. Is there a duty of the "owner" to notify the auditor when it no longer qualifies for exemption? Does the Auditor have the ability to recoup any exemption that was not removed timely?

Finally, there should be something in place in the event the "developable" plans fall through and the property is sold after years of tax exemption. Taxing authorities that lost revenue should be made whole in the event of a sale of the untouched property.

The CAAO appreciates the opportunity to provide input on Substitute Senate Bill 235. County Auditors stand ready to meet with interested parties to develop suitable legislative responses to our concerns.