



FINANCE COMMITTEE

WITNESS FORM

COMMITTEE DATE: May 23, 2019

NAME: Carl Raines

ADDRESS: 1720 South McCoy Ridge Road, Stockport, OH 43787

TELEPHONE: 740-624-6607

ORGANIZATION REPRESENTING: Morgan County Improvement Corporation ("CIC")

TESTIFYING ON BILL NUMBER: H. B. 166

TESTIMONY TYPE: WRITTEN

TESTIFYING AS: PROPONENT

FOR BUDGET TESTIMONY ONLY:

TESTIMONY TOPIC: GENERAL GOVERNMENT

TESTIFYING ON BUDGET ITEM(S): Reinstating the Rural Industrial Loan Program

DID YOU TESTIFY IN A SENATE SUBCOMMITTEE? NO

ARE YOU A REGISTERED LOBBYIST? NO

SPECIAL REQUESTS: None.

- SUBMIT -

Written testimony is a public record and may be posted on the Ohio Senate's website.



FINANCE
COMMITTEE NOTICE

1st Revision

To: Members of the Finance Committee
From: Matt Dolan, Chair
Date: May 17, 2019
Notation: Agenda revisions

Thursday, May 23, 2019
9:00 AM
Finance Hearing Room

AGENDA

Am. Sub. H. B. No. 166 Creates FY 2020-2021 operating budget
Oelslager

3rd Hearing,
Public testimony - Tax
and General Government

TO: Honorable Senator Matt Dolan, Chairmen-Senate Finance Committee
Honorable Senator David Burke, Vice-Chairman and Members of the Finance Committee

FROM: *Carl Raines*, Executive Director
Morgan County Improvement Corporation (“MCIC”)
155 E. Main Street,
McConnelsville, OH 43756

RE: Written Statement Supporting H.B. 166
Reinstate Rural Industrial Park Loan Program
(House Bill 98 and Senate Bill 137)

DATE: May 22, 2019

CC: *Mike Jacoby*, President, APEG

My name is Carl Raines and as the Executive Director of the Morgan County Improvement Corporation (“MCIC”), a 501c4 organization formed in 1967 to promote and encourage economic development within our small, rural county of Morgan and surrounding municipalities of McConnelsville, Malta, Stockport, and Chesterhill, I am offering the following testimony supporting reinstating the Rural Industrial Park Loan Program, H.B. 166.

Our “MCIC” organization in Morgan County is one of the twenty-five (25) counties that make up the Appalachian Partnership for Economic Growth (APEG) region in east and southeastern Ohio; APEG is one of the six (6) districts within Ohio under the JobsOhio programs. Mike Jacoby, President of APEG has indicated the reinstatement of the Rural Industrial Park Loan Program would provide our area an opportunity to provide the financial resources necessary to fund infrastructure projects and other economic development possibilities relating to attracting, retaining, and expanding small businesses within our respective counties and communities.

As a former community bank president and commercial lender in many of these counties, it is imperative for smaller communities and economic development organizations to have access to capital to support economic development projects to construct and improve infrastructure requirements necessary for business and/or economic development to locate and/or expand in our respective region of the state. I am in total agreement with Mr. Jacoby that reinstating the Rural Industrial Park Loan Program would allow counties such as Morgan County as well as others throughout the APEG region and Ohio, an opportunity to provide the additional financial resources necessary to fund much needed and long over-due infrastructure projects as well as other projects to attract new business development as well as retaining and expanding existing small businesses.

As an example, Morgan County is in need of a public water and sewer project on the North State Route 60 Business Corridor, the 2.5 miles Business Corridor traveling north out of the Village of McConnelsville on Ohio State Route 60. This Business Corridor has 13 existing businesses with a combined employment total of nearly 1000, ranging from 2 employees to 600 employees per business along with nearly 50 acres of potential developable land for further economic development opportunities. However, given the lack of a public water and sewer system being readily available, potential developers have looked elsewhere. Our MCIC would welcome the opportunity to combine a public-private partnership for the \$6 million dollars infrastructure project to complete the much needed and long over-due water and sewer project *just to have the chance* for future economic development opportunities. By approving the reinstatement of the Rural Industrial Park Loan Program, it could be one source of capital, possibly the final source, to complete our water and sewer project, which should lead to additional economic development opportunities, job growth, increase in commercial and business banking possibilities, and enhance the area with an increase in the traffic patterns necessary to attract additional retail amenities our area is lacking.

Additionally, at the recommendation of Mr. Jacoby, I completed and received approval of a census tract area surrounding and including the Villages of Malta and McConnelsville as a designated Opportunity Zone. The various incentives for businesses to develop within a designated Opportunity Zone, combined with access to capital from both the public and private sectors, again, would give

smaller, rural counties, such as Morgan County, a chance to attract and expand existing small businesses, not only manufacturing but possibly retail as well.

Our Morgan County Improvement Corporation has developed a rather simple Master Plan and timeline for our communities that includes acquiring and preparing developable land as “site ready sites” for economic development opportunities and to promote tourism. Our county is often referred as ***“Morgan County, the Front Porch to the Great Outdoors”*** given the thousands of acres in the eastern part of the county formerly coal mined and converted to AEP and ODNR recreational areas. As an additional example, our MCIC organization contracted with an independent outside consulting firm to determine if our area could support a hotel for lodging tourists enjoying the seasonal aspects of our area (hunting, fishing, nature trails, hiking, biking, and camping) and transient visitors traveling through our county or from abroad. Miba is a worldwide business entity as described in the next paragraph, with key personnel traveling not only from other Miba operations throughout the United States but from all over the world to the two (2) Miba plants located here on the North State Route 60 Business Corridor. These Miba personnel require lodging or extended stay accommodations. The hotel feasibility study indicated a 40-45 room hotel would be feasible. We solicited this study to many hotel chains with the same result: “Too small”. We sought local financing and local business involvement with limited success. Again, access to capital under the Rural Industrial Loan Program could be another tool to complete our project and similar projects. Again, forging necessary public and private partnerships for the betterment of a community.

Our MCIC organization does not receive any local tax revenue. We are funded by excess revenue from lease payments with our largest employer, Miba, an Austrian Company, with nearly 600 employees within two (2) plants, Miba Bearings and Miba Sinter. This revenue combined with a small cash balance does provide our economic development organization a window of opportunity to assist in acquiring and developing our developable land. However, the Miba leases expire in 2029. Thus, leveraging our funds with loan funds available through the reinstatement of the Rural Industrial Park Loan Program would be huge. We could actually achieve results and possibly obtain a future funding source for our MCIC organization with the development of various projects leading to a revenue

stream beneficial for the continuation of our MCIC organization, additional economic development, and job creation.

I confidently believe the Rural Industrial Park Loan Program would give local economic organizations that have an aggressive, insightful, and workable-realistic Master Plan, such as our MCIC organization, and others within our APEG region and throughout Ohio, a significant opportunity to provide community investors, community bankers, and outside investment prospects the capital and materials necessary to at least engage investors and business expansion possibilities.

Given my banking experience in small business lending and economic development throughout southeastern Ohio and comparing our region to other regions in Ohio with Interstate access and larger cities where an abundance of economic development is on-going and various retail amenities are readily available, we need ***“bankable-assets”*** to attract and retain businesses within our respective rural communities. The combination of a workable master plan with rural economic development organizations that have funds to use and/or developable land available to leverage with existing local businesses and potential new outside possibilities, along with the JobsOhio tools, in conjunction with a qualified Opportunity Zone and now the reinstatement of the Rural Industrial Park Loan Program, again, we have a chance to do something, to create opportunities, and a chance to compete.

Reinstating the Rural Industrial Park Loan Program is not free money for any economic development organizations. It is a loan program with access to capital through an equitable lending relationship for economic development possibilities to create jobs and economic activity throughout Ohio. It is an opportunity for viable combinations of multiple resources, both public and private, to create something with economic vitality through local economic development organizations, mainly in rural Ohio counties, that require financial assistance through the Rural Industrial Park Loan Program. Not all organizations will have the ability, resources, or personnel to apply and to provide a doable, workable economic plan. However, the organizations that can, will.

As a former commercial lender and community bank leader with over 35 years in the private sector and public sector and elected government experience (Mayor, Village Council Member, and now Vice-President of the Morgan Local School

Board), understanding the value of having access to capital for qualified, leveraged, and spirited economic development possibilities is essential. As the Executive Director of the Morgan County Improvement Corporation since 2015 and as a commercial lender for nearly 25 years, I have witnessed the successes along with the struggles and challenges of many economic development organizations and small to mid-size businesses throughout southeast Ohio due to a lack of the appropriate infrastructure projects, not just water and sewer, but a 4-lane highway as well. It is tough to compete. Not only with economic development but workforce development as well.

As legislators, you are charged with the distinct responsibility to assist all residents of your respective district and Ohio. By reinstating the Rural Industrial Park Loan Program, we can collectively work together as colleagues on solutions with access to capital. That means working together to improve Ohio's economy in as many communities and counties as possible. Counties and economic development organizations that have a plan. We share the same goals to be fiscally responsible and advocates for an efficient government loan program as provided by the reinstatement of the Rural Industrial Park Loan Program.

From my personal perspective and experience, the Interstate 70 Corridor in Ohio from Wheeling, WV to Indianapolis, IN appears to be the main economic development hub for Ohio. The economic development activity along this stretch of Ohio Interstate is massive in comparison to rural, southeast Ohio counties and communities. I strongly believe we should help incentivize business owners to relocate, expand, and offer new and better paying jobs not only in high traffic or highly populated areas, but in rural areas as well. Again, the reinstatement of the Rural Industrial Park Loan Program is a tool to assist. And it is not a giveaway or grant. It is a loan program that is repaid through successful economic development activity merged with both public and private partnerships in areas of Ohio that possess a workable economic development plan.

As legislators you are to be commended for the success of the 550,000 new jobs created over the past 8 years throughout Ohio. As economic development professionals and as legislators, we both want to continue assisting businesses to grow here, relocate here, and to thrive here. Our goal is the same as yours as a legislator: to improve lives of all Ohioans.

I am asking each of you to support the reinstatement of the Rural Industrial Park Loan Program. It will give our smaller, rural communities access to capital in order to compete and to continue improving lives of all Ohioans.

Respectfully submitted by:

A handwritten signature in cursive script that reads "Carl Raines". The signature is written in black ink and is positioned above the printed name.

Carl Raines, Executive Director

Morgan County Improvement Corporation